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**BAHIR DAR UNIVERSITY**  
**COLLEGE OF BUSINESS AND ECONOMICS**  
**DEPARTMENT OF MANAGEMENT**  
**DETERMINANTS OF EMPLOYEES' ENGAGEMENT**  
**IN CASE OF COMMERCIAL BANK OF ETHIOPIA IN BAHIR DAR**

**BY**

**GIZACHEW MOLLA AYAL**

**A Thesis Submitted in Partial Fulfillment of the Requirements for the Degree**  
**of**

**Master of Arts in Business Administration (MBA)**

**Advisor: Meselu Alamnie (PhD)**

**June, 2023**

**Bahir Dar, Ethiopia**

## **DECLARATION**

I hereby declare that the thesis work entitled, “Determinants of Employees Engagement in Commercial Bank of Ethiopia Branches in Bahirdar”, is outcome of my own effort and that all sources of materials used for the study have been duly acknowledged. I have produced it independently except for the guidance and suggestions of the research advisor Meselu Alamnie (PhD).

Name: Gizachew Molla Ayal

Date: -----

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

### **Advisor Approval**

This Thesis has been submitted for examination with my approval as a University advisor.

**Meselu Alamnie (PhD)** \_\_\_\_\_

Advisor Name

Signature

Date

**Bahir Dar University**  
**College of Business and Economics**  
**MBA Program**

As members of the board of examiners, we examined this dissertation/thesis entitled “determinants of Employees Engagement in Commercial Bank of Ethiopia Bahir Dar city selected Branches” by Gizachew Molla. Here by we certify that the thesis is accepted for fulfilling the requirements of the award of the degree of Masters of business administration (MBA).

Approval of Examiners

External examiner name	Signature	Date
_____	_____	_____

Internal examiner name	Signature	Date
Antenh E. (PhD) _____	_____	_____

Chairperson’s name	Signature	Date
Alazar A. (PhD) _____	_____	_____

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## **ABSTRACT**

*Many researches have been conducted on the determinants of employee engagement and they all agreed that it is the basics for an organization to achieve its objectives and stay competent in the market. However despite this fact, there is still lack of consistent results in studies conducted in the area particularly in our country. The main objective of this research is to fill the inconsistency gaps on determinants of employees' engagement. Cross sectional survey study design was used to collect the required data. A sample of 205 employees was taken by applying simple random sampling technique out of which 194 respondents have replied, which was found valid for the analysis. The data collected through distributing questionnaire were analyzed mainly using correlation and regression analysis. The results of the study indicated that all the factors investigated have positive significant effect in predicting employee `engagement.*

**Key words: Commercial Bank of Ethiopia Determinants, Employee engagement,**

## **Acronyms and Abbreviation**

SPSS	Statistical packages for social science
CBE	Commercial bank of Ethiopia
EE	Employee Engagement
HR	Human Resource
JC	Job characteristics
POS	perceived organizational opportunity
PGO	promotion and growth opportunity
WE	working environment

# CHAPTER ONE

## Introduction

This chapter provides the general back ground of the research. It introduces the research problem and the associated research questions to be answered & objectives to be achieved. It includes back ground of the organization, scope & limitation of the study, significance of the study, definition of key terms & organization of the study.

### 1.1. Background of the Study

The concept of Employee Engagement (EE) has attracted a lot of attention recently. Reilly & Brown (2008) noted that the term 'job satisfaction', 'motivation' and 'commitment' are generally being replaced now in business by 'engagement' because it appears to have more descriptive force and face validity. As Emmott (2006) commented, 'Employee engagement has become a new management tune.

Due to rapid globalization, CEOs, Human Resource Development (HRD) and the business leaders have realized that employee talent is the key to their growth. However, one of the toughest challenges confronting the management is, ensuring that their employees' do their job, when checked every day, they not only do it physically but also mentally and emotionally (Bedarkar and Pandita, 2014). In other word, the employer needs to ensure that their employees are fully engaged at work. Many writers have argued that employee engagement can lead to enhanced performance and key driver of individual attitudes, behavior, and performance (Saks, 2011).

Employee engagement has emerged as a critical driver of organizations' success, and it practically affects the employee morale, productivity, reason for retaining and also individual satisfaction (Sanborn & Oehler, 2014). Saks (2011) and Andrew & Sofian (2012.) mentioned that employee engagement is a key driver of individual attitudes, behavior, and performance as well as organizational performance, productivity, retention financial performance, and even shareholder return. In order to create an environment for employee satisfaction and engagement, it is also vitally important to know which factors most affect employee engagement (Heartfield, 2012). As it was indicated by the title of this study, the main focus of this paper is to determining factors that influence employee engagement. The researcher has selected five of the antecedents

of EE, namely, job characteristics, promotion and growth opportunity, working environment, perceived organizational support, and payment.

Andrew & Sofian (2012) noted that employee promotion is featured by getting training, skills development and learning in an organization. Creating a learning-oriented culture along with a personal development plan is an effective way to improve employee engagement in an organization, because most employees are interested in learning new skills and knowledge in their work as this keeps their work interesting and fresh. As per Islam & Shazali (2011), a favorable working environment, such as working with a good team, having a good boss, and liking the physical surroundings in the workplace, is a contributory factor in motivating the workforce towards higher output. Indeed, job security, a sustainable compensation package, and the availability of food and drink in the workplace, are also considered to be principal indicators of a favorable working environment. The presence of all these factors in the workplace could gear up the morale of workers and contributes to increased manufacturing productivity.

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An important aspect of safety stems from the amount of care and support employees perceive to be provided by their organization as well as by their direct supervisor. In fact, Kahn (1990) found that supportive and trusting interpersonal relationships as well as supportive management promoted psychological safety.

Commercial Bank of Ethiopia (CBE) is spending time and money on programs, processes, and factors that would enhance its service delivery for better customer satisfaction. The bank has been deployed different change initiatives that enhanced its service delivery in fulfilling the different needs and requirements of customers as well as the country. Besides, it laid a lot of emphasis on provision of quality service to its customers, but there is challenge here is to create an engaged employee who can facilitate that endeavor. The Employee Engagement survey (2020) undertaken in the bank reported that 14.8% of the CBE employees felt engaged. This

implies that even if there are a lot of change initiatives in CBE, the level of EE is very low, that motivated the researcher to study the factors that affect the level of employee engagement in the bank.

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

Employee engagement often is measured along with employee commitment. Employee engagement was firstly introduced by the Kahn (1990: 694) defining that “the harnessing of organization members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances.” According to Saks (2006), there is few definitions of engagement in use, one of which is that engagement is about creating an employee who work with full energy and interest that can align with the organization goals and the one who releases unrestricted effort and delivers the aspirations of the organization by creating an emotional relationship.

In recent times, Employee Engagement has joined contemporary literatures in HRM and thus has become a critically important ingredient in maintaining affective and behavioral domains of the human side of management. Employee Engagement affects the quality of service in banks with consequent effect on customer satisfaction and ultimate performance of the organization. Therefore, many organizations strive to create high engagement amongst their employees. Engaged employees demonstrate attributes such as loyalty, trust and commitment to their organization.

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). In the best organizations, employee engagement transcends a human resource initiative, because it is the way they do business. Employee engagement is a strategic approach supported by tactics for driving improvement and organizational change (Schaufeli& Bakker, 2004). The best performing companies know that developing an employee engagement strategy and linking it to the achievement of corporate goals will help them win in the marketplace (Gallup, 2010). The study conducted by Barman (2004) found out that employee engagement leads to discretionary efforts which ultimately resulted in work excellence.

The study has confirmed the proposition that engagement and work excellence of employees are closely associated with drivers of engagement which can positively influence the employee's effort for achieving work excellence (Barman, 2004).

Even though the highlight on engagement development and burn out in recent years, scholars are still divergent in their views regarding what employee engagement is, how to get it, and its form and appearance when achieved (Yasmin, 2011). ). Because regarding the work live factors (Job characteristics, Rewards and recognition, Perceived Organizational support, and working environment predict Employment Engagement in human services not similar results have noted in most of previous Employment Engagement surveys and the literature is unclear as to which variables are the strongest predictors (Balain, 2009; Kim et al., 2008).

Work environment was positively associated with higher work engagement and work engagement partially mediated the relationship between work environment and turnover intention; and job characteristics were positively related to higher work engagement (J Adv Nurs. 2018).

Job characteristics had a significant effect on work engagement and perceived organizational support did not have any significant effect on work engagement, but together it had a significant effect on work engagement (Sulistyo, Adhe Rachman and Suhartini,2019).

The results of the study conducted by (Tesfaye T. 2022) were concluded that in the case of bank Employee Engagement is influenced by independent variables (Job Characteristic, Reward and Recognition, Perceived Organizational Support, Perceived Supervisor Support, Working environment). *He* recommended for researchers to explore whether the result related to the variables he used in this study is acceptable for the other industry, organization or not.

Given the high importance of keeping employees engaged and having known the great contribution of the banking sector to our economic growth, based on the inconsistencies and recommendations and quite a few empirical studies on the country have been conducted regarding this important topic, it is not dubious that carrying out a research on the antecedent variables that can result in high levels of engagement among employees is important.

Besides, unlike achieving its various plans (deposit mobilization, increasing number of branches & customer base, etc.) there is still a problem of disengagement. Consequently, it has been found



important to carry out this study in order to point out the factors that are contributing for this situation and provide an insight for the bank which in turn helps it to focus on developing engagement raising environment and improve its performance.

### **1.3. Research Questions**

This study answered the questions of bank management how to adequately sustain or increase employee engagement of CBE. As a result, the study has attempted in answering the following research questions:

1. What is the effect of Job Characteristics on employee engagement in Bahir Dar branches of commercial bank of Ethiopia?
2. What is the effect of promotion and growth opportunity on employee engagement in Bahir Dar branches of commercial bank of Ethiopia?
3. What is the effect of perceived organizational support on employee engagement in Bahir Dar branches of commercial bank of Ethiopia?
4. What is the effect of working environment on employee engagement in Bahir Dar branches of commercial bank of Ethiopia?
5. What is the effect of payment on employee engagement in Bahir Dar branches of commercial bank of Ethiopia?

