



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

**MA PROGRAM IN BUSINESS LEADERSHIP**

**The Effect of Employee Engagement Factors on Strategy  
Implementation – The Case of Cooperative Bank f Oromia**

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This to certify that the thesis entitled, *“The Effect of Employee Engagement Factors on Strategy Implementation: the Case of Cooperative Bank of Oromia”*)” was carried out by **Feyissa Hussen** under the supervision of Wubshet Bekalu (Ph.D) submitted in partial fulfilment of the requirements for the degree of Master of Arts in Business Leadership complies with the regulations of the University.

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**STATEMENT OF CERTIFICATION**

This is to certify that ***Feyissa Hussen*** has carried out his research work entitled “***The Effect of Employee Engagement Factors on Strategy Implementation: the Case of Cooperative Bank of Oromia***” for the partial fulfilment of award of Masters of Arts in Business Leadership at Addis Ababa University, College of Business and Economics, School of Commerce. This study is original and is not submitted for any Degree in this University or any other Institutions.

***Approved by:***

Name: ***Wubshet Bekalu (PhD)***

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

## DECLARATION

I, Feyissa Hussen hereby, declare that this research /Project work/entitled “**The Effect of Employee Engagement Factors on Strategy Implementation: the Case of Cooperative Bank of Oromia**” is based on my original research work carried out by myself under the supervision and guidance of Wubshet Bekalu (PhD). I also declare that this study has not been submitted earlier in full or in a part there, for the award of other similar Degree, Diploma, Fellowship, or any other similar titles to this or any other University or Institution.

*Name of the Researcher: Feyissa Hussen*

*Signature: \_\_\_\_\_ Date: \_\_\_\_\_*

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## ABSTRACT

*The aim of this research is to investigate the effect four selected factors of employee engagement (leadership, empowerment, communication, rewards & recognition) on strategy implementation in the case of Cooperative Bank Oromia. The study used stratified sampling method to collect data from the population of the bank targeted, Addis Ababa districts and city branches. The population size was 1844 employees, working under districts and City branches. Using Carvalho (1984) sample size determination technique, the study sample was 200 employees. 169 questionnaires were filled out and returned which has 84.5% response rate. Data were collected using structured questionnaire and analysed using Quantitative descriptive and inferential statistics methods. Hence, descriptive statistics was used to analyze the mean, standard deviation, and frequency distribution of the variables under consideration, whereas Pearson correlation coefficient and multiple regressions were used to analyze the inferential statistics. The study found out that, communication, reward and recognition and empowerment have significant positive effect on strategy implementation. On the other hand, leadership has been found to have positive yet insignificant effect on strategy implementation. The study recommends undertaking further researches affecting strategy implementation by including other factors which this research has not included in its scope.*

**Key words:** *Factors of employee engagement, strategy implementation, leadership, empowerment, communication and reward and recognition*

## **ABBREVIATION /ACRONYM**

**ANOVA:** Analysis of Variance

**B:** Beta coefficient of the model equation

**CLRM:** Classical Linear Regression Model

**Coopbank:** Cooperative Bank of Oromia

**Df.** Degree of freedom

**E :** Error Term

**Ha:** Alternative hypothesis

**IEBC:** Independent Electoral and Boundaries commission

**JMRA:** Journal of Management Research Analysis

**NBE:** National Bank of Ethiopia

**NGO:** Non –Governmental Organization

**NPP:** Normal Probability Plot

**OLS:** Ordinary Least Square

**SD:** Standard Deviation

**SPSS:** Statistical Package for Social Sciences

**VIF:** Variance Inflation Factor

## Table of Contents

ACKNOWLEDGEMENT .....	iv
ABSTRACT .....	v
ABBREVIATION /ACRONYM .....	vi
CHAPTER ONE .....	1
INTRODUCTION .....	1
1.1 Background of the Study .....	1
1.2 Background of the organization .....	2
1.3 Statement of the Problem .....	3
1.4 Research Questions .....	4
1.5 Research Objectives .....	4
1.6 Significance of the Study .....	4
1.7 Scope of the Study .....	5
1.8 Organization of the Study .....	5
CHAPTER TWO .....	6
LITRATURE REVIEW .....	6
2.1 Introduction .....	6
2.2 Employee Engagement.....	6
2.2.1 Models of Employee engagement .....	7
2.2.1.1 Robinson Model of Employee Engagement .....	7
2.2.1.3 Penna’s Hierarchical Model .....	9
2.3 Strategy Implementation .....	12
Key Dimensions of Successful Strategy Implementation .....	12
2.4 Empirical Research Reviews.....	13
CHAPTER THREE .....	16
RESEARCH METHODOLOGY .....	16
3.1.1 Research Approach .....	16
3.1.2 Research Design .....	16
3.1.3 Sampling Design .....	16
3.1.4 Sampling techniques .....	17
3.1.5 Sample size.....	18

3.1.6 Data Sources.....	19
3.1.7 Data Collection Instruments.....	20
3.1.8 Data Analysis Methods .....	20
3.1.9 Validity.....	20
3.1.10 Reliability.....	20
CHAPTER FOUR.....	21
DATA ANALYSIS AND DISCUSSION .....	21
4.1 Response Rate .....	21
4.2. Descriptive statistics on study variables.....	26
Descriptive statistics summary of factors of employee engagement (Independent Variables ..	31
Comparing and summarizing descriptive statistics of the variables .....	33
4.3 Inferential Statistics.....	34
4.3.1 Correlations Analysis .....	34
4.4 Assumptions .....	37
Multiple Regression Analysis .....	40
CHAPTER FIVE .....	46
SUMMARY OF FINDING, CONCLUSION AND RECOMMENDATIONS .....	46
Summary of Findings .....	46
Summary of descriptive statistical analysis .....	46
Summary of Inferential Statistics Analysis.....	47
Conclusion.....	48
Recommendation.....	48
Limitations and suggestions for further studies .....	49
REFERENCES .....	i
ANNEX.....	ix
Questionnaire .....	ix
Annex2.....	xiv
Normality Test.....	xiv

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

The idea of workforce engagement has received a countless attention today. Reilly and Brown (2008) noted that the terms 'job satisfaction', 'motivation' or 'commitment' are generally being changed now in business by 'engagement' as it appears to be more meaningful and relevant.

According to *Kenexa*, engagement is the degree to which employees are motivated to contribute to organizational success, and are willing to put in their own discretionary effort (overtime, mental toughness, and commitment) to perform tasks that are important to the achievement of organizational goals.

The Corporate Leadership Council attempts to define it as 'the extent to which employees interact with something or someone in their organization, how hard they work, and how long they stay because of that commitment.'

According to Robinson et al., Perryman and Hayday (2004), engagement is defined as an employee's positive attitude towards the organization and its values. Additionally, they imply that an engaged worker cooperates with co-workers to increase productivity for the good of the company and is aware of the business environment. They also add that an organization must develop and foster a commitment that is a mutually beneficial partnership between employer and worker.

According to Gallup's 2004 findings, there are critical connections between employee engagement, customer loyalty, business growth, and profitability. Higher workplace engagement has been found to predict higher earnings per share (EPS) for publicly traded companies. Because of this, many companies are concerned about employee engagement.

According to Robert J. Vance (2004), employees who are engaged in their work and committed to their organizations give companies important competitive advantages, including higher productivity and employee retention. As such, it is not surprising that organizations of all sizes and types are investing heavily in policies and practices that encourage employee engagement.

According to Sedaye (Samuel and Maureen (2014), there are many factors that significantly influence employee engagement.

Among multiple factors, non-financial factors such as job characteristics, compensation and recognition, perceived organizational support, and perceived management support had a greater impact on employee engagement than other factors (Meily, Ratna, Sri i Hendra (2018)).

This research is also to consider Leadership, communication, Empowerment, reward, and recognition as the selected employee engagement factors in the case of the Cooperatives bank of Oromia among non-financial factors.

Chandler (1962) described strategy as identifying the fundamental long-term aims and objectives of a business, adopting a course of action, and allocating the resources required to achieve these goals.

According to the Saylor foundation, Strategy formulation is the course of action companies take to achieve their defined goals.

As Okumus (2003), citing Miller's (2002) points out, there is however a challenge to convert the formulated strategy into sensible action. Researchers often insist on a considerable share of strategic initiatives, and often more than 70% are not well executed in many organizations.

Companies have to motivate and develop their staff to execute their strategy, no process can be better than the people who have to make it work. But many organizations have failed to engage their employee in the execution of strategic objectives.

Empirical research is insufficient to show the impact of workforce's engagement regarding execution of a finance company's strategy. This study attempts to add value and fill the gaps by identifying some drivers of employee engagement and examining their impact on poor implementation of organizational strategies in the case of the Cooperative Bank of Oromia.

## **1.2 Background of the organization**

The Cooperative Bank of Oromia is one of the private banks in Ethiopia owned by the majority of cooperative societies. It received a commercial license in October 2004 and started operations in March 2005. Since there is no legal regulation in the country that allows the establishment of a cooperative bank, the bank was incorporated under Article 304 of the Ethiopian Commercial Code.

Coop Bank has a broad ownership base and a diversified ownership structure. It comprises Cooperatives and Non-Cooperative members. Cooperative member include Primary Cooperatives, Cooperative Unions, and Cooperatives Federation whereas, non-Cooperative members includes Organizations, Associations, and individuals.

Cooperative Bank was established with the vision to becoming of leading private bank in Ethiopia by 2025. It has organizational values that include Integrity, customer satisfaction, learning organization, teamwork, cost consciousness, and concern for the community.

Currently, the Coopbank is among the leading private banks in Ethiopia with a total asset of more than ETB 100 Billion. The bank has more than 700 branch networks, more than 10 million accountholders, and about 8,000 employees.

### **1.3 Statement of the Problem**

The banking sector of Ethiopia includes the National Bank of Ethiopia (NBE), the Commercial Bank of Ethiopia (CBE), and Development Bank of Ethiopia (DBE) which are state owned, as well as over 30 private banks.

