

**SAINT MARY’S UNIVERSITY**

**SCHOOL OF GRADUATE STUDIES**

**DRIVING FACTORS AFFECTING EMPLOYEE ENGAGEMENT AT DASHEN BANK SHARE COMPANY HEAD OFFICE**

**BY**

**SERKALEM SEMU**

**ID NO. SGS7/0374/2006B**

**ADVISOR: GOITOM ABRAHAM (PhD)**

**JULY, 2020**

**ADDIS ABABA, ETHIOPIA**

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**A THESIS SUBMITTED TO SAINT MARY’S UNIVERSITY SCHOOL OF GRADUATE STUDIES IN PARTIAL FULLFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION IN GENERAL MANAGEMENT**

**JULY, 2020**

**ADDIS ABABA, ETHIOPIA**

**DECLARATION**

I, hereby assert that this thesis entitled **“DRIVING FACTORS AFFECTING EMPLOYEE ENGAGEMENT AT DASHEN BANK SHARE COMPANY HEAD OFFICE”** is my own original work that has not been presented for a degree in any other universities and all sources of materials have dully acknowledged.

**Serkalem Semu**

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

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

**APPROVAL**

This is to certify that this study on the topic entitled **“DRIVING FACTORS AFFECTING EMPLOYEE ENGAGEMENT AT DASHEN BANK SHARE COMPANY HEAD OFFICE”** is an original work of Serkalem Semu who carried out under my guidance/supervision and this work is for submission for the award of the degree of masters of business administration.

**Advisor: Goitom Abraham (PhD)**

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

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

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**APPROVED BY BOARD OF EXAMINERS**

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**Chairperson (Institute Dean) Signature Date**

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**Advisor Signature Date**

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**Internal Examiner Signature Date**

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**External Examiner Signature Date**

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# ACRONYMS

CIPD : Chartered Institute of Personnel and Development

DB : Dashen Bank SC

DJPD : Distributive Justice & Procedural Justice

EE : Employee Engagement

HR : Human Resource

HRM : Human Resource Management

IES : Institute for Employment Studies

JC : Job Characteristics

OJ : Organizational Justice

PMS : Performance Management System

POS : Perceived Organizational Support

PSS : Perceived Supervision Support

ROI : Return on Investment

RR : Reward & Recognition

SET : Social Exchange Theory

SHRM : Society of Human Resource Management

UWES : Utrecht work Engagement Scale

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# ABSTRACT

*This paper was intended to determine the driving factors affecting employee engagement at Dashen Bank Share Company Head Office. In view of this, the researcher employed a validated engagement measurement tool known as the Utrecht Work Engagement Scale designed by Schaufeli& Baker (2004) which has three aspects namely, vigor, dedication and absorption. Data were collected by distributing questionnaires to 257 1st level managerial employees and non- managerial employees of Dashen Bank. Respondents were requested to mark their agreement level which is based on 5-point Likert Scale. The question related to engagement consists of the factors that are supposed to drive engagement: 1) Job Characteristics 2) Perceived Organizational Support 3) Perceived Supervisor Support4) reward and recognition, and 5) Distributive and Procedural Justice were employed. The data gathered was analyzed by the SPSS statistical tools in the form of descriptive statistics and simple linear regression. The findings indicated that the mean value of all engagement dimensions i.e. Vigor, Dedication and Absorption is above average and the aggregate mean value of engagement is (3.49) which are moderately engaged. Furthermore, the result of regression analysis indicated that all the drivers of engagement considered in the research have a significant effect on employee engagement level except reward and recognition. Finally, the study recommended that Dashen Bank need to craft an employee engagement strategy that takes into account the engagement factors of: a) perceived organizational support b) Perceived Supervisory Support c) distributive justice and procedural justice and c) job characteristics and revise its reward and recognition policies and procedures.*

*Key Words: Engagement, Determinants, Dashen Bank, Vigor, Dedication and Absorption*

# CHAPTER ONE: INTRODUCTION

### **1.1. Background of the study**

Employees are the true assets of an organization. They are the one who contribute effectively towards the successful functioning of an organization. They strive hard to deliver their level best and achieve the assigned targets within the stipulated time frame. Work is the center of every employee’s life. In this regard, maintaining a strong employer and employee relationship can be the key to the ultimate success of an organization. Therefore, if a strong relationship is in place employees will be more productive, more efficient, create less conflict and will be more loyal (Hafiz et.al. 2011).

Schein (1970) argued that in order for individual to generate commitment, loyalty and enthusiasm for their organization and its goals, and to obtain satisfaction for their work, there should be a match between what employers expect and what they owe the organization. Employee engagement is the heart of the employment relationship.

These days, the concept of employee engagement is becoming a popular subject and getting priorities in every business Human Resource agenda. Business leaders in many organizations are considering engagement as a remedy to address the low level of employee productivity, job dissatisfaction, lack of commitment, absenteeism and the like exhibited by their employees. For example, 2017 Deloitte Global Human Capital trend shows that among the 10 Human Capital trends, Engagement and Culture are listed as number 4 as taken from the global research of more than 10,400 business and HR leaders across 140 countries. Lack of employee engagement is the top issue currently facing 87 per cent of HR and business leaders, according to Deloitte’s third annual “Global Human Capital Trends 2015.

There is, however, ambiguities and confusions with the concept of engagement as it is linked with other similar constructs like job satisfaction and motivation, organizational citizenship behavior and commitment. Even some writers criticize that the concept is no more than an ‘old wine in new bottles’ and it is conceptualized by combining and relabeling already existing constructs Schaufeli(2013). It is, therefore, imperative to explore and reveal its conceptual distinctiveness from the other related constructs and make the best use of its unique advantages.

A review of literatures on employee engagement and researches done by most consulting firms indicate that this newly emerging concept has a broader and deeper meaning than the existing constructs like job satisfaction, commitment and motivation and organizational behavior. In exploring the definition of engagement, it can be observed that there are no identical definitions and explanations. For example, Robinson, Perryman and Hayday (2004) define Engagement as a positive attitude held by the employee towards the organization and its values. An engaged employee is aware of business context, and works with colleagues to improve performance within the job for the benefit of the organization. The organization must work to nurture, maintain and grow engagement, which requires a two-way relationship between employer and employee. Kahn (1990) defines 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”.

Schaufeli, Wilmar & Bakker, Arnold (2004) define engagement as a positive, fulfilling, work-related state of mind that is characterized by Vigor, Dedication, and Absorption, rather than a momentary and specific state, engagement refers to a more persistent and pervasive affective-cognitive state that is not focused on any particular object, event, individual, or behavior. Vigor is characterized by high levels of energy and mental resilience while working, the willingness to invest effort in one’s work, and persistence even in the face of difficulties. Dedication refers to being strongly involved in one's work and experiencing a sense of significance, enthusiasm, inspiration, pride, and challenge. Absorption, is characterized by being fully concentrated and happily engrossed in one’s work, whereby time passes quickly and one has difficulties with detaching oneself from work’.

MacLeod and Clarke (2009) in their extensive report identified four enablers of employee engagement: strategic narratives, engaging managers, employee voice and integrity. In this same report engagement is described as “A workplace approach designed to ensure that employees are committed to their organization’s goals and values, motivated to contribute to organizational success, and are able at the same time to enhance their own sense of well-being.”

The factors that drive employee engagement need to be analyzed and identified in a given organizational context. In view of this, researchers and professionals in the area of employee engagement provide various factors or drivers of employee engagement. In most of the research findings and literatures, the drivers identified are intrinsic or psychological in nature

and they vary depending on the size of the organization, the type of the industry and whether they are public or private.

Dashen Bank SC has a vision to be Best-in-Class Bank in Africa (Dashen Bank Annual Report 2019) such vision will be accomplished if and only if the bank creates an environment where all employees are fully engaged. For the purpose of the study, the researcher was motivated to assess factors responsible for employee engagement and what the Bank can do to get the best out of its employee.

### **1.2. Background of the company**

Dashen Bank SC was established as per the intent of the policy and the Ethiopian investment code. It came into existence on September 20, 1995 according to the commercial code of Ethiopia 1960, and the licensing and supervision of banking business proclamation No.84/1994.The first founding members were 11 businessmen and professional that agreed to combine14.9 million birr paid up capital and operation with 11 area banks. (Annual Booklet of Dashen Bank SC 2005)

Dashen bank SC at this time becomes biggest private Bank in Ethiopia. Its head quarter is located in Addis Ababa and operates through a network of more than 400 branches, 22 dedicated Forex Bureaus, 350 ATMs and 850 plus Point-of-Sale (POS) terminals spread across the length and of covering 70 countries and 170 cities across the world. Wherever business takes customers around the world, Dashen Bank is already there (Dashen Bank SC Annual Booklet, 2013).

Dashen SC is the first in Ethiopia to be awarded as “Bank of the year” for Ethiopia 11 times from the year 2001-2006 and 2008-2013 by the banker of London. It rated as “the clear leader and best bank of all private banks in Ethiopia for the year 2005” by the globally known euro money magazine and “Ethiopian best bank of the year 2005”by the global finance magazine. Regarding to local honor it is the only private bank awarded by the Addis Ababa chamber of commerce as an outstanding enterprise and the president won the “most honorable business leader” award (Dashen Bank SC Annual Booklet, 2013).

Dashen is the most reputable brand in the domestic banking market; a reputation earned through consistent delivery of values and preeminence unmatched by its competitors. Apart from the conventional banking, Dashen Bank also offers Sharia Compliant Interest Free Banking dubbed “SHARIK”. The Bank also works in partnership with leading brands in the electronic payments industry (AMEX, VISA, MasterCard & Union Pay) and prominent money transfer operators (Western Union, Money Gram, Express Money & Dahabshiil, Ezremit ,Transfast , WorldRemit and Ria). Dashen bank S.C also have a corporate plan like vision, mission and values that Distinguish from other competitive banks and also enhance for better utilization of deposit (Foreign &Local)mobilization and credit facilities that is the key for one country development. (<https://dashenbanksc.com/corporate-statements/accessed> on March 2020)

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

Companies, which operate in a highly competitive industry like banking industry, are now essentially require human capital as one of the vital resources that can create a sustainable competitive advantage and favorable ROI. Banks main competition is non-price competition, i.e. providing quality service to customers, in addition to better products, services, strategies, technologies, a better cost structure which can be copied. Therefore, a favorable ROI and sustainable competitive advantage can be created through its engaged workforce. In other words, organizations that have aspiration to improve their performance must be concerned about internal issues related to employee engagement. Based on this DB has undertaken to employ various tools such as Result Oriented Performance Management system (PMS); hired an international consulting firm to transform its Human Resource Development in an effort to leverage its human capital to gain competitive advantage. The issue of employee engagement is still unresolved and this is confirmed by the fact that almost all line managers are complaining about their assigned employees with respect to their engagement level on various occasions.

Besides, observation made by the researcher and informal interview held with some employees of the bank reveals that they are unhappy with their job; they put in time but not energy or passion in to their work. They seem to be emotionally detached from the bank and are constantly checking newspapers and other Medias to find out about vacant posts in other organizations. Those events necessitate adopting a certain kind of employee engagement

model that can address the issues of employee commitment, productivity, motivation, and involvement. In fact, DB has earmarked a considerable amount of budget for human resource development project to bring about high level of employee engagement. As a matter of fact, the National Bank of Ethiopia also has a directive in place urging all Financial Institutions both government and private banks and insurance Companies to set aside a minimum of 2% of their recurrent budget for Training and Development purposes to encourage companies to invest in human resource development and it requires them to report. This directive was issued because most companies under its supervision are oblivious of the fact that having productive and engaged employees, who create a sustainable competitive advantage, requires a considerable amount of investment.

As indicated in the International Journal of Business and Management (2014), the consequences of failing to pay attention to the engagement level of employees is costly to organizations and can manifest itself in the form of employee turnover, absenteeism, lost productivity, lower morale levels and alarming dips in performance levels.

