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**EMBA GRADUATE PROGRAM**

**FACTORS AFFECTING EMPLOYEE ENGAGEMENT: THE CASE OF  
COMMERCIAL BANK OF ETHIOPIA**

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**FACTORS AFFECTING EMPLOYEE ENGAGEMENT: THE CASE OF  
COMMERCIAL BANK OF ETHIOPIA**

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A thesis submitted to Addis Ababa University College of Business and Economics  
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## **Declaration**

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Dr. Salehu Anteneh. All sources of materials used for the thesis have been duly acknowledged, the researcher further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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## **List of Abbreviations and Acronyms**

CBE - Commercial Bank of Ethiopia

CIPD - Chartered Institute of Personnel and Development

EE - Employee Engagement

EVP -Employee Value Proposition

HRD - Human Resource Development

JOB - Job Characteristics

ICI - Internal Control Index

LOC-Locus of Control

OCB-Organization Citizenship Behavior

OLS -Ordinary Least Square

POS- Perceived Organizational Support

PSS-Perceived Supervisor Support

RR= Reward and Recognition

SET -Social Exchange Theory

WE = Working Environment

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## **Abstract**

*Employee Engagement (EE) is the key focus of any organization in gaining competitive advantage; hence, employee engagement is the best tool for achieving it. In fact, employee engagement is considered to be the most powerful factor to measure an organization's strength and orientation towards superior performance for goal achievement. Commercial Bank of Ethiopia is one of the business organizations where Employee Engagement is an important issue that determines towards such a superior performance. In spite of its appreciating benefit of EE for enhanced performance, it didn't get any considerable attention from the side of management. Thus, the objective of the study is to examine factors that affect EE for the case of Commercial Bank of Ethiopia. To achieve this objective, the study adopts a quantitative research approach, through the use of questionnaire provided predominantly descriptive data. A total of 410 questionnaires are distributed and 386 of them are returned and correctly filled by the respondents. For the study the researcher used a Multi-stage sampling technique, since the population is dispersed over a wide geographic area. To examine these factors the study used Ordinary Least Square (OLS) and Tobit Model of estimation technique. The result of the analysis revealed that, except for internal locus of control, all variable used in the regression such as: Job Characteristics, Reward and Recognition, Working Environment, Organization Support and Supervisory Support were positively affect employee engagement. More importantly it is found out that perceived supervisory support is the strongest factor that determines employee engagement where as the least is working environment. A major policy recommendation arising from the results could be CBE should implement the significant factors that determine Employee Engagement for the realization of superior performance.*

**Key Words:** CBE, EE, Internal locus of Control, Job characteristics, Organizational Support, Supervisors Support, Reward and Recognition, Working Environment

# CHAPTER ONE: INTRODUCTION

## 1.1. Background of the Study

The concept of Employee Engagement (EE) has attracted a lot of attention recently. Reilly & Brown (2008) noted that the term 'job satisfaction', 'motivation' and 'commitment' are generally being replaced now in business by 'engagement' because it appears to have more descriptive force and face validity. As Emmott (2006) commented, 'Employee engagement has become a new management tune

Due to rapid globalization, CEOs, Human Resource Development (HRD) and the business leaders have realized that employee talent is the key to their growth. However, one of the toughest challenges confronting the management is, ensuring that their employees' do their job, when checked every day, they not only do it physically but also mentally and emotionally (Bedarkar&Pandita, 2014). In other word, the employer needs to ensure that their employees are fully engaged at work.

Many writers have argued that employee engagement can lead to enhanced performance and key driver of individual attitudes, behavior, and performance (Saks, 2011). Studies of employee engagement have consistently found that almost all workers are engaged when they begin a job, but the proportion of engaging employees decreases dramatically after that (Marrelli, 2011). Marrelli (Ibid) suggested that managers play a key role in building employee engagement and thereby driving high employee performance.

Every organization wants to gain competitive advantage and for that employee engagement is the best tool for achieving it. In fact, employee engagement is considered to be the most powerful factor to measure a company's strength and orientation towards superior performance. EE also involves creating the prospect for human resources to attach with their managers, colleagues and organization. (Baumruk, 2004)

EE is often used loosely as a notion which embraces pretty well everything the organization is seeking with regard to the contribution and behavior of its employees in terms of job performance, discretionary effort, motivation, commitment to the organization and

organizational citizenship. Some definitions refer to engagement as a condition that is solely related to the jobs people do. Others define it as, in effect, commitment to the purposes and values of the organization (Armstrong, 2010)

Employee engagement has emerged as a critical driver of the organization, and it practically affects the employee morale, productivity, reason for retaining and also individual satisfaction (Sanborn & Oehler, 2014). Saks (2011) and Andrew & Sofian (2012) mentions that employee engagement is a key driver of individual attitudes, behavior, and performance as well as organizational performance, productivity, retention financial performance, and even shareholder return.

Employees are critical for the achievement of organizational goals and therefore, managers must consider the engagement of employees as a critical matter for service quality and work performance. In order to create an environment for employee satisfaction and engagement, it is also vitally important to know which factors most affect employee engagement (Heartfield, 2012).

As it is indicated by the title of this study, the main focus of this paper was determining factors that predict EE; the researcher introduced the factors that have been selected as antecedents in predicting EE. Although there is little empirical research on the factors that predict employee engagement, it is possible to identify a number of potential antecedents from Kahn's (1990) and Maslach et al.'s (2001) model. Based on this model the researcher has selected four of the antecedents of EE, namely, job characteristics, reward and recognition, perceived organizational support and perceived supervisory support. The fifth factor, i.e. working environment, has been taken from the study of Brid(2015) focused on examining the key drivers of employee engagement in a declining outsourcing company. The final factor, internal locus of control, was taken from the study conducted by Jacqueline (2014). These six factors are defined at the end of this chapter and further described in detail in the succeeding chapter.

Commercial Bank of Ethiopia(CBE) is spending time, money, and energy on programs, processes, and factors that will enhance its service delivery for better customer satisfaction. For the last two decades CBE has deployed different change initiatives that enhanced its service delivery in fulfilling the different needs and requirements of customers. These initiatives brought

a huge business growth, which is exhibited through aggressive branch expansion and mass employee recruitment. Based on the 2014/15 annual report, the bank recruited 4,976 permanent employees, and the total number of staff was raised to 22,908. In the same year the bank opened 133 new branches, which increased its total branch network to 965. Besides, CBE laid a lot of emphasis on provision of quality service to its customers, but the challenge here is to create an engaged employees who can facilitate that endeavor. The EE survey (2016) undertaken in the bank reported that 16.8% of the CBE employees felt engaged. This implies that even if there are a lot of change initiatives in the bank under study, the level of EE is very low, that motivated the researcher to study the factors that affect the level of employee engagement in the bank.

## **1.2. Statement of the Problem**

Comfort on the job has been recognized as an important factor for measuring employee productivity. Employee engagement affects the quality of service in banks with a consequent effect on customer satisfaction and ultimate performance of the organization. Therefore, many organizations strive to create high engagement amongst their employees. Engaged employees demonstrate attributes such as loyalty, trust and commitment to their organization. When employees engage with their work, they are more creative and innovative and offer advances that allow companies to evolve positively over time with changes in market conditions (Baumruk, 2004).

In the best organizations, employee engagement transcends a human resource initiative – it is the way they do business. Employee engagement is a strategic approach supported by tactics for driving improvement and organizational change (Schaufeli& Bakker, 2004). The best performing companies know that developing an employee engagement strategy and linking it to the achievement of corporate goals will help them win in the marketplace (Gallup, 2010). The study conducted by Barman (2004) found out that employee engagement leads to discretionary efforts which ultimately resulted in work excellence. The study has confirmed the proposition that engagement and work excellence of employees are closely associated with drivers of engagement which can positively influence the employee's effort for achieving work excellence (Barman, 2004).

Most of the studies carried out on EE were limited in western countries. There are so many evidences that it is not well studied in Africa. Gibbons (2006), from the review of the abstract of more than 20 research works previously done on work engagement, surprisingly; neither of them was conducted in Africa. During the past two decades, though there is an increasing contribution in human resource consulting agencies on the concept of employee engagement, yet there is a shortage of academic studies on that construct, especially in emerging economies (Maha, 2015). It is one of the purposes of this research to fill this gap by studying employee engagement in Commercial Bank of Ethiopia in particular, and contribute to the knowledge of employee engagement in the banking industry and in Ethiopia at large.

According to Gallup (2013), global EE survey depicted that for Middle East and North Africa (MENA) and for sub-Saharan regions, the level of EE at work place is only 10%, which is very low as compared with the USA and Canada which as 29% (Appendix I). The consequent cost implication due to this unproductive labour force is huge on the overall economic performance of these nations, which deserved a thorough study on the factors that affect EE and also look for possible remedial action to be taken to improve this situation.

Organizations that desire to improve their performance must be concerned about internal issues related to employee engagement and view their employees as customers. Richard Branson's famous quote related to this is that "clients do not come first, but employees come first. If you take care of your employees, they will take care of the clients". Despite employee engagement being an important ingredient to employee productivity, there is limited empirical research that has been conducted on the subject matter in relation to Commercial Bank of Ethiopia. In order to create a good environment for employee engagement, it is vitally important to be aware of the determining factors.

However, there was a research performed on the c by Derara (2014). In this research, Derara came up with the result that indicates Job Characteristics, Reward and Recognition, POS and Organizational Justice are significant factors that determine EE, whereas, demographic factors, such as gender, educational level, or years of service in the bank didn't have any impact on employee engagement. However, the earlier studies conducted in this area including Derara (2014), fail to include most important factors such as: working environment, perceived

supervisor support and internal locus of control. In this regard, the researcher is interested to include these factors and analyzed same for the case under consideration.

### **1.3. Research Question**

This study answered questions of bank management how to adequately sustain or increase employee engagement of the Commercial bank of Ethiopia. As a result, the study has attempted in answering the following research questions:

- ✚ Do Job Characteristics have an effect on employee engagement?
- ✚ What is the effect of reward and recognition on employee engagement?
- ✚ How does perceived organizational support affect employee engagement?
- ✚ How does perceived supervisor support affect employee engagement?
- ✚ What is the effect of working environment on employee engagement?
- ✚ Does internal locus of control have an effect on employee engagement?
- ✚ Which one of the factors significantly affected employee engagement?

### **1.4. Objective of the Study**

#### **1.4.1. General Objectives**

The main objective of the study is to examine factors affecting employee engagement at the case of Commercial Bank of Ethiopia.

#### **1.4.2. Specific Objectives**

The specific objectives of the study focused on individual factors that affect employee engagement stated as follows;

- ✚ To investigate the effect of job characteristics on employee engagement
- ✚ To measure the effect of rewards and recognition in predicting employee engagement
- ✚ To investigate the effect of perceived organizational support in predicting employee engagement

- ✚ To investigate the effect of perceived supervisor support in predicting employee engagement
- ✚ To examine the effect of working environment in predicting employee engagement
- ✚ To analyze the effect of internal locus of control in predicting employee engagement
- ✚ To identify one of the significant determinant factor of employee engagement

## **1.5. Significance of the Study**

The current research is helpful for the following reasons:

Firstly, studies made so far in Ethiopia with the objective of examining factors affecting employee engagement are very scanty. As a result, the study will make contributions towards the area of factors affecting employee engagement in general and for the case of Commercial Bank of Ethiopia in particular.

Secondly, it will give stakeholders the opportunity to gain deep knowledge about the factors that affect Employee Engagement in Commercial Bank of Ethiopia.

Thirdly, the study draws some conclusions and identifies the major factors affecting Employee Engagement in Commercial bank of Ethiopia. Thus, it will give signal to the management of the bank in particular and policy makers in general to focus on the main factors affecting Employee Engagement.

Finally, it will forward future direction for further research in field.

## **1.6. Scope of the Study**

There are various authors and researchers that proposed different drivers of EE, which include a wide range of factors (Kahn, 1990; May et al., 2004; Saks, 2006) and it is difficult to best conceptualize factors affecting EE. This study however, focused only on main six factors of EE, which are job characteristics, rewards and recognition, perceived organizational support and perceived supervisor support based on Kahn (1990), Maslach et al.'s (2001) work life model as used by Saks (2006), working environment from Brid (2015) and internal Locus of Control from Jacqueline (2014). The study also limited itself on employees of CBE branches that exist in Addis Ababa area. It does not include branches outside of Addis Ababa. However, the

recommendation provided by the study could be used for all branches of the bank across the country to have insight on factors of EE in the Bank.

### **1.7. Limitations of the Study**

The information gained from different employees with different job specifications or specializations made it possible to generalize the findings across all employees of Commercial Bank of Ethiopia. Nevertheless, the study may not be generalizable to other industries since the occupational groups and industry characteristics will be different. On the other hand, the study faced challenges like resistance from the some respondents to fill parts of the questionnaire and shortage of related literature our country. To manage the resistance of respondents', the researcher tries to explain the objective of the study aligning with organizational reform agenda. To mitigate related studies scarcity, the researcher consulted some scholars in the area and browsed internet sources for non-peer reviewed literature.

