



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

**DETERMINANTS OF EMPLOYEE ENGAGEMENT IN THE BANKING  
INDUSTRY IN ETHIOPIA: THE CASE OF BANK OF ABYSSINIA**

**BY: GEZAHAGN AYALEW**

**ADVISOR: JEMAL MOHAMMED (PhD)**

**A THESIS SUBMITTED TO THE COLLEGE OF BUSINESS &  
ECONOMICS OF ADDIS ABABA UNIVERSITY IN PARTIAL  
FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF  
MASTER IN BUSINESS ADMINISTRATION IN MANAGEMENT**

**ADDIS ABABA, ETHIOPIA  
MAY 2019**

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

**DETERMINANTS OF EMPLOYEE ENGAGEMENT IN THE BANKING  
INDUSTRY IN ETHIOPIA: THE CASE OF BANK OF ABYSSINIA**

**BY: GEZAHAGN AYALEW  
(GSE/6268/09)**

**ADVISOR: JEMAL MOHAMMED (PhD)**

**APPROVED BY BOARD OF EXAMINERS**

<b><u>JEMAL MOHAMMED (PHD)</u></b>	_____	_____
<b>ADVISOR</b>	<b>SIGNATURE</b>	<b>DATE</b>
_____	_____	_____
<b>INTERNAL EXAMINER</b>	<b>SIGNATURE</b>	<b>DATE</b>
_____	_____	_____
<b>EXTERNAL EXAMINER</b>	<b>SIGNATURE</b>	<b>DATE</b>

## **Declaration**

I, Gezahagn Ayalew, hereby declare that the thesis on the topic entitled “Determinants of Employee Engagement in the Banking Industry in Ethiopia: the case of Bank of Abyssinia” is submitted by me for the award of the degree of Master of Business Administration from Addis Ababa university. It is my original work and all sources and materials used for this thesis have been appropriately acknowledged.

**Gezahagn Ayalew**

**Researcher Student**

\_\_\_\_\_

**Signature**

\_\_\_\_\_

**Date:**

### **Letter of Certification**

This is to certify that this thesis entitled, “Determinants of Employee Engagement in the Banking Industry in Ethiopia: the case of Bank of Abyssinia” was carried out by Gezahagn Ayalew under my guidance and supervision. Accordingly, I here assure that his work is appropriate and standard enough to be submitted for the award of Master of Business Administration (in Management)

**Jemal Mohammed (PhD)**

**Research Advisor**

\_\_\_\_\_

**Signature**

\_\_\_\_\_

**Date:**

## **Acknowledgment**

First and foremost I would like to thank God and his mother for lighting my way, granting me the strength and patience in completing this study.

I would like to express my inner most sincere to my advisor Jemal Mohammed (PhD), for his enlightened, genuine and constructive comments.

I would also like to thank Bank of Abyssinia employees and management, since this thesis would not have been accomplished without your cooperation by filling the questionnaires.

Last but not least, I thank my families for their continued contribution for me.

## Table of Contents

<b>Table of Contents</b> .....	VI
<b>List of Figures</b> .....	IX
<b>List of Tables</b> .....	X
<b>Acronyms</b> .....	XI
<b>Abstract</b> .....	XII
<b>CHAPTER ONE</b> .....	1
<b>INTRODUCTION</b> .....	1
1.1. Background of the Study .....	1
1.2. Statement of the Problem .....	3
1.3. Research Questions .....	5
1.4. Objective of the Research .....	5
1.5. Significance of the Study .....	5
1.6. Scope of the Study.....	6
1.7. Limitation of the Study .....	6
1.8. Definition of key Terms .....	7
1.9. Organization of the Study .....	7
<b>CHAPTER TWO</b> .....	8
<b>LITERATURE REVIEW</b> .....	8
2.1. Introduction .....	8
2.2. The Conceptual Definition of Employee Engagement .....	8
2.3. Levels of Employee Engagement.....	13
2.4. Employee Engagement Models.....	15
2.4.1. Kahn’s Model.....	15
2.4.2. Maslach, Schaufelli and Leiter Model .....	16
2.4.3. Robinson, Perryman and Hayday Model .....	17
2.4.4. Harter, Schmidt and Hayes’ satisfaction-engagement approach .....	17
2.4.5. Saks Multidimensional Model .....	18
2.5. Engagement & Other Constructs.....	19
2.6. Consequences of Employee Engagement .....	20
2.6.1. Job Satisfaction .....	20
2.6.2. Organizational Commitment.....	21
2.6.3. Intention to Quit.....	21

2.6.4.	Organizational Citizenship Behavior .....	22
2.7.	Determinants of Employee Engagement .....	24
2.7.1.	Job Characteristics .....	25
2.7.2.	Leadership Style.....	27
I.	Transformational Leadership .....	29
II.	Transactional leadership.....	30
III.	Laissez-Faire passive/avoidance leadership .....	30
2.7.3.	Reward and Recognition.....	34
2.8.	Conceptual Framework of the Study.....	36
<b>CHAPTER THREE</b>	.....	<b>37</b>
<b>RESEARCH METHODOLOGY</b>	.....	<b>37</b>
3.1.	Introduction .....	37
3.2.	Research Design.....	37
3.3.	Research Approach .....	38
3.4.	Research Method.....	38
3.5.	Sampling Design .....	39
3.5.1.	Target Population.....	39
3.5.2.	Sampling Frame & Sampling Location .....	39
3.5.3.	Sampling Technique .....	40
3.5.4.	Sample Size.....	40
3.6.	Sources of Data .....	41
3.7.	Data Collection.....	42
3.8.	Variables Description.....	42
3.8.1.	Dependent Variable .....	42
3.8.2.	Independent Variables .....	43
3.9.	Data Analysis .....	43
3.10.	Questionnaire Design .....	44
3.10.1.	Instrumentation .....	44
3.10.2.	Validity of the Questionnaires .....	47
3.10.3.	Reliability of the Questionnaires .....	49
3.11.	Ethical Considerations.....	50
<b>CHAPTER FOUR</b>	.....	<b>51</b>
<b>DATA PRESENTATION, ANALYSIS AND DISCUSSION</b>	.....	<b>51</b>

4.1.	Introduction .....	51
4.2.	Rate of Response .....	51
4.3.	Reliability test .....	51
4.4.	Demographic Characteristics of Respondents.....	52
4.4.1.	Gender of Respondents .....	52
4.4.2.	Age of respondents .....	53
4.4.3.	Level of Education of Respondents .....	53
4.4.4.	Marital status of Respondents .....	54
4.4.5.	Year of Service of Respondents.....	54
4.4.6.	Current Job Position of Respondents .....	55
4.5.	Correlation Analysis.....	55
4.6.	Multiple Regression Analysis .....	57
4.6.1.	Model Summary .....	59
4.6.2.	ANOVA Model Fit.....	60
4.6.3.	Beta Coefficient.....	60
4.7.1.	Job Characteristics .....	63
4.7.2.	Leadership Style.....	64
4.7.3.	Rewards and Recognition .....	65
<b>CHAPTER FIVE</b>	.....	<b>67</b>
<b>SUMMARY, CONCLUSION AND RECOMMENDATION</b>	.....	<b>67</b>
5.1.	Summary of the Findings .....	67
5.2.	Conclusions .....	68
5.3.	Recommendations .....	69
5.4.	Future Research Directions .....	70
<b>References</b>	.....	<b>71</b>
<b>APPENDICES</b>	.....	<b>79</b>



## **List of Figures**

- Figure 1. Gallup Three Levels of Employee Engagement
- Figure 2. Kahn's Model of Employee Engagement
- Figure 3. Robinson et al. Model of Employee Engagement
- Figure 4. Saks Model of Employee Engagement
- Figure 5. The Job Characteristics Model
- Figure 6. Proposed Conceptual Model

### **List of Tables**

Table 2.1.	Published Definitions of Employee Engagement
Table 2.2	Key Studies on Employee Engagement
Table 4.1.	Alpha coefficient for each section of Questionnaire
Table 4.2	Gender Status of respondent
Table 4.3	Age Status of respondent
Table 4.4	Educational Qualification
Table 4.5	Marital status of Respondents
Table 4.6	Year of Service of Respondents
Table 4.7	Current Job Position of Respondents
Table 4.8	Measures of Associations and Descriptive Adjectives
Table 4.9	Correlation Matrix between the dependent and the independent Variables
Table 4.10	Result of Multicollinearity test
Table 4.11	Result of normality test
Table 4.12	Linearity of the Relationship Test
Table 4.13	Model Summary
Table 4.14	ANOVA Model Fit
Table 4.15	Beta Coefficient
Table 4.16	Summary of hypothesis testing

## **Acronyms**

ANOVA	Analysis of Variance
BOA	Bank of Abyssinia
CIPD	Chartered Institute of Personnel Development
CSO	Customer Service Officer
ID	Identification Number
JCT	Job Characteristics Theory
MLQ	Multifactor Leadership Questionnaire
NBE	National Bank of Ethiopia
OCB	Organization Citizenship Behavior
SET	Social Exchange Theory
SPSS 21	Statistical Package for Social Science: Version 21
UWES	Utrecht Work Engagement Scale
VIF	Variance Inflation Factor

## **Abstract**

*The purpose of this study was to explore the determinants of employee engagement in the Bank of Abyssinia. Employee engagement is influenced by many factors including job characteristics, organizational justice, reward and recognition, leadership style, workplace culture, organizational communication and company reputation. In this study, job characteristics, reward and recognition, and leadership style were tested for their predictive role on employee engagement. The study adopted a quantitative research method and a survey research approach with five point Likert scale questionnaire was distributed to the respondents. Convenience sampling approach was used to select the target respondents of the survey, where 200 Self-administered questionnaires were distributed, out of which 191 were collected. The data collected was analyzed through descriptive, correlation, & regression analysis using SPSS Version 21 software. The correlation analysis result showed that job characteristics, leadership style, and reward & recognition have a strong positive relationship with employee engagement. The finding of the study using a multiple linear regression analysis revealed that all the independent variables (job characteristics, leadership style and reward & recognition) have positively predicted employee engagement. Based on the findings, the researcher forwarded recommendations and future research directions.*

**Keywords:** *Employee Engagement, Job Characteristics, Leadership Style, and Reward & Recognition*



# CHAPTER ONE

## INTRODUCTION

### 1.1. Background of the Study

Human resources are the most important elements leading to the sustainable competitive advantage in organizations. Managers agree that the century we are living demands more efficiency and productivity than any other time in history as businesses are striving to increase their performance and to succeed in putting their company ahead of competitors (Kompaso and Sridevi, 2010). The term Employee engagement was first introduced by Kahn (1990, p. 694), and he defined employees engagement as “harnessing of organization members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances.” Nowadays, employee engagement seems to be more essential than ever in organizational success and creating competitive advantage (Carnegie, 2012). The challenge is not only just retaining talented people, but fully engaging them, capturing their minds and hearts at each stage of their work lives (Kaye, B., and Jordan S. 2003). In recent years, there has been a great deal of attention in employee engagement. Many have claimed that employee engagement predicts employee outcomes, organizational success, and financial performance (Bates, 2004; Baumruk, 2004; Harter et al., 2002; Richman, 2006). Baumruk (2004) contends that every organization wants to gain competitive advantage and for this employee engagement is the best tool for achieving it. In fact, employee engagement is considered to be the most powerful factor to measure a company’s strength and orientation towards greater performance. Employee engagement concerns the degree to which individuals make full use of their cognitive, emotional, and physical resources to perform role-related work (Kahn, 1990; May et al., 2004). In recent years the term employee engagement has taken a fundamental role on organizational effectiveness (Saks, 2006).

Engaged employee value, enjoy and have pride in their work and are more willing to help each other and the organization succeed. LePine, Erez, and Johnson (2002) argue that engaged employees take additional responsibility, invest more effort in their jobs, share information with other employees and remain with the organization than employees who are less engaged. Studies by Bloom and Michael (2002) indicate that although the primary focus of engagement efforts has mostly been on team-building programs and non-financial rewards, democratic pay structures

have been found to be affect to employee cooperation, involvement, satisfaction and commitment; all of which have been used as indications of employee engagement. Engaged employees readily give discretionary effort as an integral part of their daily activity at work. They believe it as a synergetic concept that the whole is greater than the sum of its parts. They don't work just for a paycheck, or just for the next promotion, but work on behalf of the organization's goals and objectives. Thus, engaged employees lead to better business outcomes. Engaged employees go beyond the call of duty to perform their role in excellence.

The link between the determinants of employee engagement has been studied constantly over the past few decades. Each study has been long-established by a lot of researchers on the linkage between employees and the performance of the organization. The organizations with that happy employee have been seen to improve the working environment while increased the work productivity and quality. There are many drivers which affect employee engagement in an organization. Employee engagement is fully influenced by leadership style, organization justice, workplace culture, company reputation, reward practices, job characteristics etc. This paper will discuss three drivers which affect employee engagement in an organization, namely job characteristics, leadership style and reward & recognition.

The study selected the banking industry to examine the determinants of employee engagement. The banking sector plays a vital role for overall development of primary and industrial sectors. Banking system is an important integral of overall economic system of a country. It plays a significant role in mobilizing a nation's savings and in channelizing them into a high investment priorities and better utilization of available resources. The employees in banking companies take efforts to deliver the multiple needs of its stakeholders. There are a number of reasons for choosing the banking sector for this study. First, in the context of development, the banking sector has become an important pillar of strength in the economy of Ethiopia. (Economic Report, Ministry of Finance, Ethiopia, 2013). The banking sector is one of the major fragments in the financial sectors in the economy. Second, the labor force in the banking sector has grown a lot. The country's banking sector comprises 19 banks. Among them, 18 are private banks. The entry of private banks in Ethiopia laid foundational stone and passed a mile journey from its start to mobilize the economy.

The case for this study is Bank of Abyssinia. The researcher selected Bank of Abyssinia because the bank has the average age of 22 years of service in the banking industry which will represent the average banking sector age in Ethiopia. Bank of Abyssinia Share Company is one of the banks established to provide such services. The Bank of Abyssinia was established on February 15, 1996 in accordance with 1960 Ethiopian Commercial Code and the licensing and supervision of banking business Proclamation No. 84/1994. The bank has started its operation with an authorized and paid up capital of Birr 50 million and Birr 17.8 million respectively, and with only 131 shareholders and 32 staffs. Bank of Abyssinia offers various banking products and services in Ethiopia. It offers deposit products include savings, demand, special savings, and youth-targeted savings programs. The company also provides term loans, overdraft service, and advance facilities to various sectors; and issues domestic letter of guarantees, bonds, etc., as well as payment instruments, such as cash payment orders, demand drafts, certified cheques, etc. As of June 30, 2017, the company operated 233 branches and sub branches. It also operates 114 ATMs and 200 PoS machines. Bank of Abyssinia Share Company was founded in 1996 and is based in Addis Ababa, Ethiopia. (Abyssinia, 2014).

Whereas banks in Ethiopia lay a lot of emphasis on provision of quality service to customers, the challenge basically is to create a motivated and engaged employees who can facilitate that endeavor. Employees are critical to achievement of their goals and therefore, managers must consider employee engagement as it is connected to service quality and work performance. In order to create an environment for employee satisfaction and engagement, it is vitally important to know which factors most affect employee engagement (Heartfield, 2012). Organizations must spend time, money, and energy on programs, processes, and factors that will have a positive impact on employee engagement.

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

In this age of rapid technological advancement and globalization, business leaders know that having a high-performing workforce is essential for survival and growth because of the positive impact it has on innovation and productivity, while reducing costs related to hiring and retention in highly competitive talents. The findings of a Harvard Business Review Analytic Services (2013) show that an increasing number of top companies are gaining competitive advantage through establishing metrics and practices to effectively quantify and improve the impact of their



employees' engagement initiatives on overall business performance. Over the past two decades the great changes in the global economic condition had important implications for the relationship among employees and employers and therefore for employee engagement. For instance the costly and scarcity of resources, increasing global competition, customer demand for high quality, high labor cost have incited organization to restructure them for greater return on equity. Restructuring in some company mean decreasing in layer of management and staff (Corace, 2007). Even though restructuring can help organization to compete, these changes have broken the expectation of reciprocity and the traditional psychological employment "contract" (Corace, 2007).

Engaged employees demonstrate attributes such as loyalty, trust and commitment to the organization. When employees are engaged with their work, they are more creative and innovative and offer advances that allow companies to evolve positively over time with changes in market conditions. Consultant studies reveal that an estimated 14-30% of the employees are engaged in running the business (Schwartz et al., 2007). It has been reported that employee engagement is on the decline and there is a deepening disengagement among employees today (Bates, 2004; Richman, 2006). To further emphasize how widespread this problem is and how critical it can be, we can consider the Gallup study (Kim et al. 2008) in which hundreds of companies were surveyed. Results from their surveys showed that 54% of workers were not engaged and 17% were actively disengaged. A 30-year study of the United States workforce by Gallup organization found that, on average, the ratio of actively engaged to disengaged employees in organizations was 1 to 1.83. This is not a small number, but it is one that is estimated to cost more than USD 300 billion in lost productivity per year (Buckingham and Coffman 1999).

It means organizations that desire to improve their performance must be concerned about internal issues related to employee engagement and view their employees as customers too. Despite employee engagement being an important ingredient to employee productivity, there is limited research that has been conducted on the subject matter in relation to commercial banks in Ethiopia. As a result, there exists a gap in knowledge regarding the study of employee engagement within the industry. In order to create an environment for employee engagement, it is vitally important to be aware of the determinants of employee engagement. This research work

is specifically aimed at using the determinants of employee engagement to measure and study the concept within the banking industry of Ethiopia. The study will assess three determinants of employee engagement in commercial banks in Ethiopia; using Abyssinia Bank as case for the study.

### **1.3. Research Questions**

The questions that appear here are:

- Does job characteristics significantly affect employee engagement?
- Does leadership style significantly affect employee engagement?
- Do reward and recognition significantly affect employee engagement?

### **1.4. Objective of the Research**

The general objective of the study is making meaningful inquiry and investigation into determining employee engagement in the Bank of Abyssinia.

The specific objectives of the study are to:

- To study the effect of job characteristics in predicting employee engagement
- To examine the effect of leadership style in predicting employee engagement
- To measure the effect of rewards and recognition in predicting employee engagement

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

This study will help future researchers who are willing to conduct study on this topic. The study can provide guidance to the employers of banking organizations and be helpful for management and other decision making bodies taking recommendations from the study.

The study will provide insight to HR professionals to gain understanding while planning employee engagement strategies for their organizations and will be valuable for policy makers and other practitioners. It will also provide certain direction for future researchers. The consequences of this study can assist the policymakers to draft policies workable at institutional level as well as nationwide.

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

Different researchers have proposed wide range of drivers of employee engagement, which include a variety of factors (Kahn, 1990; May et al., 2004; Saks, 2006). It is difficult to best conceptualize factors influencing employee engagement. This study however, focuses only on main three determinates of employee engagement i.e. Job characteristics, leadership style; and reward and recognition. The researcher selected the three determinants based on the finding and model of Kahn (1990) and Saks (2006). The two models were chosen because Kahn's (1990) model is the earliest and influential study on employee engagement and the second model by Saks (2006) is more recent and further tried to study about employee engagement by broadening the aspect to include both job and organization engagement. Geographically the scope of the study was delimited to senior management, branch managers, supervisors and the general staff of Bank of Abyssinia, particularly those who are based in the Addis Ababa Region.

