# DETERMENTS OF EMPLOYEE'S ENGAGEMENT IN BANK INDUSTRY, A CASE OF GONDAR CITY PRIVATE BANK, ETHIOPIA

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**Abstract:** *When an employee is engaged, he is aware of his responsibility in the business goals and motivates his colleagues alongside, for the success of the organisational goals. The positive attitude of the employee with his work place and its value system is otherwise called as the positive emotional connection of an employee towards his/her work. Engaged employees go beyond the call of duty to perform their role in excellence. The purpose of this paper is to identify the key determinants of employee engagement and their predictability of the concept at Gondar city private bank. So as to achieve the objectives of this study, data was gathered through self-administered questionnaire from a sample of 187 respondents and 153 (82.4%) response were collected. These respondents were selected using simple random sampling technique. The data collected from the questionnaire were analyzed using SPSS for windows version 20.0. Multiple regression tests were used to test hypothesis. The findings of the multiple regression of this study further indicates that, the four variables (job characteristics, organizational support, organizational justice and reward and recognition) collectively predict employees engagement by 55.6% and organization justice scored the highest beta coefficients value of (Beta value =.49) significant at 0.000 and this shows that organization justice factors is dominant indicator of employees engagement in Gondar city private bank. From the research results the company manager should give more attention to have a justice practice to enhance the engagement of employees in the bank*

*Key Words: Employees Engagements, job characteristics, organization support & justice, Reward & recognition.*

## 1.  Introduction

The concept of employee engagement is relatively new to the business and academic world. However, Research is continuing to link employee engagement to various organizational outcomes, including Customer loyalty and performance errors (Gonring, 2008). According to Katie and Truss (2008) employee engagement defined 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". This definition is aligned with the In sync Surveys framework, which encompasses the three components of engagement: the Head (cognitive), the Heart (emotional) and the Hand (physical).

Engagement occurs when employees know what to expect, have the resources to complete their work, participate in opportunities for growth and feedback, and feel that they contribute significantly to the organization. Although engaged employees have consistently shown to be more productive, profitable, safer, healthier, and less likely to leave their employer (Fleming &Asplund, 2007), only 30% of the global workforce is estimated to be engaged (Wagner & Harter, 2006); more than 60% of the global workforce goes to work, at best, ambivalent and emotionally uninvolved with their work (Shuck &Wollard, 2008).

## 2.  Literature review
### 2.1  Introduction

Employee engagement is a person's enthusiasm and involvement in his or her job. Kahn (1990) defined job 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. Kahn's engagement concept is motivational because it refers to the allocation of personal resources to role performance and also to how intensely and persistently those resources are applied.

Employee engagement is related to organizational commitment, but the two have important differences (Robert & Davenport, 2002). Job commitment is most commonly defined in terms of an individual's identification with the organization's goals and values, willingness to exert effort for the organization and desire to continue as part of the organization. People who are engaged in their jobs tend to be committed to their organizations, and vice versa.

Organizational commitment differs from engagement in that it refers to a person's attitudes and attachment towards their organization. Engagement is not an attitude. In theory, employee engagement and job satisfaction are distinct constructs although these are evidence for overlap in the definition. The main difference is that engagement emphasizes the cognitive aspect of involvement with job task, whereas satisfaction focuses on affect (Wefald& Downey, 2009).

## 2.2 The modern factors of employee engagement

Nowadays, the attitude towards human resources management has changed, and the human focus is occupying a central position in the organizations. Several academic researchers have point out criteria which have an impact on the employee engagement. Most of the theories consider motivation as a unitary phenomenon; it appears that people and more especially employees have different levels and orientations of the motivation (Deci and Ryan, 2000).

In the self determination theory (SDT), Deci and Ryan (1985) distinguish different types of motivation, the main distinction is about intrinsic and extrinsic motivation (Deci and Ryan, 2000; Peters and Simmons, 2008). The intrinsic motivation suggests a motivation to do something which is pleasant, while the extrinsic motivation is dominated by the idea of doing something because "it leads to a separable outcome" (Deci and Ryan, 2000).

Intrinsic motivation is related to the funny part of an activity, which means, there is no interest or advantages to do something except the pleasure encountered. This phenomenon was exposed in several researches, but one experiment is especially interesting which was done on animal behavior, and the reason about the tendency to explore the place where they are.

White (1959) explains that exploratory behaviour could be the consequence of avoiding uncertainty and reducing anxiety, but it could be as well an independent motive. Furthermore, several researchers join the scientific management theory, by explaining the importance of the wages in employee motivation even if "professionals are likely to seriously underestimate the motivational potential of the salary" (Rynes et al., 2004, ). In fact, remuneration could be classified as an extrinsic motivation; reward could be verbal but could be financial too.

