



**ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS**

**DEPARTMENT OF MANAGEMENT
MBA-PROGRAM**

**THE MEDIATING ROLE OF JOB SATISFACTION IN THE RELATIONSHIP
BETWEEN EMPLOYEE ENGAGEMENT AND ORGANIZATIONAL
PERFORMANCE: EVIDENCE FROM ETHIOPIAN COMMERCIAL BANKS**

BY:

HIWOT HABTU

A THESIS SUBMITTED IN PARTIAL FULLFILLMENT OF THE REQUIRMENTS

FOR

THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (MBA)

ADVISOR:

DR. LAKEW ALEMU (PhD)

JUNE 2024

ADDIS ABABA, ETHIOPIA

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STATEMENT OF DECLARATION

"The Mediating Role of Job Satisfaction in the Relationship between Employee Engagement and Organizational Performance: Evidence from Ethiopian Commercial Banks" is a research study that I, the undersigned, certify is my original work. Under Dr. Lakew Alemu supervision and help, I finished this thesis (PhD). I assure that this paper has not been previously submitted to any other university for evaluation towards a degree or postgraduate program.


Name: Hiwot Habtu

Signature:  Date: 01 July, 2024

STATEMENT OF CERTIFICATION

Written by Hiwot Habtu, this thesis, entitled "The Mediating Role of Job Satisfaction in the Relationship between Employee Engagement and Organizational Performance: Evidence from Ethiopian Commercial Banks," is submitted in partial fulfillment of the requirements for the degree of Master of Business Administration in the Department of Management. It meets the accepted standards with respect to originality and quality and complies with the regulations of the University.

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Signature: 

Date: 01 July, 2024

Addis Ababa University
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This is to certify that the research entitled "The Mediating Role of Job Satisfaction in the Relationship Between Employee Engagement and Organizational Performance: Evidence from Ethiopian Commercial Banks," carried out by Hiwot Habtu under the supervision of Dr. Lakew Alemu (PhD) and submitted in partial fulfillment of the requirements for the degree of Master of Business Administration, fulfills the regulations of the University.

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ABSTRACT

Currently, there is intense competition in the Ethiopian banking industry. One of the key challenges for banks is their ability to foster employee engagement, which contributes to excellent organizational performance. Over the past decades, employee engagement has received quite strong attention from researchers and practitioners alike. However, research endeavors in this area have not given adequate emphasis on the defining role of job satisfaction in the relationship between employee engagement and employee performance. The main objective of this study was to explore the direct effect of employee engagement on job satisfaction and to analyze the indirect link between employee engagement and performance through job satisfaction. Data collected from 297 survey participants using a cross-sectional design. The analysis was conducted used two complementary approaches, namely, the Process macro developed by Andrew Hayes and the regression method developed by Baron and Kenny. The results show that the two dimensions of employee engagement, vigor, and dedication are significantly affecting organizational performance, while absorption does not. Furthermore, job satisfaction partially mediated the relationship between vigor and dedication and organizational performance. The study suggests that engaged employees play a vital role in organizational success. Prioritizing skill development, recognition programs, and a supportive work environment can enhance both employee engagement and job satisfaction. Practical implications, limitations, and future research directions are suggested.

Keywords: Employee engagement, job satisfaction, organizational performance

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the study

The banking industry is deeply reliant on service quality and technology. Securing a competitive advantage in the banking business requires combining cutting-edge technology with a highly motivated workforce committed to providing excellent service. Employee engagement is a psychological contract that requires mental and emotional commitment to the firm in addition to normal job duties. Companies worldwide seek to strike a balance between employee engagement, productivity, and profitability. Global business executives aim to align the organization's strategy with its talent strategy, seeing employee engagement as a strategic essential for overall success (Al-Mamary, Shamsuddin, & Aziati, 2014; Kahn, 1990).

The physical presence of employees in any organization signifies their availability and engagement, reflecting both the work of employees and the standards upon which the organization is established. However, employee engagement is not simply the presence and involvement of workers without passion, love, and commitment. It is all about stewardship, effectiveness, and becoming efficient in their working sector (Kahn, 1990). Mone and London (2010) described employee engagement as a state where employees feel involved, committed, passionate, and empowered, and these feelings are reflected in their work behavior. This engagement represents the degree of dedication and participation an employee has towards their organization and its values. Cultivating and maintaining this engagement necessitates a reciprocal relationship between the employer and the employee. Therefore, employee engagement serves as an indicator of an individual's connection with the organization. Conversely, job satisfaction is a combination of feelings and emotions experienced by employees, not just based on tangible factors like salary or job title (Jennifer, 2009). Jennifer (2009) clarified that job happiness transcends monetary pay and is incomparable, irreplaceable, and invaluable. Since employee satisfaction has an impact on both individual work performance and the success of the company as a whole, it is essential for organizational performance (Nelson, 2006). Dissatisfied employees can negatively impact motivation and morale, leading to decreased productivity and engagement (McKinsey & Company, 2017). Since employee engagement significantly impacts employees positively by boosting their productivity and

contributing to the overall success of the organization, it is regarded as a crucial factor driving an organization towards achieving its goals (Fahed-Sreih, 2020). According to Locke (1976), job satisfaction is described as a positive emotional state stemming from an individual's job or job experience. Similarly, Locke and Lathan (1990) define job satisfaction as a pleasurable or positive emotional state resulting from evaluating one's job or job experiences.

Organizational performance is crucial for aligning employees, resources, and systems to achieve the firm's strategic objectives (McKinsey & Company, 2017). Al-Mamary et al. (2014) assert that the results of work processes and activities—which are directly impacted by the contributions of people within the organization—determine organizational performance. They also emphasize that aligning individual and organizational goals, coupled with efficient work procedures, enhances organizational effectiveness, efficacy, efficiency, and productivity, thereby affecting both institutional and national success. Active employee participation is vital for increasing organizational effectiveness.

Organizational performance must be understood from multiple perspectives, including creativity, innovation, productivity, efficiency, effectiveness, competitiveness, and profitability (Anthony et al., 2010). Additionally, the Sink and Tuttle model, developed by Sink and Tuttle in 1989, posits that organizational performance is a complex interplay among various performance criteria such as effectiveness, efficiency, quality, productivity, innovation, and profitability (Rolstadas, 1998). Sustainable performance inside the firm can be facilitated by a committed worker who stays with the company. While a company with highly engaged workers continuously achieves high performance over a long period, a high-performing company may not always have highly engaged workers. Companies with engaged employees report 21% higher earnings and 17% higher productivity (Gallup, 2017). Further support for this idea comes from Qualtrics (2020), which found that companies with highly engaged employees are 2.5 times more likely to grow revenue and are 10% more likely to meet performance targets. A company that places a high priority on employee engagement benefits from improved retention rates, increased productivity, a positive company culture, and increased profitability. Therefore, employee engagement stands as a crucial instrument that significantly contributes to organizational success (Gallup, 2017; Qualtrics, 2020).

Considering the above-mentioned facts, the research study aims to explore the relationship between employee engagement, job satisfaction, and organizational performance, specifically

focusing on the context of Bank of Abyssinia and Bunna Bank. The study aims to analyze whether there is a significant impact of employee engagement through job satisfaction on the organizational performance of these banks.

The Bank of Abyssinia, established on February 15, 1996, is a private bank in Ethiopia. The Bank of Abyssinia (BOA) started its operation with an authorized and paid-up capital of Birr 50 million and Birr 17.8 million, respectively, and with 131 shareholders and 32 staff. The Bank of Abyssinia has experienced a notable increase in its paid-up capital and overall asset value due to the addition of numerous skilled employees, valued shareholders, and substantial customers from a wide range of backgrounds. Bank of Abyssinia experienced significant growth in assets and financial and operational areas during the 2022/23 fiscal year. Its total asset increased to Birr 189.51 billion and the number, profit before tax reached Birr 5.23 billion, capital increased to Birr 18.59 billion and the number of employees reached to 11,575.

The other bank that was selected for this study is Bunna Bank. The Bank received its license from the National Bank of Ethiopia (NBE) on June 25, 2009 with a paid-up capital of Birr 156 million and a subscribed capital of Birr 308 million, and officially opened for business on October 10, 2009. In addition, the Bank has over 11,200 shareholders. The Bank's annual performance report for the fiscal year ending June 30, 2023, reveals elevating of its total deposits to Birr 36.6 billion, a gross profit exceeding Birr 1.4 billion, and total assets stood at Birr 46.4 billion as of June 30, 2023. The number of employees also reached 4,100.

Based on the Bank of Abyssinia's annual report survey, it was evident that high employee satisfaction correlated strongly with increased levels of employee engagement in their work. The survey indicated that employee engagement decreased by 6.24% (BoA, 2023). The research focused on these two selected banks to investigate how employee engagement through job satisfaction will improve organizational performance in the banking sector.

1.2 Statement of the Problem

Organizational performance results from employee engagement and the perspectives and attitude of the employee towards their job, career, and work, and is substantiated with evidence.

Research conducted by Al-Dalahmeh, Masa'deh, Khalaf, and Obeidat (2018) found that employee engagement positively affects organizational performance. The researchers also found that the individual qualities of employee engagement, such as vigor, dedication, and absorption,

have a substantial positive relationship with IT personnel' performance. Consistently, the study conducted by Yaqub, Hussain, Mahmood, and Farooq (2021) found a substantial positive association between employee engagement and organizational performance.

Alarcon and Edwards (2011) found out that employee job satisfaction has a positive relationship with performance. Another study conducted by Yee, Yeung, and Cheng (2008) indicated that employee satisfaction has an impact on service quality and the profitability of an organization, which enhances the performance of firms. Satisfaction brings good performance, and this performance is inclined toward performance. In a related study, Bailey, Albassami, and Al-Meshal (2016) revealed that job satisfaction leads employees to be committed to their working environment and to their organization.

However, Noercahyo, Maarif, and Sumertajaya (2021) indicated that organizational engagement has a positive and significant effect on job satisfaction but does not significantly affect organizational performance. Moreover, Riaz, Jinnah, Ahmed, and Ali (2021) found that cognitive and behavioral engagement do not affect job performance, but emotional engagement positively affects job performance. Based on the Bank of Abyssinia's report (BoA, 2023), it was evident that high employee satisfaction correlated strongly with increased levels of employee engagement in their work. The survey indicated that employee engagement decreased by 6.24%, but the gross profit of the bank has increased by 12.36% (growth in assets by 26.81% and an increase in profitability by 12.36%) compared with the previous quarter (BoA, 2023). This indicates that the decrease in employee engagement at the bank did not adversely affect the organizational performance of the bank in terms of profit or ROA.

Despite a tremendous research effort on the relationship between employee engagement and the performance of organizations, the inconsistency of findings and lack of adequate evidence indicate the need to conduct further research. Further, only a few studies (Al-Dalahmeh et al., 2017; Abu Khalaf et al., 2019) have examined the mediation effect of job satisfaction in the relationship between employee engagement and organizational performance. Therefore, the purpose of this study is to explore the mediation effect of job satisfaction in the relationship between employee engagement and organizational performance in Ethiopian commercial banks.

1.3 Research Questions

The research questions are:

1. Is there a significant relationship between employee engagement and organization performance?
2. Is there a significant relationship between employee engagement and job satisfaction?
3. Is there a significant relationship between job satisfaction and organizational performance?
4. Is there a relationship between employee engagement and organizational performance that is mediated by job satisfaction?

1.4 Objectives of the Study

1.4.1 General Objective

The general objective of the study is to explore the mediating role of job satisfaction in the relationship between employee engagement and organizational performance, using evidence from Ethiopian commercial banks. Specifically, the study aims to investigate how employee engagement impacts organizational performance through the lens of job satisfaction, thereby providing insights into the mechanisms that drive performance in the banking sector in Ethiopia.

1.4.2 Specific Objectives

The study aims to achieve the following specific objectives:

1. To determine if there is a significant relationship between employee engagement and organizational performance.
2. To examine if there is a significant relationship between employee engagement and job satisfaction.
3. To assess if there is a significant relationship between job satisfaction and organizational performance.
4. To explore if the relationship between employee engagement and organizational performance is mediated by job satisfaction.

1.5 Significance of the Study

To the best of the researcher's knowledge, no previous research has particularly looked into the impact of employee engagement, as mediated by job satisfaction, on organizational performance in the Ethiopian banking business. As a result, this research represents a first in its field. As a result, for scholars looking to explore more into this topic, our work can serve as a foundational. The goal of this research study is to gather knowledge that will help Ethiopian bank decision-makers design staff engagement policies. It also intends to provide a framework for analyzing the banking industry's future performance. We anticipate that this study will provide valuable information that will assist Ethiopia's banking sector in becoming a more engaged and effective staff.

1.6 Scope of the study

The scope of the study is geographically limited to the Ethiopian banking sector, specifically focusing on Bank of Abyssinia and Buna International Bank. These banks represent a significant portion of the commercial banking sector in Ethiopia, providing a comprehensive understanding of the dynamics of employee engagement, job satisfaction, and organizational performance within this context. Conceptually, the study explores the relationship between employee engagement and organizational performance, with a particular focus on the mediating role of job satisfaction. The research will examine how employee engagement influences organizational performance both directly and indirectly through job satisfaction, analyzing the factors that contribute to employee engagement, the elements that define job satisfaction, and the ways in which these constructs interact to impact overall organizational performance. By focusing on these specific banks, the study aims to provide targeted insights that can inform employee management practices and strategic decisions within the Ethiopian banking sector.

1.7 Limitations of the Study

This study has some limitations that should be considered. Firstly, the geographical scope is limited to Bank of Abyssinia and Buna International Bank in Ethiopia, which may affect the generalizability of the findings to other banks or regions. Additionally, the study relies solely on questionnaires for data collection, excluding the use of interviews, which limits the depth of insights that qualitative data could provide. The exclusive use of a quantitative approach may also miss the nuanced, subjective experiences of employees. Lastly, self-reported data through

questionnaires could introduce response biases, potentially affecting the validity of the results.

1.8 Organization of the study

This research study had five chapters. Chapter one dealt with the introduction of the study, the statement of the problem, research questions, and objectives of the study. It also incorporated the scope, significance and limitation of the study. Chapter two was a review of related literature that included the theoretical, empirical, and conceptual framework of the study. Chapter three covered the research methodology, starting from the design level through to the ethical considerations of the study. The study results were presented, examined, and discussed in Chapter four. In Chapter five, the study findings formed the basis for the summary, conclusions, and recommendations.

1.9 Operational Definitions

➤ Organizational performance

Organizational performance describes an organization's survival and growth. It is critical to a company's performance since it improves morale, productivity, and job satisfaction. Employee engagement frequently leads to greater performance.

➤ Employee Engagement

Employee engagement is an employee's excitement and devotion to their job. It is critical to a company's performance since it improves morale, productivity, and job satisfaction. Employee engagement frequently leads to greater performance.

➤ Employee Performance

Defined as how well a person carries out their work obligations and responsibilities. Employee performance refers to the success and motivation of employees in a company based on an annual assessment.

➤ Job Satisfaction

The feeling of satisfaction or enjoyment with his or her job that an employee has had can be characterized as job satisfaction. It includes both self-satisfaction and happiness.

➤ Organizational Success

Organizational success means the effectively reaching of goals that can be achieved in the company's mission or goals. It is the fulfillment of a plan laid out by the management and leadership of that body.

CHAPTER TWO

2. LITRETURE REVIEW

2.1 Introduction

This chapter covers three main topics. The first section attempted to compile the theoretical literature's findings regarding the broad relationships between employee engagement, job satisfaction, and organizational performance. The relationship between employee engagement, job satisfaction, and organization performance, the relationship between employee engagement and job satisfaction, and the relationship between job satisfaction and organization performance were summarized in the second section. The constructed conceptual framework for this study, which was based on the research questions and the examined literature, was covered in the third and final section.

2.2 Theoretical Literature

2.2.1 Employee Engagement

2.2.1.1 The Concept of Employee Engagement

Employee engagement refers to the effective and transparent integration that reveals the connection between employers and employees. In simpler terms, employee engagement encompasses a blend of knowledge-based thinking, emotional intelligence, and a worker's commitment to a company, as outlined by Amhalhal et al. (2015). Furthermore, in the context of employee engagement, the relationship between a person and their job is evaluated in a narrow and intense manner. The concept of this relationship as a little circle means that the employee's job and profession revolve around their workplace (Yalabik et al., 2017). This concept includes employee engagement measurement as well. The underlying concept of employee engagement revolves around techniques for increasing employees' job satisfaction and enjoyment. Employee engagement is characterized by employees' willingness to go the extra mile and their belief in the organization's values and objectives. According to Schaufeli et al. (2002), researchers define engagement as "a positive, fulfilling, work-related state of mind characterized by vigor, dedication, and absorption." "A resilient mentality and optimistic dynamism are linked to vigor, which is linked to positive affect when performing work-related roles." Dedication, which stands for the motivating factor, highlights the significance and meaning that come from

effort. The cognitive impact known as absorption is concerned with how much an employee is concentrating. Individual traits like temperament, attitudes, abilities, knowledge, skills, and personality are greatly impacted by these engagement dimensions (Vance, 2006).