### **1.7. Limitation of the Study**

Although the research undertaken aims to achieve results of the utmost validity and reliability, it is acknowledged that the research methods used may have some limitations. Only few independent variables were considered in this study which are job characteristics; leadership styles; and reward and recognition. The researcher did not study other independent variables such as organizational justice, job resources, trust in supervisor etc. Even though the research tried to incorporate Addis Ababa region branches, the findings of this study will be applicable to all branches of Bank of Abyssinia due to the same nature of the job. But, it would have been better if it has some branches particularly remote areas with greater hardship been represented in the data collection endeavor. Also some longitudinal analysis would have added up to the strength of the findings. It may also have been more appropriate for the researcher to adopt a multiple case study approach rather than a single case study approach to obtain a broader more concise picture of employee engagement in the organization. Therefore, to determine the most effective way to enhance employee engagement, future research that includes such variables would be required. The research analysis and findings should be measured in terms of these limitations and other potential limitations that may arise.

## **1.8. Definition of key Terms**

**Job Characteristics:** task characteristics that provide challenging work, variety, allow the use of different skills, personal discretion, and the opportunity to make important contributions, (Kahn 1990, 1992).

**Leadership Style:** Leadership style is a combination of a leader's general personality, manner and communication patterns to guide others toward reaching organizational or personal goals (Hoyle, 2006).

**Rewards and Recognition:** Methods used by organizations to make employees feel respected and valued by providing psychological as well as financial benefits, (Kahn, 1990).

**Employee Engagement:** the extent to which people employ & express themselves physically cognitively and emotionally during role performance, (Kahn, 1990).

## **1.9. Organization of the Study**

This research thesis was organized under five chapters. Chapter one deals with introduction, chapter two summarizes the related literature review, while chapter three presents the methodology of the research. Chapter four presents data presentation, analysis, interpretation and discussion of results and interpretation of the study. The last chapter, chapter five stipulates key findings, conclusions, and recommendations.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1. Introduction**

This chapter discusses the construct of employee engagement, which has received considerable study in management literatures and practices. Due to their popularity, the frameworks for employee engagement, job characteristics, leadership style; and reward and recognition are understandably moving targets in states of growth and development; have growing bases of literature. The following sections synthesize conceptual frameworks for employee engagement, job characteristics, leadership style and reward and recognition as separate areas. First employee engagement is discussed, then followed by determinants of employee engagement specifically job characteristics, leadership style, and reward & recognition.

#### **2.2. The Conceptual Definition of Employee Engagement**

From time to time new ideas or concepts rise that capture the attention of policy makers, managers and the academics (Anitha 2014). Employee engagement was a widespread concept in the industry during the period 1999-2005 where it was extensively discussed among managers, consultants, and policy makers. Employee engagement has become a broadly used and popular term (Robinson et al., 2004). An earlier piece of engagement literature by Goffman (1961) puts forth that the concept of engagement is rooted in role theory. Goffman defined engagement as the “spontaneous involvement in the role” and a “visible investment of attention and muscular effort” (as cited in Wildermuth and Pauken, 2008). Academicians became interested in the concept to a large extent from 2006 (Welch, 2011) when a number of studies extended the concept of employee engagement to job engagement, work engagement, and organization engagement.

It is generally accepted that Kahn (1990) presented the first academic paper about employee engagement. Saks (2006) used Khan’s (1990) definition and developed the construct including job and organization engagement. The concept was further developed and, importantly, a measure of attitudinal engagement was designed and validated by a team at Utrecht University (Schaufeli et al., 2002). The Utrecht Work Engagement Scale (UWES) measure has been extensively used in many countries as the concept of employee engagement, aided by the presence of this measure, has attracted increasing academic attention. Employee engagement is a

relatively new concept in the academic community but has been heavily promoted by consulting companies (Wefald and Downey 2009). Employee engagement has been shown to have a statistical relationship with productivity, profitability, employee retention, safety, and customer satisfaction (Buckingham and Coffman, 1999; Coffman and Gonzalez-Molina, 2002). Similar relationships have not been shown for most traditional organizational constructs such as job satisfaction (Fisher and Locke, 1992). In addition, the items used in employee engagement surveys measure aspects of the workplace that are under the control of the local manager.

Many definitions have been provided in the academic literature. It was a major focus of business entrepreneurs as well as academic researchers as it predicts productivity, motivation, employee involvement, and job performance commitment (Baumruk, 2004). The first definition was by Kahn (1990). Kahn defined employee engagement as “the harnessing of organization members’ selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances”. The cognitive aspect of employee engagement concerns employees’ beliefs about the organization, its leaders and working conditions. The emotional aspect concerns how employees feel about each of those three factors and whether they have positive or negative attitudes toward the organization and its leaders. The physical aspect of employee engagement concerns the physical energies applied by individuals to accomplish their roles. Thus, according to Kahn (1990), engagement requires to be psychologically as well as physically present when occupying and performing an organizational role. Engagement can also be defined as a positive, fulfilling, work- related mind state that is characterized by, high energy levels, mental resilience, enthusiasm, and absorption (Schaufeli, Salanova, Gonzalez-Roma and Bakker, 2002). Haudan and MacLean (2002) described engagement as a sustained link and undivided concentration, where time seems of no significant importance and the mind and soul of employees are involved. Employee engagement is defined differently in academic researches and among practitioners; basically it is psychological traits and behaviors (Macey and Schneider, 2008). Employee engagement is defined in terms of other well-known constructs like organization commitment and citizenship (Saks, 2006).

In addition, Lockwood (2007) defined Employee engagement 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. On the other hand Frank et al (2004) believed that employee engagement is the collection of unique characteristics which result in emotional connection with

an entity. Performance of engaged employees leads the company towards customer satisfaction which results in directing an organization towards high profitability or business outcomes as discussed by Schaufeli and Bakker (2002). Konard (2006) claimed in his study that how highly effectual work practices can influence effective employee engagement. Gallup (2016) defines employee engagement as a personal engagement that utilizes itself as an organization member to perform their job roles; in that engagement the employed person expresses himself physically, cognitively and emotionally during his performance. Different from satisfaction, commitment (Saks, 2006), and involvement (Macey and Schneider, 2008), engagement is grounded in an employee's unique experiences of work and represents the behavioral manifestation of a cognitive and emotional interpretation of work-related environmental inputs and outcomes (Shuck, Rocco, and Albornoz, 2011). David Guest considers it is helpful to see employee engagement as a way of working designed to ensure that employees are committed to the goals and values of their organization, interested to contribute to the success of the organization, and at the same time in order to enhance the sense of well-being.

Maslach and Leiter (1997) reintroduced the concept of engagement as an energetic state of involvement that is postulated to be the opposite of burnout. Engaged employees who are seen as energetic and take their work as a challenge appear as the opposite to burnt-out employees who are stressed and see their work as challenging (Bakker, Schaufeli, Leiter and Taris 2008). Maslach and Leiter (1997) added to their argument by stating that, if an employee is not engaged, he or she will be more likely to move to the other end of the scale and experience burnout. The state of engagement is considered as having high energy, high involvement and efficacy.

Employee engagement can also be defined as a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication and absorption (Schaufeli et al. 2002b). Vigor is the employee's attachment displayed through its physical and mental strength in doing the job. Vigor is described by high level of strength and mental resiliency in work, ideal energy, courage to do the best effort, desire, and willingness to strive sincerely in the work so as to give maximum results in any given job, persistent, not easily give up, the spirit and continue to survive in the face of adversity. Dedication is an emotional attachment to employees to their work. It describes the enthusiastic feelings of employees in the work, pleased of the work done and the company

where they work, remain inspired and remain diligent to the end of the company without feeling threatened by the challenges faced. People who have higher dedication score powerfully to identify their work because it makes it a valuable, stimulating and challenging experience. While low scores of dedications mean not identifying themselves with work because they have no meaningful, inspiring or challenging experience, moreover they feel unenthusiastic about their work and organization. On the other hand, absorption is an employee's attachment that is described by employee behavior that gives full attention to its work. It describes the state of an employee that is happy to be totally occupied, concentrated, and serious in doing his/her job. While doing their work, they tend to make the time pass so quickly that they find it difficult to let go or separate themselves from work.

Employee engagement is built on organizational culture, communication style, leadership style, trust and respect factors, and in order to develop an engaging culture, the environment workplaces must develop that supports these factors (Lockwood, 2007). MacLeod and Clarke (2011) say that employees provide competitive advantage, are a valued asset and key to enhancing productivity in the organization. It is clearly in a company's interest, therefore, to concentrate on engaging employees, both intellectually and emotionally. Over the years, researchers and human resource specialists have found that enthusiastic workers are a productive asset to the organization (Kompaso and Sridevi, 2010). Furthermore, research results have indicated a positive relationship between engagement and work aspiration (Geldenhuis et al., 2014). Employees who are engaged in their work have an energetic, enjoyable, and effective connection with their work (Kahn, 1990; Macey and Schneider, 2008). In addition to humanistic reasons for pursuing engagement, there are marketable incentives also. Higher levels of employee engagement are associated with increased return on assets, higher earning per employee, higher performance, greater sales growth, and lower absenteeism (Banks, 2006; Harter et al., 2002; Salanova et al., 2005). An engaged employee is considered to be emotionally attached to the organization, is passionate about his or her work, and cares about the achievement of the organization (Seijts and Crim, 2006). When employees are deeply engaged with an organization, there will be heightened sense of positive and intense feelings among them to exert their best effort for the success of the organization. Employee engagement also reduces employee turnover and improves the well-being of employees (Wright and Cropanzano, 2000; Taris et al., 2003; Griffith, 2004; Michie and West, 2004; Macey and Schneider, 2008; Hakanen,



2008). Engaged employees largely feel involved, loyal, enthusiastic, and empowered, and exhibit those feelings in their work behavior (Truss et al., 2006).

**Table 2.1. Published definitions of Employee Engagement**

<b>Article</b>	<b>Definition</b>
Kahn (1990)	Harnessing of organization members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances.
Rothbard (2001)	Psychological presence that involves two critical components: attention and absorption.
Maslach, Schaufeli, and Leiter (2001)	Engagement is characterized by energy, involvement, and efficacy, the direct opposite of the three burnout dimensions of exhaustion, cynicism, and inefficacy. "A persistent, positive affective-motivational state of fulfillment in employees that is characterized by high levels of activation and pleasure" (Maslach et al., 2001, p. 417).
Harter, Schmidt, & Hayes (2002)	"Employee engagement refers to the individual's involvement and satisfaction with as well as enthusiasm for work" (Harter et al., 2002).
Schaufeli et. al. (2002)	Engagement is a positive fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption.
Haudan and MacLean (2002)	Engagement is a sustained link and undivided concentration, where time seems of no significant importance and the mind and soul of employees are involved.
Robinson et. al. (2004)	A positive attitude held by the employee towards the organization and its values.
Erickson (2005)	Engagement is a desirable condition, where an organization connotes involvement, commitment, passion, enthusiasm, focused effort and energy among employees. It has both attitudinal and behavioral components.
Brown (2006)	Engagement is a progressive combination of satisfaction, motivation, commitment, and advocacy resulting from employees' movement up the management pyramid.

Saks (2006)	“A distinct and unique construct that consists of cognitive, emotional, and behavioral components that are associated with individual role performance” (Saks, 2006, p. 602).
Lockwood (2007)	Engagement can be considered as cognitive, emotional and behavioral.
Czarnowsky (2008)	“Employees who are mentally and emotionally invested in their work and in contributing to their employer’s success” (Czarnowsky, 2008, p. 6) are defined as engaged.
Macey and Schneider (2008)	Engagement is used at different times to refer to psychological states, traits, and behaviors.
Shuck and Wollard (2010)	Engagement is “an individual employee’s cognitive, emotional, and behavioral state directed toward desired organizational outcomes”
Gallup (2016)	A personal engagement that utilizes itself as an organization member to perform their job roles; in that engagement the employed person expresses himself physically, cognitively and emotionally during his performance.

### **2.3. Levels of Employee Engagement**

According to the Gallup Consulting Organization (The Gallup Organization, 2004), there are different types of people in terms of engagement: Engaged, not engaged and actively disengaged.

#### **Engaged**

"Engaged" employees are builders. They are more committed to the organization. They are naturally curious about their company and their place in it. They perform at consistently high levels. They want to use their talents and strengths at work every day. They work with passion and they drive innovation and move their organization forward. They are less likely to leave the organization.

#### **Not Engaged**

“Not-engaged” employees tend to concentrate on tasks rather than the goals and outcomes they are expected to accomplish. They want to be told what to do just so they can do it and say they have finished. They focus on accomplishing tasks versus achieving an outcome. Employees who

are not-engaged tend to feel their contributions are being overlooked, and the company is not harnessing their potential. They often feel this way because they do not have productive relationships with their managers or with their co-workers.

### **Actively Disengaged**

The "actively disengaged" employees are the "cave-dwellers." They are "consistently against virtually everything." They are not just unhappy at work; they are busy acting out their unhappiness. They sow seeds of negativity at every opportunity. Every day, actively disengaged workers undermine what their engaged co-workers accomplish. As workers increasingly rely on each other to generate products and services, the problems and tensions that are fostered by actively disengaged workers can cause great damage to an organization's functioning. They increase the cost of the organization by low quality, customer dissatisfaction, and missed opportunities.

<b>The Three Types of Employees</b>	
<b>1</b>	<b>ENGAGED</b> employees work with passion and feel a profound connection to their company. They drive innovation and move the organization forward.
<b>2</b>	<b>NOT-ENGAGED</b> employees are essentially "checked out." They're sleepwalking through their workday, putting time -- but not energy or passion -- into their work.
<b>3</b>	<b>ACTIVELY DISENGAGED</b> employees aren't just unhappy at work; they're busy acting out their unhappiness. Every day, these workers undermine what their engaged coworkers accomplish.

Source: <https://www.gallup.com/workplace/231581/five-ways-improve-employee-engagement.aspx>

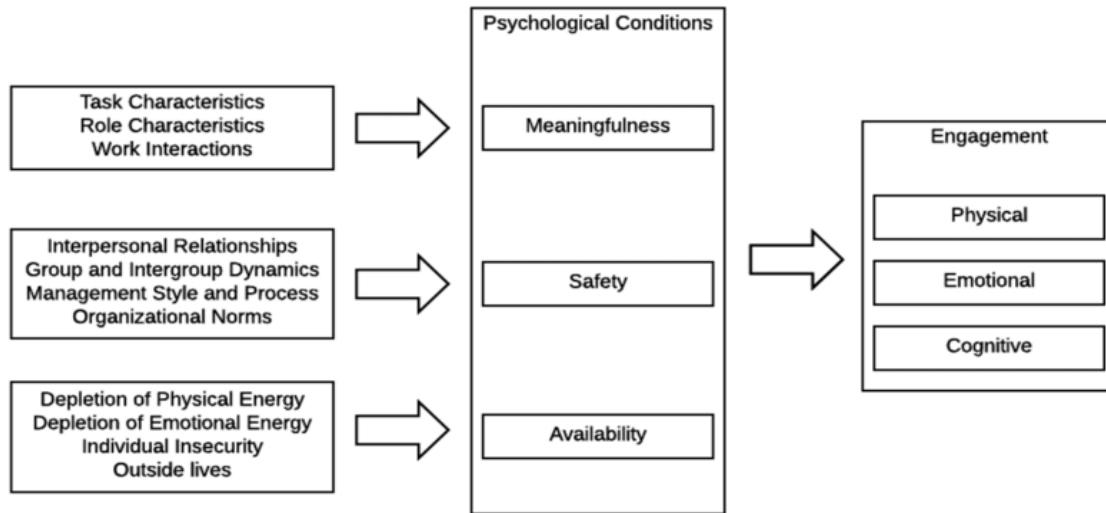
**Figure 1. Gallup Three Levels of Employee Engagement**

## **2.4. Employee Engagement Models**

While elaborating the concept of employee engagement, some researchers like Khan (1990), Maslach et al. (2001), Robinson et al. (2004), and Saks (2006) formulated different models that categorically discussed about the various dimensions of employee engagement. Those essentially highlighted about the engaged employees, the environment and facilities that keep them engaged and dedicated to work for a mutual benefit while establishing a work-life balance in the day-to-day schedule.

### **2.4.1. Kahn's Model**

Kahn's model (1990) of employee engagement is considered to be the oldest model of employee engagement. In his qualitative study on the psychological conditions of personal engagement and disengagement at work, Kahn (1990) interviewed summer camp counselors and organizational members of an architecture firm about their instants of engagement and disengagement at work. Kahn found that there were three psychological conditions associated with engagement or disengagement at work: meaningfulness, safety, and availability. In other words, workers were more engaged at work in situations that offered them more psychological meaningfulness and psychological safety, and when they were more psychologically available. In the only study to empirically test Kahn's (1990) model, May et al. (2004) found that meaningfulness, safety, and availability were significantly related to engagement. They also found that job enrichment and role fit were positive predictors of meaningfulness; rewarding co-worker and supportive supervisor relations were positive predictors of safety while adherence to co-worker norms and self-consciousness were negative predictors; and resources accessible was a positive predictor of psychological availability while participation in outside activities was a negative predictor. Kahn's work conceptualized employee engagement and is therefore considered influential work on the topic and contributed significantly to developing the concept further.