### **1.4. Objectives of the Study**

#### **1.4.1 General objective**

The general objective of the study is to examine factors determining employee engagement in the case of Commercial Bank of Ethiopia in Bahir Dar branches.

#### **1.4.2 Specific objectives**

The specific objectives of the study focused on individual factors that affect employee engagement. Stated as follows;

- To show the extent to which determinants of employees engagement such as job characteristics, Promotion and Growth Opportunity, perceived organizational support, working environment, and payment are prevalent in Bahir Dar branches of CBE.
- To demonstrate the level of employees engagement in in Bahir Dar branches of CBE

- To examine the association between selected determinant factors and employee engagement.
- To investigate the effect of determinant factors in predicting employee engagement.
- To portray the relative importance of determinant factors to influence employee engagement.

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

This research is helpful for the following reasons:

- The study would make contributions towards the area of factors affecting employee engagement in general and for the case of CBE in particular.
- Secondly, it would give stakeholders the opportunity to gain deep knowledge about the factors that determine Employee Engagement in CBE.
- Thirdly, the study draws some conclusions and identifies the major factors affecting Employee Engagement in Commercial Bank of Ethiopia Bahir dar city branches.
- Thus, it would give signal to the management of the bank in particular and policy makers in general to focus on the main determinants of Employee Engagement. And also Researchers on the area can use the results of this study for their further investigation and explore the issue or in different companies, organizations, institutions and industries.

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

The study delimited only selected CBE branches in Bahirdar city. Furthermore, the study focused only on professional workers. This is mainly due to factors which are expected to affect the engagement could be easily understood by professional employees so that it may have its own contribution in maintaining the quality of the information and hence the result of the study.

### **1.7 Limitations of the Study**

The study faced challenges like resistance from the some respondents to fill parts of the questionnaire and shortage of related literature our country. In addition this study concentrates only internal factors that affect employee engagement; however there might be other external factors that affect employee engagement significantly.

## **1.8 Organization of the Study**

The remaining topics of this study are structured as follows: chapter two provides an overview of theoretic and empirical literatures on the link between employee engagement and its determinant. Under this section, theories, models, dimensions regarding employee engagement and its impact on organizational and individual outcomes carried out by various researchers are discussed. The third chapter presents details of the research design, source of data, method and tools of data collection, target population, sample size and sampling technique and method of data analysis. Chapter four includes data presentation, analysis and discussion of the result of the study. Finally, chapter five includes conclusion of the study, a summary of the findings and recommendations.

## **CHAPTER TWO**

### **2 REVIEW OF RELATED LITERATURE**

#### **2.1 introduction**

This section of literature review is going to provide important definitions, theories and other concepts based on the researcher's review of both written materials and websites. It includes the definition and concepts of employee engagement, determinants of employee engagement, theories and measurements of employee engagement.

#### **2.2. Review of Theoretical Literature**

The strong theoretical rationale for explaining employee engagement can be found in Social Exchange Theory (SET) to Saks (2006). The SET provides a theoretical basis of why employees determine to become more engaged or less engaged in their work. According to SET, responsibilities are created through various interactions of the parties who are interdependent with each other. SET is basic tenet holds that relationships gradually develop into trusting, loyal, and mutual pledges on the condition that the parties to the pledge follow rules of exchange.

Therefore, one way for employees to repay their organization is through their level of engagement. In other words, the level of employee engagement depends on the advantages they receive from the organization. Showing dedication to one's work in large amounts of cognitive, emotional, and physical resources is a perceptive way for employees to show their appreciation to their organization's services. SET states that individuals having a strong exchange ideology are more inclined to feel obliged to return the organizational benefits that they receive. Hence, it can be stated that the link between different predictors and engagement may be stronger for individuals possessing a strong exchange ideology. As we see, employee engagement consists of a psychological and emotional connection between employees and their organization which could be turned into negative or positive behavior at work and the organization plays the main role of engagement (Saks, 2006)

##### **2.2.1 Employee Engagement**

Employee engagement has been defined differently by different researchers as well as human resources practitioners and scholars. Each definition reflects the author's specific conceptual of the construct. According to Kahn (1990) people draw upon themselves to varying degrees while

performing work tasks and they can commit themselves physically, cognitively, and emotionally in the various roles they perform. Or, they may choose to withdraw and disengage from their work roles and work tasks. Results of Kahn's study suggest that there are three psychological conditions that shape how people perform their roles - meaningfulness, safety, and availability. Kahn's identification of the three psychological conditions now serves as a framework for the study of employee engagement.

Kahn (1990) describes the state of meaningfulness as one in which workers feel worthwhile, useful, and valuable, and that they are making a difference and are appreciated for the work they do. Safety is described as an environment in which people feel an ability to act as what would be normal for the individual without fear of negative consequences. Safety is found in situations in which workers trust that they would not suffer because of their engagement with their work and where they perceive the climate to be one of openness and supportiveness. Availability is defined by Kahn (1990) as the sense of having personal, physical, emotional, and psychological means with which to engage with their job tasks at any particular moment. The definitions of employee engagement that the current author found are similar to those of Shaufeli et al. (2002), May et al. (2004) and Saks (2006).

Employee Engagement is defined as the level of commitment, involvement and passion as a positive, fulfilling work related state of mind that is characterized by vigor, dedication and absorption' (Shaufeli et al., 2002). Shaufeli et al., 2002, further state that engagement is not a 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".

The researcher based on the objective of this study, operationayid the definition of engagement which is more than simply job satisfaction. It can best be described as a harnessing of one's self to his or her roles at work. In engagement, people express themselves cognitively, physically, and emotionally while performing their work roles (Kahn, 1990). According to employee engagement has become a widely used and popular term in most of business organizations. However, most of what has been written about employee engagement can be found in practitioner journals where it has its basis in practice rather than theory and empirical research. In Robinson et al. (2004) view, even if there has been surprisingly little academic and empirical research on a topic, but EE has become so popular. As a result, employee engagement has the appearance of being what some might call, "old wine in a new bottle."

Personal disengagement refers to “the uncoupling of selves from work roles; in disengagement, people withdraw and defend themselves physically, cognitively, or emotionally during role performances”. Thus, according to Kahn (1990, 1992), engagement means to be psychologically present when occupying and performing an organizational role. According to Rothbard(2001) as cited in Saks (2006), ‘Engagement is a psychological presence, but goes further to state that it involves two critical components: attention and absorption’. Attention refers to “cognitive availability and the amount of time one spends thinking about a role” while absorption means “being engrossed in a role and refers to the intensity of one’s focus on a role.” Analyzing both academic and practitioner understandings of employee engagement could add to the knowledge of how employee engagement is understood as well as whether or not employee.

### **2.2.2 Factors that determine Employee Engagement**

Although there is little empirical research on the factors that predict employee engagement, it is possible to identify a number of potential drivers from Saks (2006) and Maslach et al., (2001) model. The literature is unclear as to which variables are the strongest predictors. Therefore, variables for this study were chosen by reviewing the limited data that are available regarding employee engagement.

#### **A. Job Characteristics**

Jobs that are high on the core job characteristics provide individuals with the room and incentive to bring more of themselves into their work or to be more engaged (Kahn, 1992). This is based on Hackman & Oldham’s (1980) as cited in Saks (2006), “job characteristics model and in particular, the five core job characteristics (i.e. Skill variety, task identity, task significance, autonomy, and feedback)”. According to Greg (2010) the five “core” job characteristics are described as follows:

Skill variety is the degree to which the job requires a variety of different skills and talents of the person. Task identity is the degree to which the job requires doing a whole and identifiable piece of work from beginning to end. Task significance is the degree to which the job has a substantial impact on the lives of other people, whether those people are in the immediate organization. Autonomy is the degree to which the job provides substantial freedom, independence, and discretion to the individual in scheduling the work and in determining the procedures to be used in carrying it out.

Job-based feedback is the degree to which carrying out the work activities required by the job provides the individual with direct and clear information about the effectiveness of his or her performance.

### **B. Promotion and Growth Opportunity**

A study conducted by Siddhanta and Roy (2011) suggested that organizations that lay more emphasis on employees' development and career path are likely to have more engaged employees than their counterparts. This is may be because many employees desire to maintain their jobs inventive and interesting by acquiring new skills and applying new approaches to their daily tasks (Ologbo and Saudah, 2011). Arnolds and Boshoff (2011) reported that Promotion and interesting work are the most important factors that motivate employees. Getting high status in work place while doing effective work which generally increases the status, position and remuneration of an employee in the organization makes employees get more engaged by leading them go move beyond what is expected of them.

### **C. Perceived Organizational Support**

Psychological safety, according to Kahn (1992), involves a sense of being able to show and employ the self without negative consequences. Supportive environments allow members to experiment and to try new things and even fail without fear of the consequences (Kahn, 1990). Social support is also one of the conditions in the Maslach et al. (2001) model and a study by Schaufeli& Bakker (2004) found that a measure of job resources that includes support from colleagues predicted engagement. A lack of social support has also consistently been found to be related to burnout (Maslach et al., 2001). This is to mean, employees' who have higher POS might become more engaged to their job and organization as part of the reciprocity norm of SET in order to help the organization reach its objectives (Rhoades et al., 2001).

### **D. Payment**

Various researchers have explained payment in many ways. They also showed that it has an effect in increasing/decreasing employees' level of engagement. Heery and Noon (2001) discussed that payment includes many components like basic salary, bonuses, pay for doing extra work and incentives. According to Erasmus, van Wyk and Schenk (2001) pay is defined as, "what an employee gets against his work after fulfilling his duty, include all type of financial and non-financial rewards". On the other hand Robbins (2001) on Herzberg's motivation-hygiene

theory described that salary is one of those hygiene factors which eliminate employees' disengagement. Payment is so significant because when workers perceive that they are paid enough for their contribution, their behavior and attitude could be influenced towards the desired organizations' objective (Onukwube, 2012).