Moreover, it is ineffective and costly to manage turnover as it does not only include expenses related to hiring and providing employees training but also include the cost of intangible expenses like leaving of the talented employees experience from the organization is hardly to be verified. According to SHRM (Society of Human Resource Management) the cost of replacing one $8 per hour employee can exceed $3,500, which gives companies a strong financial incentive to maintain their existing staff members through strong employee engagement practices. So it is vital to identify what factors affects employee engagement or disengagement.

In this respect so many factors are indicated in literatures, research journals and findings of consulting firms. For instance, Consultant studies reveal that an estimated 14 - 30% of the employees are engaged in running the business (Schwartz et al., 2007). To further emphasize how widespread this problem is and how critical it can be, consider the Gallup's new 142-country study (2013) only 13% of employees worldwide are engaged,63% are disengaged and 24% are actively disengaged at work, which results in hindering gains in economic productivity and life quality in much of the world. Further it is reflected in number of

employees roughly 180,900 and 340 million engaged, disengaged and actively disengaged respectively. This report also shows that highest proportions of actively disengaged workers are found in the Middle East and North Africa and sub-Saharan Africa regions at 35% and 33%, respectively.

Even if there are a numbers of studies on employee engagement have been done in the world, these studies were carried out in different countries and organization; the researcher couldn’t find study on engagement has been used the Utrecht Work Engagement Scale (UWES) developed by Schaufeli and Bakker (2004) was a validated engagement measurement which consists of vigor, dedication and absorption rather used social exchange theory.

The research paper is intended firstly to clarify the concept of employee engagement, and then explore and identify the driving factors that affect employee engagement in the context of Dashen Bank SC using Utrecht Work Engagement Scale (UWES).

### **1.4. Definition of Terms**

**Employee Engagement**- is the level of commitment and involvement of the employees towards their organization and its values (Kahn, 1990).

**Job characteristics**- Job characteristics are those tasks that provide challenging work, variety, use of different skills and opportunity to make important contributions (Kahn, 1992)

**Perceived organizational support**- is also seen as a promise that the organization will help the employees when they need any aid to run their jobs and tasks effectively. Rasheed, Khan, and Ramzan (as cited in Rhoades &Eisenberger, 2002)

**Perceived supervisor support**- is defined as the view of employees that how much the supervisor gives importance to employee’s performance, well-being, interest and benefits of employees. Rasheed, Khan, and Ramzan (as cited in Kottke&Sharafinski, 1988)

**Reward-** is the thing which is offered by the organization in any form in response of employee’s contribution, to make employees motivated for doing well with positive behavior in future (Khan, 2013).

**Recognition-** Any word or deed towards making someone feel appreciated and valued for who they are and recognized for what they do (Mokaye et.al, 2014).

**Distributive justice**- is “the fairness in the allocation of resources, benefits and rewards of the organization among the employees.” Rasheed, Khan, and Ramzan (as cited in Rhoades &Eisenberger, 2002)

**Procedural justice** relates to the methods and procedures through which these rewards and outcomes are divided. Rasheed, Khan, and Ramzan (as cited in Rhoades &Eisenberger, 2002)

**Vigor**- is characterized by high levels of energy and mental resilience while working, the willingness to invest effort in one’s work, and persistence even in the face of difficulties. Schaufeli, Wilmar & Bakker, Arnold (2004)

**Dedication**- refers to being strongly involved in one's work and experiencing a sense of significance, enthusiasm, inspiration, pride, and challenge. Schaufeli, Wilmar & Bakker, Arnold (2004)

**Absorption**- is characterized by being fully concentrated and happily engrossed in one’s work, whereby time passes quickly and one has difficulties with detaching oneself from work’. Schaufeli, Wilmar & Bakker, Arnold (2004)

### **1.5. Research Questions**

This study addressed the following basic research questions:

* Does reward and recognition have an effect on employee engagement?
* Does perceived supervisory support have an effect on employee engagement?
* Does perceived organizational support have an effect on employee engagement?
* Does distributive and procedural justice have an effect on employee engagement?
* Does a job characteristic have an effect on employee engagement?

### **1.6. Objectives of the Study**

The research objectives consist of general objectives and specific objectives

#### **1.6.1. General Objective:**

The general objective of this research is to investigate the driving factors that affect employee engagement at Dashen Bank Share Company head office in Addis Ababa.

#### **1.6.2. Specific Objectives:**

* To examine the effect of rewards and recognition on employee engagement in employees of the Bank.
* To examine the effect of perceived supervisory support on employee engagement in employees of the Bank.
* To examine the effect of perceived organizational support on employee engagement in employees of the Bank.
* To examine the effect of perceived organizational justice on employee engagement in employees of the Bank
* To examine the effect of job characteristics on employee engagement in employees of the Bank.

### **1.7. Research Hypothesis**

H1: Reward and recognition have significant effect on engagement level of employees.

H2: Perceived supervisor support have significant effect on engagement level of employees.

H3: Perceived organizational support have significant effect on engagement level of employees.

H4: Procedural and distributive justice have significant effect on engagement level of employees.

H5: Job characteristics have significant effect on engagement level of employees.

### **1.8. Significance of the Study**

The finding of this study has the following paramount importance.

The result of this study provides insight and information for administrators of the Bank and practitioners about employee engagement in Dashen Bank S.C Addis Ababa. Administrators from the bank may benefit from the survey feedback and could implement strategies for change that addresses participant responses.

In addition, it offers the banks service administrators a chance to understand & foster a positive state of staff engagement in the Bank by demonstrating how critical engagement is. It is also being helpful for current and future research on the area of employee engagement.

### **1.9. Scope of the study**

The current study is constrained by different factors like lack of finance, resources & shortage of time hence it was found imperative that the scope of the study be delimited geographically, conceptually, methodologically, and with time.

Geographically the scope of the study is delimited to Dashen bank S.C head office found in Addis Ababa.

Conceptually, various authors and researchers have proposed a wide range of factors as drivers of employee Engagement. This study however, focuses on five determinants of Employee Engagement (Job characteristics, Rewards and recognition, Perceived supervisory support, Distributive and procedural justice and Perceived Organizational Support) based on kahn (1990) and Saks (2006) model. They were chosen because Kahn’s (1990) model shows the earliest 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.

Therefore, this study employed a validated engagement measurement tool known as the Utrecht Work Engagement Scale designed by Schaufeli& Baker (2004) which has three aspects namely, vigor, dedication and absorption.

Methodologically, this research was conducted by using quantitative approaches i.e. data was obtained from a questionnaire filled by employees of the bank. In addition, the study focused mainly on professional employees of the bank to collect the required data from the data collection instrument this is because most of the management employees of the bank are also shareholders therefore the responses they provide to some of the questionnaire items might be biased and could seriously affect the finding of the study hence they aren’t included in instrument data collection. In addition, most of the non-clerical employees of the bank are outsourced, the nature of their job is different, they don’t operate in an office setting and they won’t be able to understand the content of the questionnaire accordingly the study focuses on professional employees of the bank only.

Time wise since the study was conducted for academic purpose it was subjected to the academic calendar of the university which runs from March 2020 to July 2020.

### **1.10. Limitation of the study**

There are some factors found as the limitations of the study. First, COVID-19(global pandemic) and lack of time became the main factor in collecting data and referring many relevant documents in- depth for analysis. During the data collection process,

some of the employees were on and off at their office because of the Global Pandemic/COVID-19/ to fill the questionnaire. Some respondents were not punctual in returning the questionnaire; these are the limitation of the study. The limitations were overcome by introducing the importance of the research to respondents and by giving some extra time to fill the questionnaires.

### **1.11. Organization of the study**

The paper is organized in five chapters. The first chapter is an introductory part, which contains the background, statement of the problem, objectives, the research questions, scope, and limitation of the study. Chapter two highlights review of related literatures and studies on employee engagement. Chapter three elaborates research methodology. Chapter four discusses data analysis and presentation and finally, chapter five presents summary, conclusion that was drawn from the analysis and recommendations based on the conclusions.

# CHAPTER TWO: REVIEW OF RELATED LITERATURE

The review has been presented in different sections such as meaning and concept of employee engagement, importance and factors influencing employee engagement and impact of employee engagement on organizational performance.

### **2.1. Theoretical Literature Review**

Theory is a set of systematically interrelated concepts, definitions and propositions that are advanced to explain and predict phenomena.

#### **2.1.1. Definition and Concept of Employee Engagement**

The term employee engagement was firstly used by the human resource practitioners and business firm, but in academic community the concept was rarely discussed. Kahn (1990) was the first academic researcher to define the concept of employee engagement. According to Kahn (1990) employee engagement is the level of commitment and involvement of the employees towards their organization and its values. While Perrin (2003) defined engagement as “willingness or enthusiasm that the employee holds to spend optional effort towards the job”. In a study about antecedent and consequences of employee engagement, Saks (2006) defines employee engagement as the extent to which an individual is attentive and absorbed in the performance of his/her roles. It is the positive feeling that employees have towards their jobs and also the motivation and effort they put into it.

Bakkar and Scheufeli, (2008) have defined the term employee engagement that “it is a psychological state where employees feel a vested interest in the organization’s success and perform to a high standard that may exceed the stated requirements of the job.” An engaged employee is aware of business context and works with colleagues to improve performance within the job for the benefits of the organization (Sharma & Anupama, 2010). It is a positive attitude held by the employees towards the organization and its values. The organization must work to develop and nurture engagement, which requires a two-way relationship between employer and employee (Robinson, Perryman, &Hayday, 2004). Apart from this, Baig (2010) argued that employee engagement is concerned with the individual contribution under healthy working conditions, promote individual development, encourage mutual confidence and

understanding between the employer and the employee and between the employees themselves. According to Mortimer (as cited in CIPD, 2009), employee engagement is a combination of commitment to the organization, its values and a willingness to help their colleagues. Zinger (2010) defines that “employee engagement is the art and science of engaging people in authentic and recognized connections to strategy, roles, performance, organization, community, relationship, customers, development, energy and transform the work connections into final results.” Rashid, Asad, and Ashraf (2011) have highlighted that engagement is the capacity of the employees to work honestly, obligation and aspiration enduring in a business. While Wilson (2009) explains that an engaged employee is that who is fully energetic, emotionally connected with the organization in achieving the goals. Thus employee engagement is a barometer that determines the association of a person with the organization (Vazirani, 2007).

Bhatla (2011) has explained that the engagement is all about having a psychological commitment toward the assigned task, which is clearly reflected in his/her dedication towards the work. Mani (2011) has noted that an engaged employee is fully aware with the business environment and works with the help of other employees to improve the performance within the job for the benefits of the organization. Engaged employees put their all efforts and enthusiasm towards their work and also care about the future of the organization (Mani, 2011; Sundaray, 2011). By making the employees involved in organization’s business, the HR manager will have to motivate them to contribute in the business and productivity success and at the same time, it increases their sense of well-being (Swarnalatha & Sureshkrishna, 2013).

Employee engagement and job satisfaction play an important role in increasing the morale of the employees. The managers have to play active role in building satisfaction among the employees and make them engaged in their work. While Cattermole and Johnson, (2014) opines that employee engagement is a workplace approach designed to ensure that employees are committed to business, its values and goals. Chandhok and Bhavet, (2014) perceived engagement as a passion and commitment of the willingness to devote oneself and expand one’s discretionary effort to contribute towards achieving the goals and objectives of the

organization as a whole. Thus employee engagement is the extent to which employees think,

feel and act in ways that represent high levels of commitment to their organization.

Kahn (1990) says that in engagement, people employ and express themselves physically,

cognitively and emotionally during their role performances. The ideas of each and every employee differs from each other and every employee should be given freedom to express their views and thought. This kind of activity increases the morale of the employees, hence the employees are motivated and engaged towards their work and increases the productivity of the organization. He further describes that lack of connection with the organization, emotional absence, and passive and incomplete role causes disengagement among the workers.

In the views of Robinson, Perryman, and Hayday (2004) employee engagement is closely related with feeling and perception of the employees and the key driver of the employee engagement are effective leadership by the top management, two-way communication among the workers of the organization, well designed human resource policies and organizational development of employees.

