

Factors Affecting Employee Engagement in Case of Lion International Bank S.C.

A Thesis Submitted to the School of Graduate Studies of Jimma University in Partial Fulfillment of the Requirements for the Award of the Degree of Master of Business Administration (MBA)

**By
Emnet Mulugeta**

Under the Supervision of

**Mr. Wubishet Mengesha
And
Mrs. Rejebut Mahmud**



**MBA Program, Department Of Management, College Of Business and Economics,
Jimma University, Jimma, Ethiopia
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DECLARATION

I declare that the research Report entitled **submitted** to Research and Postgraduate_ “Factors Affecting Employee Engagement in Case of Lion International Bank S.C.” Studies’ Office of Business and Economics College is original and it has not been submitted previously in part or full to any university.

Date:

CERTIFICATE

We certify that the Research Report entitled “Factors Affecting Employee Engagement in Case of Lion International Bank S.C.” Studies’ was done by Mrs. Emnet Mulugeta for the partial fulfilment of Masters Degree under our Supervision.

(Main Advisor)

(Co-Advisor)

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ACRONYMS

LIB- Lion International Bank

EE- Employee Engagement

PSS- Perceived Supervisor Support

POS- Perceived Organizational Support

ABSTRACT

The main purpose of this study is investigate factors affecting employee engagement in case of Lion International Bank S.C. The study was applied explanatory research design. To address the research objective a sample of 275 employees found at Head Office and Addis Ababa City Branches were involved. The relevant data was gathered using questionnaire and a total of 237 giving 86% of response are returned. After different assumptions were tested the study hypothesis performed using SPSS software. The result of the study finding revealed all the four factors that were identified in conceptual framework; job characteristics, reward and recognition, perceived organization support and Perceived supervisor support have a positive impact on employee engagement. This indicates that all the independent variables have contributed to employee engagement in Lion International Bank. Furthermore, job characteristic and reward and recognition variables found to be the first and second significant factor considered for employee engagement in Lion International Bank S.C. Among others, the study recommends that it is better for the Bank to review and update its work unit's procedures and job requirements periodically to make employees to perform their job more comprehensive and challenging that require the skills of the employees.

Key Words: Employee Engagement, Job Characteristics, Reward and Recognition, Perceived organization support, Perceived supervisor support and Lion International Bank S.C.

CHAPTER ONE

INTRODUCTION

This chapter is intended to provide information regarding an overview of the study. It consists of background of the study, statements of the problem, research questions, research hypothesis, objectives of the study, significance of the study, scope of the study and organization of the paper.

1.1 Background of the Study

Management of human resources has long been considered as an important component of any organization. This is because people add value to organizations through their knowledge, skills and capabilities. Human capital theory posits that people add value to the organization through their knowledge, skills, experiences, talents and intelligent quotient. (Armstrong, 2006)

Employee engagement has become a leadership priority as they constantly seek for different methods to keep their work-force engaged. The term 'employee engagement' is a concept introduced by William Kahn in 1990. He defined employee engagement as "the harnessing of organization members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performance.

Even though a consensus has not been reached on a single definition, most definitions consider employee engagement as a state of mind, where one feels satisfied, empowered, and committed at work. Others suggested in a different way as they characterized engagement by such behaviors as persistence and initiation. Some of them described the term engagement as innate personal characteristics like the right attitude, level of energy or point of view. Some define engagement as a combination of all of the above. (Soni, 2006)

According to Macey and Schneider (2008), Employee engagement is a desirable condition. It has an organizational purpose and connotes involvement, commitment, passion, enthusiasm, focused effort and energy, so it has both attitudinal and behavioral components.

Wellins and Concelman (2005) suggested that engagement is, an amalgamation of commitment, loyalty, productivity and ownership. They further said that engagement is “the illusive force that motivates employees to higher (or lower) levels of performance.”

On the other hand Saks,2006 defined engagement as “A distinct and unique construct that consists of cognitive, emotional, and behavioral components that are associated with individual role performance” (p. 602). Saks used *job characteristics, perceived supervisor support, rewards and recognition and procedural justices* as considered factors that could affect engagement levels.

Engagement can affect employees’ attitudes, absence and turnover levels and various studies have demonstrated links with productivity, increasingly pointing to a high correlation with the individual, group and organizational performance, a success measured through the quality of customer experience and customer loyalty (Hemsley Fraser, 2008, cited in the Human Resource Director, 2008; the Conference Board, 2006). Organizations with higher engagement levels tend to have lower employee turnover, higher productivity, higher total shareholder returns and better financial performance (Baumruk, 2006). Towers (2007) found out that organizations with the highest percentage of engaged employees increased their operating income by 19 percent and their earnings per share by 28 percent year after year.

From the definitions and points discussed above, one can conclude that employee engagement, along with other organizational factors, affects the overall performance and success of organizations and also having engaged employees is a key for the organizations’ success.

However, it is to be noted that, apart from few case studies conducted in two Ethiopian Commercial Banks (conducted by Segnet (2018), Selam (2018) and Yonas (2018)), almost all the above researches were conducted in the western organizational culture, thus we hardly found any published researches conducted on employee engagement in the African context.

Hence, the main purpose of this study is to try to understand the concept of employee engagement and analyzing the impact of four of the selected factors affecting employee engagement (as per the conceptual model of employee engagement by Saks,2006) i.e, *Job Characteristics, Reward and Recognition, Perceived Supervisor Support, and Perceived Organizational Support*, from the list of factors affecting employee engagement and the

degree of influence of each of the factors on the overall success of Lion International Bank S.C.

1.2 Statement of the Problem

Highly engaged employees make a substantive contribution to their organization and may predict organizational success (Saks, 2006). But the reverse holds true as well. Disengaged employees can be a serious liability. Ayers (2006), compares disengagement to a cancer that can slowly erode an organization.

Markos & Sridevi, 2010 has mentioned that studies have found that there is a positive relationship between employee engagement and organizational success outcomes like: employee retention, productivity, profitability, customer loyalty and safety (Markos & Sridevi, 2010). Researches also indicate that the more engaged employees are, the more likely their employer is to exceed the industry average in its revenue growth. Employee engagement is found to be higher in double-digit growth companies. Research also indicates that engagement is positively related to customer satisfaction (Coffman, 2000; Ellis and Sorensen, 2007; Towers Perrin Talent Report, 2003; Hewitt Associates, 2004; Heintzman and Marson, 2005; Coffman and Gonzalez-Molina, 2002). Engaged employee consistently demonstrates three general behaviors which improve organizational performance: the employee advocates for the organization to co-workers and refers potential employees and customers; the employee has an intense desire to be a member of the organization despite opportunities to work elsewhere and the employee exerts extra time, effort and initiative to contribute to the success of the business (Baumruk and Gorman, 2006)

What will happen to an organization if its employees are disengaged? Employees who are not engaged are likely to be spinning (wasting their effort and talent on tasks that may not matter much), settling (certainly do not show full commitment, not dissatisfied enough to make a break) and splitting (they are not sticking around for things to change in their organization), have far more misgivings about their organization in terms of performance measures such as customer satisfaction (Blessing White, 2006; Perrin Report, 2003). Meere (2005) based on the survey conducted by ISR on 360000 employees from 41 companies in the world's 10 economically strong countries found that both operating margin and net profit margins reduced over a three year period in companies with low engagement, while these

measures increased over the specified period in companies with high levels of engagement. However, it is to be noted that, apart from few case studies conducted in two Ethiopian Commercial Banks (conducted by Segnet (2018), Selam (2018) and Yonas (2018)), almost all the researches were conducted in the western organizational culture, thus we hardly found any published researches conducted on employee engagement in the African context.

Similarly, there is no empirical research that has been conducted on the subject matter in relation to Lion International Bank. In order to enhance employee engagement, it is essential to be familiar of the factors that impact employee engagement positively and negatively.

Hence, taking in to account the above study findings, facts and remarks explained by the researchers, as well as the quarterly report of the Bank, employee engagement level in LION INTERNATIONAL BANK can be said it is below the expected standard which is reflected by high turnover of employees as compared to the plan. As the Banks quarterly report 2018/19 revealed the yearly plan for the employees' resignation were 121, however on the past three quarters the number of employees who left the Bank has reached 116. (LIB, Quarter Reports) The study will focus only on factors affecting employee engagement with regards to turnover due to the fact that staying in the organization is the one indication of employee engagement. Disengaged employees detached emotionally and cognitively from the real work set up and their behavior became unresponsive, robotic, and effortless towards their performance. (Zafrul, 2017)

Besides, based on the preliminary assessment made at the Bank, the observation of the supervisors seems the workers are not highly engaged (shown with frequent absence, failing to meet deadlines, inefficiency on current assignment). Further, the discussion made with some of the supervisors also indicates that they are uncertain about the level of engagement of their employees.