### **E. Working Environment**

Studies conducted by Islam & Shazali (2011) show that physical working environment leads to better service to customers and achieve higher output. These studies also reveal that the working environment comprise good culture, working with a good team, good boss, physical surrounding, job security, sustainable compensation package, availability of food and drink in the workplace. High performance teams enrich engagement through factors, including talent, team climate, collective pride, leadership, purpose, team ethics, and team bonding (Bhogle & Bhogle, 2011). Towers Perrin study (2003) shows that most important driver of engagement is senior management's interest in employee wellbeing.

According to Kemsley (1991) as cited in Saks (2006), "The working environment has much to contribute towards the provision of better service to the customers and employees; and this is seen as an important aspect of the internal culture in creating the atmosphere in which the relationship can flourish".

According to Deci & Ryan (1987) as cited in Saks (2006) suggested that "management which fosters a supportive working environment typically displays concern for employees' needs and feelings, provides positive feedback and encourage them to voice their concerns, develops new skills and solve work related problems". According to Robinson (2006), employee engagement can be achieved through the creation of an organizational environment where positive emotions such as involvement and pride are encouraged, resulting in improved organizational performance, lower employee turnover and better health. A similar view was given by May et al., (2004) and Rich et al., (2010). Therefore, a meaningful workplace environment that aids employees for focused work and interpersonal harmony is considered to be related to employee engagement.

### **2.3. Review of Empirical literature**

In this phase of the study, pertinent studies that had already been carried out in the field were reviewed, and their key conclusions and any gaps that were found were briefly reported.



The study by Brid (2015) examined the main factors influencing employee engagement in a failing outsourcing firm in Dublin, Ireland, and it added to our understanding of this topic. He learned from the survey's findings that respondents put a high value on feeling safe in the workplace, which they achieved by developing excellent working connections with their line manager and peers without worrying about the ramifications during the downturn. Along with having both upward and downward communication between leadership and employees, he discovered that opportunities for advancement were another critical component in affecting engagement levels.

The research conducted by Kumar (2011) in Odisha, India, focuses on a variety of factors that influence employee engagement and what employers can do to increase employee engagement. He argued that giving engagement techniques the attention they deserve would improve organizational success in terms of higher output, profits, quality, customer satisfaction, employee retention, and improved adaptability. Employee engagement fosters a positive attitude towards the company among the workforce.

Kumar (2011), also emphasized that organization should recognize employees, more than any other variable, as powerful contributors to its competitive position. Engaged employees can help their organization achieve its mission, execute its strategy and generate important business results. Therefore, employee engagement should be a continuous process of learning, improvement, measurement and action. Kumar (2011), also provides a noteworthy implication for practitioners that organizations with higher levels of employee engagement outperform their competitors in terms of profitability. Improved productivity, improved customer satisfaction, and fewer employee turnovers are just a few of the significant competitive advantages that engaged employees deliver their companies. Employee engagement, according to Kumar (2011), is influenced by a variety of factors, including hiring, job design, career development opportunities, leadership, empowerment, equal opportunities and fair treatment, training and development, performance management, compensation, health and safety, job satisfaction, communication, and family friendliness. Unlike Sake's (2006) study, which defined job satisfaction as a positive emotional state brought on by an evaluation of one's employment, this study considers contentment as a factor that influences EE.

According to Gill et al., (2010), as cited in Kumar (2011), “Job Satisfaction is the positive feelings employees enjoy when they are recognized for having achieved goals in line with their own values”. In line with the study conducted by Sake (2006), this research used Job Satisfaction as a consequence of EE.

Even though the topic of employee engagement is receiving more attention, Maha (2015) claims that there aren't enough academic studies on it in emerging economies. Based on social exchange theory (SET), Maha (2015) conducted a study with the goal of finding the major factors influencing employee engagement in the Egyptian banking industry. According to the study's findings, organizational justice and effective leadership were the main factors influencing employee engagement. Also identified as predictors of employee involvement were salaries and benefits, rules and regulations, and training and development. Maha (2015) also argued that the concept employee engagement should not be regarded as another HR strategy. As a limitation it is found out that, since the study is based on a small number of employees working in the Egyptian banking sector, it is short coming is generalizing the results of the study for other sectors. According to Sandeep et al., (2008) employee engagement has become a hot topic in recent years. Despite this, there remains a scarcity of critical academic literature on the subject, and relatively little is known about how employee engagement can be influenced by management. The review of the different literature indicates that there are more employees who are disengaged than there are engaged employees. Despite this, many organizations believe that engagement is a dominant source of competitive advantage. Results from research organizations and corporate results have demonstrated that there may be a strong link between engagement, employee performance and business outcomes. Recent research in the UK and other countries shows that there are more disengaged employees than there are engaged employees in today's organizations.

Gains in economic productivity and improvements in living standards continue to be hampered by the low levels of involvement among global workers in many parts of the world. The United States and Canada are home to the majority of actively disengaged workers (29%), compared to 34% on average in MENA (the Middle East and North Africa) and sub-Saharan Africa. However, it is stated in the same report (Ibid) that poor worker engagement presents a chance to enhance company outcomes. Businesses wanting to adapt to the quickly shifting global economic conditions must learn how to retain high-productivity workplaces and expand their client bases across a wide range of social, cultural, and economic situations, regardless of country or industry.

Through focusing on Cooperative Bank of Kenya, Mokaya&Kipyegon (2014), studied the determinants of Employee Engagement in the Banking Industry and used an explanatory research approach method, by considering sample of 214 respondents from 496 employees. Mokaya&Kipyegon (2014), used primary data questionnaire and analyzed the result using descriptive and inferential statistics. The study result shows that Employee engagement was significantly affected by performance management system, personal development and growth, workplace recreation, and compensation package. Mokaya, Kipyegon, and studies (2014) conducted another African study on employee engagement in Kenya's banking business to look into the factors that influence employee engagement. Correlation tests revealed a strong positive correlation between organizational performance management, personal development and growth opportunities, workplace recreation, and remuneration package and employee engagement. Employee engagement was positively impacted by all of the examined variables. Although workplace recreation had the least impact on employee engagement, remuneration was the biggest factor. Siyum (2015), MA dissertation on Assessment of Employee Engagement to Realize Organization's Vision at Ethiopian Electric Utility. According to the study's findings, the company's existing engagement approach is not as effective as it could be since organizational and employee goals are not clearly defined, they are not aligned, and there aren't enough dialogues about them.

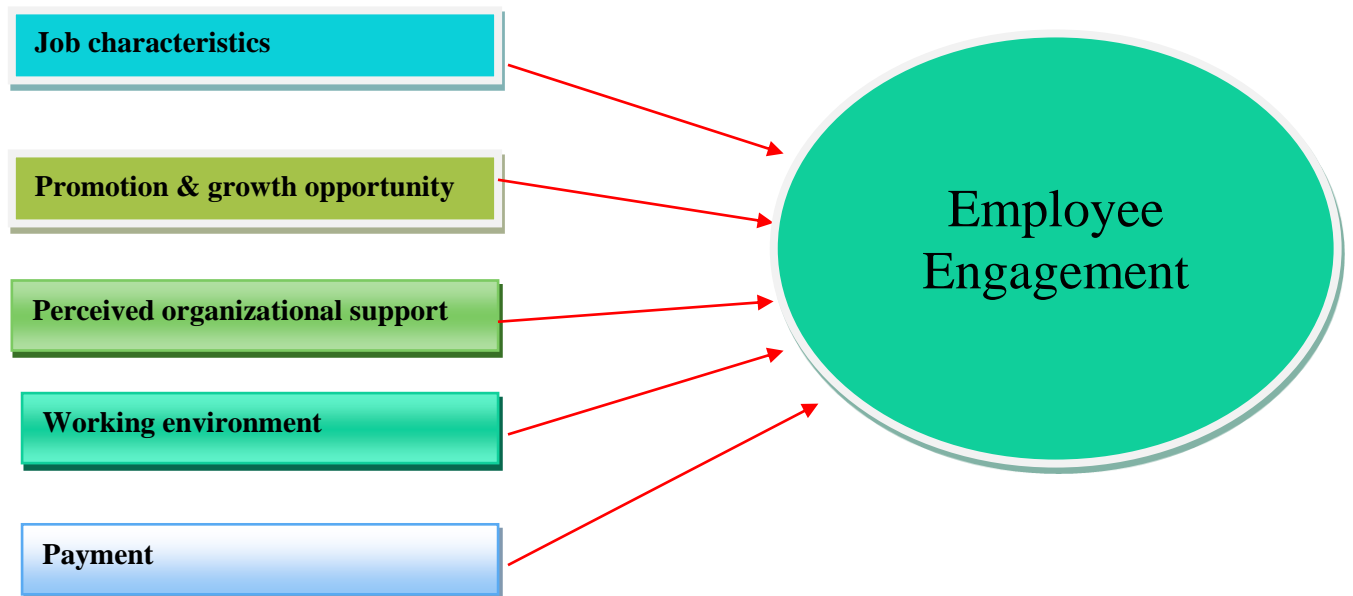
According to the study published in CBE by Derara (2014), it was the first of its type to examine the factors that influence employee engagement in Ethiopia's human services sector. The study assisted in identifying variables that affect EE generally in the banking industry and CBE specifically. According to the study's findings, there were no differences in engagement scores between men and women, based on education level or number of years working for the bank. On the other hand, at CBE, employee engagement is significantly influenced by job qualities, rewards and recognition, organizational justice, and perceived organizational support. Additionally, POS has the best ability to forecast employee engagement.

The second researcher (Tesfaye T, 2022 )investigate the factor affecting Employee Engagement in the selected districts and head office level of Development Bank of examining the perceptions of employees towards Employee Engagement in the case bank; assessing the firm's Employee Engagement; analyzing the relationship between independent variables (Job Characteristic, Reward and Recognition, Perceived Organizational Support, Perceived Supervisor Support,

Working environment and Internal locus of Control) and dependent variable (Employee Engagement) and to identifying the relative influence of each independent variables on Employee Engagement of the case bank that Job Characteristic is the most dominant variable in determining the Employee Engagement of the bank. Finally, he concluded that in the case bank Employee Engagement was influenced by independent variables (Job Characteristic, Reward and Recognition, Perceived Organizational Support, Perceived Supervisor Support, Working environment and Internal locus of Control). However, Derara (2014) and tesfay Tilahun (2022) did not include some of the factors that might have significant effect in determining employee engagement in their own case banks. These factors may include promotion and growth opportunity and payment. Considering these as the area to be considered, this researcher would attempt to study their effect on EE for the case under study.

