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FACTORS INFLUENCING EMPLOYEES ENGAGMENT: EVIDENCE FROM SOME SELECTED BANKS IN ADDIS ABABA.

BY

MERON BELETE

ID No.: SGS/0015/2013A

March 2023

ADDIS ABABA, ETHIOPIA

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APPROVED BY BOARD OF EXAMINERS

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March 2023

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DECLARATION

I, Meron Belete, hereby declare that this thesis entitled "Factors Influencing Employees Engagement in The Ethiopian Banking Sector Evidence from Some Selected Banks in Addis Ababa is my original work, presented under the guidance of Mesfin Workineh (PhD). I would also confirm that any part of this thesis has not previously been submitted for a degree or any other qualification at this University or any other institution. All sources and materials used for this thesis have been duly acknowledged.

Name: Meron Belete

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ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of graduate studies for examination with my approval as university advisor.

Ato Mesfin Workneh (PhD) _____

Advisor Date and Signature

St. Mary's University, Addis Ababa

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ANOVA: Analysis of Variance

CBE: Commercial Bank of Ethiopia

EE: Employee Engagement

JC: Job Characteristics

RR: Reward and Recognition

SPSS: Statistical Package for the Social Science

ABSTRACT

The purpose of this study was to investigate the determinants of employee engagement in the Ethiopian banking sector. To identify the factors that affect employee engagement, previous literatures, theories and models were considered and based on those previous research works, a conceptual framework was adopted. This study used explanatory research design and both primary and secondary data were utilized to meet the research objectives. The primary data were collected by distributing questionnaires to 361 employees of the selected three Banks. And the collected data were entered and processed using SPSS version 24.0. The correlation analysis result showed that job characteristics, leadership style, and reward & recognition have a strong positive relationship with employee engagement. The finding of the study using a multiple linear regression analysis revealed that all the independent variables (job characteristics, leadership style, and reward & recognition) have positively and significantly predicted employee engagement. Based on the findings, the researcher forwarded recommendations and future research directions.

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

<center>**CHAPTER ONE**</center>

<center># 1. INTRODUCTION</center>

1.1 Background of the study

Since the seminal work of Kahan (1990, 1992) the notion of employee engagement has received considerable attention from human resource practitioners, consultancy firms, and researchers. Employee engagement has been variously reported as vital for enhancing organizational productivity, employee retention, customer satisfaction, achieving competitive advantage and contributing significantly to organizational performance and effectiveness (Kim, 2013).

Engaged employees also generate greater returns on profitability, assets, and shareholder value compared to disengaged employees (Macey, 2009). The concept of employee engagement is a relatively latest one. Most of the organizations feel that employees work for the pay that is being given to them. But this type of thinking is out dated and faulty. There are several other non-financial factors that affects the employee engagement like advancement, autonomy, civilized treatment, employer commitment, environment, exposure to senior people, praise, support, the feeling of being challenged and trusted, the feeling of working for a reliable organization, the feeling of working on important assignments and the feeling of respect in work-life balance (Woodruffe, 2006).

Employee engagement is defined as "an outcome of how employees perceive their work, leadership of their organizations, the recognition and rewards they receive, and the communication ethos of the organization"(Sanchez, 2002). On the other hand, employee engagement defined as the term that is "personified by the passion and energy employee have to give of their best to the organization to serve the customer. It is all about the willingness and ability of the employees to give sustained discretionary effort to help their organization succeed"(Cook, 2008). Employee engagement also defined as "the extent to which the employees thrive at work, are committed to their employer, and are motivated to do their best, for the benefit of themselves and their organization"(et, 2006).

<center>1</center>

Studying employee's engagement have many benefit for a certain company this includes lower employee turnover, decreased burnout, great employee commitment, safer workplace, increased sales, better customer service and increased productivity.

1.2 Background of the banking sector in Ethiopia

Ethiopian banking history, in its modern sense, began towards the end of the reign of Emperor Menilek. This period witnessed the establishment, as most readers will know, of the country's first bank Called the Bank of Abyssinia, established in 1905, was the first bank in the country (Mauri, 2010). In 1931, the Bank was replaced by the Bank of Ethiopia which was completely owned by the government and members of the Ethiopian aristocracy, becoming the first 100% African-owned bank on the continent. In 1963, a new banking law split the functions of the State Bank of Ethiopia into central and commercial banking as the National Bank of Ethiopia and the Commercial Bank of Ethiopia respectively (Hargey and Brownbridge, 1998).In 1994, for the first time after the downfall of the Derg regime, the government legalized domestic private investment in the banking industry.

Ethiopia's banking sector consists of 17 commercial banks that—as of 2018—collected Birr 730bn in deposits (from around 33mn savers); provided Birr 733bn (33% GDP) of total credit; handled close to $10bn in annual foreign exchange trading; employed 90,000 workers; delivered attractive returns to roughly 115,000 shareholders; and contributed Birr 13bn in yearly taxes to the government (equivalent to roughly one-fifth of annual income tax receipts in recent years).

The banking sector has enjoyed high growth, high profits, and high returns—almost without interruption—for over a decade. Growth over the past ten years has been a very high annual rate of 28 percent for deposits, 31 percent for loans, and 22 percent for profits. Contrary to popular perceptions of 'excessive' returns at Ethiopian banks, their average return on equity is actually not much different from banking returns seen in most emerging markets; the sector's profits are 1 percent of GDP, unchanged from its share a decade ago.

Providing simple deposit accounts, loans, guarantees, and Letters of Credit for importers have been the traditional service offerings of Ethiopian banks. Digital banking services have become more common in recent years, including ATMs, POS, online banking, and mobile banking. Other recent innovations include interest-free banking, consumer/diaspora loans (for mortgages,

vehicles, personal use), and online payments services (e.g. for settling Ethiopian Airlines ticket charges). Looking ahead, we think new offerings will include credit card, capital market, and corporate advisory services.

The sector faces tight regulations in relation to deposits (minimum interest rates), lending (mandatory purchase of NBE Bills equal to 27% of gross lending), and foreign exchange (a strict waiting list system to allocate fx funds based on NBE Directives of priority items). Regulations also govern bank activity in areas such as electronic banking, agent banking, external borrowing, and banks' equity investments. Reforms underway or upcoming are addressing areas such as diaspora shareholding, collateral rules, leasing, and others; we summarize and tabulate both past and prospective regulations.

According to NBE 2021 report, the numbers of banks currently operating in the country totaled 21, of which 19 are private and 2 are state-owned.

The banking industry has employed more than 90,000 staffs. CBE is the major employer in the sector followed by Awash and Dashen Bank. Currently the Banking industry is highly competing to attract customers by using various deposit mobilization strategies. Many banks are promoting to 'sage and won a prize' including CBE, Dashen and Zemen Bank. This simply shows the increased competition in the banking industry. The banks are also working highly on quality customer service that mainly depends on employees who can facilitate that endeavor (Cepheus, 2019)

For this research three commercial bank were selected which is Commercial Bank of Ethiopia, Dashen Bank, Zemen Bank based on their number of employee, year of formation, customer service quality level and number of branches.

Commercial bank of Ethiopia (CBE) is one of the two government commercial banks and the leading bank in Ethiopia with more than 1,700 branches serving millions of customers with more than 34,879 permanent employees.

Dashen Bank, established in 1995, was among the first few banks established following the financial reform that allow functioning of private banks in 1994. It's Headquarter in Addis Ababa; the Bank is among the biggest private Banks in Ethiopia. It operates through a network of more than 422 Branches employing more than 10,492 staff.

Zemen Bank joined the banking industry in the year 2008 locating its single branch headquarter in Addis Ababa by targeting high and middle income customers. It is among the last five banks in joining the sector. Currently, away from its initial single branch banking, the bank has more than 60 branches.

1.3 Statement of the Problem

In recent years, there has been a great deal of interest in employee engagement. Many have claimed that employee engagement predicts employee outcomes, organizational success, and financial performance (Bates, 2004). Thus, the literatures indicate that employee engagement is closely linked with organizational performance outcomes. When employees engage with their work, they are more creative and innovative and offer advances that allow companies to evolve positively over time with changes in market conditions (Baumruk, 2004). On the other hand, companies with disengaged employees suffer from waste of effort and ineffective talent, earn less commitment from the employees, face increased absenteeism and have less customer orientation, less productivity, and reduced operating and net profit margins (Rampersad, 2006).

Employees who are engaged in their work and to their organizations give companies key competitive advantages including higher productivity and lower employee turnover. The review of the different literature indicates that there are more employees who are disengaged or not engaged than there are engaged employees. For Example, Gallup's (2013), State the Global Workplace accounts only 13% of employees worldwide are engaged at work, were as 63% are "not engaged," and 24% are "actively disengaged" Organizations that desire to improve their performance must be concerned about internal issues related to employee engagement and view their employees as customers. Richard Branson's famous quote related to this is that "clients do not come first, but employees come first. If you take care of your employees, they will take care of the clients".

Most of the studies carried out on EE were limited in western countries. There are so many evidences that it is not well studied in Africa. Gibbons (2006), from the review of the abstract of more than 20 research works previously done on work engagement, surprisingly; neither of them was conducted in Africa. During the past two decades, though there is an increasing contribution

in human resource consulting agencies on the concept of employee engagement, yet there is a shortage of academic studies on that construct, especially in emerging economies (Maha, 2015).

Employee engagement in Ethiopia is a management concept attracting researchers in recent years. However, although researches have been made in this topic mainly in the banking sector, many were on commercial bank of Ethiopia. This research was conducted combining the three banks (CBE, Dashen and Zemen) which are different characteristics such as year of formation, level of customer service, number of employee and branches of the banks as a case of study to generalize about the factors affecting employee engagement in Ethiopian banking sector.

1.4 Research Questions

Main research question

What are the factors that affect employee's engagement in Dashen bank, Commercial bank of Ethiopia and Zemen bank?

Sub-research question

- What is the current level of employee's engagement at CBE, Dashen bank and Zemen bank?
- How does reward and recognition affect employee's engagement?
- Do job characteristics factors affect worker's engagement?
- How does leadership style affect employee's engagement?

1.5 Objective of the Study

1.5.1. General Objectives

The main objective of the study was to determine the factors that affect employee engagement in Ethiopian Banking Sector in the case of selected banks.

1.5.2. Specific Objectives

- ✓ To assess the level of employee's engagement at CBE Dashen bank and Zemen bank
- ✓ To test how reward and acknowledgment affect employee's engagement
- ✓ To examine how job characteristics affects employee's engagement
- ✓ To analyse how leadership style affect employee's engagement

1.6 Significance of the Study

The concept of employee engagement has gained considerable worldwide attention in the last two decades. However, the concept remains in need of more empirical research; especially in our country and specifically for Ethiopian Banking sector.

The findings and results of this research can be of potential value to the banking industry in Ethiopia to have practical significance in helping the banks in developing best-engaged human capital. Thus, this study provides information to the organizations on the level of engagement of their employees, give strategic implication for higher officials of the Banks to take actions against any signs of employees 'disengagement, if any.

This research might also contribute to the theory, in that considering the shortage of literature that currently exists in general about employee engagement in Ethiopia; it can be used to enrich employee engagement related literatures by exploring different factors that can affect engagement.