Source: (Kahn, 1990; Simone M., 2017)

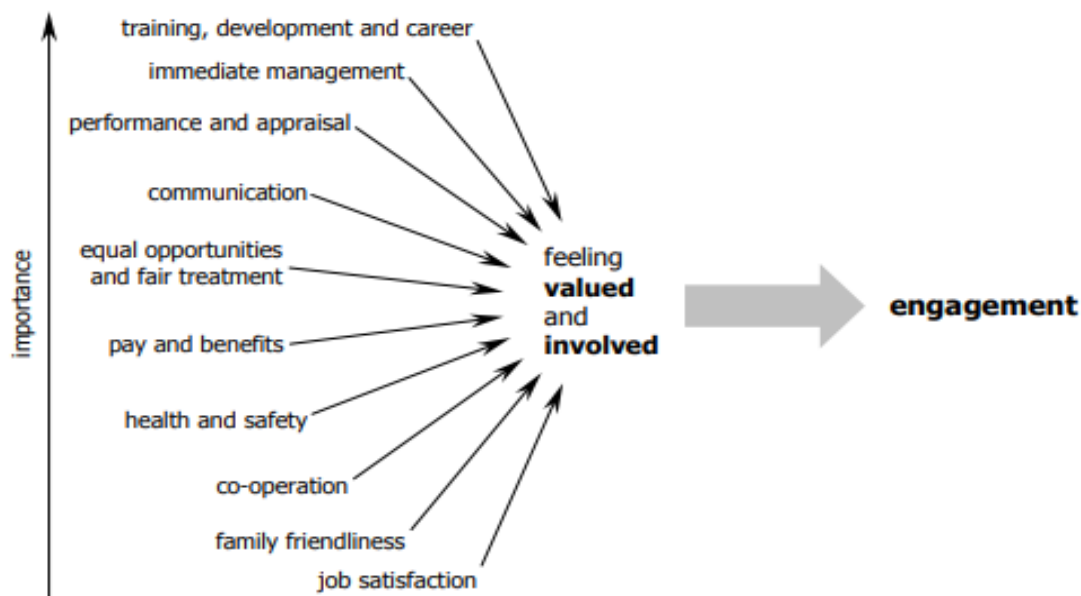
**Figure 2. Kahn's Model of Employee Engagement**

#### **2.4.2. Maslach, Schaufelli and Leiter Model**

Kahn's research was the only published literature on engagement until 2001, when Maslach, Schaufeli, and Leiter (2001) began their study on the "Job Burnout" concept. This model of engagement comes from the burnout literature which describes job engagement as the positive antithesis of burnout noting that burnout involves the loss of engagement with one's job (Maslach et al., 2001). According to Maslach et al. (2001), incongruity in six areas of work-life lead to burnout and engagement: workload, control, rewards and recognition, community and social support, perceived fairness, and values. They argue that engagement is associated with a sustainable workload, feelings of choice and control, appropriate recognition and reward, a supportive work community, fairness and justice, and meaningful and valued work. The greater the gap or mismatch between the person and these six areas, the greater the likelihood of burnout. Like burnout, engagement is expected to mediate the link between these six work-life factors and various work outcomes. It came to light that like burnout, engagement is expected to mediate the link between the six work-life factors and various works out-comes. Further, they argued that job characteristics, especially feedback and autonomy, have been constantly related to burnout.

### 2.4.3. Robinson, Perryman and Hayday Model

The model developed by Robinson, Perryman and Hayday (2004) (here after Robinson et al., 2004) described engagement as a two-way relationship between the employer and employees. Their model was described in the research work entitled “The drivers of employee engagement”, where they suggested that employee engagement is a positive attitude held by the employees towards the organization and its values. The model further identified that an engaged employee is one who is aware of business context and works with colleagues to improve performance within the job to add value to the organization. The model emphasizes, the commitment of employees is possible when the organization continues to focus on developing and nurturing the employees. This approach to employee engagement, stresses the importance of 'feeling valued and involved' as a key driver of engagement. Within this umbrella of feeling valued and involved there are a number of elements that have a varying influence on the extent to which the employee will feel valued and involved and hence engaged.



Source: IES, 2003

**Figure 3. Robinson et al. Model of Employee Engagement**

### 2.4.4. Harter, Schmidt and Hayes' satisfaction-engagement approach

In 2002, Harter et al. presented one of the most widely read and cited works on employee engagement, where he used 7,939 business units to examine the benefits of engagement. The

defined employee engagement as an “individual’s involvement and satisfaction with as well as enthusiasm for work” (Harter et al., 2002). In their meta-analysis, they agreed with Kahn’s concept (1990) and saw engagement occurring when the employees are emotionally and cognitively engaged and when they know what is expected of them. They also agreed that engagement was dependent on the employees having the tools necessary to do their tasks, feelings of fulfillment, perceiving themselves as being significant, working with others whom they trust and having the chance for improvement and development. They have founded out that there is positive relationship between employee engagement and several important business outcomes: customer satisfaction, loyalty, profitability, productivity, employee turnover, and safety.

#### 2.4.5. Saks Multidimensional Model

A conceptual model was developed by Saks in the year 2006 in the context of his research work on “Antecedents and Consequences of Employee Engagement” that focused on three basic aspects of employee engagement: (i) the employees and their psychological makeup and experience (ii) the ability of the employer to create a conducive environment that promotes employee engagement, and (iii) interaction between employees at all levels. This model was based on Social Exchange Theory (SET). He developed an evaluation process and showed the inter-connection between three parameters: antecedents, employee engagement and consequences. Factors like job satisfaction, training and development, reward and recognition, and assertive relationship with peers and supervisors have been taken as antecedents that impact directly the state of engagement of employees that can be attributed to the factors like commitment, ownership, satisfaction, participation etc.



Source: Saks (2006)

**Figure 4. Saks Model of Employee Engagement**

Although both Kahn's (1990) and Maslach et al. (2001) models indicate the psychological conditions or antecedents that are necessary for engagement, they do not fully explain why individuals will respond to these conditions with varying degrees of engagement. A stronger theoretical rationale for explaining employee engagement can be found in social exchange theory (SET). SET argues that obligations are generated through a series of interactions between parties who are in a state of reciprocal interdependence. A basic principle of SET is that relationships evolve over time into trusting, loyal, and mutual commitments as long as the parties abide by certain "rules" of exchange (Cropanzano and Mitchell, 2005). Rules of exchange usually involve reciprocity or repayment rules such that the actions of one party lead to a response or actions by the other party. For example, when individuals receive economic and socioemotional resources from their organization, they feel obliged to respond in kind and repay the organization (Cropanzano and Mitchell, 2005). This is consistent with Robinson et al.'s (2004) description of engagement as a two-way relationship between the employer and employee. SET provides a theoretical foundation to explain why employees choose to become more or less engaged in their work and organization. The conditions of engagement in both Kahn's (1990) and Maslach et al.'s (2001) model can be considered economic and socioemotional exchange resources within SET. When employees receive these resources from their organization they feel obliged to repay the organization with greater levels of engagement. In terms of Kahn's (1990) definition of engagement, employees feel obliged to bring themselves more deeply into their role performances as repayment for the resources they receive from their organization. When the organization fails to provide these resources, individuals are more likely to withdraw and disengage themselves from their roles. Thus, the amount of cognitive, emotional, and physical resources that an individual is prepared to devote in the performance of one's work roles is contingent on the economic and socioemotional resources received from the organization. According to Saks (2006), a stronger theoretical rationale for explaining employee engagement can be found in Social Exchange Theory (SET).

## **2.5. Engagement & Other Constructs**

Engagement seems to be related to but distinct from other constructs in organizational behavior. Robinson et al. (2004) states that engagement contains many of the elements of both commitment and organizational citizenship behavior (OCB), but is by no means a perfect match with either. In addition, neither commitment nor OCB reflect the aspects of engagement



adequately. OCB involves voluntary and informal behaviors that can help co-workers and the organization, the focus of engagement is one's formal role performance rather than extra-role and voluntary behavior, (Saks 2006). Organizational commitment also differs from engagement in that it is a consequence of employee engagement and refers to a person's attitude and attachment towards their organization. Engagement is not an attitude; it is the degree to which an individual is attentive and absorbed in the performance of their roles. Organizational commitment refers to the degree to which an individual identifies with an organization and is committed to its goals. Researchers like Wellins and Concelman, (2004) proposed that engagement is a combination of commitment, loyalty, productivity and ownership. They suggested that "to be engaged is to be actively committed, as to a cause." Engagement also differs from job involvement. According to May, Gilson and Harter (2004), job involvement is the result of a cognitive judgment about the need satisfying abilities of the job and is tied to one's self-image. Engagement has to do with how individuals employ themselves in the performance of their job. Furthermore, engagement involves the active use of emotions and behaviors in addition to cognitions. May et al. (2004) also suggest that "engagement may be thought of as an antecedent to job involvement in that individuals who experience deep engagement in their roles should come to identify with their jobs."

In summary, even though engagement is distinguishable from several related constructs, most notably organizational commitment, organizational citizenship behavior, and job involvement it still has some overlap with them & it is important to distinguish between employee engagement and other constructs so that identifying the key drivers as well as measuring instruments will actually assess employee engagement and its full aspects.

## **2.6. Consequences of Employee Engagement**

According to Saks the consequences of engagement were job satisfaction, organizational commitment, intention to quit and organizational citizenship behavior. Some of the consequences are as follows:

### **2.6.1. Job Satisfaction**

According to Wang (as cited in Davis, 1981) job satisfaction is the feeling of happiness or unhappiness experienced by employees working in an organization. As per Clifford (as cited in

Wright and Davis, 2003) job satisfaction is “the representation of employees and their work environment by comparing what they expect to receive versus what actually employees received.” Meisinger, (2007) believes that high levels of employee satisfaction translate into increased employee engagement. Employee engagement is directly related with the job satisfaction. Basbous (2011) said an engaged employee is a satisfied employee. According to Harter et al (2002) employees’ when satisfied for their jobs and their organization are found to be more engaged towards their work, thus employee satisfaction leads towards employee engagement. Organizations requiring enhanced performance should focus on satisfying their employees. Employees are satisfied when organizations successfully align their individual goals with the organizational goals, such alignment also attracts them to be more engaged towards their jobs because they are satisfied that organizational goal achievement will ultimately result in their own goal attainment (Mokaya and Kipyegon, 2014).

### **2.6.2. Organizational Commitment**

Employee engagement is positively related to organizational commitment. Commitment refers to a person’s attitude and attachment towards their organization (Saks, 2006). An engaged employee is fully committed towards the job as well as organizational goals and objectives and gives complete loyalty to the organization (Kumar and Swetha, 2011).

### **2.6.3. Intention to Quit**

According to Clifford (as cited in Kacmar, Carlson, and Brymer, 1999) intention to quit is the degree to which employees are considering leaving the organization. Intention to quit includes basically the reasons why employees are going to quit the job and what factors made the employee leave the organization. The engaged employees do not frequently quit the job, but stay in the organization for longer period of time (Swetha and Kumar, 2011). Besides the number of researchers (i.e. Harter et al., 2002; Schaufeli and Bakker, 2004; Hallberg and Schaufeli, 2006), who have presented evidence that engagement has an influence on an employees’ intentions to quit. Right Management (2006) found that 75% of engaged employees planned to stay with the organization for at least five years, whilst only 44% of non-engaged employees planned to stay.

#### 2.6.4. Organizational Citizenship Behavior

According to Rasheed, Khan, and Ramzan (2013) employee engagement is also positively related with the organizational citizenship behavior. It is concerned with voluntary and informal behaviors that can help co-workers and the organization. Clifford (as cited in Organ, 1988) defined organizational citizenship behavior “an individual behavior that is voluntary and not tied directly to any reward or recognition system that promotes the effectiveness of the organization.” Engaged employee performs the work politely and helps in making effective and sound working environment in the organization.

However, debate revolves around whether engagement is actually a new concept or just a rebranding of old concepts e.g. organizational commitment, job involvement, or job satisfaction. Many writers (Kahn, 1990; Saks, 2006; Macey and Schneider, 2008) have indeed tackled this debate and concluded that employee engagement is as distinct as Saks (2006, p. 602) defines it: “employee engagement is a distinct and unique construct that consists of cognitive, emotional, and behavioral components that are associated with individual role performance” It would appear that there are sufficient grounds for arguing that engagement is related to, but distinct from, other constructs in organizational behavior (Saks 2006). For example,

Robinson *et al* (2004) state that:

*“...engagement contains many of the elements of both commitment and organizational citizenship behavior (OCB) but is by no means a perfect match with either. In addition, neither commitment nor OCB reflect sufficiently two aspects of engagement - its two way nature, and the extent to which engaged employees are expected to have an element of business awareness.”*

Saks (2006) argues that organizational commitment also differs from engagement in that it refers to a person’s attitude and attachment towards their organization, whilst it could be argued that engagement is not merely an attitude; it is the degree to which an individual is attentive to their work and absorbed in the performance of their role. In addition, while OCB involves voluntary and informal behaviors that can help co-workers and the organization, the focus of engagement is one’s formal role performance rather than purely extra-role and voluntary behavior. According to May *et al* (2004) engagement is most closely associated with the constructs of job involvement and ‘flow’ (Csikszentmihalyi 1990). Job involvement is defined as ‘a cognitive or belief state of psychological identification’ (Kanungo 1982:342). This differs from engagement in that it is concerned more with how the individual employs him/her self during the

performance of his/her job. Furthermore, whilst the focus of job involvement is on cognitions, engagement, according to most definitions, also encompasses emotions and behaviors.

### Major Studies on Employee Engagement

As discussed, there are a number of studies on employee engagement. The following table shows the summary of the studies.

**Table 2.2: Key studies on employee engagement**

<b>Year</b>	<b>Author (Source)</b>	<b>Context</b>
1990	Kahn (Academy of Management Journal)	The study demonstrates the nature of personal engagement & disengagement & the three psychological conditions (meaningfulness, safety, and availability) found to influence those behaviors.
2002	Schaufeli, Salanova, Gonzalez-Roma and Bakker (Journal of Happiness Studies)	Measuring the internal consistencies of the three scales and the factorial validity using confirmatory factor analysis. Examining the relationship between burnout and engagement
2002	Harter, Schmidt and Hayes (Journal of Applied Psychology)	Examining the relationship at the business unit level between employee satisfaction–engagement and the business-unit outcomes of customer satisfaction, productivity, profit, employee turnover and accidents
2004	May, Gilson, Harter (Journal of Occupational and Organizational Psychology)	Examines the role of 3 psychological conditions (meaningfulness, availability & safety) in employees’ work engagement
2004	Robinson, Perryman and Hayday	Stresses the importance of 'feeling valued and involved' as a key driver of engagement.
2006	Saks (Journal of Managerial Psychology)	Studied multidimensional engagement distinguishes between “job engagement” (performing the work role) and “organizational engagement” (performing the role as a member of the organization). And, analyze antecedents and consequences of job and organization engagement.
2008	Macey & Schneider (Industrial and Organizational Psychology-Perspectives on Science and Practice)	Engagement as a psychological state (e.g., involvement, commitment, attachment, mood), performance construct (e.g., organizational citizenship behavior), disposition (e.g., positive affect), or some combination of the above
2008	Maslach & Leiter (Journal of Applied Psychology)	Identifying early predictors of burnout and engagement. 1. Burnout is a state of mental weariness; 3 dimensions which are exhaustion, cynicism, lack

		of professional efficacy. 2. Engagement as the opposite of burnout; 3 dimensions which are energy, involvement, efficacy all are opposite of burnout dimensions) 3. Organizational risk factors (6 domains of work life): workload, control, reward, community, fairness & values.
2008	Salanova & Schaufeli (International Journal of Human Resource Management)	Showing that job resources (i.e., situational cues) have an indirect impact on proactivity through work engagement, which is considered to be an indicator of intrinsic work motivation
2009	Xanthopoulou, Bakker, Demerouti, Schaufeli (Journal of Occupational and Org. Psychology)	Investigate how daily fluctuations in job resources (autonomy, coaching, team climate) are related to employee's level of personal resources (self-efficacy, self-esteem, optimism), work engagement and financial returns
2012	Cao, Xu, Liang & Chaudhry (Information Tech. Management)	Investigates if team task and job involvement enhance the overall work efficiency through transfer of tacit knowledge between e-business virtual teams

## 2.7. Determinants of Employee Engagement

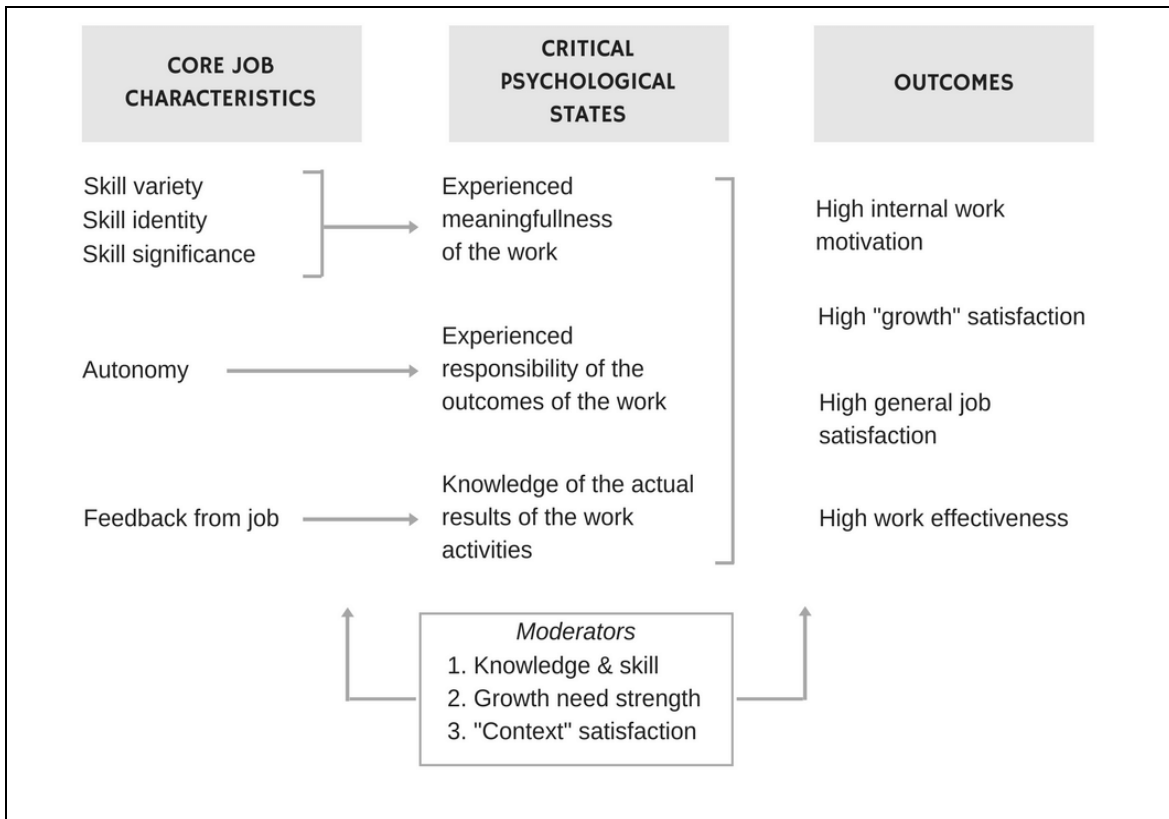
Although there is little research on the factors that predict employee engagement, it is possible to identify a number of potential drivers from Kahn (1990), Saks (2006) and Maslach et al. (2001) engagement models. Many researches have tried to identify factors leading to employee engagement and developed models to draw implications for managers. Their diagnosis aims to determine the drivers that will increase employee engagement level. Six functions emerged as critical determinants of employee's engagement according to Joshi and Sodhi (2011), namely, job content (autonomy, challenging opportunities for learning), compensation/monetary benefits (attractive salary vis-a-vis qualifications and responsibility, adequate compensation for the work and intra-organization equality), work-life balance (appreciative of personal needs, able to spend time with family), top-management employee relations (approachability of top management, their values and ethical conduct, equality in treatment, respecting the views of subordinates, providing an environment of working together), scope for advancement and career growth (well-designed policy, adequate opportunities for career growth and advancement, clearly laid down career growth paths; implementation of the promotion policy in a fair and transparent manner, help to the employees in achieving growth) and team orientation/team work (importance, cooperation in inter- and intra-department teams). Saks (2006) also included job characteristics,

perceived supervisor support, recognition and reward, perceived organizational support and procedural justice as an antecedent of employee engagement. But, the literature is unclear as to which variables have the strongest effect on employee engagement. Therefore, variables for this study were chosen by reviewing few data that are available regarding employee engagement.