According to Perrin's Global Workforce Study (2003), employee engagement is defined as "employees' willingness and ability to help their company succeed, largely by providing discretionary effort on a sustainable basis." This concept places a strong emphasis on how employees' efforts to support the organization's success are sustainable and voluntary.

According to Shuck and Wollard (2009), employee engagement is defined as a dynamic state that exists in the workplace and includes favorable cognitive, emotional, and behavioral states that are focused on accomplishing organizational goals. Furthermore, employee engagement is described by Shuck and Wollard (2009) as a dynamic working condition in which an employee's attitudes, feelings, and behaviors are all directed toward reaching predetermined organizational goals. It is defined as a dynamic condition of engagement in personally satisfying activities that improve one's professional efficacy by Maslach et al. (2001), in contrast to burnout features including fatigue, cynicism, and inefficacy (Maslach & Leiter, 2008). Additionally, a strong bond with and dedication to the company are necessary for employee engagement (Demovsek, 2008).

Furthermore, the study demonstrates that employee engagement is influenced by a number of elements, including both intellectual and emotional components of the job and the overall work experience. These characteristics could include leadership effectiveness, job satisfaction, work environment, organizational culture, opportunities for growth and development, and how well an individual's goals align with the organizations.

Engagement entails more than simply loyalty and professional satisfaction. It entails excitement, perseverance, and a willingness to put money down to ensure the success of the firm. Citations to Blessing White (2008), Erickson (2005), and Macey and Schneider (2008) contribute to a theoretical understanding of employee engagement by providing insights into the qualities of passion, dedication, and discretionary effort associated with this concept.

Stephen Young, the executive director of Towers Perrin, adds even more to the theoretical conversation by making a distinction between job happiness and engagement. Young argues that engagement—rather than satisfaction alone—is a more important measure of organizational success (Human Resources, 2007). This differentiation highlights the extent and influence of

involvement on organizational results.

2.2.1.2 Employee Commitment

Two important elements and determinants of employee engagement are organizational citizenship behavior (OCB) and employee commitment. Employee commitment is a critical component of engagement, as it is characterized by a positive attachment, a willingness to put in effort for the success of the business, and a sense of pride in belonging to and identifying with it (Macey & Schneider, 2008; Robinson et al., 2004). Similarly, OCB, observed behavior within the work environment, reflects employees' willingness to go above and beyond their job requirements in support of organizational goals (Robinson et al., 2004).

2.2.1.3 Drivers of employee engagement

Numerous research studies have endeavored to identify the elements influencing employee engagement and have developed models with management implications. These diagnostics aim to pinpoint factors that can elevate worker engagement levels.

According to the Penna research report from 2007, finding meaning at work holds promise as a strategy for fostering stronger relationships between employers and employees, benefiting both parties. Employees find meaning when they are given a sense of belonging, the freedom to be themselves, and opportunities to contribute (Penna, 2007).

Researchers at Penna (2007) have proposed a new model called 'the hierarchy of engagement,' akin to Maslow's hierarchy of needs. Benefits and pay are seen as fundamental demands in this concept. When these fundamental requirements are satisfied, workers look for chances for development and promotion. After these baser demands are met, leadership style becomes significant. In the end, workers want their values and meaning to be in harmony, which is demonstrated by a sincere sense of community and purpose at work.

2.2.1.4 Employee Engagement Strategies

Fleming (2007) describes a fully engaged employee as one who is mentally and emotionally connected to the organization, wholeheartedly supports its goals, and is committed to upholding its principles. Academic interest in this concept grew substantially only from 2006. Engaged employees surpass their basic job responsibilities to satisfy customers and advance the business. Studies show that engaged workers do their jobs better, put in more effort to complete tasks, are more loyal to the company, and are more motivated and upbeat about achieving work-related

objectives. According to a number of research, high employee engagement levels dramatically lower the intention to leave (Maslach et al., 2001).

Saks (2006) outlines the components of an engaged workforce environment, which include job characteristics, perceived organizational support, visible supervisor support, recognition and rewards, procedural justice, and distributive fairness. The consequences of engagement include job satisfaction, organizational commitment, intention to quit, and organizational citizenship behavior. According to Fleming (2007), cultivating an innate desire and excitement for work among employees entails appealing to their heads, hearts, and spirits.

Numerous workplace characteristics impact employee engagement, according to research by McCashland (1999). According to Ryan (1987), managers that create a supportive work environment show that they care about the needs and opinions of their staff members, provide them good comments, encourage them to voice their concerns, and help them develop their skills and solve problems.

Robinson (2006) posits that cultivating an organizational environment that fosters positive feelings, such as pride and involvement, can lead to increased employee engagement, better well-being, and higher organizational performance. One of the main elements influencing employee engagement is leadership. Self-awareness, open communication, and internalized ethical values are all components of effective leadership (Gardner, 2005).

Welbourne's (2007) research suggests that workplaces with dynamic leadership naturally foster employee engagement. When workers believe their work has significance and meaning, they become more engaged. Thus, it is the duty of leadership to guarantee that staff members comprehend how their distinct responsibilities contribute to the success of the company as a whole. It is thought that genuine and encouraging leadership has a good impact on workers by raising their level of engagement, job satisfaction, and excitement (Schneider, 2009). Effective leadership indicators and the impression of administrative support are examples of leadership factors.

2.2.2 Job Satisfaction

There are many facets to the concept of job satisfaction, making it difficult to define in one word. Positive feelings that come from a person's evaluation of their work and work experience are included in job satisfaction (Permana et al., 2021; Valentine et al., 2011). According to Tnay et al. (2013), a true sense of fulfillment with one's work is a result of a combination of psychological states and environmental circumstances. According to Darmon (2011), there is a correlation between the elements that lead to emotions of happiness and the degree of job satisfaction.

Fundamentally, job satisfaction is centered on the comfort one feels at work, even though this comfort can vary depending on one's emotions and mood. Temporary emotions brought on by work-related events are less memorable than mood states, which are distinguished by their longer duration and particular causation (Tabarsa & Nazari, 2016).

Additionally, there are extrinsic and intrinsic components to job happiness. While internal job happiness is tied to an individual's response to job-specific elements like skill usage, autonomy, and task variety, extrinsic job satisfaction is related to external factors like income and organizational management practices (Spies, 2006). Furthermore, fulfillment from one's position within the company and alignment with job responsibilities can also be indicators of internal job satisfaction (Yurchisin & Park, 2010).

2.2.3 Organizational performance

2.2.3.1 Performance

There are currently several definitions available for the term "performance." Performance is the subject of many research and publications in the literature, and environmental factors are frequently closely related to performance. Performance, according to Didier Noyé (2002), is "achieving objectives that are aligned with enterprise orientations." He contends that performance is the product of the alignment between the goal and the outcome rather than just the consequence of an action. According to Whooley (1996), performance is a socially constructed truth that permeates all facets of life and exists in people's minds rather than an independent reality that is ready to be measured and evaluated. According to Whooley, performance may encompass products, components, impacts, and consequences, and can also be

associated with efficiency, effectiveness, economy, cost-effectiveness, or equity. Neely (2007) contends that performance should encompass the quantification of the efficiency and effectiveness of actions, which can be expressed both qualitatively and quantitatively. According to Neely and other writers, efficacy and efficiency are closely related to performance.

Performance is a tool that policy groups and individuals use to assess one other's level of goal attainment. "Appearance, demonstration, or achievement" is how it is typically understood (Keban, 2004). This is consistent with Mangkunegara's (2008) claim that the word "performance" comes from the idea of actual performance on the job, which refers to the performance or goal that needs to be accomplished. Murphy (1990) goes on to explain that performance in the workplace is a collection of actions relevant to the goals of the company or the organizational unit.

2.2.3.2 Organizational Performance

Successful organizations are essential to the growth of nations because they play a critical role in our everyday lives. Since it is the main way that an organization's performance can increase and develop, continuous performance is at the core of organizational performance factors. Consequently, it is evident that one of the most important factors in management research and possibly the most important predictor of organizational success is organizational performance. The idea of organizational performance is defined in a variety of ways by Lebars and Euske (2006). It includes both financial and non-financial metrics that shed light on the degree of objective achievement and results.

According to Kalimullah et al. (2010), employees align their goals and objectives with those of the organization and dedicate their energies to fulfilling directives. Al-Mamary, Shamsuddin, and Aziati (2014) argue that organizational performance (OP) is a culmination of the outcomes of work processes and activities resulting from employees' efforts within the organization. Organizational productivity, efficacy, efficiency, and effectiveness are all included in OP. Organizational performance, according to Cho and Dansereau (2010), is how well a company performs in relation to its goals and objectives. Furthermore, organizational performance is defined by Tomaland and Jones (2015) as an organization's actual outputs or results compared to its projected outputs.

Employee productivity is a measure of an organization's efficacy, hence leadership effectiveness can be used to partially characterize employee performance (Mastrangelo et al., 2014). More

specifically, by taking care of the things that affect it, employee performance can be improved.

Pasolong (2007) offered another viewpoint on organizational performance, which is the work done by individuals or groups inside an organization in accordance with their roles and duties with the goal of accomplishing the organization's goals. Therefore, it is possible to see organizational performance as a reflection of the organization's attempts to achieve its objectives, which are obviously influenced by the resources available to it. To fully comprehend the elements influencing an organization's success, these resources can be non-physical (such as information, rules, and policies) or tangible (such as human resources).

2.2.3.3 Organizational Performance Perspectives

Many conceptualizations of organizational performance, presented from different angles by eminent academics, have surfaced in the literature on strategic management in recent years. Barnard (1938) defined efficiency as the extent to which individual impulses are satisfied and organizational effectiveness as the achievement of organizational goals.

Drucker (1954) asserted that the crucial gauge of organizational performance is survival. He delineated eight distinct dimensions of performance that he deemed vital for an organization's survival and success. Productivity, market position in relation to potential both now and in the future, financial and material resources, innovation, profitability adequate to cover business risks, employee performance and attitude, manager performance and development, and public duty were all included in these categories. According to Drucker, the organization's ability to survive over the long run is determined by all of these factors combined, and this is the true measure of performance.

Ansoff (1965) emphasized return on investment as the key indicator of an organization's performance, while also pointing out that the organization is limited by the goals of many stakeholders. Thus, he proposed that in order to optimize return on investment while staying within stakeholder restrictions, companies must pursue non-economic goals in addition to economic ones.

According to Freeman (1984), an organization must use its relationships with stakeholders to further stakeholder and organizational goals in order to achieve its objectives. In order to accomplish organizational goals, stakeholders are seen as resources rather than as barriers, hence it is necessary to meet the minimal requirements of each stakeholder.

According to Porter (1985), business unit objectives ought to coincide with the organization's overarching aims. In order to support the organization's overall aims, several business units may be assigned varied tasks, such as increasing sales or generating income.

Venkatraman and Ramanujam (1986) endorsed a multifaceted view of organizational effectiveness comprising three primary dimensions: financial performance, operational performance and stakeholder impact. There are several sub-dimensions within each dimension. Aspects like as profitability, survival, growth, cash flow, efficiency, and resource accumulation are the main focus of financial performance. Contrarily, operational performance explores non-financial elements including product quality, innovation, network building, market building, employee satisfaction, and customer satisfaction.

2.2.4 Employee engagement and job satisfaction

According to Kennedy and Malveaux (2012), employee engagement and job satisfaction are critical elements that have an impact on firms. These characteristics can cause consequences like absenteeism and turnover, which can then negatively affect overall performance and productivity. Employers frequently seek to increase employee engagement through the implementation of enhanced remuneration schemes and the development of positive working relationships. Strategies to sustain employee happiness and engagement frequently involve the utilization of human resource practices and tailored services from organizations such as the Society for Human Resource Management (SHRM), all aimed at enhancing satisfaction and engagement levels (Kennedy & Malveaux, 2012).

Alignment of Values and Attitude toward Work: According to theoretical presumptions, a person's level of satisfaction stems from the alignment of their values and attitude toward work, which encourages commitment. On the other hand, unhappiness results from a mismatch environment has a direct impact on their lives, and engaged workers frequently develop dependable, positive relationships with their employers (Saks, 2006; Karatepe, 2011).

Features of Dedication: Being dedicated at work involves having a sense of purpose, fervor, inspiration, pride, and a dedication to reaching goals. This component combines the affective and cognitive dimensions of people's relationships with their jobs (Schaufeli et al., 2009; Karatepe & Olugbade, 2009).

2.2.5 Job Satisfaction and Organization performance

Pang and Lu (2018) state that their research examined the complex relationship that exists between job satisfaction and organizational success. They probably discussed how happy and involved workers help to create a positive work atmosphere, which may improve output, collaboration, and general performance in the company. It's likely that the study looked into particular aspects of workplace culture, employee well-being, and leadership styles that affect job satisfaction and how these things affect organizational outcomes. The methodology, results, and conclusions of the study, as presented by Pang and Lu, would need to be reviewed in order to completely comprehend the subtleties of this relationship.

Researchers and managers should grasp the concepts of job satisfaction and corporate communication, as they both play defining roles in establishing work-life balance. Alhassan et al. (2017) explored the connection between work satisfaction and communication satisfaction, demonstrating statistically significant positive connections as well as a high positive link between communication satisfaction and job satisfaction. Abraham (2012) proposed a connection between the cognitive aspects of job satisfaction and employee engagement, emphasizing that job satisfaction both proceeds and results in employee engagement. As to the findings of Brunetto et al. (2012), there exists a positive and statistically significant correlation between job satisfaction and well-being, making them predictive determinants of employee engagement.

The conceptual frameworks pertaining to employee engagement and job happiness, as well as any potential effects on organizational performance, are clarified by these theoretical viewpoints. They emphasize how crucial it is to comprehend the complex relationships that exist between these dimensions in order to influence workplace dynamics and results.

2.2.6 The Evolution of Employee Engagement and Organizational Citizen Behavior (OCB)

Survey houses and consultancies were the initial breeding grounds where employee involvement first took shape and thrived. While the concept has been present in the literature for about two decades, it remains relatively new in the field of Human Resource Management (Rafferty, Maben, West, & Robinson, 2005; Melcrum Publishing, 2005; Ellis & Sorensen, 2007).

The concepts of commitment and Organizational Citizenship Behavior (OCB) have been focal points of empirical research and have received scholarly acknowledgment. These concepts lay the groundwork for the construct of employee engagement (Robinson, Perryman, & Hayday, 2004; Rafferty et al., 2005). Although employee involvement is related to commitment and OCB, they don't quite sum it up.

According to Robinson et al. (2004), two characteristics of engagement its two way nature and the assumption that engaged workers have some business knowledge are not sufficiently captured by either OCB or commitment. Additionally, Rafferty et al. (2005) differentiate employee engagement from OCB and commitment, stressing that engagement denotes a process that is mutually beneficial between the worker and the company.

2.2.7 Employee engagement and organizational performance

Companies and institutions across the globe allocate resources towards employee engagement because of its perceived strong correlation with important business results. Key organizational performance indicators like customer loyalty, profitability, productivity, and safety have been found to positively correlate with employee engagement in research initiatives (Coffman, 2000; Ellis & Sorensen, 2007; Towers Perrin Talent Report, 2003; Hewitt Associates, 2004; Heintzman & Marson, 2005; Coffman & Gonzalez-Molina, 2002). According to Baumruk and Gorman (2006), engaged employees display three general characteristics that improve organizational performance: they actively promote the business, they have a strong desire to stay with the company, and they are more invested in helping the business succeed. On the other hand, low morale among staff members and a lack of dedication to their jobs can result in negative results like settling, splitting, and spinning behaviors, which can eventually impact metrics like customer satisfaction (BlessingWhite, 2006; Perrin Report, 2003). In the ten most economically developed countries in the world, 360,000 employees from 41 organizations participated in an ISR survey done by Meere (2005). The study found that over a three-year period, operating margin and net profit margins declined in low-engagement companies while increasing in high-engagement companies.

2.3 Empirical Literature

The researcher provided fundamental empirical evidence essential to our study in the following subsections. This empirical review aimed to cover various research on the connections between the study's variables.

2.3.1 The relation of employee engagement and organization performance

Studies such as Markos and Sridevi (2010) provide empirical evidence of the positive impact of employee engagement on organizational performance. High employee engagement, according to research, improves profitability, productivity, safety, and customer loyalty inside a firm. The tight connection between employee engagement and corporate performance is highlighted by this study.