It also helps the employees in offering good customer service the more they are engaged in different activities.

Finally, for the researcher besides acquiring academic qualification, it broadened the understanding of employee engagement issues. It can also assist other researchers who would like to conduct research in the subject of employee engagement in the future.

1.7 Scope of the Study

The conceptual scope of the study covered about the issues related to the factors which are expected to have impact of employees 'engagement such job characteristics, rewards and recognition, and leadership style. The reason for selecting these factors is that they are the major factors which have a direct or indirect influence on a certain employee 's engagement. The study was conducted in sample respondents from the three selected banks (CBE, Dashen and Zemen) branches found in Addis Ababa though these banks have branches outside Addis Ababa due to financial and time constraints. The study tried to address the factors which profoundly affect their engagement in their current position. The study used qualitative methods as the data

collection was more of quantitative which were taken from the sample respondents of the three selected banks' branches located in Addis Ababa.

The study assessed the different factors affecting employees 'engagement and the data was analyzed using descriptive statistics and inferential statistics so as to see the relationship of the factors and employee engagement.

1.8 Limitations of the Study

The information gained from different employees with different job specifications or specializations made it possible to generalize the findings across all employees of the selected banks. Nevertheless, the study may not be generalized to other industries since the occupational groups and industry characteristics will be different. On the other hand, the study faced challenges like resistance from some respondents to fill parts of the questionnaire and shortage of related literature in our country. To manage the resistance of respondents', the researcher tried to explain the objective of the study aligning with organizational reform agenda. To mitigate related studies scarcity, the researcher consulted some scholars in the area and browsed internet sources for non-peer reviewed literature.

1.9 Organization of the study

The research is composed of five chapters. Chapter one deals about the introduction part, Background of the study, statement of the problem, Research questions, objective of the study, significance of the study about its scope, about the limitation, about the time schedule and the like. Chapter two deals about literature review. Chapter three deals about Research methodology, Chapter four deals about results and discussion and chapter five deal about conclusion and recommendations.

1.10 Definition of terms

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

Leadership and Management: - Leadership is setting a new direction or vision for a group that they follow. "Management is a distinct process consisting of planning, organizing, actuating and controlling; utilizing in each both science and arts, and followed in order to accomplish pre-determined objective" George R. Terry.

Job characteristics: an attribute that creates conditions for high work motivation, satisfaction and performance (Hackman and Oldham, 1980) which are skill variety, task identity, task significance, autonomy, and feedback

Employees Engagement: **-** a progressive combination of satisfaction, motivation, commitment and advocacy resulting from employees 'movement up the engagement pyramid Brown (2005).

Employee Involvement: **-** the direct participation of staff to help an organization fulfill its mission and meet its objectives by applying their own ideas, expertise, and efforts towards solving problems and making decisions (Robert Bullock).

Employee Commitment: **-** relative strength of the individuals' identification with and involvement in, a particular organization Steers (1997).

LITERATURE REVIEW

2. Introduction

The purpose of this literature review is to examine key concepts and related researches relevant to the concept of employee engagement. It addresses literatures related to Concepts and operational definition, theoretical and empirical reviews, and the development of the theoretical framework tested in the study.

2.1. Theoretical Review

2.1.1 An overview of employee's engagement

Employee engagement (EE) is a relatively recent developed concept in human resource management and a mantra for today's workplace and leading organizations to recognize the stake for measuring, monitoring and maximizing the level of engagement amongst the employees. It is defined as the level to which employees are fully involved in their work, committed to their work, careful about their organization and colleagues and are willing to extend themselves and go the extra mile for their company to ensure its success. EE is a combination of organizational aspects like individual commitment, organizational citizenship behavior (OCB) and employee motivation (Wash, 1999). The argument is that an engaged employee works with passion and is more committed to the organization. In the other words, people enjoy and believe in what they do and feel valued by doing it to the extent. It is the degree of commitment towards the hub, which an employee performs, and until how long the employee remains with the organization because of their commitment (Mahendru and Sharma, 2006).

In the changing global market, competition and managing change over a period of time the strategy of an organization has changed from just promoting the knowledge worker to increase EE. Employee engagement and organizational performance are highly interlinked (Concelman, 2005). The trend shows that almost all of the companies explore the possibilities for adopting employee engagement as a strategy for human resource planning (HRP). Harter, Schmidt and Hayes (2002) examined the relationship at the business unit productivity and employee engagement and noticed that the engaged employees are satisfied employees, which in turn leads to higher productivity. According to Erickson (2004), the best ways to shape the behavior of an

employee towards work is to improve employee engagement. But Stockley (2006) defined 'engagement' as the extent that an employee believes in the mission, purpose and values of an organization and demonstrates that commitment through their actions as an employee and their attitude towards the employer and customers. An institution's ability in providing psychological safety such as good support from the supervisors and rewarding system has a positive relationship with employee engagement, job enrichment and work role (Gilson and Harter, 2004). Value of assessment and taking feedback of employees has been followed as practical strategy for employee engagement according to Glen (2006). He further adds that work environment is a better predictor in this direction. Miles (2001) described it as intensively involving all employees in high-engagement cascades that create understanding, dialogue, feedback and accountability, empower people to creatively align their subunits, teams and individual jobs with the major transformation of the whole enterprise.

Burke (2005) considered engagement as equivalent to direct assessment of an employee's satisfaction with the organization, his job, work group and working environment. More commonly, employee engagement has been defined as exhibiting discretionary effort defined as extra time, brainpower and energy (Towers-Perrin, 2003) for accomplishing organizational goals. An engaged employee is believed to display voluntary effort in solving organizational problems without being asked to do so, a behavior described as discretionary effort. Wellins and Concelman (2005) have combined both discretionary effort and commitment in their definition of engagement. Engaged employees and organizations go the extra mile, and both reap mutual benefits. Gibson (2006) has defined employee engagement as 'a heightened emotional connection that an employee feels for his or her organization, that influences him or her to exert greater discretionary effort to his or her work'. High levels of employee engagement are associated with high levels of organizational performance (Soladati, 2007). A lack of employee engagement can lead to disloyalty and organizational failure (Kahn, 1990). The focus for HR was on improving 'employee engagement', which was about creating an 'emotional connection' with employees so that they are passionate, committed, and long term attachment with the organization (Tomlinson, 2010).

Engagement is most closely associated with job involvement (Brown, 1996; Salanova, Agut and Peiro, 2005; Maslach, Schaufeli and Leiter, 2001) and task identification (Bass, 1999). Just as

employer's job expectations from employees have increased, so also employees expect in return, better working conditions, equitable pay, fair appraisal technique, and better opportunity for career advancement. If any of these are denied, it may cause a breach of psychological contract between the employer and his employee. This may induce feelings of cynicism (negative attitudes) and lack of trust (Pate, 2000). Cynicism is considered closely associated with workplace burnout (Maslach and Leiter & Maslach and Schaufeli, 1993) which has been considered as a negative antithesis of job engagement (Maslach and Leiter & Maslach and Schaufeli, 1993). Trust has an important bearing on the level of engagement (Kouzes and Posner, 2008). Employees often find difficult to make informed decisions due to inaccessibility of relevant information. This, in turn creates a sense of mistrust within the organization. In fact, (Pech, 2009)has emphasized on the concept of trust and control as necessary conditions for enhancing performance. Job enjoyment, belief in what one is doing and feeling valued- all contribute to engagement (Wellins and Concelman, 2005). People tend to invest more time and effort in the roles they find enjoyable (Rothbard and Edwards, 2003). Moreover, individuals prefer to perform work that provides meaning, stability, a sense of community and identity to their lives (Holbeche and Springett, 2004). Besides, Parker, Jimmieson and Amiot (2010) showed that when individuals perceived high job control, they experienced greater engagement.

Basic concepts – motivation, commitment, engagement and engaged workers

Clearly defining the terms engagement, commitment, motivation and finding links between these concepts is not easy. They are usually considered to be complementary processes; they are interconnected and can be even mutually overlapping. But they can also be distinguished (Armstrong, Citation2012; Minárová, Citation2018). Engagement involves people and their work, commitment to identify the worker with the goals and values of the organization, his/her desire to belong to the organization and willingness in his/her interest to make efforts. Motivation occurs when workers have well-defined goals and are taking steps to achieve these goals (Armstrong & Taylor, Citation2017; Zientara & Kuczyński, Citation2014). Engagement and commitment are the states of being. This is motivation as well, but it is more dynamic. Motivation concerns the desire to do something and then do it. Engagement, commitment are broader terms that characterize a range of behaviors that are desirable from an organization perspective (Armstrong, Citation2012).

Motivation refers to factors that affect people to behave in a certain way. Well motivated individuals are mostly people who have clearly defined goals and take steps that they expect to achieve these goals. Such people can be motivated by themselves. This inner form of motivation is the best form of motivation, but only if the steps are going in the right direction to achieve what they want to achieve. Many people are not sufficiently internally motivated based on their motives, so they need to be motivated to a greater or lesser degree from the outside through incentives (Armstrong & Taylor, Citation2017). Work motivation then explains the motivation of individuals to work. The theme of motivation is significant wherever performance is concerned (Horváthová et al., Citation2016).

Commitment is most often explained as a worker's commitment, belonging to an organization, his/her desire to belong to an organization, and his/her willingness to make an effort in its interest. (Armstrong, Citation2010; Bláha et al., Citation2013). It is a concept that characterizes a relationship between an employee and an employer of organization, characterized by three characteristics: (1) a strong desire to remain a member of its organization, (2) a willingness to make significant efforts in favor of that organization, and (3) trust in the goals and values of its organization (Cohen, Citation2007). Commitment to an organization (or also organizational commitment) is a concept that expresses the attitude of workers to the organization and the employer, emphasizing the internal commitment of workers to the organization, which leads to preferring the interest of the organization over the interests of the employees. Devotion consists of three components: affective commitment that reflects the extent to which an employee wants to be in an organization, continuance commitment that relates to the need of work for the organization (this need is due to fear of losing the benefits connected with a leaving the organization or a difficulty finding employment in another organization) and normative commitment, which expresses the extent to which the worker feels his/her duty to remain in the organization (Bláha et al., Citation2013).

Employee engagement is a relatively new concept, its origins date back to around 2000. There are several definitions of this concept. Engagement, for example, means that workers are interested in their work, have a positive relationship with them and are ready to give extraordinary performance, to do their job best. In other words, people who like their work are

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willing to give 'something more' to the organization, not because it is required, but since they have their own conviction and joy (Bláha et al., Citation2013). Employee engagement refers to their attachment to organization or identification with the organization as a whole (Armstrong & Taylor, Citation2017). Engagement can be understood as a mechanism that enables the performance of individuals and the whole organization (Truss, Shantz, Soane, Alfes, & Delbridge, Citation2013). It concerns people and their work. Engagement takes place when people engage in their work and are interested in approaching it positively and with enthusiasm or they are even excited from their work and they are ready to make voluntary efforts to do their work (Armstrong, Citation2012; Armstrong & Taylor, Citation2017). A study called Happiness at Work Research conducted by Chiumento in 2007 describes engagement as a positive, bilateral relationship between worker and organization. Engaged workers who are committed to the organizations will do something extra for each other because they see investing in their relationship as a mutually beneficial thing (Chiumento, Citation2007). In social exchange, engagement workers understand engagement as a value they provide to their good employer (Armstrong & Taylor, Citation2017).