There is an intrinsic link between employee engagement, customer loyalty and profitability. Kahn (1992) has highlighted that fully engaged employee’s lead to the success of the organization. There are many dimensions which makes the employees engaged towards their job. These are continuity in the organization, connected with other staff members, integrated and focused in their job. Saradha and Patrick, (2011) have discussed that employee engagement activities significantly improve the overall performance of an organization. It is a technique for the successful functioning of the organization and improvement in performance of the employees.

#### **2.1.2. Types of Employee Engagement**

According to the Gallup, the Consulting Organization, there are mainly three types of engagement that occur in the organization. All are different in terms of involvement and their role in the organization. Types of employee engagement are shown in figure 3.1:

**Types of Employee**

**Engagement**

Engaged

Employees

Not Engaged

Actively Disengaged

Figure 2.1 Types of Employee Engagement

Source: Own observation based on literature survey

##### **2.1.2.1. Engaged Employees**

An engaged employee is considered as the base of the organizational development. Such kind of employees carries the organization in positive direction. They not only perform their work but also play an important role in achieving the organizational goals and objectives. Engaged employees want to use their talent and strength at work every day. They perform with passion, drive innovation and move their organization forward through their performance (Vazirani, 2007).

##### **2.1.2.2. Not Engaged**

These kinds of employees care only about their work not any other things like goals, objectives and development of the organization. They do not have energy and enthusiasm in their work (Reilly, 2014). These categories of employees do not have cooperative relationship with their colleagues as well as the employers also. Their contribution is little in the success and development of the organization.

##### **2.1.2.3. Actively Disengaged**

Actively disengaged employees do not perform their work in a proper manner and do not complete their work timely. Their contribution is almost negligible in the success and development of the organization. They are unhappy at work and look after the work of the other member of the organization. Such kind of employee carries the organization in the negative direction and organization suffers in achieving its goals and objectives (Vazirani, 2007).

#### **2.1.3. Characteristics of Engaged Employees**

According to Robinson, Perryman, and Hayday (as cited in IES, 2003) an engaged employee has the following characteristics:

* Engaged employees have emotional attachment with their job as well as the organization.
* They have trust in the employers of the organization.
* Engaged employees are more committed towards their work as well as organization also.
* Create healthy working environment and respect other employees of the organization.
* Cooperate with their colleagues to perform effectively.
* Engaged employees perform beyond the expectation of the employers.
* Perform their work in view of goals and objectives of the organization.
* Engaged employees make necessary change as per requirement and keep update with the knowledge in their field.

#### **2.1.4. Importance of Employee Engagement**

Employee engagement is decisive to any organization that seeks to retain their valued employees. It is very important for effective utilization of human resource and smooth running of the organization. Without employee engagement, an organization cannot survive for a long period of time. As opined by Kang (2014) engaged employees strengthen the organizations’ competitive advantage and generate favorable business environment. Neeti and Leekha, (2011) have reported that engagement is one of the important and powerful strategy to attract, nurture, retain, respect and manage the manpower of the organization. They have also pointed out that married employees tend to have a higher level of engagement than those who are unmarried. Some of the advantages of employee engagement are given below:

* Employee engagement is an innovative thought that enhances positive attitudes among the employees towards their job (Robertson, 2012).
* Engaged employees work with passion and enthusiasm to get the job done (Ference, 2009).
* Engaged employees put their all efforts and enthusiasm towards their work and also care about the future of the organization (Mani, 2011).
* Engaged employees understand the value of ensuring a positive customer experience and are more likely to demonstrate their commitment by delivering high quality products and services (Haid& Sims, 2008).
* Engaged employees act in a way that reflect the greater level of commitment to the

organization and contribute his/her skills and abilities for the betterment of the organization. It increases the level of trust and reduces the problem of turnover of the employees (Hamid &Farooqi, 2014).

* Engaged employees are not only happy with their job, but also translate that satisfaction into higher productivity and profitability of the organization (Larkin, 2009).
* Engaged employees are less likely to feel exhausted and make the organization a success in this competitive era.
* Employees with higher work engagement have higher level of confidence and a high quality relationship with their employers (Saks, 2006).
* Engaged employee is optimistic, highly focused towards the work, energetic and willing to work for the sustainable development of the organization (Jose &Mampilly, 2012).
* An engaged employee is more productive, has greater level of customer satisfaction and loyalty towards the organization that leads to the success of the business (Cook, 2008).
* Engaged employees will normally perform better and are more motivated than other employees working in the organization.
* It creates a sense of loyalty in a competitive environment and provides a highly energetic working environment.
* It boosts business growth and makes the employees effective brand ambassadors for the organization.

#### **2.1.5. Factors Influencing Employee Engagement**

In the present business scenario, employee engagement has become one of the most leading priorities for human resource practitioners and senior managers in any organization. Garber (2007) succinctly says that engagement is just like a muscle that continuously requires exercise to grow and develop. Engaging the employees will keep them motivated and skilled in their works. If the organization does not use those skills regularly, they will be diminished. Therefore, to develop engagement among the employees, human resource managers should create positive relationship among the employees and clear, honest and reliable communication within the organization. Chanania (2012) emphasized that employee engagement is the top priority for every organization’s human resource manager’s agenda. HR managers are constantly developing innovative and effective ways to engage the employees in a better way. The factors which influence employee engagement are shown in figure 2.2:

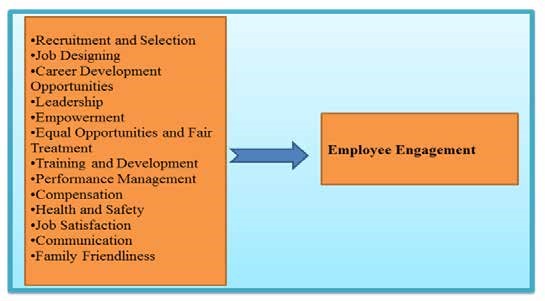


Figure 2.2.Factors Influencing Employee Engagement

Source: Own observation based on literature survey June, 2020

##### **2.1.5.1. Recruitment and Selection**

Recruitment is one of the important functions of human resource department. Itis concerned with attracting and encouraging the peoples to apply for a job in the organization, whereas the selection is related with choosing the suitable employee for a particular job (Khan, 2013). It is the process of omitting unsuitable applicants and to choose the most suitable applicants. Selection of suitable employees from a group of people is a very challenging task for human resource managers. It is the process of putting the right candidate at the right place at the right time. Recruitment is directly related with employee engagement. As opined by Swathi (2013) the recruitment and selection process involves identifying potential employees, making offers of employment to them and trying to persuade them to accept those offers. Recruitment and selection play an effective role in improving the organizational performance. By recruiting employees for desirable jobs, organizations enhance their engagement and commitment. To enhance engagement, organizations identify those candidates who are best suited to the job and organizational culture (Swarnalatha&Prasanna, 2012).

Recruitment directly affects the organizational performance. Therefore, a poor recruitment decision may affect the organizational goals and objectives. The organization which fails to select suitable candidates suffers a lot in achieving its goals.

##### **2.1.5.2. Job Designing**

Job design is concerned with the type of job for which a particular employee is recruited. If

the job design is according to the choice of the employee; definitely it will engage the

employee (Sundaray, 2011). Swathi (2013) perceived that “Job characteristics encompassing challenge, variety and autonomy are more likely to provide psychological meaningfulness and conditions for employee engagement. Job becomes meaningful and attractive to employee as it provides him/her variety and challenge, thereby affecting his/her level of engagement.”

##### **2.1.5.3. Career Development Opportunities**

Career development opportunity plays an effective role in engagement of the employees and retaining them in the organization. The organization should check that the job given to the employees matches with their career goals. If it is so, then the employee will be satisfied and

engaged (Mutunga, 2009). Organizations with high levels of engagement provide employees with opportunities to develop their abilities, learn new skills, acquire new knowledge and realize their potential. Career development influences engagement of employees, retaining the most talented employees and providing opportunities for personal development (Vazirani, 2007).

##### **2.1.5.4. Leadership**

Mutunga (2009) argued that effective leadership is very important for smooth functioning of the organization. Organizational environment is directly influenced by the quality of leadership in human resource managers. A leader should have the quality to increase the level of engagement among the employees and without effective leadership; an organization cannot survive for a longer period of time. Leaders need to actively demonstrate the organization’s values and goals. They need to align themselves with the corporate values and create an open and fair work environment for employees within the organization (Mortimer, 2010).

##### **2.1.5.5. Empowerment**

Empowerment is also a leading factor for engagement of the employees. If the employees are invited in decision making process, then they will be motivated towards their work and will try to increase their engagement (Basbous, 2011). Sundaray (2011) is also of the same opinion and reported that the leaders of highly engaged workplaces create a trustful and challenging environment, in which employees are encouraged to give input and innovative ideas to move the organization forward.

##### **2.1.5.6. Equal Opportunities and Fair Treatment**

Fair evaluation of employees’ performance is important for determining the level of employee engagement. It should be transparent and unbiased. The organizations which follow an appropriate performance appraisal technique will have high levels of employee engagement than any other organization (Mutunga, 2009). If the organization is having the policy of equal treatment for each employee, such kind of policies attracts the employees and motivate them towards their works. Employee engagement levels would be high if the organization provides equal opportunities for growth and advancement to all the employees working in the organization and employees feel that they are not discriminated in any aspects within the organization (Bhatla, 2011).

##### **2.1.5.7. Training and Development**

It is another important area which contributes to employee engagement (Sundaray, 2011). Learning new skills may trigger renewed interest in such aspects of the job which had not been meaningful earlier. Through training, new recruited and current employees acquires the knowledge and skills to perform their jobs in most effective way. The employees who enhance their skills through training are more likely to engage fully in their work, because they derive satisfaction from mastering new tasks (Swarnalatha & Prasanna, 2012). According to Khan (2013) training and development activities are now equally important like other HR functions. It is concerned with imparting knowledge and skills for a particular job. Lack of skills has been cited as one of the reasons for employee turnover, thereby indicating the necessity for training, re-training and multi-skill training.

##### **2.1.5.8. Performance Management**

According to Heathfield (n. d.) performance management is the process of creating a work environment in which employees are capable to perform their best knowledge, skills and abilities. Performance management is entire work system of an employee that starts with appointment of the employees and ends with employees leaving the organization.

Performance management process provides conditions for employee engagement. It encourages managers to have a focus on roles and responsibilities of employees and to include them in the decision making process. It promotes acceptance of challenging objectives and also recognizes and encourages contributions that exceed expectations of the

employers. It creates a feeling of being valuable to the organization which in turn helps in engaging the employees (Sundaray, 2011).

##### **2.1.5.9. Compensation**

According to Khan (2013) sound compensation policies motivate the employees towards their job. Compensation is considered to have a major influence on employee engagement. Compensation consists of financial elements, but may also include nonfinancial elements such as employee assistance programs, subsidized cafeterias and travel discounts. The organization should have a proper compensation management system so that the employees can be motivated towards the work in the organization. Mutunga (2009) has highlighted that effective compensation policy reduces the problems of attrition and reduce the cost of recruitment. By raising the pay and benefits, the organizations make their employees motivated towards the job. She also argued that to increase the level of engagement of the employees, the organizations should provide certain compensation and benefits.

##### **2.1.5.10. Health and Safety**

According to Mutunga (2009) organizations should care the health and safety of their employees in order to motivate and engage them in their work. It is the responsibility of HR managers to look after the health and safety of each and every employee of the organization. The engagement levels of the employees will be low if the organizations do not pay proper attention on the health and safety of the employees. The employees should feel that they are secure while working in the organization. Therefore, every organization should develop and implement appropriate methods and systems for the health and safety of their employees (Swathi, 2013).

##### **2.1.5.11. Job Satisfaction**

According to Kang (as cited in Locke, 1976) job satisfaction is “a positive or pleasurable emotional state resulting from one’s own appraisal of the job or of one’s own work experience.” Job satisfaction represents the employees’ perceptions about job and different aspects of their jobs. High levels of job satisfaction increase the job performance and job commitment of the employees. Job satisfaction is most influencing factor of employee engagement. If an employee is not satisfied with his job, he will never be engaged. Only a satisfied employee can become an engaged employee. Therefore, it is very essential for an

organization to look that the job for which the employee has been recruited matches with his career goals. If the job is according to the interest of the employees then he/she would ultimately feel satisfied with his/her job and will be engaged towards their work in achieving the organizational goals and objectives (Swathi, 2013).