In response to the above and the fact that the organization has not conducted any prior study since its commencement, the researcher tries to identify the most important factors affecting employee engagement.

1.3 Basic Research Questions

- 1 How does Job characteristics affect employee engagement?
- 2 How does reward and recognition affect employee engagement?
- 3 What is the effect of Perceived Supervisor Support on employee engagement?
- 4 What is the effect of Perceived Organizational Support on employee engagement?

1.4 Objectives of the Study

1.4.1 General Objective

The General Objective of this research is to examine the factors affecting employee engagement in Lion International Bank Share Company

1.4.2 Specific Objective

The aim of the following specific objectives is to give answer for the basic research questions.

- To investigate the effect of job characteristics on employee engagement
- To measure the effect of rewards and recognition in predicting employee engagement
- To investigate the effect of perceived organizational support in predicting employee engagement
- To investigate the effect of perceived supervisor support in predicting employee engagement

1.5 Significance of the Study

Since its commencement, no study has been carried out by the Bank, which focused on addressing employee engagement issues. Hence, the findings of the study is to give a good insight for the Bank's Top Management and all other stakeholders about the overall employee engagement level, this helps the Bank to understand and appreciate employee preferences as well as act accordingly when developing plans, programs and policies designated to influence employee engagement.

1.6 Scope of the Study

Different scholars studied Employee engagement in different ways and identified different factors. Employee Engagement is not an ending process as we have employees who are going to be engaged for their company to work for. This study is, however, focuses mainly on factors particularly on Job Characteristics, Reward & Recognition, Perceived Organizational Support & Perceived Supervisor Support. The study will include Head Office, Addis Ababa City Branches and professional employees since non-Clerical Employees like Security Guards, Janitor and Messenger are not permanent employee of the Bank. The study was conducted from March, 2019 to May, 2020.

1.6 Organization of the Paper

The paper has five chapters. The first chapter deals with introduction, the second chapter focuses on theoretical and empirical literature review. The third chapter discusses research design methodology and the fourth chapter contains data analysis and discussion. At the end, chapter five includes summary, conclusions and recommendations based on the results discussed in chapter four.

1.7 Operational Definition

Employee Engagement: Kahn (1990) defines engagement as “the harnessing of organization members’ selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances.”

Job Characteristics: Psychological meaningfulness involves a sense of return on investments of the self-in role performances. 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 (Kahn 1990, 1992).

Rewards and Recognition: are a methodical organization uses to make Employees feel respected and valued (Kahn, 1990).

Perceived Organization Support: an assurance that the organization support the employee when they need any help while doing their jobs (Rhoades & Eisenberger, 2002).

Perceived Supervisor Support: supportive and trusting interpersonal relationships as well as supportive management promoted psychological safety Kahn (1990, 1992).

CHAPTER TWO

2.1 Review of Related Literature

This chapter presents the literature review and the theoretical foundation of the research, employee engagement and factors influencing employee engagement. The literature has been reviewed from journals, reference books and reports.

2.1.1 Definition of Employee Engagement

Employee engagement is the most popular term business leaders are familiar with, but it's amazingly difficult to define. Many scholars have defined the term slightly from different angles on what it might be. The first person who is believed to be the father of this concept, William Kahn (1990), on his study "Psychological conditions of personal engagement and disengagement at work" defines as "the harnessing of organization members' selves to their work roles; in engagement people employ and express themselves physically, cognitively and emotionally during role performances".

Based on Kahn's study, there are three psychological conditions that shape how people perform their roles;

Meaningfulness: feeling that one is receiving a return on the investment of the self in the work role performance,

Safety: a sense of being able to show and employ oneself without fear of negative consequences to one's self-image or status at work

Availability: a sense of possessing the physical, emotional and psychological resources needed for investing oneself in the work role. (Raida, 2013)

Solomon Markos & M. Sandhya Sridevi (December, 2010) define the concept from three well-known research organizations in human resource area as: Perrin's Global Workforce Study (2003) defines the term as "employees' willingness and ability to help their company succeed, largely by providing discretionary effort on a sustainable basis". According to the study, engagement is affected by many factors which involve both emotional and rational factors relating to work and the overall work experience. Gallup organization defines

employee engagement as “the involvement with and enthusiasm for work”. Gallup as cited by Dernovsek (2008) likens employee engagement to a positive employees’ emotional attachment and employees’ commitment. Robinson et al. (2004) defines employee engagement as “a positive attitude held by the employee towards the organization and its value. An engaged employee is aware of business context, and works with colleagues to improve performance within the job for the benefit of the organization. The organization must work to develop and nurture engagement, which requires a two-way relationship between employer and employee.”

According to Li Sun & Bunchapattanasakda (2019) Employee engagement is defined under two categories: Employee engagement as Multi-faceted construct which mainly focuses on cognitive, emotions and behavior of the employee and as a Unitary construct that considers engagement as a positive state of mind, dedicated willingness and as an Opposite of Burnout.

2.1.2 Models of Employee Engagement

Various researchers describe employee engagement from different theoretical perspectives. One of such researchers, Li Sun (2019), has explained that the concept has no unique theoretical framework rather it should be evaluated in three types of frameworks: Need Satisfaction Framework, Job Demand-Resource Framework and Social Exchange Theory.

2.1.1.1 Need Satisfaction Framework: the main idea of this framework, as stated by Kahn’s (1990), is employees use and express themselves physically, cognitively, emotionally, and mentally during role performances” (p. 694). He conceptualized engagement as the employment and expression of one's preferred self in task behaviors. Employees are considered to be more engaged in their work when the three psychological needs are satisfied: meaningfulness, safety and availability. If the organizations fails to fulfill these needs, employees tend to withdraw and deter themselves from their role.

According to Kahn; Meaningfulness is influenced by the nature of the job (tasks, roles & work interaction) while Safety is influenced by social environment (interpersonal relationship, group and inter group dynamics, management style and process,

organizational norms). Availability depends on personal resources that people can bring to their role performance (physical energies, emotional energies, insecurity and outside life).

I. Job Demand-Resource Model (Bakker and Demerouti, 2008, and Schaufeli and Bakker, 2010), organizations perform their activities under different working environment but the environments are classified under two categories: Job demands and Job resources. Job Demand defined as aspects of the self that are associated with resiliency and that refer to the ability to control and impact one's environment successfully and Job Resource, aspects of the job that are functional in achieving work goals, reduce job demands, or stimulate personal growth and development. Hence, this model considers the assumption that employees engagement are associated with job related resource from the organization once they get the required resource employees are considered to be engaged.

II. Social Exchange Theory: Levinson (1965) explained that employment is a transaction between labor, loyalty and actual interest and social rewards. To certain extent, the relationship between employee and employer is suitable for reciprocity, in which a request for return will lead to beneficial results to both parties no matter who gain the preferential treatment. Masteson et al. (2000) explained that one party expects a return in the future after contributing or providing services to the other party. The party who receives something feels responsibility to return something back for other party. In line with theory employees are loyal to the organization and work hard in exchange for economic benefits and social rewards establishing organization employee relationship. High level of perceived organizational support create obligations for employees to repay the organization and employees reveal an attitude and behavior conducive to the organization (Eisenberger et al., 1986)

2.1.3 Factor Affecting Employee Engagement

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. However, it is difficult to conclude to which variables are the strongest predictors. Hence, variables for this study were chosen by reviewing the literature and conducting preliminary assessment at the organization in the form of reviewing secondary data and discussion with supervisors.

I. Job Characteristics

Kahn (1992), job satisfaction is attained from task characteristics that provide challenging work, variety, allow the use of different skills ,personal discretion and the opportunity to make important contributions.

Based on Hackman and Oldham's (1980) job characteristics model, a task in itself is the key to the employee's motivation. Briefly, a boring and monotonous job is disastrous to an employee's motivation whereas a challenging, versatile job has a positive effect on motivation.

The theory specifies five job characteristics that are predicted to benefit individuals' psychological state and job results. The theory also encompasses individual variables that may function as moderators to represent the relationship between the job characteristics and outcome variables.