The impact of employee engagement on different organizational outcomes is also highlighted by Patro (2013) in their study, "The Impact of Employee Engagement on Organization's Productivity." The study emphasizes the positive relationship between high employee engagement and an organization's ability to make more money, be more productive, and be financially successful overall. It also implies that employee engagement levels are predictive of financial performance, organizational success, and total worker output.

Mahmoud Al-dalameh et al. (2018) also sought to evaluate the relationship between employee engagement and organizational performance. After investigating "Contentment with One's Work as a Mediator," the researchers came to the conclusion that worker engagement has a big impact on organizational effectiveness. The study also shown how important the three characteristics of energy, absorption, and dedication are to the development of an organization.

Additionally, a favorable association has been shown between organizational success and employee engagement, according to recent research by Saba Anwar et al. (2020). They stress that an extremely dedicated and engaged workforce can greatly improve organizational and individual performance, which can lead to increased economies of scale and enhanced social performance.

2.3.2 The relation of employee engagement and job satisfaction

Employee engagement traits have a favorable and significant impact on work satisfaction, as demonstrated by studies by Madan and Srivastana (2015), Lu et al. (2016), Andrew and Sofian (2012), and Orgambídez-Ramos and Almeida (2017). All of these research point to a strong relationship between employee engagement and job happiness.

On the other hand, research by Jain (2018), Al-dalahmeh et al. (2018), and Yalabik et al. (2016) shows contradictory results, indicating that employee involvement has a negative impact on job satisfaction. This contradiction in the results points to the need for more investigation and theoretical debate.

By emphasizing the drawbacks of depending only on employee satisfaction for retention, Fernandez's (2007) distinction between engagement and job satisfaction deepens the conversation.

2.3.3 The relation of job satisfaction and organization performance

Multiple empirical studies, including those conducted by Pang and Lu (2018), Moynihan and Pandey (2007), Valaei and Rezaei (2016), Markovits et al. (2014), Yang and Hwang (2014), and others, contribute to our understanding of the relationships between job satisfaction, organizational performance, employee engagement, and job performance. Regarding the causal relationship between job happiness and job performance, these research' findings are contradictory.

Studies such as those conducted by Shaikh et al. (2012) and Robbins et al. (2013) offer proof for a positive causal link between job satisfaction and job performance. However, Ricketta (2008) contends that the two variables do not exhibit a statistically significant relationship.

The fact that the results vary so much shows how intricate the connection is between job performance and job satisfaction. It highlights the necessity of more research to fully understand the underlying mechanisms and contextual elements that affect these results in various organizational contexts and among various employee groups.

According to a 2017 SHRM survey, 38% of American workers were extremely satisfied with their jobs, compared to 51% who were just somewhat satisfied. The poll highlights how connections, duties, work environment, and prospects for career advancement all affect how satisfied one is with their employment, while also acknowledging that these elements can change

with time.

2.3.4 The relationship between employee engagement, job satisfaction and organization performance

According to Mahmoud Al-Dalahmeh et al. (2018), their research investigates the influence of employee engagement, job satisfaction, and organizational performance. They introduce a multidimensional attachment model, suggesting that employees can simultaneously engage in their work and organizations. The findings show that job satisfaction is favorably and significantly impacted by job engagement, with employees reporting higher levels of satisfaction when they are actively involved in their work. On the other hand, job engagement has little effect on organizational performance. However, because individuals who are engaged in their work are more likely to become fully committed to their positions and internalize the organization's objectives, job satisfaction is favorably and considerably impacted by organizational engagement. Organizational performance is strongly impacted by job happiness, with highly contented workers showing higher levels of loyalty to the business. According to the report, the business also does a good job of drawing in new business, keeping up with sales goals, and setting up a rewards system for top performers.

2.3.5 Job satisfaction as Mediator (Mediation)

Mediation is the multiplicative tool through which the primary independent variable can influence the dependent variable of interest (Baron and Kenny, 1986). According to Wood et al. (2008), mediation occurs when a third intervening variable is used to explain the effects of one variable on another.

According to MacKinnon (2008), for mediation to be present, there must be a significant relationship between the independent and dependent variables. He argues that discussing mediation is meaningless in the absence of a meaningful relationship between two variables, but discussing indirect effects is appropriate.

In its most basic form, mediation involves the addition of a third variable to the $X \rightarrow Y$ relation, where X produces the mediator (M), and M affects Y , resulting in $X \rightarrow M \rightarrow Y$, as explained by MacKinnon, Fairchild, and Fritz (2007) and Hayes (2013). In a mediation paradigm, the independent variable causes the mediator, who, in turn, influences the dependent variable

(MacKinnon, 2008).

2.4 The Job Demands-Resources Model

A widely recognized framework that elucidates the intricate relationship between employee engagement, job satisfaction, and organizational performance is the Job Demands-Resources (JD-R) model. Developed by Demerouti et al. (2001), this model posits that job resources (such as social support, feedback, and autonomy) and job demands (such as workload, emotional demands, and role ambiguity) play a crucial role in determining employee engagement, which subsequently influences job satisfaction and performance. Bakker and Demerouti (2007) highlight that job resources foster employee engagement by stimulating growth, learning, and development, thereby enhancing job satisfaction. Engaged employees, characterized by high levels of energy, dedication, and absorption, directly contribute to superior job performance (Schaufeli & Bakker, 2004). Empirical studies support this model; Harter, Schmidt, and Hayes (2002) conducted a meta-analysis of nearly 8,000 business units across 36 companies, finding a significant positive relationship between employee engagement and organizational performance metrics, including customer satisfaction, productivity, profitability, and employee turnover. Additionally, research by Salanova, Agut, and Peiró (2005) demonstrated that engaged employees who are satisfied with their jobs are more likely to exhibit proactive behaviors, leading to enhanced organizational outcomes. These findings underscore the critical interplay among employee engagement, job satisfaction, and organizational performance, suggesting that fostering a supportive work environment with ample resources and manageable demands can lead to a more engaged, satisfied, and high-performing workforce.

2.5 Empirical Review

A considerable body of research has investigated the connection between job satisfaction and performance in the workplace. According to Judge and Bono (2001), there is a positive correlation between job satisfaction and performance. They argue that job satisfaction leads to higher levels of motivation and effort. Similarly, Wright and Cropanzano (1998) found that job satisfaction is positively associated with motivation and effort, which subsequently enhances task performance. Their study indicates that employees who are satisfied with their jobs are more inclined to be motivated and to put in the necessary effort to achieve superior performance.

Furthermore, Lee and Ok (2012) demonstrated that job satisfaction has a direct effect on task performance, independent of other factors such as organizational commitment and motivation. Their research suggests that employees who are content with their jobs tend to perform well even if they lack strong motivation or commitment to the organization. Additionally, job satisfaction contributes to lower turnover and absenteeism rates. Spector (1997) discovered a negative relationship between job satisfaction and both turnover and absenteeism. Satisfied employees are less likely to leave the organization or be absent from work, which in turn fosters better performance.

The relationship between employee engagement and organizational performance has garnered substantial attention in organizational behavior research, with recent studies emphasizing the mediating role of job satisfaction. Understanding how job satisfaction mediates the effect of employee engagement on organizational performance provides valuable insights for enhancing workforce management strategies and improving organizational outcomes. Employee engagement, which refers to the emotional commitment an employee has towards their organization and its goals, often results in higher levels of discretionary effort. Studies such as those by Harter, Schmidt, and Hayes (2002) indicate that higher employee engagement is significantly associated with better organizational performance, including increased productivity, profitability, and customer satisfaction. Job satisfaction, defined as the extent to which employees feel content with their job, plays a crucial role in mediating this relationship.

Several empirical studies have investigated this mediating effect. Kahn (1990) suggests that job satisfaction is an essential outcome of psychological engagement, which in turn affects performance. When employees are engaged, they experience higher job satisfaction, leading to improved performance outcomes.

Saks (2006) found that job satisfaction acts as a mediator between employee engagement and organizational performance, with engaged employees reporting higher job satisfaction, which positively influences their performance and overall organizational effectiveness. Schaufeli and Bakker (2004) support the idea that job satisfaction mediates the relationship between work engagement and job performance, arguing that engaged employees are more likely to be satisfied with their jobs, enhancing their performance levels.

Ricketta's (2008) meta-analysis reveals that job satisfaction significantly mediates the relationship between employee engagement and various performance metrics, suggesting that job satisfaction serves as a crucial pathway through which engagement impacts performance.

The mechanisms of this mediation include enhanced motivation and effort, increased organizational commitment, and reduced turnover and absenteeism. Wright and Cropanzano (1998) highlight that satisfied employees are more motivated and put forth greater effort, improving performance.

Meyer and Allen (1991) found that organizational commitment mediates the relationship between job satisfaction and performance, indicating that engaged employees, through heightened job satisfaction, develop stronger organizational commitment, leading to better performance. Spector (1997) discovered that job satisfaction reduces turnover and absenteeism, ensuring that the positive effects of engagement are sustained over time, which helps maintain high performance levels.

Overall, the literature indicates a positive relationship between job satisfaction and workplace performance. Satisfied employees are more likely to be committed to their organization, motivated to perform well, and less likely to leave or miss work. Therefore, organizations should implement strategies to enhance employee satisfaction to reduce voluntary turnover rates and retain their workforce. High voluntary turnover can negatively impact an organization's productivity, cohesiveness, and reputation. The departure of an employee can disrupt workflow and team dynamics, leading to decreased productivity and increased costs associated with hiring and training new employees.

2.5 Conceptual Framework of the Study

After a thorough and critical evaluation of previous theoretical and empirical research, the next stage is to organize all the factors that have been considered into a conceptual framework. The foundation for this investigation is provided by this framework.

As seen in the following picture, the theoretical conceptual framework explains the relationship between the dependent variable Organizational Performance and Job Satisfaction, which is thought to be a mediator of Employee Engagement. This framework establishes a theoretical foundation for the study hypotheses and analysis by detailing the proposed linkages and pathways between the variables under consideration. It helps to direct how the study's findings

are perceived by showing a graphic representation of the suggested correlations.

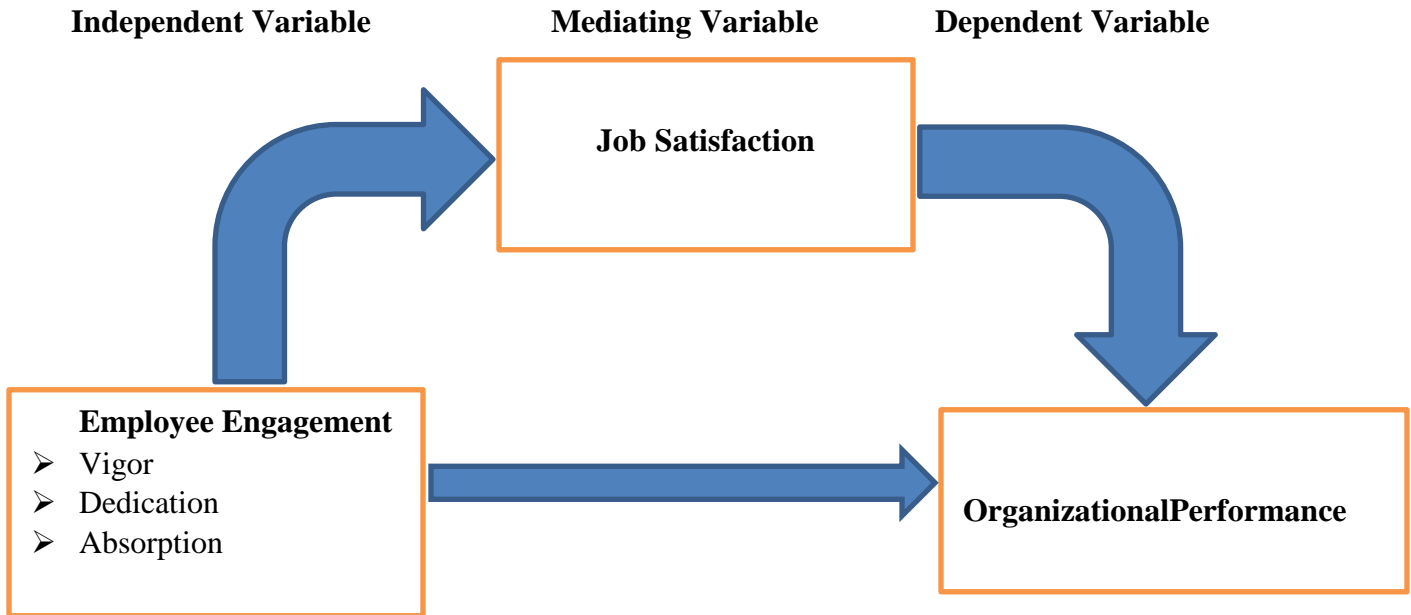


Figure 2.1: Conceptual framework

2.6 Research Hypothesis

H1-a: Vigor positively influences organizational performance.

Vigor, characterized by high levels of energy and resilience, positively impacts organizational outcomes. Research shows that vigorous employees are more productive and efficient (Schaufeli & Bakker, 2004).

H1-b: Dedication positively influences organizational performance.

Dedication, marked by enthusiasm and pride in work, boosts organizational performance. Dedicated employees are more committed and motivated, leading to higher performance (Schaufeli & Bakker, 2004).

H1-c: Absorption positively influences organizational performance.

Absorption, the state of being fully engrossed in work, enhances performance quality. Although less direct, absorbed employees produce better work (Bakker & Demerouti, 2008).

H2-a: Vigor positively influences job satisfaction.

Vigor increases job satisfaction by fostering energy and resilience. The JD-R model supports

this, showing that vigorous employees are more satisfied (Bakker & Demerouti, 2007).

H2-b: Dedication positively influences job satisfaction.

Dedication leads to higher job satisfaction by providing meaning and fulfillment in work. Research indicates that dedicated employees are more satisfied (Bakker et al., 2008).

H2-c: Absorption positively influences job satisfaction.

Absorption contributes to job satisfaction by immersing employees in their tasks. Studies show absorbed employees report higher satisfaction (Bakker et al., 2008).

H3: Job satisfaction positively influences organizational performance.

Job satisfaction is crucial for organizational performance. Satisfied employees are more productive, motivated, and committed, leading to better outcomes (Judge et al., 2001).

H4-a: Job satisfaction mediates the relationship between vigor and organizational performance.

Job satisfaction mediates the vigor-performance relationship. Vigor enhances job satisfaction, which boosts performance (Xanthopoulou et al., 2009).

H4-b: Job satisfaction mediates the relationship between dedication and organizational performance.

Dedication leads to job satisfaction, which then enhances performance (Salanova et al., 2005).

H4-c: Job satisfaction mediates the relationship between absorption and organizational performance.

Absorption influences performance through job satisfaction. Satisfied employees due to absorption perform better (Bakker et al., 2008).

CHAPTER THREE

3. RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the methodology sections of the researcher. It emphasizes the instruments and procedures of data collection and how to analyze and measure them. It describes in detail the methodology that will be used in this research study. It includes the research design, research approach, population and sampling technique, data collection instrument, data collection procedures, data analysis methods, and ethical considerations.

3.2 Research Approach

Research designs, as delineated by Creswell (2009), guide the methodology and procedures of research endeavors, encompassing overarching assumptions and intricate data collection and analysis methods. The common approaches include quantitative, qualitative, and mixed methods. The definition of quantitative research given by Zikmund et al. (2009), focuses on empirical evaluations through numerical measurement and analytical methodologies to assess objective theories, prioritizing precise, objective, and generalizable findings (Rubin & Babbie, 2008). Conversely, qualitative research, according to Creswell (2009), investigates the significance individuals or groups attribute to social or human problems, emphasizing understanding and generating insights without reliance on numerical measurements (Zikmund et al., 2009). It employs methods like participant observation and intensive interviewing to produce theoretically richer observations (Rubin & Babbie, 2008).

Mixed methods, as described by Creswell (2009) and Morse (2003), integrate both quantitative and qualitative approaches within a single study to mitigate the weaknesses inherent in each form and enhance description and understanding. Each approach has its advantages and drawbacks. Quantitative research allows for statistical data utilization and generalization but may lack in-depth understanding and flexibility (Bryman, 2001; Shank & Brown, 2007). Qualitative research provides rich information and emergent theories but faces challenges in generalization and perceived subjectivity (Johnson & Christensen, 2012; Atkins & Wallac, 2012). Mixed methods offer a rigorous plan integrating both approaches, facilitating triangulation of data (Janice Morse, 2003; Guba & Lincoln, 2005). Considering the study's objective of exploring the impact of employee engagement through job satisfaction on organization performance, a quantitative

approach is chosen to test hypotheses regarding this relationship.