Engagement occurs when people are dedicated to their work. They are interested in what they do, and it really excites them. Increasing engagement at work begins by creating job tasks and jobs or creating work roles (Armstrong, Citation2009). All this is aimed at ensuring the interest and impetus, diversity, autonomy, integrity and materiality of the task, opportunities for training and development, and providing feedback on performance. All these factors are influenced by the structure of the organization, the system of work and the quality of leadership (Armstrong, Citation2009; Christian, Garza, & Slaughter, Citation2011).

Engagement can be explained by four questions: 1. Do you know what to do? (a clear role). 2. Do you know how to do it? (training and experience). 3. Do you have necessary resources for what you need to do? (money, material, time, people). 4. Do you want to do it? (motivation). Positive answer to all the questions shows engagement (Szabowska-Walaszczyk, Citation2010). Most authors agree on a positive view of the importance of employee engagement. According to these experts, engagement has a positive impact on the growth of customer satisfaction, which leads to an increase in the profitability or efficiency of the organization (Armstrong,

Citation2012; McGee & Rennie, Citation2011; Spik & Klincewicz, Citation2008). That is why it is important to pay close attention to engagement.

Engaged workers are described as those who 'dived' into their work; they have a high energy and effective connection with their work. Employee engagement is associated with their high work performance, higher probability of promotion, high labor morale, reduced absence and low exit rates (Macey & Schneider, Citation2008). Conversely, unskilled workers are more likely to perform poorly, they will not have good working relationships, and their working behavior will be counterproductive (Szabowska-Walaszczyk, Citation2010).

Engaged employee can be described as someone who is aware of the business and business context and, for the benefit of the organization, cooperates with colleagues in improving their performance (Bevan, Citation1997). A committed worker is a person who has a positive attitude to his/her work, believes in it and identifies with the organization, actively seeks to do better, thinks about his/her work and seeks to improve it, actively uses the opportunity to discuss working issues with colleagues and improving, working with others, and helping colleagues work more efficiently, is reliable and goes beyond the demands of his/her work, sees a wider context, sometimes even at its own expense, keeps an eye on the latest approaches and processes and seeks and provides opportunities to improve organization's performance (Armstrong & Taylor, Citation2017; Jackson, Schuler, & Werner, Citation2009).

It might seem that a workforce composed of employees who are committed and sufficiently motivated by the organization is a desirable and optimal state for the organization. However, as aforementioned, in the current global business environment, it is becoming increasingly clear that job satisfaction and commitment to the organization is not enough for employees to deliver the required work performance with an appropriate link to meeting organizational goals. In the last twenty years, employers' attention has shifted from creating conditions and incentive programs for workers so that they are satisfied with pay, benefits and working conditions to programs designed to ensure that workers are committed to the organization and do not consider leaving it; and further to programs which objective was to ensure that employees are engaged at work, and also to reach the organization mission (Horváthová et al., Citation2016).

Psychological well-being of employees has been found to be an important driver of engagement and is reported to be directly correlated with performance (Wright and Cropanzano, 2000). It

denotes a feeling of happiness, which arises when an employee enjoys performing his work. Thus, job, which is both meaningful and pleasurable, leads to psychological well-being (Fredrickson, 2003). Poor psychological well-being is manifested in the form of stress and poor mental health. It is caused by job related factors such as strained workplace relationships and less freedom at work. A matter of high concern for HR managers is that recent surveys indicate low levels of engagement in many countries (Robertson and Cooper, 2010).

The belief that paying enough to the employees will ensure superior performance has become outdated (Woodruffe, 2006). Rather, a host of nonfinancial factors sways employees. Job fit (Resick, 2007), affective commitment and psychological climate (Brown and Leigh, 1996) have been found to be positively and significantly correlated to employee engagement while engagement is found to be significantly related to discretionary effort and intention to turnover (Lloyd, 2008). People choose to work in those environments, which provide opportunity for engagement (Schneider, 1995). Employee engagement matters as it affects companies' bottom lines, both through human resource (HR) related impacts such as recruitment, training, and retention and through wider impacts on productivity, profit and achieving the core values, envisioned future and objectives of the organization. The organization must work to develop and nurture engagement, which requires a two-way relationship between employer and employee.

2.1.2 Importance of employee engagement

An organization 's capacity to manage employee engagement is closely related to its ability to achieve high performance levels and superior business results (Mutunga, 2009). As stated by her some of the advantages of engaged employees include the following. Engaged employees will stay with the company, be an advocate of the company and its products and services, and contribute to bottom line business success. They will normally perform better and are more motivated. There is a significant link between employee engagement and profitability. Engaged employees form an emotional connection with the company. This impacts their attitude towards the company's clients, and thereby improves customer satisfaction and service levels. Further, engagement builds passion, commitment and alignment with the organization 's strategies and goals hence increasing employees 'trust in the organization. In a competitive industry such as telecommunication, firms can cultivate employee loyalty by engaging them. Through this, firms can effectively transform employees to brand ambassadors for the company.

A highly engaged employee consistently deliver beyond expectations. In the workplace research on employee engagement (Hagen & Morsheda, 1998) have repeatedly asked employees whether they have the opportunity to do what they do best every day? 'While one in five employees strongly agree with this statement. Those work units scoring higher on this perception have substantially higher performance. Thus, employee engagement is critical to any organization that seeks to retain valued employees.

The Watson Wyatt consulting companies has proved that there is an intrinsic link between employee engagement, customer loyalty, and profitability. As organizations globalize and become more dependent on technology in a virtual working environment, there is a greater need to connect and engage with employees to provide them with an organizational identity.

According to Hewitt (2005), enhancing employee engagement creates a ―win-win‖ situation. Employees are happier and more productive and this ultimately leads to a positive impact on business results. Employee engagement also acts as a catalyst towards the retention of staff. Greenberg (2004) observes that employee engagement is critical to any organization that seeks not only to retain valued employees, but also to increase its levels of performance. The more highly engaged your employees are, the more likely you are to have a strongly customer-focused organization. Finally, and perhaps least surprisingly, Perrin (2003) found strong linkages between what the customer focused employees expressed about their organization and revenue growth. There is also an inverse relationship between customer focus and the cost of goods sold.

2.1.3 Levels of employee engagement

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

Engaged

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

Not Engaged

"Not-engaged" employees tend to concentrate on tasks rather than the goals and outcomes they are expected to accomplish. They want to be told what to do just so they can do it and say they have finished. They focus on accomplishing tasks versus achieving an outcome. Employees who are not-engaged tend to feel their contributions are being overlooked, and the company is not harnessing their potential. They often feel this way because they do not have productive relationships with their managers or with their co-workers.

Actively Disengaged

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

The Three Types of Employees

1 ENGAGED employees work with passion and feel a profound connection to their company. They drive innovation and move the organization forward.

2 NOT-ENGAGED employees are essentially "checked out." They're sleepwalking through their workday, putting time -- but not energy or passion -- into their work.

3 ACTIVELY DISENGAGED employees aren't just unhappy at work; they're busy acting out their unhappiness. Every day, these workers undermine what their engaged coworkers accomplish.

Figure 1. Gallup Three Levels of Employee Engagement

2.2. Models of Employees engagement

2.2.1. Katz and Kahn's Model

There existed three levels of employee engagement like selection of the employee into the organization, dependable behavior that ensures the employee behavior exceeds the set standards of the performance. Also in the time of innovation, it demands extensive new set of proactive employee behavioral norms for the achievement of the organizational goals.

Kahn's Model

Kahn 's (1990) model of employee engagement is considered to be the oldest model of employee engagement. His model emphasizes in that; there are three psychological conditions that are associated with personal engagement and disengagement of work: meaningfulness, availability and safety. For the purpose of his study, Kahn interviewed summer camp counselors and organizational members of an architectural firm about their moments of engagement and disengagement at work. He found that, workers were more engaged at work situations that offered them more psychological meaningfulness and psychological safety, and when they were psychologically available.

Figure 2: Kahn's Model
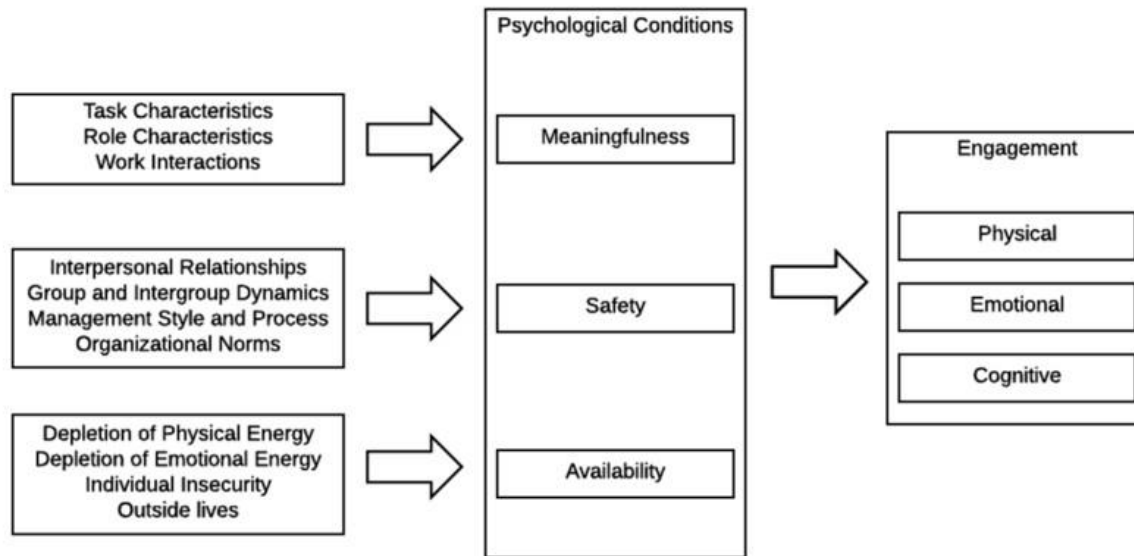
Source: Kahn (1990)

2.2.2 The Gallup Q12 Survey Model

There existed a strong and direct relationship between the levels of engagement and their performance. Some of the employees are engaged while most of them are actively disengaged. It is found by the research of the Gallup study that highly engaged workforce tend to have high loyalty, take up the responsibility, work towards the attainment of the goals, strive hard to achieve customer satisfaction and high performance standards. Gallup model explains that if the needs are met then their engagement levels will be high. It is also interpreted that employee needs keep evolving over the period and it is not constant in nature. Gallup model had very important 12 questions describing the employee engagement hence it is famously known as Q12 survey. Companies who got very high scores in the survey had less turnover rate, maximizing sales trend, improved productivity and high levels of customer satisfaction, which are the key traits of superior performance.

Figure 3. The Gallup Q12 Survey Model

This model explains about determining the goals of the organization, building a great relationship among the employees, establishing a fair systems and policies which promote an equity pay matrix based on their performance and also equal opportunity for the career promotion for all the eligible employees.