### **1.8. Organization of the Paper**

This study consists of five chapters with different sections and sub-sections and it is structured as follows:

Chapter one presents the introduction for the main part of the study, statement of the problem, research question, and objective of the study, scope and limitations and significance of the study. Chapter two reviews the most significant theoretical and empirical studies. Chapter three presents methodology of the study. Chapter four provides data analysis and presentation of econometric model outcomes. Finally, Chapter five presents summary, conclusion and recommendation with further research direction.

### **1.9. Definition of Key Terms**

**A. Employee Engagement:** Kahn (1990) defines personal engagement as “the harnessing of organization members’ selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances.”

**B. Job Characteristics:** According to Kahn, (1992) Psychological meaningfulness involves a sense of return on investments of the self-in role performances. Psychological meaningfulness can be achieved from task characteristics that provide challenging work, variety, allow the use of different skills, personal discretion, and the opportunity to make important contributions (Kahn 1990, 1992).

**C. Rewards and Recognition:** Recognition and rewards are a methodical organization uses to make Employees feel respected and valued (Kahn, 1990).

**D. Perceived Organization Support:** It is seen as a guarantee that the organization will help the employee when they need any aid to run their jobs and tasks effectively and easily handle the nerve-wracking conditions (Rhoades & Eisenberger, 2002).

**E. Perceived Supervisor Support:** supportive and trusting interpersonal relationships as well as supportive management promoted psychological safety Kahn (1990, 1992).

**F. Working Environment–** workplace environment that aids employees for focused work and interpersonal harmony (Anitha, 2014)

**G. Internal Locus of Control:** An internal locus of control is the perception that the individual controls his own actions and consequences, while external locus of control is the perception that others like supervisors, managers or the organization have control over the individual, and outcomes are dependent upon those with control (Jacqueline 2014). According to Spector (1982), as cited in Saks,(2006) “Personal disposition represents the degree to which individuals tend to attribute what happens to them to internal factors (e.g. Skills, efforts, perseverance) or to external factors (e.g. Chance, other people, divine intervention)”.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1. Introduction**

In this part of the study, different literatures related to the area of the research are reviewed and described. First, Concepts and operational definition are explained. Next, literatures concerning employee engagement are reviewed, and finally, the development of the theoretical framework to be tested in the study is presented.

### **2.2. Theoretical Literature Review**

#### **2.2.1. Employee Engagement**

Employee engagement has been defined differently by different researchers as well as human resources practitioners and scholars. Each definition reflects the author's specific conceptual of the construct.

According to Kahn (1990) people draw upon themselves to varying degrees while performing work tasks and they can commit themselves physically, cognitively, and emotionally in the various roles they perform. Or, they may choose to withdraw and disengage from their work roles and work tasks. Results of Kahn's study suggest that there are three psychological conditions that shape how people perform their roles -- meaningfulness, safety, and availability. Kahn's identification of the three psychological conditions now serves as a framework for the study of employee engagement.

Kahn (1990) describes the state of meaningfulness as one in which workers feel worthwhile, useful, and valuable, and that they are making a difference and are appreciated for the work they do. Safety is described as an environment in which people feel an ability to act as what would be normal for the individual without fear of negative consequences. Safety is found in situations in which workers trust that they will not suffer because of their engagement with their work and where they perceive the climate to be one of openness and supportiveness. Availability is defined by Kahn (1990) as the sense of having personal, physical, emotional, and psychological means with which to engage with their job tasks at any particular moment.

The definitions of employee engagement that the current author found are similar to those of Shaufeli et al. (2002), May et al. (2004) and Saks (2006). Employee Engagement is defined as

the level of commitment, involvement and passion as a positive, fulfilling work related state of mind that is characterized by vigor, dedication and absorption' (Shaufeli et al., 2002). Shaufeli et al., 2002, further state that engagement is not a momentary and specific state, but rather, it is "a more persistent and pervasive affective-cognitive state that is not focused on any particular object, event, individual, or behaviour".

The researcher, based on the objective of this study, operationalized the definition of engagement which is more than simply job satisfaction. It can best be described as a harnessing of one's self to his or her roles at work. In engagement, people express themselves cognitively, physically, and emotionally while performing their work roles (Kahn, 1990).

According to Robinson et al. (2004) employee engagement has become a widely used and popular term in most of business organizations. However, most of what has been written about employee engagement can be found in practitioner journals where it has its basis in practice rather than theory and empirical research. In Robinson et al. (2004) view, even if there has been surprisingly little academic and empirical research on a topic, but EE has become so popular. As a result, employee engagement has the appearance of being what some might call, "old wine in a new bottle."

Furthermore, Kahn (1990) defines personal engagements as the harnessing of organization members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances. Personal disengagement refers to "the uncoupling of selves from work roles; in disengagement, people withdraw and defend themselves physically, cognitively, or emotionally during role performances". Thus, according to Kahn (1990, 1992), engagement means to be psychologically present when occupying and performing an organizational role.

According to Rothbard (2001) as cited in Saks (2006), 'Engagement is a psychological presence, but goes further to state that it involves two critical components: attention and absorption'. Attention refers to "cognitive availability and the amount of time one spends thinking about a role" while absorption means "being engrossed in a role and refers to the intensity of one's focus on a role."

Analyzing both academic and practitioner understandings of employee engagement could add to the knowledge of how employee engagement is understood as well as whether or not employee engagement is a meaningful concept and warrants further academic research to strengthen its theoretical foundations and practical application in the organization.

### **2.2.2. Theory of Employee Engagement**

The strong theoretical rationale for explaining employee engagement can be found in Social Exchange Theory (SET) to Saks (2006). The SET provides a theoretical basis of why employees determine to become more engaged or less engaged in their work. According to SET, responsibilities are created through various interactions of the parties who are interdependent with each other. SET's basic tenet holds that relationships gradually develop into trusting, loyal, and mutual pledges on the condition that the parties to the pledge follow rules of exchange. Therefore, one way for employees to repay their organization is through their level of engagement. In other words, the level of employee engagement depends on the advantages they receive from the organization.

Showing dedication to one's work in large amounts of cognitive, emotional, and physical resources is a perceptive way for employees to show their appreciation to their organization's services. SET states that individuals having a strong exchange ideology are more inclined to feel obliged to return the organizational benefits that they receive. Hence, it can be stated that the link between different predictors and engagement may be stronger for individuals possessing a strong exchange ideology. As we see, employee engagement consists of a psychological and emotional connection between employees and their organization which could be turned into negative or positive behavior at work and the organization plays the main role of engagement (Saks, 2006)

### **2.2.3. Employee Engagement versus other Constructs**

It would appear that there are sufficient grounds for arguing that engagement is related to, but distinct from, other constructs in organizational behavior (Saks 2006). For example, Robinson et al (2004) state that: "... engagement contains many of the elements of both commitment and organizational Citizenship Behavior (OCB) but is by no means a perfect match with either. In addition, neither commitment nor OCB reflects sufficiently two aspects of engagement - its two-way nature, and the extent to which engaged employees are expected to have an element of business awareness."

Saks (2006) argues that organizational commitment also differs from engaging in that it refers to a person's attitude and attachment towards their organization. Whilst it could be argued that engagement is not merely an attitude; it is the degree to which an individual is attentive to their work and absorbed in the performance of their role. Besides, while OCB involves voluntary and informal behaviors that can help co-workers and the organization, the focus of engagement is one's formal role performance rather than purely extra-role and voluntary behavior.

Engagement is most closely associated with the constructs of job involvement and 'flow'. According to Kanungo, (1982) as cited in May et al., (2004), "Job involvement is defined as a cognitive or belief state of psychological identification". This differs from engaging in that it is concerned more with how the individual employs him/her self during the performance of his/her job. Furthermore, whilst the focus of job involvement is on cognitions, engagement, according to most definitions, also encompasses emotions and behaviors.

Burnout researchers define engagement as the opposite or positive antithesis of burnout (Maslach et al., 2001). According to Maslach et al. (2001), engagement is characterized by energy, involvement, and efficacy, the direct opposite of the three burnout dimensions of exhaustion, cynicism, and inefficacy. Research on burnout and engagement has found that the core dimensions of burnout (exhaustion and cynicism) and engagement (vigour and dedication) are opposites of each other (Gonzalez-Roma et al., 2006).

According to Schaufeli et al. (2002) engagement is defined as "a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption." They further state that engagement is not a momentary and specific state, but rather, it is "a more persistent and pervasive affective-cognitive state that is not focused on any particular object, event, individual, or behavior.

In the academic literature, engagement is said to be related to but distinct from other constructs in organizational behavior. For example, Robinson et al., (2004) state that: engagement contains many of the elements of both commitment and OCB, but is by no means a perfect match with either. Similarly, neither commitment nor OCB reflects sufficiently two aspects of engagement – its two-way nature, and the extent to which engaged employees are expected to have an element of business awareness.

In summary, although the definition and the meaning of engagement in the practitioner literature often overlap with other constructs, in the academic literature, it has been defined as a distinct and unique construct that consists of cognitive, emotional, and behavioral components that are associated with individual role performance. Furthermore, engagement is distinguishable from several related constructs, most notably organizational commitment, organizational citizenship behavior, and job involvement.

#### **2.2.4. Consequence of Employee Engagement**

Saks (2006) has defined the consequences of employee engagement in the following manner:

**A. Job Satisfaction:** Job satisfaction, a widely researched construct, is defined as a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences. It has been found that while the relationship between job satisfaction and performance is weak at the individual level, but is stronger at the aggregate level.

**B. Organizational Commitment:** This also differs from engaging in that it refers to a person's attitude and attachment towards their organization. Engagement is not an attitude; it is the degree to which an individual is attentive and absorbed in the performance of their roles.

**C. Intention to Quit:** Intention to quit includes basically the reasons why employees are going to quit the job, and what factors made the employee to leave the organization. The engaged employees do not frequently quit the job.

**D. Organizational Citizenship Behavior (OCB)** involves voluntary and informal behaviors that can help co-workers and the organization, the focus of engagement is one's formal role performance rather than extra-role and voluntary behavior.

#### **2.2.5. Factors that Predict Employee Engagement**

Although there is little empirical research on the factors that predict employee engagement, it is possible to identify a number of potential drivers from Saks (2006) and Maslach et al., (2001) model. The literature is unclear as to which variables are the strongest predictors. Therefore, variables for this study were chosen by reviewing the limited data that are available regarding employee engagement.

## **A. Job Characteristics**

Jobs that are high on the core job characteristics provide individuals with the room and incentive to bring more of themselves into their work or to be more engaged (Kahn, 1992). This is based on Hackman & Oldham's (1980) as cited in Sake (2006), "job characteristics model and in particular, the five core job characteristics (i.e. Skill variety, task identity, task significance, autonomy, and feedback)".

According to Greg (2010) the five "core" job characteristics are described as follows:

- ✚ Skill variety is the degree to which the job requires a variety of different skills and talents of the person.
- ✚ Task identity is the degree to which the job requires doing a whole and identifiable piece of work from beginning to end.
- ✚ Task significance is the degree to which the job has a substantial impact on the lives of other people, whether those people are in the immediate organization.
- ✚ Autonomy is the degree to which the job provides substantial freedom, independence, and discretion to the individual in scheduling the work and in determining the procedures to be used in carrying it out.
- ✚ Job-based feedback is the degree to which carrying out the work activities required by the job provides the individual with direct and clear information about the effectiveness of his or her performance.

Based on Sake (2006) from the perspective of SET, one can argue that employees who are provided with enriched and challenging jobs will feel obliged to respond to higher levels of engagement. Therefore, H1 is the following:

**H1:** Job characteristics have significant effect in predicting employee engagement.

## **B. Rewards and Recognition**

People vary in their engagement as a function of their perceptions of the benefits they receive from a role (Kahn 1990). According to Sake (2006), a sense of return on investments can come from external rewards and recognition in addition to meaningful work. Therefore, one might expect that employees' will be more likely to engage themselves at work to the extent that they perceive a greater amount of rewards and recognition for their role performances. Moreover,

Maslach et al., (2001) have also suggested that while a lack of rewards and recognition can lead to burnout, appropriate recognition and reward is important for engagement. In terms of SET, when employees receive rewards and recognition from their organization, they will feel obliged to respond to higher levels of engagement. Therefore, H2 is the following:

**H2:** Rewards and recognition has significant effect in predicting employee engagement.

### **C. Perceived Organizational Support**

Psychological safety, according to Kahn (1992), involves a sense of being able to show and employ the self without negative consequences. An important aspect of safety stems from the amount of care and support employees' perceive to be provided by their organization as well as by their direct supervisor. In fact, Kahn (1990) found that supportive and trusting interpersonal relationships as well as supportive management promoted psychological safety. Supportive environments allow members to experiment and to try new things and even fail without fear of the consequences (Kahn, 1990). Social support is also one of the conditions in the Maslach et al. (2001) model and a study by Schaufeli & Bakker (2004) found that a measure of job resources that includes support from colleagues predicted engagement. A lack of social support has also consistently been found to be related to burnout (Maslach et al., 2001). This is to mean, employees' who have higher POS might become more engaged to their job and organization as part of the reciprocity norm of SET in order to help the organization reach its objectives (Rhoades et al., 2001). Therefore, H3 is the following:

**H3:** Perceived Organizational Support has significant effect in predicting employee engagement.

### **D. Perceived Supervisor Support**

When employees believe that their supervisor is concerned about them and cares about their well-being, they are likely to respond by attempting to fulfill their obligations to the organization by becoming more engaged. In addition, because employees tend to view their supervisor's orientation toward them as indicative of the organization's support (Rhoades & Eisenberger, 2002), PSS is also likely to be an important predictor of employee engagement. In fact, a lack of support from supervisors has been found to be an especially important factor linked to burnout

(Maslach et al., 2001). According to Bates (2004), as cited in Saks (2006) “first-line supervisors are believed to be especially important for building engagement and to be the root of employee disengagement”.