3.3 Research Design

A research design is the approach used to gather, analyze, interpret, and report data in research investigations (Creswell & Plano, 2007). Grey (2014) presented a similar explanation, stating that the study design describes procedures for data collection and processing, as well as how research objectives are handled through data interpretation. There are three types of research designs: exploratory, descriptive, and explanatory, classified based on the study's purpose (Robson, 2002). Exploratory research is conducted when there are few or no previous studies to refer to for information on the subject or problem. Meanwhile, descriptive research is conducted to observe and describe the properties of variables in a given context. Explanatory or hypothesis testing, on the other hand, describes the nature of the interactions between the variables under examination (Zikmund, 2010; Sekaran, 2006).

This study uses both a descriptive and cross-sectional research design. The descriptive design is employed to observe and describe the properties of the variables—employee engagement, job satisfaction, and organizational performance—within Ethiopian commercial banks, specifically Bank of Abyssinia and Buna International Bank. This approach allows for a detailed understanding of the current state of these variables. The cross-sectional design involves collecting data once during a specific period, which is more cost-effective and takes less time than longitudinal studies, which require gathering data over a longer period. This design is frequently utilized by researchers investigating similar topics and is appropriate for the current research, focusing on examining the relationships between employee engagement, job satisfaction, and organizational performance at a single point in time. This approach enables efficient analysis of how these variables interrelate within the context of Ethiopian commercial banks.

3.4 Data Sources and Data Collection Method

Data collection for this study involved both primary and secondary sources to ensure comprehensive and robust findings. Primary data were gathered using structured questionnaires, which were divided into two sections: demographics and closed-ended questions with Likert-scale responses. The demographic section collected basic information about the respondents,

such as age, gender, position, and length of employment, providing context for the analysis. The closed-ended questions measured constructs related to employee engagement, job satisfaction, and organizational performance, with scales adapted from established research by Ariani (2013), Schaufeli et al. (2006), Ferreira and de Oliveira (2014), Schaufeli and Bakker (2003), Johlke and Duhan (2000), Shahin et al. (2014), and Homburg & Stock (2004, 2005). To facilitate efficient and rapid data collection, the questionnaire was distributed both electronically via Google Forms and as paper copies based on the convenience of the respondents, ensuring maximum participation. Secondary data were obtained from bank reports and documents, including financial reports and annual performance reviews from Bank of Abyssinia and Buna International Bank, providing additional context and supporting the primary data. This combined approach of using both primary and secondary data sources aimed to thoroughly analyze the relationship between employee engagement, job satisfaction, and organizational performance in Ethiopian commercial banks.

3.5 Population of the Study

According to Salkind (2012), a population is a group of potential study participants with the intention of applying study findings to the broader community. In contrast, a sample represents a subset of the population. The distinction emphasizes that a population contains all potential participants from whom the study hopes to draw broad generalizations, whereas a sample is a subset of that population.

The study's target population comprised all professional staff at all levels of the Bank of Abyssinia and Bunna Bank, including executives, directors, managers, and officers. The Bank of Abyssinia and Bunna Bank employ 10,144 and 3,738 people, respectively, ranging from CEOs to trainee officers (excluding non-clerical employees). This wide group of people comprises managers, accountants, auditors, tellers, secretaries, experts, advisers, technical workers, and support staff who work directly in the banking industry. This entire group is termed the study's universe and is expected to be extremely valuable in achieving the study's aims.

3.6 Sample Size and Sampling Technique

A sampling frame might be a list of complete units in the population from which a research sample will be drawn. Furthermore, Bryman (2007) and Churchill (1999) defined a sampling frame as the sample units holding the information to be obtained, as well as the total number of

items in the population from which the sample is drawn. Hagu and Harris (1993) note that a good sampling frame is comprehensive and up-to-date, comprising information on each unit that will be used to stratify the sample and population, and reflecting a list of well-defined members. Alreck and Settle (1995) argue that establishing sample size necessitates careful consideration of statistical precision, practical limits, and available resources. A suitable sample size is required to acquire a thorough understanding of the target population in a study. Due to time and budget restrictions, researchers choose a representative sample from the target population, allowing them to collect useful data while remaining practical.

In this study, the sample size is determined by considering the total target population of staff in the two banks selected for the study. The researcher employed proportionate stratified sampling to select respondents from this population. According to the Human Resource Departments' reports from Bank of Abyssinia and Bunna Bank as of June 30, 2023, there were 10,144 and 3,738 professional employees, respectively. Thus, the study's target population consists of 13,882 professional personnel.

To calculate the optimum sample size, a thorough strategy is used, taking into account precision levels, confidence intervals, and variability. Yemane's formula (1967) offers a simplified approach for performing this calculation. Yemane states that for a 95% confidence level with $p = 0.05$, the sample size (n) is obtained by the following formula:

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

Here, N represents the population size and e specifies the margin of error. The resultant n denotes the number of samples needed for the investigation. This methodical technique ensures that the sample size is determined precisely and accurately, in line with the research objectives. In this study, the population size (N) will include all professional staff of Bank of Abyssinia and Bunna Bank. The values of N and e are set at 13,882 and 0.05, respectively. As a result of the supplied information and the provided calculation, the study's sample size is found to be 389.

Stratified sampling is a type of probability sampling in which simple random subsamples with similar properties are selected from each defined strata of the population. In stratified sampling, a subsample is selected through simple random sampling within each individual stratum (Zikmund et al., 2009). If the selection of items from each stratum is conducted through simple

random sampling, the overall process, which involves both the initial stratification and subsequent random sampling, is termed as stratified random sampling (Kotari, 2004).

Stratified sampling can be categorized into two primary forms: proportionate stratified sampling and disproportionate stratified sampling. In proportionate stratified sampling, the number of elements selected from each stratum corresponds to its proportion in the total population, whereas in disproportionate stratified sampling, the size of the stratum is not taken into account (Kumar, 2011). Proportional stratified sampling entails selecting a sample from each stratum based on its population size. A proportionate stratified sample is one in which the number of sampling units taken from each stratum corresponds to the stratum's relative population size. In contrast, disproportional stratified sampling assigns sample sizes to each stratum based on analytical factors rather than population size. In this method, the sample size for each stratum is decided by analytical parameters such as variability in store sales volume rather than directly proportional to population size. This approach is based on the fundamental principle of sample size determination: as variability grows, so does the required sample size to assure reliable estimations (Zikmund et al. 2009).

Proportionate stratified sampling was used in the study. The target demographic consisted of 13,882 professional staff, including 10,144 from Bank of Abyssinia and 3,738 from Bunna Bank. A total sample size of 389 was determined for the study. Proportionate stratified sampling was employed to select samples from the two strata, Bank of Abyssinia and Bunna Bank. Consequently, a sample size of 284 from Bank of Abyssinia and 105 from Bunna Bank was chosen for the questionnaire. The sample respondents from the two selected banks were drawn from the target population of the study, and the samples within each stratum were randomly selected using simple random sampling.

3.8 Study Variable

In this study, the variables are categorized into independent variables, dependent variables, and mediating variables to understand their relationships and impacts on organizational performance in Ethiopia's banking sector.

➤ Independent Variables

A. Employee Engagement (EE):

- i. Vigor (EE-V): Reflects high levels of energy and mental resilience while working, the

willingness to invest effort in one's work, and persistence even in the face of difficulties.

- ii. Dedication (EE-D): Characterized by a sense of significance, enthusiasm, inspiration, pride, and challenge.
- iii. Absorption (EE-A): Being fully concentrated and happily engrossed in one's work, whereby time passes quickly, and one has difficulty detaching oneself from work.

➤ Dependent Variable

B. Organizational Performance (OP):

Organizational Performance measured through various performance metrics such as productivity, efficiency, profitability, market share, customer satisfaction, and other key performance indicators relevant to the banking sector.

➤ Mediating Variable

C. Job Satisfaction (JS):

Reflects the extent to which employees feel content and fulfilled with their jobs. This includes overall satisfaction with work conditions, salary, job security, work-life balance, relationships with colleagues and supervisors, and opportunities for career development.

3.7 Methods of data Analysis

The study's analysis methods rely entirely on data derived from surveys administered via questionnaires. Descriptive and inferential statistics were utilized for this purpose. Descriptive statistics, as highlighted by Kohtari (2004), help in describing the characteristics of the variables of interest in the study. This includes providing general information about the respondents' demographic situation, such as frequency distribution, mean, and standard deviations. In contrast, inferential statistics, including Pearson correlation and regression analysis, were employed to test for correlations.

Responses obtained from participants undergo analysis through descriptive statistics using the Statistical Package for the Social Sciences (SPSS). Regression analysis is a valuable tool for estimating. The mediator is first regressed on the dependent variable, followed by the independent variable, which is then regressed on both the dependent variable and the mediator. Baron and Kenny's technique (Baron & Kenny, 1986), as well as Andrew Hayes' process macro model (Hayes, A. F., 2013), help researchers undertake extensive regression analysis testing.

Tables and graphs are used to portray data in a clear and interpretable manner.

3.8 Ethical Consideration

Participants received a full explanation of the study's objectives. They were told that their responses would be kept anonymous, used purely for academic purposes, and only for the specified research.

CHAPTER FOUR

4. DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

This part seeks to provide a detailed and understandable analysis of the data, focusing on key discoveries and their implications. This allows the researcher to draw conclusions and make suggestions based on the research findings. Thus, the analysis and interpretation part is critical in demonstrating the research's significance and addition to the existing body of literature.

4.2 Samples and Response Rate

A total of 389 questionnaires were distributed to clerical personnel at the Bank of Abyssinia and Bunna Bank. Of them, 297 (76.35%) responded and thus the analysis looked at 297 valid questionnaire responses. A summary of the replies shows that 29.3% identified as female and 70.7% as male.

Table 4.1: Response Rate

Questionnaires	Respondents	Valid percentage
Valid	297	76.35%
Invalid	0	0%
Not responded	92	23.65%
Total	389	100%

Source: Researcher's survey data output

4.3 Validity and Reliability Analysis

4.3.1 Validity

To reduce response bias, tests used both ordinary and inverted items (Nunnally, 1978; Paulhus, 1991). Many measurement devices still use this approach, which is supported by researchers (Weijters et al., 2013). Advocates of combining conventional and reversed questions believe that employing items in only one orientation may result in acquiescence bias and other response biases. This strategy attempts to disguise method effects caused by these biases, making them difficult to detect without a direct measure (Podsakoff, MacKenzie, Lee, and Podsakoff, 2003).

As a result, the researcher used reversed questions to implement this method.

Construct validity, as defined by Sekaran and Bougie (2013), assesses the alignment of measurement results with underlying ideas. Using factor analysis, specifically Exploratory Factor Analysis (EFA), makes this assessment easier by discovering underlying factor structures without presuming theoretical expectations (Thompson & Daniel, 1996). Factor analysis, which includes a variety of statistical approaches, uncovers population-level patterns that influence variances and interactions between observed variables, which is critical for assessing validity, particularly for psychological constructs (Gorsuch, 1983; Kim & Mueller, 1978; Nunnally, 1978).

Data from a large sample is screened by Principal Component Analysis to simplify the original pool and ensure items fulfill expectations. In this work, the replies to 297 questions are evaluated using main axis factoring, following the basic assumptions for EFA given by Hair et al. (2010). (2010). The Bartlett's Test of Sphericity ($p\text{-value} = 0.000 < 0.05$) and a correlation matrix validate the suitability of EFA, with correlations above 0.30 indicating relationships between variables. The findings reveal a three-factor model for employee engagement and distinguish job satisfaction and organizational performance items into distinct factors. Despite confirming construct validity, ten questionnaire items are excluded due to factor issues, consolidating the measurement framework.

4.3.2 Reliability

The reliability of measurement equipment is critical to assuring the accuracy and consistency of study findings. Sekaran and Bougie (2013) define dependability as the stability and consistency with which an instrument evaluates the intended idea. Cronbach's alpha, a popular dependability metric, usually spans from 0 to 1, with higher values suggesting better internal consistency (Bryman and Bell, 2015). Pallant (2005) suggests a Cronbach's alpha coefficient above 0.7 as acceptable, while Carmines and Zeller (1979) emphasize that coefficients closer to 1.00 indicate better consistency. Hair et al. (2010) recommend a minimum alpha level of 0.60 for instrument reliability.

In this research, all reliability tests yielded Cronbach's alpha values above 0.7, except for the absorption variable, which had a Cronbach's alpha of 0.656. This is slightly below the commonly accepted threshold of 0.7 but still above the minimum recommended level of 0.60,

indicating that while the absorption measure is slightly less reliable, it is still within an acceptable range for some researchers.

The Cronbach's alpha values for the reliability of the employee engagement variables indicated that they exceeded the accepted level of 0.60, as depicted in Table 4.2.

Table 4.2: Reliability Statistics for Employee Engagement

Variable	Cronbach's Alpha	No. of Items
Vigor	0.813	5
Dedication	0.870	3
Absorption	0.656	4

Source: Researcher's survey data output

The Cronbach's alpha values for the reliability of job satisfaction variable indicated that they surpassed the accepted level of 0.60, as noted in Table 4.3.

Table 4.3: Reliability Statistics for Job Satisfaction

Variable	Cronbach's Alpha	No. of Items
Job Satisfaction	0.916	6

Source: Researcher's survey data output

Finally, the results of Cronbach's alpha values for the reliability of organizational performance variable indicated that they surpassed the accepted level of 0.60, as noted in Table 4.4.

Table 4.4: Reliability Statistics for Organizational Performance

Variable	Cronbach's Alpha	No. of Items
Organizational Performance	0.914	8

Source: Researcher's survey data output

4.4 Demographic Profile of Respondents

The objective of the demographic analysis in this study is to delineate the features of the population, encompassing the gender distribution, age spectrum, educational attainment, occupational role, banking tenure, and professional experience. A summary of the demographic composition of the respondents is presented in the table below.

Table 4.5: Respondent's demographic profile

		Count	Table N %
Gender	Male	210	70.7%
	Female	87	29.3%
	Total	297	100.0%
Age	21-30	137	46.1%
	30-45	144	48.5%
	above 45	16	5.4%
	Total	297	100.0%
Education Qualification	Diploma	1	0.3%
	Degree	160	53.9%
	Master's and above	136	45.8%
	Total	297	100.0%
Job position	Officer	136	45.8%
	Senior Officer	78	26.3%
	Manager	77	25.9%
	Director and above	6	2.0%
	Total	297	100.0%
Banking Experience	1-3 years	74	24.9%
	3-5 years	73	24.6%
	above 5 years	150	50.5%
	Total	297	100.0%
Work Experience	1-3 years	67	22.6%
	3-5 years	58	19.5%
	above 5 years	172	57.9%
	Total	297	100.0%

Source: Researcher's survey data output

The chart above shows that the survey had a sample of 297 respondents, including clerical staff from Bank of Abyssinia and Bunna Bank. A demographic summary reveals that the majority of respondents (210 in total) were male, accounting for 70.7% of the entire sample. Female respondents numbered 87, making up 29.3% of the sample population.

Looking at age distribution, the bulk of respondents (48.5%) were between the ages of 30 and 45. This is followed by people aged 21 to 30, with a smaller proportion of respondents over 45. These findings reveal a predominance of adult employees in banks, indicating a motivated and ambitious staff eager to contribute to the companies' goals. This age distribution implies that banks benefit from a combination of expertise and youthful energy, which can fuel innovation and long-term production.

In terms of education, more over half of the participants, 164 (55.2%), had a first degree. The second largest group, consisting of 136 people (45.8%), held master's degrees or higher qualifications. Only one individual (0.3%) held a college diploma. These findings suggest that obtaining a bachelor's degree is typically the minimum educational requirement for employment in a bank, although there may be some exceptions for lower degrees in entry-level positions. Moreover, many banks now mandate higher education for salary increases and career advancement opportunities. To complement this, several banks provide financial aid for additional education, encouraging staff to pursue advanced degrees.

Regarding job positions, among the total 297 participants, the breakdown is as follows: 136 people (45.8%) held officer roles, 78 (26.3%) were senior officers, 77 (25.9%) were managers, and 6 (2%) were in directorial positions or higher.

In terms of banking experience, 67 respondents (22.6%) reported having 1-3 years of experience, while 58 respondents (19.5%) said they had 3-5 years. A considerable majority of 172 respondents (57.9%) had at least 5 years of banking experience. Similarly, the distribution of job experience was consistent: 67 respondents (22.6%) reported having 1-3 years of experience, 58 respondents (19.5%) had 3-5 years of experience, and the majority, 172 respondents (57.9%), had more than 5 years. These findings highlight the polled employees' extensive experience and tenure, indicating a staff well-versed in the complexities of both banking and larger professional practices. Such significant expertise levels may translate into improved performance and efficiency inside banking institutions.

4.5 Descriptive Analysis

The study's descriptive statistics for the variables are summarized in Table 3 below, which presents the mean and standard deviation. The average score, derived from a 5-point Likert scale where 5 signifies "strongly agree" and 1 signifies "strongly disagree," was calculated for each

variable. This indicates the proportion of respondents who either strongly agreed or disagreed with the variable items. If the mean for a variable exceeds half of the 5-point Likert scale (i.e., 2.5), respondents agreed; if it falls below this midpoint, respondents disagreed.