Currently, there are more than thirty banks operating in the country, and there is stiff competition and high customer expectations in the area of service excellence and customers' needs. To gain competitive advantages and update the company's capabilities with diversified customers' needs, the best strategic management system is considered by many organizations as one of the major management interventions to battle this competition (Abraham, 2012).

The Cooperative Bank of oromia, as one of its competitors in the banking industry in the country, is expected to have the best strategy to attain its objectives and goals. As its strategy documents show, since its establishment in March 2005, the bank has formed and have been implementing strategic plan in five rounds, and the fifth five years strategic plan (2021/2022-2024/2025) is to end in 2025. If the three year financial performance is reviewed in terms of profit against the peer groups, it ranks as the best performer following two private banks in the third position. However, the performance of the last fiscal year was low when compared with that of June 2021.

Though various external and internal factors could be attributed to the failure, employee engagement with their work is the most visible challenge that has affected the realization of strategic objectives in the bank. (June 2022, employee engagement survey of coop bank.)

This paves the way for this study to have such importance in providing insight to the management of the bank in identifying key factors of employee engagement that affect the strategy's implementation.

## **1.4 Research Questions**

Which employee engagement determinants (Leadership, communication, Empowerment, reward and recognition) have positive and significant effect on strategy implementation of Cooperative Bank of Oromia?

## **1.5 Research Objectives**

### **1.5.1 General objectives**

The overall objective of the study is to explore and determine the influence of employee engagement factors on the implementation of the organizational strategy in Cooperative Bank of Oromia.

### **1.5.2 Specific objectives**

The specific objectives of the research are:

- ❖ to test the effect of leadership on strategy implementation in Cooperative Bank of Oromia
- ❖ to examine the effect of empowerment on strategy implementation in Cooperative Bank of Oromia
- ❖ to examine the effect of communication on strategy implementation in Cooperative Bank of Oromia
- ❖ to examine the effects of reward and recognition on strategy implementation in Cooperative Bank of Oromia

## **1.6 Significance of the Study**

As related to the subject area, it will broaden knowledge of the relationship between factors of employee engagement and strategy implementation in the Cooperative Bank of Oromia.

In addition, the study will serve as input for further research on staff engagement in the financial sector in Ethiopian context.

The implications of the study will contribute a lot for the management bodies of the banking sector and other organizations to oversee the real practice of employee engagement and strategy implementation.

### **1.7 Scope of the Study**

The research explored the relationship between employee engagement and strategy implementation by considering only four selected factors of employee engagement that are believed to have a significant impact on the bank's strategy implementation. Since the bank is a large organization with the size of its employees exceeding 8,000, and its branches geographically scattered across the country, the study limited to target employees of the bank working at City District offices and branches located in Addis Ababa.

### **1.8 Organization of the Research**

The research report consists of five sections:

**Chapter One:** introduced what the study is about, problem to be examined, the objectives, and importance of the research.

**Chapter two:** provided a highlight of pertinent theoretical and empirical reviews of the literature and conceptual framework pertinent to the research.

**Chapter Three:** provided description of the methodology and the research design used in this study.

**Chapter Four:** shows the results and discussions of the research based on data collected from primary and secondary sources. The results of the descriptive statistics, the correlation analysis and the regression analysis, are also presented in the fourth chapter of this study.

**The Fifth Chapter:** encompasses of summary, conclusion and recommendations parts that bring to light the major results of the project and important recommendations that the management should make to achieve successful implementation of strategy in the bank.

## CHAPTER TWO

### LITRATURE REVIEW

#### 2.1 Introduction

In this part, numerous works regarding employee engagement, factors affecting employee engagement, theories and models regarding employee engagement, strategy implementation, and the relation between factors of employee engagement and strategy implementation will be discussed.

#### 2.2 Employee Engagement

In recent times, due to rapid globalization, organizations have realized that their capacity is the key to their benefit, and Human Resource is the strategic resource that any enterprise truly needs. Every organization knows the importance of engaging and motivating its people to perform, and this has gained more prominence with time (IJERT, Vol. 8, 2019).

According to Reilly and Brown (2008), the terms ‘job satisfaction’, ‘motivation’ and ‘commitment’ are generally changed now in business by ‘engagement’ thus it seems to have greater facial validity and descriptive force.

According to Kahn (1990), employee engagement is the way organizations tap the engagement of their employees in terms of physical, cognitive, and emotional performances. As Emmott (2006) commented, ‘Employee engagement has become a new management mantra – and it’s not difficult to see why. Engaged employees those who feel positive about their jobs perform better for their employers and can promote their organization as “an employer of choice”.’

The Corporate Leadership Council tries to define it as ‘the extent to which employees commit to something or someone in their organization, how hard they work, and how long they stay as a result of that commitment.

According to Robinson et al, Perryman and Hayday (2004), engagement is defined as a positive attitude held by the employee towards the organization and its values. They also imply that an engaged employee is aware of the business context, works with colleagues to improve performance within the job for the benefit of the organization”. They further add that

organizations must develop and nurture engagement, which is a two way relationship between employer and employee.

As per Gallup organization finding in 2004, there are critical links between employee engagement, customer loyalty, business growth, and profitability. It finds that higher workplace engagement predicts higher earnings per share (EPS) among publicly-traded businesses. This is why many business organizations worry about employee engagement.

According to Robert J. Vance (2004), employees who are engaged in their work and committed to their organizations give companies crucial competitive advantages, including higher productivity and lower employee turnover. Thus, it is not surprising that organizations of all sizes and types have invested substantially in policies and practices that foster engagement, and commitment in their workforces.

For the purpose of this study, the operational definition of Storey et al.(2008), which asserts that employee engagement is an attitude of mind, a set of positive attitudes, emotions, and behaviours enabling high job performance of a kind that is in tune with the organization's mission" is used.

## **2.2.1 Models of Employee engagement**

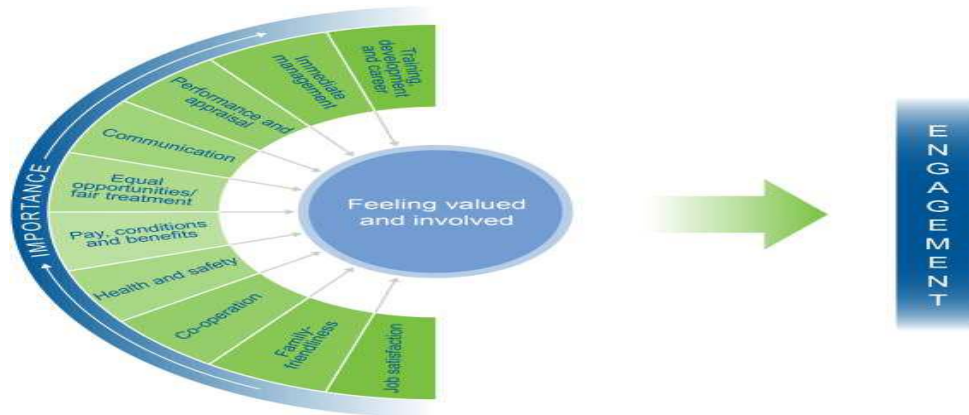
Engagement models explaining about the theoretical frame work and application strategy of employee engagement in an organization.

Among many models some of the important models have been discussed below:

### **2.2.1.1 Robinson Model of Employee Engagement**

According to Robinson (2004) feeling of value is a major component of employee engagement. As per this model the management could be able to create such kinds of value factor by giving proper training and communication strategies developed in the organization. It is highly applicable in organizations where large amount of employees are working.

**Figure 1. 1.Robinson Model of Employee engagement**

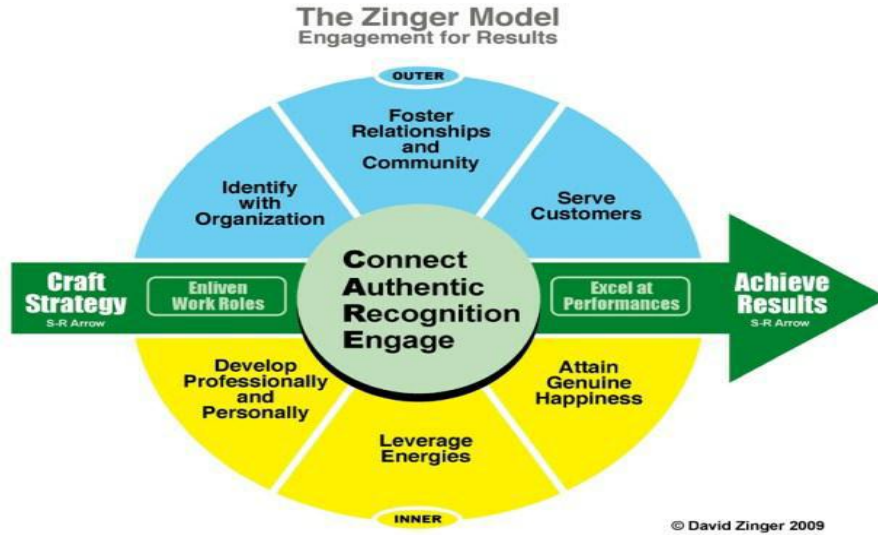


**Source: JMRA, Volume 05 Issue 03, September 2018**

### **2.2.1.2 Zinger Model of Employee Engagement**

David Zinger (2009) tries to maintain a balance between various inputs such as leadership, individual and organizational. As per his proposal sound leaders are the base of an organization in contributing: Developing organizational culture and values, ask to employees regarding their problems and roadblocks, helping the employees making out of employee engagement for themselves and others, educate and make aware the managers and leaders about the importance of employee engagement and ensure that, top leaders or supervisors are being supporting management of the organization.