The single most important factor to drive employee engagement and retention is the immediate manager working relationship with his/her employees. Good management is critical to the success of retaining and engaging employees and vice versa. Best People Managers are competent in informing employees of what is required and expected from them, providing feedback on their performance, providing opportunities for their development, delegating appropriate levels of responsibility and setting priorities. They are approachable, fair, good listeners (Baumruk, 2004). Therefore, H4 is the following:

**H4:** Perceived Supervisor Support has significant effect in predicting employee engagement.

#### **E. Working Environment**

Studies conducted by Islam & Shazali (2011) show that physical working environment leads to better service to customers and achieve higher output. These studies also reveal that the working environment comprise good culture, working with a good team, good boss, physical surrounding, job security, sustainable compensation package, availability of food and drink in the workplace. High performance teams enrich engagement through factors, including talent, team climate, collective pride, leadership, purpose, team ethics, and team bonding (Bhogle & Bhogle, 2011). Towers Perrin study (2003) shows that most important driver of engagement is senior management’s interest in employee wellbeing.

According to Kemsley (1991) as cited in Saks (2006), “The working environment has much to contribute towards the provision of better service to the customers and employees; and this is seen as an important aspect of the internal culture in creating the atmosphere in which the relationship can flourish”. As per Islam & Shazali (2011), a favourable working environment, such as working with a good team, having a good boss, and liking the physical surroundings in the workplace, is a contributory factor in motivating the workforce towards higher output. Indeed, job security, a sustainable compensation package, and the availability of food and drink in the workplace, are also considered to be principal indicators of a favourable working

environment. The presence of all these factors in the workplace could gear up the morale of workers and contributes to increased manufacturing productivity.

According to Deci & Ryan (1987) as cited in Saks (2006) suggested that “management which fosters a supportive working environment typically displays concern for employees’ needs and feelings, provides positive feedback and encourage them to voice their concerns, develops new skills and solve work related problems”. According to Robinson (2006), employee engagement can be achieved through the creation of an organizational environment where positive emotions such as involvement and pride are encouraged, resulting in improved organizational performance, lower employee turnover and better health. A similar view was given by May et al., (2004) and Rich et al., (2010). Therefore a meaningful workplace environment that aids employees for focused work and interpersonal harmony is considered to be related to employee engagement. Therefore, H5 is the following:

**H5:** Working Environment has significant effect in predicting employee engagement.

## **F. Internal Locus of Control**

According to a study conducted by Srivastava (2009) said that “locus of control is a theory that states that individuals have either an internal locus of control or an external locus of control”. Furthermore, locus of control is the theory that individuals perceive the world from either an internal or external locus of control. Those with an internal locus of control feel that they have the power to change their circumstances as a result of their own behavior. Those with an external locus of control feel powerless and assume that what happens to them is a result of the decisions others (supervisors) make (Jacqueline 2014).

Myers (2014) suggested that individuals are more comfortable in job situations where the locus of control to which they are most familiar with in the actual work environment. Additionally, managers with internal locus of control are more supportive and involved than managers with external locus of control. On the other hand individuals with external locus of control are generally prone to stress and depression and may exhibit dysfunctional behaviors.

Moreover, employees with an internal locus of control generally enjoy more jobs satisfaction than those with external locus of control, as those with an internal locus of control have less role conflict, ambiguity, and overload, all of which contribute to stress. Further, employees with an

internal locus of control are largely social and considerate as well as skilled at influencing others more than those with an external locus of control. (Qiang et al., 2010). Therefore, H6 is the following:

**H6:** Internal Locus of Control has significant effect in predicting employee engagement.

## **2.3. Empirical Review**

In this section of the study relevant studies that had been previously performed in the area have been reviewed and their major findings and gaps observed was described briefly.

The study of Brid (2015) focused on examining the key drivers of employee engagement in a declining outsourcing company in Dublin, Ireland and contributed to the knowledge of employee engagement in declining companies. He said that it is important to monitor employee engagement at every stage of the company lifecycle. His research was conducted on five key drivers of engagement, namely, Leadership, Communication, Organizational Support, Learning and Development and Working Environment. Their influence on EE was strongly supported by the survey's findings. Results revealed that only half of the respondents were engaged and there was considerable scope for improvement. From the results of the survey, he found out that, respondents placed a strong emphasis on feeling safe in the work environment by having close working relationships with their line manager and colleagues without fear of negative consequences, during the decline period. The other important factor he found out in influencing engagement levels was opportunities for development, together with having both upward and downward communication between leadership and employees.

In Abubaker, (2002) study of examining the factors influencing employee engagement in the financial sector of Malaysia, which focused on three main concepts i.e. empowering leaders' behavior, high performance work practices (HPWP) and the possible role of one's faith EE. The study findings suggested that empowering leadership behavior – showing concern, participative decision making, leading by example, coaching and communicating – have the largest effect on employee engagement. Employees experience a significant level of engagement when their leader shows concern. Empowering leadership behavior will significantly impact employee

engagement among employees in the financial sector in Malaysia. Hence, empowering leadership behavior plays a significant role in engaging employees at work.

On the other hand, Abubaker (2002) also identified that religiosity plays a crucial role in engaging employees at work among the Malaysians' Muslims. Religiosity acts as self-control and when the going gets tough, faith helps believers to self-regulate. Therefore, when work is viewed as a moral obligation and self-enhancement, the development of employee engagement seems encouraging.

Since the majority of the sample included in the study were Malay Muslims, which may have negatively affected the finding and made it difficult to identify if there is any distinctive pattern of HR practices among different religious groups in Malaysia. The findings were also focused only on empowering leaders' behavior, high performance work practices and the possible role of religiosity, which did not incorporate other employee engagement factors, like perceived supervisory and organizational support and internal locus of control.

The work of Kumar (2011), in Odisha, India focuses on various factors which lead to employee engagement and what should company do to make the employees engaged. He suggested that proper attention on engagement strategies will increase the organizational effectiveness in terms of higher productivity, profits, quality, customer satisfaction, employee retention and increased adaptability. Employee engagement develops positive attitude among the employees towards the organization.

Kumar (2011), also emphasized that organization should recognize employees, more than any other variable, as powerful contributors to its competitive position. Engaged employees can help their organization achieve its mission, execute its strategy and generate important business results. Therefore, employee engagement should be a continuous process of learning, improvement, measurement and action. Kumar (2011), also provides a noteworthy implication for practitioners that organizations with higher levels of employee engagement outperform their competitors in terms of profitability. Engaged employees give their company's crucial competitive advantages—including higher productivity, customer satisfaction and lower employee turnover.

There are a number of factors which influence employee engagement, according to Kumar(2011), these are Recruitment, Job Designing, Career Development Opportunities, Leadership, Empowerment, Equal Opportunities and Fair Treatment, Training and Development, Performance Management, Compensation Health and Safety, Job Satisfaction, Communication, Family Friendliness.

In this study satisfaction is considered as a factor that affect EE, unlike the study of Sake (2006); where Job Satisfaction is considered as a consequence of EE, by defining it as a pleasurable emotional state resulting from the appraisal of one's job. According to Gill et al., (2010),as cited in Kumar(2011),“Job Satisfaction isthe positive feelings employees enjoy when they are recognized for having achieved goals in line with their own values”. In line with the study conducted by Sake (2006), this research used Job Satisfaction asa consequence of EE.

According to Maha(2015), even if there is an increasing contribution on the concept of employee engagement, there is a shortage of academic studies on that construct in emerging economies. Maha (2015),study was aimed at identifying the key drivers of employee engagement within the Egyptian banking sector basedon social exchange theory (SET). The study finding indicated that leadership and organizational justice were the most significant drivers of employee engagement. In addition, compensations and benefits, policies and procedures and training and development were also determined as predictive variables of employee engagement.

Maha (2015) also argued that the concept employee engagement should not be regarded as another HR strategy. Organization and employees are both dependent on each other to fulfill their goals and objectives. Therefore, employee engagement should not be understood as a one-time exercise but needs to be part and parcel of the business DNA for the success story of any company. Engaged employees can help their organization achieve its mission execute its strategy and generate important business results. Therefore, organizations today should actively look forward to fulfilling employee`s expectations and thus, create an impact on the performance of employee, which directly affects the organization`s performance. As a limitation it is found out that, since the study is based on a small number of employees working in the Egyptian banking sector, it is short coming is generalizing the results of the study for other sectors.

According to Sandeep et al., (2008) employee engagement has become a hot topic in recent years. Despite this, there remains a scarcity of critical academic literature on the subject, and relatively little is known about how employee engagement can be influenced by management. The review of the different literature indicates that there are more employees who are disengaged or *not* engaged than there are engaged employees. Despite this, many organizations believe that engagement is a dominant source of competitive advantage. Results from research organizations and corporate results have demonstrated that there may be a strong link between engagement, employee performance and business outcomes. Recent research in the UK and other countries shows that there are more disengaged employees than there are engaged employees in today's organizations.

Based on Gallup's new 142-country study (2013), the State of the Global Workplace accounts only 13% of employees worldwide are engaged at work. In other words, about one in eight workers -- roughly 180 million employees in the countries studied are psychologically committed to their jobs and likely to be making positive contributions to their organizations. The bulk of employees worldwide, 63% are "not engaged," meaning they lack motivation and are less likely to invest discretionary effort in organizational goals or outcomes. And 24% are "actively disengaged," indicating they are unhappy and unproductive at work and liable to spread negativity to coworkers. In rough numbers, this translates into 900 million not engaged and 340 million actively disengaged workers around the globe where the study carried out.

The low levels of engagement among global workers continue to hinder gains in economic productivity and life quality in much of the world. Engaged Workers are most common in U.S. and Canada (29%), actively disengaged in MENA (Middle East and North Africa) and sub-Saharan Africa i.e. on the average 34%. However, in the same report (*Ibid*) it is indicated that, low workplace engagement offers an opportunities to improve business outcomes. (APPENDIX II)

Regardless of region or industry, businesses seeking to adapt to rapidly changing global economic conditions must learn how to maintain high-productivity workplaces and grow their customer bases in widely varying social, cultural, and economic environments.

Through focusing on Cooperative Bank of Kenya, Mokaya&Kipyegon(2014), studied the determinants of Employee Engagement in the Banking Industry and used an explanatory research approach method, by considering sample of 214 respondents from 496 employees.

Mokaya&Kipyegon(2014), used primary data questionnaire and analyzed the result using descriptive and inferential statistics. The study result shows that Employee engagement was significantly affected by performance management system, personal development and growth, workplace recreation, and compensation package. Their finding revealed that a single unit increase in workplace recreation increases employee engagement by 0.09, personal development and growth by 0.219, performance management system by 0.386.

Furthermore, remuneration package by one unit would increase employee engagement by and 0.389 units. Their justification regarding to remuneration package is associated with banks basic salary was reasonable as noted by majority of the respondents and they were being remunerated adequately for their efforts, and that the pay and benefits were commensurate with their skills and experience. Regarding to work place, psychological and social fulfillment can determine their employees are motivated to stay, carry out, and contribute to organization success. Furthermore, their finding shows that low engagement and job satisfaction can contribute to multiple organizational problems and have been associated with increased levels of turnover and absenteeism, adding potential costs to the organization in terms of low performance and decreased productivity.