### **2.7.1. Job Characteristics**

Hackman and Oldham introduced the Job Characteristics Theory (JCT) in 1975. This theoretical framework offered the idea that the design of an employee's job, measured via objective characteristics, can inspire an employee internally to perform better and feel satisfied with the job. Hence, the more enriched the job, the higher the likelihood of that employee experiencing high engagement. When Hackman and Oldham (1975) formulated this theory, they had two goals in mind: to identify jobs to help better redesign them, and to monitor how changes in job design ultimately impacted employee outcomes. Job characteristics incorporating challenge, diversity and independence are more likely to provide psychological meaningfulness, which is a condition for employee engagement. According to Kahn (1990, 1992), psychological meaningfulness can be achieved from task characteristics that provide challenging work, variety, allow the use of different skills, personal discretion, and the opportunity to make important contributions. Job becomes meaningful and attractive to employee as it provides him variety and challenge, thereby affecting his/her level of engagement. Jobs that are high on the core job characteristics provide employees with motivation to be more engaged (Kahn 1992). Based on Hackman and Oldham's job characteristics model, there are five core job characteristics i.e. autonomy, skill variety, feedback, task identity and task significance. Autonomy refers to the independence and discretion available to the employee in determining the scheduling and procedures to be used in performing job tasks. Skill variety refers to the number of skills required in order for the employee to perform the various activities associated with the job. Feedback is the degree to which the employee receives clear and direct information about how effectively he or she is performing. Task identity is characterized by the degree to which job performance entails the completion of an entire, easily identifiable piece of work, in a way that the employee is responsible for, from beginning to end, tasks that result in a visible outcome. The last characteristic, task significance is described as the impact that the job has on the lives or work of other individuals. It is possible to combine the five characteristics into a single index

that reflects the overall motivating potential of a job. In the model below, specific job characteristics i.e. skill variety, task identity, and task significance, affects the individual's experience meaningfulness of work, autonomy influences experienced responsibility for outcomes: and feedback from job to knowledge of the actual results of the work activities.



(From Hackman and Oldham, 1980, p.90)

**Figure 5. The Job Characteristics Model**

### **Job Characteristics and Employee Engagement**

Job characteristics play an important role in engaging employees because such employees put more efforts into their work if they are able to identify with it. Job characteristics feature among the most important work characteristic variables in predicting engagement (Saks 2006; Janjhua 2011; Ram and Prabhakar 2011). Schaufelli and Leiter (2001) found in their study that meaningful and valued work in conjunction with the employee having a sense of control over their work can have a substantial effect on engagement. Job characteristics, especially feedback and autonomy, have been consistently related to burnout (Maslach et al. 2001).

Kahn (1990) relied on the Job Characteristics Theory (JCT; Hackman and Oldham, 1980) to develop his framework. In his seminal study on engagement, one of Kahn's objectives was to evaluate the settings that were necessary for engagement. While this could be interpersonal relations or needs satisfaction, he also recognized the importance of contextual job factors. The JCT is a model that proposes specific characteristics of the workplace lead to motivation. Thus, Kahn used the JCT to hypothesize that certain contextual aspects of the workplace lead to critical psychological states, which in turn result in affective and behavioral outcomes. Kahn (1990) has discoursed that individuals who feel more capability to give and receive from their work tasks are possible to be more engaged. Shantz et al. (2013) have argued that an individual may be connected with a job if he/she is responsible for the entire piece of meaningful work.

Therefore, H1 is the following:

**H1. Job characteristics has a significant positive effect in predicting employee engagement.**

### **2.7.2. Leadership Style**

Leadership is a complex and multilayered construct. The leadership construct reaches as far back as the recording of human history and includes all forms of leading. From the *Great Man Theories* (Stogdill, 1948) and early Trait Theories (Bass, 1990) to current models of Authentic (Avolio and Gardner, 2005) and Spiritual Leadership (Russell and Stone, 2002); "there are certainly many ways to finish the sentence 'leadership is . . .'" (Northouse, 2010). Pushing through the fog of leadership definitions, Bass (1990) suggested three dominant perspectives of leadership development that could be viewed as emergent categories encompassing a majority of the leadership perspectives to date: (a) leadership as a group process, (b) leadership as a personality perspective, and (c) leadership as an act or behavior. Hersey and Blanchard (1984) defines leadership as the process of influencing the activities of an individual or a group in efforts toward goal achievement in a given situation. Leadership is the process whereby a leader inspires individuals to accomplish common goals (Kreitner & Kinicki, 2010:467). According to Kellerman (cited by Kreitner and Kinicki, 2010), the various definitions of leadership has four shared goals: (1) leadership is a process between a leader and followers, (2) leadership involves social influence, (3) leadership occurs at multiple levels in an organization, and leadership focuses on goal accomplishment.



## **Leadership Style**

Leadership style is a combination of a leader's general personality, manner and communication patterns to guide others toward reaching organizational or personal goals (Hoyle, 2006). Leadership style is considered to be a factor that affects employees in a significant way. It can translate into the achievement of the organization's values, vision, mission, and achievement of organizational outcomes (Nwibere, 2013). According to contingency theory, a leader's achievements are dependent on two factors: the leader's distinctive approach of interaction with followers (leadership behavior) and the extent of power the leader has at his disposal to exercise over the situation (i.e. the group, the task, and the outcome) (Quader, 2011). The degree of control achieved by a leader depends on the relationship between the leader and his followers, the way the task is structured, and the power vested in the position the leader occupies (Quader, 2011). The leadership style needs to be aligned with the situation, in order for the leader to be effective (Quader, 2011). As revealed by Fiedler and Chemers (1984), situations of high control are better managed by task-motivated leaders (transactional leaders), while relationship-motivated and low-control (transformational leaders) are inclined to excel in circumstances of reasonable control (Quader, 2011). The Multifactor Leadership Questionnaire (MLQ) was devised to determine transformational, transactional, and laissez-faire leadership styles (Zineldin and Hytter, 2012). Transactional and transformational leadership were originally seen as opposites. However, later research suggests that instead of these being viewed as independent dimensions, optimal leadership behavior is a mix of different styles (Zineldin and Hytter, 2012). The organizational climate — a company's beliefs, values, and assumptions that paves the way for interaction between leaders and employees and such interaction, is of critical importance to the overall style of leadership that leaders adopt (Omolayo, 2007).

### **The Full Range Leadership Model – FRLM**

The Full Range Leadership Model describes a full range of influencing styles from 'non-leadership' to powerful transformational leadership behaviors. The model captures different kinds of behaviors which make a difference to outcomes for associates of the leader. In other words, the range of behaviors starts with transformational leader behaviors to transactional leader behaviors reaching to the lowest leader interaction of laissez-faire leader behaviors (Bass et al. 2003). The full range model of leadership was developed to broaden the range of leadership

styles typically investigated in the field. Its aim is to provide a comprehensive toolbox to the leader so that he/she selects the leadership style or behavior that is most conducive to the situation or context. The model was labeled "full range" to challenge the leadership field to broaden its thinking about what constitutes a much broader range of leadership styles than the paradigms of initiation of structure and consideration (Avolio and Bass, 2004). The full-range leadership theory suggests that there are three types of leadership.

### **I. Transformational Leadership**

According to Bass *et al.* (2003), transformational leaders will focus on developing their followers by tapping them of their potentials, inspiring them, promoting collaboration, motivating them, and by reinforcing positive behaviors. Transformational leaders are defined by Kreitner and Kinicki (2010, p. 485) as individuals that “engender trust, seek to develop leadership in others, exhibit self-sacrifice and serve as moral agents, focusing themselves and followers on objectives that transcend the more immediate needs of the work group”. The transformational model consists of four factors: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. Bass (1985) describes the transformational leader who exhibits individualized consideration behaviors as providing “individualized attention and a developmental or mentoring orientation” toward his or her followers (p. 83). The individualized consideration dimension of transformational leadership would seem to be particularly important in fostering emotional, cognitive, and behavioral engagement in followers. Individualized consideration behaviors help the leader and follower build a unique and positive relationship, and help the follower relationally identify with the leader and his or her goals. Relational identification with the leader who exhibits more transformational leadership behaviors has been shown to be related to increased self-efficacy and performance (Walumbwa and Hartnell, 2011). In particular, the transformational leader’s visionary and inspiring competencies are of considerable importance to engagement in that a leader’s inspirational motivation reduces employee exhaustion and depersonalization because leader’s vision, when clearly and compellingly transmitted, gives followers reasons to reach goals (Densten, 2005). Research has also shown that transformational leadership engenders higher leader–member exchange quality, which is related to increased follower performance and effort (Wang, Law, Hackett, Wang, and Chen, 2005). Employees with a positive relationship

with their supervisor, who mentors, encourages, and coaches them to continuously develop to achieve their full potential, are likely to be more emotionally, cognitively, and behaviorally engaged in their work. Burns (1978) suggested that leadership, as a practice, includes a dimension of positive influence with a higher purpose that transforms followers in a positive way (Maccoby, 2007). This “transformative” view of leadership is conceptually connected to Kahn’s (1990, 2010) perspective around the emergence of engagement within an employee. The leader creates the environment in which the conditions for engagement thrive, or diminish. Here, leadership and engagement share theoretical and conceptual parallels.

## **II. Transactional leadership**

Transactional leadership is defined as a set of behaviors that motivate and guide followers in the direction of a goal by providing clear expectations and providing resources for the completion of work (Harter et al., 2002; Robbins and Judge, 2009). Transactional Leaders recognize followers’ needs and desires and then clarify how those needs and desires will be met in exchange for enactment of the follower’s work role (Waldman et al, 1990). This form of leadership depends on the leader’s power to reinforce subordinates for their successful completion of the bargain (Bass et al, 1987). Transactional leadership is often used in business; when employees are successful, they are rewarded; when they fail, they are punished. It is based more on "exchanges" between the leader and follower, in which followers are rewarded for meeting specific goals or performance criteria (Trottier et al. 2008; Bass et al. 2003). Rewards and positive reinforcement are provided or mediated by the leader. Thus transactional leadership is more practical in nature because of its emphasis on meeting specific targets or objectives (James and Collins, 2008; Sosik and Dinger 2007). Transactional leaders display behaviors associated with constructive and corrective transactions. The constructive style is labeled Contingent Reward and the corrective style is labeled Management-by-Exception (active and passive). Transactional leadership defines expectations and promotes performance to achieve these levels. (Bass *et al.* 2003; Bolden *et al.* 2003).

## **III. Laissez-Faire passive/avoidance leadership**

Kirkbride (2006) describes Laissez-faire leaders as managers who tend to withdraw from the leadership role and offer little in terms of either direction or support. They are often “absent” or

indifferent to the needs of their followers. James and Collins (2008) describe the laissez-faire leader as an extreme passive leader who is reluctant to influence subordinates' considerable freedom, to the point of handing over his/her responsibilities. Most ineffective and dissatisfying (leadership style) is laissez-faire leadership, wherein the individual avoids leadership and abdicates responsibility" (Avolio and Bass, 2004). Other researchers have consistently reported that laissez-faire leadership is the least satisfying and least effective style of leadership. That is because these leadership behaviors are accompanied by little sense of accomplishment, little clarity, little sense of group unity, and followers do not hold as much respect for their supervisors (Trottier et al. 2008; Lok and Crawford 1999).

### **Leadership Style and Employee Engagement**

Employee engagement is considered as a key factor for organizational efficiency, success and achievement. Leadership appears to be one of the single biggest factors affecting employee engagement (Wang and Walumbwa, 2007; Macey and Schneider, 2008; Attridge, 2009). Attridge (2009), for instance, emphasizes that leadership style, that is, the relatively consistent pattern of behavior applying to leader-follower interactions, is critical for promoting employee engagement. Existing literature defines drivers of the employee engagement from different angles and commonly relates a portion to leadership skills, especially of the immediate managers. Previous studies were conducted to investigate the influence of various factors that might contribute to employee engagement. Kahn (1990), as being the pioneer scrutinizing the employee's engagement and the drivers behind, claimed that leaders, in general, play an important role in creating the right context for employees to become engaged. Among these factors, leadership styles have been found to be significant predictors of employee engagement. Furthermore, 'employee-engagement' competency of leaders in terms of respect for others and concern for their development and well-being are found to be a good predictor of employees' engagement, job performance, job satisfaction and organizational commitment (Alimo-Metcalfe et al., 2008).

Hawley (1993) suggested that today's leaders should concern themselves less with issues of task and structure and more with their employees' "spirit": "We all yearn for spiritually rooted qualities at work—integrity, character, inspiration, belief, and even reverence—qualities that are key factors in an enterprise's success." Similarly, Seijts and Crim (2006) found that leadership

roles and behaviors can have positive results as employees become more engaged in the organization. According to Yukl et al., (2009), participative leader behavior increases the positive environment of work for subordinates who require more independence, while directive leader behavior is thought to be especially effective with achievement focused employees, because the leader will clarify objectives and guide their subordinates accordingly (Malik, 2013). Lockwood (2007) also concluded that effective communication between leader and employee could influence employee engagement: a leader who positively conveys strategies to subordinates can inspire employee engagement among those workers. Robbins and Judge (2012) considered the core objective of a leader to be to assist subordinates in achieving their objectives successfully, providing the necessary guidance and assistance to attain these aims in addition to those of the organization. One of the components of employee engagement is the psychological component, which is concerned with the employees' beliefs about the organization, its leaders and the working conditions (Kahn, 1990).

The emotional aspect of employee engagement also concerns how employees feel about their leaders. Employees need to have confidence in their organization and this is most powerfully reflected through the reliability and integrity shown by the leader. According to Welbourne (2007), one of the first requirements of an engaging leader is that he himself is engaged. She adds that if leaders are burned out and focused solely on immediate results, they may not be able to role model or reward non-core innovations. Moreover, overworked leaders are unlikely to tolerate employees who spend time and energy on non-core responsibilities (Wildermuth and Pauken, 2008).

A research study carried out by Avolio, Gardner, Walumbwa, Luthans and May (2004) on the relationship between leadership and engagement identified two engagement-friendly leadership styles; and these were transformational leadership and authentic leadership. According to Avolio et al. (2004), transformational leadership is one of the most widely researched and arguably one of the most effective leadership styles. This form of leadership involves the creation of an emotional attachment between leaders and employees as transformational leaders take a real interest in the well-being of their employee (Men and Stacks, 2013). The second leadership style connected to engagement is authentic leadership (Avolio et al., 2004). Authentic leadership combines ethical and transformational leadership qualities making authentic leaders inspiring,

motivational, and visionary but also unwaveringly moral, compassionate, and service-oriented (Wildermuth and Pauken, 2008). Authentic leaders, therefore, strongly and visibly demonstrate their values in their leadership practices. Furthermore, an authentic leader's interest in the well-being of the employee leads him or her to recognize individual differences, identifies complementary talents, and helps employees build upon their strengths and consequently increase employee engagement (Wildermuth and Pauken, 2008).

Studies has indicated that the qualities of transformational leadership result in outcomes, such as lower intention to turnover and higher productivity that are similar to those resulting from employee engagement (Macey and Schneider, 2008; Shuck, Rocco, et al., 2011; Walumbwa and Hartnell, 2011). Studies by Judge and Piccolo (2004), Lee (2005), Erkutlu (2008), Griffin et al (2010) provide evidence for association between positive leader behavior's and follower attitude and behaviors linked with engagement. A few other studies have attempted to provide direct evidence of association between leadership and employee engagement (Xu and Thomas Cooper, 2010). A study by Atwater and Brett (2006, as cited in Xu and Thomas Cooper (2010) identifies three leadership behaviors, namely employee development, consideration and performance-orientation. The first two behaviors are labelled as a relationship-oriented and the third as a task oriented. They further state that employee engagement includes facets of work on which leaders can take action. Metcalfe (2008) presents positive correlation between leadership scales and engagement constructs such as job and organizational commitment, motivation and job satisfaction. Papalexandris and Galanki (2009) identify two factors which are positively linked with engagement, namely, management and mentoring behaviors such as imparting confidence to followers, power sharing, communication, providing role clarification and articulation of vision which could be characterized as inspirational, visionary, decisive and team-oriented. More importantly, their study found only certain leader behaviors are associated with engagement, especially those enhance follower performance and which enable followers to relate with organizational goals. Studies by May et al (2004), Saks (2006), Bakker et al (2007) show that higher levels of engagement are observed for employees with their supervisors exhibiting more relationship-related behaviors (as cited in Xu and Thomas Cooper (2010).

Therefore,

**H2. Leadership style has a significant positive effect in predicting employee engagement.**

### **2.7.3. Reward and Recognition**

Rewards and recognition have already been established as an antecedent of engagement in past research (e.g., Saks 2006; Mohapatra and Sharma 2010; Fairlie 2011; Inoue et al. 2012). Reward is defined as: “valuable positive outcomes of work for individuals” (Shermerhorn, 1993). There are two basic types of rewards: extrinsic rewards and natural rewards. Extrinsic rewards are those rewards which are controlled in outside and consists of those valuable outcomes which are given to the individual by another person specifically by a supervisor or a manger. Common examples of these rewards in work environment are salary increment, promotion, incentive vacation, advantages, and oral admiration and so on. Natural or intrinsic rewards which are self-organized, occur when the individual performs something. So, such rewards are created in the job directly. The main source of intrinsic rewards is feeling of competence and personal development. Job enrichment and creation of autonomous work teams are examples of strategies which provide such feelings (Shermerhorn, 1993). Reward refers to everything the employee perceives to be of value resulting from the employment relationship and includes all types of rewards, direct and indirect, as well as intrinsic and extrinsic. And, recognition is a process of giving an employee a certain status within an organization. This is a very crucial factor towards an employee motivation and job satisfaction. Employee’s participation in the decision making process will made them more courageous and enthusiastic towards working in the organization. Maslach et al. (2001) have also suggested that while a lack of rewards and recognition can lead to burnout, appropriate recognition and reward is important for engagement. Although the focus of engagement efforts has been on team-building programs, employee-opinion surveys, work climate and non-financial rewards, egalitarian pay structures have been found to be related to employee cooperation, involvement, satisfaction, and commitment (Bloom and Michael 2002; Levine 1991; Pfeffer and Langton 1999). All have been used as proxies for employee engagement. The aim of reward therefore, is to maximize the affirmative impact that a wide range of rewards can have on motivation, job engagement, organizational commitments and job satisfaction (Manus and Graham, 2003).

Rewards can control behavior externally, as they can announce future benefits to those who expect them (Bandura 1977). Rewards can increase the likelihood of a behavior to be repeated over time if delivered depending upon that behavior (Luthans 2002). Previous research (Stajkovic and Luthans 2003) has pointed out that incentive programs deal with rewards, aiming

at increasing specific behaviors. Recognition, on the other hand, is an important motivator of behavior beyond any reward being associated with it (Wilches-Alzate 2009). However, recognition is not sufficient in itself and must come along with rewards; similarly, rewards without recognition would saturate employees with physical items that would gradually lose significance (De Lacy 2009).