The five core job characteristics are skill variety, task identity, task significance, autonomy and feedback (Hackman and Oldham's).

a. Skill Variety

Skill variety refers to the degree to which a job demands different activities in the execution of the tasks, where various skills and talents of the working person are used. Having different tasks, more responsibility and more independence will be beneficial to a person's intrinsic motivation.

b. Task Identity

It refers to the degree to which the work demands a complete process or product. A Job having a clear beginning and ending, allows a person to work on a complete process rather than small parts. Employees often value carrying out a complete process. Such a work cycle ensures that they are more involved in their work and will most likely feel more responsible than their colleagues who only take on a small part of the process.

c. Task Significance

The degree to which the job has a substantial impact on the lives of other people within the organization also on society as a whole. Feeling the meaningfulness of work is important for the employee's motivation.

d. Autonomy

Autonomy within a job refers to the degree to which an employee can work independently. The freedom to plan the workday and set up new procedures that must be followed increases one's sense of responsibility, which in turn benefits motivation. Employees other than Managerial (the one who has high level of autonomy), can also have a strong sense of responsibility and autonomy when they're given the freedom to carry out their tasks independently by means of personal initiatives.

e. Feedback

For the performance of the employees, it's important that they are informed of the effectiveness of their recent performances. Feedback can also have a positive effect on

their motivation. When managers tell employees they're doing a good job, this will motivate them to continue in the same way. When they hear that their actions didn't meet the requirements, they will respond accordingly and try to improve their performance.

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). Job enrichment is positively related to meaningfulness and meaningfulness mediates the relationship between job enrichment and engagement as is evident in May et al. (2004). The workload and control conditions suggest the importance of job characteristics for engagement. In fact, job characteristics, particularly feedback and autonomy, have been always related to burnout (Maslach et al., 2001). The study has mentioned that the engagement levels are low if the employee does not feel secure while working. Therefore, every organization should adopt appropriate methods and systems for the health and safety of their employees. Employees want to be involved in decisions that affect their work. The leaders of high engagement workplaces create a trustful and challenging environment, in which employees are motivated to oppose the existing traditional conventions and to input and innovate to move the organization forward.

II. Rewards and Recognition

Reward is everything the employee perceives to be of value resulting from the employment relationship and includes all types of rewards, direct and indirect, as well as intrinsic and extrinsic. The typical components of total reward which make up the levers employers can resort to in order to motivate, engage and retain staff are pay, benefits, working environment, learning and development (Armstrong, 2006). It serves as a means to help businesses to satisfy their most important needs i.e. to attract, retain, motivate and engage staff by making long lasting results (Longo, 2011). The aim of total reward therefore, is to maximize the positive impact that a wide range of rewards can have on motivation, job engagement, organizational commitments and job satisfaction (Manus and Graham, 2003). This supports the work by lot many researchers who established a positive relationship between reward and Employee Engagement. (Judge & Welbourne, 1994; Lawler, 1971)

According to Maslach et al. (2001) when a person lacks respect and recognition can lead to burnout, awards and proper recognition for engagement, however, when employees receive recognition and recognition from the organization, they will feel obliged to reciprocate at a higher level.

III. Perceived Organizational and Supervisor Support

Perceived organizational support (POS)—an employee’s perception that the organization values his or her work contributions and cares about the employee’s well-being—has been shown to have important benefits for employees and employers. (Eisenberger, P. Malone and D. Presson, 2016)

Perceived organization support (POS) and supervisor support (PSS) refer to a common belief that the values of their organizations contribute to and care for their well-being (Rhoades & Eisenberger, 2002; in Saks, 2006). POS and PSS will encourage positive results through employee engagement because employees with high POS and PSS may be more engaged in their work and organization (Rhoades et al., 2001; in Saks, 2006). In other words, when employees believe their organizations are related to them and care about their well-being, they will react more by trying to fulfill their obligations to the organization by becoming more engaged. Also, because employees tend to view the orientation of their superiors to show support for the organization (Rhoades & Eisenberger, 2002; in Saks, 2006).

2.2. Empirical Literature

According to Saks (2006) on his study “Antecedents and Consequences of Employee Engagement” the antecedents are job characteristics, perceived organizational support, perceived supervisor support, rewards and recognition, procedural justice and distributive justice. When employees perceived these positive antecedents, employee engagement resulted at both the job and organizational levels and consequences for employee engagement such as job satisfaction, organizational commitment, organizational citizenship behavior, and low intentions to quit resulted.

Fairlie (2011) investigated the role of meaningful work in engagement and other employee outcomes such as burnout, job satisfaction, organizational commitment, and turnover cognitions and meaningful work characteristics had the strongest relationships with EE and most other employee outcomes, relative to other work characteristics. In addition, meaningful work characteristics was the strongest unique predictor of engagement.

Sardar, Rehman, Yousaf, and Aijaz (2011) investigate the impact of HR practices on employee engagement in banking sector of Pakistan. The results showed that there is significant relationship among employee engagement and decision making / co-ordination, performance reward systems and employee involvement whereas training and career development and employee performance appraisals are insignificantly related.

Menguc et al. (2012) on the Job Demand-Resource (JD-R) model, explored the antecedents and consequences of service employee engagement. The model examined the main effect of resources (autonomy, feedback, and support) on engagement and how the interaction among resources impacts engagement. Further, the model also examined the mediating role of engagement in linking resources to customers' perceived level of service employee performance. Results suggested that supervisory feedback is positively related to engagement while supervisory support is not. More engagement is related to more positive service employee performance..

Othman and Nasurdin (2012) addressed the question of whether social support (supervisor support and co-worker support) could contribute to the variance in work engagement using 402 staff nurses working in three general hospitals in Peninsular Malaysia. Findings indicated that supervisor support was positively related to work engagement. Co-worker support was found to have no effect on work engagement.

Moussa (2013) examined selected antecedents and consequences of employee engagement. The researcher distributed surveys among 104 employees working in the healthcare and information technology industries in Saudi Arabia. The results indicated that job characteristics and rewards are the two antecedents that have a positive relationship with

employee engagement. The result showed that job characteristics stimulate employee engagement while reward and recognition induced organizational engagement.

Burke, Koyuncu, Fiksenbaum, and Tekin (2013) examined potential antecedents and consequences of work engagement in a sample of 549 frontline service employees working in 15 top quality hotels in Turkey. The findings indicated lower levels of work engagement compared to normative data reflecting the way that frontline service work has been portrayed (low pay, long hours, and autocratic supervision). Personal demographic characteristics (e.g., age, gender, level of education) and work situation characteristics (e.g., job tenure, size of property) were weakly and inconsistently related to levels of work engagement. Also work engagement was significantly related to job satisfaction, employee use of voice behavior, intent to stay, and lower levels of work-family and family work conflict.

Rasheed, Khan, and Ramzan (2013) examined the relationship between the antecedents and consequences of employee engagement in the banking sector of Pakistan. Results indicated that there is a significant relationship between PSS and POS and organizational justice with job engagement and organization engagement. Also the findings indicated that job engagement and organization engagement are positively related to OCB.

Biswas and Bhatnagar (2013) assessed the mediating role of employee engagement between perceived organizational support (POS) and person-organization fit (P-O fit) as the antecedents and organizational commitment and job satisfaction as the consequences. The findings suggest that when individuals perceive positive levels of organizational collaboration, they are intrinsically encouraged towards exerting considerably higher levels of effort. The notion that P-O fit deals with the congruence between employees' personal values and those of the organization makes for greater meaningfulness and psychological safety leading to higher levels of employee engagement. A high level of employee engagement reflects a greater trust and loyal relationship between the individual and the organization.

Another study by (Samuel & Maureen 2014): found out that Employee engagement was greatly influenced by performance management, personal development & growth, workplace recreation, and remuneration package. However, among the determinants, remuneration is the highest contributor of employee engagement with workplace recreation having the least influence. Low engagement and job satisfaction can contribute to multiple organizational problems and have been associated with increased levels of turnover and absenteeism, adding potential costs to the organization in terms of low performance and decreased productivity. It is important for management to be aware of the needs and make up of their workforce, as well as the impact of environmental factors, when developing their programmes' and policies that have implications on engagement.

Other researchers, (Alima & Falzuniah, 2017) on their study the relationship between Employee Engagement, HRM Practice and POS, the findings of their study has showed that all the HRM practices like career advancement, job security and performance feedback were positively and significantly related to EE which is consistent with Social Exchange Theory. It indicates that the presence of proper systems on this practice in the work-place gives strong signals to employees that they are valued, appreciated and recognized within the organizations.

This study has also found the positive relationship between performance feedback and employee engagement that is similar with the study of (Menguc et al., 2013) suggested that employees who receive developmental feedback from their supervisor about the performance, feels that their supervisors really care about their growth and development which make them obligated and reciprocate with high dedication and enthusiasm towards the work.