##### **2.1.5.12. Communication**

Communication is very important for the retention and engagement of the employees. Without proper communication, employee retention is far away. Open, responsive, two-way communication and employee participation in decision making play a vital role in engagement and retention of talented employees (Lochhead & Stephens, 2004).Communication covers a range of both tangible and intangible ways to share information (Mortimer, 2010). It is very essential for smooth running of the organization and also an influencing factor to motivate the employees. While Ranjan (2014) candidly reported that a relationship between an employee and employer can only grow and remain strong if there is continuous flow of communication from both sides. Internal communications play an effective role in the engagement of employees.

##### **2.1.5.13. Family Friendliness**

Family life also influences the working life of employees. Organizations should care about the family benefits of the employees and should offer the chances to the employees to spend time with their family that will lead to commitment towards their work (Mutunga, 2009). When an employee realizes that the organization is considering his/her family benefits, he/she will have an emotional attachment with the organization which leads to engagement. Family targeted offerings help management get along well with employees. HR managers’ effort to involve employees’ families creates a feeling of belonging and goodwill for the organization. Such kind of strategies helps in increasing motivation, commitment and satisfaction that finally leads to the employee engagement (Chanania, 2012).

### **2.2. Theories and Models of Employee Engagement**

#### **2.2.1. Social Exchange Theory**

Saks (2006) has proposed social exchange theory about employee engagement. This theory provides a hypothetical basis to discuss why employees become more or less engaged towards their works. The proposal of social exchange theory is that obligations are made

through a series of interactions between parties who are in a state of reciprocal interdependence. It is give and take relationship and perceived fairness between the two parties which dictates how successful the relationship is. As discussed by AbuKhalifeh and Som, (2013) the basic rule of social exchange theory is that the relationship grows over time into trusting, loyal and mutual understanding as long as the parties stand by certain rules of exchange. Therefore, one effective technique for an employee to pay their organization is through their level of engagement towards their work.

Saks (2006) argued that the level of engagement of the employees is largely dependent upon the facilities and resources which they receive from their organization. By making full involvement towards their works and dedicating higher amount of cognitive and emotional and physical resources is an important way for every employee to respond to the organizational action (AbuKhalifeh & Som, 2013). When the employees receives resources from their employer, they feel they "owe" the organization by becoming more engaged and bring themselves more into their works effectively to repay their organization. When an organization fails to provide these kinds of resources, employees are more likely to withdraw and disengage themselves from their work. Therefore, all of the resources; cognitive, emotional and physical which an employee brings to their works are provisional on the resources which they receive from their organization (Kahn, 1990). Thus employee engagement consists of psychological and emotional connection between employees and organization that leads to positive or negative performance at work (AbuKhalifeh & Som, 2013).

Saks (2006) study also suggested that there is a meaningful distinction between job engagement and organization’s engagement and he was the first of the academic theorists to separate both types of engagement into related, but distinct constructs.

#### **2.2.2. Kahn Model of Employee Engagement**

Kahn (1990) was the first academic researcher who used the term employee engagement and define the term employee engagement as “the simultaneous employment and expression of a person’s “preferred self” in task behaviors that promote connection to work and to others, personal presence and active full role performance.”

Kahn (1990) has developed the first grounded model of personal engagement and personal disengagement. Kahn's work conceptualized employee engagement and is therefore considered a seminal work on the topic and contributed significantly to developing the concept further. According to Kahn model of engagement, employees can be engaged on three different levels that are physical, emotional and cognitive. These three levels are affected by three different psychological conditions such as meaningfulness, safety and availability. These conditions influence the performance of employees at their works Sakovska (as cited in Kahn, 1990).

Kahn (1990) has also found that workers were more engaged at work in situations that offer them more psychological meaningfulness and psychological safety and when they were more psychologically available. He also looked at why the three psychological conditions of meaningfulness, safety and availability are important to fully understand why a person becomes engaged in their work. He defined meaningfulness as the positive "sense of return on investments of self in role performance", safety as the ability to show one's self "without fear or negative consequences to self-image, status or career" and availability as the "sense of possessing the physical, emotional and psychological resources necessary" for the completion of the work. All these psychological conditions show positive connection with the engagement of the employees (May, Gilson, & Harter, 2004).

An empirical test of Kahn model (May, Gilson, & Harter, 2004) found that meaningfulness, safety and availability have significant influence on employee engagement.

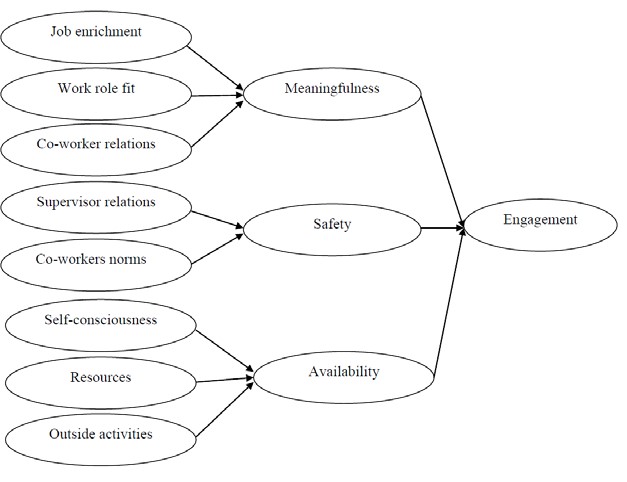


Figure 2.3.Path Analytic Framework of Engagement

Source: Adapted from May, Gilson, and Harter (2004).

Kahn (1990) has reported that job enrichment, work role fit and co-workers’ relation were positive indicators for meaningfulness. Rewarding co-workers and supportive supervisor relation enhance safety and self-consciousness, resource availability and outside activities were positive signs for psychological availability.

#### **2.2.3. Saks Model of the Antecedent and Consequences of Employee Engagement**

Saks (2006) conducted a study to test a model of the antecedents and consequences of job engagement and organization engagements. This model was based on social exchange theory. Saks found that the variables which lead to job engagement and organization engagement are different. He also reported that consequences of job engagement and organization engagement are also different. The findings of tests done by Saks showed that:

* There is meaningful difference between the constructs of job engagement and organization engagement.
* There are number of variables which predict job engagement and organization engagement such as job characteristics, perceived organizational and supervisor support, rewards and recognition, procedural and distributive justice.
* Support provided by an organization is a positive predictor of both job and organization engagement.
* Job characteristics significantly predict job engagement.
* Procedural justice is an important predictor of organization engagement.
* Job engagement and organization engagement are related to individual consequences.
* Job engagement and organization engagement are significant predictors of job satisfaction, organizational commitment, intentions to quit and organizational citizenship behavior.
* Job engagement and organization engagement mediate the relationship between antecedent variables and consequences of employee engagement.

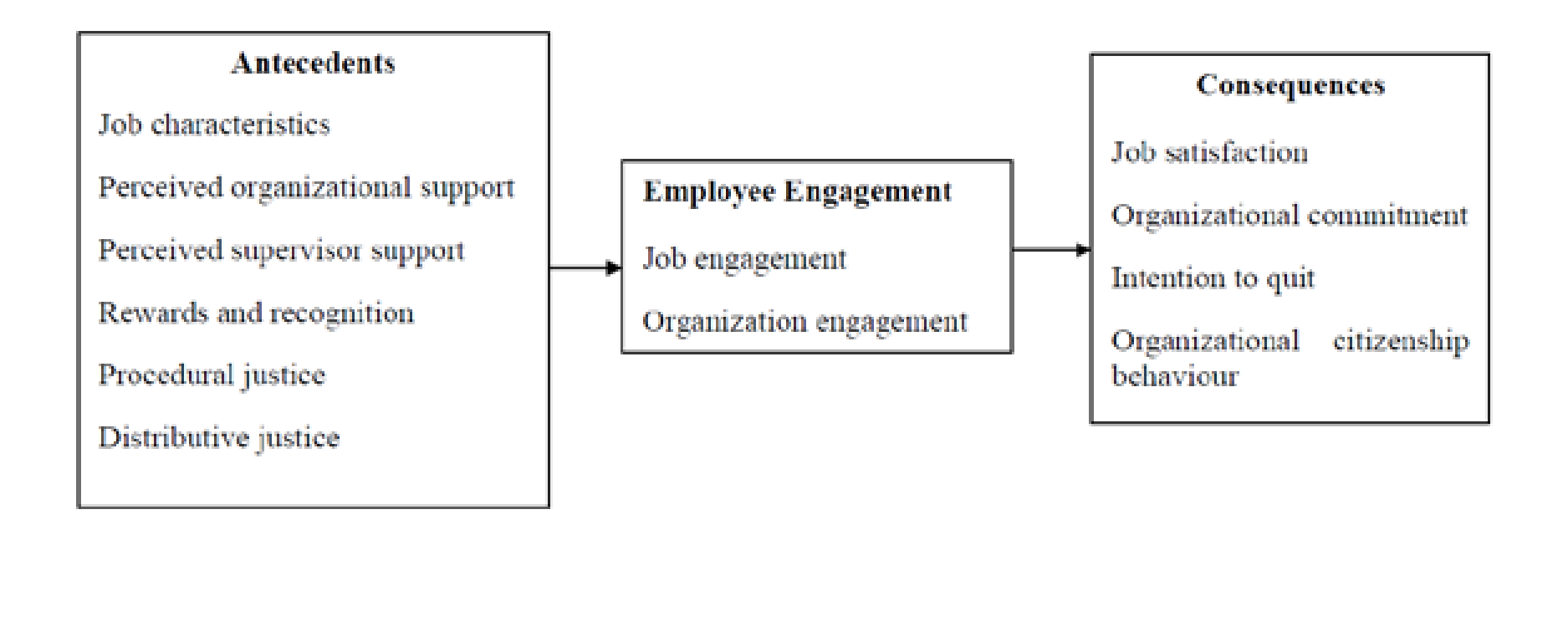


Figure 2.4.Saks Model of the Antecedents and Consequences of Employee Engagement

Source: Adapted from Saks (2006).

Saks (2006) has also asserted that employee engagement is an emerging field of research and should be studied more. There are other variables which are important for both job and organization engagement such as human resource practices like flexible work arrangements, training and development programs.

### **2.3. Empirical Literature Review**

From the review of literature, most studies on employee engagement have looked at different drivers of employee engagement, barriers of employee engagement, employee engagement approaches and relationship between engagement & individual as well as organizational

outcome. In this part of the literature review the researcher has tried to sample some recent studies on employee engagement.

#### **2.3.1. Drivers of Employee Engagement**

Researchers have identified different drivers of employee engagement:

* According to Mani (2011) there are four drivers of engagement such as employee welfare, empowerment, employee growth and interpersonal relationships.
* Robinson, Perryman, and Hayday (2004) have identified different drivers like leadership, relationships at work, total reward, recognition, work life balance and work itself that leads to the engagement of the employees.
* According to Bhatla (2011) organizational culture and effective communication in the organization are important drivers of employee engagement.
* Crim and Seijit, (2006) have identified the 10 C’s of employee engagement. These are: connect, career, clarity, convey, congratulate, contribute, control, collaborate, credibility and confidence.
* A study conducted by Bedarkar and Pandita, (2014) has observed that leadership, communication and work life balance are important drivers of employee engagement.
* According to Clapon (n.d.) engagement is driven by several factors like management/leadership, meaningful work and professional growth.
* Soni (2013) says that culture of respect where good work is appreciated, feedback, counseling and mentoring, fair reward, recognition and incentive scheme are important driver of employee engagement.
* Heaney (2010) has explained that there are various drivers that make the employees engaged. These are:

\* Participation of employees in decision making process.

\* Career advancement opportunities for the employees.

\* Organization brand image as a good employer.

\* Reward and recognition on excellent performance of the employees.

\* A clear vision from senior management about future success.

* Weaver (2013) has reported that role conflict, effective training, personal autonomy and manager abilities are effective drivers of employee engagement.