A study by Saks and Rotman (2006) revealed that recognition and rewards are significant antecedents of employee engagement. They observed that when employees receive rewards and recognition from their organization, they will feel obliged to respond with higher levels of engagement. Kahn (1990) observes that employee's level of engagement is a function of their perceptions of the benefits they receive. It becomes essential for management to present acceptable standards of reward and recognition for their employees, if they wish to achieve a high level of engagement. Kahn (1990) reported that people vary in their engagement as a function of their perceptions of the benefits they receive from a role. Furthermore, a sense of return on investments can come from external rewards and recognition in addition to meaningful work. Therefore, one might expect that employees' will be more likely to engage themselves at work to the extent that they perceive a greater amount of rewards and recognition for their role performances. Maslach et al. (2001) have also suggested that while a lack of rewards and recognition can lead to burnout, appropriate recognition and reward is important for engagement. In their seminal work linking burnout and engagement, Maslach and Leiter (2008) have identified that insufficient rewards (whether financial, institutional or social) would increase peoples' vulnerability to burnout. Further, lack of recognition from service recipients, colleagues, managers and external stakeholders devalues both work and employee and is even closely linked with feelings of inefficacy (Cordes and Dougherty 1993; Maslach et al. 2001).

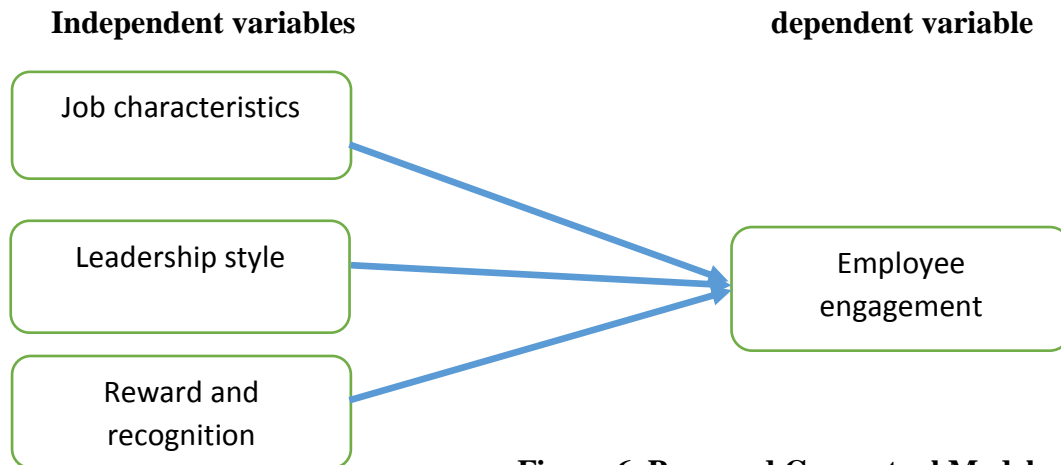
Employees often base their commitment to an organization depending on how much they perceive the latter is committed to them (Eisenbenger et al. 1987; Stajkovic and Luthans 1997). Rewards and recognition are a means to organizations to reveal how valued employees are to them (De Lacy 2009). Therefore, H3 is the following:

**H3. Reward & recognition have significant positive effect in predicting employee engagement.**



## 2.8. Conceptual Framework of the Study

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



**Figure 6. Proposed Conceptual Model**

### Summary

In general, wide-ranging literature review suggested that not much emphasis has been given on thoroughly identifying the antecedents and predictors of employee engagement. The literature is unclear as to which variables are the strongest predictors. Since engaging employees is a relevant issue, focused efforts need to be undertaken by business organizations in that direction. Scopes and characteristics of engaged employees were not rightly identified and studied. Literature review also revealed absence of a holistic employee engagement model. Another gap identified was the absence of such a study in Ethiopian context. Research indicates that by better understanding engagement, new strategies could be developed that would increase levels of employee engagement, thereby possibly decreasing the costly negative effects of burnout for employees in organizations.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1. Introduction**

Research is a systematic inquiry to describe, explain, predict and control the observed phenomenon. It is a systematic investigative process that involves interpretation of observations, guided by the previously existing body of knowledge, with an aim to answer specific questions. And, research methodology can be defined as the “path along which research can be directed” (Jonker and Pennink, 2010, p. 40). Furthermore, research methodology “dictates the particular tools” i.e., mechanisms or strategies used to “collect, manipulate, or interpret data” that will be utilized in the research (Leedy and Ormrod, 2010).

This chapter describes the approaches used to address the research questions listed in Chapter one. It describes the research methodology used by the study. It defines and details the research design, approach, method, the population and sampling design, the sampling frame, the sampling technique and the sample size. This chapter also illustrates the data collection methods, the research procedures and the data analysis methods used by this study. The chapter also presents how the validity and reliability of the questionnaire developed was ensured.

#### **3.2. Research Design**

Saunders et al. (2007), defines research design as the general plan of how the research questions would be answered. It is the conceptual structure within which research is conducted. Research design is the blueprint for fulfilling research objectives and answering research questions. In other words, it is a master plan specifying the methods and procedures for collecting and analyzing the required information. In addition, it must ensure that the information collected is appropriate for solving a problem (Adams, Khan, Raeside, and White, 2007, p. 81). “The research design is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data.” (Kothari, 2004, p. 31)

A choice of research design relies on the objective of the research. The objectives of this research is to investigate the determinants of employee engagement in the banking industry in Ethiopia. The research design for this study is explanatory research. The aim of the explanatory

design is to collect and analyze quantitative data to provide a general understanding of the research problem. This research study will use explanatory research method to condense and organize the determinants of employee engagement.

### **3.3. Research Approach**

There are two methods that provide in the research method which are quantitative and qualitative, where one of them is not better than the others, all of this depends on how the researcher want to do a research of study (Ghauri and Kjøll, 2005). Based on a research problem, the researcher used a quantitative approach. According to Creswell (2003) if the research problem is to identify factors that influence an outcome, or understanding the best predictors of outcomes, then a quantitative approach is the best choose. Hopkins (2000) suggested that quantitative research work connects independent and dependent variables. Quantitative approach also raise the post positivist perspectives. Orlikowski and Baroudi (1991) defined research as post positivist if there was evidence of formal propositions, quantifiable measures of variables, hypothesis testing, and the drawing of inferences about a phenomenon from the sample to a stated population. Post positivist research methods include observations, measurements, surveys, questionnaires, instruments, laboratory and field experiments, statistical analysis, simulations, and case studies. So, using quantitative approach in this study is the best suit. The study adopted a purely quantitative research approach, where it can use of a questionnaire provided quantified data. And, a cross-sectional research study was performed with data only once over a period of a few days in order to complete the questionnaire.

### **3.4. Research Method**

Survey research method was used in this study. Survey research design involves “acquiring information about groups of people by asking them questions and tabulating their answers” (Leedy and Ormrod, 2010, p. 187). Kerlinger (1973) also considered survey research as social scientific research and focuses on people, the vital facts of people, and their beliefs, opinions, attitudes, motivations and behavior. This research study assessed determinants of employee engagement by using a survey questions. A survey is a method of collecting data in which people are asked to answer a number of questions (usually in the form of a questionnaire). The survey questionnaire is a suitable tool for a quantitative study as it enables a large amount of data to be

gathered to identify the factors that may or may not affect engagement. The reliability of a survey's results depends on whether the sample of people from which the information has been collected is free from bias and sufficiently large. According to Leary (2004) the major advantages of questionnaires are that they can be managed to groups of people simultaneously, and they are less costly and less time-consuming than other instruments. For this study, survey research method was selected where the questionnaire used to collect the information.

### **3.5. Sampling Design**

#### **3.5.1. Target Population**

All the items under consideration in any field of inquiry constitute a population. Sekeran (2001) defines a population as “the entire group of people, events, or thing of interest that the researcher wishes to investigate”. The research population refers to the target employees the researcher plans to use for an investigation (Robson et al., 2008). It may well be referred to as a researcher's target population (Robertson et al., 2009). For this study, the target population is clerical and professional employees of the BOA located at Addis Ababa city branches who are working at different job position with a size of 2,019 employees out of the total population (BOA Human Resource Database, November 2018). The researcher excluded employees of non-clerical like janitors and securities who are outsourced from other organizations which may alter the research result. The unit of analysis in the study consisted of 2,019 professional staff of BOA working in 155 branches of Addis Ababa region of the bank who are junior and senior staff.

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

A sample frame is a listing of units or potential respondents from which a sample may be picked from such a listing (Gatara, 2010). The sampling frame can be defined as set of source materials from which the sample is selected. According to Fowler (2002), in a sample selection procedure, people who have a chance of being included among those being selected constitute the sample frame, and that is considered to be primary step towards evaluating the quality of a sample. The definition also includes the purpose of sampling frames, which is to provide a means for choosing the particular members of the target population that are to be included in the survey (Anthony, 2003). So, the sampling frame was employees who are working at different job position in Bank of Abyssina located at Addis Ababa city branches. However, sampling location

is a place where a research is conducted or/and a place where information is acquired. Branches of Bank of Abyssinia in Addis Ababa region were selected for their accessibility and proximity. Since the nature of the business is similar, representativeness of the sample branches for the entire country is mostly preserved. Employees in professional roles (Customer Service Managers, Customer Service Officers, Chief Cashiers, and Customer Relationship Officers, among others) will be chosen so that the survey sample reflect a broad range of responsibilities to assist in the generalization of results to other professionals – although with caution.

### **3.5.3. Sampling Technique**

Sampling is the process or technique of selecting a suitable sample for the purpose of determining parameters or characteristics of the whole population. (Adams et al., 2007, p.87). The items so selected constitute what is technically called a sample. Sekeran (2003) defines a sample as a portion of the population that has attributes as the entire population. The study employed convenience and random sampling method. First, Addis Ababa city BOA branches were divided in to four i.e., North, South, East and West Addis Ababa for convenience. From each selected areas, branches were selected randomly. Then, from each selected branches respondents were selected randomly. Employees who have less than one year service were excluded from target population for the reason that they may have no adequate exposure to the Bank to provide reasonable responses especially about leadership styles. Totally, 200 were approached randomly as sample members.

### **3.5.4. Sample Size**

This is a most commonly encountered issue in a survey research where researchers look for a basis to determine the sample size. According to Saunders, Lewis and Thornhill (2007), a researcher's choice of a sample size should be governed by the level of certainty that the characteristics of the data collected represented the characteristics of the entire population; the accuracy that the researcher required for any estimates made from the sample; the types of analyses undertaken in the research study and finally, the size of the total population from which the sample is being drawn. According to Kothari (2008) the size of sample should neither be excessively large, nor too small. It should be optimum. An optimum sample is one which fulfills the requirements of efficiency, representativeness, reliability and flexibility

The researcher used the following sample determination table to determine the representative sample size which was developed by Carvalho (1984). Consequently, a sample of 200 employees were selected from the target population located at Addis Ababa region branches. Since the target population size i.e. 2,019 is categorized in the sixth row, the samples to be used are as lowest (50), medium (125), and as highest (200). In order to be more representative in this study the highest sample size of 200 were selected. The following table shows the breakdown of population range the small, medium, and large sample that was drawn for the study.

**Table 3.1: Sample size determination**

Population Size	Sample Size		
	Low	Medium	High
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

(Source: Carvalho, 1984)

### 3.6. Sources of Data

Primary data was used in this study. Primary data is the data which is gathered for the purpose of the research specifically (Sekaran, 2010). As the unit of analysis is the individual, the researcher is interested to collect original data from a population and measuring the perceptions of individuals. A survey is deemed the most suitable design to achieve the objectives of the research. Survey instruments, such as observations, face-to –face interviews, telephone interviews, and personally-administered questionnaires, structured questionnaires to group of individuals and mailed questionnaires could be considered. As the researcher is interested to collect original data from a population, the population is very big to be observed or interviewed. To get the information, researcher had designed and distributed a set of questionnaire. Thus, a survey by a questionnaire is considered as the most appropriate method for measuring the

perceptions of the employees. A questionnaire is selected with due consideration to the busy schedule of most of the respondents, the questionnaire allowed respondents to complete them at their convenient time. A questionnaire consisting the independent variables and dependent variable have been developed by extracting sources from few established questionnaire. Contacts with participants established in December 2018 through face-to-face interaction. The questionnaires distributed to sampling amount of professional staff of those selected branches of Addis Ababa region to fill up. Some scholars (e.g., Podsakoff and Organ 1986; Ostroff et al. 2002; Podsakoff et al. 2012) have asserted that *common method bias* is a problem; and researchers need to do whatever they can to control it. To control for common method bias, the study adopted different techniques proposed by Podsakoff and colleagues (2003, 2012). First, the questionnaire were designed to minimize task difficulty so that respondents would be more likely to respond accurately. The questionnaire items were written in a clear and concise language that would be easily understood by respondents. Additionally, to avoid respondents' socially desirable bias, the respondents were assured that their responses would remain anonymous. They were also advised that there is no right or wrong answers and be requested to answer the questionnaire as honestly as possible.

### **3.7. Data Collection**

Contact was made with top managers from the bank, for endorsement of the study and questionnaire distribution. The bank has already supported the study objectives and permitted access to their employees. Questionnaires were sent out in mid-December 2018. Respondents were given three days to respond. To increase the response rate and conform to accepted ethical procedures, respondents were assured of the confidentiality of their answers. It is authoritative that respondents feel comfortable when answering the questions and can give their honest opinions (Singer et al. 1992).

### **3.8. Variables Description**

#### **3.8.1. Dependent Variable**

Dependent variables are variables we are trying to study or what we are trying to measure. It depends on independent variables if the researcher change the independent variable, its result will change (O'leary, 2004). The dependent variable in this study is employee engagement.

### **3.8.2. Independent Variables**

Independent variables are variables causing an effect on the things we are trying to understand. It can take different values and can cause corresponding changes in dependent variables (O'leary, 2004). Job characteristics; leadership style; and reward & recognition are the independent variables of the study.

### **3.9. Data Analysis**

Data which is collected from the field was coded and cleaned to remove missing values and categorized manually according to the questionnaire items using frequency distribution tables and percentages. Once data was collected, it is necessary to employ statistical techniques to analyze the information, as this study is quantitative in nature. All quantitative data collected were entered into statistical package for social science software (SPSS) database (version 21.0 for Windows). The reason for selecting the SPSS statistical package was that it facilitates the calculation of all essential statistics, such as descriptive statistics, reliability test, linear and multiple regression analysis, required for data analysis and present findings. Furthermore, SPSS is easily available and user friendly so it can be learnt within a short period of time. An added reason is that a number of books are available to familiarize oneself with the SPSS application to present and interpret the data. In inferential statistical analysis, correlation and multiple linear regression methods were utilized using statistical package for social sciences (SPSS) software. Correlation ( $r$ ) is used to describe the strength and direction of relationship between two variables. Since all variables are measured as an interval level, Pearson product moment correlation was used. Multiple regression analysis was used to investigate the underlying components of the independent variables and how these factors impact on employee engagement. Multiple regression statistical technique is used to examine the relationship between one dependent variable and several independent variables (Pedhazur 1997). The strength of the relationship can be determined by the multiple correlation coefficient. This coefficient explains the variance in equation and identifies which independent variables make the most significant contributions. Thus, regression analysis helps to test the hypotheses.



### **3.10. Questionnaire Design**

Questionnaires are one of the primary sources of obtaining data in any research endeavor. However, the critical point is that when designing a questionnaire, the researcher should ensure that it is “valid, reliable and unambiguous” (Richards and Schmidt, 2002). The survey questionnaire was developed in accordance with the conceptual framework introduced in Chapter two. For this research, the questions in the questionnaire are closed-ended or structured in order to ease the process of analyzing the data from respondents. Seliger and Shohamy (1989) are of the opinion that closed-ended questionnaires are more efficient because of their ease of analysis. A closed-ended question generates a limited set of responses that can be coded easily in a database with some number or symbol that represents a response. The questions were designed by simple English to reduce misunderstanding and uncertainties on the questions by the respondents. The questions were prepared and formulated based on the research questions, objectives and hypotheses of this research.

The rating scale on these questions is a 5-point Likert scale. Bryman and Bell (2007) recommended that the Likert scale could be used effectively for qualifying responses to questions about attitudes. The five point Likert Scale is advantageous for research because, it is the most common method for data collection, and consequently they are easy to understand. The responses are easily “quantifiable and subjective to computation of some mathematical analysis” (LaMarca, 2011). So, the questions were formed in a five point Likert scale such as 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree which allows respondents to indicate level of agreement with the statement provided. It was lead to a better understanding towards the determinants of Employee Engagement of Bank of Abyssinia.

#### **3.10.1. Instrumentation**

The instrument used in this study was adopted from different sources. It was adopted for the specific purpose of analyzing determinants of employee engagement and measuring the actual engagement of individuals working in Bank of Abyssinia. The questionnaire has three sections and all the sections of the questionnaires are in English language.

Section-one is demographic information of respondents: This section of the questionnaire requires information about personal and demographic data of respondents. Questions covering

gender, age, marital status, educational level, current job position and length of service in the organization will be asked, and the responses will be interpreted using frequency distribution and percentage.

Section-two: This section measures the three determinants of employee engagement (job characteristics, leadership style; and rewards and recognition) that influence employee engagement. Generally the section consisted of 58 questions. In order to answer the questions, respondents have to select their choice of agreement based on the five point Likert scale according to their opinion on each item. Each answer has been given a score and it is assumed that the format is easier for the respondents to understand the concepts and provide precise answers.

Job characteristics was measured by seven items developed by Hackman and Oldham (1980) with each item corresponding to a core job characteristic: autonomy, task identity, skill variety, task significance, feedback from supervisor, feedback from coworkers, and feedback from the job. The following seven statements were used to assess the job characteristics section:

1. There is much autonomy in my job.
2. My job permit me to decide on my way how to go about doing the work.
3. There is much variety in my job.
4. The job require me to do many different things at work, using a variety of my skills and talents.
5. Managers or co-workers let me know how well I am doing on my job.
6. Doing the job by itself provide me with information about my work performance.
7. The actual work itself provide clues about how well I am doing.

Leadership style was measured by using the Multifactor Leadership Questionnaire (MLQ). The Multifactor Leadership Questionnaire is a well-established instrument in the measure of leadership styles as well as being extensively researched and validated. Avolio and Bass's MLQ manual shows strong evidence for validity; the MLQ has been used in thousands of research programs, doctoral dissertations, and master's theses, along with several constructive outcomes for leadership. The questionnaire comprises of 45 items that are answered using a five-point Likert scale for rating observed leader behavior. One of the advantages of the MLQ is that it is much broader than other leadership surveys. The MLQ is an internationally accepted research

instrument that measures a broad range of leadership styles including transformational, transactional, and laissez faire leadership styles (Avolio et al., 2004). Extensive use of the MLQ has established the reliability value for each leadership factor from 0.74 to 0.94. The MLQ has an alpha reliability coefficient that ranges from 0.60 to 0.92 (Avolio et al.; Grey 2005). The MLQ consist of two forms: The Self Rating Form, or the Leader Form, for the supervisors to rate themselves and the Rater Form for the associates to rate their supervisors. The Leader Form asks the leader to rate the frequency for his or her own leader behavior. The Rater Form is more appropriate to use because reliability is higher and the correlations between the rating form and the items are better (Avolio and Bass, 2004). So, the researcher used The Rater Form only.

