



ADDIS ABABA UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

The Relationship between Organizational Excellence and
Organizational Commitment (in case of Awash Bank)

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Business & Economics Department of Management in Partial
Fulfillment of the Requirements for the Degree of Master of
Science in Management, Specialized in Quality Management
and Organizational Excellence

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April, 2024

Addis Ababa

Declaration

I, Wondimu Adugna , hereby declare that the thesis entitled, The Relationship between Organizational Excellence and Organizational Commitment (in case of Awash Bank), is my own original work and has not been submitted for any degree in any other University. It is offered for the award of the degree of Master of Science in Management Specialized in Quality Management and Organizational Excellence from Addis Ababa University

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Statement of Certification

This is to certify that the thesis prepared by Wondimu Adugna entitled: The Relationship between Organizational Excellence and Organizational Commitment (in Case of Awash Bank) submitted in partial fulfillment of the requirements for the degree of Master of Science in Management Specialized in Quality Management and Organizational Excellence compiles with the regulations of the university and meets the accepted standards with respect to originality and quality.

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Acronyms

AB-Awash Bank

AIB-Awash International Bank

BE-Business Excellence

BEI-Business Excellence Index

BSc-Balanced Score Card

ECS-External Customer Satisfaction

ICS-Internal Customer Satisfaction

EFQM- European Foundation for Quality Management

EBEM-Ericsson Business Excellence Model

EQA-European Quality Award

KBEM-Kanji Business Excellence Model

KPMG-Klynveld Peat Marwick Goerdeler

MBNQA- Malcolm Baldrige National Quality Award

OCQ-Organizational Commitment Questionnaire

QA-Quality Assurance

QC-Quality Control

QM-Quality Management

TQC-Total Quality Culture

TQM-Total Quality Management

Abstract

This study investigated the relationship between organizational excellence and employee commitment within Awash Bank. Specifically, it examined how organizational excellence practices, measured using the Kanji Business Excellence Model, influence employee commitment across three facets: affective (emotional attachment), normative (obligation to stay), and continuance (lack of better alternatives).

A quantitative approach with a correlational design was employed. Data were collected from 228 Awash Bank employees using a self-reported questionnaire encompassing Meyer & Allen's Organizational Commitment scale and Kanji Excellence Model items. Multivariate data analysis (MANOVA) and Pearson correlation coefficients were used to assess the overall relationship and directionality between organizational excellence and commitment facets. Linear regression analysis explored the explanatory power of excellence dimensions on each commitment facet.

The findings revealed a significant positive relationship between overall organizational excellence and employee commitment. Leadership and people management practices emerged as key contributors to excellence, significantly impacting affective commitment. Affective and normative commitments were explained by 34.8% and 15.5% of the variance in organizational excellence factors, respectively. Interestingly, while continuance commitment showed a positive association with excellence, the relationship was not statistically significant.

The study highlights the importance of prioritizing affective and normative commitment aspects when designing and implementing organizational excellence initiatives at Awash Bank. By fostering strong leadership, effective people management practices, and continuous improvement culture, the bank can cultivate a more engaged and committed workforce, contributing to its long-term success.

Keywords: *organizational excellence, organizational commitment, affective commitment, normative commitment, continuance commitment*

Chapter 1

Introduction

1.1 Background of the Study

Models of organizational and business excellence are the instruments that assist organizations to measure the degree of the successful and excellent organizations' path (Attafar, Forouzan, & Shojaei, 2012). There are many popular models such as Malcolm Baldrige, EFQM, Deming, and Peters and Waterman & Kanji Business Excellence Model. Through these models, organizational performance is evaluated and enhanced through a process of continuous amendment. Business Excellence Models, such as, Kanji Business Excellence Model; apply statistical concepts to measure the organizational excellence.

The complexity of human nature and their needs makes Organizational behavior complex science but in most cases it narrows on the culture and criteria on which an organization functions. Any Organizational behavior issue which facilitates management to understand the complexity of employees is mainly based on historical information and positive and negative examples caused by certain triggers and conditions.

While the complexity of employees represents a big challenge to managers it also provides a great opportunity to explore their impact on achieving total quality management (Alden, 2014). Total quality management (TQM) is an integral management philosophy that is characterized by establishing principles or basic concepts and practices that lay the foundation for a continuous management improvement (Eriksson, Garvare 2005). Kanji and Asher (1993) define TQM as a process of satisfying agreed customer requirements continually at low cost, by involving everyone's daily commitment. According to Rahman & Bullock (2005) TQM has two critical factors: - social or "soft factors" and technical or "hard factors". The social issues are focused on human resources and leadership, teamwork, training and participation and the workers' commitment to quality stand out. The technical aspects reflect an orientation toward the improvement of the production and the processes and methods. These technical

facets will serve as a basis for a constant improvement of the products and services offered to the customers.

The measurement of organizational commitment has become an important issue in TQM (Ozkan Tutuncu & Deniz Kucukusta, 2007). In this respect, the extent to which employees are committed to what they are responsible for may directly influence the level of customer satisfaction with services and products.

If organizations develop and strengthen the management systems and their processes to improve performance and create value for stakeholders, they're in excellent positions, so that their strengths and areas of improvement and what to do next is measured through Business Excellence Model (BEM). The model and the associated self-assessment process have given new direction to the quality movement and have driven deep and lasting changes into participating organizations (Dale *et al.*, 2000).

Organizational commitment is the employees' state of being committed to assist in the achievement of the organization's goals, and involves the employees' levels of identification, involvement, and loyalty (Starnes & Truhon, ASQ, 2005). However, no clear evidence that employees success because they simply long been in the organization and therefore, three types of commitments are mostly studied.

These are:-**Affective:** - psychological attachment to organization; **Normative:**-perceived obligation to remain with the organization & **Continuance:** -Costs associated with leaving the organization.

Studies on commitment have provided strong evidence that affective and normative commitments are positively related and continuance commitment is negatively connected with organizational outcomes such as performance and citizenship behavior (Adeyinka Tella, Ozkan Tutuncu & Deniz Kucukusta, 2007).

By delighting the customer you can turn satisfied customers into loyal customers. Loyalty generates repeated purchases and increased revenues, thus leading to organizational excellence. Employee satisfaction is needed to support continuous improvement and external customer satisfaction. Delighted employees who feel proud of their work have an outstanding performance, thus having a positive impact on BE (Kanji, 2002).

The management of people at work is an important part of the management functions. Understanding the importance of people in the organization is also to recognize that human elements and organizational behavior are synonymous.

A well-managed organization usually sees its employees as the root source of quality and productivity gains. Such organizations do not look to wealth, but to employees, as the fundamental source of improvement toward their growth. An organization is effective to the degree to which it strives to strong employees' satisfaction. An effective organization will make sure that there is a spirit of cooperation and sense of commitment and satisfaction within the sphere of its influence. In order to make employees committed to their jobs & excel at their services, there is need for measuring excellence and strong employee loyalty. Awash Bank, therefore, strives to its Business Excellence & employees commitment.

1.2 Background of the Organization

Awash Bank is the first private commercial Bank established in 1994 by 486 founding shareholders with a paid up capital of Birr 24.2 million. Over the last 25 years, the Bank has registered remarkable success & is currently leading private Bank in profit.

The Bank aspires to become one of the top ten banks in East Africa by 2025 so that it needs to review its business strategies & operating models. It, therefore, signed a partnership agreement with the global financial services consulting firm, KPMG, to craft a holistic transformation strategy for the bank titled "Transforming AIB: Vision 2025."

The collaboration is expected to transform AIB's operating model, focusing particularly on human resource management and information technology infrastructure. The transformation plan seeks to enhance customer service and shareholder value, while contributing to the national economy through proper mobilization of local finances. The partnership is expected that it will prompt a dramatic shift in customer expectations and improve the technological capabilities of the bank. The transformation will also prepare Awash for future regulatory requirements, changing demographics and stiffer competition from foreign banks. As of December 31, 2019 it had 9526 employees.

1.3 Statement of the Problem

While Deming (1986) emphasizes employee commitment as crucial for quality through long-term employment and knowledge building, recent studies in Ethiopia suggest a different scenario. Awash Bank, for instance, faces challenges with employee retention, as highlighted by KPMG (2016), where

64% of employees have less than 5 years of service. This short tenure hinders the development of implied knowledge and the full benefits of training investments, potentially impacting organizational excellence. Additionally, the concept of organizational excellence itself remains under-studied and unrecognized in Ethiopia, creating difficulties in the global competitive landscape (Ethiopian Quality Award, 7th cycle, 2020).

1.4 Objectives of the study

1.4.1 General Objective

The general objective of this thesis was to assess the relationship between Organizational Excellence and organizational commitment in Awash Bank

1.4.2 Specific Objectives

The specific objectives of the study were to:-

1. examine the influence of specific dimensions of the Kanji Business Excellence Model on the level of affective commitment among Awash Bank employees.
2. explore how the various dimensions of the Kanji Business Excellence Model contribute to the development of normative commitment among Awash Bank employees.
3. investigate the relationship between different dimensions of the Kanji Business Excellence Model and the presence of continuance commitment among Awash Bank employees.
4. identify the specific dimensions of the Kanji Business Excellence Model that have the strongest positive association with affective commitment among Awash Bank employees.

1.5 Research Questions

1. To what extent does the overall level of organizational excellence at Awash Bank, as measured by the Kanji Business Excellence Model, influence employee commitment (affective, normative, and continuance)?
2. How do specific dimensions of the Kanji Business Excellence Model contribute to normative commitment within the bank?

3. Is there a significant relationship between specific dimensions of the Kanji Business Excellence Model and continuance commitment among employees of Awash Bank?

4. What are the key challenges and opportunities faced by Awash Bank in achieving organizational excellence and fostering employee commitment across different levels and departments?

1.6 Significance of the study

Organizational Excellence and organizational commitment have been studied phenomena in the last decades worldwide, relatively few of these studies carried out in Ethiopia (Ozkan Tutuncu & Deniz Kucukusta,(2007),Birhanu Beshah & Daniel Kitaw(2014), Teklay Araya(2019)) . Only a few studies have paid attention to Organizational Excellence and organizational commitment at private and government institutions. Although some studies have investigated differences in Organizational Excellence Models and organizational commitment between different Organizations, this area seemed to need further study. In addition, researchers have also suggested further clarification regarding the importance of Organizational Excellence and organizational commitment facets; affective, normative and continuance commitment. The study provides valuable information about how to maintain and increase Self-assessment for Organizational Excellence and organizational commitment at Awash Bank. The results can be used to further improve the work environment for Bank employees and to further lower employee turnover. This in return is a potential help for saving time and funds that are otherwise needed for recruitment and training of new employees. Business Excellence and Organizational Excellence are used interchangeably. It's recognized that Business stands for private & Organization for government Institutions. Although this research was carried at private company, Awash Bank, the researcher preferred to use Organizational Excellence along the renowned organizational commitment, to be parallel.