#### **2.3.2. Barriers of Employee Engagement**

Researchers have observed that there are certain barriers which inhibit employee engagement. Hauck (2011) reported that improper performance appraisal and lack of skills in the managers are barriers of employee engagement. Sales Benchmark Index (2014) has candidly discussed

that income inequality; job insecurity and work life imbalance are major barriers of employee engagement. The typical pay for performance policy is also a barrier of employee engagement (Hauck, 2011).

#### **2.3.3. Employee Engagement Approaches**

Employee engagement approaches are categories into two sections. First section deals with the approaches for new employees while the second section discusses the approaches for all employees. The feature of each are differ from one another (Bhatla, 2011).

##### **2.3.3.1. Employee Engagement Approaches for New Employees**

It is the responsibility of HR managers to introduce best practices in recruitment and selection stage with:

* Recruitment of right person and giving them a realistic job according to the area of interest of that employee (Swarnalatha & Prasanna, 2012).
* A strong induction and orientation program should be organized for the new employees so that they can do their work easily. It helps the new employees to interact with the employees already working in the organization and learn acceptable behavior within the organization (Khan, 2013).
* Rigorous training and development programs from technical to soft skills to leadership should be provided to the employees (Sundaray, 2011).

##### **2.3.3.2. Employee Engagement Approaches for all Employees**

As discussed by Bhatla (2011) beyond initial recruitment and induction, employee engagement activities can be broken into a number of groups. These include:

* Communications activities within the organization.
* Proper reward schemes on excellent performance.
* Activities to build the culture of the organization.
* Leadership development activities.

#### **2.3.4. Antecedent of Employee Engagement**

Employee engagement level depends on certain drivers or determinants. Although there is little empirical research on the factors that predict employee engagement, it is possible to identify a number of potential drivers from Saks (2006) model. Saks (2006) has made an attempt to study various antecedent and consequences of employee engagement. The literature is unclear as to which variables are the strongest determinants. Thus, variables for this study were chosen by reviewing the limited data that are available regarding employee engagement. The researcher chooses Saks (2006) studies because of the only studies included both job and organizational engagement. According to Saks (2006) there are various antecedents of employee engagement which are as follows:

##### **2.3.4.1. Job Characteristics**

Saks (2006) openly showed that job characteristics provide the opportunity for individuals to work effectively and to become more engaged. There are five core job characteristics (skill variety, task identity, task significance, autonomy, and feedback) which impact three critical psychological states (experienced meaningfulness, experienced responsibility for outcomes, and knowledge of the actual results), in turn influencing work outcomes (job satisfaction, absenteeism, work motivation, etc.) (Hackman & Oldham, 1980).It provides individuals with the room and incentive to bring more of themselves into their work or to be more engaged.

##### **2.3.4.2. Perceived Organizational Support**

Saks (2006) found that employees who receive higher level of organizational support are more engaged towards their job. Perceived organizational support is now getting an important attention in industrial/organizational literature. According to Rasheed, Khan, and Ramzan (as cited in Rhoades & Eisenberger, 2002) perceived organizational support is also seen as a promise that the organization will help the employees when they need any aid to run their jobs and tasks effectively. Organization should also support the employees from every aspect such as safety and security. Health and moral value of the employees should also be maintained by the organization.

##### **2.3.4.3. Perceived Supervisor Support**

According to Saks (2006) leadership style is considered as an important antecedent of employee engagement. The relationship between supervisor and worker plays effective role

in employee engagement. If supervisor is supportive, open communicative and has good relationship with employees, then turnover intention is likely less and more engaged with organization (Saks, 2006). According to Clifford (as cited in Rhoades & Eisenberger, 2002) the level of supervisor support that an employee receives is also indicative of organizational support that could help to determine the level of engagement of the employees.

According to Rasheed, Khan, and Ramzan (as cited in Kottke & Sharafinski, 1988) perceived supervisor support is defined as the view of employees that how much the supervisor gives importance to employee’s performance, well-being, interest and benefits of employees. Supervisor’s performing just like an agent for the organization, with the duty of guiding the employees and evaluating their performance. The employees also examine whether supervisor is providing them with effective leadership and guidance.

##### **2.3.4.4. Reward and recognition**

Saks (2006) argued that employees will be more likely to be engaged towards the job to the extent that they receive the amount of rewards and recognition on their job performances. The organization should have good reward and recognition system and provide certain compensation and benefits to improve the level of engagement among employees (Vazirani, 2007).

The literal meaning of the word “reward” is that it is something that is offered by the organization to the workers in response of their performance and contributions which are expected by the workers. A reward may be intrinsic or extrinsic and it can be in form of cash or bonuses. Reward can be in form of recognition/certificate such as commendation certificate or worker of the month. In business environment, rewards are offered in several forms such as recognition, cash bonuses, awards, free trips and free merchandise. However, reward is the thing which is offered by the organization in any form in response of employee’s contribution, to make employees motivated for doing well with positive behavior in future (Khan, 2013).

##### **2.3.4.5. Distributive Justice and Procedural Justice**

Saks (2006) has discussed that distributive and procedural justices are “the degree to which an organization was predictable and consistent in the distribution of rewards and the procedures used to allocate them.” He found that positive procedural justice is a good sign for the

engagement of employees and employees who perceived higher levels of procedural justice

are more engaged towards their works. Saks (as cited in Rhoades, Eisenberger & Armeli, 2001) has reported that if employees did not feel that justice and rewards are being fairly distributed in the organization, they become disengaged from work.

According to Rasheed, Khan, and Ramzan (as cited in Landy & Conte, 2007) distributive justice is “the fairness in the allocation of resources, benefits and rewards of the organization among the employees.” Distributive justice is related to outcomes when employees are treated with unfairness regarding any particular outcome; it affects the employees’ emotions and intentions such as guilt, happiness, pride or anger. When employees are treated fair, the employees feel satisfied in all respect and their loyalty is increased and they are engaged toward the work of the organization. They further discussed that the procedural justice relates to the methods and procedures through which these rewards and outcomes are divided. Procedural justice level is high when members feel that they have a right to give opinion in the procedures or the processes. These include the characteristics just like flexibility, correctness, ethicality, consistency and lack of biasness (as cited in Leventhal, 1980). The organization must give significant value to determine whether procedural justice is encounter to employees or not.

#### **2.3.5. Consequences of Employee Engagement**

Employee engagement has positive consequences on the organization (Saks, 2006). Some of the consequences are as follows:

##### **2.3.5.1. 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. According to Clifford (as cited in Wright & 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.” employee engagement is directly related with the job satisfaction. If an employee is engaged towards the work, definitely he/she will be fully satisfied with the job. Basbous (2011) said an engaged employee is a satisfied employee. Therefore, it is very important for the organization to make their employees engaged by providing various financial and non-financial incentives and assign the task according to their area of interest. This will make the employee more appreciative of his job and satisfied with his career.

##### **2.3.5.2. 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 & Swetha, 2011).

##### **2.3.5.3. Intention to Quit**

According to Clifford (as cited in Kacmar, Carlson, & 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 & Kumar, 2011).

##### **2.3.5.4. 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.

#### **2.3.6. Employee Engagement in Ethiopia**

Birhanu (2019) conducted a study on the factors that affect employee engagement in the case of Development Bank of Ethiopia. To achieve this objective, the study adopts a quantitative research approach, through the use of questionnaire provided predominantly descriptive data. A total of 244 questionnaires are distributed and 234 of them are returned. The researcher used a simple random sampling technique and selected respondents. Both primary and secondary source of data were also used. Statistical package for social science, version 24 was used in running the outcomes of the study. The result of the analysis revealed that, all variable used in the regression such as JC, RR, POS, PSS, WE, and ILC were found positively affect employee engagement in the case bank and needs to take these factors as a bench mark and make

a critical improvement of employee engagement. JC is the most dominant factor that determines employee engagement in case bank. Since JC is the most strongly affect employee engagement, the case bank need to modify their job characters aligned with their organization objective. Moreover, PSS is the second top most significant factor for employee engagement. Thus, managers need to have training and development on how to communicate effectively with their employee to enhance engagement, finally, continuous measurement of employee engagement level, assessing engagement practices throughout the organization and taking timely action on issues identified as crucial and important is recommended.

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

#### **2.3.7. Research Gap**

Derara (2014) did not include some of the factor that might have significant effect in determining employee engagement at Commercial Bank of Ethiopia. This factor may include perceived supervisor support. The study also adapted Saks (2006) measurement instruments on employee engagement. It was developed for the specific purpose of measuring the engagement of individuals working in the human services field. Considering this research gap, these researcher attempts to study analyze employee engagement and driving factors in Dashen Bank Share Company Head Office.

### **2.4 Conceptual Framework of the study**

Based on the overall review of related literatures and the theoretical framework, the following conceptual model in which this specific study is governed was developed. The researcher develop the frame work based on modified Saks (2006) However Saks (2006)

study both the consequence and the antecedent of employee engagement the researcher uses only the antecedent of employee engagement. It consists of five independent variables (distributive justice and procedural justice, rewards & recognition, perceived supervisor support, perceived organizational support & job characteristics) & the dependent variable employee Engagement.

The conceptual frame work of the study is depicted in the following Diagram:

Independent Variables Dependent Variable

Distributive Justice and Procedural Justice

Reward and recognition

Perceived Supervisor Support

Perceived Organizational Support

Job Characteristics

Figure 2.5 Conceptual framework of the study

Source: Adapted from Saks (2004).

# CHAPTER THREE: RESEARCH METHODOLOGY

### **3.1 Research Design**

The Research was aimed at identifying the drivers of employee engagement and testing whether there was a significant relationship with employees’ engagement level. In order to achieve this objective both explanatory and descriptive research designs were employed. It is the conceptual structure within which research is conducted. The Descriptive research is meant to analyze the current phenomena of employee with respect to employee engagement drivers and their status of engagement level. In explanatory research the study focuses on explaining and analyzing the relationship between the independent variables of employee engagement factors and the engagement level of employees. The factors that affect employee engagement are the independent variables which are the antecedent to the engagement level of employees and the business outcomes. This relationship has discussed and explained in the research based on the findings through primary data collection i.e. survey questionnaires.

### **3.2. Research Approach**

The quantitative research approach was employed since the study relies on conducting survey through questionnaires. Quantitative method is study involving analysis of data and information that are descriptive in nature and qualified (Sekaran, 2001). The researcher used the SPSS version 20 software to carry out the analysis and explain the relationships between the dependent variable which is the engagement level and the independent variables which are the determinants or drivers of employee engagement.

### **3.3. Types of Data and Tools**

Primary and secondary data source were considered for undertaking the research.

#### **3.3.1. Primary Data Source**

The primary data were collected from questionnaire surveys distributed to Head Office focusing on professionals/Officers and 1st line- management groups (Supervisors, Heads, Analyst and Engineers)

#### **3.3.2. Secondary Data Source**

The data was used from the literature review is secondary data, for which, the source was fully acknowledged in the reference part.

#### **3.3.3 Data Collection Instrument**

The questionnaires were divided into three parts; the first part was the demographic profile and the second part was related to the factors that drive employee engagement in the context of Dashen Bank and the third part pertains to measurement of employee engagement. The questionnaires were designed in a 5-point Likert Scale.

### **3.4 Target population and Sampling Techniques**

#### **3.4.1 Target Population**

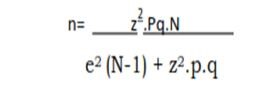
The target population of the study was professionals/Officers and 1st line- management groups (Heads, Supervisors, Analyst& Engineers)of Dashen Bank SC Located Addis Ababa Head Office who are working at different job position with a size of 776 employees out of the total population (DB HR Database, March 2020). The researcher excluded employees of non-clerical like janitors, securities and Messenger, who are outsourced from other organization. In addition, middle and top managerial post employees also excluded, since most of the Management employees are shareholders of the bank hence the responses they provide for some of the questionnaires items could be biased which would seriously affect the finding of the study; Moreover, the target population was selected as consideration of the easy access to data, cost effectiveness and easy manageability of the study.

#### **3.4.2 Sample design**

The determination of sample size was done by adopting the sample size formula of Kothari, 2004.