The reward and recognition survey questions were adapted from previous research paper by Saks (2006). The following six statements were used to assess the reward and recognition section:

1. A pay raise, job security, and a promotion available for me
2. I get praise from my supervisor.
3. Training and development opportunities are available for me.
4. More challenging work assignments are available for me.
5. There is some form of public recognition (e.g. employee of the month).
6. There is a reward or token of appreciation (e.g. lunch).

Section-three: Items related to employee engagement. This section consists of questions that can measure the employee engagement. For this study, engagement was measured by the Utrecht Work Engagement Scale (UWES) developed by Schaufeli, Salanova, Gonzalez-Roma and Bakker (2002) and consisting of three subscales: vigor, dedication and absorption. Schaufeli and Bakker (2003) argued that engagement referred to a more persistent and pervasive affective-cognitive state characterized by vigor, dedication, and absorption. Studies have shown that engagement can be measured in a valid and reliable way using the Utrecht Work Engagement Scale (Bakker et al., 2008; Barkhuizen and Rothmann, 2006; Storm & Rothmann, 2003). The UWES, a self-report questionnaire, was developed to measure those aspects of engagement. The UWES asked participants to identify how often they had feelings associated with each statement, however for this study participants were asked to assess their level of agreement or disagreement with each statement.

The following seventeen statements were used to assess both psychological and behavioral state of employee engagement:

1. I find my work full of meaning and purpose.
2. I feel strong and vigorous when I am working.
3. I am enthusiastic about my job.
4. My job inspires me to do my best.
5. At my work, I feel bursting with energy.
6. I feel happy when I am working intensely.
7. I am proud of the work that I do.
8. My job is challenging to me.
9. I get carried away when I am working.
10. I am physically energized when I am at work.
11. Time passes quickly when I am at work.
12. When I am working, I forget everything else around me.
13. When I get up in the morning I feel like going to work.
14. I can continue working for long periods of time.
15. At my job, I am very mentally resilient.
16. I find it difficult to detach myself from my job.
17. I always persevere at my job, even when things do not go well

The respondents rated their level of agreement/disagreement to the stated statement based on five-point Likert scales.

### **3.10.2. Validity of the Questionnaires**

One way to try to ensure that measurement error is kept to a minimum is to determine properties of the measure that give us confidence that it is doing its job properly. The first property is validity, which is whether an instrument actually measures what it sets out to measure. Validity refers to whether an instrument measures what it was designed to measure; Hair et al. (2007) defined the validity as “the degree to which a measure accurately represents what is supposed to”. Validity concerns the soundness, legitimacy and relevance of a research theory and its investigations or practice (Kitchin and Tate 2000). It also refers to the extent to which an empirical measure adequately reflects the real meaning of the concept under consideration.

However, an instrument cannot measure the attribute of interest if it is unpredictable, inconsistent, and inaccurate. Leary (2004) mentioned about three types of validity: Internal validity, External validity, and construct validity.

Internal Validity: is how the findings of the research match reality and as the researcher measure the things that are aimed to measure. Internal validity of a research study is the extent to which its design and the data it yields allow[s] the researcher to draw accurate conclusions about relationships within the data (Leedy and Ormrod, 2010). Moreover, the reality in quantitative research is an ongoing processes, it always changes due to the fact that what is being studied is how people understand. Different authors have commented what is adequate for conclusion. Leedy and Ormrod (2010) maintained that response rates of over 70% are very good. Punch (2003) recommended that survey researchers should strive for response rates 60% or better. Babbie (2008) found that a response rate of 50% is considered adequate for “analysis and reporting. Martin (2006) considered a response rate of more than 60% to be high. Phillips et al. (2001) maintained that a response rate between 50%-80% is considered high. In order to ensure that the survey results represent the entire employee base at the bank, response rates was examined and it was 95% response rate.

External Validity: It refers to whether the observed associations can be generalized from the sample to the population, or to other people, organizations, contexts, or time (Leary, 2004). External validity also denotes to the generalizability of results from a quantitative study of populations, settings, times and so forth (Tashakkori and Teddlie 2010). The more representative, the more confident we can be in generalizing from the sample to the population. As for this study it is assumed that the all branches of BOA operate in a similar way with respect to policies and practices so that it can address external validity through taking representative samples and can be generalized to all branches of BOA over the country and give an insight to other private banks in Ethiopia.

Construct Validity: It examines how well a given measurement scale is measuring the theoretical construct that it is expected to measure. The main purpose of a researcher by exploring construct validity is to determine whether the inferences made about the results of the assessment are meaningful and serve the purpose of the assessment. In this study, the researcher tried to address the construct validity through clearly defining the construct of interest and develop valid

measures that operationalize defined constructs. Previous studies have verified that the measurement scales have reasonable construct validity (Schaufeli et al. 2002; Seppala et al. 2009). In addition, this addressed through the review of literature and adapting instruments used in previous research.

Content validity: is defined as the degree to which items in an instrument reflect the content to which the instrument will be generalized (Straub, Boudreau et al. 2004). Content validity involves evaluation of a new survey instrument in order to ensure that it includes all the items that are essential and eliminates undesirable items to a particular construct domain (Lewis et al., 1995, Boudreau et al., 2001). Content validity involves the degree to which the study is measuring what it is supposed to measure. More simply, it focuses on the accuracy of the measurement (John et.al, 2007). Many constructs in social science research are difficult to define, much less measure. In this study, validation of the instrument was given by academic advisor prior to the data collection.

### **3.10.3. Reliability of the Questionnaires**

Validity is a necessary but not sufficient condition of a measure. A second consideration is reliability, which is the ability of the measure to produce the same results under the same conditions. Reliability concerns the extent to which a measurement of a phenomenon provides stable and consist result (Carmines and Zeller, 1979). Hair et al. (2007) defines reliability as the extents to which a variable or a set of variables is consistent in what it is intended to measure. To be valid the instrument must first be reliable. The easiest way to assess reliability is to test the same group of people twice: a reliable instrument will produce similar scores at both points in time (test–retest reliability). Testing for reliability is important as it refers to the consistency across the parts of a measuring instrument (Huck, 2007). A scale is said to have high internal consistency reliability if the items of a scale “hang together” and measure the same construct (Huck, 2007, Robinson, 2009). Reliability differs from validity in that it relates not to what should be measured, but instead to how it is measured. To ensure the inner consistency of the present instrument, it will use the Cronbach’s alpha coefficient. Developed by Lee Cronbach in 1951, the Cronbach’s alpha coefficient is a statistical tool that evaluates the confidentiality through the inner consistency of a questionnaire. For the utilization of this coefficient, it is a requirement that all the items of an instrument use the same measurement scale.

The Cronbach's alpha is obtained by the variance of individual components and by the variance of the components sum of each evaluated, aiming to investigate the possible relations between the items. The survey questionnaires tested by computing a Cronbach's alpha coefficient based upon data collected from BOA. According to Zikmund, Babin and Griffin (2010) scales with coefficient alpha between 0.8 and 0.95 are considered to have very good quality, scales with coefficient alpha between 0.7 and 0.8 are considered to have good reliability, and coefficient alpha between 0.6 and 0.7 indicates fair reliability. The Cronbach's alpha for all questions under each criterion should be above 0.70, indicating that the questions deal with the same underlying construct (Spector 1992) or, as Moss et al. (1998) suggested, an alpha score of 0.6 is generally acceptable. And the study has the sum of the independent variables average Cronbach's alpha value of ( $\alpha = 0.78$ ) and the reliability test of the study is located on "*good*" range.

### **3.11. Ethical Considerations**

Hart (2005, p. 307) states that "ethics in research, as in everyday life, are a combination of socialization, instinct, discretion and been able to put yourself in the position of others to reflect on and see our actions as others may do". There are certain ethical protocols that were followed by the researcher. The first was soliciting explicit consent from the respondents. This ensured that their participation to the study is not out of their own choice. The researcher also ensured that the respondents are aware of the objectives of the research and their contribution to its completion. One other ethical measure that will be exercised by researcher is treating the respondents with respect and courtesy (Leary, 2004). This was done so that the respondents are at ease and more likely to give honest responses to the questionnaire. All participation in this research was voluntary and the researcher included a cover letter accompanied the survey and carefully outlined that the survey questionnaire does not include names and ID numbers on the questionnaire. There were also ethical measures that were followed in the data analysis. To ensure the integrity of data, the researcher checked the accuracy of encoding of the survey responses. This was carried out to ensure that the statistics generated from the study are truthful and verifiable (Leary, 2004).

## **CHAPTER FOUR**

### **DATA PRESENTATION, ANALYSIS AND DISCUSSION**

#### **4.1. Introduction**

The data collected from employees of Bank of Abyssinia Addis Ababa region branches using questionnaires are presented and discussed in this chapter. This section of the study deals with the statistical testing of hypothesis and interpretation of the result using SPSS version 21. Therefore, the findings of the study are presented and analyzed in this chapter. The questionnaire developed for this study was five Likert scale ranging from five to one; where 5 represents strongly agree, 4 agree, 3 neutral, 2 disagree, and 1 strongly disagree. The study used correlation analysis to measure the degree of association between different variables under consideration. Regression Analysis was also used to test the effect of independent variables on the dependent variable.

#### **4.2. Rate of Response**

From the total 200 distributed questionnaires; 191 or 95% of the questionnaire were found to be completed correctly and used for further analysis and the remaining 9 or 5% of the questionnaires were not returned. The data collected were presented, analyzed and interpreted given that the objectives of investigation and testing is the effects of independent variables on dependent variable of the study. After collecting the questionnaires a verification was done before going to further analysis to check for completeness and consistency.

#### **4.3. Reliability test**

In accordance to Churchill's (1979) recommendation, refinement of the scale requires the computing of reliability coefficients (Cronbach's alphas). The Cronbach's alpha for all questions under each criterion should be above 0.70, indicating that the questions deal with the same underlying construct (Spector 1992) or, as Moss et al. (1998) suggested, an alpha score of 0.6 is generally acceptable. As stated by Nunnally (1978) the closer the reliability coefficient to 1.00 is the better. In general, reliabilities less than 0.60 are measured poor; those in the range of 0.60 to 0.80 are considered good and acceptable. Once the answers were collected, Chronbach's Alpha was conducted to test the reliability of the instrument. In this study, all the independent variables



and dependent variable, met the above requirement. The alpha value for each question is identified and summarized in Table-4.1 as shown below.

**Table 4.1. Alpha coefficient for each section of Questionnaire**

Number	Variables of the study	No. Items	Alpha Value
1	Job characteristics	7	0.757
2	Leadership style	45	0.795
3	Rewards and recognition	6	0.809
4	Employee engagement	17	0.770

Source: SPSS output of the survey, 2018.

#### **4.4. Demographic Characteristics of Respondents**

The first part of the questionnaire consists of six items about the demographic information of the respondents. It covers the personal data of respondents such as gender, age, educational qualification, marital status, year of service and current job position. The following tables depicted each demographic characteristic of the respondents.

##### **4.4.1. Gender of Respondents**

The demographic data for gender shows that out of the 191 respondents there were 130 males and 61 females. Almost two third of the respondents as shown in table 4.2 shows that the male respondents formed majority of the target population with a percentage of 65.4%, while female respondents were representing 34.6%.

**Table 4.2 Gender distribution of respondent**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	125	65.4	65.4	65.4
	Female	66	34.6	34.6	100.0
	Total	191	100.0	100.0	

Source: SPSS output of the survey, 2018.

#### 4.4.2. Age of respondents

The sample population age distribution was clearly depicted at fig. 4.3 below is largely dominated by respondents who are at the age of 25 – 30 years old which accounts 97 (50.8%) of the total sample. The next higher group was 32 (16.8%) fall under age categories of less than age 25. The remaining groups 30 (15.7%), 25 (13.1%) and 7 (3.7%) were under the age categories of 31-35, 36-40 and above 41 years respectively. From this result we can conclude that the majority of employees of the bank are at the young age group.

**Table 4.3 Age Status of respondent**

		Frequency	Percent	Valid Percent	Cumulative Percent
<b>Valid</b>	Less than 25	32	16.8	16.8	16.8
	25- 30	97	50.8	50.8	67.5
	31- 35	30	15.7	15.7	83.2
	36 - 40	25	13.1	13.1	96.3
	Above 41	7	3.7	3.7	100.0
	Total	191	100.0	100.0	

Source: SPSS output of the survey, 2018.

#### 4.4.3. Level of Education of Respondents

When looking at the educational qualification of respondents, the highest number of respondent, 137 (71.7%) have Bachelor Degree followed by 47 (24.6%) Master’s Degree holders and 7 (3.7%) are Diploma holders as shown in table 4.4. Therefore, it is possible to say that more than 96% of sample respondents hold Bachelor Degree and above.

**Table 4.4 Educational Qualification**

		Frequency	Percent	Valid Percent	Cumulative Percent
<b>Valid</b>	Diploma	7	3.7	3.7	3.7
	Bachelor Degree	137	71.7	71.7	75.4
	Master’s Degree	47	24.6	24.6	100.0
	Total	191	100.0	100.0	

Source: SPSS output of the survey, 2018.

#### 4.4.4. Marital status of Respondents

The table 4.5 below indicates single respondents dominated which covers 117 (61.3%), followed by married respondents which stands second highest number 68 (35.6 %) and the remaining 6 (3.1%) are divorce participate as a respondent in the research.

**Table 4.5 Marital status of Respondents**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	117	61.3	61.3	61.3
	Married	68	35.6	35.6	96.9
	Divorce	6	3.1	3.1	100.0
	Total	191	100.0	100.0	

Source: SPSS output of the survey, 2018.

#### 4.4.5. Year of Service of Respondents

With regard to year of service in BOA 91 (47.6%) of respondents fall under the category of 1-4 years of work experience, 59 (30.9%) of respondents fall under the category of 5-9 years of work experience, 29 (15.2%) of respondents are in the category of 10-20 years of work experience, and, 12 (6.3%) of respondents have over 20 years of work experience. According to this figure, employees' of the bank are largely dominated by workers who have been working in the bank for less than nine years. Since most of the respondents are youngsters it seems to be they have few years of work experience.

**Table 4.6 Year of Service of Respondents**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 – 4 years	91	47.6	47.6	47.6
	5 – 9 years	59	30.9	30.9	78.5
	10 – 20 years	29	15.2	15.2	93.7
	Above 20 years	12	6.3	6.3	100.0
	Total	191	100.0	100.0	

Source: SPSS output of the survey, 2018.

#### 4.4.6. Current Job Position of Respondents

Table 4.7 shows that the current job position of respondents and, and CSO job position covers 82 (42.9%). And, the second higher respondents 76 (39.8%) of them were different professional with job title like marketing officer, customer relationship officer, loan officer, secretary, international banking officer, and auditor. The remaining 20 (10.5%) are Customer Service Managers and 13 (6.8%) are Cashiers. This data indicated that almost all employees of the BOA were involved in the study, and this might give a good result of study and full representation of respondents.

**Table 4.7 Current Job Position of the Respondents**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Customer Service Officer	82	42.9	42.9	42.9
	Customer Service Manager	20	10.5	10.5	53.4
	Cashier	13	6.8	6.8	60.2
	Other	76	39.8	39.8	100.0
	Total	191	100.0	100.0	

Source: SPSS output of the survey, 2018.

#### 4.5. Correlation Analysis

The hypotheses discussed in the first chapter aimed to investigate the determining factors of independent variables (job characteristics; leadership style; and reward and recognition) on the dependent variable (employee engagement) in BOA. Correlation analysis is done to examine this relationship. The Pearson Product-Moment Correlation Coefficient is a statistic that indicates the degree to which two variables are related to one another. The sign of a correlation coefficient (+ or -) indicates the direction of the relationship between -1.00 and +1.00. The sign shows whether there is a positive correlation (as one variable increase, other also increase) or negative correlation (as one variable increase, other decrease). A positive correlation indicates a direct positive relationship between two variables. Higher correlation value indicates stronger relationship between both sets of data (Coetzee 2003). A negative correlation, on the other hand, indicates an inverse, negative relationship between two variables (Ruud et. al. 2012).

**Table 4.8 Measures of Associations and Descriptive Adjectives**

Measure of Association	Descriptive Adjective
> 0.00 to 0.20 ; < -0.00 to - 0.20	Very weak or very low
> 0.20 to 0.40; < -0.20 to - 0.40	Weak or low
> 0.40 to 0.60; < -0.40 to - 0.60	Moderate
> 0.60 to 0.80; < -0.60 to - 0.80	Strong or high
> 0.80 to 1.0; < -0.80 to - 1.0	Very high or very strong

**Source: (MacEachron, 1982)**

Hence, the correlation output of the dependent and independent variables is interpreted based on table 4.9.

**Table 4.9 Correlation Matrix between the dependent and the independent Variables**

Correlations						
S. No.			Job Characteristics	Leadership style	Reward & recognition	Employee engagement
1	Job Characteristics	Pearson Correlation	1			
		Sig. (2-tailed)				
2	Leadership style	Pearson Correlation	.463**	1		
		Sig. (2-tailed)	.000			
3	Reward & recognition	Pearson Correlation	.397**	.397**	1	
		Sig. (2-tailed)	.000	.000		
4	Employee engagement	Pearson Correlation	.681**	.659**	.525**	1
		Sig. (2-tailed)	.000	.000	.000	

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

Source: SPSS output of the survey, 2018.

Based on the survey result, job characteristics found to have a strong positive relationship with employee engagement ( $r=.681$ ,  $p<0.01$ ). Similarly, leadership has a strong positive influence on employee engagement ( $r=.659$ ,  $p<0.01$ ). Good leader inspires his/her followers to put in their

best and also drives a business in a systematic and defined way. It shows leadership style in practice, in any organization, to a large extent, can determine how engaged an employee will be. And finally, reward & recognition was also found to have a moderate positive relationship with employee engagement ( $r=.525$ ,  $p<0.01$ ).

#### **4.6. Multiple Regression Analysis**

Multiple regression analysis is used to discover the relationship between one dependent variable and a number of independent variables or predictors (Pallant, 2005). Multiple regression also tells that how much of the variance in the dependent variable can be explained by independent variables. Before running multiple linear regression analysis, the researcher has conducted basic assumption tests before running the regression model. These are normality of the distribution, linearity of the relationship between the independent and dependent variables and multicollinearity tests. Each test is explained below.

##### **Test 1: Multicollinearity**

Multicollinearity refers to the situation in which the independent/predictor variables are highly correlated. One major assumption that applies in multiple regression analysis the existence of a very high correlation between the independent variables of the study which is termed as Multicollinearity (Burns and Burns, 2008). This may lead to the paradoxical effect, whereby the regression model fits the data well, but none of the predictor variables has a significant impact in predicting the dependent variable. In this research multicollinearity was checked with tolerance and VIF statistics. Andy (2006) suggests that a tolerance value less than 0.1 almost certainly designates a serious collinearity problem. Burns and Burns (2008) also state that a VIF value greater than 10 is also a concern. Field (2009), also underline that, values for “tolerance” below 0.1 indicate serious problems, although several statisticians suggests that values for “tolerance” below 0.2 are worthy of concern. In this study, all of the independent variables were found to have a tolerance of more than 0.1 and a VIF value of less than 10 (see table 4.10 below) which indicates that Multicollinearity is not an issue in this study.