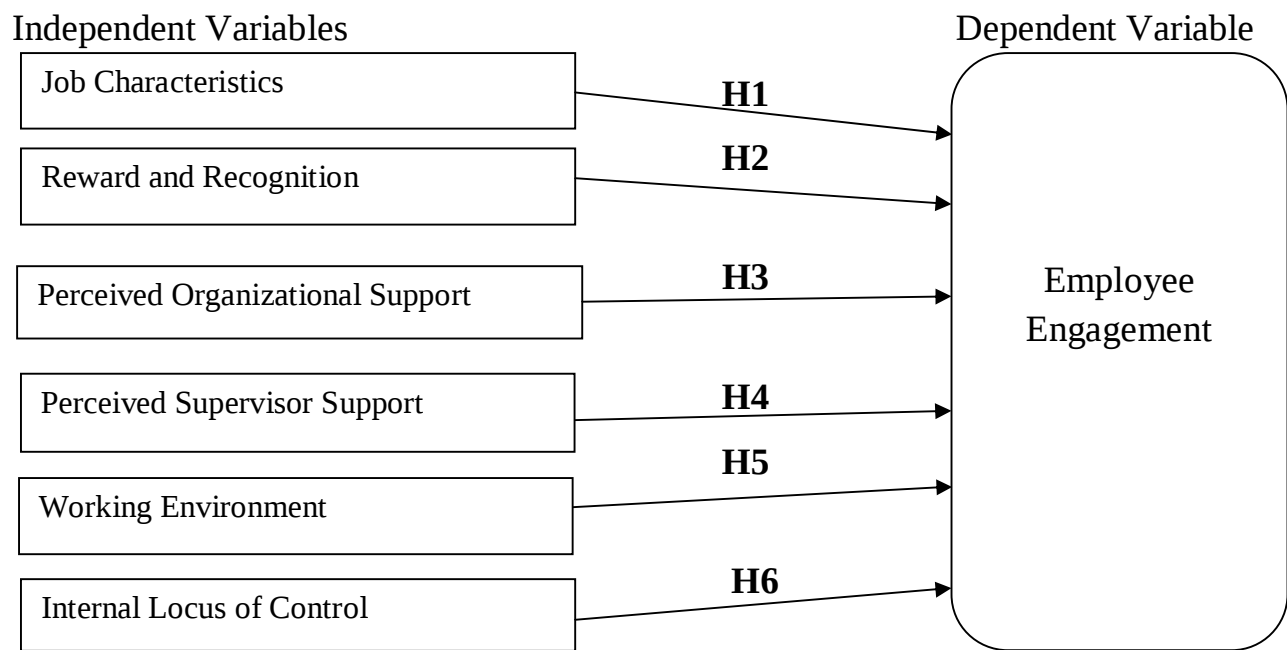
The study performed in Commercial Bank of Ethiopia by Derara (2014) argued that the research was the first of its kind, specifically determinants of employee engagement in the field of human services in Ethiopia. The study helped in determining factors affecting EE, generally in banking industry, and more particularly in CBE. The results of the study indicated that there were no differences in engagement scores for males and females, for education level, or for years of service in the bank. On the other hand, Job characteristics, Rewards and Recognition, Organization Justice, Perceived Organizational Support have a significant effect on Employee Engagement at CBE. Moreover, POS has got the highest effect on predicting Employee engagement.

However, Derara (2014) did not include some of the factors that might have significant effect in determining employee engagement at Commercial Bank of Ethiopia. These factors may include perceived supervisor support, working environment and internal locus of control. Considering

these as the area to be considered, this researcher will attempt to study their effect on EE for the case under study.

## 2.4. Conceptual Framework of the Study

Based on the overall review of related literatures and the theoretical framework, the following conceptual model in which this specific study is governed was developed.



Source :( Adopted from Sake, 2006)

Figure 1 Conceptual Framework of the Study

## **CHAPTER THREE: RESEARCH METODOLOGY**

### **3.1. Introduction**

The practical method used in order to answer the research questions, study problem and fulfill the objective of the research are presented in this chapter. It also provide an overview of the research study, research hypothesis, and model specification, a description of the instrument used for data gathering, targeted population, sampling procedure, sources of data used, and methods of data analysis, presentation and interpretation.

### **3.2. Research Approach**

There are three research approaches: Quantitative, Qualitative and Mixed, where one of them is not better than the others, all of this depends on how the researcher wants to do a research (Ghauri&Kjell, 2005). To achieve the aforementioned objectives, the study adopts a purely quantitative research approach, where it can use a questionnaire provided predominantly descriptive and qualified data. Quantitative method of research approach is study involving analysis of data and information that are descriptive in nature and qualified (Sekaran, 2001).

### **3.3. Research Design**

Research design is the general plan of how the research questions would be answered and it is the conceptual structure within which research is conducted (Saunders et al., 2007). It constitutes a blueprint for the collection, measurement, and analysis of data that collected for the study. Cross-sectional field survey method research design was used for the study because data was collected at one point of time during a period of one month to assess the relationship between Employee Engagement and independent variables of employees in commercial bank of Ethiopia. In cross-sectional field surveys, independent and dependent variables are measured at the same point in time using a single questionnaire (Anol, 2012). In addition the study was co-relational in design because there was intended to establish the relationship between one dependent variable and six independent variables of the study. Co relational research aims to ascertain if there is a significant association between two variables (Reid, 1987).

### **3.4. Data collection Method**

For this study, survey type of research method has chosen where the questionnaire used to collect the information. The reliability of a survey's results depends on whether the sample of people from which the information has been collected is free from bias and sufficiently large to explain about the population.

### **3.5. Sampling Design**

#### **3.5.1 Target Population**

A population defines as “the entire group of people, events, or thing of interest that the researcher wishes to investigate” (Sekeran, 2001). The target population for the study consisted of 9,572 professional employees of CBE working in around 349 branches of the Addis Ababa area as per the information collected from the company's Human Resource database as at December 31, 2016.

#### **3.5.2 Sampling Frame & Sampling Location**

The sampling frame sets of source materials from which the sample is selected and its purpose is to provide a means for choosing the particular members of the target population that are to be included in the survey (Anthony 2003). However, sampling location is a place where a research is conducted. In this research, source of materials consisted of all professional staff of CBE working in around 349 branches, located in Addis Ababa.

#### **3.5.3 Sampling Technique**

According to Creswell (2003), sampling technique refers to a further development of the principle of cluster sampling. As for this study it was assumed that all branches of CBE operate in a similar manner with respect to policies and practices despite the fact that they are located in geographical areas that span the country. For the study the researcher used a Multi-stage sampling Technique. If we have a population dispersed over a wide geographic area, it may be difficult or impossible to take a simple random sample of the units of the study population at random. However, when a list of clusters of study units are available (e.g., districts, or villages), a number of these groupings can be randomly selected (Creswell, 2003). Therefore, the

researcher started with the cluster of the four districts in the Addis Ababa area out of the total of 15 districts in the bank. Within each of the four clusters, branches and employees were selected using a simple random sampling.

#### **3.5.4. Sampling Size**

To enhance the results and reliability of the study, the researcher used large sample size of the total population. In order to determine the sample size for the study, an attempt is made to use the following simplified formula to calculate sample sizes. According to Yamane (1967), with 95% confidence level and 0.05 sampling errors are assumed for the following equation:

$$n = \frac{N}{1 + N(e)^2}$$

Where n is the sample size, N is population size and e is the level of precision.

Using the above formula, the sample size was determined at 386 from 9572 employees of Addis Ababa area branches of CBE. Even if the sample size is determined as 386, as a contingency the researcher distributed 410 questionnaires. While collecting the questionnaires, when the number reached to the desired sample size the researcher has started inserting them into the system.

### **3.6. Variable and Measurement**

The questionnaire used in this study was adapted by the researcher (Appendix I) by using Kahn (1990) definition of engagement that is to be psychologically present when occupying and performing an organizational role and adapt measuring instruments which fit with the context of the study. It was developed for the specific purpose of measuring the engagement of individuals working in the human services field. The questionnaire was a four page which is divided into three sections. All sections of the questionnaires are developed in English language.

Section-one: Demographic information of respondents: - The first section of the questionnaire requires information about personal and demographic data of respondents. Question covering gender, age, educational level, job titles, time spent with supervisory and length of service in the organization were asked

Section-two: Questions pertaining to factors affecting EE are listed here.

Generally the questionnaire consisted of 37 questions as shown in the Table 3.2 below.

| Table 3.1.: The components of questions related to factors of EE |                                  |       |                   |                       |
|------------------------------------------------------------------|----------------------------------|-------|-------------------|-----------------------|
| S. No.                                                           | Factors                          | Items | Scale             | Source                |
| 1                                                                | Job characteristics              | 6     | Five-point Likert | Saks(2006)            |
| 2                                                                | Rewards and recognition          | 6     | Five-point Likert | Saks(2006)            |
| 3                                                                | Perceived organizational support | 5     | Five-point Likert | Saks(2006)            |
| 4                                                                | Perceived supervisor support     | 4     | Five-point Likert | Saks(2006)            |
| 5                                                                | Working environment              | 5     | Five-point Likert | Bríd O'Carroll (2015) |
| 6                                                                | Internal locus of control        | 11    | Five-point Likert | ICIDuttweiler, (1984) |

In order to answer the questions, respondents have to select their choice of agreement based on the five point Likert scale according to their opinion on each item. Each answer has been given a score and it is assumed that the format is easier for the respondents to understand the concepts and provide precise answers.

Section-three: Items related to employee engagement: - This section consists of questions that can measure the employee engagement. Employee engagement was measured in three components of psychological engagement including cognitive (e.g. Time passes quickly when I perform my job), emotional (e.g. I get excited when I perform well on my job) and physical engagement (e.g. I stay until the job is done) The respondents rated their level of agreement/disagreement to the stated statement based on five-point Likert scales. In general the section consisted of 8 questions as shown in the table-2 below.

| Table 3.2: The questions related to employee engagement |                     |       |                   |            |
|---------------------------------------------------------|---------------------|-------|-------------------|------------|
| S. No.                                                  | <b>Factors</b>      | Items | Scale             | Source     |
| 1                                                       | Employee engagement | 8     | Five-point Likert | Saks(2006) |

### 3.7. Mathematical Frame Work

Model specification can be defined as the exercise of formally stating a model, i.e. the explicit translation of theory into mathematical equations and involves using all the available relevant theory research and information and developing a theoretical model. For this study, the researcher used Ordinary Least Square and Tobit Regression model specification technique since outcomes in the form of Likert scale questions are importantly regressed through ordinal least square regression. In survey-type research the responses are on a Likert-type scale, such as “strongly agree,” “somewhat agree,” or “strongly disagree. These are ordinal scales in that there is a clear ranking among the categories (Gujarati, 2004).

As a result, Ordinal Least Square (OLS) regression is the preferred one in this study. The following models are developed for the purpose of running order or ordinal least square regression that is necessary to test the effects of predictors on employee engagement. For this study Employment Engagement is dependent variable and it is categorical variable.

$Y = \text{Emp (Employment Engagement)}$

The Independent variables of the model are:

Employment Engagement =  $f$  (Job characteristics, Reward and Recognition, Organization Support, Supervisory Support, Working Environment, Internal Locus of Control)

$$\text{Emp} = \beta_0 + \text{Job} + \text{RR} + \text{OS} + \text{SP} + \text{WE} + \text{INLOC} + \mu \dots \dots \dots (1)$$

Where,

$\beta_0$  = is intercept to be estimated, Emp = Employment Engagement, Job = Job characteristics, RR = Reward and Recognition, OS = Organizational support, SP = Supervisory Support, WE = Working Environment, INLOC = Internal Locus of Control and  $\mu$  = General error term.

$$\text{Mathematically, } Y_i = \beta_1 \text{Job} + \beta_2 \text{RR} + \beta_3 \text{OS} + \beta_4 \text{SP} + \beta_5 \text{WE} + \text{INLOC} + U_t \dots \dots \dots (2)$$

Where Y is the dependent variable- reaction to change Job, RR, OS, SP, WE and INLOC are the explanatory variables (regressors)

Where,  $U_t$  is distinctive error which is usually independent of both the regressors, and the individual error component,  $\mu$ , and hence it has a zero mean white-noise residual.

### **3.8. Validity**

Validity is the degree to which a test measures what it intends to measure (Creswell, 2009). Validity defined as the accuracy and meaningfulness of the inferences which are based on the research results. It is the degree to which results obtained from the analysis of the data actually represents the phenomena under study. Contends that the validity of the questionnaire data depends on a crucial way the ability and willingness of the respondents to provide the information requested. Therefore, for this study, the researcher used both to construct validity test and content validity test to assure the validity test(William, 1999).

#### **A. Test for Construct Validity**

Construct validity involves the test of the hypothesized constructs which represent the concept that researcher try to measure, and a number of replicated studies will earn credibility of validating the hypothesized constructs (Arbuckle, 2010). Construct Validity is the validity of theoretical involving building variables to be measured. An instrument is said to have construct validity if the items are arranged in a matter of instruments to measure every aspect of thinking of a variable to be measured by these instruments.

As regards the construct validity, before examining the relationships between variables, we must ensure the validity of each of the variables. In order to analyse the internal construct of questionnaire and discover the constituent elements of each constructor latent variables, factor analysis was used(Mezgebu, 2004).

The validity for each variable is good where the values are above minimum level of 0.30 ( $r > 0.3$ ). It means that all independent variables in are above the minimum. Moreover, Correlation Matrix has also been considered to lest construct Validity. In the study, the scale items for all the variables reflected acceptable levels of reliability of the research instrument. Hence, construct validity of the scale was confirmed (Dimitrov, 2003).

#### **B. Test for Content Validity**

Content validity refers to the degree to which a test measures an intended area in accordance with the researched theme (Dimitrov, 2003). As to the content validity, the quantity and quality of questions were studied by experts. For this study the questionnaire were reviewed and commented by the research advisor and the required corrections were made.

### 3.9. Reliability

In this study each statement rated on a 5 point Likert response scale. Based on this reliability test was made with a sample of 20 respondents. The test was made with a sample of 20 respondents and the Cronbach's alpha coefficient for the instrument was found as EE 0.830, job Characteristics 0.920, Reward and Recognition 0.923, Organization Support 0.818, Supervisory Support 0.898 and Working Environment 0.924 which is reliable. Typically, an alpha value of 0.80 or higher is taken as a good indication of reliability, although others suggest that it is acceptable if it is 0.67 or above (Cohen et al., 2007).