\_\_\_\_\_\_ (1.96)2\*0.5\*0.5\*776\_\_\_\_\_\_\_

(0.05)2(776-1) + (1.96)2 \*(0.5)\*(0.5)

= 257

Where,

N= size of population

n=required sample size

Z= 1.96 (desired confidence level is 95% and value obtained from table)

P= Sample population (0.5)

q= 1-p {(1-0.5) i.e., 1-p};

e= margin of error at 5%

The population considered for this research was 776 and the sample size based on the above formula was 257.

Table 3.1 Sample Size of the study

|  |  |  |  |
| --- | --- | --- | --- |
| No. | J.C | No. of 1st line managers & non-managerial staff of DB | No. of proportion sample size |
| 1 | Front Office | 157 | 52 |
| 2 | Middle Office | 260 | 86 |
| 3 | Back Office | 358 | 119 |
|  |  | 776 | 257 |

Source: Survey Result (2020)

#### **3.4.3 Sampling Technique**

Sampling is a process used in statistical analysis in which a predetermined number of observations are taken from a larger population. The methodology used to sample from a larger population depends on the type of analysis being performed. To carry out a study, one might bear in mind what size the sample should be, and whether the size is statistically justified and lastly, what method of sampling is to be used (Leedy, 1997).

The researcher applied a probability sampling techniques to select sample respondents to carry out the study. First, the population is stratified in to three groups based on Bank’s organogram classified namely as Front office, Middle office and Back office using stratified random sampling. Then, respondents were selected from each stratum using simple random sampling.

#### **3.4.4 Procedures of Data Collection**

To collect data for the study first document & literature review was made. Next, since the populations were very big to be observed or interviewed, a survey by a questionnaire considered the most appropriate method for measuring the perceptions of the workers. Then,

research data were collected using questionnaire interview, firstly respondents were communicated and were asked for their consent to participate in the Research; and then they were informed how anonymity, confidentiality and ethical principles are preserved during the research process. Finally, the collected data was entered into SPSS version 20 for data analysis.

### **3.5 Reliability and Validity**

Validity encompasses the entire experimental concept and establishes whether the results obtained meet all of the requirements of the scientific research method. It ensures the research adheres to the principle of cause and effect relationship. In view of this, the researcher pays attention to both internal validity and external validity of the research design. The internal validity ensures that whether the items described in the questionnaire can accurately measure the engagement level of employees. The Utrecht Work Engagement Scale (UWES) developed by Schaufeli and Bakker (2004) was a validated engagement measurement which consists of vigor, dedication and absorption.

The engagement factors which were used in the questionnaire were also adopted from the International Employment Studies (IES). The reliability of the instrument is a tested one. For further ascertainment of the reliability of the data in the questionnaire, the Cronbach's alpha was also run. Using the SPSS tools, the result of reliability statistics shown below indicates at each item in the questionnaire has Cronbach’s Alpha coefficient of 0.812-0.852.A value of Cronbach’s alpha coefficient above 0.70 is regarded as acceptable (Nunnaly, 1978).

Table 3.2 Cronbach’s Alpha coefficient

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Item-Total Statistics | | | | | |
|  | Scale Mean if | Scale | Corrected | Squared Multiple | Cronbach's Alpha |
| Item Deleted | Variance if | Item-Total | Correlation | if Item Deleted |
|  | Item Deleted | Correlation |  |  |
| Reward and Recognition | 27.3605 | 14.674 | 0.397 | 0.443 | 0.852 |
| Perceived supervisors support | 26.4499 | 14.102 | 0.432 | 0.723 | 0.851 |
| Perceived organizational support | 26.6884 | 13.318 | 0.59 | 0.604 | 0.835 |
| Distributive & procedural justice | 26.5682 | 14.578 | 0.423 | 0.745 | 0.85 |
| Job Characteristics | 26.2645 | 12.581 | 0.706 | 0.825 | 0.822 |
| Vigor | 26.302 | 13.958 | 0.514 | 1 | 0.842 |
| Dedication | 26.4653 | 12.388 | 0.605 | 1 | 0.836 |
| Absorption | 26.3259 | 13.308 | 0.701 | 1 | 0.825 |
| Engagement | 26.3577 | 13.06 | 0.867 | 1 | 0.812 |
| Mean value of Cronbach's Alpha | | | | | 0.836 |

Source: Survey Result (2020)

### **3.6 Methods of Data Analysis**

As Kothari (2004) explains, Data analysis is the computation of certain measures along with searching for patterns of relationship that exist among the data group. Since the research was based on survey strategy, the analysis would involve descriptive and inferential analyses.

Accordingly, in order to describe the respondent’s characteristics and to address the research question related to engagement level of employees, descriptive analysis was employed which consists of frequency distribution, central tendency (Mean) and dispersion (standard deviation). To appreciate the cause and effect relationships among the independent and dependent variables, the linear regression analysis was run in SPSS. This test enables us to establish whether the independent variables significantly affect the dependent variables and answer the research question that states the independent variables can significantly affect the dependent variables. If there is a strong relationship between the independent variables (the engagement factors) and dependent variables (the engagement level), then the regression analysis result can be used to predict the outcome of the engagement level based on the changes made to the independent variables. Therefore, the collected data from employee was analyzed through SPSS version 20 and results are going to be summarized, and presented using tables and graphs.

### **3.7 Ethical consideration**

The research has been conducted by adhering to ethical principles and standards as indicated in Social Research Association Ethical guidelines (2003). This paper took into consideration those ethical issues on using proper citation, formulating and clarification of the topic, design, access and use of data, analysis and reporting of the findings in a moral and responsible way.

The researcher tried to get the consent of the participants and assured them that the source of data collected would remain confidential and that their anonymity will be maintained.

# CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION

In this chapter, data analysis, interpretation and presentation are discussed based on the data collected through questionnaire. Descriptive statistics frequency, mean, and percentile were used to analyze the data. The finding from the questioner was analyzed by using SPSS.

### **4.1. Response rate of respondents**

***Table 4.1 Respondents’ response rate***

|  |  |  |
| --- | --- | --- |
| **Questionnaires Distributed** | **Questionnaires Returned** | **Percentage** |
| 257 | 244 | 95 |

Source: Survey Result (2020)

As shown in table 4.1 above, about response rate, 257 questionnaires were distributed and 244 were appropriately filled and retuned. Based on this sample size (95%) the next analysis was carried out.

### **4.2. Demographic Characteristics of the Respondents**

***Table 4.2 Percentage Analysis of Demographic Information***

|  |  |  |  |
| --- | --- | --- | --- |
| ***Characteristics*** | ***Measurements*** | ***Numbers*** | ***Percentages*** |
| Gender | Male | 172 | 70.5 |
| Female | 72 | 29.5 |
| Total | 244 | 100 |
| Age | Below 25 years | 32 | 13.1 |
| 26-35 years | 85 | 34.8 |
| 36-45 years | 97 | 39.8 |
| 46 and above | 30 | 12.3 |
| Total | 244 | 100.0 |
| Educational level | First Degree | 198 | 81.1 |
| Masters | 46 | 18.9 |
| Total | 244 | 100 |
| Work experience | Below 5 years | 36 | 15.0 |
| 6-10 years | 94 | 38.5 |
| 11-20 years | 86 | 35.2 |
| above 20 years | 28 | 11.3 |
| Total | 244 | 100.0 |
| Employment Category | 1st line Management | 49 | 20.0 |
| Non-Management | 195 | 80.0 |
|  | Total | 244 | 100.00 |

Source: Survey Result (2020)

As shown in table 4.2 above, concerning gender distribution of respondents, 72 (29.5%) were females whereas 172 (70.5%) males. This shows that the gender distribution of the respondents was male dominated.

According to the age of respondents, as shown in the table 4.2 above, 97 (39.8%) were in age group of 36-45 years; 85 (34.8%) were in age group of 26-35 years;32 (13.1%) were below 25 years and 30 (12.3%) were 46 and above years. This age distribution indicates that all age groups were well represented. It also shows that Dashen Bank’s HO employees consist of less population in the younger age group.

Regarding education distribution of respondents, as shown in table 4.2 above, 198 (81.1%) were first degree holders whereas 46 (18.9%) were master’s degree holders. This implies that the distribution of education in Dashen Bank SC was overwhelmed by first degree holders.

As shown in table 4.2 above, concerning work experience distribution of respondents, 94 (38.5%) were in a range of 6-10 years, 86 (35.2%) were in a range of 11-20 years, 36 (15%) were above 5 years, and 28 (11.3%) were above 20 years. This shows that the service year distribution indicates that all groups were represented.

Concerning employment category of respondents, as shown in table 4.2 above, 195 (80%) were non-management staff whereas 49 (20%) were first line management staff. In view of this, both of them 1st line management and non-management were fairly represented in the study.

### **4.3. The level of employee engagement at Dashen Bank SC**

#### **4.3.1. Vigor of employee engagement**

***Table 4.3: Analysis of vigor***

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***No*** | ***Items*** | **Rating Scales** | | | | | **Mean** | **St. dev** | | |
| **1** | **2** | **3** | **4** | **5** |
| *1* | *When I get up in the morning, I feel like going to work* | *9* | *3* | *6* | *176* | *50* | *4.04* | *.780* | | |
| *2* | *At my work, I feel bursting with energy* | *7* | *34* | *64* | *114* | *25* | *3.47* | *.951* | | |
| *3* | *At my work I always persevere, even when things do not go well* | *13* | *13* | *126* | *65* | *27* | *3.33* | *.930* | | |
| *4* | *I can continue working for very long periods at a time.* | *10* | *23* | *121* | *62* | *25* | *3.29* | *.922* | | |
| *5* | *At my job, I am very resilient, mentally* | *2* | *16* | *125* | *95* | *6* | *3.36* | *.676* | | |
| *6* | *At my job I feel strong and vigorous* | *4* | *24* | *41* | *128* | *47* | *3.78* | *.923* | | |
| **Average (aggregate) mean** | | | | | | | ***3.5458*** | | ***.64264*** |

*Key: 1* = *strongly disagree; 2 = disagree, 3 = neutral; 4 = agree and 5 = strongly agree*

Source: Survey Result (2020)

The statistical data indicated in the above table 4.3 shows the fact that among the engagement aspect item that says when I get up in the morning, I feel like going to work has the highest mean value of 4.04. It is an indication that most employees feel good going to work. All items under vigor have above average mean value. The aggregate mean value and standard

deviation is 3.5458 and .64264 respectively. So, it is an indication that the measurement of engagement with respect to vigor was moderate i.e. above average.

#### **4.3.2. Dedication of employee engagement**

***Table 4.4: Analysis of dedication***

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***No*** | ***Items*** | ***Rating Scales*** | | | | | ***Mean*** | ***St. dev*** |
| **1** | **2** | **3** | **4** | **5** |
| *1* | *To me, my job is challenging* | *9* | *46* | *102* | *71* | *16* | *3.16* | *.929* |
| *2* | *My job inspires me.* | *13* | *39* | *77* | *80* | *35* | *3.35* | *1.172* |
| *3* | *I am enthusiastic about my job.* | *3* | *23* | *105* | *96* | *17* | *3.41* | *.803* |
| *4* | *I am proud on the work that I do.* | *23* | *31* | *70* | *71* | *42* | *3.33* | *1.190* |
| *5* | *I find the work that I do full of meaning and purpose* | *7* | *10* | *93* | *79* | *55* | *3.68* | *.962* |
| ***Average (aggregate) mean*** | | | | | | | ***3.3825*** | ***.86828*** |

*Key: 1* = *strongly disagree; 2 = disagree, 3 = neutral; 4 = agree and 5 = strongly agree*

Source: Survey Result (2020)

As shown in the table, all items under dedication have above average mean value. The minimum value of which is 3.16. The aggregate mean value of dedication is also more than average with a standard deviation of .86. The result indicates that employees were moderately dedicated.