2.2.3Thomas Engagement Model

Figure 4 Thomas Engagement Model

The key factors of engagement include strengths, vulnerability, engagement levels of groups, management styles and benchmark practices. It is established that highly engaged employees are happy and result in high performance in the workplace. It is required to have a great measurement tool to know the success or failure of engagement activities.

2.2.4 Total Rewards Model

Figure 5 total Rewards Model

Figure 5 (Source: Mikael.ahlfors@company.com)

This model proposes to have an effective strategy for attracting the potential employees to the organization. They need to be effectively inducted, trained, mentored and guided for all the possible individual and organizational achievement. Culture, strategy, work environment, policies become the critical components of employee engagement.

2.2.5 Mercer's Employee Engagement Model

The survey asked 13 dimensions among the employees belonging to various industries. It included work processes, quality and customer focus, benefits, communication, work/life balance, job security and career growth, teamwork and cooperation, ethics and integrity, immediate manager, performance management, compensation, leadership and direction, training and development. Among these drivers, four key global drivers such as work, development opportunities, confidence and trust in leadership, recognition and rewards and organizational communication. Thus following Mercer's Engagement Model was developed.

Figure 6 mercer's Employee Engagement Mode
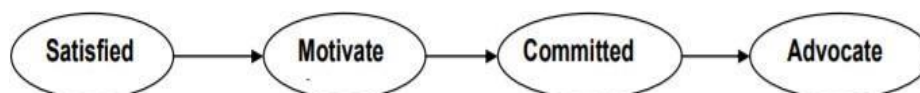
(Source: Mercer, 2007)

2.2.6 Discretionary Effort Model

Figure 7 discretionary Effort Model

Employee goodwill results in the immense benefits to the organization. (Yankelovich&Immerwahr, 1983) First described discretionary effort as the voluntary performance of the work over and above what was allotted to them or their job description. It is the attitude of employees, which aspires to contribute more, work more, think more, take up the additional problems and find solutions, always innovate to add extra solution etc. Organization citizenship behavior are also known as discretionary behavior is known as extra role or contextual performance (Borman& Motowidlo, 1997).

2.2.7 Robinson et al., Model

This model emphasized the emergence of work environment, which has a strong support for the individual employee behavioral traits such as supporting involvement, pride of the workmanship is encouraged, which enhances the performance and better wealth of the employees.

Figure 8 Robinson et al., Model
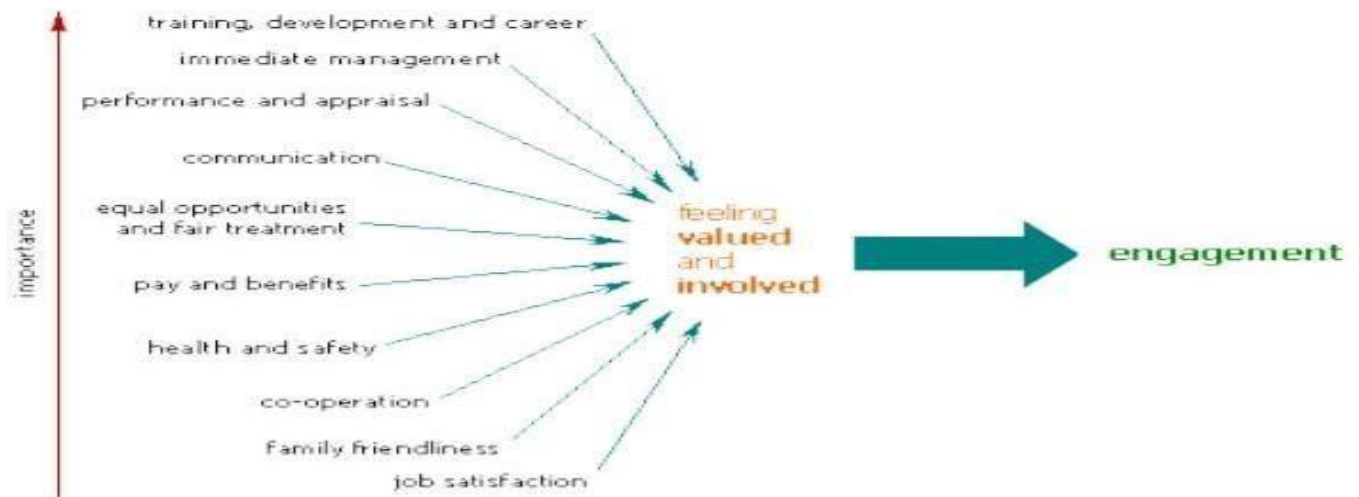
2.2.8 Saks Model

Figure 9 Saks Model

Source: Adapted from Saks (2006)
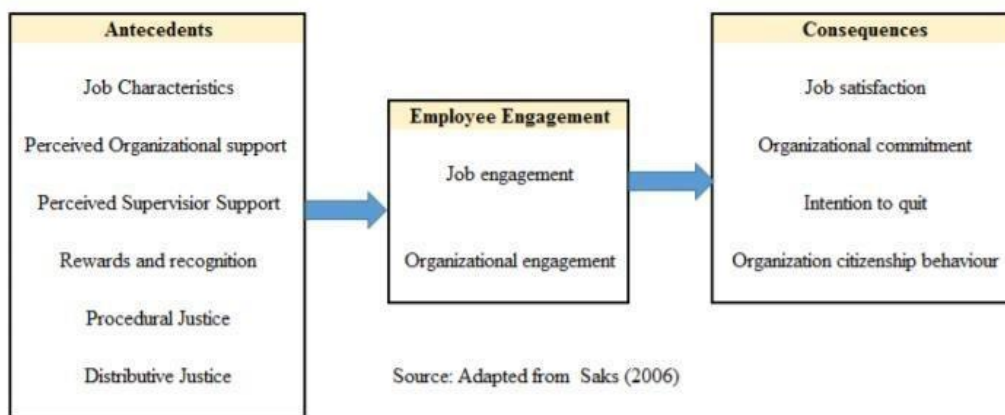
    (Source: Saks Engagement Model)

This model was developed based on Social Exchange theory. Significant difference exists between organization and job engagement. Variables like job characteristics, organizational and supervisor support, rewards, procedural justice would greatly influence the engagement.

2.2.9 Micheal Christian et al Model of Engagement

Individual involvement in the execution and completion of the job responsibility has a great difference with the kind of satisfaction they achieve resulting from the job or organization value. Elements like task variety, freedom, job significance, leadership and conscientiousness influenced the employee engagement.

Figure 10 Micheal Christian et al Model of Engagement

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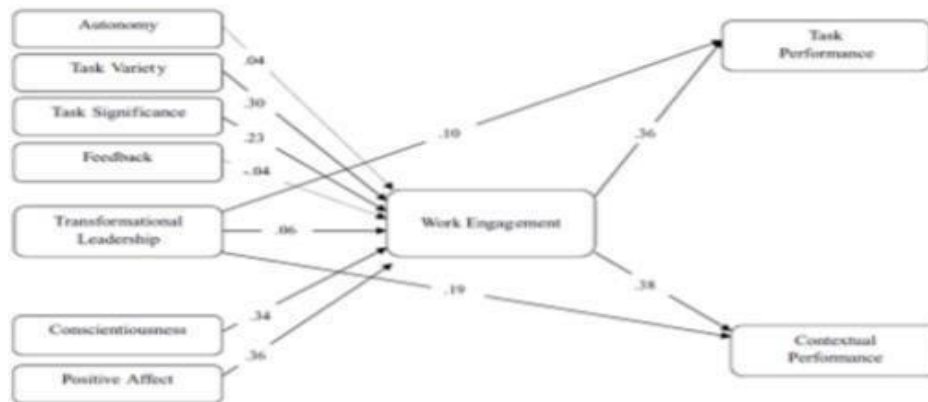
(Source: Micheal Christian Model of Work Engagement)

2.2.10 Say-Stay-Strive Model of Engagement (Aon Hewitt)

This model emphasized that six key drivers shapes the engagement experiences of the company like work, people, opportunities, total rewards, company practices and quality of life. The important engagement outcome involves Say, Stay and Strive. The three key elements for complete employee engage includes business outcomes such as talent, operational, customer and financial.

Figure 11 Say-Stay-Strive Model of Engagement (Aon Hewitt)

(Source: Hewitt model of engagement)

2.2.11 H. Schmidt Model of Employee Engagement

Figure 12 H. Schmidt Model of Employee Engagement

(Source: Schmidt - 2004)

The model covers the employee life cycle in the organization, which covers the in detail elements like physical wellness, providing adequate resources resulting in the work engagement.

2.2.12 Penna's Employee Engagement Model

Figure 13 Penna's Employee Engagement Model

(Source: Bhatla - 2011)
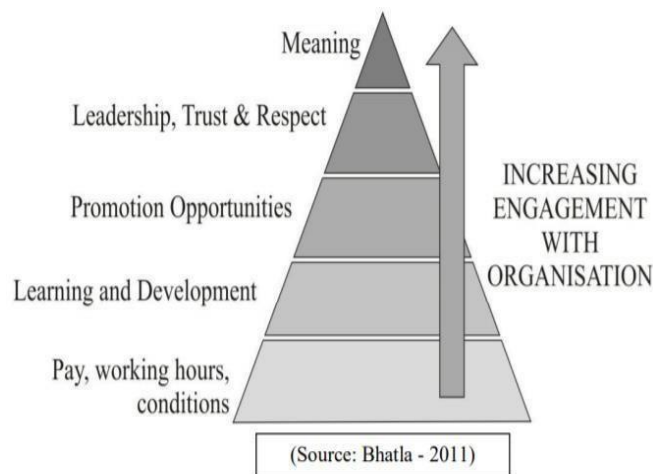
It describes the hierarchy of engagement factors, which will influence the employee engagement. True meaning of the work should be fulfilled in order to achieve the employee

engagement. Meaningfulness in the job attract good employees, which results in the best way of engaging and retaining.

2.2.13 Zinger Model of Employee Engagement

Figure 14 Zinger Model of Employee Engagement

(Source: http://www.davidzinger.com/zinger-model/)

A manager needs to adhere to the following 14 points for higher engagement levels like results achievement, making strategies, connect authentic, recognition, engage, work roles, maximize performance, esteem organization, foster community, serve customers, develop career, leverage energies and experience well-being.

Empirical Review

2.3 Determinants of employee engagement

2.3.1 Reward and recognition and Employee's engagement

Organization gets success with the help of its employees. Researches conform that employee engagement is related to reward and recognition. Rewards are helpful tools for improving employees' performance. These are linked with employee engagement. According to (Rehman, 2010) Reward means what employees want to get from organization or what they get in form of cash on working conditions.

(Bratton & Gold, 2003) Define rewards as rewards can be in different forms, these can be financial, non-financial and psychological benefits awarded by organization. Therefore, rewards are benefits which organization provides to their employees on their good performance.

According to (Luthans& Peterson, 2002) rewards are categorized in two forms i.e., extrinsic and intrinsic. (Porter & Lawler, 1968) Stated definition of extrinsic rewards that extrinsic rewards are tangible benefits that are given to employees after completing tasks. Organization is directly

linked with extrinsic rewards. Examples of extrinsic rewards are pay promotion, holidays abroad, club membership, preferred lunch hours, impressive titles and bonuses (Weatherly, 2002).