Figure 1. 2. Zinger model of employee engagement

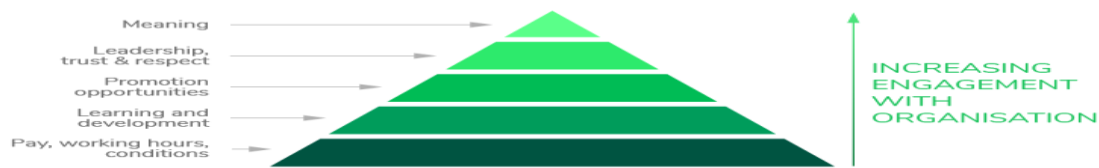


Source: JMRA, Volume 05 Issue 03, September 2018

### 2.2.1.3 Penna's Hierarchical Model

According to Penna (2007) hierarchical model of engagement, staffs are seeking to find "meaning" at work as fulfillment from the job. Fulfillment comes from the employee being valued and appreciated, having a sense of belonging to the organization, and feeling as though they are making a contribution, and is matching with the underlying theoretical framework of Robinson (Yeneneh,2021).

Figure 1. 3. Penna's (2007) Hierarchical Model



**Source: JMRA, Volume 05 Issue 03, September 2018**

According to Sundaray (2011) shown that Robinson's factors of employee engagement are common to all organizations regardless of sector. The factors are believed to create a feeling of valued and involved among the employees though and the relative strength of each factor could vary depending on the organizations.

This study tries to focus, on the four main factors of employee engagement which the researcher believes that they have strong effect in Cooperative Bank of Oromia's environment in affecting its strategic plan implementations. They include: leadership, empowerment, communication and reward and recognitions.

### **Leadership**

According to Hadziahmetovic & Salihovic (2022), steppingstone of every successful enterprise is a good leader. Leaders play a crucial role in enhancing the overall performance of employees.

As Hadziahmetovic (et al., 2022) organizational productivity is determined by employees' efforts, attention and engagement. Employee and leaders' behaviors affect productivity; consequently, intelligent business leaders know that happy workers are productive workers and ultimately benefit their companies.

As per the study of Rourkela Steel Plant, Sahoo and Mishra (2012, p. 9), described that employee engagement requires active support and commitment from the top executives through establishing and adequately communicating of the mission, vision and values". Employees develop trust to increase their engagement level when they see their leaders effectively achieve those things (Elliott and Corey, 2018). Wiley (2010) also underlined when the people at the top are visionary and effective, employee engagement increases so that organizations experience better business success.

Based on the study's results mentioned above it can be concluded that leadership is an important element in engaging employees at work place.

### **Empowerment**

According to Brad Shuck, Rocco, & Albornoz, (2011) empowerment entails the ability of a worker to make individual decisions without having to consult their managers. It determines the accountability level and the trust of the workers.

Shuck &Reio (2014), describe that when staff members are empowered, they are able to influence the firm's quality of services and products.

Accordingly, employees who have all these attributes of empowerment will tend to be engaged to their work more than those who have not. It is, for these reasons that the researcher tend to include empowerment as one of important element in engaging employees.

### **Communication**

According to Robbins (2012, p. 406) communication acts to motivate and engage by clarifying employees what is to be done, how well they are doing, and what can be done to improve performance if it is not up to par. As employees set specific goals, work towards those goals, and receive feedback on progress toward goals, communication is required.

Transparent organizational communication fosters employee engagement by promoting trust and confidence (Jiang & Men, (2017). According to them organizational communication refers to a company's deliberate information dissemination and employees' active participation in information acquisition and dissemination in a truthful, substantial, and comprehensive manner and holding companies accountable for their business practices and policies.

According to Ranjan (2014) relationship between an employee and supervisor can only grow and remain strong if there is continuous flow of communication from both sides. He also describes that an organization cannot afford to neglect internal communication as a critical area, if it wants to grow and keep its customers and employees engaged and happy.

Krishnan & Wesley (2013) highlighted that highly engaged employees receive communication from their supervisors far more frequently than low engaged employees.

Thus, it can be inferred that employee engagement level increases when there is smooth flow of information from upward, down ward directions and horizontally across all functional units;

when employees are communicated properly about vision and mission, changes and performance of their organization; when their opinions and feedback get valued.

### **Rewards and Recognitions**

According to Brown and Reilly (2013) rewards and recognition have major potential to boost employee engagement and corporate performance.

Aktar and Pangil (2018) try to identify in their empirical research that effective rewards and recognition positively influence employee engagement.

According to Fairlie (2011) effective rewards and recognition systems improve employee engagement and enhance work performance. Company's should therefore give due attentions in recognizing and rewarding their employees in order to retain, motivate and engage them.

## **2.3 Strategy Implementation**

According to Kotler (1984) cited in Noble (1999) strategy Implementation is the process of that turns plans in to actions assignments and ensure that such assignments are executed in manner that accomplishes the plan's stated objectives. Among the functions of strategy management, implementation is the most difficult phase. To improve this, Rajasekar(2014), indicated in his study that 80 percent of organizations have well-formulated strategies, but only 14% of them are successfully implemented causing a waste of resources and decreasing performance.

Translation of strategic thought into strategic action is must and critical for the success of the organizations, (David (2011).

### **Key Dimensions of Successful Strategy Implementation**

According to Fernandez & Rainey (2006), they noted that related factors such as the organizational structure and organizational culture are the most effective strategy execution factors that affect organizational performance. They suggested that further studies in this area should moderate the relationship between organizational structure and organizational culture and the organizational performance with strategy communication.

Other study explains that, Strategy communication should be utilized as a moderator testing for the influence of organizational structure and organizational culture on the organizational performance (Andrew and Walker 2011).

In other study Mubarak & Yusuf (2019), pointed that leaders give an essential variation of the planning matrix, and in the execution phase, they put their efforts to achieve the strategic objective of organization. Therefore, leaders should clearly define their strategy, goals and initiatives before embarking on implementation.

According to David (2011,) resource allocation is a central management activity which helps to effectively implement organizational strategy. Resource allocation in organization is basically based on priorities established by annual objectives. Strategy implementation gets successful when management arranges the required level of resources appropriately (Lemarleni et al 2017). Strategy often require changes in organization structure for two major reasons that organizational structure largely dictates how objectives and policies will be established, and structure dictates how resources will be allocated (David 2011, p. 220).

It can be summarized based on those aforementioned views that strategy implementation is affected by leadership, resource allocation, organizational culture and organizational structure which was considered for this study.

## **2.4 Empirical Research Reviews**

According to Yeneneh (2021) “The Effect of Employees Engagement on Strategy Implementation” found out that, leadership, training & development, empowerment and communication have significant positive effect on strategy implementation of Wegagen Bank. On the other hand, the rewards& recognition has been found to have positive yet insignificant effect on strategy implementation.

According to Emnet (2020) “Factors Affecting Employee Engagement “revealed that job characteristics, reward and recognition, perceived organization support and Perceived supervisor support have a positive impact on employee engagement of Lion Bank.

Beza shiferaw(2019),“factors affecting employee engagement“ indicated that learning & development, communications, leadership, work environment and perceived organizational support have significant impact on employee engagement.

According to Gezahgn(2019) “determinants of employee engagement” job characteristics, reward and recognition, and leadership have strongly and positively predict employee engagement.

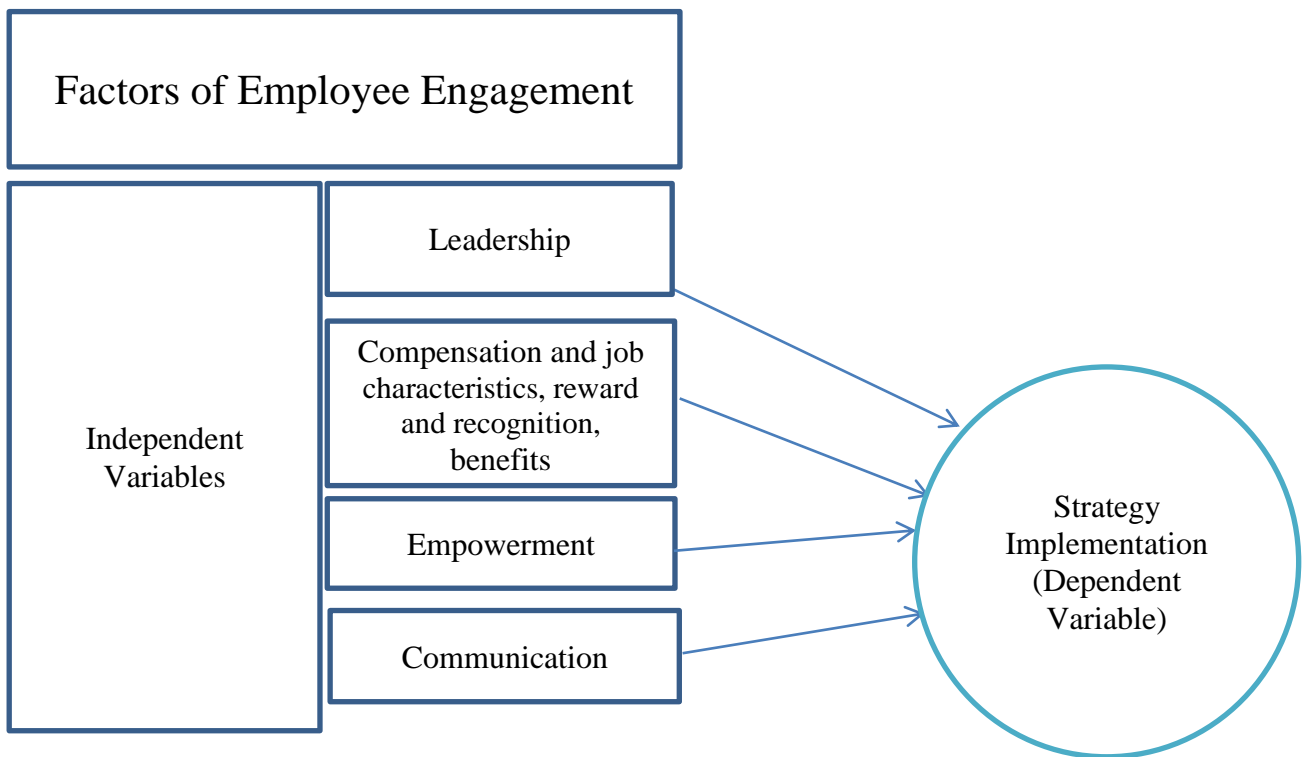
It can be said that all four researchers’ findings is important and supportive for this study as all are conducted in Ethiopia and on banking industry.