**Table 4.10 Result of Multicollinearity test**

Coefficients <sup>a</sup>			
Model		Collinearity Statistics	
		Tolerance	VIF
1	Job Characteristics	.731	1.367
	Leadership style	.731	1.367
	Reward & Recognition	.784	1.275
a. Dependent Variable: Employee Engagement			

**Test 2: Normality Distribution Test**

Multiple regressions require the independent variables to be normally distributed. Verifying the normality of the scales within the sample of study is an essential practice before conducting multiple regression analysis. Skewness and Kurtosis are statistical tools which can enable to check if the data is normally distributed or not. According to Smith and Wells (2006), Kurtosis is defined as “property of a distribution that describes the thickness of the tails”. The thickness of the tail comes from the amount of scores falling at the extremes relative to the Gaussian/normal distribution”. Skewness is a measure of symmetry. A distribution or data set is symmetric if it looks the same to the left and right of the center point.

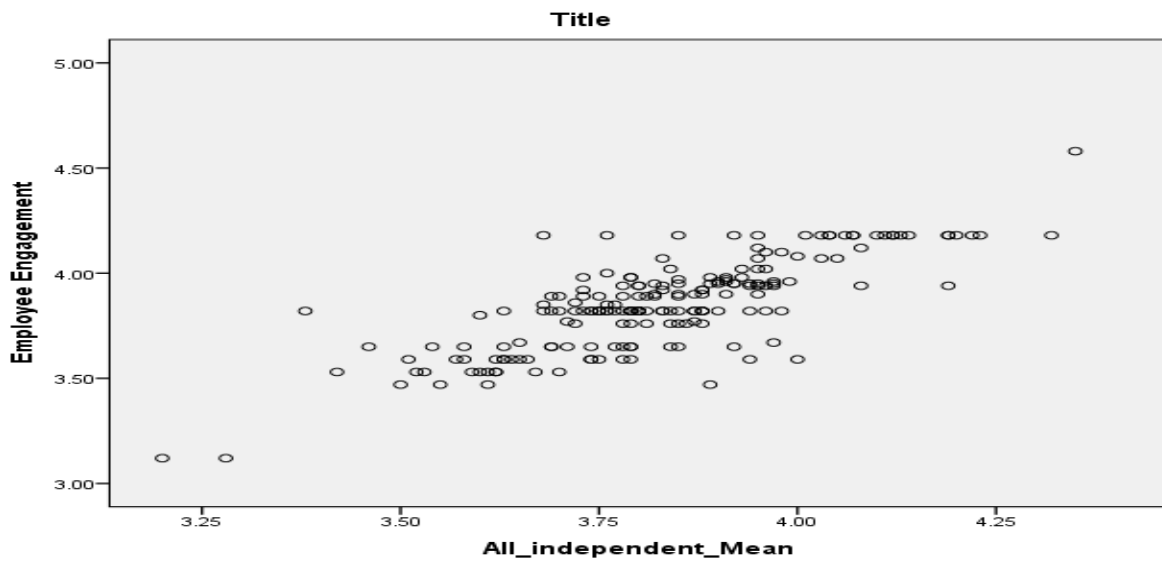
The skewness and kurtosis test results of the data is within the acceptable range (-1.0 to +1.0) and it can be concluded that the data is normally distributed. The Kurtosis and skewness results are presented in table 4.11.

**Table 4.11 Result of normality test****Descriptive Statistics**

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Job characteristics	191	-.057	.176	.060	.350
Leadership style	191	-.222	.176	-.023	.350
Reward & recognition	191	.361	.176	1.763	.350
Employee engagement	191	-.170	.176	.720	.350
Valid N (listwise)	191				

### Test 3: Linearity of the Relationship Test

The third assumption for computing multiple regressions is test of the linearity of the relationships between dependent and the independent variables. As depicted in the below scatter the visual inspections of the scatter plot shows there exists a linear relationship between the employee engagement determinants and employee engagement. The scatter plot is presented in table 4.12.



**Table 4.12 Linearity of the Relationship Test**

#### 4.6.1. Model Summary

In the model summary below (table 4.13), the multiple correlation coefficients R, indicates a very strong correlation of .805 between employee engagement and the three independent variables.  $R^2 = .647$  reveals that the model accounts for 64.7% of the variation in the employee engagement and is explained by the linear combination of all the independent variables.

**Table 4.13 Model Summary**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.805 <sup>a</sup>	.647	.642	.12829

a. Predictors: (Constant), job characteristics, leadership style reward & recognition

Source: SPSS output of the survey, 2018



#### 4.6.2. ANOVA Model Fit

ANOVA analysis is normally used to compare the mean scores of more than two variables. It is also called analysis of variance because it compares the variance between variables (Pallant, 2005). Accordingly, table 4.14 of this study shows that the value of R and R<sup>2</sup> found from the model summary is statistically significant at (F=114.448), (P<0.001) and it can be said that there is a relationship between employee engagement and the predictors (determinants).

**Table 4.14 ANOVA Model Fit**

ANOVA <sup>a</sup>						
Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	5.651	3	1.884	114.448	.000 <sup>b</sup>
	Residual	3.078	187	.016		
	Total	8.729	190			

a. Dependent Variable: Employee engagement

b. Predictors: (Constant), job characteristics, leadership style reward & recognition

Source: SPSS output of the survey, 2018

#### 4.6.3. Beta Coefficient

The coefficients are the coefficients which can explain the relative importance of explanatory variables. These coefficients are obtained from regression analysis after all the explanatory variables are standardized.

As it can be seen from table 4.15 below, the standardized coefficient of job characteristics is the largest value followed leadership style and reward and recognition. The larger the standardized coefficient, the higher is the relative effect of the determinants to the employee engagement.

**Table 4.15 Beta Coefficient**

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.093	.203		.459	.647
	Job characteristics	.433	.052	.423	8.327	.000
	Leadership style	.388	.052	.382	7.521	.000
	Reward & recognition	.166	.040	.205	4.183	.000

a. Dependent Variable: Employee engagement

Source: SPSS output of the survey, 2018

Therefore, based on the result in the regression coefficient table 4.15 and accordingly to the above general mathematical equation the estimated regression model of this study for BOA is presented below.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

$$Y = .093 + .433X_1 + .388X_2 + .166X_3 + .12829$$

**Employee engagement = 0.093 + 0.433 job characteristics + 0.388 leadership style + 0.166 reward & recognition + 0.12829**

The intercept ( $\beta_0$ ) is the point on the vertical axis where the regression line crosses the Y axis. The value of  $\beta_0$  is 0.093 which means the expected value of employee engagement is 0.093 when all the three variables assume zero value.



## **4.7. Discussion**

The study goal was to analyze the determinants of employee engagement in Bank of Abyssinia. In the next section, the determinants will be discussed.

### **4.7.1. Job Characteristics**

In this study, job characteristics significantly predicted job engagement. This finding supports Saks' (2006) finding that job characteristics predicts employee engagement. The finding is also consistent with many other studies which examine the links between job characteristics and employee engagement. This result add to a growing collection of studies (e.g., Sulea et al. 2012; Shantz et al. 2013) that examine the effect of job characteristics on employee engagement. The literature review looked at the work of Kahn who argued that task characteristics can build psychological meaningfulness (1990). Psychological meaningfulness is one of the conditions which can produce engagement. This work by Kahn built on similar findings by Hackman and Oldham (1980) who maintained that skill variety, task identity and task significance produce a psychological state of meaningfulness at work. In addition, they claim that increased autonomy allows individuals to experience greater responsibility. Existing studies on engagement show a positive association between engagement and job characteristics (Richardson, Burke, & Martinussen, 2006; Bakker, Hakanen, Demerouti and Xanthopolou, 2007). Wood and Bandura (1989) claimed that there is statistically significant impact of job characteristics on employee engagement. As Brass (1981) explained, persons occupying centralized positions are more likely to receive more feedback from agents than persons occupying peripheral positions. Feedback, one component of job characteristics, increases the employees' capability to engage (Gittell in Grant and Parker, 2009), fosters learning, increases job competence (Bakker, 2009) and stimulates the process of giving and gathering advice. It could be predicted that the more a job requires usage of a variety of different skills, the more the employee should try to seek these skills from coworkers and therefore reach higher centrality in learning and advice networks. As explained by Hackman and Oldham (1976) the task is more likely to be experienced as meaningful when it requires an employee to engage in activities that challenge or stretch his or her skills and abilities. In addition, it could be claimed that when the employee satisfies the need for a meaningful job, the employee is also more engaged in gaining knowledge and skills from coworkers. So, skill variety increases employee work engagement. In addition, this finding

maintains Macey and Schneider's (2008) proposition of trait engagement, which says that engaged employees strive to solve challenging tasks and achieve difficult goals. Derara Tessema (2014) also found out that this is an important factor in predicting employee engagement. It was also claimed by Macey and Schneider (2008) that an employer, while already having engaged employees, has to create a work environment where the employees' energy could be manifested and sustained. May et al. (2004) suggested managers should foster meaningfulness through job enrichment by designing jobs in line with Hackman and Oldham's (1980) Job Characteristic Model.

#### **4.7.2. Leadership Style**

This study has found out that leadership style has a significant effect on employee engagement. The finding is consistent with the new trend of encouraging employees' autonomy, in accordance with Bandura's (2002) concept of self-efficacy, which is enhanced by emotional support, words of encouragement and positive persuasion. Leaders who provide this support facilitate employees' understanding of organizational goals and enhance employees' work roles. Other previous research reported that leadership style has a direct impact on employee engagement (Babcock-Roberson and Strickland, 2010; Breevaart et al., 2014; Hansen et al., 2014; Popli and Rizvi, 2015; Zhu et al., 2009). Bakker and Schaufeli (2008) found that employees who have positive interactions with their managers have increased levels of engagement. Leadership styles can be linked to engagement as engaged individuals are characterized by displaying high levels of energy, inspiration, enthusiasm, passion (Zigarmi et al., 2009), willingness to reach the extra mile of performance (Macey and Schneider, 2008). Leaders play an important role in the development of engagement by "projecting the ideals and characteristics that are tied to engagement drivers, such as being supportive, and providing a vision to the employees that goes beyond short term goals but the long term goals of the organization" (Batista-Taran, 2014). Harris (2007) also showed that the effectiveness of leaders had a significant direct relationship to employee engagement. Hayes (2002) also argue that employees will have higher levels of work engagement when their basic and especially higher order needs are taken care of by their leaders within the organization. Leaders have been proven to influence and motivate employees through demonstrating clear values and fostering positive teamwork in an agreeable manner as indicated by Kouzes and Posner (2012) and Yukl (2012). They have an influential role in improving

employee engagement. For any type of organization to flourish and develop its operations, the organization must make good leadership their main concern.

#### **4.7.3. Rewards and Recognition**

Reward & recognition was also found to have a moderate positive relationship with employee engagement ( $r=.525$ ,  $p<0.01$ ). Much of the literature indicates rewards and recognition drive to a better level of employee engagement which is in line with the finding of this study. Crawford et al. (2014) explain that in most cases, rewards and recognition are linked to greater engagement levels. Similarly, Cook (2008) asserts that fair pay reward and recognition are key drivers of employee engagement. They should be fair in terms of comparisons within the organization and with other organizations in the industry (Robinson et al., 2004). Armstrong and Taylor (2017) also agree with this as rewards and recognition represent direct and indirect returns on the investment of an employee's time in their role. Previous studies discovered that a lack of recognitions or rewards can lead to burnout, therefore proper recognitions or rewards is very important for engaged employee (Gonzalez-Roma et al., 2006; Kahn,1990; Maslach et al., 2001; Ola, 2011). Reward & recognition is comparatively has the lowest effect on predicting employee engagement. This finding supports a theory which states that engagement is not a merely momentary and specific state, but rather, it is "a more persistent and pervasive affective-cognitive state that is not focused on any particular object, event, individual, or behavior" (Schaufeli et al.,2002). Williams (2008) held that providing employees with deserved rewards and recognition and involving them in organizational decisions could help boost employee engagement. Smith (2010) maintained that in order to improve employee engagement, management should demonstrate that it cares about the employees' wellbeing, demonstrate genuine interest in their development, and recognize their achievements. Ram and Prabhakar (2011) study also indicated that when performance receives its due recognition & employees share it in the form of benefits of the organization they become more engaged. Saks (2006) also found out that rewards and recognitions of good work performances are a very good ways to boost employee engagement. This research finding is also comparable with the result of some previous studies conducted by Hence which is one might expect that employees to be more engaged at work to the extent that they perceive a better amount of rewards and recognition for their role performances.

According to Brick (2012), recognition is critical to the culture and operation within the workplace, which impacts workforce engagement. Haines and St-Onge's (2012) also discovered that rewards and recognition directly affect employee engagement and performance. The findings from the analysis suggests that when employees are been rewarded and recognized for their contributions, their engagement level will increase. This view was supported by Lavigna (2015). Lavigna's study proposed that good communication, employees' voice as well as reward and recognition are all factors that can lead to increased employees engagement.

### **Summary of Hypothesis Testing**

This sub-topic summarizes each of hypotheses stated previously. The results are displayed in the table below.

**Table 4.16 Summary of hypothesis testing**

<b>S. No.</b>	<b>Hypothesis</b>	<b>Test result</b>
1	H1. Job characteristics have significant positive effect in predicting employee engagement.	Accepted
2	H2. Leadership style has significant positive effect in predicting employee engagement.	Accepted
3	H3. Reward and recognition have significant positive effect in predicting employee engagement.	Accepted

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATION

This chapter presents summary, conclusion and some relevant recommendations to practice as well as for future researchers based on objective of the study mentioned in chapter one.

#### 5.1. Summary of the Findings

The purpose of this study was to investigate the determinants of employee engagement in BOA Addis Ababa area by using quantitative data. The findings of the research finally lead to answer the research question discussed in chapter one i.e. *Do job characteristics have an effect on employee engagement? Does leadership style has an effect on employee engagement? Do reward and recognition have an effect on employee engagement?* 200 questionnaires were distributed to the respondents out of which, 191 questionnaire were returned with a response rate of 95%. The sum of the independent variables average Cronbach's alpha value is ( $\alpha = 0.782$ ) and the reliability test of the study is located on "Acceptable" range.

Out of 191 respondents, 65.4% (130) are male and 34.6% (61) were females. 96% of the respondents have Bachelor Degree and Master's Degree. 78.5% of the respondents have less than 10 years of experience.

The study discussed the determinants of employee engagement in BOA. Accordingly, from the regression analysis, it can be concluded that leadership style and reward & recognition have the largest effect on employee engagement.

The study also examined the effect of the three determinants on employee engagement and it is answered by the regression model summary,  $R^2 = .647$  which revealed that the model accounts for 64.7% of the variation in the employee engagement is explained by the linear combination of all the independent variables.

The ANOVA test result showed that R and  $R^2$  found from the model summary was statistically significant at ( $F=114.448$ ), ( $P<0.001$ ).



## 5.2. Conclusions

Based on the findings the following conclusions are made:

- This study supports the inclusion of job characteristics, leadership style, and rewards and recognition in models of employee engagement. The results have important implications for assisting managers and companies to better understand and control factors that may lead to improved levels of employee engagement.
- The study also demonstrated the importance of three variables (namely job characteristics, leadership style and rewards & recognition) in predicting employee engagement in BOA. This would help the Bank to identify how these determinants are operating currently and work on them to improve the level of its employee engagement.
- Job characteristics has a significant effect on employee engagement followed by leadership style.
- The study revealed that jobs that are high on the core job characteristics provide individuals with the room and incentive to bring more of themselves into their work or to be more engaged.
- There is a direct positive relationship between leadership styles and employee engagement.
- This research has shown that when employees receive rewards and recognition from their organization, they will feel obliged to respond with higher levels of engagement.

### **5.3. Recommendations**

Based on the findings and the conclusions made before the following recommendations are provided:

- The bank should assess engagement levels of their employees through employee engagement measurement scales in order to identify gaps and take appropriate measures to bridge gaps.
- As job characteristics was found to be the most significant predictor of employee engagement in Bank of Abyssinia, the bank should focus on designing jobs considering the five core job characteristics (i.e. skill variety, task identity, task significance, autonomy, and feedback). Bank of Abyssinia should redesign jobs to increase autonomy, challenge, variety and skill utilization (Guest, 2014). Leaders need to discuss with their direct reports about performance and feedback meetings to learn which parts of the job hold the most interest for each employee and which tasks are most challenging.
- To ensure that the employees are fully engaged, leaders must practice employee oriented leadership style. Thus leaders must pay close attention to their followers' needs on a basic level and be willing to respond appropriately. Bank of Abyssinia should focus on implementing leadership skills practices to areas where engagement is low after measuring employee engagement. This will mark quality of work, efficiency in operations, retention of employees, customer satisfaction and to increase competitive advantage.
- Since reward and recognition strategies play an important role in reflecting the employee engagement, the organization need to modify their rewards strategy to be aligned with their own particular organization objective. Bank of Abyssinia should maintain the employees to keep doing well on their work by providing a good reward and recognition instead. Bank of Abyssinia should also work more on providing training & development opportunities, career advancement & promotion opportunities among others. The better the reward and recognition in company the better the employee engagement. This will maintain a good relationship between company and its own employees.
- For the bank, it is especially important to be consistent in terms of the distribution of rewards and recognition as well as the procedures used to allocate them.

#### **5.4. Future Research Directions**

- The scope of the study can be further increased and enriched to include more variables under the theoretical framework in future studies by incorporating other determinants of employee engagement including organizational justice, work environment, team and coworker relationship have a positive effect on engagement.
- Future studies can also employ longitudinal studies to study the determinants of employee engagement in organizations. The cross-sectional nature of the data limits the interpretation of the findings. It will be important to do a longitudinal study to get a more reliable result.
- Multiple measurement methods for justifiability of the theoretical model can include other methods like in-depth interviews, focus group interviews, nominal group technique etc.
- The sample size of this study was limited to Addis Ababa area, In this regard, to make the conclusion and recommendation more wide and applicable for more organizations in the industry, future researches may conduct the research in industry wide or nationwide by increasing the sample size and diversify organization types.
- The scope of the study can be further broadened to increase various views of employee engagement like job engagement and organizational engagement.
- There are several studies that have been done on determinants of employee engagement but not so many of them have been conducted in Ethiopia. Other studies need to be done to fill the gap.