#### 2.4. Conceptual Framework of the Study

Following these determinant factors forwarded by scholars that are provided and discussed in the above review of related literature and research works, an effort has been prepared to improve conceptual framework for this study. All in all, the main focus and scope of this study are summarized in the following conceptual framework.



Source :( Adopted from Saks, 2006)

**Figure 2.1: Conceptual Framework of the Study**

## **2.5. Research Hypothesis**

To provide answers to the research questions the following hypotheses were tested in this research.

H1: Job characteristics have significant positive effect in predicting employee engagement.

H2: Promotion and Growth Opportunity has positive significant effect in predicting employee engagement.

H3: Perceived Organizational Support has positive significant effect in predicting employee engagement.

H4: Working Environment has significant positive effect in predicting employee engagement.

H5: payment has positive significant effect in predicting employee engagement.

## **CHAPTER THREE**

### **3 RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter discusses in detail about over view of the study area, the research design, research approach, sources of data, data collection tools, data collection process, population and sampling design, measurements of variables, data analysis techniques, validity, reliability, and ethical considerations are presented in detail.

#### **3.2 Research approach**

The quantitative approach is appropriate for this study as it is being conducted to validate relationships among variables of the existing theory. It is also an appropriate approach to analyze cause and effect relationships of independent variables (job characteristics, promotion and growth opportunity ,working environment and Payment) and dependent variables (employee engagement) in the study (Creswell, 2008).Additionally, the quantitative research approach helps the researcher collect quantitative data and use it for analysis to address the research issue.

#### **3.3 Research Design**

The study used an explanatory study type with a cross-sectional survey design, because to explain the position of variables to be studied and the effect of one variable on another variable, it is advisable to use this design. This was used to assess the effect of the independent variable on the dependent one.

#### **3.4 Target Population**

The target population for this study consisted of staff members of Commercial Bank of Ethiopia working in the purposively selected branches that are located in bahirdar city.

#### **3.5 Sampling Technique**

It is the process of selecting respondents technically called “samples” based on what matters for the researcher C.R. Kothari (2004).Thus to select sample branches, purposive sampling in which branches are selected for inclusion in the sample based on the ease of access. And to select sample respondents on the other hand the researcher implemented simple random sampling where each and every staff members in the selected branch has an equal chance of inclusion in the sample and each one of the possible samples.

### 3.6 Sampling Size

The size of the sample may be determined through personal judgment, budget and cost of the research. All these factors have been considered while determining the sample size for this research. From Bahir dar city branches of CBE; I have selected 16 branches. The number of employees in these branches are 420. The total sample size for this research is determined by Taro Yamane's (1967) sample size determination formula i.e.

$$n = N / (1 + N(e)^2)$$

$$= 420 / (1 + 400(0.05)^2)$$

$$= 420 / 1 + 1.05 \text{ or sample error}$$

$$= 420 / 2.05$$

$$n = 205$$

Where: n= sample size

N= population

e= sample error, assume 95% level of confidence

Therefore, according to the formula the sample size would be 205 employees from the selected branches.

**Table 3.1: The number of population and sample Size in each sample branches of CBE**

No	Branch Grade	No of Braches	No of Employee	No selected Employee	No of branch proportional
1	Grade 4	2	88	43	21
2	Grade 3	3	91	45	22
3	Grade 2	2	58	28	14
4	Grade 1	10	183	89	43
Total	4	16	420	205	100%

Source: Employee records in the bahirdar district Human resource division CBE, 2022

As it can be seen on the above table, from the target population of 205 employees the researcher has selected 205 employees as a sample to distribute the questionnaires.

### **3.7 Source of Data and data collection tools**

This research used primary data sources as the principal source of information. As the unit of analysis was the individual, the researcher is interested to collect original data from a population and measuring the perceptions of individuals. A cross sectional field survey is deemed the most suitable design to achieve the objectives of the research. Survey instruments, are personally-administered, structured questionnaires to group of individuals and mailed questionnaires were considered. As the researcher was interested to collect original data from a population, the populations were very big to observed or interviewed. Thus, a survey by a questionnaire is considered the most appropriate method for measuring the perceptions of the workers, while minimizing the possibility of researcher bias and providing a greater degree of subjectivity because of the direct response and feedback from the respondents that can be collected in short period of time and in an easier manner. For this research, the questions in the questionnaire would be closed-ended or structured in order to ease the process of analyzing the data from respondents. Thus, the results gathered from respondents were increase the speed and accuracy of recording, as well as more comparable. The questions were adapted from previous research papers conducted by Saks (2006). The questions are designed by simple English to reduce misunderstanding and uncertainties on the questions by the respondents. This questionnaire consist of three parts, section one is general information, in section two, it consists of questions of four determinants of Employee Engagement where the four variables are Job characteristics, Rewards and recognition, Perceived Organizational support, and payment.

The questions were formed in a five point Likert scale such as 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree which allows respondents to indicate level of agreement with the statement provided. It was lead to a better understanding towards the Antecedents of Employee Engagement of CBE. The researcher personally approached the organization and explained to the employee about the purpose of the study. Generally the questionnaire consisted of 33 questions as shown in the Table 3.1 and 3.2 below



S/no	Factors	Items	Scale	Source
1	Job characteristics	7	Five-point Likert	Saks(2006)
2	Promotion and growth opportunity	5	Five-point Likert	Saks(2006)
3	Perceived organizational support	5	Five-point Likert	Saks(2006)
4	Working environment	4	Five-point Likert	Saks(2006)
5	Payment	4	Five-point Likert	Saks(2006)

**Table 3.2: The components of questions related to factors of EE**

In order to answer the questions, respondents have to select their choice of agreement based on the five point Likert scale according to their opinion on each item. Each answer has been given a score and it is assumed that the format is easier for the respondents to understand the concepts and provide precise answers.

Final questioners related to employee engagement: - This section consists of questions that can measure the employee engagement. Employee engagement was measured in three components of psychological engagement including cognitive, emotional and physical engagement.

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

**Table 3.3 The questions related to employee engagement**

S/no	Factors	Items	Scale	Source
1	Employee engagement	8	Five-point Likert	Saks(2006)

### **3.8 Method of Data Processing and Analysis**

#### **3.8.1. Data Processing**

Before processing the data, the completed questionnaires were sorted, checked and edited for completeness and consistency. The data were then coded to enable the responses to be grouped

into various categories. The data processing was completed in two consecutive phases: First data cleanup in which the collected raw data were edited to detect errors and omissions in response and for checking that the questions are answered accurately and uniformly. The next phase is the process of assigning numerical values is followed i.e. for strongly agree 5... for strongly disagree 1.

### **3.8.2 Research procedure**

A one-paragraph preamble introductory letter outlining the purpose of the study and its significance to the firm and staff was written to the respondents to obtain their approval for the researcher to carry out the study. The researcher made sure to satisfy the respondents' fears about their privacy by promising the confidentiality of the data they provided.

A simple questionnaire style careful design and using simple basic language that all respondents may understand. After printing the whole final amended questionnaire or favorably to the outcome criterion in this case employee engagement in this circumstance.

### **3.8.3 Method of Data Analysis**

For additional statistical analysis, the data collected through the questionnaire would be coded, modified, and entered into SPSS V 26. For presentation and analysis, the study would use both descriptive and inferential statistics. The data gathered would be presented using descriptive statistics such as frequency, graphs, tables, and percentages. The test of the hypothesis involved inferential statistics. In this scenario, employee engagement, determinant variables affecting it negatively and/or favorably would be found using a linear regression model.

## **3.9 Multiple Linear Regression Model Specification**

The study has dependent and independent variables. The followings are described in formula to show the dependent and independent variables.

General Function:  $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \epsilon$

Engagement =  $\beta_0 + \beta_1$  job characteristics +  $\beta_2$  working environment +  $\beta_3$  perceived organizational support +  $\beta_4$  promotion and growth opportunity +  $\beta_5$  payment +  $\epsilon$ . Where, Y is the dependent variables,  $\beta_0$  is constant, X1, X2, X3, X4 & X5 are the independent variables,  $\epsilon$  is error term,  $\beta_1, \beta_2, \beta_3, \beta_4$  &  $\beta_5$  are determining the contribution of the independent variables.

### 3.10 Reliability and Validity of Data Collection Tools

The researcher uses a questionnaire developed by another researcher. This preserves the reliability and validity of the data.

#### 3.10.1 Validity

When a data collection tool creates straightforward, easy-to-understand questions that appeal to respondents' shared knowledge, it is considered to be valid. The researcher handled the dissemination of questionnaires, collecting, and data cleaning to verify their validity. Validity assesses if the study accurately measures what it was designed to measure or how truthful the research findings are. In other words, does the research instrument allows you to hit the bull's (Golafshani, 2003)

#### 3.10.2 Reliability Test

It was statistically tasted by using the most commonly used statistics Cronbach's coefficient alpha. The same to that, this study used content validity analysis and the researcher was accomplished pre-test of reliability by taking 35 samples from the total sample size and the result was statistically acceptable/ reliable. And also, the researcher tested study reliability in all sample sizes and the Cronbach's coefficient alpha result is presented below.

**Table3. 4. Results of reliability test**

No of factors	Total no of sample	No of sample for pilot /pretest study	Pretest/pilot study Cronbach's alpha Coefficient	N of items
Job characteristics	194	35	0.705	7
Working environment	194	35	0.835	4
Perceived organizational support	194	35	0.765	5
Promotion and growth opportunity	194	35	0.703	5
Payment	194	35	0.767	4
Employee Engagement	194	35	0.812	8

The capacity of an instrument to assure consistency of the phenomena it is supposed to capture is referred to as reliability. An instrument's reliability is its capacity to guarantee the constancy of the phenomena it is intended to record.