According to (Malhotra, 2007) as cited in (Nujjoo& Meyer, 2012) that extrinsic rewards can be in forms of social rewards which create a good relationship between superior and colleagues.

Byars & Rue (2011) says that intrinsic reward are those rewards which are related with employee's personal interest and tasks which they perform for reward purpose however these are not part of the job obligation because they are related with individual to individual.

According to (Allen, 2004), examples of intrinsic rewards are trust, feeling of self-esteem, involvement, fairness, recognition, job satisfaction, creativity, empowerment, social status, personal development & efficient feedback. These all are related to employee's personal satisfaction. Employees can get these rewards by performing well.

Employees think that recognition and motivation will help them to enhance their productivity. Jeffries, (1997) said that recognize your employees and you will find best of your employees by encouraging them.

 A survey report by Performance Engagement Group tells that employees like recognition on daily basis rather than incentives and bonus. Sometimes recognition works more than rewards.

Jeffries, (1997) Supports Nelson statement that it is not compulsory to give expensive recognition but it is important that recognition must be consistent and it must commit employees for a long time.

There is a fact about specific value for rewards and recognition, the successful organizations always know the best usage of rewards and recognition by which they get valuable work from employees (wiscombe, 2002) intention of recognition strategy is to employee performance increase through the increase the level of employee satisfaction. These methods helped to achieve the organization goal and objective in efficient and effective manner.

According to (Andrew & Kent, 2007), employees stay committed with the help of rewards and recognition. Rewards and recognition are the most important factors for performance of employees. The purpose of reward and recognition is to create environment through which employees can achieve job satisfaction.

Flynn argued that employees could boost up morale and level of spirited through reward and recognition. (Deeprose, 1994) Said that reward and recognition are important for employee's engagement. Studies show that there is an effect of rewards and recognition on employee engagement (Hulkko-Nyman, 2014)

By providing rewards and recognition, you can increase employee's performance, motivation and productivity. Researchers have been shown that reward and recognition are linked directly with employee engagement. (Freedman, 1978) Explains that if rewards and recognition used effectively in organization then a good productive environment will develop which makes employees energetic to complete tasks and achieve goals.

H1: Reward and recognition have positive effect on employee's engagement

Leadership, management, and Employees engagement

Wallace and Trinka (2009) have written the article with one of the most direct statements tying leadership to engagement, with the clear purpose of increasing the company's results. Within this post-crisis article, the authors point the relation between leader's behavior towards their employees and efficiency increase caused by engagement, which is needed by struggling companies due to budgetary restraints. The main statement is the fact of engagement causing productivity and customer focus to increase. They further state the engagement can be increased by manager's right support. Their most provocative argument is that they see "the leadership of the immediate manager as more important organizational variable than any other" (Wallace and Trinka, 2009). (Kahn, 1990) As being the pioneer scrutinizing the employee's engagement and the drivers behind, claimed that leaders, in general, play an important role in creating the right context for employees to become engaged. Bhuvanaiah and Raya divides employees to three statuses as engaged, 'not engaged' and disengaged where the 'not engaged' and disengaged employees are defined to be the major work area for the management. Taking this relation, a step further the author's claims also governing the fluctuations in employee engagement will be the next task, again, for the management and leaders (Bhuvanaiah, 2015). Their conclusion is that engaging employees is not an easy, one-time task and engagement is continuum. The management tools here stated to govern the engagement are rewarding the employees via meaningful work, personal growth and competence, similar to what discussed by (Trinka, 2009). "The question for management is how to ensure that the supervisors interact with individuals (in

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order) to generate an engaged workforce" (Carnegie, 2012). (Wiley, 2010) States that a critical element to build confidence motivate performance and increase employee engagement, is to have people at the top that can inspire belief in the organization's future. When done effectively, organizations experience better business success and stronger bottom-line business performance. Respectively, leadership effectiveness is defined by (Wiley, 2010)via five characteristics:

- The ability to handle the organization's challenges (would cause trust in employees)
- A genuine commitment to providing high-quality products and services (trust)
- The ability to give employees a clear picture of the direction the company is headed (open communication causing trust and respect)
- A demonstrated belief that employees are important to company success (trust and respect)

The ability to inspire confidence in employees notably, three of five stated characteristics are related to employees directly. Research has unequivocally demonstrated that the more leadership inspires trust and confidence in the future, and the more managers recognize and respect employees, ensure that people are growing and developing, and match employees to their work, the higher the employee engagement (Wiley, 2010) Master Thesis, IY2542, 2017 15 (Hansen, 2014) advance Kahn's model also, by promoting that leaders motivate their employees by transforming their attitudes, beliefs, and values into a common vision (Bass 1. , 1985) which results in leadership traits, and styles in details, affect employee engagement negatively or positively at different scales. "Leadership in the workplace have been demonstrated as positively related to job performance, organizational citizenship behavior, trust, effort, commitment, motivation, satisfaction, organizational effectiveness, and productivity and have been negatively correlated with work stress and employees' intentions to quit" (Barbuto&Burbach, 2006) The following three leadership competencies are funneled by (Wellins and Concelman, 2005), in order to have impact on employee engagement: efficient coaching, interest in developing follower's careers and capable communication on individual performances. What is emphasized related to coaching is that the leaders are to dedicate and spend part of their valuable time for the purpose and only by this, employees will feel coached. By working with employees to create a clear career path and set goals with a potential for growth, a manager can create positive esteem within each team member. By showing, them that they are valued and have responsibility, and then to recognize and reward them for a job well done, a manager can create an "involved

employee." It is then much easier to turn that sense of involvement into enthusiasm and a sense of pride in ownership that creates the highest levels of engagement with employees (Carnegie 2. , 2012). "Recent research shows that the leaders of high-performing teams give positive comments (approval, suggestions, praise, appreciation, compliments, and overall support) at a ratio of 5 to 1 compared with negative comments (pointing out faults, disparagement, criticism, or disapproval). In low-performing organizations, the ratio was roughly 1 positive to every 3 negative" (Wellins and Concelman, 2005)surely coaching involves discussions on career paths. How much the topic is in the interest of the leaders? How much time do leaders allocate to develop the careers of his followers, as well as his or her capabilities on the matter? There can be "sign-and-proceed" type processes in place but what is really appreciated by the employee is the genuine interest of the leader in his /her career. This interest has potential positive effect on the employee's engagement. Coaching also involves communication on performances. Pride is a motivator. The question is; do we, employees, know how important is our contribution to the company goals? Wallace and Trinka (2009) indicate leaders shall connect the individual efforts and contribution to the goals and communicates efficiently these to employees. Employees shall have a "clear sense of direction and purpose" and understand how their role fits into the organization. The results indicated that when leaders demonstrate emotional support and provide recognition for follower contributions, followers feel securely attached and believe in a just world thus shifting their focus from potential losses to potential gains. It is important that leaders to be ideally influential, inspirationally motivational, intellectually stimulating, and considerate of individuals in leading followers. (Herd, 2012) Asserted that "…. leadership might be an appropriate theory to conceptualize behavioral engagement, a result of cognitive and emotional engagement, in a leadership context". In fact, as presented thus far, it has been found in many studies that leadership has a positive relationship with employee engagement at the individual level. Employees become more engaged when leadership is demonstrated through boosting up employee's optimism, meaningfulness and innovative behavior (Tims et al., 2011). Employee engagement became lower when the leader's perception of the follower's characteristics is less favorable than the follower's self-evaluation; followers get securely attached and confident in a just world when leaders demonstrate emotional support and provide recognition for follower contributions, leading employees to become more vigorous (Aryee and Walumbwa, 2012). Master Thesis, IY2542, 2017 16 Strom, Sears and Kelly (2014) analyzed the topic from another

perspective and investigated the relation between social contextual variables of engagement with organizational justice and leadership styles. The authors first declared that effective leadership would positively affect the employee engagement. In the next step, they compared a leadership more based on autocracy where employees providing performance in return of economic benefits with leadership where interests aligned between company goals and the individual's interests. When interests aligned, leadership claimed to be more effective in supporting the engagement of the followers, as it will address to key drivers of engagement such as personal development, recognition and respect.

H2: Leadership and Management style have a positive effect on employee's engagement**.**

Job characteristics

Psychological meaningfulness can be achieved from task characteristics that provide challenging work, variety, allow the use of different skills, personal discretion, and the opportunity to make important contributions. Job enrichment was positively related to meaningfulness and this mediated the relationship between job enrichment and engagement (Gilson and Harter 2. , 2004)

H3: Job characteristics have significant positive relationship with employee engagement

2.4 Conceptual framework

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 model used the current study, which offers a unique effect of work life drivers, which can lead to employee engagement. This model was tested in the Ethiopian banks.

Figure 15 Conceptual Framework of the Study.

Independent variables

Dependent variable

| Reward and Recognition |

| Job characteristics |

Employees
Engagement

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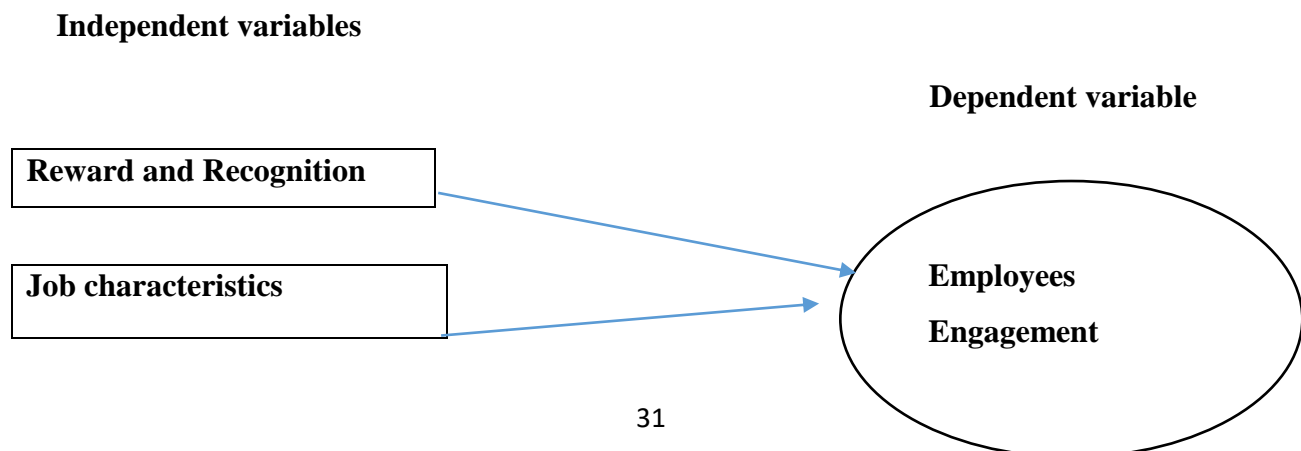
Leadership Style

Source :(Modified from Saks, 2006)

Conceptual   Framework   of   the   Stud

CHAPTER THREE

METHODOLOGY

INTRODUCTION

This chapter discusses the processes and techniques that are used in carrying out the study. It also gives a description of the study population, sample size and how they are selected. It also provides an outline of research design and the instruments for data collection. The methods to be adopted in the administration of the research, data collection procedure, data analysis are also discussed in this chapter.

3.1 Research Design

The researcher used mixed research design which are Quantitative and Qualitative research.