Furthermore, the study revealed that Perceived Organizational Support moderates the relationships between all the HRM practices and employee engagement. The HRM Practice (Career advancement, Job Security & Performance Feedback) were positively and significantly related to employee engagement which is consistent with Social Exchange Theory. It was explained that the presence of proper HRM practices systems in the work-place gives strong signals to their employees that they are valued, appreciated and recognized within the organizations.

On the another study, Segnet (2018), on her study “Factors affecting Employee Engagement: The Case of selected private Banks” found that Job Characteristics, Reward & Recognition and POS are significant factors which affect EE where as Organizational Justice has insignificant role in affecting EE at the selected private bank.

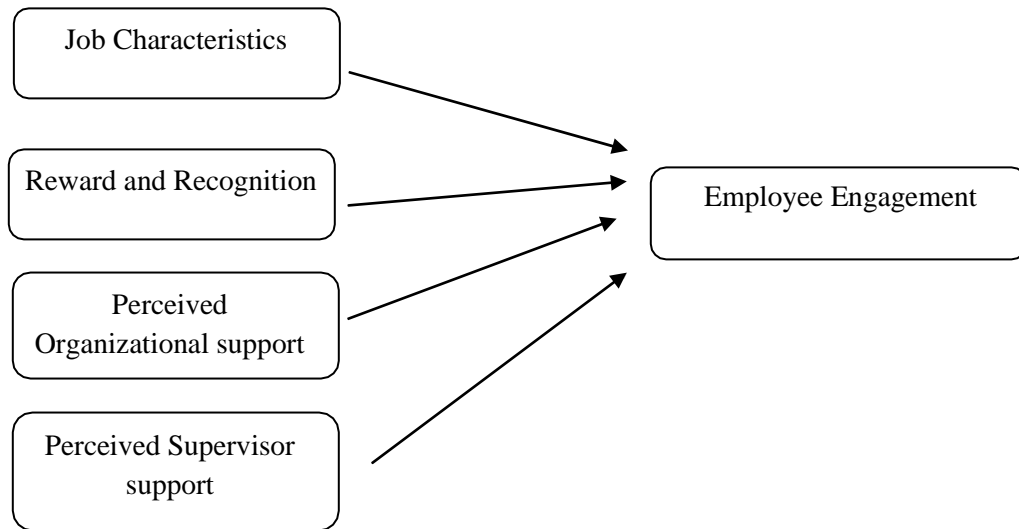
Selam (2018) under the study examined the factors affecting Employee engagement in Commercial Bank of Ethiopia. The result showed that employee promotion and growth opportunity, reward & recognition, immediate supervisor support, co- workers and payment have a significant impact in predicting employee engagement.

Similar study at the same organization i.e. Commercial Bank of Ethiopia, Yonas (2018) identified internal locus of control, Job characteristics, Reward & Recognition, Working Environment, Organization support and supervisor Support as predicting factor of EE. The result of the study showed that all variables except internal locus of control have a positive impact in predicting EE. Besides PSS is strongest factor where as working environment is considered as the least.

2.3 Conceptual Framework

The conceptual framework of this study is designed based on the Gallup Employee engagement survey and the factors by Sack (2006) Antecedents and consequences of employee engagement study. The factors considered as independent variable are four; job characteristics, reward and recognition, perceived organizational support and perceived supervisor support.

The assumption is employees whose job has 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).Furthermore, according the study by Sack employees’ will be more likely to engage them at work to the extent that they perceive a greater amount of rewards and recognition for their role performances on top to the meaningfulness of their job. In addition, on the study an important aspect of safety stems from the amount of care and support employees ‘perceive to be provided by their organization as well as their direct supervisor.



Source Sack (2006)

Figure 2.1 Conceptual Framework

CHAPTER THREE

RESEARCH METHODOLOG

This chapter explains the research design and approach of the study. It elaborates the source of data and method of data collection, target population & sample size determination, instrument of data collection, data analysis and presentation, reliability and validity & ethical considerations used while conducting the study.

3.1 Research Design

Kothari (2004) explains a research design is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data. As such the design includes an outline of what the researcher will do from writing the hypothesis and its operational implications to the final analysis of data. In line with is in order to understand the relationship between employee engagement (the independent variable) and the four factors; Job Characteristics, Reward and Recognitions, Perceived organizational support and Perceived supervisor support (dependent variable) the study used explanatory research design.

3.2 Research Approach

The study used quantitative research approach. The Quantitative method of the study involves analysis of data and information that are descriptive in nature and qualified (Sekaran, 2003). A quantitative approach is one in which the investigator primarily uses postpositive claims for developing knowledge, i.e., cause and effect relationship between known variables of interest or it employs strategies of inquiry such as experiments and surveys, and collect data on predetermined instruments that yield statistics data (Creswell, 2003).

3.3 Source of Data

A primary and secondary data source has used to collect the required information to undertake the research.

3.4 Method of Data Collection Instruments

The primary data has collected through a structured, self-administered & adopted (Sack, 2006), Likert scale questionnaire. The questionnaires have Five Section: the first section has contained the general information and the rest contains question related with the four predetermined variables.

3.5 Target Population

According Onwumere (2009) Population represents a universe or elements with similar characteristics; hence it is a census of all relevant elements and may be finite or infinite while a sample is a group of variables or items derived from a relevant population for the purpose of examination or analysis.

Accordingly, the target population of this study is permanent professional employees of Lion International Bank Share Company who are found at Head Office and Addis Ababa City Branches except executives. The total size of the population was 966.

3.6 Sample Size Determination

Based on the above target population (966) and the sampling technique used was convenience sampling, the sample size of the study is determined by using Kothari (2004) formula for finite population is given as follows

$$n = \frac{Z^2 \cdot p \cdot q \cdot N}{e^2 (N-1) + Z^2 pq}$$

Where; n= Sample size

N= Total Population

z= Standard normal value at 95% confidence level

p= Sample proportion

q= 1-p

e = acceptable error

So in this case we set e= 0.05, z = 1.96 and $\hat{p} = 0.5$, and thus,

$$n = \frac{(1.96)^2 (0.5) (0.5) 966}{(0.05)^2 (966-1) + (1.96)^2 (0.5) (0.5)}$$

$$n = \frac{927.7464}{3.3729}$$

$$n=275.0590 \approx 275$$

As a result, based on the formula this study required a sample of 275 employee of Lion International Bank S.C

Number of Employees based on Functional Area and selected sample size

S/N	Functional Area	Total no. of Employees	Percentage	Sample Size
1	Head Office	290	30	83
2	Addis Ababa City Branches	676	70	192
	Total	966	100	275

3.7 Reliability and Validity

According to Mugenda and Mugenda (2003), two of the most important criteria for business research are reliability and validity.

In this study, content validity is applied by consulting Advisor and banking human resources experts. In order to improve the instrument, these experts and the research advisor looked at every question in the questionnaire and forward comments to ascertain that the questions answer research objectives. Moreover, for engagement questions the researcher did not check the validity because it uses standardized questions adopted from Gallup engagement construct.

Internal consistence of the reliability of the instrument is determined by Cronbach's alpha. As Zikmund et al. (2010) explained scales with Cronbach's alpha greater than 0.7 considered as adequate to determine reliability of the instruments.

Table 3.1: Cronbach's Alpha Reliability Statistics

No.	Items	No of Items	Cronbach's alpha
1.	Job characteristic	5	.749
2.	Reward and recognition	5	.777
3.	Perceived organizational support	5	.818
4.	Perceived supervisor support	4	.838
	Overall items	19	.887

Source: Survey Data, 2020

Accordingly, the reliability test for each of dimensions and overall reliability test is greater than the threshold level. This implies that the items have relatively a high level of internal consistency.

3.8 Ethical Consideration

Major issues considered while conducting were getting consent from the management of the organization. The other issue considered on the study employees consent to participate on the study. These were accomplished by explaining the objective of the study prior data

collection process and their participation was voluntary. Confidentiality is assumed and collected data used for academic purpose only.

Concerning the literature used as reference all citation was made properly.

3.9 Method of Data Analysis

In this study two type of statistical analysis is used to test the proposed hypotheses. These are descriptive statistics and inferential statistics. The descriptive statistics such as such as mean and standard deviation are employed to understand the subject matters clearly. Then, correlation analyses between dependent and each of independent variables are made to measure the strength of association. Besides, multiple regression analysis is used to investigate factors of employee engagement in Lion International Bank S.C. Besides, before directly dealing with the regression model the researcher checked some important assumptions of multiple regression model such as multicollinearity, normality and heteroscedasticity.