Cronbach's alpha is one of the most commonly accepted measures of reliability. It measures the internal consistency of the items in a scale. It indicates that the extent to which the items in a questionnaire are related to each other Fubara andMguni, (2005). The normal range of Cronbach's coefficient alpha value ranges between 0-1 and the higher values reflects a higher degree of internal consistency. Different authors accept different values of this test in order to achieve internal reliability, but, satisfactory value is required to be more than 0.6 for the scale to be reliable (Sekaran, 2003 as cited by Sirbel, 2012).

**Table 3.5 Cronbach's Alpha for Each Field of the Questioner**

Reliability Statistics	
Cronbach's Alpha	N of Items
.834	33

Source: Primary Dhadata, 2023

In the study, the Cronbach's alpha coefficient was calculated for the questionnaire. Table 3.5 above shows the values of Cronbach's Alpha for the entire questionnaire equals 0.834 which indicates very good reliability. Therefore, it can be said that the above questionnaire is adequately reliable.

### **3.11 Ethical consideration**

Customers' consent would be sought because the researcher would use employee data that was gathered through questionnaires. The respondents would be given instructions not to put their names on the questionnaire and assurances that the responses would only be used for academic purposes and kept confidential in order to safeguard the confidentiality of the information provided by the respondents. In order to encourage respondents to participate in the study and provide pertinent information about the company under study, a brief description of the main goals or purposes of the study and the potential benefits of the research outcome to respondents and the sector would be given in the introduction section of the questionnaire. Finally, respondents would be included in the study based on their free would. Texts belonging other authors that would used in any part of this study have been fully referenced with reference page.

## CHAPTER FOUR

### 4. DATA PRESENTATION AND ANALYSIS

#### 4.1 Introduction

This study investigates the factors that determine employee engagement: the case of selected branches of CBE in Bahir Dar city. This chapter presents both descriptive statistics and inferential statistical analysis. It has four sections: The first section is the descriptive statistics which summarizes the main features of the study variable such as mean, frequency, and percentage. The second section is t-test and ANOVA which shows the mean difference of employee engagement between the socio demographic variables. The third section is the correlation analysis which shows the degree of association between the study variables. The fourth sections of the chapter, presents the output of the regression models which shows the determinants of employee engagement.

#### 4.2 Response Rate

Data for the research study was collected with the help of questionnaires and findings were presented using tables and charts. Of the 205 sample size, 194 returned their questionnaire which represented 94.6 % response rate which was statistically acceptable for the purpose of making inference on the general population of employees of CBE Bahir Dar city branches. The responses obtained from the data collected from employees of CBE, Bahir Dar city branches were adequate enough to fulfill the research objectives of the study. Table 4.1 summarized the response rate from the data collection exercise.

**Table4.1 Response rates of respondents**

Item	Response Rate	
	No	Percent
Sample size	205	100%
Collected	194	94.8%
Remain uncollected	11	5.3%

Source: own survey 2023

Finally, in table 4.1 showed that out of 205 distributed questionnaires 194(94.6%) were collected while 11(5.3%) of the questionnaire remained uncollected.

### **4.3 Demographic Information of Respondents**

For this study, the following table summarizes the demographic data of the respondents. The demographic characteristics of the respondents such as sex, age, level of education and year of experience of the respondents are presented and discussed.

#### **4.3.1 Sex of Respondents**

There was a need to analyze the descriptive for the sex of respondents involved in the research study. From the findings shown in table 4.2 below, the male comprised 76.8% of the respondents as opposed to the 23.2% which was the percentage for the female respondents. As a result of the analysis, the results conclude that the significant portion of the respondents that participated in the research study were males.

#### **4.3.2 Age of Respondents**

The researcher was also interested in knowing the age of the respondents. The research results presented in table 4.2 below concluded that 57 of the respondent equivalent to 29.4% of the respondents that participated were between the age of 26 to 35 years old, 63 of the respondents equivalent to 32.5% of the total respondents were between the ages of 36 to 45 years, 44 of the respondents equivalent to 22.7 % of the total respondents were above 46 years of age and 30 of the respondents equivalent to 15.5 % of the total respondents were below 25 years of age. Hence, the findings indicated that the majority of the respondents were between the ages of 26 to 35 years and 36 to 46years of age.

**Table 4.2: Demographic Characteristics of Respondents**

Variables	Category	Frequency	Percent	Valid Percent	Cumulative Percent
Gender	Male	149	76.8	76.8	77.2
	Female	45	23.2	23.2	100.0
	<b>Total</b>	<b>194</b>	<b>100.0</b>	<b>100.0</b>	
Age of Respondent	<25 years	30	15.5	15.5	15.5
	26-35 years	57	29.4	29.4	44.8
	36-45 years	63	32.5	32.5	77.3
	Above 46 years	44	22.7	22.7	100.0
	<b>Total</b>	<b>194</b>	<b>100.0</b>	<b>100.0</b>	
Level of Education	Diploma	18	9.3	9.3	9.3
	Degree	111	57.2	57.2	66.5
	MA Degree	65	33.5	33.5	100.0
	<b>Total</b>	<b>194</b>	<b>100.0</b>	<b>100.0</b>	
Year of experience	Below 5 years	66	34	34	34
	6-10 Years	58	29.9	29.9	63.9
	11-15 Years	44	22.7	22.7	86.6
	Above 16 Years	26	13.4	13.4	100.0
	<b>Total</b>	<b>194</b>	<b>100.0</b>	<b>100.0</b>	
Position	Managerial	61	31.4	31.4	31.4
	Non Managerial	133	68.6	68.6	100.0
	<b>Total</b>	<b>194</b>	<b>100.0</b>	<b>100.0</b>	

*Source own Survey, 2023*

#### **4.3.3 Educational level of Respondents**

The researcher was also eager to identify the education qualification of the respondents. From the findings indicated in table 4.2 above, 57.2% of the respondents had 1st degree educational qualification, 33.5% had attained a MA Degree and above and only 9.3% of the respondents had diploma. Therefore, the findings concluded that the majority of the respondents were well educated.

#### **4.3.4 Work Experience of Respondents**

In this study, the researcher also interested in finding out the duration employees has worked with the CBE. Table 4.2 above indicated that, 66 of the respondents equivalent to 34% of the respondents have been in CBE for below 5 Years, 58 of the respondents equivalent to 29.9% of the respondents have spent between 6-10 years, 44 of the respondents equivalent to 22.7% of the respondents have spent between 11to 15 years working for CBE and 26 of the respondents

equivalent to 13.4% of the respondents have worked above 16 years for CBE. The result indicates that the majority of the employees are below 10 years' experience.

#### 4.3.5 Position of the respondents

The research findings shown in table 4.2 above indicated that 61 respondents or 31.4% of those who participated were managers and 133 respondents or 68.6 % were non managers. As a result, the results showed that the majority of the respondents were non managers.

#### 4.4 Descriptive Statistics of Variables

Table 4.3 below, indicated that job characteristics has a mean distribution of 4.05 and a standard deviation of 0.397 and the second independent variable working environment has a mean distribution of 3.75 and a standard deviation of 0.50 and the third independent variable is perceived organizational support which has a mean distribution of 3.36 and a standard deviation of 0.43. the other independent variable is promotion and growth opportunity which has mean of 3.75 and standard deviation is 0.37 and the last independent variable is payment which has a mean distribution of 3.65 and a standard deviation of 0.46. As cited in (Abraham, Assegid, and Assefa, 2014) Zaidaton

**Table: 4.3. The Mean and Standard Deviation of Study Variables**

	N	Minimum	Maximum	Mean	Std. Deviation
Job characteristics	194	2.86	4.86	4.0545	.39743
Working environment	194	2.50	4.75	3.7500	.50387
Perceived organizational support	194	2.20	4.40	3.3660	.43557
Promotion and growth opportunity	194	3.00	4.80	3.7567	.37511
Payment	194	2.50	5.00	3.6559	.46285
Employee Engagement	194	2.63	4.25	3.4903	.35170

Source own Survey, 2023

Bagheri (2009) the mean score below 3.39 was considered as low, the mean score from 3.40 up to 3.79 was considered as moderate and mean score above 3.8 was considers as high.



#### **4.5 Analysis of Association**

Pearson correlation( $r$ ) analysis is used to find out whether the dependent variable employee engagement have relationship with each psychological contracts fulfillment components which includes Transactional, relational, transitional and balance. Correlation is the measure of the linear relationship between two or more variables. A correlation coefficient has a value ranging from -1 to 1. Values that are closer to the value of 1 and -1 indicate that there is a strong relationship between the variables being correlated whereas values closer to 0 indicates that there is little or no linear relationship.

To effectively measure the relationship between employee engagement and each determinants of employee engagement (job characteristics, working environment, perceived organizational support, promotion & growth opportunity and payment ) Pearson correlation analysis at both 5% and 1% levels was conducted on both variables and an overall summary of correlation tests is given in table 4.4 below. As per the guide line suggested by Field (2005), the strength of relationship 0.1 to 0.29 shows week relationship; 0.3 to 0.49 is moderate;  $> 0.5$  shows strong relationship between two variables. Therefore, there is a strong and positive linear relationship between employee engagement most of selected dependent variables payment ( $r=0.789$ ,  $p$  value= $0.000$ ) , working environment ( $r=0.692$ ,  $p$  value= $0.000$ ),job characteristics ( $r=0.572$ ,  $p$  value= $0.000$ ), perceived organizational support( $r=0.572$ ,  $p$  value= $0.000$ ) and there is a moderate and positive linear relationship between employee engagement and promotion & growth opportunity ( $r=0.422$ , $p$  value= $0.000$ ).