1.7 Scope of the study

The study would be bounded to investigate Organizational Excellence and organizational commitment. It was also further delimited to Awash Bank staff because of the availability and accessibility of information. Moreover, the research was aimed at observing the relationship between Organizational Excellence and factors of organizational commitment: affective, normative & continuance at the Bank so

that it would be a longitudinal Research study. Other factors like time and convenience have also been considered.

1.8 Limitations of the study

In the course of information gathering, the Researcher encountered many problems. First, finance was a major hindrance to this research. Second, employees would be biased in giving relevant information which led to inconsistent to the items. The Researcher wouldn't also get sufficient time in addressing many factors to the study because of fulltime employment in the Company.

1.9 Organization of the study

The study consists of five chapters. The first chapter consists of the background to the study, statement of the problem, Objectives of the Study, Research questions & Hypothesis, Significance of the study, Scope & limitations of the study, The second Chapter consists literature Review, the concept & definition of Total Quality Management, Business Excellence, organizational commitment and its facets and the relationship between Kanji's Business Excellence Model and organizational commitment and the framework of the study. Third Chapter deals with issues such as the research design, instrument and data collection tools and data analysis. Chapter four dealt with data presentation, discussion and analysis. The last chapter, Chapter 5, is the findings of the study, conclusion and recommendations.

Chapter 2

Literature Review

2.1 Definition of Organizational Excellence

Scholars assumed that the Organizational excellence concept is originated from Peters and Waterman (1982). They argued that organizational excellence is measured based on the relationship between different performance's indicators. The European Foundation for Quality Management (EFQM) defined excellence as the outstanding practice in the organization to achieve nine essential concepts, namely, customer focus, management by process and facts, continuous learning, partnership development and public responsibility, result orientation, leadership and constancy of purpose, people development and involvement, and innovation and improvement (EFQM guidelines, 1999). Additionally, Eisakhani (2008) argued that excellent organizations have seven features like perspective and mission, organization planning, processes, ambition purposes, strategic thinking, leadership, and technology. Hillman (1994) defined excellence assessment as the process of evaluating an organization against a model of continuous improvements to understand what has been accomplished and what more improvements it needs. Business Excellence is often described as outstanding practices in managing the organization and achieving results all based on a set of fundamental concepts or values (retrieved from <http://google.com> on 29 December 2019).

TQM is a management philosophy and a business tool. In achieving TQM, companies have to follow a set of guiding principles and organizational practices which helps to improve productivity, effectiveness, efficiency and finally competitiveness of the business. As such, the primary elements identified will be considered for developing the new Business Excellence Model (BEM) (Wong, Yu kan(2002).TQM practices have evolved into models for how a world class organization should operate. The models have been developed and continue to evolve through extensive study of the practice and values of the world's highest performing organizations.

2.2 Organizational Excellence Models

Models of organizations and business excellence are the instruments that assist organizations to measure the degree of the successful and excellent organizations' path (Attafar, Forouzan, & Shojaei, 2012). There are different views on how organizational performance should be measured. The philosophy of TQM offers guidelines on what is important in order to achieve excellence. Examples of models are: Kanji's Business Excellence Model (KBEM), Deming Prize, EFQM Excellence Model, MBNQA, Ericsson Business Excellence Model (EBEM), Balanced Scorecard (BSC), Lynch and Cross' Performance Pyramid, ISO 9000, Capability Maturity Model (CMM).

These models provide a tool for measuring and evaluating organizational performance and guide organizations to focus their improvement efforts on the right areas. To a large extent, these models are based on theories of TQM but they differ in scope and approach. Some models are more result-oriented whereas others are more process-oriented. Three of the models are also awards, namely the Deming Prize, the MBNQA, and the European Quality Award (EQA). Some models require third-party assessment whereas others can be used for self-assessment.

According to Wong, Yuk lan(2000) with exception of the two quality management models, the European's Business Excellence Model and Kanji's Business Excellence Model, the concept of business excellence has not been explicitly discussed yet in quality management literature to date. Moreover, many award based models although have been claimed to contribute to organizational excellence, but they have not been empirically tested or validated.

Kanji (2002) himself argued that most models in use (e.g. Deming, EFQM, MBNQA) are indicative models, whereas his model is an improvement model.

Wong, Yuk Lan(2000,) still argued that Kanji has taken a step further by advancing business excellence as a collective and simultaneous measure of a company's stakeholders' satisfaction. Kanji (1998) describes business excellence in terms of an index measure, which is called "Business Excellence Index (BEI)". The Business Excellence Index is a means of measuring stakeholders' satisfaction and the resultant indices can facilitate decision-making. It is dependent on how the variables correlate and thereby achieves BE.

Kanji's business excellence model has brought the field of TQM a leap forward by providing an innovative and practical means of measuring stakeholders' satisfaction of a company to obtain a comprehensive assessment of the organizational performance. Indeed, in modern business management,

business success is often interpreted as providing solutions to problems and finding new opportunities to benefit stakeholder rather than just having good financial performance. That is to say, business success or business excellence are now more than often being linked to an organization's ability to learn from its customers, employees, suppliers, shareholders, and competitors in a continuous and vigorous manner. With this in mind, the researcher used Kanji's Business Excellence Model (KBEM) as a measurement of TQM for this Thesis.

2.3 Kanji's Business Excellence Model (KBEM)

The purpose of KBEM is to apply statistical concepts to measure the organizational excellence. This enables, for the first time, to analyze interactions between quality dimensions such as leadership, customer satisfaction and employee satisfaction. KBEM has just begun to be used by companies in Europe and Asia and sufficient evidence does exist that validates reliability of its theories (Kanji, 2002).

Kanji's Business Excellence Model (KBEM)), based on Kanji's pyramid principles of TQM, links together the prime (Leadership) the four principles (Delight the customer, Management by fact, People-based management and Continuous improvement) and the eight core concepts to provide forces of excellence in an organization. These are:-Leadership (Prime), Delight the customer – *Customer satisfaction and internal customers are real*, Continuous improvement – *Continuous improvement cycle and Prevention*, Management by facts – *All work is process and Measurement*, People-based management – *Team work and People make quality*

Leadership: the 'Prime' for BE

“Top management is actively involved in creating a Total Quality Culture (TQC) and has a vision

Leadership is the fundamental driver of BE. It is the role of leadership to:

define a mission, vision and goals that promote a quality culture, establish a set of shared values, define a quality strategy, better coordinate the use of resources in order to improve financial performance,

establish goals and systems to enhance customer satisfaction, establish effective information systems (I/S) and to use objective data in the decision process, promote the development of the human resources, investing on training and education and to recognize quality achievements, communicate, define and motivate continuous improvement.

Delight the Customer

Delight the Customer means:

Exceeding customers' expectations in what matters most to them'

What can be supposed to do?

Place customer satisfaction at the top of the agenda, establish goals and systems that enhance customer satisfaction, take into consideration the needs and expectations of both external and internal customers, monitor changes in customer preferences and, to some extent, anticipate them.

Delight the Customer is translated into practice by two *core concepts*: *External Customer Satisfaction* and *Internal Customer Satisfaction*.

External Customer Satisfaction (ECS)

Quality must be incorporated into all activities with a clear customer focus. Customers usually compare perceptions of what they actually received from the organization with their expectations (what they were expecting to get from the organization). Customer delight arises when perceptions exceed expectations

Internal Customer Satisfaction (ICS)

Getting the internal relationships working is essential if external customers are to be satisfied. Every single person in the organization has an effect on the external customers. Internal cooperation needs to be stimulated to enhance organizational performance. The most effective leadership style tends to give high importance to teams and employee participation.

Management by Fact (MBF)

Management by Fact means:

Having the facts (objective data and necessary tools) to manage the business at all levels'.

Management by Fact is translated into practice by two *core concepts*:

All Work is Process and Measurement

All Work is Process (AWP)

Every organization is a complex network of processes. A process is a combination of inputs and steps to follow to produce outputs. All processes contain inherent variability. One of the main ideas of Quality Management is to progressively reduce variation.

Measurement (M)

Having a measure of how well the organization is doing is essential to choose among different improvement initiatives and assess the effectiveness of quality efforts.

People-Based Management

People-Based Management means:

‘Giving people the knowledge, skills and encouragement to take responsibility for the quality of their own work’.

People-Based Management is translated into practice by two core concepts:

Teamwork and People Make Quality.

Teamwork

Providing people with an opportunity to work together in the pursuit of total quality helps to remove internal barriers, makes people aware of their interdependent tasks and improves communication. Through the use of teams people clearly understand the consequences of poor quality.

People Make Quality

Systems, standards and technology themselves will not mean quality. People need to be equipped with the knowledge and skills for the job, and be informed about how well they are doing so that they become encouraged and responsible for their jobs. Involvement and commitment to customer satisfaction are key factors.

Continuous Improvement

Continuous Improvement means

‘However much we may improve, it will be necessary to do even better next time’.

Continuous Improvement is translated into practice by two core concepts:

Continuous Improvement Cycle and Prevention

Continuous Improvement Cycle

The continuous cycle of establishing customer requirements, meeting those requirements, measuring success and keep improving can be used to fuel the engine of continuous improvement

Prevention

The fundamental idea of prevention is causing problems not to happen. There are essentially two ways to attain this: first, by concentrating on the design of the product itself, and second, by working on the production process

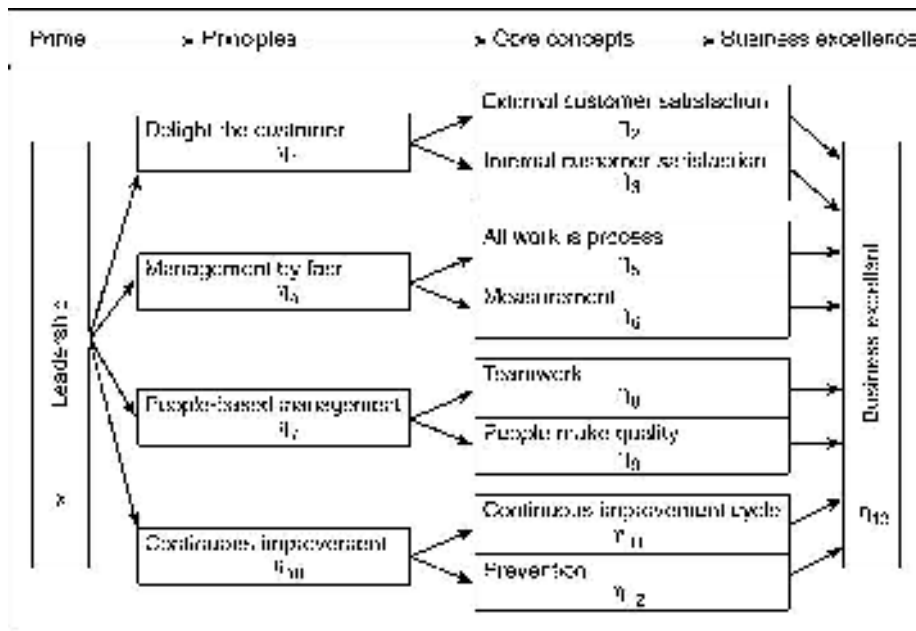


Figure 2.1. Business Excellence model (Kanji, 1998b).