3.10. Model Specifications

Multiple regressions are an extension of simple linear regression. It is used when to predict the value of a variable based on the value of two or more other variables. According Constantin (2006) multiple regression model identify the relationship between the dependent variable and several independent variables and it can be used for predicting and forecasting. In general, multiple regression equation model of this study; Y on X1, X2... Xk is given by:

$$\text{Eng} = \alpha + \beta_1 (\text{JC}) + \beta_2 (\text{RR}) + \beta_3 (\text{POS}) + \beta_4 (\text{PSS}) + e_x:$$

Where Eng: Gallup Employee engagement

JC: job characteristics

RR: reward and recognition

POS: perceived organizational support

PSS: perceived supervisor support.

β_1 β_4 = Coefficients/Slops

α : Intercept

e_x : Error term

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION

4.1 Response Rate

The study targeted a sample size of 275 of which 237 were returned completely, making the response rate of 86%. According to Mugenda and Mugenda(2009) response rate above 50% is adequate to carry out an investigation, while 60% is good and 70% response rate is excellent. Based on the assertion of this scholar, response rate of this study is considered being an excellent and done in line with the research objectives.

4.2 General Information of the Respondent's

This section sought to present the respondents relevant profile information related to gender, education, age, work position and work experience.

Table 4. 1: Respondent's General Profile

		Frequency	Percentage
Gender	Male	159	67.1%
	Female	78	32.9%
	Total	237	100%
Education	Diploma	-	-
	First Degree	225	94.6%
	Post Graduate and above	12	5.4%
	Total	237	100%
Age	20- 26 years	76	32%
	26-32 years	108	45.6%
	Above 32 years	53	22.4%
	Total	237	100%
Job position	Management	39	16.5%
	Senior officer	51	21.5%
	Officer	126	53.2%
	Junior officer	21	8.8%
	Total	237	100%

Source: Survey data, 2020

From the data indicated in the table, the majorities 159(67.1%) of the respondents were male and the remaining 78(32.9%) of the respondents were female. The output revealed

that there was a wide gap between men and women bank employees. Respondents were also requested to indicate their educational level, 37.3 % of the respondents indicated that they had Bachelor's degree and 1.9% indicated that they have master degree and above. It showed that the respondents are in good position to answer the research questions.

From the table above, 45.6% of respondents' ages were between 26-32 years, followed by those between 20 and 26 years which constituted 32% while the other age group of respondents above 32 years represents 22.4%. This implies that employees of Lion International Bank are potential work force between the age group 20-32. From the total number of the respondents, 53.2% were having the position of Customer service officer followed by senior officer 21.5%. Respondents 16.5% and 8.8% representing who have shown their job position as management and junior officers respectively.

As depicted in the Figure 4.1, respondent served the Bank 3-5 years of experience accounted for 53.4% while respondents who have work experience between 1-3 years represent 28.9%. The third and fourth lowest percentage of respondents related to work experience is under less than one year and above five years. This implies that most respondents were served the Bank above three years and hence they were able to identify factors of employee engagement in Lion International Bank

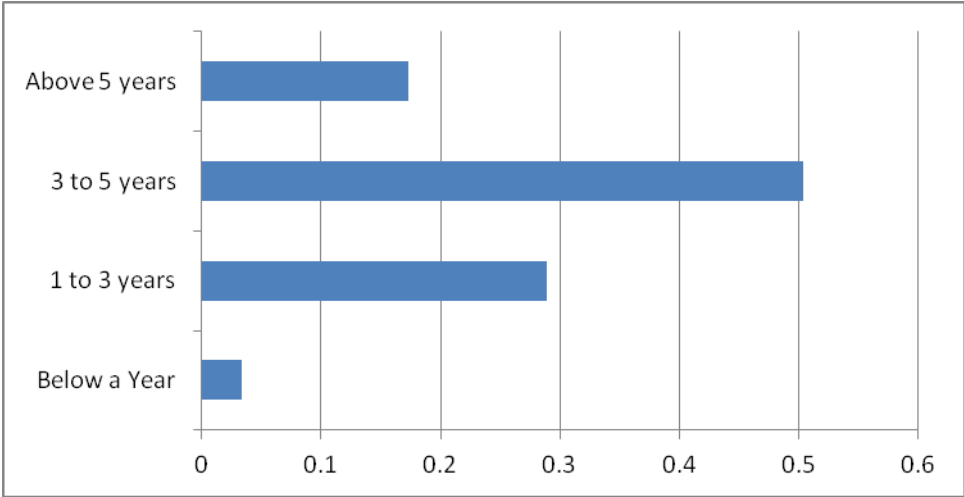


Figure 4. 4: Respondent's by Work Experience

4.3 Descriptive Analysis

To indicate the perception of respondents towards to factors of employee engagement in Lion International Bank S.C, the researcher used Likert five scale points. Accordingly, the findings are presented using descriptive statistics included the mean for central tendency and standard deviation (SD) for variability.

4.3.1 Job Characteristics

The researcher sought to measure the extent of employee's perception toward to five core job characteristics (skill variety, task identity, task significance, autonomy, and job-based feedback) and their feedbacks are presented table 4.2.

Table 4.2: Job Characteristic Dimension

Items	Mean	SD
Autonomy of job (work scheduling, decision making, methods)	4.12	1.106
Job skill variety	3.77	1.233
The job is very significant and important (inside & outside the organization).	4.04	1.038
The job has a clear beginning & ending.	4.08	1.095
The work activities itself provide my performance and the supervisor feedback.	3.97	1.045
Average	3.99	0.781

Sources: Survey Result, 2020

Respondents were agreed that existence of substantial independence and discretion in scheduling the work and determining the procedures to be used in carrying out the job with a mean value of 4.12 (82.4%). A mean of 4.03(80.6%) of the respondents agreed that jobs at Lion International Bank is very significant and has a substantial impact on the lives of other people. Similarly, 4.08(81.6%) of the respondents agreed that employees of the Bank have a direct and clear information of work from beginning to end. It was also revealed that 3.97(79.4%) of the respondents agreed that the task itself indicate the effectiveness of the work performance and supervisor feedback. Finally, job skill variety which means the degree to which the job requires a variety of different skills and talents scored the lowest mean value (Mean=3.77, SD=1.231).

Generally, the response towards attitude on job characteristics shows that the overall mean score for all questions is 3.99(79.8%). This indicates that all the five core job characteristics (skill variety, task identity, task significance, autonomy, and job-based feedback) enable employees to get engaged into their given responsibilities and contribute to the achievement of employee engagement in Lion International Bank.

The findings of this study also supported by Castellano (2015) notes that employees react positively to five core dimensions: skill variety, task identity, task significance, autonomy, and feedback. He further states that there is evidence from research that employees who work in jobs high in these dimensions show high work motivation, satisfaction and attendance. This is to mean, while designing each job if the five core job characteristics (i.e. Skill variety, task identity, task significance, autonomy, and feedback) are included in the content of the Job that will motivate employees to get engaged into their given responsibilities and contribute to organizational achievements.

4.3.2 Reward and Recognition

The researcher sought to measure the extent of employee’s perception on the financial and non-financial benefit system of the Bank and their findings are presented below.

Table 4.3: Reward and Recognition Dimension

Items	Mean	SD
The Bank has good pay structure and benefits system	3.18	1.205
Opportunity for growth	3.36	1.147
Opportunities for training and development program	3.71	1.026
Obtaining credit for what I do	3.83	0.974
The Bank recognizes employees good performance	3.94	0.965
Average	3.78	0.683

Sources: Survey Result, 2020

The higher the mean score, the high agreement is, table 4.3 respondents consented the Bank has some form of recognition for good performance (Mean=3.94, SD=.965). While receiving praise from supervisor and coworkers showed a mean of 3.83 and a standard deviation of 0.974. The respondents slightly agreed that presence opportunities for training and development program in Lion International Bank as shown by mean score of 3.71. More importantly, the finding revealed that availability of good pay structure and other compensation packages system recorded the lowest average score from all reward and recognition items (Mean=3.18, SD=1.205) followed by growth opportunity (Mean=3.36, SD=1.147).

According to Saks (2006) engagement is influenced by employee perception about the benefits they receive from their work. Employees are more likely to engage themselves at work to the extent that they perceive a greater amount of rewards and recognition for their role performances (Saks, 2006). A feeling of higher engagement and higher level of engagement could be attained through fair and equitable benefits and pay system. Moreover, Maslach et al., (2001) have also suggested that lack of proper rewards and recognition can lead to low employee engagement. That means, employees receive rewards and recognition from their organization, they feel more obliged to respond to higher levels of engagement.