**Table3.3: Reliability Statistics**

| <b>Dependent and Independent variables</b> | <b>Cronbach's Alpha</b> | <b>N of Items</b> |
|--------------------------------------------|-------------------------|-------------------|
| <b>Employment Engagement</b>               | 0.830                   | 8                 |
| <b>Job characteristics</b>                 | 0.920                   | 6                 |
| <b>Reward and recognition</b>              | 0.923                   | 6                 |
| <b>Organizational support</b>              | 0.818                   | 5                 |
| <b>Supervisory support</b>                 | 0.898                   | 4                 |
| <b>Work environment</b>                    | 0.924                   | 5                 |
| <b>Internal Locus of control</b>           | 0.810                   | 11                |

The research instruments were developed by adopting from related studies and contextualizing based on research questions and objectives, and hence instruments are consistent with the objectives of the study and are also reliable.

### 3.10. Method of Data Processing and Analysis

#### 3.10.1. Data Processing

Before processing the data, the completed questionnaires were sorted, checked and edited for completeness and consistency. The data were then coded to enable the responses to be grouped into various categories. The data processing was completed in two consecutive phases: First data

cleanup in which the collected raw data were edited to detect errors and omissions in response and for checking that the questions are answered accurately and uniformly. The next phase is the process of assigning numerical values was followed i.e., for strongly agree 5... for strongly disagree 1.

### **3.10.2. Data Analysis**

To analyze the data the study mainly used Statistical software application called STATA. This statistical software was employed to analyze and present the data by using different statistical tools. Descriptive analysis, OLS regression analysis and Tobit analysis are done using Stata 14. Descriptive analysis techniques were used to analyze the results of descriptive statistics to describe the Demographic and general results which presented by tables frequency distributions. The study is also used OLS regression tests. It is an appropriate and most widely used method for investigating the relationship between a dependent variable and two or more independent variables due to its well-developed underlying statistical theory (Creswell, 2009). OLS method was employed to investigate the effect of independent variables on the dependent variable. As stated in (Creswell, 2009 and Gujarati, 2004), OLS regression analysis takes into account the inter-correlations among all variables involved. This method also takes into account the correlations among the predictor scores. Furthermore, OLS regression analysis more than one predictor is jointly regressed against the criterion variable.

### **3.11. Technique of Estimation**

Estimation of Relationships for Limited Dependent Variables, the OLS and Tobit is a statistical model that is used to estimate the relationship between a limited dependent variable ( $y$ ) and a vector of explanatory variables ( $x$ ), usually by the method of maximum likelihood. The Tobit model is warranted when the variable  $y$  is censored i.e. when it is observed for some values above or below a certain threshold, but not in the remainder of the data (Gujarati, 2004).

Accordingly, these statistical techniques were used to explain the following relationships. Regress performance (as the dependent variable) on the selected linear combination of the independent variables using both OLS and Tobit regressions.

### 3.11.1 Ordinary Least Square (OLS) Estimation Technique

The ordinary least square methods (OLS) are probably the most popular technique in statistics. This is due to several factors. First, most common estimators can be cast within this framework. For example, the mean of a distribution is the value that minimizes the sum of squared deviations of the scores. Second, using squares makes OLS mathematically very tractable because the Pythagorean Theorem indicates that, when the error is independent of an estimated quantity, one can add the squared error and the squared estimating quantity. The equation of regressions on this study is generally built around two sets of variables, namely dependent variable (Employee Engagement) and independent variables (Job Characteristics, supervisory support, organization support, work environment and internal locus of control). The basic objective of using the regression equation in this study is to regress the performance of explanatory variables towards the Employment Engagement.

Employment Engagement =  $f$  (job characteristics, reward and recognition, organizational support, supervisory support, working environment, internal locus of control)

$$Y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \epsilon_i \dots \dots \dots (3)$$

Where,  $\epsilon_i$  is the error term.

$\beta_0$  is the intercept term- constant which would be equal to the mean if all slope coefficients are 0.  $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$  and  $\beta_6$  are the coefficients associated with each independent variable which measures the change in the mean value of Y, per unit change in their respective independent variables.

### 3.11.2. Tobit Model of Estimation Technique

The Tobit model is also known as a censored regression model. Some authors call such models limited dependent variable regression models because of the restriction put in the values taken by the regress and. statistically, the study can express the Tobit model as:

$$Y_i = \beta_1 + \beta_2 X_i + u_i \text{ if RHS} > 0$$

$$= 0 \text{ otherwise}$$

Where RHS = right-hand side. Note: Additional X variables can be easily added to the model. The relationship between the independent variable and the dependent variables scheduling and monitoring as follows:-

Performance=  $f$  (Employee Engagement)

$$Y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + u_i \dots\dots\dots (4)$$

Where: Y is the response or dependent variable- Employee Engagement

X1= Job Characteristics, X2= Reward and Recognition, X3= Organizational Support, X4= Supervisory Support, X5= Working Environment, X6=Internal Locus of Control and  $u_i$  is the error term.

$\beta_0$  is the intercept term- constant which would be equal to the mean if all slope coefficients are 0.  $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6$  and  $\beta_7$ , are the coefficients associated with each independent variable which measures the change in the mean value of Y, per unit change in their respective independent variables.

Accordingly, this statistical technique was used to explain the following relationships. Regress performance (as the dependent variable) on the selected linear combination of the independent variable Employee Engagement using multiple regressions. The basic objective of using a Tobit regression equation in this study is to regress the performance of the variable towards the employment engagement.

### 3.12. Diagnostic Tests

#### A. Linearity:

In ordinary regression, we assumed that the outcome had linear relationships with the predictors. In least square regression the outcome is categorical and so this assumption is violated. This is why we use the log (or logit) of the data. The assumption of linearity in least square regression, therefore, assumes that there is a linear relationship between any continuous predictors and the logit of the outcome variable (Admasu, 2013).

#### B. Independence

This assumption is the same as for ordinary regression basically it means that cases of data should not be related; for example, we cannot measure the same people at different points in time and its violation creates over dispersion (Andy, 2006).

Over dispersion creates a problem because it tends to limit standard errors and result in narrower confidence intervals for test statistics of predictors in the least square regression model. Given that the test statistics are computed by dividing by the standard error, if the standard error is too small then the test statistic will be bigger than it should be, and more likely to be deemed

significant (Andy, 2006). Similarly, narrow confidence intervals will give us overconfidence in the effect of our predictors on the outcome and there is more chance of Type I errors (Andy, 2006).

### **C. Multicollinearity:**

Although not really an assumption as such, Multicollinearity is a problem as it is for ordinary regression (Liu, 2010). In essence, Independent variable should not be too highly correlated and it is essential to test for collinearity following at least square regression analysis.

### **D. Tests of Overall Model Fit**

For the selected model before proceeding to examine the individual coefficients, we should look at an overall test of the null hypothesis that the location coefficients for all of the variables in the model are zero. It can base on the change in  $-2 \log$ -likelihood when the variables are added to a model that contains only the intercept. The change in the likelihood function has a chi-square distribution even when there are cells with small observed and predicted counts. This value provides a measure of how well the model fits the data. The log likelihood statistic is analogous to the error sum of squares in multiple regressions. As such, it is an indicator of how much unexplained information remains after fitting the model. The larger the value of the log likelihood the more unexplained observations there is and a poorly fitting model. Therefore, a good model means a small value for  $-2LL$ . If a model fits perfectly, the likelihood is 1, and  $-2 \times \log 1 = 0$ .

### **E. Goodness of Fit Measures**

A well-fitting model has several benefits and the structural form of the model describes the patterns of association and interaction between the variables. The sizes of the model parameters determine the strength and importance of the effects. Inferences about the parameters evaluate which explanatory variables affect the response variable  $y$ , while controlling effects of possible confounding variables. Finally, the model's predicted values smooth the data and provide improved estimates of the mean of  $y$  at possible explanatory variable values. For least square regression, the model coefficients are estimated by the maximum likelihood method and the likelihood equations are non-linear explicit function of unknown parameters. The ordinal least

square regression model is fitted to the observed responses using the maximum likelihood approach.

In general, the method of maximum likelihood produces values of the known parameters that best match the predicted and observed probability values. Therefore, it is usually used a very effective and well known Fisher scoring algorithm to obtain ML estimates. A model for logit  $\text{pr}(y \leq i)$  alone is an ordinary least square model for a binary response in which categories 1 to  $i$  form one outcome and categories  $i+1$  to form a second outcome. The deviance is used to construct a goodness-of-fit test for the model. Likewise, the Pearson chi-square statistics also compares the model fit to the actual data.

Both goodness-of-fit statistics should be used only for models that have reasonably large expected values in each cell. If the model fits well, the observed and expected cell counts are similar, the value of each statistic is small, and the observed significance level is large. As usual large chi-square and deviance value provide the evidence of lack of fit. When the fit is poor, residuals and other diagnostic measure describe the influence of individual observation on the model fit and highlight reason for the inadequacy.

### **3.13. Ethical Considerations**

There are certain ethical protocols that have been followed by the researcher. The first is soliciting explicit consent from the respondents. This ensures that their participation to the study is not out of their own volition. The researcher also ensured that the respondents were aware of the objectives of the research and their contribution to its completion. One other ethical measure exercised by researcher is treating the respondents with respect and courtesy (Leary,2004). This was done so that the respondents were at ease and more likely to give honest responses to the questionnaire.

There were also ethical measures that have been followed in the data analysis. To ensure the integrity of data, the researcher checked the accuracy of encoding of the survey responses. This was carried out to ensure that the statistics generated from the study are truthful and verifiable (Leary, 2004).

## CHAPTER FOUR: DATA PRESENTATION, INTERPRETATION AND ANALYSIS

### 4.1. Introduction

This chapter deals with presentations, discussions and analysis of the primary data collected through questionnaires. The main objective of the chapter is examining the significance of the explanatory variables on the employment engagement of the Commercial Bank of Ethiopia through the appropriate test of the models and regression analysis. The first part is focused on demographic Variables, whereas the second part presents the results of the econometric models regression and the post regression analysis.

### 4.2. Demographic Characteristics of Respondents

#### 4.2.1. Gender

Table 4.1 Gender Profile Respondents

|        |        | Frequency | Percent |
|--------|--------|-----------|---------|
| Gender | Male   | 253       | 65.5    |
|        | Female | 133       | 34.5    |
|        | Total  | 386       | 100.0   |

Table 4.1 above shows that out of the 386 respondents, 65.5 percent of them were male and the remaining 34.5 percent were female. The reason behind the large number gap seen between male and female respondents might be the higher education participation level status of the country that nearly to not equally favor men and women in past years.

#### 4.2.2. Age

Table 4.2 Respondents Age

|     |             | Frequency | Percent |
|-----|-------------|-----------|---------|
| Age | 21-29 Years | 234       | 60.5    |
|     | 30-40 Years | 126       | 32.6    |
|     | 41-50 Years | 14        | 3.6     |
|     | 51-60 Years | 12        | 3.3     |
|     | Total       | 386       | 100.0   |

Age range between 21-29 years 60.5% or 234 which is the highest percentage of the respondents, age between 30-40 years 32.6 % or 126, Age between 41-50 years 3.6% or 14, Age between 51-60 years 3.3% or 12 which is the lowest percentage of respondents. The highest respondents' young age shows that change in the structure of the bank in the past few years ago.

#### 4.2.3. Position

Table 4.3 Position of Respondents

|          |                                  | Frequency | Percent |
|----------|----------------------------------|-----------|---------|
| Position | Customer Service Officer         | 196       | 50      |
|          | Senior Customer Service Officer  | 76        | 20      |
|          | Customer Relation Officer or KYC | 56        | 14.4    |
|          | Customer service manager         | 46        | 12      |
|          | Branch Manager                   | 14        | 3.6     |
|          | <b>Total</b>                     | 386       | 100     |

From Table 4.3 above it is simple to understand that 50 percent and 20 percent of the respondents were having the position of Customer service officer and senior customer service officer, respectively, where as 14.4 percent, 12 percent and 3.6 percent of the respondents were entitled with Commercial Bank of Ethiopia Customer relation officer, Customer service manager and Branch manager respectively. Those respondents who have shown their job position as an officer the most respondents as compared to other positions.

#### 4.2.4. Experience

Table 4.4 Work experience of respondents

|                 |              | Frequency  | Percent      |
|-----------------|--------------|------------|--------------|
| Work Experience | <3 Years     | 118        | 30.6         |
|                 | 3 - 6Years   | 138        | 35.7         |
|                 | 6.1-10Years  | 84         | 21.7         |
|                 | 10.1-15Years | 25         | 6.4          |
|                 | 15-20 Years  | 15         | 3.8          |
|                 | >20 Years    | 6          | 1.6          |
|                 | <b>Total</b> | <b>386</b> | <b>100.0</b> |

According to Table 4.4 the work experience of the respondent scores >20 year, 1.6 percent or 6 shows lowest percentage of respondents and <3 year 30.6 percent or 118 indicates the highest percentage of respondents.

#### 4.2.5. Qualification of the Respondents

Table 4.5 Qualification of the respondents

|                 |                   | Frequency  | Percent      |
|-----------------|-------------------|------------|--------------|
| Education level | Masters and Above | 93         | 24.3         |
|                 | FirstDegree       | 270        | 70           |
|                 | Diploma           | 23         | 5.7          |
|                 | <b>Total</b>      | <b>386</b> | <b>100.0</b> |

As per Table No4.5 all of the respondents have disclosed their educational level. The table indicates that 5.7 percent of the respondents have completed diploma. However, 70 percent, and 24.3 percent were degree and Masters and above respectively. The number of Masters Graduate is increase from year to year. This is due to the availability of sponsorship by commercial Bank of Ethiopia for five year served employees to improve the engagement level of its employee.