Key Performance Results

Profit & capacity of making money for its partners and shareholders are key issues in performing organizations. Organizations that have reached high performance level for all criteria are regarded as excellent organizations (Sevgi, 2013). Whether the organization is appropriate for the model or not in accordance with main performance results is assessed separately under titles of financial results and nonfinancial results. Within financial results, it is examined if sales, profit, cash flow and budget are performed appropriately with regard to scheduled structure. At nonfinancial results where productivity and cycle processes are examined, and the results are assessed within specific standards (EFQM, 2003, 15).

The criteria at inputs are related to how the organization works in order to reach business results and it reaches these results. The criteria at results are related to what the organization has reached and continued to reach them in terms of business results (KalDer, 2006, 28-29).

Organizations can assess their level of excellence through Self-assessment. Self-assessment is a comprehensive, systematic and regular review of an organization's activities and results against a model of excellence. It offers organizations the opportunity to learn about its strengths and areas for improvement; what TQM means when applied to the organization; and where the organization is on the road to quality (Crosby 1996). Self-assessment is about continuous improvement. Organizations often use BEMs for regular reviews of their quality improvement status. The ultimate goal of BEMs is to help organizations to continuously improve their quality performance rather than to receive a quality award (Kanji, 2002).

2.4 Condensed model of Kanji's business excellence model

The original generic model of business excellence would provide operational measures of the critical success factors that can be used individually or in concert to produce a profile of organization-wide quality practices and business excellence. Such measures could be used by decision-makers to assess the status of quality management in the organization in order to direct improvements in the quality area. Since the model would be able to assess an organization's quality characteristics and attributes, therefore award-giving, an organization could use it for their selection process. For practical reason, it is sometimes necessary to combine the core concepts of the original model to give a condensed model (K. Kanji & William Wallace (2000)).

This paper provides a guideline of how the condensed model or the special-purpose model should be used for assessment of quality management status. It also describes what individual critical success factors and the overall business excellence mean. Here the scores of the individual critical success factors would be based on measurement items and the BEI will be based on a vector of averages of ratings of the critical success factors

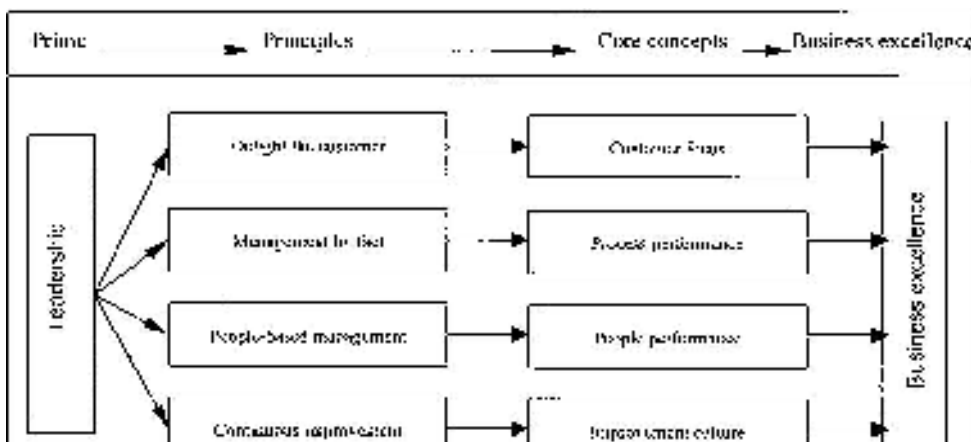


Figure2.2 Condensed Business Excellence model (Kanji, 1998b).

2.5 Quality management practice in Ethiopia

A quality award is designed to support in the development of organizational excellence and to recognize organizations for their achievements in quality and performance. It is also aimed at raising awareness about the importance of quality and performance excellence as a global competitive edge. Recognizing the need for implementation and integration of quality concepts in the operations of Ethiopian manufacturing and service industries, the Addis Ababa University (AAU) and Walta Information Center (WIC) had initiated the Ethiopian Quality Award (EQA) in 2007 (Birhanu Beshah & Daniel Kitaw(2014). Quality award models are derived from the tenets of quality management & also, they have some differences in their focus area and weight of criteria. The following table compares criteria weight of main quality awards.

The Australian Quality Award	Award	The European Quality Award	Award	The Malcolm Baldrige National Quality Award	Award	The Ethiopian Quality Award	(EQA)
Leadership	17%	Leadership	10%	Leadership	9%	Leadership	15%
Information and analysis	13%	People management	9%	Information and analysis	8%		
Policy and Planning	8%	Policy and strategy	8%	Strategic quality planning	6%	Policy and strategy	8%
People	20%	Resources	9%	Human resources development	15%	Resource management	12%
Quality of process, products and service	22%	Processes	14%	Management of process quality	14%	Processes	15%
Customer focus	20%	People satisfaction	9%	Quality and operational results	18%	Customer focus	25%
		Customer satisfaction	20%	Customer focus and satisfaction	30%		
		Impact on the society	6%			Impact on society	10%
		Business results	15%			Business performance	15%

Comparison of Ethiopian Quality Award with other Countries (Berhanu Beshah & Daniel Kitaw, Quality Management Practice in Ethiopian,2014)

Ethiopian Quality Award is based on the European Foundation for Quality Management (EFQM), which its variables & validities are not empirically tested & the percentage is arbitrary distributed.

Over the centuries understanding of quality has developed from inspection to TQM. Inspection developed into Quality Control (QC) where quality manuals, document control, self-inspection, product testing and use of statistics became the control systems used to assure product quality (Kanji, 2007). The following stage was to go from QC where focus is solely on product quality, to Quality Assurance (QA) or Quality Management (QM) where focus is on the quality of the system where system audits, process control, cost of poor quality and non-production operations are used. Understanding of quality then developed into TQM, where quality is managed through principles and practices in all parts and operations of the business. According to Kanji (1990) TQM:-is a management philosophy that fosters an organizational culture committed to customer satisfaction through continuous improvement

Total Quality Management (TQM) has emerged as a field based on the recognition of the work of several major leaders of the quality movement, namely Edward Deming (1981), Joseph M. Juran (1986), Philip Crosby (1979), Kaoru Ishikawa (1985), Garvin (1988), Feigenbaum (1991), and Genichi Taguchi (Taguchi *et al.* 1988).

Crosby (1979) was known for his five absolutes of quality and the fourteen-point plan for quality improvement. While Deming was more concerned with management philosophy, Crosby was concerned with implementation issues. Crosby's definition of quality is conformance to requirements.

Deming (1981) is remembered for his fourteen points of thinking about quality management, the Deming cycle and seven deadly diseases. Deming had a particular appreciation of statistics and taught the Japanese statistical process of control in the 1950s. Deming's definition of quality is fitness for purpose.

Juran (1986) describes a quality trilogy of quality planning, quality control, and quality improvement. Juran also derived the concept of the internal customer that relates to an organization with more than one person. Juran was the first person to point out that the Pareto principle could be applied to quality improvement. Juran also introduced the development of the quality council, that is, a body that manages the quality activities of an organization. Juran was also involved with developing the concept of statistical process control. Juran's definition of quality is **fitness for use**.

Ishikawa (1985) is recognized for contributing to the emergence of quality circles, where workers meet to discuss suggestions for improvements. Ishikawa developed the fishbone diagram and the employment of seven old tools of quality that provided grass-root capability in the use of problem-solving techniques.

Garvin (1991) developed what are known as the eight dimensions of quality: performance, features, reliability, conformance, durability, serviceability, aesthetics, and perceived quality. Garvin also introduced the notion of five quality bases: transcendent, product, user, manufacturing, and value.

Feigenbaum (1991) became known for his work in quality control. He originated the industrial cycle – the development of a product from concept to market launch and beyond. Feigenbaum also introduced the concept of the hidden plant which implies that waste lowered the real capacity of the plant because of rework and not actually getting it right the first time.

Taguchi's major contribution is on the effective quality of design (Taguchi *et al.* 1988). Essentially, Taguchi's methods focus on determining the cost of not meeting the specified targeted value. This is in contrast with traditional quality management practices, in that, as long as products meet the specification limits set for a given product and process (tolerance), and then the product is acceptable. Consequently, he developed the loss function that calculates the reduction in utility as a function of the distance from the target value of a product or characteristic results – which is the loss to the society in terms of cost.

Kanji and Asher (1993) define TQM as a process of satisfying agreed customer requirements continually at low cost, by involving everyone's daily commitment. According to Kanji (1990), quality is not a program or a project, but it is a management process that recognizes the fact that, however much an organization may improve, its competitors will continue to improve and its customers will expect more.

2.6 Definition of Organizational Commitment

Organizational commitment or employees commitment is defined as the degree to which an employee identifies with a particular organization and its goals and wishes to maintain membership in the organization (Robins, 2011). According to Fred Luthans (2011), Organizational commitment is most often defined as:- a strong desire to remain a member of a particular organization; a willingness to

exert high levels of effort on behalf of the organization; and a definite belief in, and acceptance of, the values and goals of the organization.

In other words, this is an attitude reflecting employees' loyalty to their organization and is an ongoing process through which organizational participants express their concern for the organization and its continued success and well-being.

The organizational commitment attitude is determined by a number of personal (age, tenure in the organization, career adaptability, and dispositions such as positive or negative affectivity, or internal or external control attributions) and organizational (the job design, values, support, procedural fairness, and the leadership style of one's supervisor) variables. Even non organizational factors, such as the availability of alternatives after making the initial choice to join an organization, will affect subsequent commitment. Also, because of the new environment where many organizations are not demonstrating evidence of commitment to their employees, recent research has found that an employee's career commitment is a moderator between the perceptions of company policies and practices and organizational commitment. For example, even though employees perceive supervisory support, they would also need to have a commitment to their careers, say, in engineering or marketing, in order to have high organizational commitment. Because of this multidimensional nature of organizational commitment, there is growing support for the three-component model proposed by Meyer and Allen (as cited in Luthans (2011)). The three dimensions are as follows:

1. *Affective commitment* involves the employee's emotional attachment to, identification with, and involvement in the organization.
2. *Continuance commitment* involves commitment based on the costs that the employee associates with leaving the organization. This may be because of the loss of seniority for promotion or benefits.
3. *Normative commitment* involves employees' feelings of obligation to stay with the organization because they should; it is the right thing to do.

2.6.1 Basis of Organizational Commitment

Regardless of what companies do, some employees display greater organizational commitment than others. Researchers have found that certain characteristics, attitudes, and relationships may play key roles in environments with high levels of organizational commitment.