**Table 4.4 Correlations**

Correlations		JC	WE	POS	PGO	PAY	EE
JC	Pearson Correlation	1					
	Sig.	.000					
	N	<b>194</b>					
WE	Pearson Correlation	.578**	1				
	Sig.	.000					
	N	<b>194</b>	<b>194</b>				
POS	Pearson Correlation	.459**	.483**	1			
	Sig.	.000	.000				
	N	<b>194</b>	<b>194</b>	<b>194</b>			
PGO	Pearson Correlation	.318**	.346**	.285**	1		
	Sig.)	.000	.000	.000			
	N	<b>194</b>	<b>194</b>	<b>194</b>	<b>194</b>		
PAY	Pearson Correlation	.394**	.640**	.345**	.341**	1	
	Sig.	.000	.000	.000	.000		
	N	194	194	194	194	194	
EE	Pearson Correlation	<b>.572**</b>	<b>.692**</b>	<b>.547**</b>	<b>.422**</b>	<b>.789**</b>	1
	Sig.	.000	.000	.000	.000	.000	
	N	<b>194</b>	<b>194</b>	<b>194</b>	<b>194</b>	<b>194</b>	<b>194</b>

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

Source own Survey, 2023

#### **4.6 Multiple Linear Regression assumption test**

Regression analysis is a statistical technique that investigates the relationship between a dependent variable and specified independent variables. When paired with assumptions in the form of a statistical model, a regression can be used for prediction, inference, and hypothesis testing, and modeling of causal relationships (Aron, 1994). Multiple regression analysis employed to examine the factors affecting engagement of employees in CBE, Bahir Dar city

branches. Before going to analyze multiple regressions test results, the assumptions of multiple regression analysis are presented as follows.

#### 4.6.1 Normality Test

Regression considers that variables have normal distributions and they do not describe which variables, in particular, they are talking about but the inference seems to be that multiple regressions need that the predictor or feedback variables be normally distributed. In reality, only the assumption of normally distributed errors is relevant to multiple regressions. Specifically, considering that errors are normally distributed for any arrangement of values on the predictor variables (Osborne and Waters, 2002). Normality test is conducted for this study by using histogram, kurtosis and skewness. According to Tabachink & Fidel, (2013) the acceptable range for skewness and kurtosis is below +1.5 and above-1.5. The analysis result showed that the skewness value for all the independent and dependent variables is less than +1.5: So that the result evidently proves that all the independent and dependent variables are acceptable in terms of normality assumption. Since, the value of kurtosis and skewness for all the variables are in the acceptable range (Table 4.5 below).

**Table 4.5 Skewness and Kurtosis**

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
EE	194	-.084	.175	-.620	.347
PAY	194	-.148	.175	-.035	.347
JC	194	-.556	.175	-.109	.347
WE	194	-.246	.175	-.663	.347
POS	194	-.306	.175	-.081	.347
PGO	194	.551	.175	.066	.347
Valid N (listwise)	194				

*Source own Survey, 2023*

When histograms are close to zero it is assumed that the data is normally distributed for the dependent variable. However, when skewness and kurtosis are not close to zero and the histogram does not appear to have a normal distribution. According to the information in figure 4.1 below indicated that the skewness and kurtosis are not far from zero or between them the

zero value is indicated table above. Thus, the result assured that the distribution is normal for this study.

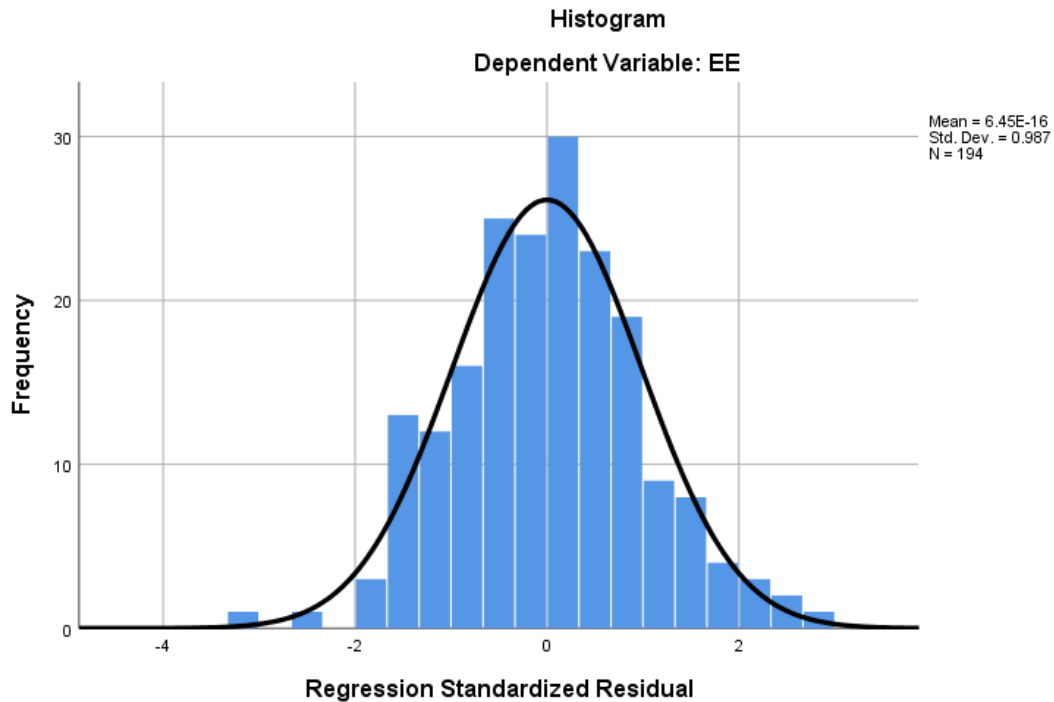


Figure 4.1: Histogram regression of standardized residual of determinants of Employee Engagement

#### 4.6.2 Multi-Co linearity Test

The presence of correlations between the predictors is termed co linearity (for a relationship between two predictor variables) or multi –co linearity (for relationships between more than two predictors). In severe cases (such as a perfect correlation between two or more predictors), multi-collinearity can indicate that no unique least squares solution to a regression analysis can be computed and the variance inflation factor is one known measure of multi-collinearity, although numerous other measures are available (Belsley et al., 1980). For multiple regressions, the researcher has checked the col linearity problem with the assumption of tolerance and VIF statistics. It seems from these values that there is not an issue of multi-collinearity problem between the predictor variables. Thus, the multi- collinearity result of this study as indicated in table 4.7 below confirmed that there is no problem of multi-collinearity since the value indicates between one and ten.

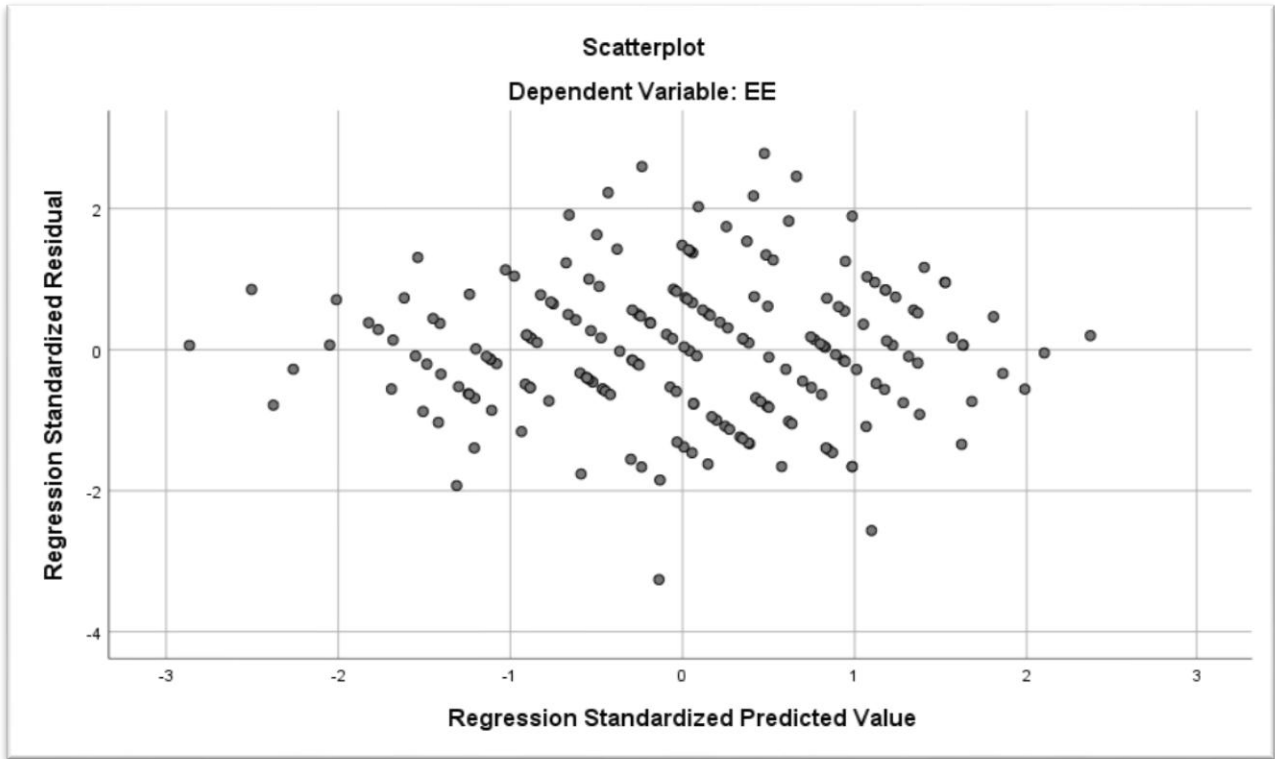
**Table 4.6: The Multi co linearity test distribution result**

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Job characteristics	.615	1.627
	Working environment	.438	2.282
	Perceived organizational support	.709	1.410
	Promotion and growth opportunity	.828	1.208
	Payment	.573	1.744

Source field survey of 2023

#### **4.6.3 Homoscedasticity test**

Homoscedasticity errors are generally assumed to have an unfamiliar but finite variance that is constant across all levels of the predictor variables. This assumption is also known as the homogeneity of variance assumption. If the errors have a variance that is limited but not constant across dissimilar levels of the predictors (i.e., heteroscedasticity is present), ordinary least squares estimates would be unbiased and stable since the errors are independent, but would not be efficient (Weisberg, 2005). As we have seen in figure 4.2 below, it can be assured that the point is random and evenly throughout the scattered diagram and no evidence of funnel-like the shape of points on one side than the other is observed, so no heteroscedasticity in the data is confirmed.