### **4.3. Pre-Estimation Test**

#### **4.3.1 Correlation Test**

Before conducting the regression analysis, correlation analysis/test/was carried out to consider the relationship between the variables/constructs/. Any correlation coefficient ( $r$ ) that is positive indicates a direct or positive relationship between two measured variables. Negative  $r$  indicates indirect or inverse relationship. The description of each variable is indicated in Table 4.6.

##### **4.3.1.1 Correlation between Independent Variables**

In this section Multicollinearity test was conducted to find the correlation between factors affecting employee engagement performance, the analysis results were presented in 4.6. The correlation result is used to examine the employment engagement structure of the bank. As per this table this study has interpreted the following facts: -

- There is correlation between job characteristics and other independent variables except with supervisory support and working environment.
- There is correlation between reward and recognition, and other independent variables except with organization support and working environment.
- There is correlation between organizational support and other independent variables exceptwith internal locus of control.
- There is correlation between supervisory supports and other independent variables except with working environment and internal locus of control.
- There is correlation between working environment and internal locus of control variables.

Table 4.6 Correlate independent with independent

|              | JOB     | REWARD~0 | ORGSUPP | SUPSUP  | WorkENV | InlC   |
|--------------|---------|----------|---------|---------|---------|--------|
| JOB          | 1.0000  |          |         |         |         |        |
| REWARDandR~0 | -0.0866 | 1.0000   |         |         |         |        |
| ORGSUPP      | 0.0462  | -0.1647  | 1.0000  |         |         |        |
| SUPSUP       | -0.1018 | 0.0843   | -0.0330 | 1.0000  |         |        |
| WorkENV      | -0.2750 | 0.1014   | -0.0564 | 0.2724  | 1.0000  |        |
| InlC         | -0.0052 | -0.0321  | 0.1072  | -0.1635 | -0.0106 | 1.0000 |

#### 4.3.1.2. Pearson Correlation Analysis

Similarly like correlation, the Pearson correlation analysis is a measure of the correlation (linear dependence) between two variables, giving a value between +1 and -1 inclusive. It is widely used in the sciences as a measure of the strength of linear dependence between two variables. The p-value, in Pearson correlation analysis, attempts to provide a measure of the strength of the results of a test, in contrast to a simple reject or do not reject decision(Admasu, 2013).

In Pearson correlation analysis the value of strength of relationship (r) plays an important role in determining the level of relationships among variables. The significance level,  $p < 0.05$  is also used to establish the relationship. This significance level shows that there is only 5 percent chance that the relationship does not exist, and 95 times out of 100 times the relationship among variables can be defined as having significant correlation. The table below shows the results of the Pearson correlation analysis, among the variables, testing of the hypotheses and interpretation of the Pearson correlation results will be presented in a separate section with the results of the regression analysis(Sekaran, 2001).

Table 4.7Correlate Dependent with Independent

|              | ENG     | JOB     | REWARD~0 | ORGSUPP | SUPSUP  | WorkENV | InlC   |
|--------------|---------|---------|----------|---------|---------|---------|--------|
| ENG          | 1.0000  |         |          |         |         |         |        |
| JOB          | 0.0651  | 1.0000  |          |         |         |         |        |
| REWARDandR~0 | 0.3035  | -0.0866 | 1.0000   |         |         |         |        |
| ORGSUPP      | 0.4850  | 0.0462  | -0.1647  | 1.0000  |         |         |        |
| SUPSUP       | 0.7602  | -0.1018 | 0.0843   | -0.0330 | 1.0000  |         |        |
| WorkENV      | 0.2115  | -0.2750 | 0.1014   | -0.0564 | 0.2724  | 1.0000  |        |
| InlC         | -0.0752 | -0.0052 | -0.0321  | 0.1072  | -0.1635 | -0.0106 | 1.0000 |

As shown in the above table, of the total of six explanatory variables tested in this study, there is a significant correlation between two of the independent variables such as: job characteristics and internal locus of control with the dependent variable i.e. Employment Engagement. For example, Based on the results in Table 4.7 there are positive relationships between Employment Engagement and the job characteristics, whereas negative correlation with internal locus of control.

#### 4.3.1.3 Goodness of Fit

In this section, in examining the challenges that could affect employment engagement in Commercial Bank of Ethiopia, the study used a regression analysis to test the effect of the six independent (explanatory) variables on the dependent (explained) variable i.e. the employment Engagement. Thus, in this study, the researcher used OLS, Tobit and multiple regression analysis, in which tests have been made to examine whether one or more independent variables influence the variation of the dependent variable. To show how well the model containing those of six explanatory variables actually explains the variations in the dependent variable, i.e. the variable of employment engagement, it is necessary to test it through the goodness of fit statistic.

Table 4.8. Goodness of Fit through R Square

| Source   | SS         | df  | MS         | Number of obs = | 386     |
|----------|------------|-----|------------|-----------------|---------|
| Model    | 46.6844427 | 6   | 7.78074045 | F( 6, 379) =    | 1957.14 |
| Residual | 1.5067391  | 379 | .003975565 | Prob > F =      | 0.0000  |
|          |            |     |            | R-squared =     | 0.9687  |
|          |            |     |            | Adj R-squared = | 0.9682  |
| Total    | 48.1911818 | 385 | .125171901 | Root MSE =      | .06305  |

The above Table 4.8 summarizes the information about the variation of the dependent variable explained by the existing model used for this study and the residual that indicates the variation of the dependent variable that are not captured by the model. It is observed that the independent variables give a significant effect on the dependent variable, where the F - value is 1957 with a p-value of less than 0.05 (i.e.  $P < 0.000$ ) indicating that, over all, the model used for the study is significantly good enough in explaining the variation in the dependent variable.

To ensure the statistical adequacy of the model, the goodness of fit can also be measured by the square of the correlation coefficient also called  $R^2$ . R-squared is measured the goodness of fit of the explanatory variables in explaining the variation in the employment Engagement (job

characteristics, reward and recognition, organizational support, supervisory support, working environment and Internal locus of control). As clearly described in the table above are adjusted R-squared value for the regression model was 97 percent. This indicates the explanatory variables such as; job characteristics, reward and recognition, organizational support, supervisory support and work environment in this study explain about 97 percent of the variation on employment engagement in Commercial Bank of Ethiopia. The remaining 3 percent of variation in employee engagement was explained by other variables which are not included in the model. Therefore, job characteristics, reward and recognition, organizational support, supervisory support, working environment and internal locus of control are good explanatory variables/factors of employment engagement of Commercial Bank of Ethiopia.

#### **4.4. Regression Analysis**

##### **4.4.1. Ordinary Least Square/OLS/ Estimation Regression Analysis**

Here the technique used to test the model is OLS linear regression analysis. It is assumed that for conducting the examination of the performance of employee engagement /, the key performance indicators (KPI) factors play an important role. The examination of employee engagement is considered the independent variables and job characteristics, reward and recognition, organizational support, supervisory support, working environment and internal locus of control are considered as independent variable. The findings of the analysis are presented in Table 4.9.

Table.4.9: Ordinary Least Square regression result

| VARIABLES    | (1)                    | (2)                    |
|--------------|------------------------|------------------------|
|              | OLS without robust     | OLS with robust        |
| JOB          | 0.128***<br>(0.00764)  | 0.128***<br>(0.00491)  |
| REW and RECO | 0.182***<br>(0.00495)  | 0.182***<br>(0.00400)  |
| ORGSUPP      | 0.253***<br>(0.00418)  | 0.253***<br>(0.00558)  |
| SUPSUP       | 0.389***<br>(0.00496)  | 0.389***<br>(0.00441)  |
| Work ENV     | 0.0219***<br>(0.00456) | 0.0219***<br>(0.00469) |
| InLC         | 1.40e-05<br>(0.00443)  | 1.40e-05<br>(0.00251)  |
| Constant     | 0.0856*<br>(0.0482)    | 0.0856***<br>(0.0274)  |
| Observations | 386                    | 386                    |
| R-squared    | 0.969                  | 0.969                  |

Standard errors in parentheses  
 \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

#### 4.4.2 Tobit Model Estimation Regression Analysis

To further investigate the effects of concerned variables on the performance of the employment engagement, in addition to the OLS regression analysis, the study conducts a Tobit regression analysis.

The Tobit regression model was constructed for the purpose of estimating the partiality score for each employee engagement factor. The regression model developed was used to estimate a probability of each 386 observations so as to examine the employment engagement structure of the bank through measuring and interpreting the significance value scored by each of the independent variables. When data were collected it was observed that some of the respondents did not give response for any questions due to the nature of the branch in the bank. In order to censor such a data, here we used Tobit estimation model. The explanatory variables are left adjusted, from below for those values on which a response is not given by the respondents. The findings of the analysis are presented in Table 4.10.

Table 4.10: Tobit Regression Results

| VARIABLES    | (1)<br>Tobit without robust | (2)<br>Tobit with robust |
|--------------|-----------------------------|--------------------------|
| JOB          | 0.128***<br>(0.00762)       | 0.128***<br>(0.00495)    |
| REW and REC  | 0.182***<br>(0.00494)       | 0.182***<br>(0.00410)    |
| ORGSUPP      | 0.254***<br>(0.00417)       | 0.254***<br>(0.00547)    |
| SUPSUP       | 0.392***<br>(0.00504)       | 0.392***<br>(0.00423)    |
| WorkENV      | 0.0237***<br>(0.00460)      | 0.0237***<br>(0.00507)   |
| lnIC         | 0.000381<br>(0.00442)       | 0.000381<br>(0.00253)    |
| Constant     | 0.0669<br>(0.0486)          | 0.0669**<br>(0.0278)     |
| Observations | 386                         | 386                      |

Standard errors in parentheses  
 \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

As shown in the above table, of the total five explanatory variables tested in this study, job characteristics (p-value= 0.000), reward and recognition, (p-value=0.000), organizational support (p-value=0.000), supervisory support (p-value=0.000) and working environment (p-value=0.00) were statistically significant at 1 percent or lower. The result also reveals that there is a positive relationship between all the independent variables and Employment Engagement.

## 4.5. Discussion of the Findings

### A. Job characteristics

The result of this study revealed that the effect of job characteristics on employment engagement is robust and statically significant at 1 percent and the magnitude of the coefficient was positive in both OLS and Tobit model Estimation. This shows that employees who are assigned in a position where the job is more comprehensive that require a variety of skills are more likely have greater engagement to their job than those who are assigned in a routine and simple task. This is to mean, as shown in the table 4.9 and 4.10 above, a unit increment in Job characteristics will

enhance employee engagement by 12.8% remaining other things constant. As a result, we fail to reject the hypothesis (H1).

Previous studies in this regard supported this finding in that Psychological meaningfulness can be achieved from task characteristics that provide challenging work, variety, allow the use of different skills, and the opportunity to make important contributions. Jobs that are high on the core job characteristics provide individuals with the room and incentive to bring more of themselves into their work or to be more engaged involves a sense of return on investments of the self-in-role performances (Kahn, 1990).

In a similar manner, the result of the research work of Derara (2014), strengthen this finding by suggesting, employees who are assigned to better Job characteristics are more likely to reciprocate with greater levels of engagement to their organization. This is to mean, while each jobs are designed if most or all of the five core job characteristics (i.e. Skill variety, task identity, task significance, autonomy, and feedback) are included in the content of the Job that will motivate employees to get engaged into their given responsibilities and contribute to the achievement of organizational goals.

## **B. Reward and Recognition**

The result obtained has shown that the employment engagement effect of reward and recognition is positive, robust and statistically significant at the 1 percent level of significance in commercial bank of Ethiopia. This confirms that employee engagement of Commercial Bank of Ethiopia has been affected by reward and recognition. This is to mean that, as indicated in the table 4.9 and 4.10 above, a unit increment in Reward and Recognition will enhance employee engagement by 18.2% remaining other things constant. As a result, we fail to reject the hypothesis (H2).

This finding is also supported by a previous study performed by Maslach et al. (2001) in that, while a lack of rewards and recognition can lead to burnout, appropriate recognition and reward is important for engagement. In terms of SET, when employees receive rewards and recognition from their organization, they will feel obliged to respond to higher levels of engagement. Likewise, the result of the research work of Derara (2014), strengthen this by suggesting, employees who gain better Reward and Recognition are more likely to reciprocate with greater levels of engagement to their organization.

### **C. Perceived Organizational Support**

The regression result on the table 4.9 and 4.10 above confirmed the existence of robust, positive and significant relationship between organizational support and employment engagement in commercial bank of Ethiopia. The result indicated that the coefficient of organizational support is statistically significant at 1 per cent. Particularly, as the organizational support increase by 1 unit, the employee engagement of CBE increases by 25.3% remaining other thing constant. As a result, we fail to reject the hypothesis (H3).