### Conceptual Framework

A conceptual framework illustrates what we expect to find through our research. It defines the relevant variables for our study and maps out how they might relate to each other.

The research identifies employee engagement factors as independent variables and strategy implementation as dependent variable and their relationship is graphically depicted as follows:

**Figure 1. 4. Conceptual Model of the Study**



*Adopted from Yeneneh, (2021)*

### Study Hypothesis

The research will have the following hypothesis:

**Ha1:** Leadership has positive and significant effect on Strategy Implementation in Cooperative Bank of Oromia

**Ha2:** Empowerment has positive and significant effect on Strategy Implementation in Cooperative Bank of Oromia

**Ha3:** Communication has positive and significant effect on Strategy Implementation in Cooperative Bank of Oromia

**Ha4:** Rewards & recognition has positive and significant effect on strategy implementation in Cooperative Bank of Oromia

## CHAPTER THREE

### RESEARCH METHODOLOGY

The primary focus of this chapter is to provide overview of the methodology used to answer the research problem. Hence, data sources, the sampling technique, data processing and analysis using statistical techniques are presented.

#### 3.1.1 Research Approach

Research data is usually collected using qualitative and quantitative methods. Qualitative approaches aim to examine the “how” and “why” of a problem and typically use unstructured data collection methods to investigate the topic in depth. On the other hand, quantitative approaches deal with standardized systemic approaches like a survey with the “what” of a problem. For this study quantitative research approach was used as the data collected need to be expressed in numeric form with the purpose of applying statistical tests like descriptive and inferential analysis which are in line with the objectives of the research.

#### 3.1.2 Research Design

In this study descriptive research and inferential analysis used to analyse the data. The purpose of inferential analysis allows inferring from the data through analysing the relationship between variables and how several independent variables might explain the variance in a dependent variable.

#### 3.1.3 Sampling Design

According to Cooper and Schindler (2011), as cited by Yeneneh, (2021) a sampling frame is the population or the list containing the population element of the study. In this study, the sampling frame is organized based on the staff’s level of occupation in the bank’s structural hierarchy as:

**Top level management (Managerial and Administration) groups:** consisting the higher decision making bodies of the bank such as the Vice Presidents, Directorates, and District Directors.

**Middle level and supervisory management groups:** job holders consisting of Senior District Managers, Team Managers and Branch Managers

**Professional and Semi-Professionals groups:** consisting of the majority of the bank’s employees assigned at different levels starting from entry to senior positions, and working at different functional units (in both technical and non-technical areas)

From the total population of the bank, the study purposely excluded *manual and custodial* staffs consisting the lower level job holders of the bank such as cash Aids, security officers, drivers, etc...) as the impact they have on strategy management is very small.

**Table 3. 1 Population size of the bank on the basis of occupational category**

<b>S.No</b>	<b>Occupations /Job Level</b>	<b>Total</b>
1	Managerial and Administration/Top Management	<b>74</b>
2	Managerial/ Supervisory	<b>1607</b>
3	Professionals	<b>1819</b>
4	Semi-Professionals	<b>4245</b>
5	Manual and Custodial	<b>462</b>
<b>Grand Total</b>		<b>8207</b>

**Source:** *Coopbank HR data of May 2023*

### **3.1.4 Sampling techniques**

According to Kothari (2004), sampling techniques is the mechanism of selecting respondents in technical way on the basis of researcher’s own issues. For this study both stratified and simple random probability sampling techniques which are elements of probability sampling techniques was used.

Accordingly, the population working at five districts and branches located in Addis Ababa will be primarily stratified based on job occupations (top management, Middle and Supervisory management, professionals and Semi-professionals). Based on this occupational classification, a simple random probability sampling technique was employed to select respondents from each stratum.

**Table 3. 2 Target population distribution on the basis of occupational or Job category**

<b>Occupations /Job Level</b>	City Districts office	City Branches	Population
Top level Managers	5		5
Middle and supervisory level managers	35	1297	332
semi-professionals and professionals	110	1397	1507
Total	150	1694	1844

### 3.1.5 Sample size

The sample size used for this study is the sample size determination method developed by Carvalho (1984). Limitation raised by the researcher with this method is that the small number of sample size it generates as compared to other methods of sample size determination. This is not the problem for the researcher that due to homogeneity nature of factors affecting respondents in branches. The researcher believed that the work nature, technology used, transactions at branches and other services are standardized and have equal effect on employees.

Table3.3 Carvalho sample Determination

**Table 3. 3 Carvalho sample Determination**

Population size	Sample size scenario		
	Small	Medium	Large
51-90	5	13	20
91-150	8	20	32
151-280	13	32	50
281-500	20	50	80

501-1, 200	32	80	125
1, 201-3, 200	50	125	200
3, 201-10, 000	80	200	315
10, 001-35, 000	125	315	500
35, 001-150, 000	200	500	800

The population size of the study is 1844, which is found in the range of **1,201 to 3,200** as Carvalho's sample size determination indicated in the above table. Thus, high sample size is applied accordance with given population size. Therefore, accordingly the sample for the study will be determined to be **200**.

Census sampling is conducted for top level management which is only 5 district directors from five districts in Addis Ababa.

Proportionate stratified sampling was conducted for others strata such as Middle and supervisory level managers and semi-professionals and professionals as shown in the following table.

**Table3. 4.Sample population distributions on the basis of occupational or Job category**

Occupations	population	percentage	Sample size distribution
Top level Management	5	0.003	5
Middle and supervisory level managers	332	0.18	35
semi-professionals and professionals	1507	0.82	160
Total	1844	1	200

### 3.1.6 Data Sources

For this study both primary and secondary data sources used in order to get adequate data to analyse the subject in depth. The primary data sources include Management of Branches and Professional and non-professional Employees of Branches and office of Cooperative Bank of Oromia in Addis Ababa Districts. The secondary data sources were Human Capital Documents of the Bank, and related documents and surveys of the Bank.

### **3.1.7 Data Collection Instruments**

In order to collect accurate and appropriate information, existing questionnaire with minor modification consisted of two sections was delivered to the selected respondents. The first part is associated with demographic related information and thus respondents have been asked to answer their age, gender, educational level, working experience and occupational category. The second section of the questionnaire is all about the study variables (independent and dependent variables), and measured based on a 5-point likert scale. With regard to this part, there are a total of 37 items, made up of 25 items for measuring the four variables of factors of employee engagements, and 12 items for measuring strategy implementation of the bank.

### **3.1.8 Data Analysis Methods**

Data analysis involves examining, cleaning, transforming, and shaping data to discover useful information and propose conclusions (Prateek & Patil, 2014).

Descriptive statistics, correlation and regression analysis were employed to analyse the data.

### **3.1.9 Validity**

Among the various ways to keep measurement errors to minimum is by ensuring the research instrument as valid and reliable. According to Hair et al. (2007), validity is about the degree to which a measurement tool accurately represents what is supposed to measure. Accordingly it is to secure the content validity of the data collection instrument by adopting previously tested questionnaires with some modifications to fit their purposes.

### **3.1.10 Reliability**

According to Hair et al. (2007) reliability is the extent to which a variable or set of variables is consistent in what it is intended to measure.

The Cronbach's alpha coefficient was utilized to evaluate consistency of a questionnaire which is greater than 0.7 for all variables.

## CHAPTER FOUR

### DATA ANALYSIS AND DISCUSSION

#### 4.1 Response Rate

The researcher distributed 200 questionnaires to the bank staffs working at District office and Addis Ababa districts branches, and out of which managed to collect 169 questionnaires, making the response rate of 84.5%. Response rate above 50% is adequate to carry out an investigation, while 60% is good and 70% response rate is excellent (Mugenda ,2009). Accordingly response rate of this study is considered being an excellent and done in line with the research objectives.

#### Respondents Age Category

**Table 4. 1. Age category of respondents**

Age of Respondents					
Age Range		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-25	3	1.8	1.8	1.8
	26-33	112	66.3	66.3	68.0
	34-41	20	11.8	11.8	79.9
	42-49	4	2.4	2.4	82.2
	Above 50	30	17.8	17.8	100.0
	<b>Total</b>	<b>169</b>	<b>100.0</b>	<b>100.0</b>	

*Source: SPSS output of own survey 2023*

As shown from the table above, 66.3% of respondents' ages were between 26-33 years, followed by those above 50 years which constituted 17.8% while the other age group of respondents above 32 years represents 22.4%. As a result, the sample population is largely dominated by the age

groups found between 26-33 years that shares 66.3%. This implies that employees of Cooperative Bank oromia are potential work force and mature enough to responsively provide accurate data.

**Respondents Gender distribution**

The following Table shows the gender distribution of respondents in the cooperative bank of oromia.

**Table 4. 2. Gender distribution of respondents**

<b>Sex of Respondents</b>					
Gender		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	123	72.8	72.8	72.8
	Female	46	27.2	27.2	100.0
	Total	169	100.0	100.0	

*Source: SPSS output of own survey 2023*

As shown in the above table male respondents’ accounts **72.8%** of the total respondents and it is around twice of the female respondents which is **27.2%**. This implies that both genders were participated in the study that shows the gender diversity though the share of male is high.