Personal characteristics are important factors in the development of an individual's level of organizational commitment. Mathieu and Zajac (1990), as cited in Becky J. Starnes & Stephen A. Truhon, have identified several personal characteristics:

- **Age:** Older workers tend to be more committed than younger ones. Some researchers have emphasized negative reasons for this finding: older workers have fewer occupational alternatives and would risk their benefits if they left an organization. Others have focused on findings that older workers have greater job satisfaction and have better jobs.
- **Gender:** Men tend to be somewhat less committed to organizations than women.
- **Education:** More highly-educated workers tend to be less committed. One explanation is that they may have greater expectations of the organization which cannot always be met.
- **Perceived competence:** Employees who perceive themselves as having higher levels of competence tend to display greater organizational commitment. It has been proposed that this occurs because these workers can use the organization to meet their needs for growth and achievement.
- **Protestant (or Puritan) work ethic:** Employees who believe in the intrinsic value and necessity of work also believe that the organization is the place where their need to do work can be satisfied.

2.6.2 Concepts related to Organizational Commitment

Job characteristics such as Job Level, Position Tenure, Job Skills, Autonomy, Challenges & Role stress also influence the development of organizational commitment.

- Those whose **job level** is high tend to show greater organizational commitment. This may be related to other findings that older workers and those with longer **position tenure** are more committed.
- Workers who can apply a variety of **job skills** have greater **autonomy** on the job, find greater **challenges** in their jobs, and tend toward greater organizational commitment.
- Employees can experience **role stress** at work, and away from work, as well. Lack of clarity in work role (**role ambiguity**), inconsistencies between role expectations (**role conflict**), and unreasonable expectations of time and energy in a role (**role overload**) all contribute to low organizational commitment.

Relationships with co-workers and supervisors also appear to be related to organizational commitment.

2.7 The Relationship between Organizational Excellence & Organizational Commitment

Deming (1986) views employee commitment to quality work as central to a successful Total Quality Management (TQM) program. Commitment to remaining a member of the organization is crucial to quality. TQM theory suggests that long-term employment contributes to quality in at least two ways: it generates the kind of implied knowledge of operations that helps improve effectiveness, and it helps the organization gain advantage from investments in training (Brooks & Zeitz, 1999). Some researchers mention the importance of long term employment commitment from employees (Berry, 1991), although for others employment longevity is only implicit. Treatments of Japanese TQM programs generally are explicit in their emphasis on long-term commitment (McMillan, 1989).

TQM may have been misunderstood narrowly as a tool for quality improvement only. There has been a movement from a 'reactive' to a 'proactive' quality management approach (Slack *et al.*, 1998; Dale, 1999). Many studies have investigated the effects of various quality management practices on operational performance (Zhao *et al.*, 2004; Choi & Eboch, 1998; Samson & Terziovski, 1999), and quality performance (Anderson *et al.*, 1995; Dow *et al.*, 1999), and business performance (Adam *et al.*, 1997; Hendricks & Singhal, 1997).

It has been empirically verified that the application of holistic management models such as The EFQM Excellence Model has a positive effect on corporate performance (Kristensen *et al.*, 2000). While it can be argued that the wide acceptance of business excellence model slowed down the growth of the use of classical quality management tools and techniques, it is more debatable that quality died or was totally eliminated (Adebanjo, 2001). The move from the EFQM model to the European Business Excellence Model seems justified but more explanation is needed (Sun *et al.*, 2004).

The topic of business excellence has received considerable attention from academic researchers and is well defined in the literature (Chin *et al.*, 2003; Bemowski & Stratton, 1995; Conti, 1997; Coulambidou & Dale, 1995; Hakes, 1998; Lascelles & Peacock, 1996). The search for excellence and dissemination of 'best practice' is the main philosophy and a major function of the Business Excellence Model but many writers like Galloway (1996) have difficulty in defining quality this way.

It was also seen as addressing the needs of both internal customers and stakeholders allowing the business to meet set goals and objectives (Ritchie & Dale, 2000). Some new models are developed for business excellence. One of them is Kanji's (1998) Business Excellence Model. Later, Kanji & Sa (2002) proposed the Business Excellence Measurement System. The system is based on two core factors: leadership and organizational values. Business excellence is related to both quality performance and customer satisfaction. Some empirical studies have addressed cause-and-effect linkages or correlations among organizational performance measures (Evans & Jack, 2003). These include Norreklit (2000), who examined the assumptions and cause and effect chain in the balanced scorecard; studies of the relationship between customer satisfaction, value and loyalty, organizational commitment and financial performance (Brandt, 2000; Anderson, Fornell & Lehmann 1994; Bernhardt *et al.*, 2000; Edvardsson *et al.*, 2000); relationships between employee attitudes and customer satisfaction (Tornow & Wiley, 1991; Hallowell *et al.*, 1996); and relationships between work environment and customer service as related to financial performance (Wiley, 1991; Borucki & Burke, 1999); and relationships between customer attitudes and market share/financial performance (Naumann & Hoisington, 2000). Human resource management is also important to customer satisfaction as is strategic planning to quality performance (Flynn & Saladin, 2001). Excellence models affect performance and help organizations achieve organizational excellence (Kanji, 2002). In this study, organizational excellence serves as the independent variable, while employee commitment acts as the dependent variable. This choice is grounded in both theoretical and logical reasoning. Several studies have established a causal relationship between organizational excellence and employee commitment. A study by Park & Kim (2020) found that strong leadership, a key dimension of excellence, fostered a sense of trust and belonging among employees, leading to increased commitment. Similarly, Nohria & Khurana (2010) demonstrated that effective management practices, another pillar of excellence, enhanced employee engagement and reduced turnover. These findings highlight the critical role of various excellence dimensions in nurturing positive employee attitudes and behaviors. This aligns with the logical understanding that employees react and respond to the environment created by organizational excellence initiatives. While acknowledging alternative perspectives where employee commitment might influence excellence, this research focuses on the initial impact of excellence on commitment, not the other way around. Additionally, organizational excellence, encompassing various practices and policies, is implemented and controlled by management, while employee commitment represents a reaction or outcome. This

reinforces the direction of influence chosen in this study.

From this perspective view, the Research Conceptual Model was: -

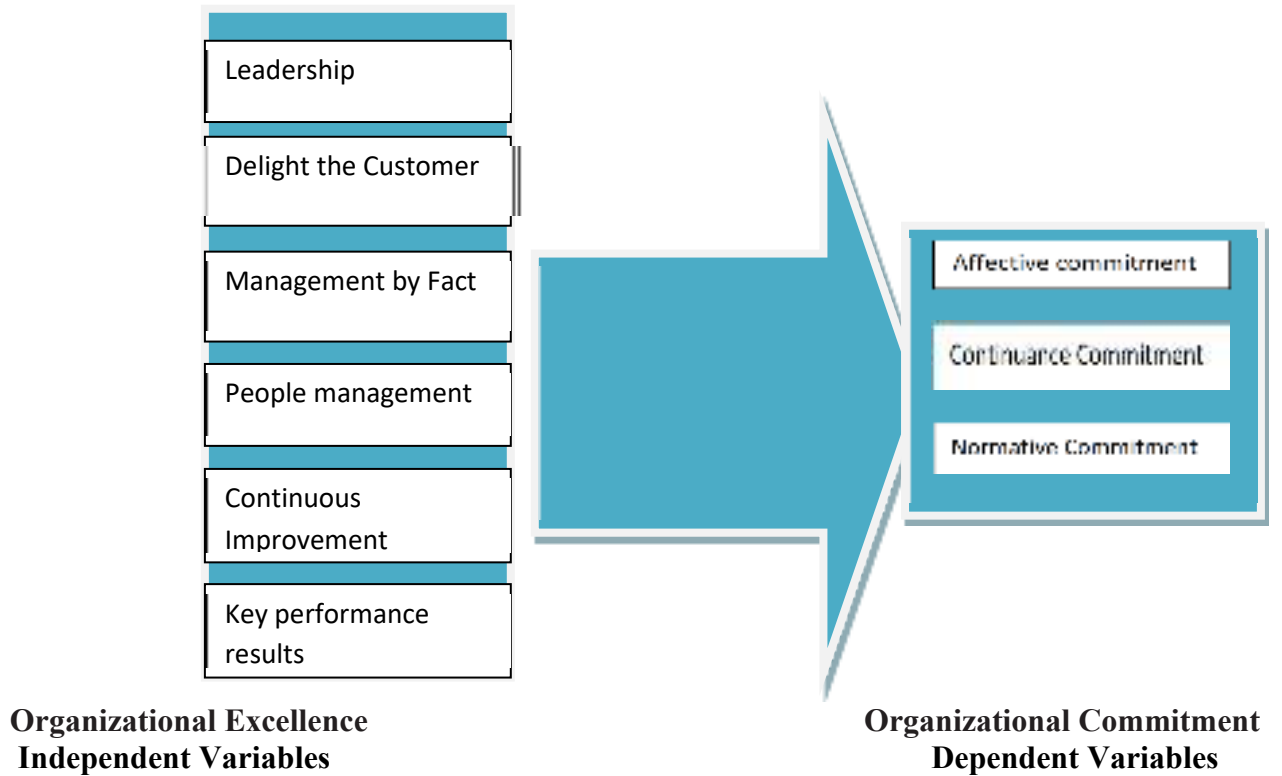


Figure 2.3 The Research Conceptual Framework

Based on this analysis the **Research hypothesis** were as follows:

H1: There is a strong positive relationship between the leadership and management by fact dimensions of Organizational Excellence and affective commitment. This is because these dimensions are expected to foster a sense of trust, empowerment, and satisfaction among employees, leading to stronger emotional attachment to the organization.

H2: There is a moderate positive relationship between the overall level of Organizational Excellence and normative commitment. This is because employees who perceive their organization as excelling in

various areas are more likely to feel a sense of obligation to remain due to perceived social pressure and expectations.

H3: There is a weak negative relationship between the people management and continues improvement dimensions of Organizational Excellence and continuance commitment. This is because these dimensions may reduce the need for employees to stay solely due to a lack of better alternatives, as they feel more invested in their development and growth within the organization.

Chapter 3

Research Methodology

3.1 Introduction

This chapter presents the explanation about procedures which were taken in this study in order to find out the answer to the research questions. This includes the research design, target population, data collection tools to be used and data collection technique, and data analysis method and presentation.

3.2 Research Design

This research adopted a quantitative approach and a correlational research design to examine the potential association between organizational excellence and multiple facets of employee commitment within Awash Bank. The quantitative approach aligned with the research questions, formulated based on existing trends and insights within the chosen research setting. Correlational research was deemed suitable for exploring the extent and direction of this relationship without manipulating variables or establishing causality. In this type of design, relationships between and among a number of facts are sought and interpreted (Creswell, 2012). In this case, the researcher tested a theory by specifying three hypotheses and the collection of data by using questionnaire.

3.3 Target population

The target population for this study comprised all employees of Awash Bank. A non-probability convenience sampling technique was employed due to the practical limitations of accessing and surveying the entire population. Targeted employees were of diploma & above degree holders with one year and above experience.