The possible explanation for this finding is that, organizational members felt safe in work environments that were characterized by openness and supportiveness (Kahn, 1990). This result was supported by previous empirical study made by Sake (2006) in explaining the caring and concern associated with POS creates a sense of obligation on the part of employees who reciprocate with greater levels of job engagement. Thus, organizations that wish to improve employee engagement should focus on employees' perceptions of the support they receive from their organization. Organizational programs that address employees' needs and concerns might cause employees to reciprocate with higher levels of engagement.

In similar fashion, Lee &Peccei (2007) strengthen this idea in their experimental study of two Korean Banks following the Korean financial crisis in 1997. One bank was firmly impacted and downsized dramatically, while the other Bank was less impacted and made minor employee cuts. Results from the employee surveys indicated that employees who experienced increased job insecurity tended to respond positively to organizational support by showing increased commitment, compared to employees at the other Bank who possessed greater job security but showed less commitment.

Furthermore, the research work of Derara (2014) was also in line with the survey's result in that he suggested that when employees believe that their organization is concerned about them and cares about their well-being, they are likely to respond by attempting to fulfill their obligations to the organization by becoming more engaged. Employees' who have higher POS might become more engaged to their job and organization as part of the reciprocity norm of SET in order to help the organization reach its objectives.

## **D. Perceived Supervisory Support**

The result pointed out the effect of perceived supervisory support on employee engagement is the highest of all other factors. The result indicated that the coefficient of supervisory support is positive, robust and statistically significant at 1 percent. This confirms that employee engagement of Commercial Bank of Ethiopia has been greatly affected by supervisory support. This is to mean that, as indicated in the 4.9 and 4.10 above, a unit increment in supervisory support will enhance employee engagement by 38.9% remaining other thing constant. As a result, we fail to reject the hypothesis (H4).

This suggested that better and effective supervisory support provided for the employee is the top most essential matter for best employee engagement in CBE. It also helps to create a conducive working environment which in effect will improve the overall results of the organization. Besides, better supervisory support will energize the employee to exert their maximum effort to provide the required efficient and effective service for the customers.

By the same talking, the result of the research work of Ruyle et al. (2009) indicates that the single most important factor to drive employee engagement and retention is the Immediate Manager Working Relationship. Good management is critical to the success of retaining and engaging employees and vice versa. Best People Managers are competent in informing employees of what is required and expected from them, providing feedback on their performance, providing opportunities for their development, delegating appropriate levels of responsibility and setting priorities. They are approachable, fair, good listeners and establish and maintain good relationships with their direct reports and other key colleagues.

## **E. Working Environment**

The regression result provided by the model used to also indicate the effect of the working environment on employee engagement in CBE. The result confirmed that the coefficient of working environment is positive, robust and statistically significant at 1 percent. Specifically, as working environment, increase by 1 unit, and the employee engagement of CBE increases by 2.19% remaining other thing constant. So it is still a significant factor. As a result, we fail to reject the hypothesis (H5).

Several studies have shown that a supportive working community is a major contributing factor in an employee's work life that affects engagement (Maslach *et al.*, 2001). He also found that, where there was effective internal cooperation within an organization, employee engagement was present. A cooperative working environment where employees value teamwork was also identified as a driver of employee engagement in the Towers Perrin Talent Report (2003).

Engagement can lead to a host of positive organizational outcomes such as increased profitability, higher levels of productivity and task performance, customer satisfaction, and reduced employee turnover (Harter *et al.*, 2002; Rich *et al.* 2010). Given these benefits, managers should strive to develop an environment that fosters engagement and designated that safe working environments are important for employee engagement. Because, safe and Supportive working environment allows employees to experiment and to try new things and even fail without fear of the consequences (Kahn, 1990).

## **F. Internal Locus of control**

The result pointed out the effect of internal locus of control, as indicated in the table 4.9 and 4.10 on employee engagement is insignificant, unlike the other factors used in this study. This is to mean that, based on the result of the study; this factor has no effect on the dependent variable for Commercial Bank of Ethiopia.

On the contrary, previous studies performed in other countries proved that internal locus of control have an impact on EE. According to Spector (1982), employees with internal locus of control are more participated with their jobs; they are less stressed and resulting in elongated job term. A study done by Srivastava (2009) also revealed that employees with internal locus of control owned the authority to make judgments and perceive challenges as an opportunity for knowledge and professional development; hence they continue to be engaged irrespective of difficult working environments. Moreover, employees with an internal locus of control generally enjoy more job satisfaction, have less role conflict, ambiguity, and overload. (Jacqueline, 2014)

Having these facts, the finding of this research revealed that, even if internal locus of control is a significant factor in predicting EE, it was not proved in the case under study. Therefore, the study concludes that the effect of internal locus of control on EE is inconclusive.

## 4.6. Post Estimation Test

### 4.6.1. VIF

As a test of the presence of multicollinearity among independent variables in the model, the tolerance value (TV) and variance inflation factor (VIF) have been computed. The variance inflation factor (VIF) shows a value less than 2 for each variable. The larger the value of VIF, the more troublesome or collinear the variables and as a rule of thumb a VIF greater than 10 is unacceptable (Gujarati, 2004). Thus, VIF less than 2 for each variable indicates the non-presence of multicollinearity. The independent variables chosen for the model are best suited for regression analysis. A  $VIF > 10$  or a  $1/VIF < 0.10$  indicates trouble. The Ramsey test is also confirmed that there is no omitted variable since  $prob > F$  is greater than 0.05.

Table 4.11. Omitted Variable Test

| Variable     | VIF  | 1/VIF    |
|--------------|------|----------|
| WorkENV      | 1.16 | 0.858667 |
| SUPSUP       | 1.12 | 0.896561 |
| JOB          | 1.09 | 0.919574 |
| REWARDandR~0 | 1.04 | 0.958229 |
| ORGSUPP      | 1.04 | 0.960315 |
| InlC         | 1.04 | 0.960957 |
| Mean VIF     | 1.08 |          |

### 4.6.2 Akaike's and Schwarz's Bayesian Information Criteria(IC) Test

In Bayesian model selection, a prior probability sets for each model, and prior distributions are also set for the nonzero coefficients in each model. If we assume that one and only one model, along with its associated priors, is true, we can use Bayes' Theorem to Fit the posterior probability of each model given the data (Akaike, 1973)

Table 4.12 Akaike's and Schwarz's Bayesian Information Criteria(IC) Test Result

| Model | Obs | ll(null)  | ll(model) | df | AIC       | BIC       |
|-------|-----|-----------|-----------|----|-----------|-----------|
| .     | 386 | -146.1426 | 522.6464  | 6  | -1033.293 | -1009.558 |

Note: N=Obs used in calculating BIC; see [\[R\] BIC note](#)

Based on the analysis made from the above post regression analysis result table both the Akaike's information criteria/AIC/ and the Bayesian information criteria /BIC/ shows that prior probability sets for each model, and prior distributions are also set for the nonzero coefficients in each mode as the estimation result of both information criteria were out of the range (-146.1426 - 522.6464).

#### 4.6.3. Variance–Covariance Matrix of the Estimators (VCE) Test

Another important characteristics of the sample multiple regression coefficients to be analyzed after the regression analysis is their standard errors and their correlations with each other. The variance covariance matrix of the sample coefficients  $b$  is a symmetric  $p \times p$  square matrix. Remember that  $p$  is the number of beta coefficients in the model (including the intercept). The rows and the columns of the variance-covariance matrix are in coefficients order (Akaike, 1973).

Table 4:13 Variance–covariance matrix of the estimators (VCE) Test Result

| e(V)       | JOB        | REWARDan~O | ORGSUPP    | SUPSUP     | WorkENV    | InlC       |
|------------|------------|------------|------------|------------|------------|------------|
| JOB        | .00005841  |            |            |            |            |            |
| REWARDan~O | 2.103e-06  | .00002451  |            |            |            |            |
| ORGSUPP    | -7.637e-07 | 3.238e-06  | .0000175   |            |            |            |
| SUPSUP     | 1.057e-06  | -1.319e-06 | -1.849e-07 | .00002458  |            |            |
| WorkENV    | 8.777e-06  | -1.320e-06 | 6.356e-07  | -5.715e-06 | .00002079  |            |
| InlC       | 5.813e-07  | 1.294e-07  | -1.916e-06 | 3.638e-06  | -7.204e-07 | .00001958  |
| _cons      | -.00025279 | -.0000999  | -.00006306 | -.00007988 | -.00007873 | -.00007333 |
| e(V)       | _cons      |            |            |            |            |            |
| _cons      | .00231919  |            |            |            |            |            |

The findings which can be taken based on the figures showed on the above table is that all the independent variables are uncorrelated with each other, then all covariance's between pairs of sample coefficients that multiply x-variables is almost equal to zero. This means that the estimate of one indicator/independent variable is not accepted by the presence of the other independent variables.

## CHAPTER FIVE: CONCLUSION AND RECOMMENDATIONS

### 5.1. Conclusion

The major objective of this research was examining the factors affecting employee engagement for the case of Commercial Bank of Ethiopia. The analysis was conducted from the responses provided by those 386 respondents. Hence, the following are the conclusion that has been made based on the major findings.

- ✚ Job characteristics reward and recognition, organizational support, supervisory support and working environment factors that were significantly affected employee engagement, unlike internal locus of control.
- ✚ Employees who are assigned in a position where the job is more comprehensive and challenging, which require a variety of skills were more likely have greater engagement to their job than those who are assigned to a simple and routine task.
- ✚ While a lack of rewards and recognition can lead to burnout, appropriate recognition and reward is important for engagement. In terms of SET, when employees receive rewards and recognition from their organization, they will feel obliged to respond to higher levels of engagement.
- ✚ The result of the study revealed that caring and concern associated with POS creates a sense of obligation on the part of employees who in turn give themselves with greater levels engagement.
- ✚ The result of perceived supervisory support on employee engagement is the highest of all other factors for the case of Commercial Bank of Ethiopia. This implied that better and effective supervisory support provided to the employee is the top most essential factor for best employee engagement.
- ✚ The result of the study indicated that supportive working environment was one of the significant factors that contribute to employee engagement. Hence, this can lead to positive organizational outcomes such as, higher levels of productivity and reduced employee turnover.

## 5.2. Recommendation

From the conclusion made based on the major findings of the research the following recommendations are suggested:

- ✚ As job characteristics, reward and recognition, organizational support, supervisory support and working environment are factors that were significantly affected employee engagement. Hence, the bank needs to consider these factors as very important factors in enhancing the level employee engagement.
- ✚ The Management of the bank is recommended to assess and the content of each jobs regularly and make them more comprehensive and challenging that require the skills of the employees. For the simplest and routine services, it is better the bank delivering such services electronically.
- ✚ The management of the bank is strongly advised to give appropriate recognition and reward to its employees. In terms of SET, when employees receive same from their organization, they will feel obliged to respond to higher levels of engagement.
- ✚ The Bank should create safe working environments that facilitate openness and supportiveness. Thus, the bank should focus on employees' perception for the support they get from their organization.
- ✚ As perceived supervisory support is the top most significant factor for employee engagement in the case under study, managers need to have training on how to communicate effectively, in order to increase employee engagement.
- ✚ While creating a conducive working environment will positively nurture the outcome of the bank, managers should strive to develop safe and conducive working environment for improved EE.

### **5.3. Implication for Future Research**

First, this research is performed at a single point in time without any attempt to follow-up over time. So, it is recommended for future researchers to conduct a longitudinal study so as to test whether EE is changed over time.

Secondly, this study was focused only on Commercial Bank of Ethiopia and the finding has a great potential for further studies in identifying factors affecting EE and its consequences for other sectors.

Finally, multiple measurement methods can be included, like interviews and focus group discussions, to qualitatively analyze the factors of EE and to enhance the justifiability of the result of the study.

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## **APPENDIX I**

### **RESEARCH QUESTIONNAIRE**

**Addis Ababa University**

**College of Business and Economics**

**EMBA Program**

My name is YonasHabtegabriel I am currently working with the research component of the Master's Degree in Executive Master of Business administration (EMBA) at the Addis Ababa University.

The purpose of the study is to examine the factors affecting employee engagement in the case of Commercial Bank of Ethiopia. To this end, the study intends to gather information from professional and managerial employees of those randomly selected branches in each districts in Addis Ababa area through a self-administered questionnaire. The participation is fully voluntary and your responses will be kept confidential and used for this particular research only. The results will be also reported without compromising the anonymity of the respondent.

I would appreciate your consideration in completing the enclosed questionnaire and assisting me in the research endeavor.

In case you have any questions please calls 09-11-41-73-65 or email: [jonahephi@gmail.com](mailto:jonahephi@gmail.com)

Thank you in advance!!