Table 4.6: Variables’ descriptive statistics

Descriptive Statistics			
	N	Mean	Std. Deviation
Vigor	297	3.8020	0.82470
Dedication	297	3.9394	0.98338
Absorption	297	3.4444	0.76551
Job Satisfaction	297	3.8838	0.92982
Organizational Performance	297	3.7576	0.76794
Valid N (listwise)	297		

Source: Researcher’s survey data output

As depicted in Table 4.6, the mean score for vigor was 3.80, exceeding the midpoint of a 5-point Likert scale, with a standard deviation (SD) of 0.82. This finding suggests that employees reported feeling bursting with energy, strong, and vigorous in their work. They also exhibited perseverance, even in challenging situations, and demonstrated resilience and mental fortitude in their work environment.

Similarly, the mean score for dedication is 3.94 (SD = 0.98), which exceeds the midpoint of a 5-point Likert scale. This suggests that the majority of respondents demonstrate a high level of dedication to their work. Essentially, most individuals find their work meaningful and purposeful, expressing enthusiasm and pride in their job tasks.

Likewise, score for absorption is also 3.44 (SD = 0.77), exceeding the average score on a 5-point Likert scale. This suggests that, on average, the majority of employees are absorbed or highly interested in their jobs. In other words, most employees feel that time flies when they are working, they become fully immersed in their tasks, and find it challenging to detach themselves from their job responsibilities.

The aggregate mean score for job satisfaction is 3.88 (SD = 0.93), surpassing the average score on a 5-point Likert scale. This indicates that, on average, the majority of staff members are satisfied with their jobs. In other words, most employees feel that their job is valuable,

interesting, and satisfying. They express a sense of fulfillment and find their work worthwhile. Additionally, they consider their current employer as their first choice, reflecting a high level of satisfaction and commitment.

The mean score for organizational performance is 3.76 (SD = 0.77), indicating an above-average performance on a 5-point Likert scale. This reflects the significance of organizational performance, such as profitability and return on assets (ROA), in evaluating organizational success. Specifically, the firm's profitability and ROA surpass industry averages, highlighting robust financial health. It also plays a critical role in organizational success. The organization excels in retaining existing clients and attracting new ones, thereby strengthening its customer base. The company's improved reputation, as perceived by customers, underscores its commitment to excellence. Strong customer relationships are maintained through genuine partnerships and mutual trust. Additionally, the organization consistently delivers products that exceed industry quality standards, and its employees exhibit significantly higher productivity levels than industry norms.

4.6 Correlation Analysis

Correlation analysis clarifies the extent of association between variables and reveals whether this association is positive or negative (Reimann, Filzmoser, Garrett, & Dutter, 2008). The correlation coefficient serves as a quantifiable measure of this relationship and is contingent upon the variability of each of the three variables. Due to covariance, the correlation coefficient can yield a numerical value with a positive or negative sign (Reimann et al., 2008). One widely utilized method for computing a correlation coefficient is the Pearson product-moment correlation. This method yields a value ranging from -1 to +1, denoting the strength and direction of the relationship between the variables. A value of ± 1 indicates a perfect 1:1 relationship (either positive or negative), while a value of 0 suggests the absence of any systematic relationship between the variables (Reimann et al., 2008).

In terms of interpreting the magnitude of the correlation coefficient, Cohen (1988) proposed that a correlation coefficient ranging from 0.10 to 0.29 can be considered small or weak, from 0.30 to 0.49 moderate, and from 0.50 to 1.00 large or strong.

Table 4.7: Pearson Correlation

Correlations					
	1	2	3	4	5
1. Vigor	1				
2. Dedication	.791**	1			
3. Absorption	.541**	.523**	1		
4. Job satisfaction	.743**	.822**	.507**	1	
5. Organizational performance	.660**	.681**	.428**	.757**	1
**. Correlation is significant at the 0.01 level (2-tailed).					

Source: Researcher's survey data output

All variables have statistically significant positive relationships ($p < 0.01$). A high positive association exists between vigor and dedication ($r = 0.614$, $p < 0.01$), vigor and absorption ($r = 0.541$, $p < 0.01$), vigor and job satisfaction ($r = 0.743$, $p < 0.01$), and vigor and organizational performance ($r = 0.660$, $p < 0.01$). This means that personnel with great energy and vitality are also strongly committed to the organization's aims. These engaged employees increase productivity, engagement, resilience, job happiness, and general well-being. Their mental resilience and focus lead to higher production, while their positive attitude helps them stay satisfied at work even when faced with adversities. As a result, organizations gain from increased stability, lower turnover rates, and better financial performance. These firms see greater profitability growth and higher returns on assets compared to the industry average.

Similarly, Dedication shows strong positive correlations with Absorption ($r = 0.523$, $p < 0.01$), Job Satisfaction ($r = 0.822$, $p < 0.01$), and Organizational Performance ($r = 0.681$, $p < 0.01$).

This demonstrates that dedicated personnel are highly engaged and committed, resulting in greater production and efficiency. Their dedication produces a positive work atmosphere defined by mutual respect, support, and collaboration, hence increasing employee morale. Dedicated staff thrive in providing excellent customer service and developing strong client connections, with a focus on meeting customer needs. Their dedication to the organization's aims results in increased customer satisfaction. Furthermore, motivated employees are frequently willing to provide new ideas and solutions to problems, which fosters creativity and ongoing progress

inside the firm.

Moreover, Absorption exhibits a statistically significant, strong positive correlation with Job Satisfaction ($r = 0.507$, $p < 0.01$) and moderate positive relationships with Organizational Performance ($r = 0.428$, $p < 0.01$).

This suggests that high degrees of absorption in work result in enhanced focus, productivity, loyalty, and commitment. Employees who are fully engaged in their work are less inclined to leave the business, lowering turnover and conserving key institutional knowledge. This continuity improves organizational performance by ensuring stability while lowering recruitment and training costs. In essence, absorbed employees help to make the organization more efficient and effective, which improves overall performance.

Additionally, Job Satisfaction demonstrates strong positive correlations with Organizational Performance ($r = 0.757$, $p < 0.01$).

This means that work happiness has a major impact on organizational performance. High levels of job happiness can result in better productivity, employee retention, improved customer satisfaction, and greater innovation. Employees that are satisfied are more engaged, contribute positively to the organization's culture, and have greater general well-being and workplace connections. Organizations that prioritize work satisfaction are more likely to have improved performance outcomes across a variety of criteria, resulting in higher organizational performance indicators.

4.7 Test for Assumptions of Classical Linear Regression Model

To confirm the validity of the classical linear regression model's assumptions and reduce the possibility of getting and misinterpreting incorrect regression results, the researcher performed a diagnostic test on the research hypotheses prior to running the regression analysis. As a result, a preliminary study (Regression Diagnostics) was done to evaluate autocorrelation, linearity, normalcy, multicollinearity, and homoscedasticity. This step intended to ensure that the model remained unbiased, consistent, efficient, and validated.

4.7.1 Test for Autocorrelation

The Classical Linear Regression Model implies that cross-sectionally, the covariance between error factors is zero, implying that there is no serial connection. The Durbin Watson test, one of the most widely used procedures, was used in this study to detect autocorrelation. A DW test value of 1.5 to 2.5 implies no indication of serial correlation among error words (Hassen et al., 2017). As a result, the DW test score of 1.942 falls within this acceptable range, indicating the absence of serial correlation among mistakes, as shown below.

Table 4.8: Autocorrelation

Model Summary^b

Model	Durbin-Watson
1	1.942

Source: Researcher's survey data output

4.7.2 Test for Linearity

According to Osborn and Waters (2002), the "homogeneity of variance" assumption, also referred to as homoscedasticity, states that the variances of the same variable obtained from separate samples will be equal. It specifically states that for every matching X value in regression analysis, the variances of the Y values will be uniform. It is usually advised to plot the anticipated Y values against the residual values in order to evaluate homoscedasticity. Heteroscedasticity is suggested if these values show a spreading or fanning out pattern from left to right or right to left. On the other hand, figure 4.1's scatterplot shows that the data points are closely packed around zero, removing any possibility that homoscedasticity was violated.

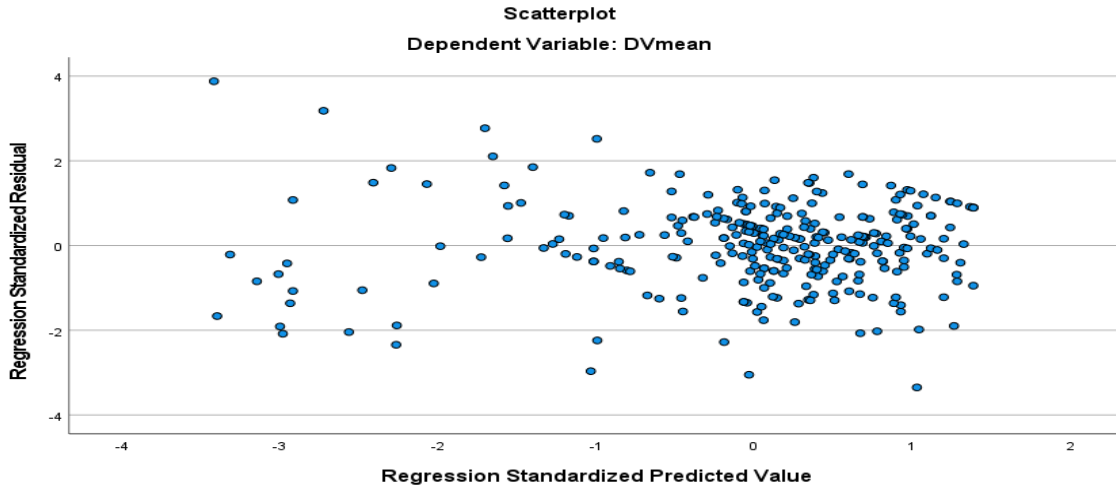
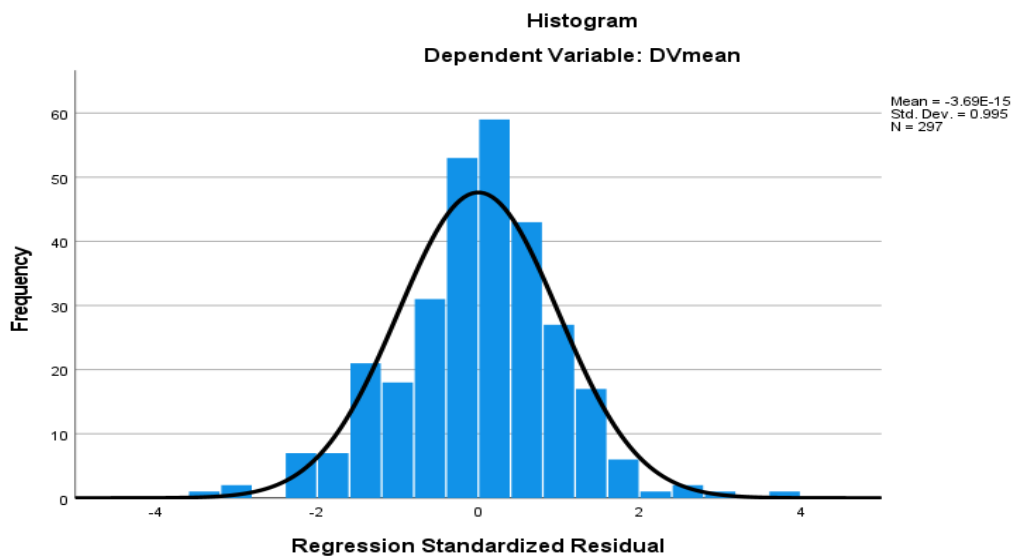


Figure 4.1: Linearity test

Source: Researcher's survey data output

4.7.3 Test for Normality

Multiple regression assumes that variables have normal distributions (Darlington, 1968). This implies that errors are normally distributed, and that a plot of the values of the residuals will approximate a normal curve (Keith, 2006). This assumption can be tested by examining the P-P plot for the model along with a histogram of the standardized residuals. The degree to which the residuals are distributed properly is indicated by how close the dots are to the diagonal line in the P-P plot.



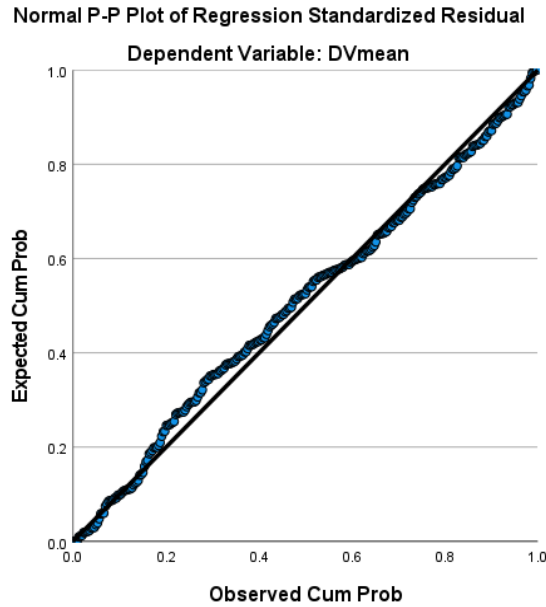


Figure 4.2: Histogram

Source: Researcher’s survey data output

Additionally, when examining the Kolmogorov-Smirnov and Shapiro-Wilk tests, the assessment of standardized residuals reveals significance in testing for normality, as illustrated in Table 4.9.

Table 4.9: Test of normality

Tests of Normality						
	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Organizational Performance	.113	297	.000	.914	297	.000

a. Lilliefors Significance Correction

Source: Researcher’s survey data output

4.7.4 Multicollinearity

In spite of their combined relevance, multicollinearity occurs when two or more explanatory variables in a regression model have strong correlations with one another, making it challenging to discern each variable's unique impact on the dependent variable. It is predicated on the notion of uncorrelated independent variables. Regression coefficients can be used by researchers to show how independent factors affect the dependent variable when collinearity is low. On the

other hand, multicollinearity happens when there is a strong correlation between independent variables, or when one independent variable closely resembles a linear combination of other variables.

Keith (2006) asserts that researchers lose their ability to distinguish between the effects of linked variables as the number of them rises. Larger sample sizes are required because multicollinearity can produce anomalous and misleading results, inflate standard errors, and hinder regression coefficients' ability to effectively depict the relationships between variables. Researchers can use Variance Inflation Factors (VIF) or tolerance values to find multicollinearity in the output. Multicollinearity may be present if tolerance levels are less than 0.2 or if VIF values are higher than 5.

Table 4.10: Multicollinearity Test

Coefficients ^a			
Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Vigor	0.352	2.840
	Dedication	0.362	2.764
	Absorption	0.683	1.465

a. Dependent Variable: Organizational performance

Source: Researcher's survey data output

As depicted in the table above, VIF values for all independent variables were computed using SPSS. The results indicated that all VIF values were below the threshold of 5, and all tolerance values were above the threshold of 0.2. These findings suggest that there is no multicollinearity issue present in the data.

4.7.5 Homoscedasticity

The "homogeneity of variance" assumption, also known as homoscedasticity, posits that the variances of the same variable selected from independent samples will be equal (Osborn & Waters, 2002). In regression analysis, this assumption asserts that the variances of the dependent

variable (Y) remain constant for each level of the independent variable (X). To examine this assumption, it is standard practice to plot the predicted Y values against the residual values. Heteroscedasticity is indicated when these values spread or fan out from left to right or right to left.

The scatterplot in Figure 4.3 demonstrates that the points are concentrated around 0, indicating no violation of homoscedasticity.