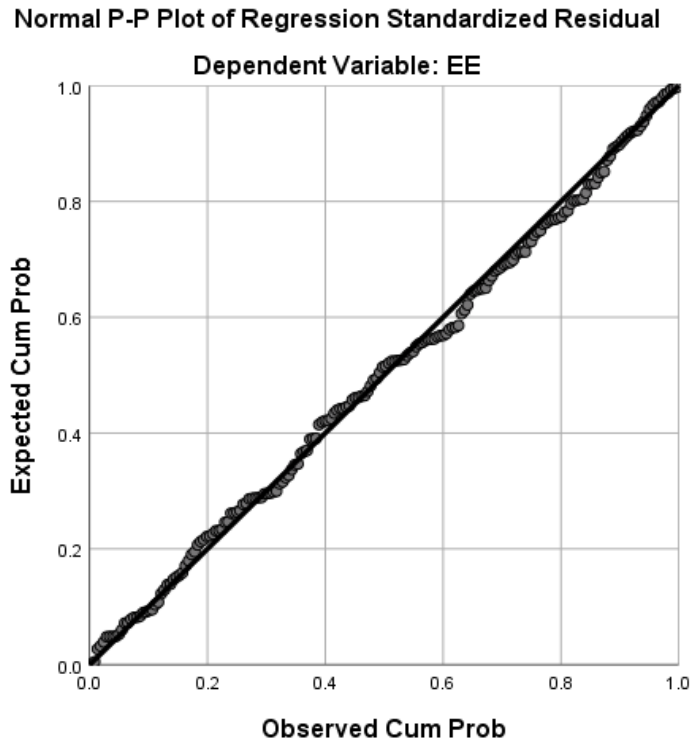
Source field survey of 2023

Figure 4.2 Scatter plot test of Homoscedasticity

#### 4.6.4 Linearity Assumption test

The model that shares the response  $Y$  to the predictors  $X_1, X_2, X_3 \dots X_N$  is assumed to be linear in the regression parameters (Chatterjee and Hadi, 2012). This means that Standard multiple regression can only precisely estimate the relationship between dependent and independent variables if the relationships are linear in nature.

As in the equation:  $Y = B_0 + B_1X + B_2X + B_3X + B_4X + B_5X$ . This regression equation is still a linear regression equation because  $Y$  is modeled as a linear function of the parameters. According to the information in figure 4.3 below indicated Normal P-P Plots show that this assumption had been met for this study.



Source field survey of 2023

Figure 4.3: Normal P-P Plot of dependent variable employee engagement

In conclusion, all of the assumptions are necessary for regression analysis. According to Tabachnick and Fidell (2001) stated that multiple regression is fairly strong to any violations of the assumptions and hence the results of the regression analysis would be taken to be statistically viable.

#### **4.7 Effect Analysis**

The regression analysis was used to measure the link between the independent and the dependent variables. Regression test is used to recognize the ability of each individual independent variable (job characteristics, working environment, perceived organizational support, promotion & growth opportunity and payment ) to predict the dependent variable (Employee Engagement) where each of the determinants of employee engagement components are examined and clarified. As indicated below in table 4.8, R Square value represents the correlation coefficient between the dependent variable (Employee Engagement) and the independent variables (job characteristics, working environment , perceived organizational support, promotion & growth opportunity and payment) components that taken together. The

regression effect between the dependent variable and the five independent variables together were the strong one in this study. From the model summary, R square from the table below showed 0.750 which means that the independent variables (job characteristics, working environment, perceived organizational support, promotion & growth opportunity and payment) can explain the dependent variable (Employee Engagement) by 75 %. However, there is 25 % of the variance remained unexplained in this study

**Table 4.7: Multiple Linear Regression Model Summaries**

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.870 <sup>a</sup>	.756	.750	.17601	1.732
a. Predictors: (Constant), job characteristics, working environment , perceived organizational support, promotion & growth opportunity and payment					
b. Dependent Variable: Employee Engagement					

*Source field survey of 2023*

In line with table 4.8 below, indicated that ANOVA of the results from the data gathered from the respondents showed a strong significant regression for the reason that  $p=0.000$  which is  $<0.05$ . This meant that the independent variables (job characteristics, working environment, perceived organizational support, promotion & growth opportunity and payment ) have a strong significant influence on employee’s Employee Engagement in CBE.



**Table 4.8: ANOVA table for regression model**

ANOVAa						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	18.048	5	3.610	116.518	.000 <sup>b</sup>
	Residual	5.824	188	.031		
	Total	23.873	193			
a. Dependent Variable: Employee Engagement						
b. Predictors: (Constant), a ), job characteristics, working environment , perceived organizational support, promotion & growth opportunity and payment						

Source field survey of 2023

From Table 4.10 Unstandardized Coefficients (Beta) value used to show the contribution of each independent variable considered to Employee Engagement. In order to verify which of the predictors are contributed to prediction of Employee Engagement, the unstandardized regression coefficients or beta weights ( $\beta$ ) were examined in the table below (Table 4.10). The greater value of beta and less value of significance level ( $p < .05$ ) of each independent variable shows the strongest contribution to dependent variable (Pallant, 2005). A regression coefficient table for each independent variable under Employee Engagement can be seen in Table 4.10 below, independent variables with constant were statistically significant since both of them had ( $p < 5\%$ ). ( $Y = B_0 + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + B_5X_5$ ) the researcher's findings are as follow;

$$B_0 = 0.237, B_1 = 0.151, B_2 = 0.081, B_3 = 0.160, B_4 = 0.071 \text{ and } B_5 = 0.419$$

Therefore,

$$Y = 0.237 + 0.151X_1 + 0.081X_2 + 0.160X_3 + 0.071X_4 + 0.419X_5$$

According to Table 4.9 below, payment has the greatest Beta value (0.419) when compared to others, and as a result, it predictor variable contributes the most to the variance of the dependent variable (Employee Engagement) When the variance explained by all other predictor factors in the model is controlled, payment contribution to explain the variation of the dependent variable (Employee Engagement).

**Table 4.9: Regression Coefficientsa**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.237	0.159		1.490	0.138
	Job characteristics	0.151	0.041	0.171	3.722	0.000
	Working environment	0.081	0.038	0.116	2.132	0.034
	Perceived organizational support	0.160	0.035	0.199	4.641	0.000
	Promotion and growth opportunity	0.071	0.034	0.082	2.079	0.039
	Payment	0.419	0.036	0.551	11.578	0.000

a. Dependent Variable: Employee Engagement

*Source field survey of 2023*

### **4.8 Hypothesis Testing**

The regression analyses presented in table: 4.9 reflect the results of the effects of the factors influence the independent variables in a more inclusive manner to test the research hypotheses. Based on the unstandardized coefficient of beta and p-value, the hypotheses of the study were tested and the result has been presented below:

#### **H1: Job characteristics have positive significant effect on employee engagement.**

The decision rule is that we reject the null hypothesis (H0) if the significance level is less than 0.05 or 5% and accept the alternate hypothesis. From Coefficients regression model in table 4.9 above indicated that the unstandardized coefficients beta value for Job characteristics was 0.151 at p value 0.000 hence it was significant at  $p < 1\%$ . From this analysis the null hypothesis was rejected and alternative hypothesis was accepted. i.e. it has significant positive effect on employee engagement in CBE Bahir Dar city selected Branches.

#### **H2.working environment has positive significance effect on employee engagement.**

From Coefficients regression model in table 4.9 above, it is indicated that the unstandardized Coefficients beta value for working environment is 0.081 and p value is 0.034 hence it is significant at  $p < 3\%$ . From this analysis the alternate hypothesis is accepted and null hypothesis is rejected. I.e. working environment has positive significance effect on employee engagement in CBE Bahir Dar Branches..

**H3: Perceived organizational support has positive significant effect on employee engagement.**

Similarly, from Coefficients regression model in table 4.9 above indicated that the unstandardized coefficients beta value for Perceived organizational support was 0.160 at p value 0.000. hence it was significant at  $p=1\%$ . From this analysis the null hypothesis was rejected and alternative hypothesis was accepted. I.e. Perceived organizational support had positive significant effect on employee engagement in CBE Bahir Dar Branches.

**H4: Promotion and growth opportunity has positive significant effect on employee engagement.**

Table 4.9 of indicated that the unstandardized coefficient beta value of Promotion and growth opportunity was 0.071 p value is 0.039 hence it is significant at  $p=4\%$ . From these analyses the alternative hypothesis was accepted and the null hypothesis was rejected. That is Promotion and growth opportunity has positive significance effect on employee engagement in CBE Bahir Dar Branches

**H5: payment has positive significant effect on employee engagement.**

Similarly, from Coefficients regression model in table 4.9 above indicated that the unstandardized coefficients beta value for Perceived organizational support was 0.419 at p value 0.000 hence it was significant at  $p=1\%$ . From this analysis the null hypothesis was rejected and alternative hypothesis was accepted. I.e. payment has positive significant effect on employee engagement in CBE Bahir Dar Branches.

#### **4.9. Discussion of the results**

The descriptive analysis result confirms that most of the respondents the mean score were above 3.7 for most independent variables, This result shows that majority of CBE employees response that all independent variables are highly effect on employee engagement. And the Pearson's correlation, results there is no above 0.7 correlation between one independent variable to the other independent variable and The dependent and independent variables show a strong positive association. Multiple Linear Regression Assumption Test, Normality Test, In Normal Probability Plot (NPP) and histogram tests of normality were used and therefore normality is that much, not a problem in the model. Multi col linearity test, Based on the test result of the study the variance

inflated factor (VIF) values are less than 10 and also all the tolerance value greater than 0.1 therefore, in this model there is no multi col linearity problem. Homoscedasticity test, this assumption of homoscedasticity is central to the linear regression model. It describes a situation in which the error term (that is, random disturbance in the relationship between the independent variables and the dependent variables) is the same across all values of the independent variables. Assumptions can be checked by a scatter plot diagram. The graph looks like a random array of dots. So, the model is homoscedasticity. Linearity test, the result shows linear relationship b/n dependent variable and independent variable and The p-plot indicates that the points lie in straight line. Therefore, we can conclude that the assumption of linearity was not violated. The model summery of adjusted r square (R<sup>2</sup>) has the value 0.750 (75%) this show that the predicator job characteristics, working environment , perceived organizational support, promotion & growth opportunity and payment affect employee's engagement by 75% the rest 25% of employee's engagement affected by other factors. Durbin-Watson statistic is used to test for the presence of serial correlation among the residuals. and an acceptable range is 1.50 - 2.50. This study Durbin Watson statistic value is 1.732. Therefore, there is no autocorrelation problem in this model. Model Fit, ANOVA test of a p-value is less than 5%. Therefore result of this study of p-value is 1%, which shows appropriately and perfectly significant of all independent variables on dependent variable.