3.4 Sample Size Determination

A sample is a smaller and more accessible sub set of the population that adequately represents the overall group, thus enabling one to give an accurate (within acceptable limits) picture of the population as a whole, with respect to the particular aspects of interests of the study. The sampling frame for any probability sample is a complete list of all the cases in the population from which a sample is drawn (Saunders et al., 2007). For this study, a population sample size was 2218 out of the total 9526 employees available in the bank. 2218 Employees have been available in Addis Ababa and they were clerical (computer users) employees staying for a year and above in the bank; but the rest were outside the Addis Ababa for which the researcher couldn't easily reach, and non-clericals (non-computer users) such as cleaners, messengers & Guards. According to Glenn D. Israel²(1992), a good size sample, e.g., 200-500, is needed for multiple regression, analysis of covariance, or log-linear analysis, which might be performed for more rigorous state impact evaluations. Having this in mind & assuming the homogeneity of responses, the researcher conveniently determined the sample size to be 250.

3.5 Source and Instruments of Data Collection

Based on literature review and research model, structured questionnaires were used. Two types of questionnaires have been used to obtain primary information from the respondents. Firstly, Organizational Excellence was measured by adopting items from Kanji's Condensed Business Model assessment questionnaire. The participants were asked to rate the bank's organizational excellence to which they agreed with each item on a five-point Likert-type scale ranging from very dissatisfied (1) to very satisfied (5).

The Organizational Commitment Questionnaire (OCQ) was used to obtain data on employee's level of organizational commitment based on Meyer & Allen's Organizational Commitment scale. These were Organizational Commitment Questionnaire consists of 24 items, 8 items for each affective, normative and continuance variables. It also has a five point Likert scale ranging from strongly disagree (1) to strongly agree (5).

3.6 Data Analysis Method

This study aims to demonstrate the relationship between Organizational Excellence and organizational commitment. Data were obtained from employees of Awash Bank. The Researcher used a non-probability sampling i.e. convenience sampling. Convenience, in a sense, is a sampling technique that obtains and collects the relevant information from the sample or the unit of the study that are conveniently available.

Multivariate Analysis of Variance (MANOVA) with F-test was employed. MANOVA tests whether the independent (categorical) variable explains a significant amount of variability in the new dependent variable & also used to measure multiple dependent variables at a time. The general linear model (GLM), has become a popular means of estimating MANOVA models (Joseph F.Hair,Jr.,William C.Black,Barry J.Babin,Rolph E.Anderson, 2010). It is composed of three elements:-

1. **Variete**:- The linear combination of independent variables as specified by the researcher. Each independent variable has an estimated weight representing variable's contribution to the predicted value.
2. **Random component**:-the probability distribution assumed to underlie the dependent variables. Typical probability distributions are the normal, Poisson, binomial & multinomial distributions. Each distribution is associated with a type of response variable (e.g continues variables are with

normal, proportions with binomial & dichotomous with Poisson distributions. The researcher selected continuous response variable for normal distribution.

3. **Link Function:** - provides the theoretical connection between the variate and random component to accommodate differing model formulation.

Correlation analysis with Pearson Multiple Correlation method was used to test the magnitude and direction of the relationship among the variables (Organizational Excellence and organizational commitment variables). General linear regression for R –square was also employed. R-square or coefficient of determination is the proportion of variance in the dependent variable (**Organizational Commitment**) which could be predicted from the independent variables (Business Excellence variables). The collected data were coded and analyzed using Statistical Package for Social Sciences software (SPSS).

The findings of the study were presented in a clear, concise, and informative manner. Tables, graphs, and figures were used to visually represent key results and aid interpretation. The discussion section was connected to the findings of the existing literature, address the research questions, and propose implications for Awash Bank in achieving organizational excellence and fostering employee commitment.

3.7 Ethical considerations

Permission was requested from Deputy Chief-Human Resource Management Officer office of the bank for legitimacy to collect data from employees & it was done so.

Chapter 4

Data Presentation, Analysis and Interpretations

4.1 Introduction

This chapter presents the quantitative data analysis conducted to investigate the relationship between organizational excellence and employee commitment at Awash Bank. The data collected through self-administered questionnaires were analyzed and interpreted using Statistical Package for Social Sciences

(SPSS) version 21. While the primary focus was on quantitative data, relevant insights from published and unpublished documents of the bank were also incorporated for a more comprehensive understanding.

4.2 Response Rate

Of 250 questionnaires distributed, 228 were returned. The total response rate was $228/250 = 91.2\%$. Thus, it could be considered as a good response rate to analyze the data.

4.3 Respondents profile

Frequencies

		Statistics				
		Sex	Educational Qualification	Service year in the Bank	Age	Position in the Bank
N	Valid	228	228	228	228	228
	Missing	0	0	0	0	0

		Sex			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	162	71.1	71.1	71.1
	Female	66	28.9	28.9	100.0
	Total	228	100.0	100.0	

		Educational qualification			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Diploma	24	10.5	10.5	10.5
	Bachelor degree	140	61.4	61.4	71.9
	Masters degree	64	28.1	28.1	100.0
	Total	228	100.0	100.0	

Service year in the bank

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 0-3	76	33.3	33.3	33.3
4-6	62	27.2	27.2	60.5
7-10	70	30.7	30.7	91.2
11-14	16	7.0	7.0	98.2
more than 15	4	1.8	1.8	100.0
Total	228	100.0	100.0	

Age

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 18-25	38	16.7	16.7	16.7
26-33	136	59.6	59.6	76.3
34-41	48	21.1	21.1	97.4
42-48	6	2.6	2.6	100.0
Total	228	100.0	100.0	

Position in the bank

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Manager	20	8.8	8.8	8.8
Senior level	74	32.5	32.5	41.2
Officer level	94	41.2	41.2	82.5
other	40	17.5	17.5	100.0
Total	228	100.0	100.0	

As indicated above tables, of the 228 respondents, 71.1 percent or 162 were males and 28.9 percent or 66 were females. The educational levels of respondents were, Diploma 24 or 10.5 percent, Bachelor degree 140 or 61.4 percent and Masters Degree 64 or 28.1 percent. For the rate of service year, 76 or 33.3 percent were 0-3 years, 62 or 27.2 percent were 4-6 years, 70 or 30.7 percent were 7-10 years, 16 or 7.0 percent were 11-14 years and 4 or 1.8 percent were 15 and above years. The age of the respondents were 38 or 16.7 percent from 18-25 years, 136 or 59.6 percent from 26-33 years, 48 or 21.1 percent from 34-41 years and 6 or 2.6 percent from 42-48 years. Of their positions 20 or 8.8 percent were managers, 74 or 32.5 percent were on senior levels, 94 or 41.2 percent were on officer levels and 40 or 17.5 percent were others such as Administrative Assistant or Cash Office boys/girls.

4.3 Reliability Measures

Reliability reflects consistency & the degree to which a test is free from measurement errors. Cronbach's alpha is one of the most popular methods to assess the reliability (Rosnow and Rosenthal 1998). Cronbach's alpha is most commonly used when one wants to assess the internal consistency of a questionnaire. A value of alpha ranges from 0 to 1 and the higher the alpha the higher the reliability. Table 4.1 shows the value of Cronbach's alpha of Organizational Excellence facets (Independent Variables) & Organizational Commitment (Dependent Variables)

S/N	Variables	No of Items	Cronbach's Alpha
1	Leadership	6	0.875
2	Delight the Customer	3	0.781
3	Management by Fact	3	0.849
4	People Management	3	0.810
5	Continuous Improvement	3	0.811
6	Key Performance Results	6	0.815
7	Affective Commitment	8	0.601
8	Continuance Commitment	8	0.838
9	Normative Commitment	8	0.702

Source:-SPSS questionnaire reliability scale analysis, 2020

Table 4.1: -Reliability of Variable Scales

According to Hair et al. (1998), the scale is acceptable if Cronbach's alpha coefficient is 0.6. Leadership (0.875), Delight the Customer (0.781), Management by Fact (0.849), People Management (0.810), Continuous Improvement (0.811), Key Performance Results (0.815), and Continuance Commitment (0.838) all have Cronbach's alpha values above 0.7, indicating good reliability and suggesting the items were well-understood by respondents.

Normative Commitment (0.702) falls within the acceptable range (0.6-0.7), suggesting moderate reliability. While further exploration might be beneficial, it may not be a significant concern.

However, Affective Commitment (0.601) has a value below 0.6, falling into the questionable reliability range. This could indicate respondents' differing interpretations of the items.

Therefore, it can be concluded that the majority of the variables demonstrate good internal consistency. However, it's recommended to further investigate the Affective Commitment scale to understand the potential reasons behind the lower alpha value. This could involve:

Examining the individual items for ambiguity or redundancy.

Collecting data from a larger sample to see if the alpha value improves.

Considering alternative measures of affective commitment with higher reliability.

4.4 Overview of Statistical Analysis used in the research

4.4.1 Multivariate Analysis of Variance (MANOVA)

The researcher used Multivariate Analysis of Variance (MANOVA) to know the overall relationship of Organizational Excellence and Organizational Commitment. MANOVA is used to determine the influence that independent variables have on the dependent variables in this study.

Assumptions of MANOVA: -

1. **Linearity:** -Linearity means that two variables, "x" and "y," are related by a mathematical equation " $y = cx$," where "c" is any constant number. The importance of testing for linearity lies in the fact that many statistical methods require an assumption of linearity of data (i.e. the data was sampled from a population that relates the variables of interest in a linear fashion).MANOVA assumes that there are linear relationships among all pairs of dependent variables, all pairs of covariates, and all dependent variable-covariate pairs in each cell. In this case, linearity was tested through Pearson Multiple Correlation methods, because, correlations represent only the linear association between variables, nonlinear effects will not be represented in the correlation value.
2. **Independence:**-the assumption that the observations are all independent of one another. MANOVA requires that the dependent measures for each respondent have been totally uncorrelated with the responses from other respondents.

3. **Equality of Variance-Covariance Matrices:**-MANOVA programs conduct the test for equality of covariance matrices typically the Box's M test and provide significance levels for the test statistic which indicate the likelihood of differences between the groups. Non-significant differences between the groups and the observed significance level of the test statistic are considered acceptable if it is less significant than the threshold value for comparison. 0.01 levels were considered the threshold level for indicating violations of assumption. Values greater than 0.01 would have been considered acceptable because they indicate no differences between groups, i.e. their means were equal. But in this study, the Box's Test of Equality of Covariance Matrices was .000. This indicated significant differences were present. The assumption was, therefore, violated. Fortunately, a violation of this assumption has minimal impact if the groups are of approximately equal size (largest group size ÷ smallest group size < 1.5).

4.4.2 Correlation Analysis

Correlation is primarily concerned with finding out whether a relationship exists and with determining its magnitude and direction. When two variables vary together, they are said to be *correlated*.

Accordingly, correlational studies are attempts to find the extent to which two or more variables are related.

The simplest correlational study involves obtaining a pair of observations or measures on two different variables from a number of individuals. The paired measures are then statistically analyzed to determine if any relationship exists between them.