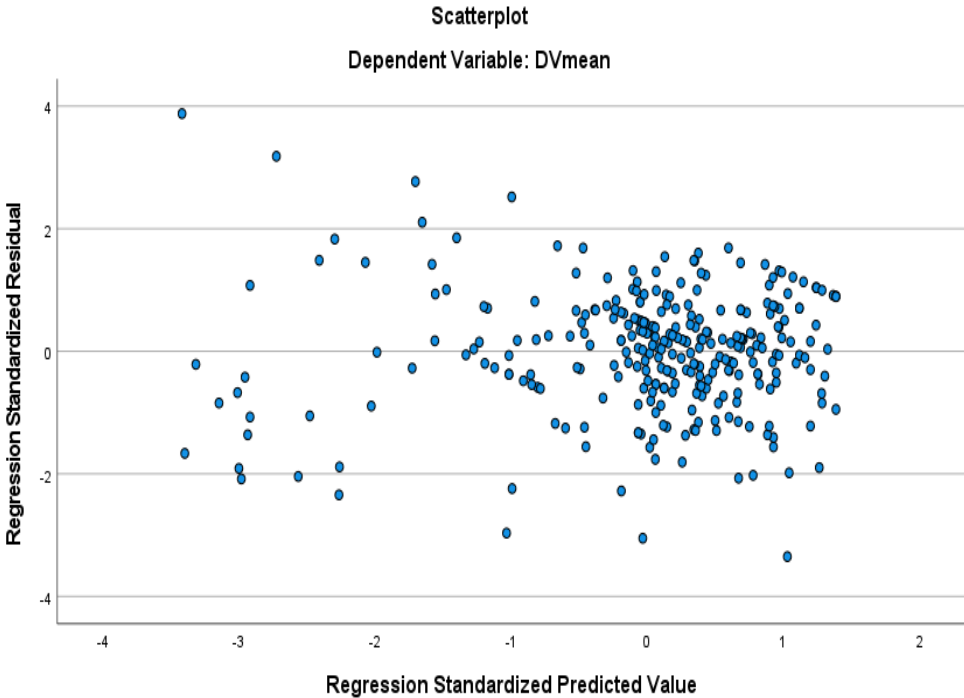


Figure 4.3: Scatter plot

Source: Researcher’s survey data output

4.8 ANOVA Interpretation

Table 4. 11 ANOVA analysis test

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	146.151	6	24.359	162.490	.000 ^b
	Residual	43.473	290	.150		
	Total	189.624	296			
a. Predictors: (Constant), Vigor, Dedication, Absorption, Job Satisfaction,						
b. Dependent Variable: Organizational Performance.						

Source: Researcher's survey data output

The given ANOVA table presents the results of an analysis of variance (ANOVA) performed to determine the effect of six predictors on a dependent variable. The predictors include Vigor, Dedication, Absorption, Job Satisfaction, and Organizational Performance. The table shows that the regression model explains a significant portion of the variance in dependent variable, with a regression sum of squares of 146.151 and a residual sum of squares of 43.473 out of a total of 189.624.

The model has six degrees of freedom for regression and 290 for residuals, with mean squares of 24.359 and 0.150, respectively. The high F-value of 162.490 indicates that the model fits the data well, and the significance level of .000 confirms that the results are statistically significant.

In summary, the ANOVA results demonstrate that Vigor, Dedication, Absorption, Job Satisfaction, and Organizational Performance significantly influence the dependent variable. The model explains a substantial portion of the variance, suggesting these predictors are crucial factors in understanding the dependent variable. Further analysis could explore the individual contributions of each predictor and their relationships with Organizational Performance.

4.9 Regression Analyses for independent variable

Table 4.12 Model summary

Model Summary ^b										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.878 ^a	.771	.766	.38718	.771	162.490	6	290	.000	1.724

a. Predictors: (Constant), Vigor, Dedication, Absorption, Job Satisfaction,
b. Dependent Variable: Organizational Performance.

Source: Researcher’s survey data output

The given model summary provides important statistics for evaluating the regression model that examines the effect of the predictors (Vigor, Dedication, Absorption, and Job Satisfaction) on the dependent variable (Organizational Performance). The multiple correlation coefficient (R) of .878 indicates a strong positive relationship between the predictors and the dependent variable, suggesting a high level of correlation. The coefficient of determination (R Square) of .771 shows that approximately 77.1% of the variance in Organizational Performance is explained by these predictors, signifying a strong model fit. The adjusted R Square of .766 further supports the robustness of the model, accounting for the number of predictors and adjusting for potential over fitting. The standard error of the estimate, at .38718, indicates a precise estimation by the model. The R Square Change, identical to the R Square, confirms that the inclusion of these predictors explains 77.1% of the variance. The F Change value of 162.490, along with a significance level of .000, demonstrates that the predictors collectively have a significant impact on the dependent variable, with a very low probability of this occurring by chance ($p < .001$). The degrees of freedom ($df1 = 6$, $df2 = 290$) reflect the number of predictors and the residual degrees of freedom, respectively. The Durbin-Watson statistic of 1.724 suggests minimal autocorrelation in the residuals, indicating that the model's assumptions hold true. In summary, the model shows a strong and statistically significant relationship between Vigor, Dedication, Absorption, Job Satisfaction, and Organizational Performance, explaining a substantial portion of the variance in the dependent variable and confirming the effectiveness of these predictors.

4.10 Regression results in the test of hypothesis

According to Baron and Kenny (1986), their proposition is famously recognized as the four-step model. It earns this moniker by delineating four conditions essential for analyzing the relationship between variables. Each of Baron and Kenny's conditions is presented below, accompanied by the corresponding regression analysis.

- For the first condition, it is necessary that Variables X (independent variables) and Y (dependent variable) exhibit a relationship, meaning the coefficient c in this instance must not be zero and should align with expectations. This condition is verified by conducting a linear regression analysis of Y over X.

Table 4.11: Illustrates Baron and Kenny’s Regression Analysis, which investigates the relationship between vigor, dedication, absorption, and organizational performance.

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.238	0.167		7.416	0.000
	Vigor	0.287	0.065	0.309	4.455	0.000
	Dedication	0.323	0.053	0.414	6.059	0.000
	Absorption	0.045	0.050	0.044	0.892	0.373

a. Dependent Variable: Organization performance

Source: Researcher’s survey data output

According to the data presented in Table 4.13, the first condition is met, with significant values observed for vigor ($t=4.46$, $p < 0.01$, $B = .287$) and dedication ($t=6.06$, $p < 0.01$, $B = .323$). However, absorption is not a statistically significant predictor of organizational performance ($t=0.89$, $p > .01$, $B = .045$). Therefore, absorption will not be examined for mediation by job satisfaction in step two because it has an insignificant direct relationship with organizational performance.

- For the second condition to be met, it is necessary for Variables X (independent variables)

and M (job satisfaction) to exhibit a relationship, meaning the coefficient must not be zero.

This condition is validated through a linear regression analysis of M over X.

Table 4.12: Illustrates Baron and Kenny’s Regression Analysis, which investigates the relationship between vigor, dedication and job satisfaction.

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.303	.150		8.685	.000
	Vigor	.301	.063	.324	4.822	.000
	Dedication	.332	.052	.425	6.335	.000
a. Dependent Variable: Organizational performance						

Source: Researcher’s survey data output

Table 4.14 shows that the second condition is satisfied, as vigor ($t=4.822$, $p < .01$, $B = .301$) and dedication ($t=11.49$, $p < .01$, $B = .577$) are both statistically significant predictors of job satisfaction.

➤ To satisfy the third condition, it is essential for Variables M (job satisfaction) and Y (dependent variable) to be related while controlling for the effect of X. This condition is confirmed by conducting a linear regression analysis of Y on M while controlling for X.

Table 4.13: Presents Baron and Kenny’s Regression Analysis, which examines the correlation between job satisfaction and organizational performance.

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.329	0.125		10.594	0.000
	Job Satisfaction	0.625	0.031	0.757	19.911	0.000

a. Dependent Variable: Organizational performance

Source: Researcher’s survey data output

Table 4.15 indicates that the third condition is met, as the direct effect between job satisfaction and organizational performance is statistically significant ($t = 19.91$, $p < .001$, $B = .625$).

➤ For the last condition, to demonstrate that the mediator (M) fully mediates the relationship between the independent variable (X) and the dependent variable (Y), the effect of X on Y, when controlling for M (path c'), should be zero. This indicates that once the mediator is included in the regression model, the connection between X and Y should either vanish completely (indicating full mediation) or reduce significantly (indicating partial mediation), according to Baron and Kenny (1986).

Table 4.14: Presents Baron and Kenny’s Regression Analysis, assessing the impact of vigor and dedication on organizational performance through job satisfaction.

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.078	.138		7.797	.000
	Vigor	.174	.059	.187	2.970	.003
	Dedication	.061	.058	.078	1.052	.294
	Job satisfaction	.458	.056	.555	8.203	.000

a. Dependent Variable: Organizational performance

Source: Researcher’s survey data output

Table 4.16 analysis indicates that, while controlling for the mediating variable (job satisfaction), the independent variable (dedication) is no longer significant ($t = 1.052, p > .01$). This finding supports full mediation. Conversely, both the independent variable (vigor, $t = 2.97, p < .01$) and the mediating variable (job satisfaction, $t = 8.203, p < .01$) significantly predict the dependent variable (organizational performance). The stronger influence of the mediator corresponds to a reduction in the coefficient "c". In this analysis, the coefficient decreases when the mediator is included, demonstrating that the model supports partial mediation.

4.11 Hayes Macro Process Approach

Hayes (2013) introduced the Process Macro, a statistical tool developed by Andrew Hayes as an extension for SPSS software. This program facilitates the examination of the impact of one or more mediating or moderating variables on the relationship between independent and dependent variables. It computes various effects, including direct, indirect, and total effects of X on Y, along with unstandardized and standardized regression coefficients, standard errors, and other statistics such as t and p values, and R².

4.11.1 Regression analysis of vigor on job satisfaction

The model employed in the present study outlines a single mediator (job satisfaction) positioned causally between vigor and organizational performance. Consequently, a simple mediation model is utilized to examine solely the mediating effect.

Table 4.15: Regression Analysis of vigor on Job satisfaction

OUTCOME VARIABLE:							
JSmean							
Model Summary							
	R	R-sq	MSE	F	df1	df2	p
	.743	.551	.389	362.509	1.000	295.000	.000
Model							
	coeff	se	t	p	LLCI	ULCI	
	constant	.701	.171	4.098	.000	.364	1.038
	Vmean	.837	.044	19.040	.000	.751	.924
Standardized coefficients							
	coeff						
	Vmean	.743					

Source: Researcher's survey data output

Table 4.17 displays the impact of vigor on job satisfaction through a simple regression, wherein vigor is regressed on job satisfaction. The p-value, indicating values lower than 0.05, suggests that vigor significantly influences job satisfaction. The analysis reveals a direct, positive, and significant relationship between vigor and job satisfaction. Furthermore, any alteration in vigor appears to affect job satisfaction.

4.11.2 Regression analysis of vigor and job satisfaction on organizational performance

Table 4.16: Regression Analysis of vigor and job satisfaction on organizational performance

OUTCOME VARIABLE:						
DVmean						
Model Summary						
R	R-sq	MSE	F	df1	df2	p
.771	.595	.241	215.698	2.000	294.000	.000
Model						
	coeff	se	t	p	LLCI	ULCI
constant	1.076	.138	7.782	.000	.804	1.348
Vmean	.203	.052	3.935	.000	.102	.305
JSmean	.492	.046	10.738	.000	.402	.582
Standardized coefficients						
	coeff					
Vmean	.218					
JSmean	.595					

Source: Researcher's survey data output

Table 4.18 illustrates the impact of both vigor and job satisfaction on organizational performance. Specifically, it presents the effect, p-value, and 95% bias-corrected bootstrap confidence interval for the direct effect of vigor and job satisfaction on organizational performance. The table indicates a significant direct effect ($c1 = 1.076$, $p < 0.01$) of both vigor and job satisfaction on organizational performance.

4.11.3 Direct, Indirect, and Total Effects of vigor on organizational performance

Table 4.17: Bootstrap Estimates of Direct, Indirect, and Total Effects of vigor on organization performance

Total effect of X on Y						
Effect	se	t	p	LLCI	ULCI	c_cs
.615	.041	15.093	.000	.535	.695	.660
Direct effect of X on Y						
Effect	se	t	p	LLCI	ULCI	c'_cs
.203	.052	3.935	.000	.102	.305	.218
Indirect effect(s) of X on Y:						
Effect	BootSE	BootLLCI	BootULCI			
JSmean	.412	.051	.309	.507		
Completely standardized indirect effect(s) of X on Y:						
Effect	BootSE	BootLLCI	BootULCI			
JSmean	.442	.047	.344	.530		

Source: Researcher's survey data output

In Table 4.19, the effect of vigor on organizational performance through job satisfaction among clerical staff for both banks is depicted. The total effect, encompassing the entire model, including both direct and indirect effects, is derived from the sum of the indirect effect ($a*b$) and the direct effect (c). The table indicates that the total effect amounts to 0.615, with a "t" value of 15.093 and a p-value of 0.000, signifying a statistically significant effect ($p < 0.05$). Consequently, a positive indirect relationship between vigor and organizational performance through job satisfaction is evident.

The indirect effect is assessed using non-parametric bootstrapping. Here, if the null hypothesis of 0 lies between the lower and upper bounds of the 95% confidence interval, then the indirect effect is deemed insignificant. In this instance, the indirect effect, which is 0.412, is statistically significant at a 95% confidence interval of (0.309, 0.507). As "zero" does not fall within the 95% confidence interval, it can be concluded that job satisfaction mediates the relationship between

vigor and organizational performance; in other words, "a*b" is statistically significant at alpha ($p < 0.05$).

The Direct Effect analysis assesses whether the relationship between the independent and dependent variables is direct and not influenced by a third variable. The findings presented in Table 4.15 indicate that the direct effect is 0.203, with a t-value of 3.935 and a p-value of 0.000 ($p < 0.05$). Consequently, it can be stated that vigor and organizational performance indeed have a direct effect. It's worth noting that "zero" does not fall within the 95% confidence interval (0.102, 0.305). Therefore, the "c" coefficient is statistically significant ($p < 0.05$).

4.11.4 Regression analysis of dedication on job satisfaction

The study's model focuses on one mediator, job satisfaction, which is seen as the causal link between dedication and organizational performance. Thus, the study uses a straightforward mediation model to specifically analyze the mediating impact.

Table 4.20: Regression Analysis of dedication on Job satisfaction

OUTCOME VARIABLE:						
JSmean						
Model Summary						
R	R-sq	MSE	F	df1	df2	p
.822	.676	.281	614.426	1.000	295.000	.000
Model						
coeff	se	t	p	LLCI	ULCI	
constant	.822	.127	6.459	.000	.572	1.073
Dmean	.777	.031	24.788	.000	.715	.839
Standardized coefficients						
coeff						
Dmean	.822					

Source: Researcher's survey data output

Table 4.20 presents the relationship between dedication and job satisfaction using a simple regression analysis, with dedication as the predictor and job satisfaction as the outcome variable.

The p-value, which is below 0.05, indicates that dedication has a significant influence on job satisfaction. This analysis highlights a direct, positive, and statistically significant connection between dedication and job satisfaction, suggesting that changes in dedication impact job satisfaction accordingly.

4.11.5 Regression Analysis of dedication and job satisfaction on organizational performance

Table 4.21: Regression Analysis of dedication and job satisfaction on organizational performance

OUTCOME VARIABLE:						
DVmean						
Model Summary						
R	R-sq	MSE	F	df1	df2	p
.764	.584	.247	206.426	2.000	294.000	.000
Model						
	coeff	se	t	p	LLCI	ULCI
constant	1.249	.127	9.802	.000	.998	1.500
Dmean	.142	.052	2.752	.006	.040	.243
JSmean	.502	.055	9.204	.000	.395	.609
Standardized coefficients						
	coeff					
Dmean	.182					
JSmean	.608					

Source: Researcher's survey data output

Table 4.21 illustrates the impact of both dedication and job satisfaction on organizational performance. Specifically, it presents the effect, p-value, and 95% bias-corrected bootstrap confidence interval for the direct effect of vigor and job satisfaction on organizational performance. The table indicates a significant direct effect ($c1 = 1.249$, $p < 0.05$) of both dedication and job satisfaction on organizational performance.

4.11.6 Direct, Indirect, and Total Effects of dedication on organizational performance

Table 4.18: Bootstrap Estimates of Direct, Indirect, and Total Effects of dedication on organization performance

Total effect of X on Y						
Effect	se	t	p	LLCI	ULCI	c_cs
.532	.033	15.988	.000	.467	.598	.681
Direct effect of X on Y						
Effect	se	t	p	LLCI	ULCI	c'_cs
.142	.052	2.752	.006	.040	.243	.182
Indirect effect(s) of X on Y:						
Effect	BootSE	BootLLCI	BootULCI			
JSmean	.390	.052	.286	.493		
Completely standardized indirect effect(s) of X on Y:						
Effect	BootSE	BootLLCI	BootULCI			
JSmean	.500	.059	.383	.612		

Source: Researcher's survey data output

Table 4.22 illustrates the impact of dedication on organizational performance through job satisfaction among clerical staff in both banks. The total effect, representing the overall model including both indirect and direct effects, is calculated by adding the indirect effect ($a*b$) to the direct effect (c). The table shows that the total effect equals 0.532, with a "t" value of 15.988 and a p-value of 0.000, indicating a statistically significant effect ($p < 0.05$). This suggests a positive indirect relationship between dedication and organizational performance through job satisfaction. The indirect effect is evaluated using non-parametric bootstrapping. In this method, if the null hypothesis of 0 falls between the lower and upper bounds of the 95% confidence interval, the indirect effect is considered insignificant. In this case, the indirect effect, which is 0.390, is statistically significant at a 95% confidence interval of (0.286, 0.493). Since the value "zero" does not fall within this interval, it can be concluded that job satisfaction mediates the relationship between vigor and organizational performance. In other words, the product of paths " $a*b$ " is statistically significant at an alpha level of 0.05.