Grossly, the overall average score become 3.78(75%) which shows that respondents have slight agreement for the reward and recognition items dimension however, there a notable hole towards on the Bank's payment system, benefit system and growth opportunity issues.

4.3.3 Perceived Organizational Support

The researcher sought to measure the extent of employee's perception on the support they receive from Lion international Bank and their feedbacks are presented below.

Table 4.4: Perceived Organizational Support Dimension

Items	Mean	SD
The Bank cares about my opinion	3.77	0.947
The Bank cares really cares about my well-being	3.58	0.973
The Bank cares strongly considers my goals and values	3.81	0.859
Help is available from the Bank when I have a problem	3.69	0.916

The Bank cares shows concern for me	4.06	0.778
Average	3.60	0.776

Sources: Survey Result, 2020

As seen in the table 4.7 majority of the respondents agreed that the Bank gave great concern for employees (mean=4.08, 81.6%), initiation of the Bank to support employees personal goals and values (mean=3.81, 76.1%), the Bank cares about employee’s opinion (mean=3.77, 75.4%), helpful reaction of the Bank for employees particular problem (mean=3.69, 73.8%), and finally employees of the Bank very slightly consented that Lion International Bank gives an attention for employees well-being (mean=3.58, 71.6%).

The overall agreement level of the employees towards perceived organizational support issues were fairly fine (Mean= 3.6(72%). It is possible to note that perceived organizational support dimension is the least contributor of employee engagement in Lion International Bank. However, the Bank still has an assignment to improve employee well- being issues both inside and outside the work place.

Supporting this, Maslach et al., (2001) justified that lack of social support has also consistently been found to be related to burnout. In line with this, Rhoades et al. (2001) stated that employees who have higher perceived organizational support might become more engaged to their job and organization and help the organization reach its objectives (Rhoades et al., 2001). Furthermore, Saks (2006) indicated that perceived supports by the organizations could have a significant effect on the employees' engagement.

4.3.4 Perceived Supervisor Support

The researcher sought to measure the extent of employee's perception on the support they receive from supervisory and their feedbacks are presented in the Table 4.5.

Table 4.5: Perceived Supervisor Support Dimension

Item	Mean	SD
My supervisor is willing to extend him/herself in order to help me perform my job to the best of my ability.	4.17	1.011
My supervisor takes pride in my accomplishments at work.	4.13	1.021
My supervisor tries to make my job as interesting as possible.	4.07	1.031
My supervisor strongly considers my opinion	4.02	0.995
Average	4.09	0.832

Sources: Survey Result, 2020

The respondents were decisively agreed with readiness of supervisory support in job related activities, because the average score was 4.17 out of 5 points. The second item of perceived supervisor support dimension showed that employees of the Bank confirmed that supervisor of the Bank under their domain takes pride in employees my accomplishments at work with mean score of 4.13(82.6%) while supervisor's aspiration to make employees job as exciting as possible scored mean of 4.07(81.4%). Also, a mean value of 4.02(80.4%) and standard deviation of 0.995 is observed for the extent devotion of supervisor's to address employees opinion.

The overall mean result for the perceived supervisor support dimension is 4.09(81.8%) which is a very agreed result. This implies that supervisory support plays the greatest role to bring employee engagement in Lion International Bank S.C.

In this issue Saks (2006) justified that a relationship with immediate supervisor is an important antecedent of employees' engagement. This is because employees believe that their supervisor is concerned about them and cares about their well-being; they are likely to respond by attempting to fulfill their obligations to the organization by becoming more

engaged. In addition, a supportive, and non-controlling, relationship should foster perceptions of safety and enhance employee creativity and an important factor linked to employee engagement (Maslach et al., 2001).

4. 4. Correlation Analysis

Correlation analysis is conducted to evaluate the relationships between all the identified independent variables (job characteristic, reward and recognition, perceived organizational support and perceived supervisor support) with dependent variables (employee engagement). Gujarati (2003) explained that the correlation coefficient ranges from +1 to - 1. A correlation coefficient of +1 describes a perfect positive relationship, a correlation of - 1 describes a perfect negative relationship and a correlation of zero describes no association.

Table 4.6: Pearson Correlation Result

Variable	Employee Engagement	Sig (2-tailed)	N
Job characteristic	0.595**	.000	237
Reward and recognition	0.546**	.000	237
Perceived organizational support	0.465**	.000	237
Perceived supervisor support	0.531**	.000	237

****.** Correlation is significant at 0.01 levels (2-tailed).

Sources: SPSS Output

As shown in Table 4.6 the correlation coefficient indicates job characteristic positively related to employee engagement at 1% significance level. This entails that an improvement of job characteristic leads to enhance employee engagement in LIB. The correlation coefficient for reward and recognition variable is 0.546 at less than 5%. This revealed that there is positive correlation between employee engagement and reward and recognition in LIB. This means that if the reward and recognition system of the Bank improve then employee engagement in LIB will increase.

Perceived supervisor support variable is found to be positively related with the dependent variable (employee engagement) with coefficient value of 0.531 at p=0.000. Also, perceived organizational support positively related to employee engagement with coefficient value of 0.465 at 5% level of significance. That means any progress in employee’s perception of the

support they receive from supervisory leads to increases employee engagement in LIB.

In general, the correlation analysis result shows a positive and significant association between all the independent variables and dependent variable at 1% significant level.

4.5 Important Assumptions of Multiple Regression Model

Before directly dealing with the regression model the researcher check some important assumptions in relating to the multiple regression model such as normality distribution, heteroskedasticity and multicollinearity. If the assumptions are violated and hence interpreting results from running multiple regressions become spurious

4.5.1. Normality Test

The normality test is detected using graphical methods; histogram. Brooks (2008) also states that if the residuals are normally distributed, the histogram should be bell-shaped.

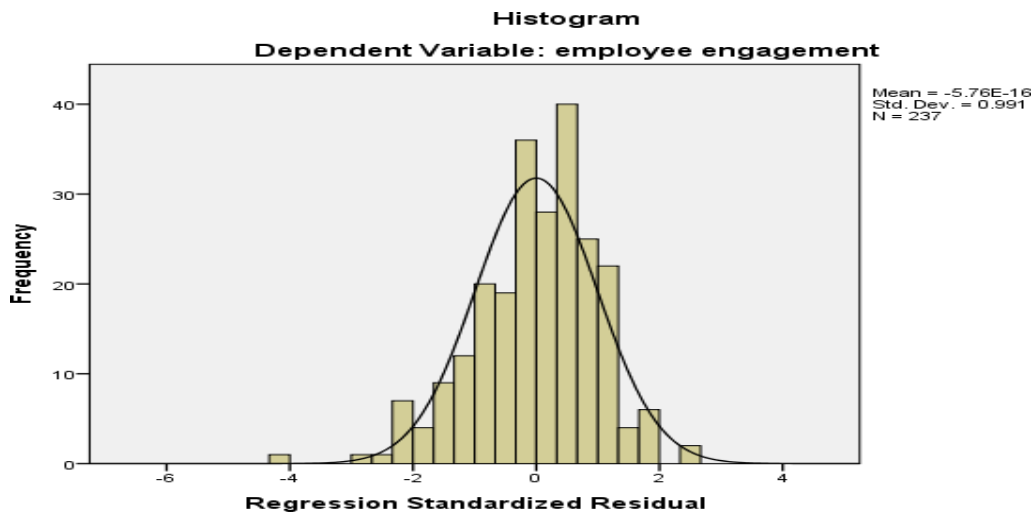


Figure 4.5: Histogram

It can be shown in the figure above; the histogram is almost bell-shape distribution which confirms that there was no serious violation of the normality assumption.

4.5.2. Homoscedasticity

Homoscedasticity describes a situation in which the error term or random disturbance is the same across all values of the independent variables and this would result an efficient and stable regression model. To check heteroskedasticity problem the researcher applied scatter plot.

In the scatter plot shown in the Figure 4.3, the scatter plot takes an approximate shape of a rectangular pattern, and no clustering. This suggests that there is no serious violation of homogeneity of variance assumption for the model.