Descriptive research studies are those studies which are concerned with describing the characteristics of a particular individual, or group. The main characteristic of this method is that the researcher has no control over the variables; he/she can only report what has happened or what is happening (Kothari, 2004).

Explanatory designs try to establish cause-and-effect relationships. The primary purpose of explanatory research design is to determine how events occur and which ones may influence particular outcomes. Explanatory studies are characterized by research hypotheses that specify the nature and direction of the relationships between or among variables being studied (Kothari, 2004). Therefore, this study used both descriptive and explanatory method in order to explain the mediating role of factors affecting employee's engagement in Ethiopian Banking Sector.

3.2. Research approach

The researcher used mixed research approach which consists both qualitative and quantitative research approach.

Quantitative research is an approach for testing objective theories by examining the relationship among variables. These variables, in turn, can be measured, typically on instruments, so that numbered data can be analyzed using statistical procedures. Qualitative research is an approach for exploring and understanding the meaning individuals or groups describe to a social or human problem (Creswell, 2014).

3.3. Data Types and Data Source

The researcher used both primary and secondary types of data that obtained the primary data type by conducting questionnaire and different observations on the selected three banks. It also obtained the secondary data type by using different newspapers, journals, books and written articles.

3.4 Population of the study

For the purposes of this study, the characteristics of the population of study are employees of CBE, Dashen and Zemen Bank staffs working currently in the banks.

As press release report of January 15, 2021 CBE has a total of 44,879 employees working in more than 1,360 branches. Dashen Bank reported 10,492 employees in more than 454 branches on June 30, 2021 annual report. Moreover, Zemen Bank's report on June 30, 2021 shows the bank has 2000 employees in its 74 branches. Therefore, the total population size of this research is 397 employees.

3.5. Sample size and technique

The population of interest for this research are employees of CBE, Dashen and Zemen Bank. These Banks were selected based on their years of formation, which makes CBE one of the oldest, Dashen being the bank that joined the banking sector right after the financial reform that allowed the functioning of private banks and Zemen Bank being one of the last recent banks to join the industry. The sampling design applied for the research was two-stage sampling.

The sample size was determined with the following Simplified formula.

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

Where:

n - The sample size

N - The population size

 e -The acceptable sampling error

The population size of the study will be 57,371, and the acceptable sampling error determined to be 5% (0.05) and by using the above formula, the sample size will be 397.

$$\text{Sample size n} = \frac{57371}{1 + 57371(0.05^2)} = \frac{57371}{143.4275 + 1} = \frac{57371}{144.4275} = 397$$

Employees working in head office departments and branches of selected Banks are the places samples were taken. Then random sampling is used to select sample respondents from selected branches by way of approaching employees working in those branches and Head office departments.

3.7. Method of analysis

Before processing the data, the completed questionnaires were sorted, checked and edited for completeness and consistency. Then the coded data is grouped into various categories. The data processing has two consecutive phases: First data clean-up in which the collected raw data is edited to detect errors and omissions in response and for checking that the questions are answered accurately and uniformly. The next phase was the process of assigning numerical values i.e., 5 for strongly agree … 1 for strongly disagree.

As Kothari (2004) explains it, 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 involves descriptive and inferential statics, given the quantitative nature and the purpose of the study, which is aimed at identifying the factors affecting employee engagement (i.e. job characteristics, reward and recognition, leadership and management), the application of statistical techniques is a necessary requirement. Hence, the study data were analyzed using Statistical Package for the Social Science (SPSS) version 24.0.

3.8. Ethical considerations

Ethical clearance was primarily obtained from St. Mary University College and then permission from each selected Banks (CBE, Dashen and Zemen Bank) were required. Lastly, informed written and verbal consent was asked from the study samples and data collection is undertaken based on the selected banks employees voluntarily. Participating respondents obtained information is strictly confidential.

3.9 Variable and Measurement

The questionnaire used in this study is based on the conceptual framework adapted from existing literature. The questionnaire is a three-page questionnaire, which has three sections with a total of 42 questions.

Part one: Demographic information of respondents: - The first section of the questionnaire acquires information about personal and demographic data of respondents. Question related to - Age, Gender, Work Experience, Marital status and Educational qualification was asked.

Part 2: Questions relating to factors affecting EE are listed here as shown in the Table 1 below.

Table 1 the components of questions related to factors of EE

No.	Parameters	Items	Scale	Source
1	Job characteristics	6	5-point	Likert Saks(2006)
2	Rewards and recognition	6	5-point	Likert Saks(2006)
3	Leadership style	5	5-point	Likert Saks(2006)

Section-three: Items related to employee engagement: - This section consists of questions that can measure level of employee engagement. Employee engagement was measured in three engagement aspects (Vigour, Dedication and Absorption) identified by Schaufeli et.al, (2006). The respondents were rated in their level of agreement/disagreement to the stated statement on Likert scales. In general, the section consisted of twelve questions as shown in the table 2 below.

Table 2 the questions related to employee engagement

No.	Parameters	Items	Scale	Source
1	Vigour(2006)	4	Five-point	Likert Schaufeli et.al,
2	Dedication(2006)	4	Five-point	Likert Schaufeli et.al,
3	Absorption(2006)	4	Five-point	Likert Schaufeli et.al,

CHAPTER FOUR

DATA ANALYSIS, INTERPRETATION AND DISCUSSION

Introduction

This chapter presents, the results of the study based on the empirical studies conducted to test the hypotheses. The sample size determined while designing the research methodology was 397. In order to get 397 sample sizes, 417 questionnaires were distributed to employees of selected banks found in Addis Ababa and 361 (91%) usable questionnaires were obtained and used for further analysis. The data collected were entered and analyzed using SPSS software version 24.

4.1. Demographic Profiles of the Respondents

In this section, the selected demographic characteristics of the study respondents such as gender, age, marital status, work experience and educational qualification are presented. Descriptive statistics using frequencies was used to analyze the demographic characteristics of the respondents and hence the result of the analysis is described in detail here under.

From the total respondents of the survey 55.7% were male and 44.3% were female. This implies that both genders were involved in the study and thus the finding of the study did not suffer from gender bias, as it appears to be a good representation of both sex groups.

With regard to the age group, the study results showed 53.5% of the respondents belonged to 26 to 35 years of age group and 22.2% of the respondents reported belong to less than 25 years of age group. The remaining 17.7% and 6.6% of the respondents reported they belong to 36 to 45 and above 46 years of age groups respectively. The result indicates that respondents were well distributed in terms of their age group. Therefore, again with regard to age, the study did not suffer from age group bias. In another demographic factor, the study result showed that 48.8% of respondents were single and the remaining 51.2% were found to be married.

The study result also showed that 62.6% of the respondent highest level of educational qualification was first degree, 32.7% of the respondent reported their highest level of educational qualification were second degree, and the remaining 4.7% of the respondents also reported their highest level of educational qualification is diploma. In this study, none of the respondents was less than diploma.

Another important demographic variable is the work experience, which was defined as years of service an employee have worked. In this regard, the study result showed that 35.2% have worked between 5 to 10 years, 26% have an experience of 2 to 5 years, 21.9% worked for more than 10 years and the remaining 16.9% have an experience of less than 2 years.

Table 1 Demographic profile of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
GENDER	FEMALE	160	44.3	44.3	44.3
	MALE	201	55.7	55.7	100.0
	Total	361	100.0	100.0	
AGE	<25	80	22.2	22.2	22.2
	26-35	193	53.5	53.5	75.6
	36-45	64	17.7	17.7	93.4
	>46	24	6.6	6.6	100.0
	Total	361	100.0	100.0	
MARITAL STATUS	SINGLE	176	48.8	48.8	48.8
	MARRIED	185	51.2	51.2	100.0
	Total	361	100.0	100.0	
WORK EXPERIENCE	<2 YEARS	61	16.9	16.9	16.9
	2-5 YEARS	94	26.0	26.0	42.9
	5-10 YEARS	127	35.2	35.2	78.1
	>10 YEARS	79	21.9	21.9	100.0
	Total	361	100.0	100.0	
EDUCATIONAL QUALIFICATION	DIPLOMA	17	4.7	4.7	4.7
	DEGEREE	226	62.6	62.6	67.3
	MASTERS &	118	32.7	32.7	100.0

	ABOVE				
	Total	361	100.0	100.0	

Source: Own data Survey, (2022)

4.2. Preliminary tests

4.2.1. Reliability test

According to Sekaran and Bougie (2016) reliability of a measure is an indication of the stability and consistency with which the instrument measures the concept and helps to assess the goodness of a measure. In conducting the reliability test using SPSS version 24.0, the researcher calculated Cronbach 's alpha values for the items in each construct as indicated table 5 here below. According to Sekaran and Bougie (2016), reliabilities less than 0.60 are considered poor, those in the 0.70 range, acceptable, and that obover0.80 good.

Table 2 Reliability Analysis Cronbach's alpha result

Item	Cronbach's alpha	Cronbach's alpha based on standardized items	No. of Items
Job Characteristics	.764	.768	6
Reward and recognition	.747	.746	6
Leadership style	.865	. 867	5
Employee engagement	.942	.942	12

Source: Own data survey, (2022)

4.3. Descriptive Statistics of Study Variables

The descriptive statistics of the variables are presented here after; revealing the mean, standard deviation, maximum and minimum of the attributes in each predictor variable. The average score from the 5-point Likert scale with 5 as strongly agree and 1 as strongly disagree for all the variables was computed to show the proportion of the respondents that either strongly agreed or disagreed with the items of the variables.

According to Zaidatol (2009), mean score less than 3.39 is considered as low, the mean score from 3.40 - 3.79 is considered as moderate and mean score more than 3.8 is considered as high as illustrated by comparison bases of mean score of five-point Likert scale instrument.

4.3.1. Job characteristics

Job characteristic is one of the major factors which can affect employees' engagement. In this study, it was measured by six attributes identified by Saks (2006).

Table 3: Respondents' agreement level on job characteristics attributes

	N	Min	Max	Mean	Std. Deviation.
There is much autonomy (freedom/ independence) in my job.	361	1	5	3.20	1.135
My job involves doing a 'whole' identifiable piece of work.	361	1	5	3.42	1.014
My co-workers let me know how well I am doing on my job.	361	1	5	3.48	.981
The job is significant (important) to affect others.	361	1	5	3.43	1.172
The job requires me to do many different things at work using a variety of my skills and talents.	361	1	5	3.31	1.203
Doing the job itself provides me with information about my work performance.	361	1	5	3.71	.999
Job Characteristics average	361	1	5	3.426	.7367

Source: Own data survey, (2022)

The analytical result of the data indicates that the overall mean of job characteristic is 3.426 and SD= .7367, which can be understood as employees' feeling about the characteristics of their job is moderate. Out of the six attributes that constitute job characteristics, the question "Doing the job itself provide me with information about my work performance" have the highest mean score of 3.71 with SD of .999 and in the contrary the question "There is much autonomy in my job" scored lowest mean of 3.2 with SD of 1.135. This implies that employees' perception on the autonomy of the job they do is low and they also believe there is feedback from the job itself.

Again the score for the question that measures the job's skill variety requirement was low having mean value of 3.31 with SD of 1.203. This simply shows employees believe their job doesn't require using variety of their skills and talents.