According to Rynes et al., (2004) it occurs that researchers found out that people are ranking salary as the first motivator at work. That finding is in an equation with the Taylor's theory; pay may be the first motivator, but not the only one. For this reason, according to Kenrick et al., (2010) there are several needs which can motivate employees. To build their theory they start with the Maslow's pyramid of need and enhance it to be applicable to

the contemporary economy and business organization. By using a functional analysis, they added to the pyramid several criteria such as mate acquisition, mate retention and parenting in the top sphere of the original Maslow's pyramid. As stated by Kenrick et al. (2010), Maslow's hierarchical pyramid is not sufficient to determine the issues related to human survival as reproduction. Thus, they suggest combining the Maslow's approach with the biological life-history approach, which compare several animals' motivational behavior to provide a better understanding of the human motives evolution

### 2.3 Conceptual framework of the study

The study is bounded with the Employee engagement and its antecedent independent variables because of its importance for the organization. The dimensions, factors and measurements of this study are the followings.

The definition of these variables is adopted from Andreas Dockel (2003).

**Organizational justice:** A review of organizational justice research found that justice perceptions are related to organizational outcomes such as job satisfaction, organizational commitment, organizational citizenship behaviour, withdrawal, and performance (Colquitt et al., 2001).

**Perceived organizational support:** Psychological safety involves a sense of being able to show and employ the self without negative consequences (Kahn, 1992). 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.

**Job characteristics:** Psychological meaningfulness involves a sense of return on investments of the self-in-role performances (Kahn, 1992). According to Kahn (1992),

psychological meaningfulness can be achieved from task characteristics that provide challenging work, variety, allow the use of different skills, personal discretion, and the opportunity to make important contributions.

**Rewards and recognition:** Kahn (1990) reported that people vary in their engagement as a function of their perceptions of the benefiters they receive from a role. Furthermore, a sense of return on investments can come from external rewards and recognition in addition to meaningful work. Therefore, one might expect that employees' will be more likely to engage themselves at work to the extent that they perceive a greater amount of rewards and recognition for their role performances.

**Employee engagement**: Employee engagement is a construct that captures the variation across individuals and the amount of energy and dedication they contribute to their job (Kahn, 1990). Employee engagement has been defined in many different ways and the definitions and measures often sound like other better known and established constructs like organizational commitment and OCB.

*Figure 2.1.Conceptual Framework of the determinants of employee's engagement*

Independent variable                                    Dependent variable
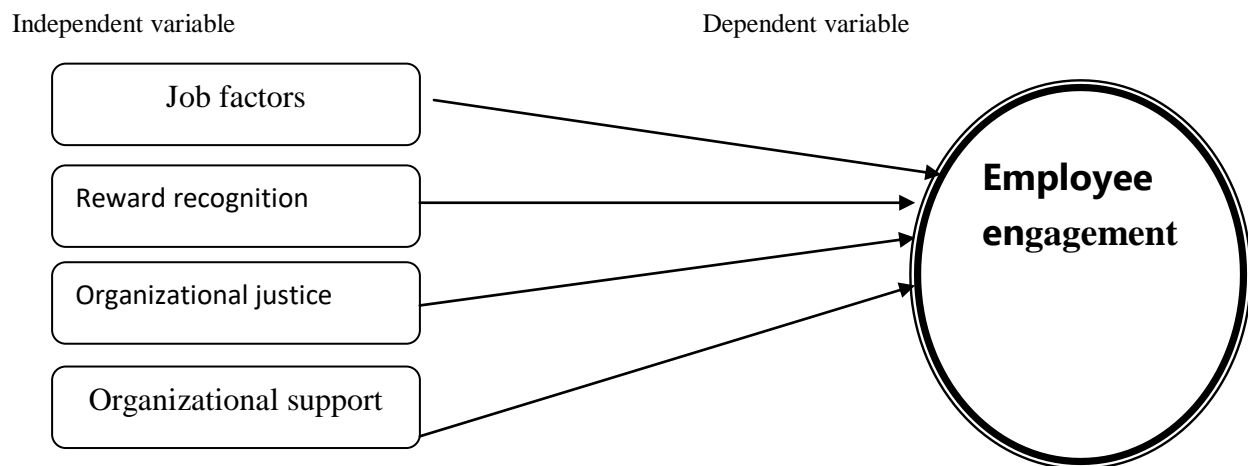


**(Developed by researcher, 2018)**

### 3.   Statements of the problem

Achieving organizational effectiveness is the ultimate purpose to be focused by any organization that takes enormous effort to maximize employees' task efficiency, commitment, and sustain intrinsic motivation to perform well in difficult times. This is why recent efforts to improve organizational performance have begun to repeat positive organizational concepts like optimism, trust, and engagement (Koyuncu et. al., 2006).