#### **4.3.3. Absorption of employee engagement**

***Table 4.5: Analysis of Absorption***

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***No*** | ***Items*** | ***Rating Scales*** | | | | | ***Mean*** | ***St. dev*** |
| **1** | **2** | **3** | **4** | **5** |
| *1* | *When I am working, I forget everything else around me* | *8* | *38* | *102* | *87* | *9* | *3.21* | *.864* |
| *2* | *Time flies when I am working* | *2* | *19* | *89* | *116* | *18* | *3.53* | *.776* |
| *3* | *I get carried away when I am working.* | *5* | *15* | *155* | *50* | *19* | *3.26* | *.771* |
| *4* | *It is difficult to detach myself from my job.* | *6* | *29* | *116* | *77* | *16* | *3.28* | *.848* |
| *5* | *I am immersed in my work* | *5* | *8* | *48* | *156* | *27* | *3.79* | *.761* |
| *6* | *I feel happy when I am working intensely* | *9* | *11* | *20* | *127* | *77* | *4.03* | *.954* |
| ***Average (aggregate) mean*** | | | | | | | ***3.5219*** | ***.61603*** |

*Key: 1* = *strongly disagree; 2 = disagree, 3 = neutral; 4 = agree and 5 = strongly agree*

Source: Survey Result (2020)

The mean value of each item in Absorption indicates above average result. Generally, respondents agree to a moderate level that they were absorbed in their work. So, with respect to absorption, the engagement level of employees at Dashen Bank SC was moderate.

As suggested by the Gallup, the employee engagement level is categorized into engaged (employees who work with passion and feels a profound connection to the company); not engaged (Checked out, sleepwalking through the day, putting in hours instead of energy) and

actively disengaged (People who are miserable at their jobs). They actively undermine coworkers and sabotage projects.)

Based on the mean value of aggregate variables, the employee engagement level is categorized as follows:

***Table 4.6 Engagement Level***

|  |  |  |
| --- | --- | --- |
| No | Mean Value | Engagement level |
| 1 | >=4.5 | Highly Engaged |
| 2 | 3.5- 4.4 | Engaged |
| 3 | 3-3.4 | Moderately Engaged |
| 4 | 2.5-2.9 | Disengaged |
| 5 | <2.5 | Highly Disengaged |

Source: Adopted from Schaufeli & Baker (2004)

### **4.4. The driving factors of employee engagement at Dashen Bank SC**

#### **4.4.1 Reward and recognition**

***Table 4.7: Analysis of reward and recognition***

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***No*** | ***Items*** | ***Rating Scales*** | | | | | ***Mean*** | ***St. dev*** |
| **1** | **2** | **3** | **4** | **5** |
| *1* | *My line manager takes staff development seriously* | *11* | *123* | *80* | *26* | *4* | *2.55* | *.807* |
| *2* | *I am able to get time off work for training* | *4* | *82* | *122* | *7* | *11* | *2.73* | *.765* |
| *3* | *I have many opportunities for training* | *25* | *114* | *81* | *11* | *8* | *2.42* | *.865* |
| *4* | *I am given adequate training to do my current job* | *37* | *148* | *29* | *18* | *12* | *2.26* | *.968* |
| *5* | *My training needs are regularly discussed* | *51* | *123* | *31* | *32* | *7* | *2.27* | *1.023* |
| *6* | *I feel I have equal access to training and development opportunities* | *49* | *124* | *29* | *36* | *6* | *2.29* | *1.024* |
| ***Average (aggregate) mean*** | | | | | | | ***2.4873*** | ***.59539*** |

*Key: 1* = *strongly disagree; 2 = disagree, 3 = neutral; 4 = agree and 5 = strongly agree*

Source: Survey Result (2020)

As shown in the table 4.7, with respect to reward and recognition the predictor factors were within 2.26 and 2.73. The result shows the fact that most employees were dissatisfied in Dashen Bank’s practice of reward and recognition. In general, Dashen Bank needs a proper strategy and policy to address issues concerning employees reward and recognition as the result was very low on these factors.

#### **4.4.2. Perceived Supervisor Support**

***Table 4.8: Analysis of Perceived Supervisor Support***

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***No*** | ***Items*** | ***Rating Scales*** | | | | | ***Mean*** | ***St. dev*** |
| ***1*** | ***2*** | ***3*** | ***4*** | ***5*** |
| *1* | *My immediate manager (supervisor) is sensitive to work/life issues* | *7* | *36* | *104* | *76* | *21* | *3.28* | *.915* |
| *2* | *My immediate manager (supervisor) lets me know how I am doing* | *5* | *60* | *91* | *76* | *12* | *3.13* | *.907* |
| *3* | *I have a good working relationship with my immediate manager (supervisor)* | *2* | *5* | *26* | *175* | *36* | *3.97* | *.639* |
| *4* | *I am given regular feedback on my performance by m manager (supervisor)* | *8* | *31* | *110* | *84* | *11* | *3.24* | *.852* |
| *5* | *My immediate manager(supervisor) takes performance appraisal seriously* | *29* | *19* | *106* | *84* | *6* | *3.08* | *.994* |
| *6* | *My immediate manager supports me when things go wrong* | *6* | *8* | *65* | *133* | *32* | *3.73* | *.822* |
| ***Average (aggregate) mean*** | | | | | | | ***3.3979*** | ***.69464*** |

*Key: 1* = *strongly disagree; 2 = disagree, 3 = neutral; 4 = agree and 5 = strongly agree*

Source: Survey Result (2020)

As shown in the table 4.8, the mean value of perceived supervisors support’ factor is between 3.08 and 3.97. The highest mean value was related to the factor of having a good relationship with perceived supervisors support. The mean value of factors pertaining to perceived supervisors support was better as compared to reward and recognition. The result shows that employees consider their relationship with management was not bad but not up to their expectation. In fact, the overall mean value of this factor i.e. having a good relationship with perceived supervisors support is better than the other antecedents of engagement as it was near to the mean value of 4.

#### **4.4.3. Perceived Organizational Support**

***Table 4.9: Analysis of Perceived Organizational Support***

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***No*** | ***Items*** | ***Rating Scales*** | | | | | ***Mean*** | ***St. dev*** |
| **1** | **2** | **3** | **4** | **5** |
| *1* | *Dashen Bank actively supports my continuing professional development* | *10* | *66* | *114* | *37* | *17* | *2.94* | *.927* |
| *2* | *Dashen Bank makes its positive commitment to equal opportunities clear* | *5* | *53* | *117* | *44* | *25* | *3.12* | *.934* |
| *3* | *Dashen Bank provides a service to employee that is free from discrimination* | *15* | *10* | *99* | *85* | *34* | *3.46* | *.990* |
| ***Average (aggregate) mean*** | | | | | | | ***3.17*** | ***.950*** |

*Key: 1* = *strongly disagree; 2 = disagree, 3 = neutral; 4 = agree and 5 = strongly agree*

Source: Survey Result (2020)

As shown in the table 4.9, the three factors related to perceived organizational support were rated average. Dashen Bank SC was lacking in providing active support on how employees professional development. The mean value of 2.94 shows that employee’s did not consider Dashen Bank as serious enough in handling or actively supporting professional development.

This is a critical factor that needs to be addressed by the management as it can affect the overall motivation and engagement of employees.

#### **4.4.4. Distributive and Procedural Justice**

***Table 4.10: Analysis of Distributive and Procedural Justice***

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***No*** | ***Items*** | ***Rating Scales*** | | | | | ***Mean*** | ***St. dev*** |
| **1** | **2** | **3** | **4** | **5** |
| *1* | *I feel I am fairly treated here* | *3* | *59* | *136* | *29* | *17* | *3.00* | *.824* |
| *2* | *My work environment is free from bullying and harassment* | *7* | *20* | *42* | *127* | *48* | *3.78* | *.951* |
| *3* | *To be accepted here your face has to fit* | *11* | *87* | *114* | *22* | *10* | *2.71* | *.844* |
| *4* | *I feel I have a fair chance to apply for internal vacancies* | *6* | *9* | *111* | *83* | *35* | *3.54* | *.868* |
| ***Average (aggregate) mean*** | | | | | | | ***3.2796*** | ***.59235*** |

*Key: 1* = *strongly disagree; 2 = disagree, 3 = neutral; 4 = agree and 5 = strongly agree*

Source: Survey Result (2020)

As shown in the table 4.10, the mean value of the factors related to equal distributive justice and procedural justice was average. The highest result of the mean value (3.78) was concerned with the work environment being free from bullying and harassment. Generally, employees view of distributive justice and procedural justice is not at the expected level since the result was below the mean value of 4 that indicates an agreement level. So, it is evident that Dashen Bank needs to investigate the factors and policies that can foster distributive justice and procedural justice.

#### **4.4.5. Job Characteristics**

***Table 4.11: Analysis of Job Characteristics***

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***No*** | ***Items*** | ***Rating Scales*** | | | | | ***Mean*** | ***St. dev*** |
| ***1*** | ***2*** | ***3*** | ***4*** | ***5*** |
| *1* | *There is a lot of variety in my job* | *7* | *27* | *60* | *95* | *55* | *3.67* | *1.031* |
| *2* | *I do interesting and challenging work* | *6* | *46* | *79* | *68* | *45* | *3.41* | *1.066* |
| *3* | *I get a feeling of accomplishment from my job* | *3* | *7* | *69* | *161* | *4* | *3.64* | *.629* |
| ***Average (aggregate) mean*** | | | | | | | ***3.5833*** | ***.74112*** |

*Key: 1* = *strongly disagree; 2 = disagree, 3 = neutral; 4 = agree and 5 = strongly agree*

Source: Survey Result (2020)

As shown in the table 4.11, the mean value of the factors related to nature of job as indicated in the chart shows that employees perceive their job as it involves elements of variety but not a lot as the mean value was 3.67 which were below the agreement level. By the same token, the feeling of accomplishment from job also similarly rated. The mean value of 3.41 related to interesting and challenging job indicates also that employees did not fully agree to the fact that their job interesting and challenging. A proper job design and evaluation is advisable so as to make the job more interesting and challenging.

### **4.5. The Effect of Driving Factors on Employee Engagement**

#### **4.5.1. Model Summary**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Model | R | R Square | Adjusted R  Square | Std. Error of  the Estimate |  | Change Statistics | |  |  |
| R Square Change | F Change | df1 | df2 | Sig. F Change |
| 1 | .885a | .784 | .777 | .26187 | .784 | 111.620 | 5 | 154 | .000 |

***Table 4.12 Model Summary***

Source: Survey Result (2020)

1. Dependent Variable: Employee Engagement
2. Predictors: (Constant), Job characteristics, distributive and procedural justice, reward and recognition, perceived supervisors support & perceived organizational support.

As shown in the table 4.12, the R is .784 and R Square is .777 which indicates that about 77% of the variance in employee engagement was attributed to the engagement factor. This is a significant predictor that a change in engagement factor also results in an improvement in employee engagement since P<.001 which was significant.

#### **4.5.2. ANOVA**

***Table 4.13 ANOVA***

ANOVAa

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Model |  | Sum of Squares | Df | Mean Square | F | Sig. |
| 1 | Regression | 38.271 | 5 | 7.654 | 111.620 | .000b |
|  | Residual | 10.560 | 154 | .069 |  |  |
|  | Total | 48.832 | 159 |  |  |  |

Source: Survey Result (2020)

1. Dependent Variable: Employee Engagement
2. Predictors: (Constant), Job characteristics, distributive and procedural justice, reward and recognition, perceived supervisors support, perceived organizational support

The above ANOVA table 4.13 indicates that the regression model was statistically a significant predictor of employee engagement since p<.001. It means that a significant number of employees’ engagement was affected by the engagement factors.

#### **4.5.3. Regression Coefficients**

***Table 4.14 Coefficient***

Coefficientsa

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Model |  | Un standardized Coefficients | | Standardized  Coefficients | T | Sig. |
| B | Std. Error | Beta |
| 1 | (Constant) | .640 | .154 |  | 4.147 | .000 |
|  | RR | .071 | .038 | .076 | 1.862 | .065 |
|  | PSS | -.175 | .051 | -.219 | -3.459 | .001 |
|  | POS | .129 | .038 | .164 | 3.375 | .001 |
|  | DJPJ | .227 | .061 | .242 | 3.688 | .000 |
|  | JC | .591 | .032 | .790 | 18.749 | .000 |

Source: Survey Result (2020)

1. Dependent Variable: Employees Engagement
2. Predictors: (Constant), Job characteristics, distributive and procedural justice, reward and recognition, perceived supervisors support, perceived organizational support

Employee Engagement = 0.64 + 0.71RR-0.175PSS+0.129POS+0.227DJPJ+0.591JC

#### **4.5.4. Testing Hypothesis**

Based on the above coefficient table 4.14 the hypothesis of the study are tested and presented as follow.