The Direct Effect analysis examines whether the relationship between the independent and dependent variables is direct and not influenced by a third variable. According to the findings presented in Table 4.17, the direct effect is calculated as 0.142, with a t-value of 2.752 and a p-value of 0.000 ($p < 0.05$). This suggests that there is indeed a direct effect between dedication and organizational performance. Importantly, the value "zero" does not fall within the 95% confidence interval (0.040, 0.243), indicating that the "c" coefficient is statistically significant ($p < 0.05$).

4.11.7 Regression analysis of absorption on job satisfaction

The study's model focuses on one mediator, job satisfaction, which is seen as the causal link between absorption and organizational performance. Consequently, a simple mediation model is used to specifically examine the mediating effect.

Table 4.19: Regression Analysis of absorption on Job satisfaction

OUTCOME VARIABLE:							
JSmean							
Model Summary							
R	R-sq	MSE	F	df1	df2	p	
.507	.257	.645	101.888	1.000	295.000	.000	
Model							
	coeff	se	t	p	LLCI	ULCI	
constant	1.764	.215	8.201	.000	1.341	2.187	
Amean	.615	.061	10.094	.000	.495	.735	
Standardized coefficients							
	coeff						
Amean	.507						

Source: Researcher's survey data output

Table 4.23 presents the influence of absorption on job satisfaction through a simple regression, where absorption is regressed on job satisfaction. The p-value, which is below 0.05, indicates that absorption has a significant impact on job satisfaction. The analysis indicates a direct,

positive, and statistically significant relationship between absorption and job satisfaction, suggesting that changes in absorption levels affect job satisfaction accordingly.

4.11.8 Regression Analysis of absorption and job satisfaction on organizational performance

Table 4.20: Regression Analysis of absorption and job satisfaction on organizational performance

OUTCOME VARIABLE:						
DVmean						
Model Summary						
R	R-sq	MSE	F	df1	df2	p
.759	.576	.252	199.713	2.000	294.000	.000
Model						
coeff	se	t	p	LLCI	ULCI	
constant	1.219	.149	8.186	.000	.926	1.512
Amean	.060	.044	1.359	.175	-.027	.147
JSmean	.600	.036	16.502	.000	.529	.672
Standardized coefficients						
	coeff					
Amean	.060					
JSmean	.727					

Source: Researcher’s survey data output

Table 4.24 demonstrates the influence of both absorption and job satisfaction on organizational performance. It specifically showcases the effect, p-value, and 95% bias-corrected bootstrap confidence interval for the direct effect of absorption and job satisfaction on organizational performance. The table highlights a significant direct effect ($c1 = 1.219$, $p < 0.05$) of both absorption and job satisfaction on organizational performance.

4.11.9 Direct, Indirect, and Total Effects of absorption on organizational performance

Table 4.21: Bootstrap Estimates of Direct, Indirect, and Total Effects of absorption on organization performance

Total effect of X on Y						
Effect	se	t	p	LLCI	ULCI	c'_cs
.429	.053	8.137	.000	.326	.533	.428
Direct effect of X on Y						
Effect	se	t	p	LLCI	ULCI	c'_cs
.060	.044	1.359	.175	-.027	.147	.060
Indirect effect(s) of X on Y:						
Effect	BootSE	BootLLCI	BootULCI			
JSmean	.369	.054	.263	.475		
Completely standardized indirect effect(s) of X on Y:						
Effect	BootSE	BootLLCI	BootULCI			
JSmean	.368	.045	.274	.450		

Source: Researcher's survey data output

In Table 4.25, the impact of absorption on organizational performance through job satisfaction among clerical staff for both banks is depicted. The total effect, encompassing the entire model including indirect and direct effects, is calculated by summing the indirect effect ($a*b$) and the direct effect (c). The table shows that the total effect amounts to 0.429, with a "t" value of 8.137 and a p-value of 0.000, indicating a statistically significant effect ($p < 0.05$). This suggests a positive indirect relationship between absorption and organizational performance through job satisfaction.

The indirect effect is evaluated using non-parametric bootstrapping. If the null hypothesis of 0 falls between the lower and upper bounds of the 95% confidence interval, the indirect effect is deemed insignificant. In this instance, the indirect effect, which is 0.369, is statistically significant at a 95% confidence interval of (0.263, 0.475). As "zero" does not fall within this interval, it can be concluded that job satisfaction mediates the relationship between absorption and organizational performance; in other words, " $a*b$ " is statistically significant at an alpha level of 0.05.

The Direct Effect analysis examines whether the relationship between the independent and dependent variables is direct and not influenced by a third variable. However, the findings in Table 4.17 indicate that the direct effect is 0.060, with a t-value of 1.359 and a p-value of 0.175 ($P > 0.05$). Additionally, "zero" falls within the 95% confidence interval (-0.027, 0.147), indicating that the "c" coefficient is statistically insignificant ($p > 0.05$). Thus, it could be said that absorption and organizational performance do not have a direct effect.

4.12 Analysis of each hypothesis based on the regression and model result:

Based on Baron and Kenny's Regression Analysis, the following hypotheses were tested regarding the relationships between vigor, dedication, absorption, job satisfaction, and organizational performance. The results provide evidence for some hypotheses while others are not supported.

1. H1-a: There is a direct and positive relationship between vigor and organizational performance.

Supported: $\beta = 0.287, p < 0.01$

2. H1-b: There is a direct and positive relationship between dedication and organizational performance.

-Supported: $\beta = 0.323, p < 0.01$

3. H1-c: Absorption does not have a positive and direct effect on organizational performance.

- Fail to Reject: $\beta = 0.045, p > 0.01$

4. H2-a: Vigor positively influences job satisfaction.

- Supported: $\beta = 0.301, p < 0.01$

5. H2-b: Dedication positively influences job satisfaction.

- Supported: $\beta = 0.332, p < 0.01$

6. H3-c: Absorption positively influences job satisfaction.

- Supported: $\beta = 0.615, p < 0.01$

7. H3: Job satisfaction is expected to have a significant positive impact on organizational performance.

- Supported: $\beta = 0.625, p < 0.01$

8. H4-a: Job satisfaction acts as a mediator for the effect of vigor on organizational performance.
 - Supported: Direct Effect ($\beta = 0.203$, $p < 0.01$), Indirect Effect ($\beta = 0.412$, $p < 0.01$)
9. H4-b: Job satisfaction acts as a mediator for the effect of dedication on organizational performance.
 - Supported: Direct Effect ($\beta = 0.142$, $p < 0.01$), Indirect Effect ($\beta = 0.390$, $p < 0.01$)
10. H4-c: Job satisfaction acts as a mediator for the effect of absorption on organizational performance.
 - Supported: Indirect Effect ($\beta = 0.369$, $p < 0.01$)

Table 4.26 Table hypotheses Summary

Hypothesis	Relationship	Beta (β)	Significance (p-value)	Null hypotheses
H1-a	Vigor \rightarrow Organizational Performance	0.287	< 0.01	Reject
H1-b	Dedication \rightarrow Organizational Performance	0.323	< 0.01	Reject
H1-c	Absorption \rightarrow Organizational Performance	0.045	> 0.01	Fail to Reject
H2-a	Vigor \rightarrow Job Satisfaction	0.301	< 0.01	Reject
H2-b	Dedication \rightarrow Job Satisfaction	0.332	< 0.01	Reject
H3-c	Absorption \rightarrow Job Satisfaction	0.615	< 0.01	Reject
H3	Job Satisfaction \rightarrow Organizational Performance	0.625	< 0.01	Reject
H4-a	Vigor \rightarrow Job Satisfaction \rightarrow Organizational Performance	Direct: 0.203, Indirect: 0.412	< 0.01	Partially Mediated
H4-b	Dedication \rightarrow Job Satisfaction \rightarrow Organizational Performance	Direct: 0.142, Indirect: 0.390	< 0.01	Fully Mediated
H4-c	Absorption \rightarrow Job Satisfaction \rightarrow Organizational Performance	Indirect: 0.369	< 0.01	Mediated

This analysis highlights that both vigor and dedication have significant positive direct effects on organizational performance, while absorption does not. However, absorption, along with vigor and dedication, significantly influences job satisfaction, which in turn positively impacts organizational performance. Job satisfaction mediates the relationships between both vigor and

dedication on organizational performance, indicating partial mediation for vigor and full mediation for dedication.

4.13 Summary of findings

Baron, R. M., & Kenny, D. A. (1986) and Hayes' Process Macro (Hayes, A. F., 2013), both implemented using SPSS, were utilized to investigate the impact of employee engagement on organizational performance through job satisfaction. This study aimed to determine whether job satisfaction acts as a mediator in the relationship between employee engagement and organizational performance. According to Baron and Kenny's method, multiple regression analyses were performed to establish mediation by verifying the significance of relationships between variables at each step. Meanwhile, Hayes' Process Macro provided a more comprehensive analysis through bootstrapping to test indirect effects and confidence intervals.

The research revealed varying outcomes depending on the method used, particularly concerning the independent variable of absorption. Specifically, absorption was found to have an insignificant direct relationship with organizational performance, which is why its mediation through job satisfaction was not tested in step 2. This indicates that while other components of employee engagement, such as vigor and dedication, showed significant predictive relationships with job satisfaction, absorption did not. These findings underscore the importance of selecting appropriate analytical methods and highlight the complexity of interactions between different dimensions of employee engagement and organizational outcomes.

According to Baron and Kenny's approach, the independent variable (vigor) demonstrates both a significant direct and indirect relationship with organizational performance. Vigor directly influences organizational performance and also impacts it indirectly through job satisfaction. This supports the presence of partial mediation by job satisfaction. The Hayes' Process Macro results corroborate this finding, showing that vigor maintains a significant direct relationship with organizational performance while also having a significant indirect effect via job satisfaction, confirming partial mediation (Hayes, 2013).

To elaborate, partial mediation means that vigor not only has a direct positive effect on organizational performance but also enhances organizational performance indirectly by increasing job satisfaction. The results from Baron and Kenny's approach show that vigor's direct relationship with organizational performance remains significant even after accounting for job

satisfaction. This indicates that while job satisfaction mediates part of the relationship between vigor and organizational performance, vigor still has an independent impact.

Hayes' Process Macro, which utilizes bootstrapping to test the significance of indirect effects, supports this conclusion by demonstrating that both the direct and indirect paths from vigor to organizational performance are statistically significant. This reinforces the notion that vigor contributes to organizational performance through multiple pathways—both directly and through its influence on job satisfaction.

The results for the independent variable (dedication) in Baron and Kenny's approach show both direct and indirect relationships with organizational performance. Initially, dedication directly influences organizational performance and also affects it indirectly through job satisfaction. However, when the mediating variable (job satisfaction) is controlled for in the analysis, the direct effect of dedication on organizational performance becomes non-significant. This finding supports the conclusion of full mediation, indicating that dedication's impact on organizational performance operates entirely through job satisfaction.

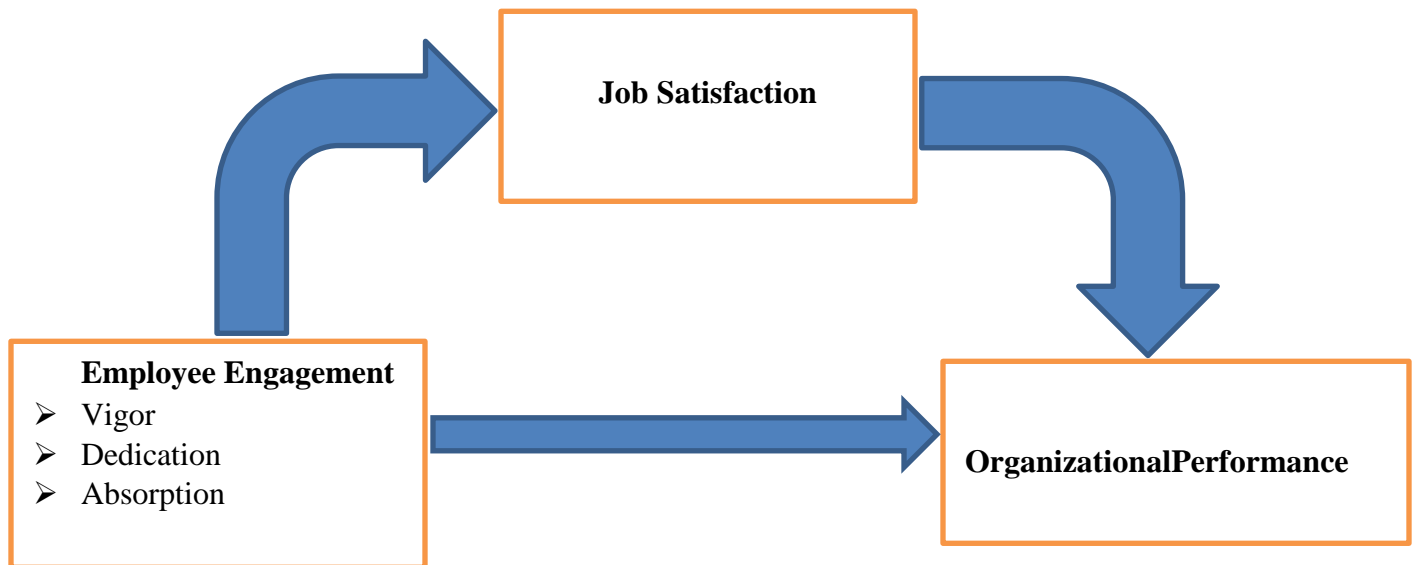
Furthermore, the Hayes' Process Macro results provide additional insights. They indicate that dedication has both a significant direct and indirect relationship with organizational performance. This might seem contradictory at first, but it can be interpreted through the nuanced analysis provided by Hayes' method. Hayes' Process Macro uses bootstrapping to assess the significance of indirect effects and provides a more detailed understanding of the mediation process. The direct effect remaining significant in Hayes' analysis could suggest that while job satisfaction plays a crucial mediating role, there are other factors or pathways through which dedication also influences organizational performance directly.

In both Baron and Kenny's approach and Hayes' Process Macro results, it is evident that the independent variable (absorption) does not exhibit a direct significant relationship with organizational performance. According to Baron and Kenny's method, the first step in establishing mediation is to show a significant direct relationship between the independent variable and the dependent variable. Since absorption does not meet this criterion, it cannot proceed to the subsequent steps necessary to test for mediation.

However, the analysis using Hayes' Process Macro reveals an interesting finding. Despite the lack of a direct significant relationship between absorption and organizational performance, Hayes' Process Macro indicates that absorption has an indirect relationship with organizational

performance through the mediator, job satisfaction. This means that while absorption alone does not directly impact organizational performance, it does so indirectly by influencing job satisfaction, which in turn affects organizational performance. This indirect effect is significant, highlighting the value of Hayes' method in uncovering complex mediation pathways that might be missed by traditional methods.

Figure 4.4: Research model and Paths



In the diagram depicted in Figure 4.4, we observe various paths illustrating the relationships between different variables. Path A represents the direct impact of employee engagement (vigor, dedication, and absorption) on job satisfaction, aligning with hypothesis H2. Path B, corresponding to H3, signifies the influence of job satisfaction on organizational performance. Path C demonstrates the direct effect of employee engagement (vigor, dedication, and absorption) on organizational performance, as indicated by H1. Additionally, Path C1 highlights the indirect impact of employee engagement (vigor, dedication, and absorption) on organizational performance through the intermediary role of job satisfaction, which is associated with H4. The significance of this pathway lies in elucidating the extent of the mediating function fulfilled by job satisfaction, in accordance with hypothesis H4.

Job Satisfaction: A Mediating Variable

Full mediation occurs when the relationship between an independent variable (X) and a dependent variable (Y) is completely explained by a third variable called the mediator (M). In other words, X influences Y only indirectly through M. When conducting mediation analysis using Hayes' Process Macro, full mediation is indicated when the indirect effect (the effect of X on Y through M) is significant, and the direct effect (the effect of X on Y without considering M) becomes non-significant or substantially reduced when controlling for the mediator. Hayes (2013) suggests that full mediation is established when the confidence interval for the indirect effect does not include zero, and the confidence interval for the direct effect includes zero or the direct effect coefficient is substantially reduced when the mediator is included in the model.

Partial mediation occurs when the mediator (M) partially explains the relationship between the independent variable (X) and the dependent variable (Y), but there still remains a direct effect of X on Y even after accounting for M. In this case, both the indirect effect (through M) and the direct effect (without considering M) are significant. According to Hayes (2013), partial mediation is confirmed when the indirect effect is significant (the confidence interval does not include zero) and there is still a significant direct effect between X and Y even after controlling for the mediator.