**Respondents Service year in the bank**

The service years of respondent is presented as follow:

**Table 4. 3.Service year of respondents**

Years of Experience		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2-4 Years	68	<b>40.2</b>	40.2	40.2
	5-10 Years	93	<b>55.0</b>	55.0	95.3
	11-15 Years	8	<b>4.7</b>	4.7	100.0
	Total	169	<b>100.0</b>	100.0	

*SPSS result of own data 2023*

As indicated from the above information respondents whose service year ranges from 5 to 10 years dominates the others, accounting for 55. % followed by respondents’ ranges from 2 to 4 years of services in the bank which is 40.2%, together sharing 95.2% of the total respondents. From this, it can be said that the majority of the respondents have worked long in the bank to know well the structure and culture of the organization.

**Respondents’ Educational background**

The Educational background of respondent is presented as follow:

**Table 4. 4. The Educational background of respondents**

Educational Level		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1st Degree	116	68.6	68.6	68.6
	2nd Degree and Above	53	31.4	31.4	100.0
	Total	169	100.0	100.0	

*SPSS result of own data 2023*

From the shown data more than half (68.6%) of the sample respondents had 1st degree and the other 31.4% attained their 2nd degree. Unfortunately, there is no respondent who had Diploma level of education. This might show that the organization appreciates education of its employees.

**Respondents’ work place**

The work place of respondents is presented as follow:

**Table 4. 5. Work Place of respondents**

Work Place of Respondents	Frequency	Percent	Valid Percent	Cumulative Percent
Valid District	35	20.7	20.7	20.7
Valid Branches	134	79.3	79.3	100.0
Valid Total	169	100.0	100.0	

**SPSS result of own data 2023**

As shown from the tabular data, respondents working at branches accounts 79.3% and followed by those working at district office which holds 20.7% only. The respondent’s size differences are based on their corresponding population size differences, and fulfil requirements of sample representativeness.

**Respondent’s occupational category**

The occupational categories of respondents are presented as follow:

**Table 4. 6. Occupational categories of respondents**

Occupational Category	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Top Management	4	2.4	2.4	2.4
Valid Middle/Supervisory Management	35	20.7	20.7	23.1
Valid Professionals and semi- professionals	130	76.9	76.9	100.0
Valid Total	169	100.00	100.00	

**SPSS result of own data 2023**

As this study is based on respondent’s occupational levels, those who are Professionals and semi-professionals levels were predominantly large holding 76.9% followed by middle/Supervisory Management which is 20.7% and Top Management accounts 2.4% only. This is for the fact that Professionals, semi-professionals and middle managements levels are those who are mainly realize the actual strategic plan of the organization at the lower tiers.

**Reliability Test of the Survey**

Cronbach’s alpha test is used in order to check whether or not the survey questionnaire was internally consistent.

The summary of reliability of the study independent variables is as follows in the table:

**Table 4. 7. Reliability Test Result for Independent Variables**

<b>Reliability tests</b>	
Cronbach's Alpha	Number of Items
<b>0.861</b>	<b>25</b>

*SPSS result of own data 2023*

The Cronbach’s alpha coefficient utilized to evaluate consistency of a questionnaire which is greater than 0.7 for all variables. From the result, the Cronbach’s alpha coefficient value is **0.861** which is very good.

**Table 4. 8. Reliability Test Result for dependent Variables**

Reliability Statistics	
Cronbach's Alpha	Number of Items
0.918	12

*SPSS result of own data 2023*

As it seen from the data the Cronbach's alpha coefficient value of dependent variable (strategy implementation) is also greater than **0.7** and **0.91** which is excellent.

#### **4.2. Descriptive statistics on study variables**

According to Raykov&Tenko (2013), descriptive statistics represents a set of methods and activities that permit the description of a given body of data, without making inferences about another set of possible observations (from a larger group, e.g., a population). When an entire population cannot be studied exhaustively, a sample is drawn from it, and descriptive statistics helps summarize and present the sample data collected.

Therefore, descript analysis used to summarize and interpret collected data about the variables. To simplify the interpretation, five point Likert scale responses were summarized in to three by adding positive responses (strongly agree and agree) and negative responses (Strongly disagree and disagree) together.

##### **a) Leadership**

There are seven items used to measure the level of employee engagement through respondents' perception of leadership as shown below.

**Table 4. 9.Descriptive statistics result on leadership**

Items to Measure Leadership	Response Level			Mean	Std. Deviation
	Disagree	Neutral	Agree		
I have trust in the leaders (management) of the bank	13.0	15.4	<b>71.60</b>	3.72	0.919
The management of the bank demonstrates employees are important to the company's success.	19.5	21.3	<b>59.17</b>	3.46	0.976
I feel my supervisor is providing me strong leadership	16.0	24.9	<b>59.17</b>	3.47	0.802
My supervisor provides me honest feedback on my regular performance.	13.0	20.7	<b>66.27</b>	3.60	0.908
My supervisor always helps me to develop my strengths.	12.4	20.1	<b>67.46</b>	3.67	0.980
Managers at the bank are effective in meeting organizational requirements.	7.1	32.0	<b>60.95</b>	3.60	0.758
Managers articulate the compelling vision of the future	5.9	29.6	<b>64.50</b>	3.68	0.727
<b>Grand average Value</b>	12.4	<b>23.4</b>	<b>64.1</b>	<b>3.6</b>	<b>0.860</b>

*Source: SPSS output of own survey 2023*

The overall mean value of responses is 3.6 or 64.1 % of the respondents express their agreement on the question related to variable leadership. Based on this, we can infer that respondents have average level of agreement; however 23.4% show neither their agreement nor disagreement on the statements that measure the effectiveness of leadership role in the bank.

## b) Empowerment

There are five items used to measure the level of employee engagement through respondents' perception of empowerment as shown below.

**Table 4. 10.Descriptive statistics result on Empowerment**

Items to Measure Leadership	Response Level			Mean	Std. Deviation
	Disagree	Neutral	Agree		
I feel competent to perform the tasks required for my position.	12.4	12.4	75.1	3.85	0.99
I am confident about my capabilities and skills to do my job.	18.9	18.9	62.1	3.45	0.82
I have the authority to make the necessary decisions to perform my jobs well.	10.7	14.2	75.1	3.71	0.79
My manager trusts me to make the appropriate decision in my job	10.7	20.7	68.6	3.77	0.98
I have considerable opportunity for independence and freedom in how I do my job.	8.9	17.8	73.4	3.76	0.92
<b>Grand average Value</b>	<b>12.3</b>	<b>16.8</b>	<b>70.9</b>	<b>3.70</b>	<b>0.89</b>

*Source: SPSS output of own survey 2023*

The overall mean value of responses is 3.70 or 70.9 % of the respondents express their agreement on the question related to variable empowerment. Based on this, we can say that respondents have average level of agreement; however 16.8% show neither their agreement nor disagreement on the statements that measure the effectiveness of empowerment role in the bank. The respondent's level of disagreement is 12.3% which indicate that empowerment in the cooperative bank of oromia need some improvement.

### C) Communications

There are seven items used to measure the level of employee engagement through respondents' perception of communication as shown below.

**Table 4. 11.Descriptive statistics result on communication**

Items to Measure Communication	Response level			Mean	Std. Deviation
	Disagree	Neutral	Agree		
There is good communication among work units of the bank.	27.8	21.3	<b>50.89</b>	3.28	1.07
I believe that my supervisor really understands me	16.0	14.8	<b>69.23</b>	3.57	0.91
I am always kept informed about how sound organizational goals and objectives are being achieved.	13.6	18.9	<b>67.46</b>	3.70	1.05
Top management is providing employees with the kinds of information they really want.	20.1	26.0	<b>53.85</b>	3.40	0.96
I am pleased with the management's effort to keep employees up-to-date	20.7	24.9	<b>54.44</b>	3.43	0.97
Information is shared to all employees in a timely manner from the bank.	27.2	21.9	<b>50.89</b>	3.33	1.11
I am kept informed about reasons behind organizational decisions.	27.2	16.6	<b>56.21</b>	3.34	1.17
<b>Grand average Value</b>	<b>21.80</b>	<b>20.60</b>	<b>57.56</b>	<b>3.43</b>	<b>1.03</b>

*Source: SPSS output of own survey 2023*

The survey end result indicates that the respondents typically consider in the existence of factors that indicate better communication that enable them to be engaged in the bank holding 57.56% level of agreement with mean value of 3.43. However 20.60% show neither their agreement nor disagreement on the statements that measure the effectiveness of empowerment role in the bank. The respondent's level of disagreement is 21.80% which indicate that empowerment in the cooperative bank of oromia need some improvement.

### c) Reward and Recognition

There are six items used to measure the level of employee engagement through respondents' perception of rewards and recognition as shown below.

**Table 4. 12.Descriptive statistics result on Reward and Recognition**

Items to Measure Rewards and Recognition	Response Level			Mean	Std. Deviation
	Disagree	Neutral	Agree		
I believe the salary I get paid are compatible to my work.	32.2	24.9	41.4	3.0888	1.05127
Salary and benefits package of the bank are competitive compared to other similar organizations	32.2	17.8	41.4	3.2249	1.02195
The salary and benefit system of the bank treats each employee reasonably	27.8	23.7	48.5	3.2722	0.99845
My successes are recognized by my manager and co-workers.	26.0	18.9	55.0	3.4142	1.12601
I get praise for my good performance from my supervisor	29.0	23.7	47.3	3.2367	1.12476
Overall, I am satisfied by the bank's reward and recognition practice.	26.0	29.0	102.3	3.2485	1.05662
<b>Grand average Value</b>	<b>28.86</b>	<b>22.97</b>	<b>60.40</b>	<b>3.24</b>	<b>1.06</b>

*Source: SPSS output of own survey 2023*

The overall mean value of responses is 3.24 or 60.4 % of the respondents express their agreement on the question related to variable reward and recognition. Based on this, we can say that respondents have average level of agreement; however 22.97% show neither their agreement nor disagreement on the statements that measure the effectiveness reward and recognition role in the bank. The respondent's level of disagreement is 28.86% which indicate that reward and recognition in the cooperative bank of oromia need improvement.

### **Descriptive statistics summary of factors of employee engagement (Independent Variables)**

The mean Value of all the four independent variables gives the aggregate mean value of the employee engagement factors to measure the level of employee engagement in Coopbank. The following table shows in details.