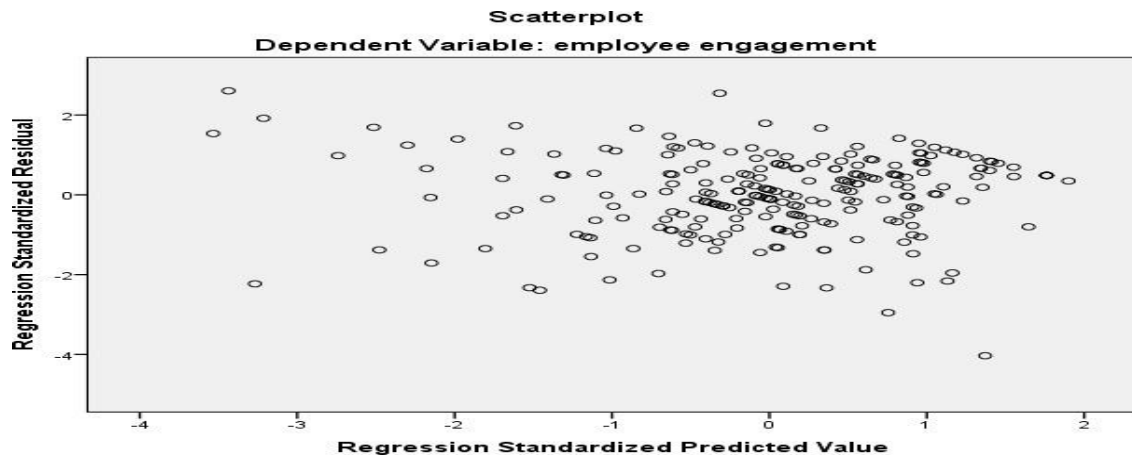


Figure 4.6: Scatter Plot

4.5.3. Test of Multicollinearity

Problem of Multicollinearity is detected using variance inflation factor (VIF). Gujarati (2004) indicated that if the value of VIF is below 10 implying no existence of multicollinearity problem. In the table 4.7, VIF value of less than 10 for all the independent variables. This showed that there is no serious multicollinearity problem and hence all the explanatory variables can be considered in this study model.

Table 4.17: Multicollinearity statistics

Variable	VIF
Job characteristic	1.423
Reward and recognition	1.790
Perceived organizational support	1.481
Perceived supervisor support	1.745

Source: SPSS Output

Therefore, the model passes the underlining assumption of the multiple regression model and interpreting the results is become valid and correct.

4.6 Multiple Regression Analysis

The researcher is performed multiple regression analysis to identify how the typical value of the dependent variable changes when any one of the independent variable (job characteristic, reward and recognition, perceived organizational support and perceived supervisor support) is varied while other independent variables are held constant. Accordingly, in this section the multiple regression analysis results such as regression coefficients, model summary and ANOVA results are presented as follows respectively.

As indicated in the table 4.8, the coefficient of determination (R^2) is 0.501 which means 50.1% of variation of employee engagement in Lion international Bank can be explained by the four independent variables (job characteristic, reward and recognition, perceived organizational support and perceived supervisor support). The remaining changes (49.1%) of employee engagement in Lion International Bank are explained by other factors which are not included in the model.

Table 4.8: Model Summary test

Model	R	R Square	Adjusted R ²	Std. Error
1	.708	.501	.492	.38916

Sources: SPSS Output

From the ANOVA table below, it is possible to see the F-value (58.13) and significant at P-value of 0.01 level. This displayed that the overall model is significant and there exists enough evidence to conclude that jointly all the four predictor variables are useful for predicting employee engagement in Lion international Bank.

Table 4. 9: ANOVA Result

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	35.214	4	8.804	58.130	.000 ^b
	Residual	35.136	232	.151		
	Total	70.350	236			

Sources: SPSS Output

Moreover, the regression result in the table 4.10 indicated that all the coefficients of the independent variables are positive and statistically significant. Based on this, the explanations for each significant independent variable are given consecutively as follows.

Table 4.10: Multiple Regression Results

Coefficients^a		
Variable	Beta Coefficients	Sig.
Constant	1.595	.000
Job characteristic	.387	.000
Reward and recognition	.202	.001
Perceived organizational support	.191	.001
Perceived supervisor support	.135	.029
a. Dependent Variable: Employee Engagement		

Sources: SPSS Output

The regression result of this study showed that job characteristic is positively related to employee engagement and statistically very significant at the 1% level of significance (p-value=0.000). This entails that holding other things at constant one can deduce that a percentage improves in job characteristic items: autonomy of jobs, job skill variety, task identity, task significance and job-based feedback improve by a percentage then the employee engagement in LIB will be enhanced by 0.387. Therefore, the null hypothesis, that job characteristic is not a positive and significant factor of employee engagement in Lion International Bank S.C is rejected.

The analysis result shows beta coefficient of reward and benefit is 0.202 and p-value 0.000. This indicates that reward and benefit system is a positive and statistically significant factor of employee engagement in Lion International Bank. This means holding other factors at constant, a percentage increase in reward and benefit system (pay structure & benefits, growth opportunity, opportunities for training and development program, credit for task accomplishment and good performance) will improve employee engagement in Lion international bank by 20.2 percent. Therefore, the null hypothesis, that reward and

benefit system is not a positive and significant factor of employee engagement in Lion International Bank S.C is rejected.

The finding suggested that perceived organizational support is a factor of employee engagement in Lion International Bank because this variable has a p-value less than 5% significant level. The coefficient this variable is 0.191. This entails that holding other things at constant one can deduce that when the Bank cares about employee's opinion, employees well-being, employee's goals and values, employee's problem and shows concern for employees then employee engagement in Lion International Bank increase by 19.1 percent. Therefore, the null hypothesis that perceived organizational support is not a positive and significant factor of employee engagement in LIB is rejected.

Perceived supervisor support is positive and significant factor of employee engagement in Lion International Bank at 5% critical value with coefficient value of .135. Other things remain constant; an increase in the employee engagement in Lion International Bank due to one percentage change in perceived supervisor support is 0.135. This revealed that when supervisor of the Bank willing to support employees, pride by employees accomplishment at work, create employees job as interesting as possible, and strongly considers employees opinion then employee engagement in LIB increase by 19.1 percent. Therefore, the null hypothesis that perceived supervisor support is not a positive and significant factor of employee engagement in Lion International Bank S.C.is rejected.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter consists of three sections which include summary of the findings, conclusion and recommendations.

5.1 Summary of Research Findings

This study investigated factors of employee engagement in Lion International Bank S.C. The analysis is made based on 237 successfully responded questionnaires. Multiple regression model constructed for the dependent variable (employee engagement in LIB) and four independent variables. As a result of the analysis and interpretation, the following are the summary of the findings.

- Job characteristic is a positive and significant factor of employee engagement in Lion International Bank S.C.
- Reward and benefit is a positive and significant factor of employee engagement in Lion International Bank S.C.
- Perceived organizational support is a positive and significant factor of employee engagement in Lion International Bank S.C.
- Perceived supervisor support is a positive and significant factor of employee engagement in Lion International Bank S.C.
- The result of the study revealed that job characteristic is the highest significant factor from all other factors for employee engagement in Lion International Bank.

5.2 Conclusion

Based on the result the analysis and summary of findings the study concludes the following points.

The overall mean score of for associated engagement factor dimension were calculated. Hence, the mean score value of job characteristic (mean=3.99), Reward & Recognition (mean=3.78), perceived supervisor support (mean=3.6) and perceived supervisor support (mean=4.09). This shows that an agreed result. This implies that these four engagement factor dimension plays role to bring employee engagement in Lion International Ban S.C. However, the respondents confirmed that existence of a notable hole in the pay and benefit system of the Bank, growth opportunity, job skill variety and employee well-being issues.

Pearson correlation was computed to check whether employee engagement in Lion International Bank has any association with the independent variables(job characteristic, reward and recognition, perceived organizational support and perceived supervisor support). The result found that all the explanatory variables are positively and highly related with the dependent variable (employee engagement) at 5% significant level.

The researcher is performed multiple regression analysis to identify the significant factors of employee engagement in Lion International Bank. Hence, job characteristic is a positive and significant factor of employee engagement in LIB. The finding also indicted that at 5% level of significance reward and recognition dimension is a significant and positive factor of employee engagement in LIB. Concurrently, the regression results indicated that perceived organizational support and supervisor support are a positive and significant factor of employee engagement in LIB. This indicates that all the independent variables have contributed to employee engagement in Lion International Bank

Furthermore, the regression result indicated that among employee engagement factors used in this conceptual framework; job characteristic and reward and recognition variables found to be the first and second significant factor considered for employee engagement in

Lion International Bank S.C. Alongside, perceived organizational support and supervisor support are the third and fourth sources of employee engagement in LIB.

5.3 Recommendation

Based on the conclusion the researcher gives suggestions on the following points so as to improve employee engagement in Lion International Bank.