## References

- Anitha, J. (2014). “Determinants of employee engagement and their impact on employee performance”, *International Journal of Productivity and Performance Management*, Vol. 63 No. 3, pp. 308–23.
- Antonakis, J. (2011). Predictors of leadership: The usual suspects and the suspect traits. In D. Bryman, K. Collinson, B. Grint, B. Jackson and M. Uhl-Bien (Eds.), *The Sage handbook of leadership* (pp. 269-285). London: Sage.
- Armstrong M and Taylor S (2015). *Armstrong’s Handbook of Human Resource Management Practice*, London: Kogan Page.
- Attridge M (2009). Measuring and Managing Employee Work Engagement: A Review of the Research and Business Literature, *Journal of Workplace Behavioral Health* 24: 383-398.
- Avolio, B. J. (1999). *Full leadership development: Building the vital forces in organizations*. Thousand Oaks, CA: Sage.
- Avolio, B. J., and Bass, B. M. (2004). *Multifactor leadership questionnaire: Third edition manual and sampler set*. Redwood City, CA: Mind Garden.
- Bakker A.B. and Schaufeli W. B., (2008). ‘Positive organizational behavior: Engaged employees in flourishing organizations’, *Journal of Organizational Behavior* 29, 147– 154.
- Bandura, A. (1973). *Aggression: A social learning analysis*. Englewood Cliffs, NJ: Prentice Hall.
- Bass, B. M., and Avolio, B. J. (1995). *Multifactor leadership questionnaire leader form*. Redwood City, CA: Mind Garden.
- Banks, M. (2006). “How one federal agency harnessed employee engagement as a tool for transformation”, *Journal of Organizational Excellence*, Vol. 25 No. 4, pp. 21-30.
- Bates, S. (2004). “Getting engaged”, *HR Magazine*, Vol. 49 No. 2, pp. 44-51.
- Baumruk, R. (2004). “The missing link: the role of employee engagement in business successes. Work span”, 47, 48-52.

- Babbie, E. R. (2008). *The basics of social research*. (4th ed.). Belmont, CA: Thomson Wadsworth, Thomson Learning Inc.
- Bloom, M.C. and Michael, J.G. (2002). The Relationship among Organizational Context, Pay Dispersion and Managerial Turnover. *Academy of Management Journal*. 45.
- Bryman, Alan, and Emma, B. (2007). *Business Research Methods*, Second Edition. Oxford University Press.
- Creswell, J. W. (2003). *Research design: Qualitative, quantitative, and mixed methods approaches*. Thousand Oaks, Calif: Sage Publications.
- Creswell J., 2012. *Educational Research* (4th ed). United States: Pearson Education, Inc.
- Cristina de Mello Souza Wildermuth, Patrick David Pauken, (2008). "A perfect match: decoding employee engagement – Part II: engaging jobs and individuals", *Industrial and Commercial Training*, Vol. 40 Issue: 4, pp.206-210.
- Corace, C. J. (2007). Engagement-enrolling the quiet majority. *Organizational Development Journal*, 25.
- Dörnyei, Z. (2007). *Research methods in applied linguistics*. New York: Oxford University Press.
- Frank, F.D., Finnegan, R.P. and Taylor, C.R. (2004). "The race for talent: retaining and engaging workers in the 21st century".
- Gallup. (2016). Gallup Q12 Employee Engagement Survey. Gallup Inc. Available from: <https://www.q12.gallup.com/public/en-us/Features>.
- Geldenhuis, M., Laba, K. and Venter, M. (2014). "Meaningful work, work engagement and organizational commitment", *SA Journal of Industrial Psychology*, Vol. 40 No. 1, pp. 1–10.
- Gill, J and Johnson, P (2010). *Research Methods for Managers* (4th Edition Edn.). London: Sage Publications Ltd.

- Harter, J.K., Schmidt, F.L. and Hayes, T.L. (2002). "Business-unit-level relationship between employee satisfaction, employee engagement, and business outcomes: a meta-analysis", *Journal of Applied Psychology*, Vol. 87 No. 2, pp. 268-79.
- Haudan, J.A., and MacLean, D. (2002). 'E' is for engagement: Transforming your business by transforming your people. *Journal of Change Management*, 2(3), 1469-7017.
- Hopkins, W. (2000). Quantitative Research Design. University of Otago, Dunedin, New Zealand.
- Jonker, J., and Pennink, B. J. W. (2010). Essence of research methodology: A concise guide for master and PhD students in management science. Heidelberg: Springer.
- Kahn, W.A. (1990). 'Psychological conditions of personal engagement and disengagement at work'. *Academy of Management Journal*, 33, 692-724.
- Kaye, B., and Jordan-Evans, S. (2003, August). Engaging talent. Executive Excellence
- Kerlinger Fred N., (1964). Foundation of Behavioral Research, Second Edition, Holt, Rinehart and Winston, Inc.
- Kitchin, R. and Tate, N. (2000). Conducting research into human geography: theory, methodology & practice. London: Prentice Hall.
- Kompaso, M. and Sridevi, S. (2010). "Employee engagement: the key to improving performance", *International Journal of Business and Management*, Vol. 5 No. 12, p. 89.
- Konard, Alison M. (2006). Engaging employees through high-involvement work practices, *Ivey Business Journal*, 1-6.
- Kumar, D. P., and Swetha, G. (2011). A prognostic examination of employee engagement from its historical roots. *International Journal of Trade, Economics and Finance*, 2(3), 232-241.
- Leedy, P. D., and Ormrod, J. E., (2010). Practical research: planning and design. Upper Saddle River, NJ: Pearson/Merrill Prentice Hall.
- Lok, P. and Crawford, J. (1999). The Relationship between Commitment and Organizational Culture, Subculture, Leadership Style and Job Satisfaction in Organizational Change and Development. *Leadership & Organization Development Journal*, 20, 365-377.

- Lockwood, R. (2007). "Leveraging employee engagement for competitive advantage: HR's strategic role", *HR Magazine*, Vol. 52 No. 3, pp. 1–11.
- Macey, W. and Schneider, B. (2008). "The meaning of employee engagement", *Industrial and Organizational Psychology*, Vol. 1 No. 1, pp. 3–30.
- M. Brad Shuck, Tonette S. Rocco, Carlos A. Albornoz, (2011). "Exploring employee engagement from the employee perspective: implications for HRD", *Journal of European Industrial Training*, Vol. 35 Issue: 4, pp.300-325.
- MacLeod, D. and Clarke, N. (2011). "Engaging for success: enhancing performance through employee engagement," Department for Business Innovation and Skills, London, England.
- Marquard, J. (2010). "Leadership behavior impact on employee engagement," doctoral dissertation, Pepperdine University, Los Angeles, CA, 2010.
- Martin, G. (2006). *Managing people and organizations in changing contexts*. Burlington, MA: Butterworth-Heinemann, Elsevier.
- Mary Welch, (2011). "The evolution of the employee engagement concept: communication implications", *Corporate Communications: An International Journal*, Vol. 16 Issue: 4, pp.328-346.
- May, D., Gilson, R. and Harter, L. (2004). The psychological conditions of meaningfulness, safety and availability and the engagement of the human spirit at work. *Journal of Occupational and Organizational Psychology*, 77, 11-37.
- Men, L. R., and Stacks, D. (2014). The Effects of Authentic Leadership on Strategic Internal Communication and Employee-Organization Relationships. *Journal of Public Relations Research*, 26(4), 301-324.
- Mendes, F. and Stander, M. (2011). "Positive organization: the role of leader behavior in work engagement and retention", *SAJIP: South African Journal of Industrial Psychology*, Vol. 37 No. 1, pp. 29–41.

- Mugenda, O. M. and Mugenda, A. G. (2003). *Research methods: Quantitative and qualitative Approaches*. Nairobi: African Centre for Technology Studies.
- Nancy Papalexandris, Eleanna Galanaki, (2009). "Leadership's impact on employee engagement: Differences among entrepreneurs and professional CEOs", *Leadership & Organization Development Journal*, Vol. 30 Issue: 4, pp.365-385
- National Education Association. (1960). *Small-Sample Techniques*, the NEA Research Bulletin, 38.
- Orlikowski, W.J. and Baroudi, J.J. (1991). "Studying Information Technology in Organizations: Research Approaches and Assumptions", *Information Systems Research*.
- Paul Kirkbride, (2006). "Developing transformational leaders: the full range leadership model in action", *Industrial and Commercial Training*, Vol. 38 Issue: 1, pp.23-32.
- Pfeffer, J., and Langton, N. (1993). The effect of wage dispersion on satisfaction, productivity, and working collaboratively: Evidence from college and university faculty. *Administrative Science Quarterly*, 38, 382–407.
- Phillips, J. J., Stone, R. D., and Phillips, P. P. (2001). *The human resources scorecard: Measuring the return on investment*. Woburn, MA: Butterworth-Heinemann, Elsevier.
- Podsakoff, P. M., Ahearne, M., and MacKenzie, S. B. (1997). Organizational citizenship behavior and the quantity and quality of work group performance. *Journal of Applied Psychology*, 82(2).
- Podsakoff, P.M., Mackenzie, S.B., Lee, J., Podsakoff, N.P. (2003). Common method biases in behavioral research: a critical review of the literature and recommended remedies. *Journal of Applied Psychology*, 88(5), 879-903.
- Punch, K. F. (2003). *Survey research: The basics*. London, UK: SAGE Publications Ltd.
- Richards, J. C. and Schmidt, R. (2002). *Longman dictionary of language teaching and applied linguistics*. Third ed. London: Longman.
- Robinson, D., Perryman, S. and Hayday, S. (2004). "The Drivers of Employee Engagement", Institute for Employment Studies, Brighton.



Robertson, G. Smith and Markwick, C (2009). Employee engagement: A review of current thinking. Retrieved

<https://www.employment-studies.co.uk/system/files/resources/files/469.pdf>

Robson, M. J., Katsikeas, C. S. and Bello, D. C. (2008). Drivers and performance outcomes of trust in international strategic alliances: The role of organizational complexity. *Organization Science*, Vol.19, pp.647-665.

Saks, M. (2006). “Antecedents and consequences of employee engagement”, *Journal of Managerial Psychology*, Vol. 21 No. 7, pp. 600–19.

Saks, A.M. and Rotman, J.L. (2006). “Antecedents and consequences of employee engagement”, *Journal of Managerial Psychology*, Vol. 21 No. 7, pp. 600-619.

Salanova, M., Agut, S. and Peiro´, J.M. (2005). “Linking organizational resources and work engagement to employee performance and customer loyalty: the mediation of service climate”, *Journal of Applied Psychology*, Vol. 90 No. 6, pp. 1217-27.

Saunders, M. N. K., Lewis, P., and Thornhill, A. (2007). *Research methods for business students*. Harlow, England: Financial Times/Prentice Hall.

Straub, D., Boudreau, M.-C., and Gefen, D. (2004). "Validation guidelines for IS positivist research," *The Communications of the Association for Information Systems* pp 380-427.

Suharti, L. and Suliyanto, D. (2012). “The effects of organizational culture and leadership style toward employee engagement and their impacts toward employee loyalty”, *World Review of Business Research*, Vol. 2 No. 5, pp. 128–39.

Schaufeli, W., Salanova, M., González-romá, V. and Bakker, A. (2002). “The measurement of engagement and burnout: a two sample confirmatory factor analytic approach”, *Journal of Happiness Studies*, Vol. 3 No. 1, pp. 71–92.

Schneider, B., Macey, W.H. and Barbera, K.M. (2009). “Driving customer satisfaction and financial success through employee engagement”, *People and Strategy*, Vol. 32 No. 2, pp. 23-27.

- Seijts, G. and Crim, D. (2006). "What engages employees the most, or the ten Cs of employee engagement", *Ivey Business Journal*, Vol. 70 No. 4, pp. 1–5.
- Sekaran, U. (2003). *Research methods for business: A skill-building approach*. New York: John Wiley and Sons.
- Seliger, H. W. and Shohamy, E. (1989). *Second language research methods*. Oxford: OUP.
- Shmailan, A.S.B. (2016). The relationship between job satisfaction, job performance and employee engagement: An explorative study. *Issues in Business Management and Economics*, 4(1), 1-8.
- Singer, E., Hippler, H. J. and Schwarz, N. (1992). Confidentiality assurances in surveys: reassurance or threat? *International Journal of Public Opinion Research*, 4(3), 256-268.
- Teddle, C. and Tashakkori, A. (2012). Common "core" characteristics of mixed methods research: a review of critical issues and call for greater convergence. *American Behavioral Scientist*, 56(6), 774-788.
- Tims, M., Bakker, B. and Xanthopoulou, D. (2011). "Do transformational leaders enhance their followers' daily work engagement", *The Leadership Quarterly*, Vol. 22 No. 1, pp. 121–31.
- Trottier, Tracey, Montgomery Van Wart and XiaoHu Wang (2008). "Examining the Nature and Significance of Leadership in Government Organizations." *Public Administration Review* 68 (2): 319-33.
- Verkerk, P. J. (1990). Fiedler's contingency model of leadership effectiveness: background and recent developments, OCTO-report; Vol. 9002, Eindhoven: Eindhoven University of Technology.
- Wallace, L. and Trinkka, J. (2009). "Leadership and employee engagement", *Public Management*, Vol. 91 No. 5, pp. 10-13.
- Walumbwa, F.O., Avolio, B.J., Gardner, W.L., Wernsing, T.S. and Peterson, S.J. (2008). "Authentic leadership: development and validation of a theory-based measure", *Journal of Management*, Vol. 34 No. 1, pp. 89-126.

- Wefald, A. J., and Downey, R. G. (2009). The incubator: Job engagement in organizations: Fad, fashion, or folderol? *Journal of Organizational Behavior*, 30(1), 141-145.
- Xu, J. and Thomas, C. (2011). “How can leaders achieve high employee engagement?”, *Leadership and Organization Development Journal*, Vol. 32 No. 4, pp. 399–416.
- Yukl, G., O’Donnell, M. and Taber, T. (2009). “Influence of leader behaviors on the leader–member exchange relationship”, *Journal of Managerial Psychology*, Vol. 24 No. 4, pp. 289–99.
- Zhu, W., Avolio, J. and Walumbwa, O. (2009). “Moderating role of follower characteristics with transformational leadership and follower work engagement”, *Group & Organization Management*, Vol. 34 No. 5, pp. 590–619.
- Zikmund, William G.; Babin, Barry J.; Carr, Jon C.; Griffin, Mitch, (2010). *Business Research Methods*. Published by South-Western College.

# APPENDICES

**ADDIS ABABA UNIVERSITY**  
**COLLEGE OF BUSINESS AND ECONOMICS**  
**MASTER OF BUSINESS ADMINISTRATION PROGRAM**  
**RESEARCH QUESTIONNAIRE**

**Research Topic: Determinants of Employee Engagement in the Banking Industry in Ethiopia**

**Name of student: Gezahagn Ayalew**

**Address: Tel: +251911259027 email: [gezah.ayalew@gmail.com](mailto:gezah.ayalew@gmail.com)**

**Dear respondent:** I am a student of Master of Business Administration in Addis Ababa University College of Business And Economics. Currently, I am undertaking a research entitled “Determinants Employee Engagement in the Banking Industry in Ethiopia: The Case of Bank of Abyssinia”. You are one of the respondents selected to participate on this study. Please assist me in giving correct and complete information to present a representative finding on the current status of the determinants employee engagement on the Bank of Abyssinia within Addis Ababa region Branches. Your participation is entirely voluntary and the questionnaire is completely anonymous. No individual’s responses will be identified as such and the identity of persons responding will not be published or released to anyone. The data will be kept confidentially and it will be used for study purpose only.

Thank you in advance for your kind cooperation and dedicating your time.

**Sincerely,**  
**Gezahagn Ayalew**

**Instructions**

- No need of writing your name
- For Likert scale type statements indicate your answers with a check mark (✓) in the appropriate box.



**SECTION TWO: THE COMPONENTS OF QUESTIONS RELATED TO DETERMINANTS OF EMPLOYEE ENGAGEMENT**

The table in the next pages consists of 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

No.	Description of items	1	2	3	4	5
<b>Job characteristics</b>						
1	There is much autonomy in my job.					
2	My job permit me to decide on my way how to go about doing the work.					
3	There is much variety in my job.					
4	The job require me to do many different things at work, using a variety of my skills and talents.					
5	Managers or co-workers let me know how well I am doing on my job.					
6	Doing the job itself provide me with information about my work performance.					
7	The actual work itself provide clues about how well I am doing.					
<b>Leadership Styles</b>						
<b>The person I am reporting to...</b>						
1	Provides me with assistance in exchange for my efforts					
2	Re-examines critical assumptions to question whether they are appropriate					
3	Fails to interfere until problems become serious					
4	Focuses attention on irregularities, mistakes, exceptions, and deviations from standards					
5	Avoids getting involved when important issues arise					
6	Talks about his/her most important values and beliefs					
7	Is absent when needed					
8	Seeks differing perspectives when solving problems					
9	Talks optimistically about the future					
10	Instills pride in me for being associated with him/her					
11	Discusses in specific terms who is responsible for achieving performance targets					
12	Waits for things to go wrong before taking action					
13	Talks enthusiastically about what needs to be accomplished					
14	Specifies the importance of having a strong sense of purpose					
15	Spends time teaching and coaching					

		1	2	3	4	5
16	Makes clear what one can expect to receive when performance goals are achieved					
17	Shows that he/she is a firm believer in "If it ain't broke, don't fix it."					
18	Goes beyond self-interest for the good of the group					
19	Treats me as an individual rather than just as a member of a group					
21	Acts in ways that builds my respect					
22	Concentrates his/her full attention on dealing with mistakes, complaints, and failures					
23	Considers the moral and ethical consequences of decisions					
24	Keeps track of all mistakes					
26	Articulates a compelling vision of the future					
27	Directs my attention toward failures to meet standards					
28	Avoids making decisions					
29	Considers me as having different needs, abilities, and aspirations from others					
30	Gets me to look at problems from many different angles					
31	Helps me to develop my strengths					
32	Suggests new ways of looking at how to complete assignments					
33	Delays responding to urgent questions					
34	Emphasizes the importance of having a collective sense of mission					
35	Expresses satisfaction when I meet expectations					
36	Expresses confidence that goals will be achieved					
37	Is effective in meeting my job-related needs					
38	Uses methods of leadership that are satisfying					
39	Gets me to do more than I expected to do					
40	Is effective in representing me to higher authority					
41	Works with me in a satisfactory way					
42	Heightens my desire to succeed					
43	Is effective in meeting organizational requirements					
44	Increases my willingness to try harder					
45	Leads a group that is effective					
<b>Rewards and Recognition</b>						
1	A pay raise, job security, and a promotion available for me					
2	I get praise from my supervisor.					
3	Training and development opportunities available for me.					
4	More challenging work assignments available for me.					
5	There is some form of public recognition (e.g. employee of the month).					
6	There is a reward or token of appreciation (e.g. lunch).					



**SECTION THREE: QUESTIONS RELATED TO EMPLOYEE ENGAGEMENT**

No.	Description of items	1	2	3	4	5
<b>Employee Engagement</b>						
1	I find my work full of meaning and purpose.					
2	I feel strong and vigorous when I am working.					
3	I am enthusiastic about my job.					
4	My job inspires me to do my best.					
5	At my work, I feel bursting with energy.					
6	I feel happy when I am working intensely.					
7	I am proud of the work that I do.					
8	My job is challenging to me.					
9	I get carried away when I am working.					
10	I am physically energized when I am at work.					
11	Time passes quickly when I am at work.					
12	When I am working, I forget everything else around me.					
13	When I get up in the morning I feel like going to work.					
14	I can continue working for long periods of time.					
15	At my job, I am very mentally resilient.					
16	I find it difficult to detach myself from my job.					
17	I always persevere at my job, even when things do not go well					

**Thank you very much for your participation! Your efforts are greatly appreciate**