**Table 4. 13.Descriptive statistics of factors of employee engagement**

<b>S/No</b>	<b>Independent Variables</b>	<b>Mean Value</b>
1	Empowerment	3.7
2	Leadership	3.6
3	Communication	3.43
4	Reward and Recognition	3.24
<b>Average Value of factors of employee engagement</b>		3.49

*Source: SPSS output of own survey 2023*

#### **d) Strategy Implementation**

There are twelve items used to measure the level of strategy implementation through respondents' perception as shown below.

**Table 4. 14. Descriptive statistics of factors of strategy implementation**

Items to Measure Communication	Response Level			Mean	Std. Deviation
	Disagree	Neutral	Agree		
Senior management of the bank show commitment	33.7	18.9	47.3	3.18	1.07
Strategic objectives of the bank are clearly formulated and defined	22.5	18.3	59.2	3.53	1.07
There is adequate skill and knowledge necessary to implement strategy among the staff	29	24.9	46.2	3.31	1.09
There is good coordination across work units when implementing strategy of the bank	29.6	18.3	52.1	3.31	1.10
There is good or sufficient exchange of information regarding strategy implementation	26.6	21.9	46.7	3.30	1.09
Supervisors at lower level of structure effectively motivate staff in implementing the banks strategy	22.5	25.4	52.1	3.37	1.10
There is strong involvement of employees who are essential from the view point of strategy implementation	20.1	21.9	42.6	3.53	0.98
Jobs and organizational structure of the bank are properly designed to support strategy	24.5	17.8	56.8	3.42	1.14
Roles and responsibilities are properly defined to support strategy	24.9	17.2	58	3.40	1.12
The bank has the necessary resources(human, material, technology) that enable to achieve its objectives	33.7	19.5	46.7	3.20	1.20

Resources are properly allocated and utilized in the bank	30.6	23.1	46.2	3.17	1.17
The organizational culture of the bank is suitable to achieve its strategic objectives	26	16.0	58	3.44	1.17
<b>Grand average Value</b>	<b>27.0</b>	<b>20.3</b>	<b>50.99</b>	<b>3.34</b>	<b>1.10</b>

*Source: SPSS output of own survey 2023*

The overall mean value of responses is 3.34 or 50.99 % of the respondents express their agreement on the question related to variable strategy implementation. Based on this, we can say that respondents have average level of agreement; however 27% show neither their agreement nor disagreement on the statements that measure the effectiveness of strategy implementation in the bank. The respondent's level of disagreement is 20.3% which indicate that strategy implementation in the cooperative bank of oromia need structural change according to the data.

### Comparing and summarizing descriptive statistics of the variables

The summary of variables is as follows:

**Table 4. 15.Descriptive statistics summary of variables**

S/No	Independent Variables	Sample Population	Mean Value	SD	Mean Order
1	Empowerment	169	<b>3.7</b>	0.89	<b>1<sup>st</sup></b>
2	Leadership	169	<b>3.6</b>	0.86	<b>2<sup>nd</sup></b>
3	Communication	169	<b>3.43</b>	1.03	<b>3<sup>rd</sup></b>
4	Strategy Implementation	169	<b>3.34</b>	1.1	<b>4<sup>th</sup></b>
5	reward and recognition	169	<b>3.24</b>	1.06	<b>5<sup>th</sup></b>

*SPSS result of own data 2023*

As it can be seen from the table employee's perception on the independent variables indicate that empowerment has the highest level of agreement holding mean value of 3.7 and Standard deviation of 0.89 followed by leadership with mean value of 3.6 and Standard deviation 0.86. Communication and reward and recognition ranks third and fourth. It means that the respondents has little or no agreement on the variables and can be said the bank need improvement in the areas of reward and recognition according to the data

### **4.3 Inferential Statistics**

Inferential Statistics is the second major branch of statistics, which involves generalizing from a sample to the population from which it was selected and assessing the reliability of such generalization (Roxy Peck, Chris Olsen, Jay L. Devore (2009). It used to determine if there is a useful linear relation in the entire population of pairs.

Accordingly it is used to assess the relationship between factors of employee engagement such as leadership, empowerment, communication, and reward & recognition with strategy implementation of Cooperative Bank of Oromia, and their relative effects on it.

Therefore inferential statistics of correlation and regression analysis have been used and the results are presented as follows:

#### **4.3.1 Correlations Analysis**

Hanneman & Robert (2013) state that correlation is a useful tool for determining the direction and strength of a linear relationship between two variables.

A value of correlation coefficient 0.1-0.29 indicates that the relationship between the variables is poor; between 0.3-0.49 is moderate, and between, 0.5 to 1 indicate that there is strong relationship between the dependent and independent variables (Pallant, 2010).

The summary of correlation variables are shown as follows in the table:

**Table 4. 16. Correlations values for the study variables**

		leadership	Empowerment	communication	Reward & Recognition	Strategy implementation
leadership	Pearson Correlation	1	.239**	0.027	.172*	<b>0.084</b>
	Sig. (2-tailed)		0.002	0.726	0.025	0.278
Empowerment	Pearson Correlation	.239**	1	.348**	.483**	<b>.424**</b>
	Sig. (2-tailed)	0.002		0.000	0.000	0.000
communication	Pearson Correlation	0.027	.348**	1	.606**	<b>.623**</b>
	Sig. (2-tailed)	0.726	0.000		0.000	0.000
Reward & Recognition	Pearson Correlation	.172*	.483**	.606**	1	<b>.633**</b>
	Sig. (2-tailed)	0.025	0.000	0.000		0.000
Strategy implementation	Pearson Correlation	<b>0.084</b>	<b>.424**</b>	<b>.623**</b>	<b>.633**</b>	1
	Sig. (2-tailed)	0.278	0.000	0.000	0.000	
**. Correlation is significant at the 0.01 level (2-tailed).						

*SPSS result of own data 2023*

As it can be seen from the above table we can say that the independent variable is positively correlated with Reward & Recognition, communication and leadership with correlation

coefficient of .633, .623, .424<sup>and</sup> 0.084 respectively. The corresponding p- value for all variables is also 0.000 which is less than 0.05. On the other hand, the correlation between strategy implementation and leadership show poor and positive with correlation coefficient of 0.084 and p value of 0.278 which is > 0.05. From this we can say that leadership has poor influence on strategy implementation based on respondents perception.

The correlation coefficient among independent variable should be less than 0.9 this is because of the reason that if two independent variable is highly correlated with correlation coefficient of greater than 0.9 those variables assumed to measure almost the same variable and therefore must be merged in to one and become single variable (Bryman & Bell ,2011). The survey results indicate that the correlation coefficient of all independent variables are less than 0.9 which indicate the level of influence on dependent variable.

Table 4.17 Correlation between factors affecting employee engagement and strategy implementation

		Factors affecting employee engagement	Strategy implementation
Factors affecting employee engagement	Pearson Correlation	1	.683 <sup>**</sup>
	Sig. (2-tailed)		0.000
Strategy implementation	Pearson Correlation	.683 <sup>**</sup>	1
	Sig. (2-tailed)	0.000	
**. Correlation is significant at the 0.01 level (2-tailed).			

*SPSS result of own data 2023*

As it shown from the above table correlation coefficient between the factors of employee engagement (25) items and 12 items of strategy implementation is strong and positive with  $r=0.683$ ,  $p=0.000$  which is less than 0.05.

Based on this, it can be said that factors of employee engagement has strong and positive relationship with strategy implementation.

#### 4.4 Assumptions

Osborne, Waters, Elaine (2002) suggest that maximum statistical checks depend upon positive assumptions approximately the variables used with inside the analysis. For this study some assumptions is discussed below:

##### a) Normality

According to Osborne, Waters, Elaine (2002) Normal distributions of variables are assumed in regression analysis. Non-normally distributed variables can distort relationships and significance tests.

As the Zofia and Joanna, (2016), Shapiro-Wilk test is widely used to analyse the normality of data whenever the survey is conducted in less than 2,000 respondents. Accordingly this study is also used Shapiro-Wilk test as follows:

**Table 4. 17 Test of normality**

Tests of Normality						
	Kolmogorov-Smirnova			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Strategy implementation	0.122	169	0	0.959	169	0
a Lilliefors Significance Correction						

*Source: SPSS output of own survey 2023*

As it can be seen from the above table, Strategy implementation has p –value of 0.122 which is less than 0.5. Hence this P- value (0.122) is less than 0.5 which indicates normal distribution as

stated by Zofia and Joanna, (2016). Symmetric and bell-like shape and the line graph presented below shows the normal distribution.