To quantitatively express the extent to which two variables are related, it is necessary to calculate a *correlation coefficient*. There are many types of correlation coefficients, and the decision of which one to employ with a specific set of data depends on the following factors:

- The level of measurement on which each variable is measured
- The nature of the underlying distribution (continuous or discrete)
- The characteristics of the distribution of the scores (linear or nonlinear)

In this study, *Pearson product moment correlation coefficient* (r), was employed to examine the relationship between the variables.

Assumptions of correlation

- For each subject in the study, there must be *related pairs of scores*, i.e., if a subject has a score on variable X, then the same subject must also have a score on variable Y.
- The relationship between the two variables must be *linear*, i.e., the relationship can be most accurately represented by a straight line.
- The variables should be measured at least at the *ordinal level*.
- The variability of scores on the Y variable should remain constant at all values of the X variable. This assumption is called *homoscedasticity*

The values of the correlation coefficients vary between +1.00 and -1.00. Both of these extremes represent perfect relationships between the variables, and 0.00 represents the absence of a relationship.

4.4.3 Linear Regression Model

Regression and correlation are closely related. Both techniques involve the relationship between two variables, and they both utilize the same set of paired scores taken from the same subjects. However, whereas correlation is concerned with the magnitude and direction of the relationship, regression focuses on using the relationship for *prediction*. In terms of prediction, if two variables were correlated perfectly, then knowing the value of one score permits a perfect prediction of the score on the second variable. Generally, whenever two variables are significantly correlated, the researcher may use the score on one variable to predict the score on the second, Ho, Robert (2006). To know which groups differed from which, or about whether the effect of facets of Organizational Excellence (Leadership, Management by fact, Delight the customer, People management, continues improvement & key performance results) were on Affective, Continuance or Normative commitments, the General Linear Regression tests were used

Assumptions of Linear Regression

Normality: - the residuals of the regression should follow a normal distribution. The residuals are simply the error terms, or the differences between the observed value of the dependent variable and the predicted value. If a normal Predicted Probability (P-P) plot is examined, the normality of the residuals can be determined. If they are, they will conform to the diagonal normality line indicated in the plot. This assumption is met as it could be seen in Figure 4.1

Homoscedasticity: - refers to whether these residuals are equally distributed, or whether they tend to bunch together at some values, and at other values, spread far apart. This was tested as equality of

variances or homogeneity of variances in MANOVA assumption. Data is homoscedastic if it looks somewhat like a shotgun blast of randomly distributed data. This assumption was tested by plotting the predicted values and residuals on a scatter plot, as it can be seen at Figure 4.2, because, there are points equally distributed above and below zero on the X axis, and to the left and right of zero on the Y axis.

Linearity: - Linearity means that the predictor variables in the regression have a straight-line relationship with the outcome variable. Since residuals are normally distributed and homoscedastic, linearity is acceptable

Multicollinearity: - shows that predictor variables are highly correlated with each other. This assumption is only relevant for a multiple linear regression, which has multiple predictor variables. This was tested in Pearson product moment correlation coefficient & the result showed that there was no multicollinearity because all correlations are below .8 (Table 4.4)

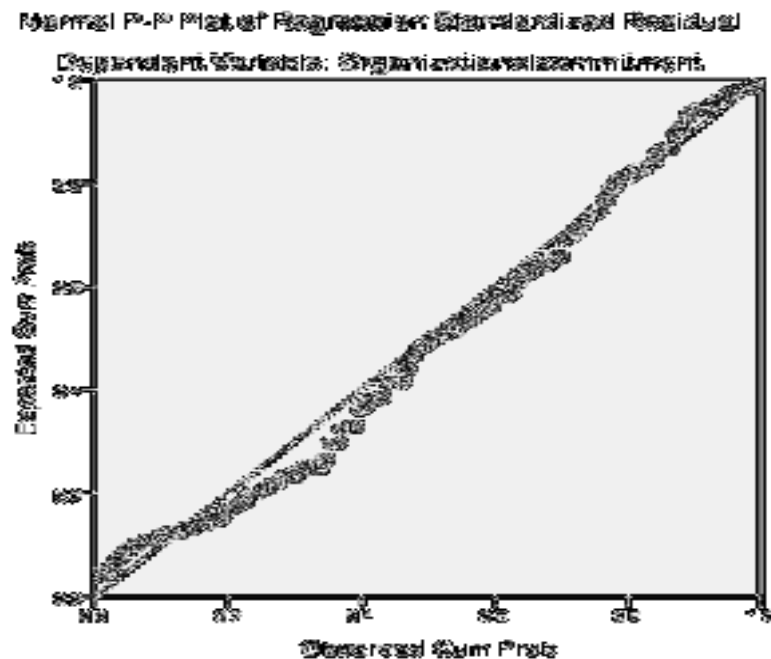


Figure 4.1 Normality test

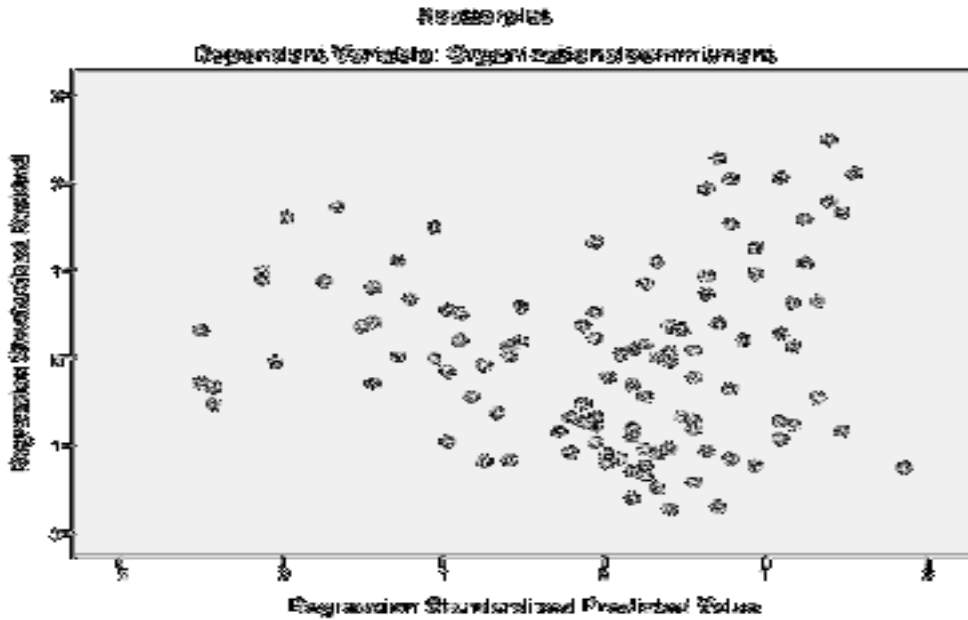


Figure 4.2 homoscedasticity Test

4.5 Data Presentation & Analysis

To assess the overall relationship between organizational excellence and organizational commitment, a multivariate analysis of variance (MANOVA) was conducted. Pillai's trace, known for its power and robustness to assumption violations, was used as the primary test statistic.

Results:

The observed significance level ($p < .001$) indicates that the null hypothesis of no relationship between organizational excellence and organizational commitment can be rejected. This suggests a statistically significant association between the variables.

The multivariate Pillai F (225, 3) value of 4057.025 further supports this conclusion with a p-value less than .01.

Univariate Analysis:

Table 4.3 (the intercept) likely presents the results of follow-up univariate tests to explore the specific relationships between individual organizational excellence dimensions and each commitment facet.

Interpretation:

Based on the findings, we can conclude that there is a significant overall relationship between organizational excellence and organizational commitment in Awash Bank. However, to understand the nature and direction of these relationships, further analysis of the individual commitment facets and specific excellence dimensions is necessary.

Table 4.2 Overall MANOVA Results

Multivariate Tests ^a

Effect		Value	F	Hypothesis df	Error df	Sig.
Intercept	Pillai's Trace	.982	4057.025 ^b	3.000	225.000	.000
	Wilks' Lambda	.018	4057.025 ^b	3.000	225.000	.000
	Hotelling's Trace	54.094	4057.025 ^b	3.000	225.000	.000
	Roy's Largest Root	54.094	4057.025 ^b	3.000	225.000	.000

a. Design: Intercept

b. Exact statistic

Table 4.3 Tests of Between-Subjects Effects

Tests of Between-Subjects Effects

Source	Dependent Variables	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	Affective Commitment	.000 ^a	0	.	.	.
	Continuance Commitment	.000 ^a	0	.	.	.
	Normative Commitment	.000 ^a	0	.	.	.
Intercept	Affective Commitment	164273.684	1	164273.684	10093.920	.000
	Continuance Commitment	114526.754	1	114526.754	3181.592	.000
	Normative Commitment	176185.281	1	176185.281	8522.576	.000
Error	Affective Commitment	3694.316	227	16.275		
	Continuance Commitment	8171.246	227	35.997		
	Normative Commitment	4692.719	227	20.673		
Total	Affective Commitment	167968.000	228			
	Continuance Commitment	122698.000	228			
	Normative Commitment	180878.000	228			
Corrected Total	Affective Commitment	3694.316	227			
	Continuance Commitment	8171.246	227			
	Normative Commitment	4692.719	227			

a. R Squared = .000 (Adjusted R Squared = .000)

For the sake of the direction of the relationship between the organizational excellence and organizational commitment variables, the researcher also used Pearson Multiple Correlation methods. The linear correlation coefficient is sometimes referred to as the Pearson product moment correlation coefficient in honor of its developer Karl Pearson. The Pearson correlation coefficient is appropriate to use when variables can be assumed to follow a normal distribution or when samples are large. The quantity r , called the *linear correlation coefficient*, measures the strength and the direction of a linear relationship between two variables. It is a measure of linear association between two variables that takes on values between 1 and -1. Values near 1 indicate a strong positive linear relationship; values near -1 indicate a strong negative linear relationship; and values near zero i.e. <0.3 indicate the lack of a linear relationship.

As indicated in table 4.4 below, the correlation (reported as the statistic r) took minimum value of .122, the correlation between delight the customer and continuance commitment. The widely-used rules specified by Cohen regarded a correlation of $r=.1$ as small, $r=.3$ as moderate, and $r=.5$ and above as large. The correlations were given in the table, along with a significance value and a sample size which in this case was 228. This was the number of observations in which each variable were observed.

Leadership and affective commitment were positively correlated with $r =.472$, $N = 228$, $p < .001$, Leadership and continuance commitment positively correlated with $r =.321$, $N = 228$, $p < .001$, Leadership and normative commitment positively correlated with $r =.346$; delight the customer and affective commitment positively correlated with $r =.464$, $N = 228$, $p < .001$, delight the customer and continuance commitment not correlated with $r =.122$, $N = 228$, $p < .001$, delight the customer and normative commitment positively correlated with $r =.311$, $N = 228$, $p < .001$; management by fact and affective commitment positively correlated with $r =.445$, $N = 228$, $p < .001$, management by fact and continuance commitment positively correlated with $r =.296$, $N = 228$, $p < .001$, management by fact and normative commitment positively correlated with $r =.268$, $N = 228$, $p < .001$; people Management and affective commitment positively correlated with $r =.476$, $N = 228$, $p < .001$, people management and continuance commitment positively correlated with $r =.208$, $N = 228$, $p < .001$, people management and normative commitment positively correlated with $r =.204$, $N = 228$, $p < .001$; continues improvement and affective commitment positively correlated with $r =.426$, $N = 228$, $p < .001$, continues improvement and continuance commitment positively correlated with $r =.253$, $N = 228$, $p < .001$, continues improvement and normative commitment positively correlated with $r =.264$, $N = 228$, $p < .001$.