YonasHabtegabriel

### Section one: Demographic Information:

1. How many years have you worked for the bank? .....

2. Age.....

3. Gender: Male ☐ Female ☐

4. What is the highest level of education you have completed?

Please put "X":

College diploma ☐ Graduate Degree and above ☐

Undergraduate Degree ☐

5. Job title;

Customer Service Officer/Branch controller ☐ KYC/CRO ☐

Senior Customer Service Officer/Senior Branch controller ☐ Manager Customer Service ☐

Branch Manager ☐

6. If you are working as a supervisor, how long you stay in this position? .....

### Section two: the components of questions related to factors of employee engagement.

The following table in the next page consist list of items, Please put "X" mark for every statement based on your level of agreement.

| No.                        | Factors of Employee Engagement                                                                     | Strongly Disagree | Disagree | Neutral | Agree | Strongly agree |
|----------------------------|----------------------------------------------------------------------------------------------------|-------------------|----------|---------|-------|----------------|
| <b>Job characteristics</b> |                                                                                                    |                   |          |         |       |                |
| 1.                         | There is much autonomy in my job                                                                   |                   |          |         |       |                |
| 2.                         | At work, I have the opportunity to do what I do best every day                                     |                   |          |         |       |                |
| 3.                         | My job is comprehensive that helps me to learn new things.                                         |                   |          |         |       |                |
| 4.                         | The job requires me to do many different things at work, using a variety of my skills and talents. |                   |          |         |       |                |
| 5.                         | Managers or co-workers let me know how well I am doing on my job.                                  |                   |          |         |       |                |
| 6.                         | Doing the job itself provide me with information about my work performance                         |                   |          |         |       |                |

| No.                                     | Factors of Employee Engagement                                                            | Strongly Disagree | Disagree | Neutral | Agree | Strongly agree |
|-----------------------------------------|-------------------------------------------------------------------------------------------|-------------------|----------|---------|-------|----------------|
| <b>Rewards and Recognition</b>          |                                                                                           |                   |          |         |       |                |
| 1.                                      | A pay raise, Job security, and other financial compensation packages are available for me |                   |          |         |       |                |
| 2.                                      | I get praise from my supervisor and coworkers.                                            |                   |          |         |       |                |
| 3.                                      | My organization provide me comprehensive health benefit                                   |                   |          |         |       |                |
| 4.                                      | More challenging work assignments are available for me                                    |                   |          |         |       |                |
| 5.                                      | There is some form of public recognition (e.g employee of the month/year).                |                   |          |         |       |                |
| 6.                                      | There is a reward or token of appreciation from my supervisor                             |                   |          |         |       |                |
| <b>Perceived organizational support</b> |                                                                                           |                   |          |         |       |                |
| 1.                                      | My organization is supportive of my goals and Values.                                     |                   |          |         |       |                |
| 2.                                      | Help is available from my organization when I have a problem                              |                   |          |         |       |                |
| 3.                                      | My organization really cares about my well- being.                                        |                   |          |         |       |                |
| 4.                                      | My organization shows great concern for me.                                               |                   |          |         |       |                |
| 5.                                      | My organization cares about my opinions.                                                  |                   |          |         |       |                |
| <b>Perceived supervisor support</b>     |                                                                                           |                   |          |         |       |                |
| 1.                                      | My supervisor cares about my opinions.                                                    |                   |          |         |       |                |
| 2.                                      | My work supervisor really cares about my well-being.                                      |                   |          |         |       |                |
| 3.                                      | My supervisor strongly considers my goals and values.                                     |                   |          |         |       |                |
| 4.                                      | My supervisor shows very little concern for me                                            |                   |          |         |       |                |
| <b>Working Environment</b>              |                                                                                           |                   |          |         |       |                |
| 1.                                      | The environment in this organization supports a balance between work and personal life.   |                   |          |         |       |                |
| 2.                                      | I am able to satisfy both my job and family/personal responsibilities.                    |                   |          |         |       |                |
| 3.                                      | The pace of work in this organization enables me to do a good job                         |                   |          |         |       |                |
| 4.                                      | My team work effectively together to meet our objectives                                  |                   |          |         |       |                |
| 5.                                      | The amount of work I am asked to do is reasonable                                         |                   |          |         |       |                |

| No. | Factors of Employee Engagement                                                                      | Strongly Disagree | Disagree | Neutral | Agree | Strongly agree |
|-----|-----------------------------------------------------------------------------------------------------|-------------------|----------|---------|-------|----------------|
|     | <b>Internal Locus of control</b>                                                                    |                   |          |         |       |                |
| 1.  | When faced with a problem I try to forget it                                                        |                   |          |         |       |                |
| 2.  | I like jobs where I can make decisions and be responsible for my own work                           |                   |          |         |       |                |
| 3.  | I change my opinion when someone I admire disagrees with me.                                        |                   |          |         |       |                |
| 4.  | If I want something I work hard to get it.                                                          |                   |          |         |       |                |
| 5.  | I prefer to learn the facts about something from someone rather than having to dig them out myself. |                   |          |         |       |                |
| 6.  | I have a hard time saying “no” when someone tries to tell me something                              |                   |          |         |       |                |
| 7.  | I consider the different sides of an issue before making any decisions                              |                   |          |         |       |                |
| 8.  | I stick to my opinions when someone disagrees with me.                                              |                   |          |         |       |                |
| 9.  | I get discouraged when doing something that takes a long time to achieve results                    |                   |          |         |       |                |
| 10. | When I have a problem I follow the advice of friends or relatives.                                  |                   |          |         |       |                |
| 11. | I enjoy trying to do difficult tasks more than I enjoy doing easy tasks.                            |                   |          |         |       |                |

**Section three: questions related to employee engagement.**

| No.                        | Factors of Employee Engagement                                                                        | Strongly Disagree | Disagree | Neutral | Agree | Strongly agree |
|----------------------------|-------------------------------------------------------------------------------------------------------|-------------------|----------|---------|-------|----------------|
| <b>Employee engagement</b> |                                                                                                       |                   |          |         |       |                |
| 1.                         | I really “throw” myself into my job.                                                                  |                   |          |         |       |                |
| 2.                         | Time passes quickly when I perform my job                                                             |                   |          |         |       |                |
| 3.                         | I stay until the job is done                                                                          |                   |          |         |       |                |
| 4.                         | I get excited when I perform well on my job                                                           |                   |          |         |       |                |
| 5.                         | Being a member of this organization is very captivating                                               |                   |          |         |       |                |
| 6.                         | One of the most exciting things for me is getting involved with things happening in this organization |                   |          |         |       |                |
| 7.                         | Being a member of this organization make me come “alive”                                              |                   |          |         |       |                |
| 8.                         | I am highly engaged in this organization.                                                             |                   |          |         |       |                |

## APPENDIX 2

An extract from the survey the report of Gallup on the level of engagement that include 142 countries worldwide.

Engaged Workers Most Common in U.S. and Canada, Actively Disengaged in MENA (Middle East and North Africa).

### *Regionally, Engaged Employees Most Common in the U.S. and Canada*

More than one in three workers in the Middle East and North Africa region are actively disengaged

| Region                                                  | Engaged | Not Engaged | Actively Disengaged |
|---------------------------------------------------------|---------|-------------|---------------------|
| United States and Canada                                | 29%     | 54%         | 18%                 |
| Australia and New Zealand                               | 24%     | 60%         | 16%                 |
| Latin America                                           | 21%     | 60%         | 19%                 |
| Commonwealth of Independent States and nearby countries | 18%     | 62%         | 21%                 |
| Western Europe                                          | 14%     | 66%         | 20%                 |
| Southeast Asia                                          | 12%     | 73%         | 14%                 |
| Central and Eastern Europe                              | 11%     | 63%         | 26%                 |
| Middle East and North Africa                            | 10%     | 55%         | 35%                 |
| South Asia                                              | 10%     | 61%         | 29%                 |
| Sub-Saharan Africa                                      | 10%     | 57%         | 33%                 |
| East Asia                                               | 6%      | 68%         | 26%                 |

2011-2012

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### APPENDIX 3 Regression Output

```
. reg ENG JOB REWARDandRECO ORGSUPP SUPSUP WorkENV Inlc
```

| Source   | SS         | df  | MS         | Number of obs = 386    |  |  |
|----------|------------|-----|------------|------------------------|--|--|
| Model    | 46.6844427 | 6   | 7.78074045 | F( 6, 379) = 1957.14   |  |  |
| Residual | 1.5067391  | 379 | .003975565 | Prob > F = 0.0000      |  |  |
|          |            |     |            | R-squared = 0.9687     |  |  |
|          |            |     |            | Adj R-squared = 0.9682 |  |  |
|          |            |     |            | Root MSE = .06305      |  |  |
| Total    | 48.1911818 | 385 | .125171901 |                        |  |  |

| ENG           | Coef.    | Std. Err. | t     | P> t  | [95% Conf. Interval] |          |
|---------------|----------|-----------|-------|-------|----------------------|----------|
| JOB           | .1277926 | .0076428  | 16.72 | 0.000 | .1127651             | .1428202 |
| REWARDandRECO | .1822063 | .0049506  | 36.81 | 0.000 | .1724722             | .1919403 |
| ORGSUPP       | .2533921 | .0041834  | 60.57 | 0.000 | .2451666             | .2616176 |
| SUPSUP        | .3893307 | .0049582  | 78.52 | 0.000 | .3795816             | .3990797 |
| WorkENV       | .0218577 | .0045597  | 4.79  | 0.000 | .0128921             | .0308232 |
| Inlc          | .000014  | .0044252  | 0.00  | 0.997 | -.008687             | .0087151 |
| _cons         | .0855926 | .048158   | 1.78  | 0.076 | -.0090977            | .1802828 |

```
. reg ENG JOB REWARDandRECO ORGSUPP SUPSUP WorkENV Inlc, robust
```

|                   |                       |
|-------------------|-----------------------|
| Linear regression | Number of obs = 386   |
|                   | F( 6, 379) = 10426.97 |
|                   | Prob > F = 0.0000     |
|                   | R-squared = 0.9687    |
|                   | Root MSE = .06305     |

| ENG           | Coef.    | Robust Std. Err. | t     | P> t  | [95% Conf. Interval] |          |
|---------------|----------|------------------|-------|-------|----------------------|----------|
| JOB           | .1277926 | .004907          | 26.04 | 0.000 | .1181443             | .1374409 |
| REWARDandRECO | .1822063 | .0039977         | 45.58 | 0.000 | .1743459             | .1900667 |
| ORGSUPP       | .2533921 | .0055778         | 45.43 | 0.000 | .2424249             | .2643594 |
| SUPSUP        | .3893307 | .0044126         | 88.23 | 0.000 | .3806543             | .398007  |
| WorkENV       | .0218577 | .0046883         | 4.66  | 0.000 | .0126394             | .0310759 |
| Inlc          | .000014  | .0025069         | 0.01  | 0.996 | -.0049152            | .0049432 |
| _cons         | .0855926 | .0273781         | 3.13  | 0.002 | .0317605             | .1394246 |

```
. tobit ENG JOB REWARDandRECO ORGSUPP SUPSUP WorkENV InlC,11
```

```
Tobit regression                               Number of obs   =       386
                                                LR chi2(6)       =    1335.20
                                                Prob > chi2      =     0.0000
Log likelihood =  512.38857                    Pseudo R2       =     4.3012
```

| ENG           | Coef.    | Std. Err. | t     | P> t  | [95% Conf. Interval] |          |
|---------------|----------|-----------|-------|-------|----------------------|----------|
| JOB           | .128283  | .0076191  | 16.84 | 0.000 | .1133022             | .1432639 |
| REWARDandRECO | .1815225 | .004941   | 36.74 | 0.000 | .1718074             | .1912376 |
| ORGSUPP       | .2539055 | .004174   | 60.83 | 0.000 | .2456985             | .2621125 |
| SUPSUP        | .3919137 | .0050447  | 77.69 | 0.000 | .3819947             | .4018328 |
| WorkENV       | .0237351 | .0046037  | 5.16  | 0.000 | .0146831             | .0327871 |
| InlC          | .0003815 | .004417   | 0.09  | 0.931 | -.0083034            | .0090663 |
| _cons         | .0668663 | .048561   | 1.38  | 0.169 | -.0286156            | .1623483 |
| /sigma        | .0628368 | .002274   |       |       | .0583657             | .067308  |

```
Obs. summary:      4 left-censored observations at ENG<=2.4398621
                   382 uncensored observations
                   0 right-censored observations
```

```
. tobit ENG JOB REWARDandRECO ORGSUPP SUPSUP WorkENV InlC,11 vce(robust)
```

```
Tobit regression                               Number of obs   =       386
                                                F( 6, 380)     =    7654.94
                                                Prob > F       =     0.0000
Log pseudolikelihood =  512.38857                    Pseudo R2       =     4.3012
```

| ENG           | Coef.    | Robust Std. Err. | t     | P> t  | [95% Conf. Interval] |          |
|---------------|----------|------------------|-------|-------|----------------------|----------|
| JOB           | .128283  | .0049474         | 25.93 | 0.000 | .1185554             | .1380107 |
| REWARDandRECO | .1815225 | .0041016         | 44.26 | 0.000 | .1734577             | .1895872 |
| ORGSUPP       | .2539055 | .0054692         | 46.42 | 0.000 | .2431518             | .2646592 |
| SUPSUP        | .3919137 | .0042284         | 92.69 | 0.000 | .3835997             | .4002278 |
| WorkENV       | .0237351 | .0050656         | 4.69  | 0.000 | .0137751             | .0336951 |
| InlC          | .0003815 | .0025271         | 0.15  | 0.880 | -.0045875            | .0053504 |
| _cons         | .0668663 | .0278488         | 2.40  | 0.017 | .0121093             | .1216233 |
| /sigma        | .0628368 | .0110417         |       |       | .0411264             | .0845473 |

```
Obs. summary:      4 left-censored observations at ENG<=2.4398621
                   382 uncensored observations
                   0 right-censored observations
```