When monitoring the impact of both vigor and dedication on organizational performance through job satisfaction, the p-values for the direct effects of both variables are less than 0.05, indicating statistical significance. This suggests a significant direct relationship between both vigor and organizational performance, as well as dedication and organizational performance, even when job satisfaction is not considered. Conversely, the indirect effects of both vigor and dedication on organizational performance through job satisfaction are represented by the BootLLCI (lower level confidence interval) and BootULCI (upper level confidence interval). In both cases, both BootLLCI and BootULCI do not include zero, indicating that the confidence intervals for the indirect effects do not contain zero. When the confidence intervals for the indirect effects do not include zero, it indicates that the indirect effects are statistically significant. Since the direct effects of both vigor and dedication on organizational performance are significant, and the indirect effects through job satisfaction are also significant (the confidence intervals do not include zero), this suggests partial mediation. Partial mediation implies that while job satisfaction partially explains the relationships between both vigor and dedication and organizational

performance, significant direct effects of both variables on organizational performance still exist even after accounting for job satisfaction.

On the other hand, the impact of absorption on organizational performance through job satisfaction shows that the p-value for the direct effect is greater than 0.05, indicating statistical insignificance. This suggests an insignificant direct relationship between absorption and organizational performance. Conversely, the indirect effect of absorption on organizational performance through job satisfaction is represented by the BootLLCI (lower level confidence interval) and BootULCI (upper level confidence interval). In both BootLLCI and BootULCI, zero is not included, indicating that the confidence intervals for the indirect effects do not contain zero. When the confidence intervals for the indirect effects do not include zero, it indicates that the indirect effects are statistically significant. Since the direct effect of absorption on organizational performance is insignificant, and the indirect effects through job satisfaction are significant, this suggests full mediation.

The findings support the previous Hypothesis H1, indicating a direct and significant relationship between employee engagement (vigor, dedication, absorption) and organizational performance after mediation, except for absorption. Hypothesis H2 (Path A), which suggests that employee engagement (vigor, dedication, absorption) has a significant effect on job satisfaction, is supported for all variables. Similarly, Hypothesis H3 (Path B), proposing that job satisfaction significantly impacts organizational performance, is supported. Likewise, Hypothesis H4 (Path C1), asserting that employee engagement (vigor, dedication, absorption) significantly affects organization performance through job satisfaction, is also supported. Additionally, the researcher took necessary steps to control for employees' specific attributes, including gender, age level, education qualification, job position, banking, and work experience. See below for an overview:

CHAPTER FIVE

5. DISCUSSION, CONCLUSIONS, AND RECOMMENDATIONS

5.1 Introduction

This portion encapsulates the results obtained through analyzing and discussing the gathered data, alongside the conclusions drawn from these findings. Additionally, it includes recommendations aimed at resolving any challenges unearthed during the research, providing further clarity and insight.

5.2 Discussion of Main Findings

This study investigated the impact of employee engagement on organizational performance in Abyssinia and Buna banks, utilizing job satisfaction as a mediating factor. To achieve this, three research objectives were formulated: (1) To determine the effect of employee engagement on organizational performance with job satisfaction as a mediating variable; (2) To identify the dimensions of employee engagement (vigor, dedication, and absorption) that contribute to organizational performance; (3) To explore the relationship between employee engagement and organizational performance. Data from a sample of 297 staff members were collected, with the majority of respondents providing positive ratings on the 5-point Likert scale for employee engagement, job satisfaction, and organizational performance.

The researcher employed Andrew F. Hayes' macro process and Baron and Kenny's approach to investigate if job satisfaction mediates the effect of employee engagement on organizational performance. Al-Dalahmeh et al. (2018), Masa'deh, Khalf, and Obeidat (2018), Yaqub et al. (2021), Bakker and Schaufeli (2008), and others discovered a positive correlation between employee engagement and organizational performance. Mone and London (2010) recommend enhancing performance management approaches to maintain high levels of engagement. Alarcon and Edwards (2011) and Yee et al. (2008) discovered that job happiness improves both service quality and profitability, resulting in improved performance. Bailey et al. (2016) confirmed that job satisfaction increases workplace commitment. Our findings are consistent with previous studies, demonstrating that employee engagement (vigor and dedication) improves organizational performance.

Employee involvement improves job performance and quality (Anitha 2014). Caplan (2013) stated that involvement increases productivity, performance, and provides an efficient work environment while decreasing absenteeism and turnover rates. Employees that are engaged seek effective communication, meaningful assignments, and a safe work environment, which leads to better financial results, organizational pride, and enthusiasm.

However, Noercahyo, Maarif, and Sumertajaya (2021) discovered that organizational engagement improves work satisfaction but not performance. According to Riaz et al. (2021), emotional engagement has an impact on job performance, although cognitive and behavioral engagement do not.

On the contrary, Employees who are disengaged often give poor customer service, lack dedication, and underperform owing to a lack of excitement and disinterest (Shmailan, 2016). This study discovered that bank employees see engagement as critical to improving performance, saying it enables people to excel by collaborating, taking responsibility, and contributing to organizational goals.

Sub-hypotheses testing found that two aspects of employee involvement predicted organizational success significantly, whereas absorption did not. Vigor was the strongest predictor, followed by devotion. Vigor, defined as strong energy and resilience at work (Shekari, 2015), motivates employees to succeed in the face of adversity (Karatepe and Demir, 2013; Salanova et al., 2005). Employees who are totally engaged in their tasks surpass those who lack vigor.

Dedication entails being motivated, enthusiastic, and fully invested in one's work (Rayton and Yalabik, 2014; Song et al., 2012). It entails finding meaning and pride in one's work, which drives individuals to strive for corporate goals and improve performance. Employees that are engaged return advantages by devoting all of their cognitive, emotional, and physical resources to their responsibilities while retaining high energy, excitement, and complete absorption in their tasks.

This drive and persistence improve organizational success. Although absorption does not directly correlate with performance, it is important as a mediating variable. Absorption requires intense concentration and dissociation from one's surroundings (Rayton and Yalabik, 2014), resulting in efficient, uninterrupted work (Shekari, 2015). Employees that lack absorption tend to perform badly and contribute little to company success.

Management should encourage a positive work environment to increase employee happiness, loyalty, confidence, output quality, and productivity (Surujlal and Singh, 2003; Yee et al., 2008). Satisfied employees exhibit higher levels of dedication and corporate citizenship (Fraser, 2001; Sempene et al., 2002; Yoon and Suh, 2003). They also have better retention and productivity (Goslin, 2005). Employees who are unsatisfied, on the other hand, experience negative effects on their physical and emotional well-being.

Dissatisfied employees may take additional absence, lowering organizational performance (Judge et al., 2010; Shields, 2006). Employee satisfaction can boost overall success, resulting in happier employees, increased productivity, fewer lost workdays, and more profitability. However, some researchers believe that job happiness has little or no effect on performance (Daily and Near, 2000; Mohr and Puck, 2007; Kanyurhi and Akonkwa, 2016).

The study emphasizes the need for Ethiopian banks to focus employee satisfaction in order to improve overall performance. Existing research suggests that contented employees contribute greatly to organizational success, whereas dissatisfied people impede performance. This global phenomena stresses the importance of prioritizing satisfaction as well as performance progress. Thus, banks must devise measures to improve employee work satisfaction.

5.3 Conclusions

This study sheds light on Ethiopia's banking industry, which has experienced significant growth, leading to intensified competition among banks. Understanding how employee engagement and job satisfaction impact organizational performance is crucial for maintaining competitiveness and ensuring long-term success in this dynamic landscape. The primary research question addressed in this study is: "How do employee engagement and job satisfaction influence organizational performance in Ethiopia's banking sector?" The hypotheses tested provide insights into these relationships.

The findings confirm a significant and direct correlation between employee engagement, particularly in terms of vigor and dedication, and organizational performance. Highly engaged employees are pivotal in driving favorable outcomes such as heightened productivity and efficiency. Employees who exhibit high levels of vigor and dedication contribute significantly to organizational success, indicating that banks with engaged workforces are likely to experience better performance metrics. This validates the hypotheses H1-a and H1-b, which propose that

vigor and dedication positively affect organizational performance.

The study also validates the hypothesis (H2) that employee engagement significantly influences job satisfaction. This underscores the necessity of cultivating an engaged culture within banks to bolster overall employee satisfaction and commitment. Engaged employees are more likely to feel satisfied with their jobs, which in turn enhances their dedication and effectiveness.

Furthermore, the study supports the hypothesis (H3) that job satisfaction significantly impacts organizational performance. This emphasizes the crucial role of maintaining high levels of employee satisfaction for organizational success, particularly in Ethiopia's competitive banking sector. Satisfied employees are more productive, committed, and likely to contribute positively to the organization's goals.

The examination of mediation by job satisfaction (H4-a and H4-b) indicates that job satisfaction partially mediates the relationship between employee engagement, specifically vigor and dedication, and organizational performance. This implies that while job satisfaction is a significant factor, other contributors also affect organizational effectiveness. Vigor and dedication enhance organizational performance both directly and indirectly through job satisfaction.

Contrary to expectations, absorption does not directly affect organizational performance (H1-c). However, it indirectly influences performance through its association with job satisfaction (H4-c). This highlights its significance in enhancing overall employee satisfaction and, consequently, organizational outcomes. Although absorption alone does not directly drive performance, it plays a critical role in contributing to a satisfied and effective workforce.

These findings underscore the intricate interplay among employee engagement, job satisfaction, and organizational performance within Ethiopia's banking industry. To flourish, banks must prioritize initiatives that foster engagement and satisfaction, positioning themselves for sustained growth and profitability. Understanding and leveraging these relationships are indispensable for effectively navigating the dynamic landscape of the banking sector. By focusing on enhancing employee engagement and job satisfaction, banks can improve organizational performance and gain a competitive edge in the market.

5.4 Recommendations

- Engaged staff are invaluable assets to organizations. To enhance employee engagement, organizations should prioritize strategies aimed at fostering vigor and dedication among employees. This could involve providing opportunities for skill development, implementing recognition programs, and creating a supportive work environment.
- Efforts should also be directed towards improving job satisfaction by understanding and addressing factors contributing to it. This may include offering competitive compensation and benefits, providing avenues for career advancement, and cultivating a positive organizational culture.
- Furthermore, organizations should regularly monitor key performance indicators to assess the impact of employee engagement and job satisfaction on organizational outcomes.
- Implementing performance management systems and seeking feedback from employees can help identify areas for improvement.
- Investing in training and development programs aimed at enhancing employee skills and competencies is also essential. This not only contributes to engagement and job satisfaction but also helps employees feel more absorbed in their roles and responsibilities.
- Finally, leaders should play a crucial role in fostering emotional connections between employees and their organizational roles and responsibilities. Higher levels of employee engagement lead to improved organizational outcomes. Additionally, implementing strategies that enhance both employee engagement and satisfaction will yield benefits for both employees and employers. Engaged and satisfied employees find fulfillment in their roles, fostering happiness and commitment. Consequently, these employees are more inclined to diligently perform their tasks and achieve organizational goals, thereby enhancing overall organizational performance.

5.5 Limitations of the Study and Suggestions for Further Research

To enhance understanding, further research should investigate additional factors influencing the relationship between employee engagement, job satisfaction, and organizational performance. This may entail exploring the impact of leadership styles, organizational culture, and external environmental factors. These aspects could provide a more holistic view of the dynamics at play

and help identify additional levers that organizations can use to boost engagement and performance.

By incorporating these suggestions, organizations can cultivate a positive work environment conducive to employee engagement, job satisfaction, and, ultimately, improved organizational performance. This aligns with the findings of Bakker and Demerouti (2008), who highlight the importance of a supportive work environment in enhancing employee engagement and performance.

This study focused exclusively on Ethiopian commercial banks, specifically the Bank of Abyssinia (a first-generation bank) and Bunna Bank (a third-generation bank). Consequently, the applicability of the research outcomes is restricted to commercial banks operating within the Ethiopian context, and it would be beneficial to include banks from other generations for a more comprehensive analysis. Additionally, the assessment of employee engagement was limited to the dimensions of vigor, dedication, and absorption, without considering other aspects such as physical, cognitive, and emotional elements commonly associated with employee engagement (Schaufeli & Bakker, 2004).

Furthermore, employees within the banks were hesitant to provide information due to their demanding schedules. Obtaining responses for the survey questions posed challenges due to their heavy workload and responsibilities. Additionally, there were time constraints for conducting face-to-face meetings to clarify any questionnaire-related confusion. Despite these obstacles, the researcher efficiently managed her time to advance this research.

The study employed a cross-sectional research design, which provides a snapshot of data at a single point in time. However, future research could benefit from using a longitudinal design to gain a more comprehensive understanding of changes over time. Longitudinal studies involve tracking the same sample through repeated observations at regular intervals, allowing researchers to monitor changes and correlate them with variables that may explain these shifts. This approach describes patterns of change, establishes the direction and magnitude of causal relationships, and involves measurements taken on each variable over two or more distinct time periods (Cohen et al., 2007). Employing a longitudinal design could thus offer deeper insights and more robust conclusions.

Lastly, the researcher suggest additional research into the Cronbach alpha test for absorption. The result, 0.656, is below than the usually acknowledged criterion of 0.70 to 0.80 for good

reliability (Hair, Wolfinbarger, Ortinau, and Bush, 2010). This emphasizes the need for future research to investigate factors influencing absorption dependability and devise measures to improve it.

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APPENDIX



Masters of Business Administration in Management Studies

Dear Colleagues:

The aim of this survey is to collect data on the impact of employee engagement on organizational performance, with a specific focus on the mediating role of job satisfaction within Bank of Abyssinia and Bunna Bank. This questionnaire serves an educational purpose, and all responses will be handled confidentially.

If you have any questions about this survey, please do not hesitate to contact me at my phone number 0911457481 or via my email address: hiwothabtu2015@gmail.com.

Thank you for your time, participation, and prompt response!

Please rate the following Statements by ticking “√” only one box on the right side in the space provided based on the description:

SECTION I: GENERAL DEMOGRAPHIC INFORMATION

1. **Gender** Male Female
2. **Age** 21 – 30 30 – 45 above 45
3. **Educational Qualification**
 Diploma Degree Masters and above
4. **Job Position**
 Officer Senior Officer Manager Director and above
5. **Banking experience**
 1-3 years 3 – 5 years above 5 years
6. **Work experience**
 1-3 years 3 – 5 years above 5 years

SECTION II: Please indicate the extent to which you agree with the following statements. The questions are arranged on a scale from 1 to 5, where '1' corresponds to 'strongly disagree,' '2' to 'disagree,' '3' to 'neutral,' '4' to 'agree,' and '5' to 'strongly agree.'

PART I

EMPLOYEE ENGAGEMENT

Item	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Vigor (Dimension)					
1. At my work, I feel bursting with energy.					
2. At my job, I feel strong and vigorous.					
3. When I get up in the morning, I feel like going to work.					
4. I cannot continue working for very long periods at a time.					
5. At my job, I am very resilient, mentally.					
6. At my work, I always persevere, even when things do not go well.					
Dedication (Dimension)					
1. I find the work that I do full of meaning and purpose					
2. I am enthusiastic about my job.					
3. My job doesn't inspire me.					
4. I am proud of the work that I do.					
5. To me, my job is challenging.					
Absorption (Dimension)					
1. Time flies when I am working.					
2. When I am working, I forget everything else around me.					
3. I am not immersed in my work.					
4. I get carried away when I am working.					
5. It is difficult to detach myself from my job.					

PART II					
JOB SATISFACTION					
Item	Strongly	Disagree	Neutral	Agree	Strongly

	disagree				agree
Job Satisfaction					
1. I feel that my job is valuable.					
2. I feel that my job is interesting.					
3. I feel that my job is satisfying.					
4. If I had to do it all over again, I would choose another job.					
5. I like my job more than many employees of other companies.					
6. In my job, I feel that I am doing something worthwhile.					
7. I consider this employer as first choice					

PART III					
ORGANIZATIONAL PERFORMANCE					
Item	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Financial Performance					
1. Profitability of the firm increases faster compared to industry average.					
2. Return on assets (ROA) of the firm is significantly higher than industry average.					
3. Value added per employee is significantly lower than industry average.					

Non-financial Performance					
1.We retain existing clients and manage to attract new ones.					
2.The number of customer complaints within the last period has increased strongly.					
3.Reputation of our company in eyes of the customers has improved					
4.We consider our relations with customers to be excellent because we maintain genuine partnerships with them					
5.There is a mutual trust between our company and our customers.					
6.Quality of our products is well above the industry average.					
7.The net fluctuation of employees is very high within our company.					
8.Productivity of employees is much higher than industry average.					
9.Employees do not feel special commitment to the organization.					
10. Absenteeism in our company relative to competitors is very high.					