& Business Excellence and normative commitment were significantly and moderately positively correlated with r

Table 4.4 Over all Correlations

		Leadership	Delight	Mgt by fact	People mgt	Continues Imp	Key performance	Affective Commitment	Continuance Commitment	Normative Commitment
Leadership	Pearson Correlation	1	.507**	.495**	.568**	.580**	.532**	.472**	.321**	.346**
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000	.000	.000
	N	228	228	228	228	228	228	228	228	228
Delight the customer	Pearson Correlation	.507**	1	.428**	.506**	.588**	.541**	.464**	.122	.311**
	Sig. (2-tailed)	.000		.000	.000	.000	.000	.000	.066	.000
	N	228	228	228	228	228	228	228	228	228
Mgt by fact	Pearson Correlation	.495**	.428**	1	.495**	.610**	.434**	.445**	.296**	.268**
	Sig. (2-tailed)	.000	.000		.000	.000	.000	.000	.000	.000
	N	228	228	228	228	228	228	228	228	228
People mgt	Pearson Correlation	.568**	.506**	.495**	1	.442**	.532**	.476**	.208**	.204**
	Sig. (2-tailed)	.000	.000	.000		.000	.000	.000	.002	.002
	N	228	228	228	228	228	228	228	228	228
Continues Imp	Pearson Correlation	.580**	.588**	.610**	.442**	1	.645**	.426**	.253**	.264**
	Sig. (2-tailed)	.000	.000	.000	.000		.000	.000	.000	.000
	N	228	228	228	228	228	228	228	228	228
Key performance results	Pearson Correlation	.532**	.541**	.434**	.532**	.645**	1	.423**	.130*	.222**
	Sig. (2-tailed)	.000	.000	.000	.000	.000		.000	.049	.001
	N	228	228	228	228	228	228	228	228	228

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Key performance results and affective commitment positively correlated with $r = .423$, $N = 228$, $p < .001$, key performance results and continuance commitment positively correlated with $r = .130$, $N = 228$, $p < .05$ and key performance results and normative commitment positively correlated with $r = .222$, $N = 228$, $p < .001$

This test showed that the correlation was significantly different from zero depending on (i) the magnitude of the correlation and (ii) the number of observations on which the correlation was based. The p-value (quoted under Sig. (2-tailed)) was .000 (reported as $p < .001$ & $p < .05$) which was less than 0.05 except the correlation between delight the customer and continuance commitment. The researcher, therefore, had significant evidence to reject the null hypothesis that the correlation between Organizational Excellence & facets of organizational commitment (affective, continuance & normative) was 0. This means there were a relationship between organizational excellence and organizational commitment. But, a weak positive correlation was seen between management by fact and continuance commitment, people management and continuance commitment, continues improvement and continuance commitment, key performance results and continuance commitment and no relationship between delight the customer and continuance commitment. It was slightly positively correlated. Therefore, the alternative hypothesis which was a negative relationship between Organizational Excellence and continuance commitment was rejected and the null hypothesis was accepted that there was no statistical evidence that organizational excellence and continuance commitment was negatively correlated.

To know a measure of the strength of the computed equation, it was important to carry out the **R-square**. R-square, sometimes called the **coefficient of determination**, is simply the square of the multiple correlation coefficient listed under **R** in each Model **Summary** table above, and it represented the proportion of variance accounted for in the dependent variables (Affective, Continuance & Normative) by the predictor (independent) variables (Leadership, Management by fact, Delight the customer, People management, continues improvement & key performance results).

Thus, for this case 34.8% of the variation in the affective commitment, 14.6% of continuance commitment & 15.5% of normative commitment has been explained by organizational excellence variables.

Table 4.5 Regression Analysis for Affective commitment

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.590 ^a	.348	.331	3.30014

a. Predictors: (Constant), Key performance, Mgt by fact, Delight, People mgt, Leadership, Continues Imp

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1287.428	6	214.571	19.702	.000 ^b
	Residual	2406.887	221	10.891		
	Total	3694.316	227			

a. Dependent Variable: Affective Commitment
 b. Predictors: (Constant), Key performance, Mgt by fact, Delight, People mgt, Leadership, Continues Improvement

Table 4.5 showed that the regression analysis of Affective commitment was significant at F (6, 19.702), $P < 0.001$, with R-squared of .348(34.8%). Thus, the alternative hypothesis 1 was accepted that there was the relationship between Organizational Excellence and Affective Commitment.

Table 4.6 Regression Analysis for Continuance commitment

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.382 ^a	.146	.122	5.62073

a. Predictors: (Constant), Key performance, Mgt by fact, Delight, People mgt, Leadership, Continues Imp

Model		Sum of Squares	df	Mean Square	F	Sig.
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	Regression	1189.282	6	198.214	6.274	.000 ^b
1	Residual	6981.964	221	31.593		
	Total	8171.246	227			

a. Dependent Variable: Continuance Commitment

b. Predictors: (Constant), Key performance, Mgt by fact, Delight, People mgt, Leadership, Continues Imp

Table 4.6 above, showed that the regression analysis of Continuance commitment. It was significant at $F(6, 6.274)$, $P < 0.001$, with R-squared of .146(14.6%). Thus, the alternative hypothesis 2 was accepted that there was the relationship between Organizational Excellence and Continuance Commitment.

Table 4.7 Regression Analysis for Normative commitment

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.393 ^a	.155	.132	4.23631

a. Predictors: (Constant), Key performance, Mgt by fact, Delight, People mgt, Leadership, Continues Improvement

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	726.585	6	121.098	6.748	.000 ^b
1	Residual	3966.134	221	17.946		
	Total	4692.719	227			

a. Dependent Variable: Normative Commitment

b. Predictors: (Constant), Key performance, Mgt by fact, Delight, People mgt, Leadership, Continues Imp

Table 4.7 was the regression analysis of variance of normative commitment. It was significant at $F(6, 6.748)$, $P < 0.001$, with R-squared of .155(15.5%). Thus, the alternative hypothesis 3 was accepted that there was the relationship between Organizational Excellence and Normative Commitment.

4.8 Hypothesis Testing Results

H1: There is a strong positive relationship between the leadership and management by fact dimensions of Organizational Excellence and affective commitment.

The Pearson correlation analysis revealed a significant positive correlation between leadership and affective commitment ($r = .472, p < .001$) and management by fact and affective commitment ($r = .445, p < .001$). These findings support H1, indicating that both leadership and management by fact dimensions are positively associated with employees' feelings of trust, empowerment, and satisfaction, leading to stronger emotional attachment to the organization.

H2: There is a moderate positive relationship between the overall level of Organizational Excellence and normative commitment.

The MANOVA analysis revealed a significant overall relationship between organizational excellence and organizational commitment. Further analysis using Pearson correlations showed a significant positive correlation between the overall Kanji Excellence score and normative commitment ($r = .350, p < .001$). This supports H2, suggesting that employees who perceive their organization as excelling in various areas are more likely to feel a sense of obligation to remain due to perceived social pressure and expectations.

H3: There is a weak negative relationship between the people management and continues improvement dimensions of Organizational Excellence and continuance commitment.

Pearson correlations did not support H3. Both people management and continuous improvement showed positive correlations with continuance commitment ($r = .208, p < .001$ and $r = .253, p < .001$ respectively). These findings suggest that employees who perceive good people management and continuous improvement practices are less likely to leave solely due to a lack of better alternatives, but rather feel invested in their development and growth within the organization.

Chapter 5

Summary, Conclusion and Recommendation

In this chapter, summary of major findings and conclusions of the study were discussed. Based on the previous chapters, recommendations on business excellence and organizational commitment which may help the bank for improving its organizational excellence were forwarded.

5.1 Summary

This research investigated the relationship between organizational excellence and employee commitment at Awash Bank. The findings reveal:

Positive correlations: Leadership, management by fact, people management, continuous improvement, and key performance results are positively associated with employee commitment (affective, normative, and continuance).

Discrepancy: Continuance commitment showed a weaker positive correlation with organizational excellence compared to other facets.

Explanatory power: Organizational excellence facets explain 34.8% of affective commitment, 14.6% of continuance commitment, and 15.5% of normative commitment variance.

5.2 Conclusions

The study confirms a significant relationship between organizational excellence and employee commitment. However, the strength of this relationship varies across commitment facets:

Affective commitment: Most strongly influenced by organizational excellence, highlighting the importance of fostering emotional attachment and identification with the organization.

Normative commitment: Positively influenced by excellence, suggesting employees feel obligated to stay due to social pressures and expectations.

Continuance commitment: Shows a weaker positive relationship, potentially due to the questionnaire's wording or the bank's need for further improvements in this area.

These findings suggest that:

Organizational excellence drives employee commitment.

Specific excellence dimensions (leadership, people management) significantly impact affective commitment.

Normative commitment requires continued attention through excellence practices.

Continuance commitment needs further exploration and improvement initiatives.

5.3 Recommendations

Based on the analysis and conclusion, the following recommendations were forwarded.

1. **Prioritize continuous self-assessment of organizational excellence.** Implement regular assessments using the Kanji Excellence Model, focusing on areas like leadership, people management, and continuous improvement, which were shown to have the strongest links to employee commitment.
2. **Foster emotional attachment and employee loyalty through excellence practices.** Based on the finding that affective commitment was strongly influenced by excellence, prioritize initiatives that:
 - **Strengthen leadership effectiveness:** Implement leadership development programs and encourage open communication between leaders and employees.
 - **Empower employees through people management:** Invest in training and development opportunities for employees, provide clear performance feedback, and recognize achievements.
 - **Promote a culture of continuous improvement:** Encourage employee participation in improvement initiatives, celebrate successes, and communicate the impact of their contributions.
3. **Revisit the weighting of commitment facets in the business excellence model.** Given the stronger influence of affective and normative commitment on employee loyalty, consider increasing their weight in the bank's overall excellence model to better reflect their importance.
4. **Enhance employee skills and knowledge for improved performance.** Equip employees with the necessary skills and knowledge relevant to their roles through targeted training programs. Provide regular feedback and performance reviews to encourage their engagement and accountability.

5. Implement data-driven decision-making and improve resource management. Enhance financial performance by optimizing resource allocation and establishing clear goals for customer satisfaction. Implement effective information systems and utilize objective data for informed decision-making.