4.3.2. Reward and recognition

Reward and recognition was one among the proposed independent variables in this study. The below table presents the scores for the six attributes used in the study to measure RR.

Table 4: Respondents' agreement level on Reward and recognition attributes

	N	Min	Max	Mean	Std. Deviation
Full financial compensation packages are available for me.	361	1	5	3.22	1.100
There is a reward or token of appreciation from my supervisor	361	1	5	2.82	1.048
My organization provide me comprehensive health benefit	361	1	5	4.08	.988
There is some form of public recognition (e.g. employee of the month/year).	361	1	5	2.80	1.042
Training opportunities are available for me.	361	1	5	3.42	1.092
A promotion is available for me.	361	1	5	3.15	1.115
Reward and recognition average	361	1.00	5.00	3.247	.7079

Source: Own data survey, (2022)

As is presented in the table above, the average mean of reward and recognition is 3.247 with SD of 0.7079 which can be taken as employees' perception of the reward and recognition they receive is low. Of the six attributes the question "My organization provide me comprehensive health benefit" scored the highest (Mean=4.08 & SD=0.988). In the opposite, the question "There is some form of public recognition (e.g. employee of the month/year)" scored the lowest (Mean= 2.80 and SD=1.042). This implies most of the employees feel that they have a good health benefit from their organization but their extra effort is not subject to some form of public recognition. In the same token, the mean score of "There is a reward or token of appreciation from my supervisor" was found low (Mean 2.82 & SD=1.048). In general, the mean scores of

questions other that the health benefit were low implying that employee's perception on the level of reward and recognition they receive from their organization is low.

4.3.3. Leadership Style

As the literature clearly states it, leadership style is one of the major factors affecting employees' engagement level. This study had also tried to examine the relationship between the two and the below table presents the mean scores of SPSS attributes.

Table 5: Respondents' agreement level on Leadership Style attributes

	N	Min	Max	Mean	Std. Deviation
My supervisor cares about my opinions.	361	1	5	3.04	1.091
My work supervisor really cares about my well-being.	361	1	5	3.04	1.061
My supervisor strongly considers my goals and values	361	1	5	2.87	1.045
My supervisor recognizes my effort.	361	1	5	3.16	.934
My supervisor provides feedback on my performance.	361	1	5	3.40	1.006
Leadership Style	361	1.00	5.00	3.102	.8291

Source: Own data survey, (2022)

As per the empirical data presented in the above able, the overall average score of SPSS is low. (Mean 3.102 & SD=0.829). This Mean is also the lowest of the independent variables in this study. In general, the mean and standard deviation scores of all the parameters in this variable was low being the question "My supervisor strongly considers my goals and values" the lowest (Mean 2.87 and SD 1.045) and "My supervisor provides feedback on my performance" the highest (Mean 3.40 and SD 1.006). This shows employees feel their supervisor doesn't care about them and value their opinions.

4.4 Correlation Analysis

The hypotheses discussed in the first chapter aimed to investigate the determining factors of independent variables (job characteristics; leadership style; and reward and recognition) on the dependent variable (employee engagement). Correlation analysis is done to examine this relationship. The Pearson Product-Moment Correlation Coefficient is a statistic that indicates the

degree to which two variables are related to one another. The sign of a correlation coefficient (+ or -) indicates the direction of the relationship between -1.00 and +1.00. The sign shows whether there is a positive correlation (as one variable increase, other also increase) or negative correlation (as one variable increase, other decrease). A positive correlation indicates a direct positive relationship between two variables. Higher correlation value indicates stronger relationship between both sets of data (Coetzee 2003). A negative correlation, on the other hand, indicates an inverse, negative relationship between two variables (Ruud et. al. 2012).

Table 6 Measures of Associations and Descriptive Adjectives

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

Source: (Mac Eachron, 1982)

Hence, the correlation output of the dependent and independent variables is interpreted based on table 6.

Table 3 Correlation Matrix between the dependent and the independent Variables

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

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

Source: Own data survey, (2022).

Based on the survey result, job characteristics found to have a strong positive relationship with employee engagement (r=.681, p<0.01). Similarly, leadership has a strong positive influence on employee engagement (r=.659, p<0.01). Good leader inspires his/her followers to put in their best and drives a business in a systematic and defined way. It shows leadership style in practice, in any organization, largely, can determine how engaged an employee will be. Finally, reward & recognition was found to have a moderate positive relationship with employee engagement (r=.525, p<0.01).

4.5 Multiple Regression Analysis

Multiple regression analysis is used to discover the relationship between one dependent variable and a number of independent variables or predictors (Pallant, 2005). Multiple regression also tells that how much of the variance in the dependent variable can be explained by independent

variables. Before running multiple linear regression analysis, the researcher has conducted basic assumption tests before running the regression model. These are normality of the distribution, linearity of the relationship between the independent and dependent variables and multi collinearity tests. Each test is explained below.

Test 1: Multi collinearity

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

Table 4 Result of Multi collinearity test

Coefficients [a]			
Model		**Collinearity Statistics**	
		Tolerance	**VIF**
1	Job Characteristics	.731	1.367
	Leadership style	.731	1.367
	Reward & Recognition	.784	1.275
a. Dependent Variable: Employee Engagement			

Test 2: Normality Distribution Test

Multiple regressions require the independent variables to be normally distributed. Verifying

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

The skewness and kurtosis test results of the data is within the acceptable range (-1.0 to +1.0)and it can be concluded that the data is normally distributed. The Kurtosis and skewness results are presented in table 8.

Table 5 Result of normality test Descriptive Statistics

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

Test 3: Linearity of the Relationship Test

The third assumption for computing multiple regressions is test of the linearity of the relationships between dependent and the independent variables. As depicted in the below scatter the visual inspections of the scatter plot shows there exists a linear relationship between the employee engagement determinants and employee engagement. The scatter plot is presented in table 9.
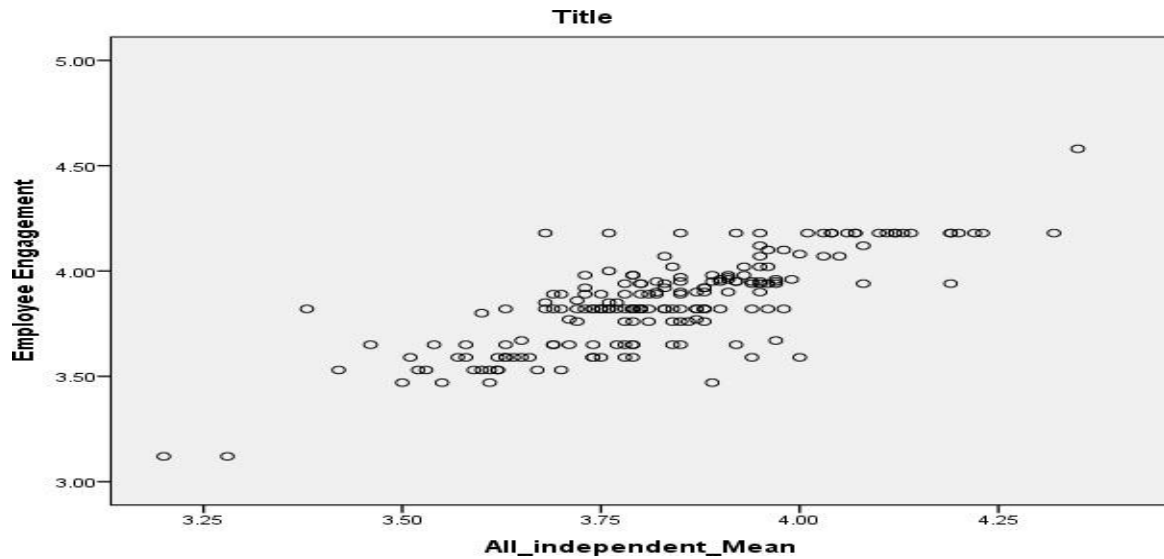
Table 9 Linearity of the Relationship Test

4.6 Model Summary

In the model summary below (table 10), the multiple correlation coefficients R, indicates a very strong correlation of .805 between employee engagement and the three independent variables. R^2= .647 reveals that the model accounts for 64.7% of the variation in the employee engagement and is explained by the linear combination of all the independent variables.

Table 10 Model Summary

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.805ᵃ	.647	.642	.12829

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

Source: Own data survey, (2022)

4.7 ANOVA Model Fit

ANOVA analysis is normally used to compare the mean scores of more than two variables. It is also called analysis of variance because it compares the variance between variables (Pallant, 2005). Accordingly, table 11 of this study shows that the value of R and R^2 found from the model summary is statistically significant at (F=114.448), (P<0.001) and it can be said that there is a relationship between employee engagement and the predictors (determinants).

Table 11 ANOVA Model Fit

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.651	3	1.884	114.448	.000^b
	Residual	3.078	187	.016		
	Total	8.729	190			

a. Dependent Variable: Employee engagement

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

Source: Own data survey, (2022)

4.8 Beta Coefficient

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

As it can be seen from table 12 below, the standardized coefficient of job characteristics is the largest value followed leadership style, reward, and recognition. The larger the standardized coefficient, the higher is the relative effect of the determinants to the employee engagement.

Table 12 Beta Coefficient

Coefficient^a

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

a. Dependent Variable: Employee engagementSource: SPSS output of the survey

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

$Y = \beta 0 + \beta 1 X1 + \beta 2 X2 + \beta 3 X3 + \varepsilon$

Y =.093+.433X1+.388X2+.166X3+.12829

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

The intercept ($\beta 0$) is the point on the vertical axis where the regression line crosses the Y-axis. The value of $\beta 0$ is 0.093, which means the expected value of employee engagement is 0.093when all the three variables assume zero value.

Summary of Hypothesis Testing

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

Table 6 Summary of hypothesis testing

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

Discussion

The studies goal was to analyze the determinants of employee engagement in three commercial banks. In the next section, the determinants are discussed.

Job Characteristics

In this study, job characteristics significantly predicted job engagement. This finding supports Saks' (2006) finding that job characteristics predicts employee engagement. The finding is also consistent with many other studies, which examine the links between job characteristics and employee engagement. This result adds to a growing collection of studies (e.g., Sulea et al. 2012; Shantz et al. 2013) that examine the effect of job characteristics on employee engagement. The literature review looked at the work of Kahn who argued that task characteristics could build psychological meaningfulness (1990). Psychological meaningfulness is one of the conditions, which can produce engagement. This work by Kahn built on similar findings by Hackman and

Oldham (1980) who maintained that skill variety, task identity and task significance produce a psychological state of meaningfulness at work. In addition, they claim that increased autonomy allows individuals to experience greater responsibility. Existing studies on engagement show a positive association between engagement and job characteristics (Richardsen, Burke, & Martinussen, 2006; Bakker, Hakanen, Demerouti and Xanthopolou, 2007). Wood and Bandura (1989) claimed that there is statistically significant impact of job characteristics on employee engagement. As Brass (1981) explained, persons occupying centralized positions are more likely to receive more feedback from agents than persons occupying peripheral positions are. Feedback, one component of job characteristics, increases the employees' capability to engage (Gittell in Grant and Parker, 2009), fosters learning, increases job competence (Bakker, 2009) and stimulates the process of giving and gathering advice. It could be predicted that the more a job requires usage of a variety of different skills, the more the employee should try to seek these skills from coworkers and therefore reach higher centrality in learning and advice networks. As explained by Hackman and Oldham (1976) the task is more likely to be experienced as meaningful when it requires an employee to engage in activities that challenge or stretch his or her skills and abilities. In addition, it could be claimed that when the employee satisfies the need for a meaningful job, the employee is also more engaged in gaining knowledge and skills from workers. Therefore, skill variety increases employee work engagement. In addition, this finding maintains Macey and Schneider's (2008) proposition of trait engagement, which says that engaged employees strive to solve challenging tasks and achieve difficult goals. Derara Tessema (2014) also found out that this is an important factor in predicting employee engagement. Macey and Schneider (2008) that an employer, while already having engaged employees, has to create a work environment where the employees' energy could be manifested and sustained also claimed it. May et al. (2004) suggested managers should foster meaningfulness through job enrichment by designing jobs in line with Hackman and Oldham's (1980) Job Characteristic Model.