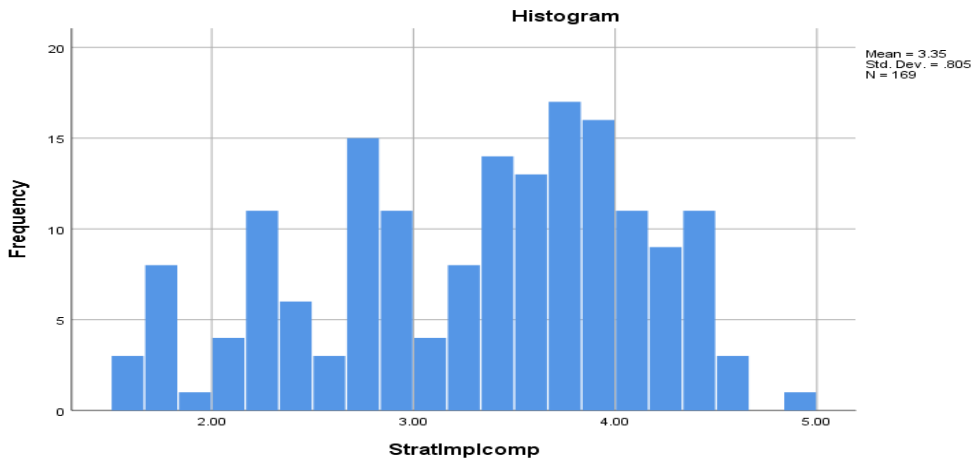


Figure 4. 1.normality test pilots of own SPSS source 2023

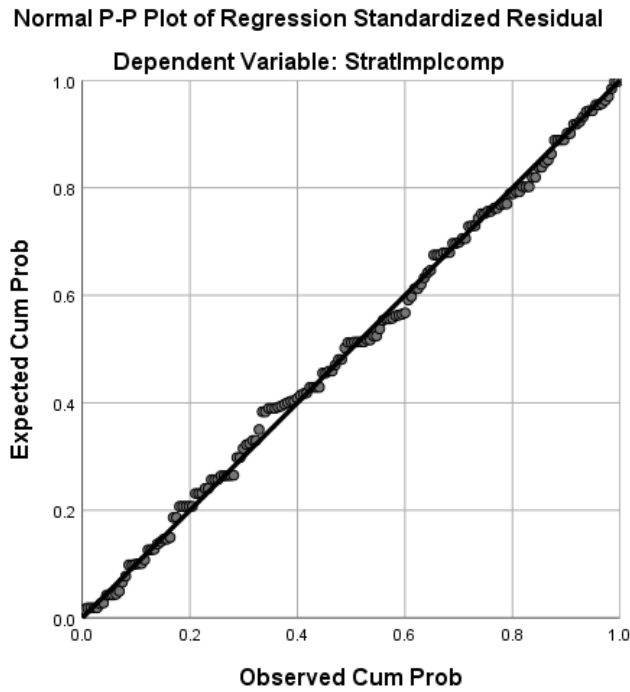


Figure 4. 2.normality test pilots of own SPSS output

### b) Autocorrelation

According Bradley & Sean (2006), to Durbin-Watson test is used to check the existence and degree of correlation between the values of variables. Its result ranges from 0 to 4 and the middle (2) indicate there is no correlation between variables.

**Table 4. 18. Regression analysis of model summary**

<b>Model Summary<sup>b</sup></b>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.710 <sup>a</sup>	0.504	0.492	0.57406	1.421
a. Predictors: (Constant), Reward & Recognition, leadership, empowerment, communication					
b. Dependent Variable: Strategy implementation					

As it can be seen from tabular data the Durbin-Watson result is 1.421 which is less than 2 and that shows there is correlation among the variables value.

### c) Multicollinearity assumption

Multi-collinearity arises when the explanatory variables are very highly correlated with each other (Brooks, 2014).

According to Wooldridge (2013, p. 98) Variance Inflation Factor (VIF) is used to detect this problem. If VIF value is greater than 10 it indicate the multicollinearity problem.

**Table 4. 19. Multicollinearity test**

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
leadership	0.926	1.079
Empowerment	0.734	1.362
communication	0.620	1.613
Reward & Recognition	0.541	1.849
a. Dependent Variable: Strategy implementation		

*SPSS result of own data 2023*

From the information all variables has the VIF value of less than 10 indicating that the assumption is met.

Considering all three conducted tests above, we can say that all the assumption has been satisfied.

### **Multiple Regression Analysis**

Anderson et al, (2011) multiple regression analysis is the study of how a dependent variable is related with two or more independent variables. It also suggests the extent to which the independent factors account for the variance in the dependent variable.

Under this topic it has tried to determine the relationship of each identified independent variable (leadership, empowerment, communication, rewards and recognition) with the dependent variable (strategy implementation) in Coop Bank to be in line with the established objectives.

For this study purpose various statistical elements of multiple regression model summaries were discussed below.

#### **a) Coefficient of determination (R-square )**

This measure is generally described as the percentage of the dependent variable's volatility that can be explained by the independent variable, according to Raykov & Tenko (2013). To counteract this bias, adjusted R2, aims at correcting for the bias and is generally a better estimate

of this population proportion of explained variance (Pedhazur, 1997).The value of **R**- ranges from 0 to 1and if the value of (sig.) is less than 0.05, it can be said that the model is statistically significant to explain the outcome variable

**Table 4. 20.Regression analysis of model summary**

<b>Model Summary</b>									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.710 <sup>a</sup>	0.504	0.492	0.57406	0.504	41.609	4	164	0.000
a. Predictors: (Constant), Reward & Recognition, leadership, Empowerment, communication									
b. dependent variable: Strategy Implementation									

**Source: SPSS output of own survey 2023**

From the data, the R-square value is 0.504, which means that, 50.4% of the variability of the strategy implementation in Coop bank is attributable to the combined effect of the predictive variables (the combined effect of the 4 factors of employee engagement). This means, the remaining 49.6% of the changes in strategy implementation is associated with other factors which are not explained in this model.

To minimize this, adjusted R – square is important and it is 0.492 which means 49.2% of variances in strategy implementation of coop bank are brought about by predictive variables.

As it can be seen from the model summary, the multiple correlation coefficients value between independent variables and dependent is R=.710<sup>a</sup>. This demonstrates that the total independent variables and dependent variables have a good correlation.

Another point seen from the model summary is the p-value which is .000 (which is less than 0.05). This implies that the model is fit to explain strategy implementation is affected by the factors of employee engagement.

**b) Anova Test**

Analysis of variance helps to test the statistical significance of the model in predicting the dependent variable using F-ratio, P-value and defined significance level.

According to David R. Anderson et al, (2011, pp 658) the F-test is used to investigate whether set of all the independent variables significantly explain the dependent.

**Table 4. 21. ANOVA test**

<b>ANOVA<sup>a</sup></b>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	54.849	4	13.712	41.609	.000 <sup>b</sup>
	Residual	54.045	164	0.330		
	Total	108.894	168			
a. Dependent Variable: Strategy implementation						
b. Predictors: (Constant), Reward & Recognition, leadership, Empowerment, communication						

*SPSS result of own data 2023*

From the data it is possible to see the F-value (41.609) and significant at P- value of 0.00 level. This indicate that the overall model is significant and there exists enough evidence to conclude that jointly all the four predictor variables are useful for predicting strategy implementation in Cooperative Bank of oromia.

## Testing of significance for individual variable

When all other independent variables are maintained constant, the regression equation's B-coefficient values show how the value of the dependent variable changes in response to a unit change in the independent variable. If a variable is said to be significant, the beta values should be different from zero. The standard errors for each corresponding beta values express the extent of these values vary across different samples.

One can understand that the larger the beta coefficient, the smaller the p-value, and the greater contribution of that independent variable on the dependent variable and the vice versa is also true.

**Table 4. 22. Testing significance of Beta coefficients**

### Beta Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.370	.474		.779	.437
	leadership	-.035	.111	-.018	-.314	.754
	Empowerment	.217	.106	.131	2.045	.042
	communication	.361	.069	.364	5.209	.000
	Reward & Recognition	.330	.070	.352	4.708	.000

a. Dependent Variable: Strategy implementation

### SPSS result of own data 2023

The regression result of this study showed that:

**Communication:** is positively related to strategy implementation with ( $t=5.209$  and  $P=000 < 0.05$ ) and has statistically significant effect in the Cooperative Bank of oromia. As a result the null hypothesis is rejected and accepts the alternative hypothesis one that states communication has significant effect on Strategy Implementation in Cooperative Bank of oromia. This result is

supported by empirical study of Muhaba Hussien (2022) studied on Effect of Communication in Strategic Plan Implementation of Ethio telecom that revealed employee communication had positive and statistically significant role on strategy implementation.

**Reward and Recognition** has also statistically significant effect in predicting strategy implementation of Cooperative Bank of oromia with  $t=4.708$  and  $P=0.000 < 0.05$ . Therefore, the null hypothesis is rejected and accepts the alternative hypothesis one that states Reward and Recognition has significant effect on Strategy Implementation in Cooperative Bank of oromia. The related study by Samuel Mugo Wambugu (2013) found that a significant relationship between the reward strategies and employee work performance in Kabete Technical Training Institute in Kenya.

**Empowerment:** the analysis result shows empowerment has  $t=2.045$  and p-value  $0.042 < 0.05$ . This directs that empowerment is a positive and statistically has momentous effect on strategy implementation in Cooperative Bank of Oromia. Therefore, the null hypothesis is rejected and accepts the alternative hypothesis one that states empowerment has significant effect on Strategy implementation in Cooperative Bank of oromia. The study by Yeneneh Abebaw (2021) found that empowerment has positive relationship strategy implementation in Wegagen Bank. The other study by Ondari, Gesimba&Njau (2019) on effect of Staff Autonomy on Strategy Implementation in Private Security Firms in Nakuru County, Kenya also shows that staff autonomy has significant relation with Strategy Implementation.

**Leadership:** on the other hand, leadership having,  $t=-.314$ ,  $p=.754 > 0.05$  has insignificant effect on strategy implementation in Cooperative Bank of Oromia. Therefore, the null hypothesis is accepted and rejects the alternative hypothesis one that states leadership has significant effect on Strategy Implementation in Cooperative Bank of oromia.

As the result, it can be said that the predictor variables have statistically significant effect on the dependent variable (strategy implementation) except leadership holding sig. value .754 which is greater than the significance value ( $p=0.754 > 0.05$ ).

From the table, we can also see that the equation has a constant value of 0.370 which means that when all the four variables remains constant, strategy implementation level in Cooperative Bank of Oromia will be performed by 37%.

## CHAPTER FIVE

### SUMMARY OF RESULTS, CONCLUSION AND RECOMMENDATIONS

Three sections make up this chapter: recommendations, a conclusion, and a summary of the results. Based on the study results, constructive recommendations are forwarded to the management of Coop bank for their interventions to the areas that need improvement.

#### Summary of Results

The objective of this research was to understand the impact of employee engagement factors (leadership, communication, empowerment, reward, and recognition) on strategy implementation in the Cooperative bank of Oromia.

Both descriptive (mean, standard deviation, percentage) and inferential statistics (pearson correlation and regression) were used to analyse the data collected through a structured questionnaire.