## CHAPTER FIVE

### 5 SUMMARY FINDINGS, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Introduction

In this chapter the researcher deals with conclusion drawn on the bases of the findings and recommendations which are assumed to be useful to improve the employee's engagement in Bank sectors.

#### 5.2 Summary of findings

Descriptive statistic was used to indicate the mean value job characteristics, working environment, perceived organizational support, promotion & growth opportunity and payment. Hence, the mean score value of Payment was 3.65, working environment (mean=3.75), perceived organizational support (mean=4.40), job characteristics (mean=4.05) and Promotion & Growth (mean=3.75). It is also found that there is a positive and statistically significant relationship between the utilized variables and the overall employee engagement with ( $r=0.419$ ,  $p<0.00$ ) for payment, ( $r=0.081$ ,  $p<0.034$ ) for working environment, ( $r=0.160$ ,  $p<0.00$ ) for perceived organizational support, ( $r=0.151$ ,  $p<0.00$ ) for job characteristics and ( $r=0.071$ ,  $p<0.039$ ) for promotion & growth opportunity.

Multiple regressions were done to ascertain the extent to which the variables mentioned explain the variance in employee engagement. Accordingly adjusted  $R^2= 0.750$  indicated that 75% of variance in employee engagement is explained by the variables job characteristics, working environment, perceived organizational support, promotion & growth opportunity and payment. The result indicated a high percentage of variation in employee engagement can be explained by variables entered in the equation.

### **5.3 Conclusion**

Based on the findings, the following conclusions are made:

- The results indicate that the variables included in the study are determinants of employee engagement. Consequently, it provides an insight to those HRM strategy makers in CBE to give due attention for the inclusion of such factors in their HR policy.
- The study has found that opportunities that allow employees for better advancements (promotion and growth opportunities) play a great role in increasing their engagement level.
- The result of the study indicated that supportive working environment was one of the significant factors that contribute for employee engagement.
- The study has found that good organizational payment structure has a positive impact on increasing employee engagement level by allowing them feel that they are crucial part of the organization.
- The result of the study revealed that caring and concern associated with perceived organizational support creates a sense of obligation on the part of employees who in turn give themselves with greater levels engagement.
- The result of the study indicated that supportive working environment was one of the significant factors that contribute for employee engagement. Hence, this can lead to positive organizational outcomes such as, higher levels of productivity and reduced employee turnover.

## **5.4 Recommendations and Future Research Implications**

### **5.4.1 Recommendations**

From the conclusion made based on the major findings of the research the following recommendations are suggested.

- ❖ The independent variables; Job Characteristic, working environment, Perceived organizational Support, promotion & growth opportunity and payment were factors affecting employee engagement of the bank. Hence, the bank needs to take these factors in to consideration and make a critical improvement to enhancing the level employee's engagement.
- ❖ To enhance the perception employees for the support they get from their organization.
- ❖ The bank should create safe working environments that facilitate openness and supportiveness.
- ❖ The Management of the bank is recommended to assess the content of each job regularly and make them more comprehensive.
- ❖ The top management of the bank is strongly advised to revise the compensation packages (payment).
- ❖ The bank needs to focus on developing (modifying) its promotion and growth encouraging strategies that are compatible with its overall objectives.

### **5.4.2 Future Research Implications**

- ❖ Future Researches use this study as a reference for their detail investigation and exploration on the area.
- ❖ This study was focused only on Commercial Bank of Ethiopia and the finding has a great potential for further studies in identifying factors affecting EE and its consequences for other sectors.
- ❖ Finally, a variety of measurement techniques, such as focus group discussions and interviews, can be used to qualitatively analyze the elements affecting EE and improve the justification of the study's findings.

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**Appendix**  
**Research Questionnaire**

**Bahir Dar University**

**College of Business and Economics Department of management**

**Name of student: Gizachew Molla    Address: Email, gizachewayal@gmail.com mob  
0918291072**

Dear respondents: This questionnaire is prepared for research purpose entitled “Determinants of employee engagement in CBE bahirdar city branches”. The expected respondents of this questionnaire would be Professional Staff of those from randomly selected branches in bahirdar District who are junior and senior staff. The respondents would be expected to give accurate data to make proper analysis. The data would be kept confidentially and it would be used for study purpose. I would like to thank in advance for your honest cooperation.

Section 1: Demographic data

1 Gender

- Female
- Male

2 What is your age category?

- Below 25 years
- b/n 26 -35 years
- b/n 36-45 years
- Above 46 years

3 What is your monthly remuneration?

- Below 10,000
- 10,001-20,000
- 20,001-30,000
- 30,001-40,000
- Above 40,000

4 What is your highest academic?

- ❖ diploma
- ❖ degree
- ❖ Masters
- ❖ above

5 How long you worked for the organization

- 0-5 years
- 5-10 years
- years 10-15
- Over 15 years

6 What is your position in the organization?

- Managerial
- Non- managerial

**Part II**

This part of questionnaire covers about factors affecting employee engagement. Please indicate your level of agreement or disagreement with each of the following statements by putting a thick mark (√) in the box that best represents your opinion.

NO	QUESTION	Strongly Disagree	Disagree	No Opinion	Agree	Strongly Disagree
<b>Job Characteristics</b>						
1	There is much autonomy in my job					
2	My job permit me to decide on my way how to go about doing the work					
3	There is much variety in my job					
4	The job requires me to do many different things at work using a variety of my skills and talents.					
5	Managers or co-workers let me know how well I am doing on my job					
6	Doing the job itself provide me with information about my work performance					
7	The actual work itself provides clues about how well I am doing aside from any “Feedback” co-workers or supervisors may provide.					

	<b>Working Environment</b>	Strongly Disagree	Disagree	<b>No Opinion</b>	Agree	Strongly Disagree
<b>1</b>	Changes that may affect me are communicated to me prior to implementation.					
<b>2</b>	Everybody is treated fairly in this organization.					
<b>3</b>	Employee performance evaluations are fair and appropriate.					
<b>4</b>	There is never a pressure to finish my work on time.					
	<b>Perceived organizational support</b>	Strongly Disagree	Disagree	<b>No Opinion</b>	Agree	Strongly Disagree
<b>1</b>	My organization is supportive of my goals and values.					
<b>2</b>	Help is available from my organization when I have a problem.					
<b>3</b>	My organization really cares about my well-being.					
<b>4</b>	My organization shows great concern for me.					
<b>5</b>	My organization cares about my opinions.					

## Employee Engagement

	<b>Promotion and growth opportunity</b>	Strongly Disagree	Disagree	No Opinion	Agree	Strongly Disagree
<b>1</b>	I have opportunities to develop skills to achieve my career goals					
<b>2</b>	If I perform well in my role, it would lead to opportunities for me to progress					
<b>3</b>	I want to develop my career within this organization					
<b>4</b>	There is really promotion high chance for on my job					
<b>5</b>	Everyone has an equal chance to be promoted.					
	<b>Payment</b>	Strongly Disagree	Disagree	No Opinion	Agree	Strongly Disagree
<b>1</b>	I feel I am being paid a fair amount for the work I do					
<b>2</b>	I feel appreciated by the organization when I think about what they pay me					
<b>3</b>	Raises are too many and frequent					
<b>4</b>	Overall my compensation and benefits meet well with my needs					

<b>Employee engagement</b>	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
1 I really “throw” myself into my job.					
2 Time passes quickly when I perform my job					
3 I stay until the job is done					
4 I get excited when I perform well on my job					
5 Being a member of this organization is very captivating.					
6 One of the most exciting things for me is getting involved with things happening in this organization.					
7 Being a member of this organization make me come “alive.”					
8 I am highly engaged in this organization.					

Source: adapted from previous research papers conducted by Saks (2006).

### Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.869 <sup>a</sup>	.756	.749	.17617	1.733

a. Predictors: (Constant), PAY, PGO, POS, JC, WE

b. Dependent Variable: EE

### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	18.038	5	3.608	116.239	.000 <sup>b</sup>
	Residual	5.835	188	.031		
	Total	23.873	193			

a. Dependent Variable: EE

b. Predictors: (Constant), PAY, PGO, POS, JC, WE

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

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
	B	Std. Error				Lower Bound	Upper Bound	Tolerance	VIF
(Constant)	.213	.166		1.284	.201	-.114	.541		
JC	.155	.041	.175	3.815	.000	.075	.235	.619	1.615
WE	.079	.038	.112	2.059	.041	.003	.154	.436	2.295
POS	.160	.035	.198	4.613	.000	.091	.228	.707	1.414
PGO	.074	.037	.078	1.993	.048	.001	.146	.838	1.193
PAY	.422	.036	.555	11.711	.000	.351	.493	.579	1.727

a. Dependent Variable: EE



### Casewise Diagnostics<sup>a</sup>

Case Number	Std. Residual	EE	Predicted Value	Residual
4	-3.245	2.88	3.4466	-.57161

a. Dependent Variable: EE

### Residuals Statistics<sup>a</sup>

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	2.6102	4.2170	3.4903	.30571	194
Std. Predicted Value	-2.879	2.377	.000	1.000	194
Standard Error of Predicted Value	.014	.049	.030	.007	194
Adjusted Predicted Value	2.6093	4.2155	3.4900	.30541	194
Residual	-.57161	.49149	.00000	.17387	194
Std. Residual	-3.245	2.790	.000	.987	194
Stud. Residual	-3.290	2.834	.001	1.001	194
Deleted Residual	-.58779	.50702	.00030	.17887	194
Stud. Deleted Residual	-3.380	2.888	.001	1.007	194
Mahal. Distance	.301	14.199	4.974	2.865	194
Cook's Distance	.000	.051	.005	.008	194
Centered Leverage Value	.002	.074	.026	.015	194

a. Dependent Variable: EE

# Charts