To maintain a very high employee engagement the Bank keep going on the positive achievements on the employee engagement dimensions. Along with, the dimensions of employee engagement presented in the study conceptual framework vary in the degree contribution so that it is better for the managements of Lion International Bank S.C to emphasize on factors of job characteristic, reward and recognition, perceived supervisor support and perceived supervisor support in their ascending order.

In fact, recently the Bank introduced new salary arrangements still the Bank need to curb employee's obstruction on pay and benefit system. Thus, the Bank shall revise its benefit and compensation packages periodically to remain competitive in the industry and retain its employees. Additionally, the Bank shall overcome employee displeasure occurred due to inadequate pay and benefit that is not competitive with in the industry and consider employee performance and work experience.

Based on the analyses, growth opportunity is one area of issue which lowers employee engagement in Lion International Bank S.C. So that, the Bank better to provide an adequate attention and apply as per the set procedure. Besides, there should be fairness on promoting employees of the bank or the Bank needs to focus on revising its promotion and growth encouraging strategies.

Nevertheless, the Bank has an organized procedures, rules and regulations performed by its employees and work units, it is healthier for the Bank to review and update its work unit's procedures and job requirements periodically to make employees to perform their job more comprehensive and challenging that require the skills of the employees.

The finding also indicated that the Bank need to focus on employee well-being issues such as physical, emotional and social factors both inside and outside the work place. Thus, the human resource management better to work in aspects of stress reduction programs, creating democratic style leadership, smooth supervision, flexible working hours, woke life balance, work environment and so on

APPENDICES



JIMMA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF MANAGEMENT

Dear Respondent

This questionnaire is prepared to gather data that will be used for thesis entitled “Factor affecting employee engagement in Lion International Bank S.C. Therefore I kindly request you to fill this questionnaire and I assure you that the data will be kept strictly confidential and used for academic purpose. I would like to appreciate your support in advance.

Part I- General Information

1. Gender: Male Female
2. Age: 20-26
 27-32
 33-40
3. Education Level: College Diploma
 First Degree
 Post Graduate& Above
4. Service year with the Bank: Below a Year
 1 to 3 years
 3 to 5 years
 Above 5 years
5. Job Category: Clerical
 Professional
 Supervisory

Part II.

Section One: Questions related with Employee engagement (Based on Gallup Q12 Index)

Please put tick mark (X) in the box corresponding to the option that identifies your level of agreement.

- If the item strongly matches with your response choose 5 (Strongly Agree),
- if you moderately agree on the idea choose 4 (Agree),
- if you can't decide on the point choose 3 (Neutral),
- if you completely dissatisfied with the point choose

5= strongly Agree 4 =Agree 3=I don't know 2= disagree 1= Strongly Disagree

S/N	Items	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Do you know what is expected of you at work?					
2	Do you have the materials and equipment to do your work right?					
3	At work, do you have the opportunity to do what you do best every day?					
4	In the last seven days, have you received recognition or praise for doing good work?					
5	Does your supervisor, or someone at work, seem to care about you as a person?					
6	Is there someone at work who encourages your development?					
7	At work, do your opinions seem to count?					
8	Does the mission/purpose of your company make you feel your job is important?					
9	Are your associates (fellow employees) committed to doing quality work?					
10	Do you have a best friend at work?					
11	In the last six months, has someone at work talked to you about your progress?					
12	In the last year, have you had opportunities to learn and grow?					

Section Two: Questions related with Factors of Employee engagement

S/N	Items	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Job Characteristics					
1.1	There is much autonomy in my job (i.e. work scheduling, decision making, methods)					
1.2	My job requires skill variety					
1.3	My job is very significant and important in the broader scheme of things (inside & outside the organization)					
1.4	My job has a clear beginning & ending					
1.5	The work activities itself provide me a clue how well is my performance besides the feedback from my supervisor					
2	Reward & Recognition					
2.1	My organization has a good reward system (pay structure & benefits)					
2.2	I have a good growth opportunity					
2.3	I have opportunities for training and development program					
2.4	I get credit for what I do					
2.5	My organization recognize good performance					
3	Perceived Organizational Support					
3.1	My organization cares about my opinion					
3.2	My organization really cares about my well-being					
3.3	My organization strongly considers my goals and values					
3.4	Help is available from my organization when I have a problem					
3.5	My organization shows concern for me					

S/N	Items	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
4	Perceived Supervisor Support					
4.1	My supervisor is willing to extend him/herself in order to help me perform my job to the best of my ability.					
4.2	My supervisor takes pride in my accomplishments at work.					
4.3	My supervisor tries to make my job as interesting as possible.					
4.4	My supervisor strongly considers my opinion					

Thank you,

Regression Outputs

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.708 ^a	.501	.492	.38916

a. Predictors: (Constant), Meanpss, Meanpos, Meangc, Meanrc

b. Dependent Variable: employee engagement

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	35.214	4	8.804	58.130	.000 ^b
	Residual	35.136	232	.151		
	Total	70.350	236			

a. Dependent Variable: employee engagement

b. Predictors: (Constant), Meanpss, Meanpos, Meangc, Meanrc

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	1.595	.170		9.405	.000		
Meangc	.270	.039	.387	6.985	.000	.703	1.423
Meanrc	.161	.050	.202	3.248	.001	.559	1.790
Meanpos	.134	.040	.191	3.389	.001	.675	1.481
Meanpss	.088	.040	.135	2.195	.029	.573	1.745

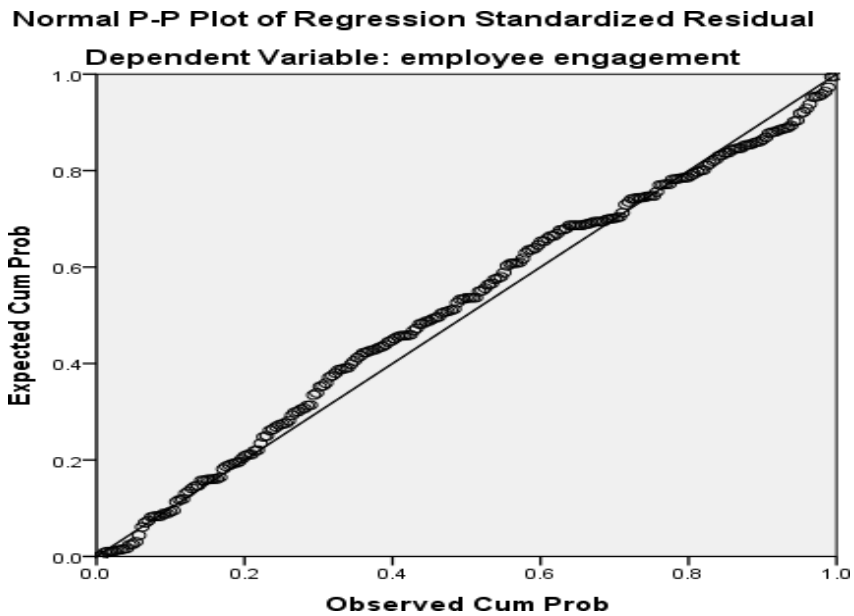
a. Dependent Variable: employee engagement

Reliability Statistics

Cronbach's Alpha	N of Items
.887	19

Descriptive Statistics						
	N	Minimum	Maximum	Mean	Std. Deviation	
pss1	237	1.00	5.00	4.1688	1.01106	
pss2	237	1.00	5.00	4.1266	1.02139	
pss3	237	1.00	5.00	4.0675	1.03113	
pss4	237	1.00	5.00	4.0253	.99543	
rc1	237	1.00	5.00	3.1814	1.20591	
rc2	237	1.00	5.00	3.3629	1.14757	
rc3	237	1.00	5.00	3.7131	1.02612	
rc4	237	1.00	5.00	3.8270	.97404	
rc5	237	2.00	5.00	3.9367	.96562	
gc1	237	1.00	5.00	4.1181	1.10602	
gc2	237	1.00	5.00	3.7764	1.23362	
gc3	237	1.00	5.00	4.0380	1.03878	
gc4	237	1.00	5.00	4.0802	1.09598	
gc5	237	1.00	5.00	3.9747	1.04526	
pos1	237	2.00	5.00	3.7722	.94711	
pos2	237	2.00	5.00	3.5823	.97347	
pos3	237	2.00	5.00	3.8101	.85978	
pos4	237	1.00	5.00	3.6962	.91625	
pos5	237	2.00	5.00	4.0591	.77889	
Valid N (listwise)	237					

C



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