#### Summary of descriptive statistical analysis

Descriptive statistics indicate the level agreement or disagreement of respondents on the issues related to variables. The summary of the study was as follows:

- ❖ The total grand mean for the independent variable empowerment is 3.7, with a standard deviation of 0.89. These indicate that respondents show a high level of agreement (70.9%) on questions that measure the effectiveness of empowerment.
- ❖ The total grand mean for the independent variable leadership is 3.6 with standard deviation 0.86. These indicate that respondents show a high level of agreement (64.10%) on questions that measure the effectiveness of leadership.
- ❖ The total grand mean for the independent variables communication is 3.43, with a standard deviation 1.03. These indicate that respondents show a moderate level of agreement (57.56%) on questions that measure the effectiveness of communication.
- ❖ The total grand mean for the independent variable reward and recognition is 3.24, with standard deviation of 1.06. These indicate that respondents show a moderate level of

agreement (60.4%) or a high level of disagreement on questions that measure the practice of reward and recognition.

- ❖ Finally, the total grand mean for the dependent variable strategy implementation is 3.34, with a standard deviation 1.1. These indicate that respondents show a low level of agreement (50.9%) or a high level of disagreement on questions that measure the effectiveness of strategy implementation.

### **Summary of Inferential Statistics Analysis**

When we see the result of Pearson correlation analysis, the independent variables (reward and recognition, communication, and empowerment) are strongly and positively correlated with the dependent variable (strategy implementation), with their respective correlation coefficients of 0.633, 0.623, and 0.424.

But the correlation between leadership with a strategy implementation is the lowest among the other variables, with a correlation coefficient of 0.084 and a P value of 0.278.

On the other hand, independent in aggregate has a positive and strong relationship with strategy implementation, with a correlation coefficient of 0.683.

We have found that the coefficient of determination (R-square value) is 0. 504, which means 50.4% of the variability of the strategy implementation in the cooperative Bank of Oromia is attributable to the combined effect of the predictive variables. The Model is adequate to explain the dependent variable as its p value (000) is less than the level of significance. The remaining 49.6% of the changes in strategy implementation is associated with other factors that are not explained in the model.

It can be summarized that communication, reward and recognition, and empowerment have a positive effect on predicting strategy implementation in the cooperative bank of oromia, having beta coefficients of 0.361, 0.33, and 0.217 with P values of 0.000, 0.000, and 0.042 respectively. Leadership, on the other hand, has the least effect in explaining strategy implementation, as its p-value (0.754) > 0.05.

## **Conclusion**

In conclusion, communication, reward and recognition, and empowerment are positively and significantly correlated with the strategy implementation of the Cooperative Bank of Oromia. Based on the regression analysis output, communication, reward and recognition, and empowerment were found to have significant effect on Strategy implementation of the Cooperative Bank of Oromia, while leadership was excluded from the model used.

## **Recommendation**

Depending on the research results and conclusions made therefrom, the following recommendations are provided:

- ❖ The management of Cooperative Bank of Oromia is advised to improve communication practices by setting up good information sharing system among work units, understanding their subordinates, and communicating accomplishments and new developments to all employees. Interventions made in the areas of communication are believed to have a positive effect on increasing the level of employee engagement and strategy implementation.
- ❖ The management of Cooperative Bank of Oromia is advised to improve reward and recognition by comparing their salary and benefits with other the same industry, and ensuring performance-based recognition and sharing good practices of reward and recognition with others.
- ❖ The management of the bank was advised to pay attention to the areas of empowerment by delegating employees to higher positions and encouraging them to participate in decision-making. This may increase their level of engagement and enhance the bank's implementation.

### **Limitations and suggestions for further studies**

Though this study has contributed, it has the following limitations:

- ❖ Financial and time constraints, and only for academic purposes.
- ❖ The study only used descriptive, quantitative, and based on a small sample size and on the Cooperative Bank of Oromia selecting four factors of employee engagement.
- ❖ Feature research can be investigated on a large scale by considering the banking sector in Ethiopia and by including other factors such as employee engagement.
- ❖ Further study is required to identify issues contributing to the insignificant effect of leadership on strategy implementation.

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## ANNEX

### Questionnaire

#### MA PROGRAM IN Business Leadership

#### *Questionnaire to Be Filled By Employees*

**Dear respondent:**

I am Feyissa Hussen Kemedi, a graduate student conducting a research study on “*effect of employee engagement Factors on strategy implementation in the case of Cooperative Bank oromia*”.

The purpose of the research is in partial fulfillment of Master of Arts in Business Leadership from Addis Ababa University. The questionnaire is presented in two sections with the first requiring data on demographic related information, and respondents are, therefore, asked to put the right mark (√) on the boxes provided for this purpose. The second section focuses on collecting data about the employee *engagement and strategy implementation variables* and responses are provided based on a 5-point Likert scale.

All information provided will be treated with utmost confidentiality and will be used purely for academic purposes. For any clarification you may seek, you can reach me through mobile phone no. **0912346623**. Your honest responses are appreciated.

Kind regards,

**Section I: Background information**

*Please indicate your choice by indicating a thick mark (√) among the given alternatives*

1. 18-25  26-33  34-41  42-49  above 50

2. Male  female

3. Years of experience in the Bank

2-4  5-10  11-15  above 15 years

4. Your educational qualification level

Diploma  1<sup>st</sup> degree  2<sup>nd</sup> degree or above

**Your specific work place in the Bank**

District  Branch

5. Your job occupation :

- a) top management
- b) Middle/Supervisory management
- c) professional and Semi-professional staff

**Section II:** The table that follows in the next section consist list of items,  
Please put “√” mark for every statement based on your level of agreement.

*1: Strongly Disagree; 2: Disagree; 3: Neutral; 4: Agree; 5: Strongly Agree*

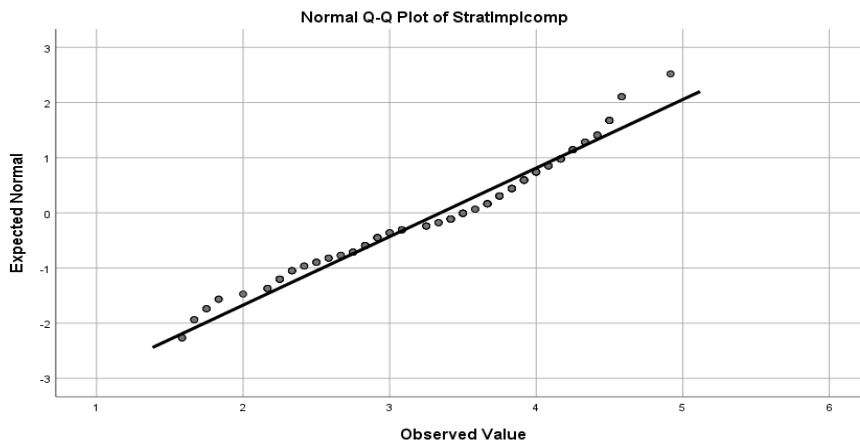
<i>s/n</i>	<i>Questions</i>	<i>Strongly Disagree</i>	<i>Disagree</i>	<i>Neutral</i>	<i>Agree</i>	<i>Strongly Agree</i>
<b><i>I. EMPLOYEE ENGAGEMENT FACTORS</i></b>						
<b><i>a) leadership</i></b>						
1	I have trust in the leaders (management) of the bank.					
2	The management of the bank demonstrates employees are important to the company's success.					
3	I feel my supervisor is providing me strong leadership.					
4	My supervisor provides me honest feedback on my regular performance.					
5	My supervisor always helps me to develop my strengths.					
6	Managers at the bank are effective in meeting organizational requirements.					
7.	Managers articulate the compelling vision of the future.					
<b><i>b) Empowerment</i></b>						
1	I feel competent to perform the tasks required for my position.					
2	I am confident about my capabilities and skills to do my job.					
3	I have the authority to make the necessary decisions to perform my jobs well.					
4	My manager trusts me to make the appropriate decision in my job.					
5	I have considerable opportunity for independence and freedom in how I do my job.					

<b><i>c) Communication</i></b>						
1	There is good communication among work units of the bank.					
2	I believe that my supervisor really understands me.					
3.	I am always kept informed about how well organizational goals and objectives are being met.					
4	Top management is providing employees with the kinds of information they really want.					
5	I am pleased with the management's effort to keep employees up-to-date on recent developments.					
6	Information is shared to all employees in a Timely manner from the bank.					
7.	I am kept informed about reasons behind organizational decisions.					
<b><i>d) Reward and Recognition</i></b>						
1	I believe the salary I get paid are compatible to my work.					
2	Salary and benefits package of the bank are competitive compared to other					
3	The salary and benefit system of the bank treats each employee reasonably					
4	My successes are recognized by my manager and co-workers.					
5	I get praise for my good performance from my supervisor.					

6	Overall, I am satisfied by the bank's reward and recognition practice.					
<b>II. STRATEGY IMPLEMENTATION</b>						
<i>s/n</i>	<i>Questions</i>	<i>Strongly Disagree</i>	<i>Disagree</i>	<i>Neutral</i>	<i>Agree</i>	<i>Strongly Agree</i>
1.	Senior management of the bank show commitment and support for strategy implementation					
2.	Strategic objectives of the bank are clearly formulated and defined					
3.	There is adequate skill and knowledge necessary to implement strategy among the staff					
4.	There is good coordination across work units when implementing strategy of the bank					
5	There is good or sufficient exchange of information regarding strategy implementation					
6	supervisors at lower level of banks strategy					
7	There is strong involvement of employees who are essential from the view point of strategy implementation					
8	Jobs and organizational structure of the bank are properly designed to support strategy					
9	Roles and responsibilities are properly defined to support strategy					

10	The bank has the necessary (human, material, technology) that enable to achieve its objectives					
11	Resources are properly allocated and utilized in the bank					
12	The organizational culture of the bank is suitable to achieve its strategic objectives					

## Annex2



## Normality Test