Leadership Style

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

Rewards and Recognition

Reward & recognition was also found to have a moderate positive relationship with employee engagement (r=.525, p<0.01). Much of the literature indicates rewards and recognition drive to a better level of employee engagement, which is in line with the finding of this study. Crawford et al. (2014) explain that in most cases, rewards and recognition are linked to greater engagement levels. Similarly, Cook (2008) asserts that fair pay reward and recognition are key drivers of

employee engagement. They should be fair in terms of comparisons within the organization and with other organizations in the industry (Robinson et al., 2004). Armstrong and Taylor (2017) also agree with this as rewards and recognition represent direct and indirect returns on the investment of an employee's time in their role. Previous studies discovered that a lack of recognitions or rewards can lead to burnout, therefore proper recognitions or rewards is very important for engaged employee (Gonzalez-Roma et al., 2006; Kahn,1990; Maslach et al., 2001; Ola, 2011).

Reward & recognition is comparatively having the lowest effect on predicting employee engagement. This finding supports a theory which states that engagement is not a merely momentary and specific state, but rather, it is "a more persistent and pervasive affective-cognitive state that is not focused on any particular object, event, individual, or behavior" (Schaufeli et al.,2002). Williams (2008) held that providing employees with deserved rewards and recognition and involving them in organizational decisions could help boost employee engagement. Smith (2010) maintained that in order to improve employee engagement, management should demonstrate that it cares about the employees' wellbeing, demonstrate genuine interest in their development, and recognize their achievements. Ram and Prabhakar (2011) study also indicated that when performance receives its due recognition & employees share it in the form of benefits of the organization they become more engaged. Saks (2006) also found out that rewards and recognitions of good work performances are a very good way to boost employee engagement. This research finding is also comparable with the result of some previous studies conducted by Hence, which is one, might expect that employees to be more engaged at work to the extent that they perceive a better amount of rewards and recognition for their role performances. According to Brick (2012), recognition is critical to the culture and operation within the workplace, which affects workforce engagement. Haines and St-Onge's (2012) also discovered that rewards and recognition directly affect employee engagement and performance. The findings from the analysis suggest that when employees are rewarded and recognized for their contributions, their engagement level will increase. Lavigna (2015) supported this view. Lavigna's study proposed that good communication, employees' voice as well as reward and recognition are all factors that can lead to increased employee's engagement.

CHAPTER FIVE

5. SUMMARY, CONCLUSION AND RECOMMENDATION

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

5.1 Summary of the Findings

The purpose of this study was to investigate the determinants of employee engagement in selected commercial banks in Addis Ababa area. The findings of the research finally lead to answer the research question discussed in chapter one i.e. Do job characteristics have an effect on employee engagement? Does leadership style have an effect on employee engagement? Does reward and recognition have an effect on employee engagement? Four hundred seventeen questionnaires were distributed to employees of selected banks found in Addis Ababa and 361 (91%) usable questionnaires were obtained and used for further analysis.

Out of total respondents, from the total respondents of the survey 55.7% were male and 44.3% were female, 95.3% of the respondents have Bachelor Degree and Master's Degree.

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

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

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

5.2 Conclusion

This research aimed to investigate factor affecting Employee Engagement in CBE, Dashen bank and Zemen bank. Thus, on the base of the findings the following conclusions were made.

This study supports the presence of job characteristics, rewards and recognition and leadership and management models of employee engagement. The results have important implications for assisting managers and companies to better understand and control factors that may lead to improved levels of employee engagement.

According to the data analyzed, Employee engagement is more affected by "job characteristics" among the other determinants on employee engagement. There is positive and significant relationship between employee engagement and determinant of employee engagement. Therefore, we can conclude that the selected determinates have a positive direct impact on employee engagement. The employee engagement can also have an effect on organizational performance.

Finally, from the results of this study we can concluded that in the case banks Employee Engagement was influences by independent variables (Job Characteristic, Reward and Recognition, Leadership and management).

5.3 Recommendations

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

- The banks should assess engagement levels of their employees through employee engagement measurement scales in order to identify gaps and act appropriately to bridge gaps.
- According to this study, job characteristics have a significant effect on employee engagement. As a result, the banks should closely look into the job characteristics and redefine jobs to increase the Autonomy/independence of jobs, usage of variety of skills and talents and let the employees do a completely identifiable piece of work to increase

the engagement level. Therefore, in redefining the jobs, the Banks should consider job enlargement to increase the autonomy of jobs and make the tasks of an employee whole identifiable and promote usage of different skills and talents for the challenging work. In addition to this, Banks should let employees design their own task and adopt job rotation techniques to grasp the different skills and talents of employees.

- To ensure that the employees are fully engaged, leaders must practice employee oriented leadership style. Thus, leaders must pay close attention to their followers' needs on a basic level and be willing to respond appropriately. The selected banks should focus on implementing leadership skills practices to areas where engagement is low after measuring employee engagement. This will mark quality of work, efficiency in operations, retention of employees, customer satisfaction and to increase competitive advantage.

- Since reward and recognition, strategies play an important role in reflecting the employee engagement, the organization need to modify their rewards strategy to be aligned with their own particular organization objective. The selected banks should maintain the employees to keep doing well on their work by providing a good reward and recognition instead; they should also work more on providing training & development opportunities, career advancement & promotion opportunities among others. The better the reward and recognition in company the better the employee engagement. This will maintain a good relationship between company and its own employees.

- For the banks, it is especially important to be consistent in terms of the distribution of rewards and recognition as well as the procedures used to allocate them.

5.4 Future Research Directions

- The scope of the study can be further increased and enriched to include more variables under the theoretical framework in future studies by incorporating other determinants of employee engagement including organizational justice, work environment, team and co-worker relationship has a positive effect on engagement.

- Future studies can also employ longitudinal studies to study the determinants of

employee engagement in organizations. The cross-sectional nature of the data limits the interpretation of the findings. It will be important to do a longitudinal study to get a more reliable result.

- Multiple measurement methods for justifiability of the theoretical model can include other methods like in-depth interviews, focus group interviews, nominal group technique etc.

- The sample size of this study was limited to Addis Ababa area, in this regard, to make the conclusion and recommendation more wide and applicable for more organizations in the industry, future researches may conduct the research in industry wide or nationwide by increasing the sample size and diversify organization types.

- The scope of the study can be further broadened to increase various views of employee engagement like job engagement and organizational engagement.

- There are several studies that have been done on determinants of employee engagement but not so many of them have been conducted in Ethiopia. Other studies need to be done to fill the gap.

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Appendix

St' Mary University School of Graduate Study

Masters of Business Administration Program

Dear respondent,

My Name is Meron Belete. I am a graduate student at St' Mary University School of graduate study masters of business administration program. I am currently working on a research titled "Factors affecting Employee engagement: in Ethiopian Banking sector a case of selected banks (CBE, Dashen and Zemen Bank).

Thus, I would like to have your accurate opinion regarding the subject matter and fill out the questionnaires honestly so as strengthen the papers output. I also want to assure you that the data will not be used for any purpose other than this study.

I highly appreciate your willingness to participate as a respondent in this survey.

Meron Belete (cell phone 0932516074)

There is no need in writing your name**.**

Best Regards,

I. Please, mark your answer with (√)

1: Gender: _____Female _____Male

2: Age: ____25 years or less ____26 to 35 years____36 to 45 years ____ 46 years and above

3: Work Experience ____<2 years ____>2 but < 5 ____>5 but <10 ____10 years and above

4: Marital status ____Single ____Married ____Divorced

5: Educational qualification

____High school ____Diploma ____Degree ____Masters and above

PART II: Please State Your Level of Opinion for Each Given Statement Using the Following Scales:

	Items	Strongly disagree(1)	Disagree(2)	Neutral(3)	Agree(4)	Strongly agree(5)
1	There is much autonomy in my job					
2	At work, I have the opportunity to do what I do best every day.					
3	My co-workers inform me know how well I am doing on my job.					
4	My job is comprehensive in helping to learn new things.					
5	The job requires me to do many different methods at work, like using a variety of my skills and talents.					
6	Doing the job itself provides me how I am performing					
		1	2	3	4	5
7	Full financial compensation packages are available for me.					
8	There is a reward of appreciation from my supervisor					
9	My organization provides me comprehensive health benefit					
10	There is some form of public recognition (e.g. employee of the month/year).					
11	Training opportunities are available for me.					
12	Promotion is available for me.					
		1	2	3	4	5
13	My supervisor cares about my opinions.					
14	My work supervisor cares about my well-being.					
15	My supervisor strongly considers my goals and values					
16	My supervisor recognizes my effort.					
17	My supervisor provides feedback on my performance.					
		1	2	3	4	5

18	The height of my workstation is satisfactory, safe in relation to my posture, and viewing.					
19	The seat design is comfortable and facilitate proper posture					
20	The noise, of my office enables me to stay and focus on my task.					
21	My computer and workstation furniture is flexible and suitable enough for me to adjust rearrange/ reorganize my work.					
22	Office equipment's are easily accessible from my seat.					
23	The quality of the office equipment is good enough for me to work efficiently.					
24	I always feel comfortable in doing my job					

		1	2	3	4	5
25	I willingly give time in helping others who have work related problems.					
26	I adjust my work schedule to accommodate other employees' requests for time off.					
27	I give up my time to help others who have work or non-work problems.					
28	I assist others with their duties.					
29	I attend functions that are not required but that help the organization image					
30	I offer ideas that helps in improving the functioning of the organization.					
31	I Take action to protect the organization from potential problems					
32	I defend the organization when other employees criticize it.					

Part 3:

The following statements are about how you feel at work. Please read each statement carefully and decide your degree of agreement. **Please indicate your choice by putting tick sign (√)**

		1	2	3	4	5
1	At my work, I feel like bursting with energy.					
2	When doing my job, I feel strong and energetic.					
3	When I get up in the morning, I feel like going to work.					
4	I can continue to work for long periods.					
5	I find the work that I do meaningful and purposeful					
6	I feel excited about my job.					
7	My job inspires me.					
8	I am proud of the work that I do.					
9	When I work, I forget everything else around me.					
10	I feel happy when I work intensively.					
11	Different issues carry me away when I work.					
12	It is difficult to detach myself from my job.					