6. Invest in human resource development and continuous learning. Prioritize employee development by investing in training programs, educational opportunities, and recognition of quality achievements. Communicate the importance of continuous improvement and motivate employees to participate in ongoing learning and development initiatives.

7. Align research findings with Awash Bank's 2021+ strategy. Leverage the research findings as a stepping stone to further strengthen the bank's strategic goals of consolidating its position and elevating performance. Utilize continuous improvement initiatives to achieve progress across various markets, segments, operational areas, and service areas.

5.4 Limitations of the Study and Suggestions for Further Research

This study acknowledges several limitations that should be considered when interpreting the findings:

1. Self-reported data: Relying solely on self-reported data through questionnaires could introduce potential bias due to social desirability or personal interpretations. Future research could incorporate additional data sources, such as objective performance metrics or supervisor evaluations, to provide a more comprehensive picture.

2. Cultural influences: The study focused on Awash Bank employees, and cultural factors that might influence organizational commitment may not have been fully accounted for. Future research could explore the moderating effects of cultural variables on the relationship between organizational excellence and commitment, expanding the study's generalizability.

3. Aggregating excellence model components: The "result" part of the Kanji Excellence Model was treated as a single dimension. However, it comprises four distinct components: Prime, Principles, Core Concepts, and Business Excellence. Future research could disaggregate these components and analyze

their specific contributions to different facets of employee commitment, providing a more nuanced understanding.

4. Sample limitations: The study was limited to Awash Bank employees, creating potential selection bias and limiting the generalizability of findings. Future research could include employees from other banks or diverse organizations to strengthen the generalizability and reliability of the results.

5. Cross-model comparisons: Exploring the relationship between organizational excellence and commitment through other well-regarded models besides the Kanji model could offer valuable insights and comparisons. Future research could compare and contrast findings based on different models, enriching the understanding of this complex relationship.

6. Longitudinal study design: This study employed a cross-sectional design, limiting its ability to assess causal relationships or track changes over time. Future research could utilize a longitudinal design to examine the dynamic interplay between organizational excellence initiatives and employee commitment over an extended period.

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Appendixes

1. Questionnaire



Dear Participant,

This questionnaire is designed to conduct a research on the topic of *the relationship between Organizational Excellence and Organizational Commitment in case of Awash Bank*. The purpose of the study is for the partial fulfillment of the requirement of M.Sc Degree in Management in specialization of Quality Management & Organizational Excellence at Addis Ababa University, College of Business and Economics. For the successful accomplishment of the research, your genuine response will have an important role and the responses will be used as a valuable and primary input for the study. For this reason, you are kindly requested to take few minutes of your busy schedule and genuinely fill this questionnaire. Be also sure that this research is only for academic purpose and kept confidentially.

Thank you in advance for your genuine, honest, and prompt response!

Part A: Demographic Characteristics of the Respondents

1. Gender

Male [] female []

2. Educational Qualifications

Below Diploma [] Diploma []

Bachelors Degree [] Masters Degree [] PHD []

If other specify _____

3. Year of service in the bank.

0 -3 years [] 4- 6 years [] 7 – 10 years [] 11-

14 years [] More than 15 years []

4. Age

18 – 25 [] 26 – 33 years []

34 -41 years [] 41- 48 year [] More than 49 years []

5. Position

Director [] Manager []

Senior Level [] Officer Level [] if other specify -----

Directions: *please cross(X) the appropriate box to indicate how you would rate the bank to which it practices total quality management, evaluate business excellence, & your level of commitment to the organization*

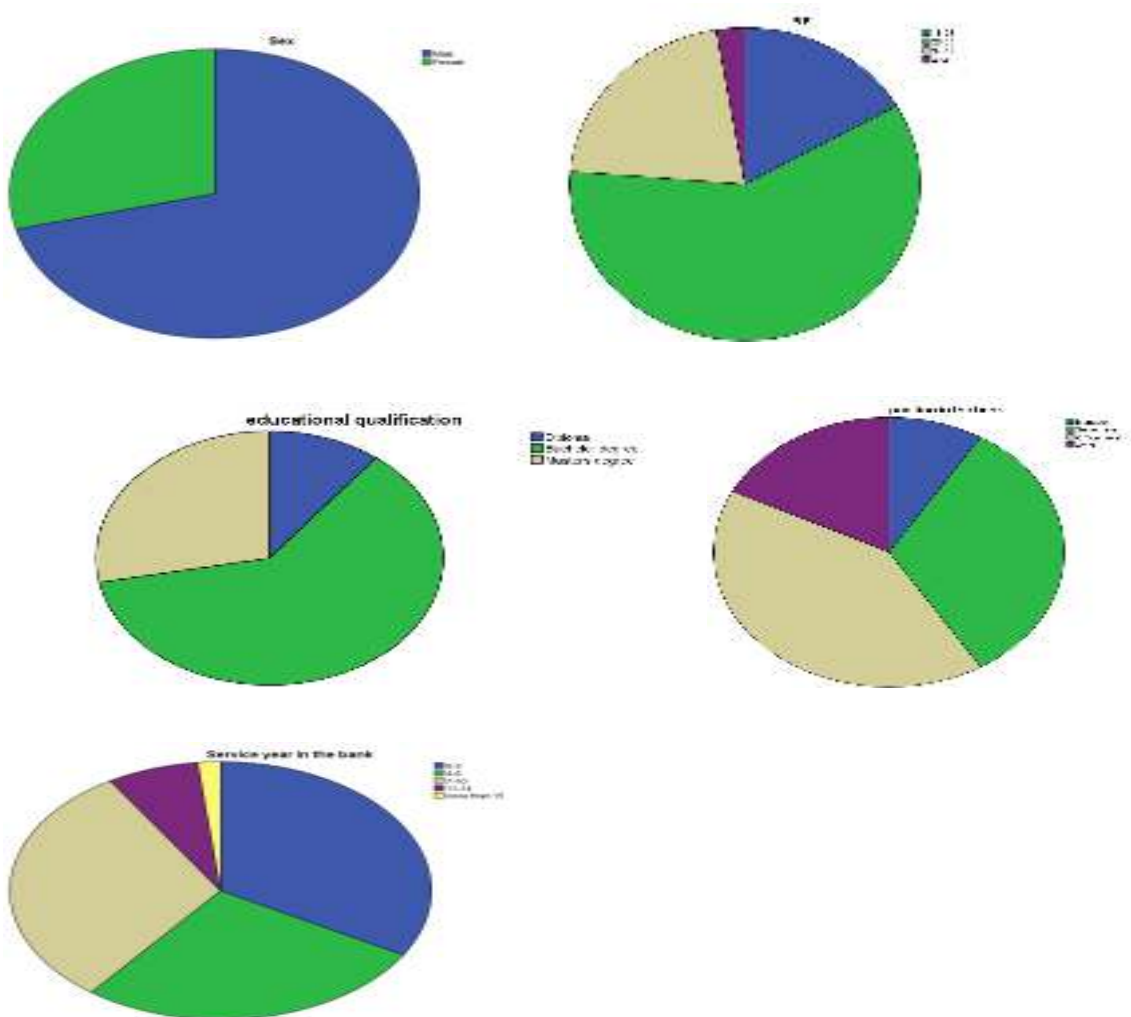
1-Strongly disagree, 2-disagree, 3-neutral, 4-agree, 5-strongly agree

1. LEADERSHIP						
S/N	Items	1	2	3	4	5
1	Top management assumes responsibility for quality performance					
2	Major departments' heads participate in quality improvement process					
3	The bank's quality goals are clearly defined					
4	The bank's quality values are adopted and reinforced throughout the bank					
5	The quality values are integrated into day-to-day leadership					
6	The people are feeling well managed and motivated					
2. DELIGHT THE CUSTOMER						
	Items	1	2	3	4	5
1	The bank determines current and future customer requirements and expectations					
2	The bank provides effective management in order to achieve customer loyalty					
3	The bank uses information gained from customers to improve customer services					
3. MANAGEMENT BY FACT						
	Items	1	2	3	4	5
1	The bank has performance measurement system that evaluates its quality improvement process					
2	The bank disseminates performance measurements to those that require them					
3	The bank uses the performance measurements to improve its products and services					
4. PEOPLE MANAGEMENT						
	Items	1	2	3	4	5
1	Feedback is provided to employees on their performance					
2	The bank's overall human resource management effort supports its quality objectives					
3	Means are available for all employees to contribute effectively to meeting the bank's quality objectives					
5. CONTINUES IMPROVEMENT						
	Items	1	2	3	4	5
1	The bank reacts to trends in its customer satisfaction and indicators of adverse customer response					
2	Quality improvement methods are used to improve all services					
3	The bank compares current quality levels of service features with those of competitors					
6. KEY PERFORMANCE RESULTS						
	Items	1	2	3	4	5
1	The bank has strong financial performance					
2	The bank has high customer demand					
3	The bank is really achieving its goals					
4	The bank has performed recruitment and selection of employees effectively					
5	The bank has achieved the desired product and services outcome					
6	The bank has performed recruitment of highly outstanding staff					
Organizational Commitment						

A	Affective Commitment	1	2	3	4	5
1	I would be very happy to spend the rest of my career with this organization					
2	I enjoy discussing my organization with people outside it					
3	I really feel as if this organization's problems are my own					
4	I think that I could easily become as attached to another organization as I am to this one					
5	I do not feel like 'part of the family' at my organization					
6	I do not feel 'emotionally attached' to this organization					
7	This organization has a great deal of personal meaning for me					
8	I do not feel a strong sense of belonging to my organization					
B	Continuance Commitment	1	2	3	4	5
1	I am not afraid of what might happen if I quit my job without having another one lined up					
2	It would be very hard for me to leave my organization right now, even if I wanted to					
3	Too much in my life would be disrupted if I decided I wanted to leave my organization now					
4	It wouldn't be too costly for me to leave my organization now					
5	Right now, staying with my organization is a matter of necessity as much as desire					
6	I feel that I have too few options to consider leaving this organization					
7	One of the few serious consequences of leaving this organization would be the scarcity of available alternatives					
8	One of the major reasons I continue to work for this organization is that leaving would require considerable personal sacrifice—another organization may not match the overall benefits I have					
C	Normative Commitment	1	2	3	4	5
1	I think that people these days move from company to company too often					
2	I do not believe that a person must always be loyal to his or her organization					
3	Jumping from organization to organization does not seem at all unethical to me					
4	One of the major reasons I continue to work for this organization is that I believe that loyalty is important and therefore feel a sense of moral obligation to remain					
5	If I got another offer for a better job elsewhere I would not feel it was right to leave my organization					
6	I was taught to believe in the value of remaining loyal to one organization					
7	Things were better in the days when people stayed with one organization for most of their careers					
8	I do not think that wanting to be a "company man" or "company woman" is sensible anymore					

In what area do you think Awash Bank is excelling & how is that related to employees commitment/loyalty?.....

2. Respondents profile in Pie Chart



3. Overall Strategy Implementation Phases of Awash Bank (2015-2025)



Source: KPMG analysis, strategy workshops (2016)