The beta values of all the factors except perceived supervisors support were all positive which implies that an increase in these factors results in the increase in the engagement level.

Reward and recognition has insignificant positive effect on engagement level of employees β=0.071. Thus, reject H1 which says Reward and recognition have significant positive effect on engagement level of employees.

Perceived supervisor support has significant negative effect on engagement level of employees β=-0.175. Thus, reject H2 which says perceived supervisor support have significant effect on engagement level of employees.

Perceived organizational support has significant positive effect on engagement level of employees β=0.129. Thus, accept H3 which says perceived organizational support have significant effect on engagement level of employees.

Procedural and distributive justice has significant positive effect on engagement level of employees β=0.227. Thus, accept H4 which says Procedural and distributive justice have significant effect on engagement level of employees.

Job characteristics has significant positive effect on engagement level of employees β=0.591. Thus, accept H5 which says Job characteristics have significant effect on engagement level of employees.

# CHAPTER FIVE: FINDINGS, CONCLUSION AND RECOMMENDATIONS

### **5.1. Summary of Major Findings**

The result of descriptive analysis of employee engagement dimensions indicates the existence of moderate level of vigor of employee engagement (M= 3.54, SD = .64), low level of dedication of employee engagement (M= 3.38, SD = .86) & moderate level of absorption of employee engagement (M= 3.52, S.D = .616) in Dashen Bank S.C Addis Ababa Head Office. In addition, overall employee engagement level was found to be moderate.

Result of the descriptive analysis of rewards & recognition was found to be (M= 2.4873, S.D = .5953) indicating that a low level of reward & recognition is perceived by employees of the bank. Perceived supervisory support was found to be (M= 3.3979, S.D = .6946) implying that the respondents perceived the existence of low level of supervisory support in the Bank. Perceived organizational support was found to be (M= 3.17, S.D = .95) implying that the respondents perceived the existence of low level of perceived organizational support in the Bank. Organizational justice was found to be (M= 3.2796, S.D = .5923) implying a low level of organizational justice is perceived by employees of the Bank. Job characteristics was found to be (M= 3.5833, S.D = .7411) which implies that respondents perceived the existence moderate job characteristics in Dashen Bank S.C.

Result of regression analysis reveals that all independent variables of the study except reward and recognition significantly affect the level of employee engagement in Dashen Bank S.C. However, by looking at the results of coefficient of Beta values, it was inferred that job characteristics (β =.591, p< 0.00) has the highest effect on employee engagement in Dashen Bank S.C. followed by organizational justice (β =.227, p< 0.00).

### **5.2. Conclusions**

Based on the findings the following conclusions were made:

The results obtained reveal that the banks rewards & recognition proved to be low therefore; the bank needs to work on them. In addition, by looking at the results of coefficient of beta values, job characteristics& organizational justice was found to have

the highest effect on employee engagement in Dashen Bank S.C therefore, the Bank needs to work more on these areas.

The study demonstrated the importance of five variables (job characteristics, rewards & recognition, perceive organizational support, organizational justice and perceived supervisory support) in predicting employee engagement in Dashen Bank S.C. This would help the Bank to identify how these factors are operating currently and work on them to improve the level of employee engagement in Dashen Bank.

The study also demonstrated that the Utrecht Work Engagement Scale can serve as a basis to measure employee engagement in Dashen Bank S.C in that employees who are provided with gentle job characteristics are likely to reciprocate with higher levels of vigor, absorption and dedication of employee engagement & also when employees perceive the presence of organizational justice, reward & recognition, organizational support and supervisory support they are likely to reciprocate with higher level of vigor, absorption and dedication of employee engagement.

The study had an implication for managers in particular management of Dashen Bank S.C in that the findings would help them to understand the importance of Utrecht Work Engagement Scale for employee engagement. In particular, the results of the study implied that managers need to provide employees with resources and benefits that will oblige them to reciprocate in kind with higher levels of engagement.

The results of the study also revealed that the bank doesn’t have a culture of conducting formal employee engagement surveys & that it doesn’t have any idea about how its current initiatives are affecting the engagement of employees therefore, the results of the study would help the bank to identify the importance of conducting employee engagement survey as it would help it to focus on key areas.

### **5.3. Recommendation**

Based on the findings of the study the following recommendations have been forwarded to the bank:

Since job characteristics were found to be the most significant predictor of employee engagement in Dashen Bank S.C, it should focus on designing jobs that are high on the five core job characteristics. It needs to enforce job rotation which would decrease the probability of workers being bored of their job since they will not be stuck on only one job for years on end. It needs to combine different tasks in a job which would enable it to enhance task identity and task significance.

Since reward and recognition were found to be one of the factors affecting employee engagement & they were perceived to be low, the bank could employ various mechanisms for instance revising its rewards such as salary & other benefits according to changes in the market trend and also it should work more on providing training & development opportunities, career advancement & promotion opportunities among other things.

Also since organizational and supervisory support significantly affects employee engagement the bank needs to take this under consideration and provide various types of leadership trainings to its supervisors and managers on how to properly communicate with and provide support for subordinates.

In addition, managers or supervisors of the bank need to ensure that employees have all the resources they need to do their job & should provide timely feedback to subordinates regarding their performance & should encourage open lines of communication with them.

### **5.4. Areas of Future Research**

The results of this study suggest that employee engagement is a broad concept that is worthy of future research. The scope of the study can be further increased and enriched to include personality variables that might predict employee engagement like self-esteem and locus of control. It could also include other organizational variables than those mentioned in this study to identify their effect on employee engagement in Ethiopian context.

The study can also include other methods like in-depth interviews, focus group interviews, nominal group technique etc. the sample size can be bigger and broader to increase the representativeness & it can also be conducted at the banking industry level (i.e. by including other private and public banks) and or across countrywide (including other industries) so that the results can be more generalized.

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# APPENDIX

## Appendix Questionnaire Distributed

Consent:

Dear respondents: This questionnaire is prepared for research purpose entitled “The Drivers of Employee Engagement: in Case of Dashen Bank of Head Office”. There are NO RISKS to taking part in this study, and your identity will remain ANONYMOUS. You can stop taking part in the survey at any time. Please take as much time as you need to decide if you’d like to participate in this survey. You may ask me any questions about the research project or the survey procedures that you’d like. I will also leave you my phone number in case you have any questions after the questionnaire interview.

Serkalem Semu (+251)911864143

Please express your level of agreement by making “x” symbol in the space provided based on the description:

**Part I. General demographic information**

1. Gender 1. Male 2. Female

2. Age 1. Below 25 years 2. 26-35 years

3. 36-45 years 4. 46 & above

3. Marital Status 1. Married 2. Single

3. Divorced 4. Widowed

4. Highest level of your achievement (Education) 1. Diploma

2. Bachelor’s Degree 3. Master’s (MA/MSc)

5. Indicate your employment category 1. Management 2. Non-Management

6. How long have you been working for Dashen bank SC? 1. Below 5 years

2. 6-10 years 3. 11-20 years 4. Above 20 years

7. In what working unit/department are you working in?......................................

**Part II. Determinants of employee engagement**

Instruction: This part of the questionnaire deals with statement of agreement related to the Drivers (factors, determinants) of employee engagement.

Indicate the extent to which you agree with the statements mentioned below in view of their applicability in Dashen Bank. Please indicate your level of agreement with each statement as shown in the following table. Where, SA= strongly agree; A=Agree; N= Neutral; D= Disagree; SD= Strongly Disagree

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| S/N | Reward and recognition | SA | A | N | D | SD |
| 1 | My line manager takes staff development seriously |  |  |  |  |  |
| 2 | I am able to get time off work for training |  |  |  |  |  |
| 3 | I have many opportunities for training |  |  |  |  |  |
| 4 | I am given adequate training to do my current job |  |  |  |  |  |
| 5 | My training needs are regularly discussed |  |  |  |  |  |
| 6 | I feel I have equal Opportunities access to training and development |  |  |  |  |  |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| S/N | Perceived Supervisor Support | SA | A | N | D | SD |
| 1 | My immediate manager (supervisor) is sensitive to work/life issues |  |  |  |  |  |
| 2 | My immediate manager (supervisor) lets me know how I am doing |  |  |  |  |  |
| 3 | I have a good working relationship with my immediate manager |  |  |  |  |  |
| 4 | My immediate manager supports me when things go wrong |  |  |  |  |  |
| 5 | I am given regular feedback on my performance by my manager (supervisor) |  |  |  |  |  |
| 6 | My immediate manager takes performance appraisal seriously |  |  |  |  |  |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| S/N | Perceived Organizational Support | SA | A | N | D | SD |
| 1 | Dashen Bank actively supports my continuing professional development |  |  |  |  |  |
| 2 | Dashen Bank makes its positive commitment to equal opportunities clear |  |  |  |  |  |
| 3 | Dashen Bank provides a service to employee that is free from discrimination |  |  |  |  |  |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| S/N | Distributive Justice and Procedural Justice | SA | A | N | D | SD |
| 1 | I feel I am fairly treated here |  |  |  |  |  |
| 2 | My work environment is free from bullying and harassment |  |  |  |  |  |
| 3 | To be accepted here your face has to fit |  |  |  |  |  |
| 4 | I feel I have a fair chance to apply for internal vacancies |  |  |  |  |  |

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| --- | --- | --- | --- | --- | --- | --- |
| S/N | Job Characteristics | SA | A | N | D | SD |
| 1 | There is a lot of variety in my job |  |  |  |  |  |
| 2 | I do interesting and challenging work |  |  |  |  |  |
| 3 | I get a feeling of accomplishment from my job |  |  |  |  |  |

**PART III: Engagement Scales**

This part of the questionnaire pertains to the engagement level of the person. Please indicate the extent to which you agree with the statements mentioned below in view of their applicability in Dashen Bank as shown in the following table. Where, SA= strongly agree; A=Agree; N= Neutral; D= Disagree; SD= Strongly Disagree

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| S/N | Vigor: Assessed by the following six items that refer to high levels of energy and resilience, the willingness to invest effort, not being easily fatigued, and persistence in the face of difficulties | SA | A | N | D | SD |
| 1 | When I get up in the morning, I feel like going to work |  |  |  |  |  |
| 2 | At my work, I feel bursting with energy. |  |  |  |  |  |
| 3 | At my work I always persevere, even when things do not go well. |  |  |  |  |  |
| 4 | I can continue working for very long periods at a time. |  |  |  |  |  |
| 5 | At my job, I am very resilient, mentally. |  |  |  |  |  |
| 6 | At my job I feel strong and vigorous |  |  |  |  |  |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| S/N | Dedication: is assessed by five items that refer to deriving a sense of significance from one’s work, feeling enthusiastic and proud about one’s job, and feeling inspired and challenged by it. | SA | A | N | D | SD |
| 1 | To me, my job is challenging |  |  |  |  |  |
| 2 | My job inspires me. |  |  |  |  |  |
| 3 | I am enthusiastic about my job. |  |  |  |  |  |
| 4 | I am proud on the work that I do. |  |  |  |  |  |
| 5 | I find the work that I do full of meaning and purpose. |  |  |  |  |  |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| S/N | Absorption is measured by six items that refer to being totally and happily immersed in one’s work and having difficulties detaching oneself from it so that time passes quickly and one forgets everything else that is around | SA | A | N | D | SD |
| 1 | When I am working, I forget everything else around me. |  |  |  |  |  |
| 2 | Time flies when I am working |  |  |  |  |  |
| 3 | I get carried away when I am working. |  |  |  |  |  |
| 4 | It is difficult to detach myself from my job. |  |  |  |  |  |
| 5 | I am immersed in my work. |  |  |  |  |  |
| 6 | I feel happy when I am working intensely. |  |  |  |  |  |

Source: Schaufeli and Bakker (2003)

Thank you for your Cooperation!