Thus, the question is what factors are determining employee's engagement. According to Saks (2006) the antecedents of employee engagement were job characteristics, perceived organisational support, perceived supervisor support, rewards and recognition, procedural justice and distributive justice. However 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).

Even if, empirical research evidence of how importance employee engagement can be, studies from the determinants of employee engagement on the opposite condition, and unexpectedly little academic and empirical research has been conducted on determinants of employee engagement and a large portion of it comes from the business management community which conducted in manufacturing industries (Coffman & Gonzalez-Molina, 2002; Balain, 2009; Kim et al., 2008; Saks, 2006).

In addition, different results have noted in most of previous employee's engagements surveys and the literature is unclear as to which variables are the strongest predictors (Balain, 2009; Kim et al., 2008).

This research therefore, is interested to investigate factors affecting employee's engagements with the particular references of Gondar city private bank employees.

### 4.   *Objectives of the study*

#### *4.1 General objective of the study*

The general objective of this study is to assess determinants of employee's engagement in the case of Gondar city private bank employees.

#### 4.2   **Specific objective of the study**

The study aims to achieve the following specific objectives:

➢   To analyze the impacts of job characters in employee engagement in private bank employees.

➢ To investigate to what extent Rewards and recognition predicting employee engagement

➢ To examine the effect of Perception of Organizational justice and Organizational Support in predicting employee engagement

### 5. Research Hypothesis

Following are hypothesis are developed for the purpose of this study

➢ H1. Job characteristics have significant effect in predicting employee engagement.

➢ H2. Perception of Organizational support has significant effect in predicting employee engagement

➢ H3. Reward and recognition have significant effect in predicting employee engagement.

➢ H4. Perception of Organizational justice has significant effect in predicting employee engagement.

### 6. Methodology of the study

#### 6.1 Types of research

Explanatory research design was employed to collect relevant data concerning to factors affecting employees engagements in a bank industry with a particular reference of banks found in Gondar city, Ethiopia.

According to human resource departments of banks operated in Gondar city in 2015/16 there are a total of 250 employees in six banks operate in different activities. From 250 employee's, sample size is determined by using a formula set by yemene (1967). Thus the study sample size was 153. A combination of purposive stratified and simple

random sampling techniques are used to select respondents from the sample.

#### 6.2 Sources and Types of Data

In this study both primary and secondary data was used as a source of information. Quantitative data were gathered through structured questionnaires as a primary source of information for the study. And primary data has been gathered from employees and their leaders/supervisors. A document analysis from relevant source was used as sources of secondary data.

#### 6.3 Data Collection Instruments

For this research, the questions in the questionnaire are closed-ended or structured in order to ease the process of analyzing the data from respondents and the questions were adapted from previous research papers conducted by saks(2006).

This questionnaire consisted 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 organizational justice. And section three it consists of questions of engagement. Demographic variables including gender, age, and education were also assessed.

All items were measured on a five-point Likert scale. Answers ranged from 1 (strongly disagree) to 5 (strongly agree).

#### 6.4 Data analysis method plan

The study was applying frequency distribution to present the profile of the respondents. For the purposes of determining whether a statistically significant relationship exists between employees

engagement determinants, the study was used the Pearson Correlation Coefficient, while to explore the effects of employees engagement determinants the study were used regression analysis.

based on the information obtained from respondents. In this manner, questionnaires were distributed to a total of 187 and 153 (82.4%) were returned. As a result the study tested hypothetically, and reviled the following results. The results of this study were analyzed by using the SPSS 20.0 software.

## 7. Result and discussion

Under this section, data collected from the employees are presented and the analysis is made

**Table 1: Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .746[a] | .556 | .550 | .47916 |

A. predictors: (constant), job char, organizational support, organizational justice and reward and recognition

B. dependent variable: employee's engagement

Source: (Field work, 2018)

**ANOVA[b]**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 3992.078 | 4 | 998.020 | 23.803 | .000[a] |
| | Residual | 6037.747 | 144 | 41.929 | | |
| | Total | 10029.826 | 148 | | | |

a. Predictors: (Constant), organ support, job character, Reward, Organ justice

b. Dependent Variable: Employ engagement

The model summary given in Table 4.4 showed R square ($R^2$) was 0.556 and P-values (Sig.) = 0.000 which are smaller than the level of significance $\alpha = 0.005$, the models are significant and the determinants collectively has a significant effect on employees engagement. Thus job characters, organization supports, organization justice and reward and recognition are collectively predicting employee's engagements by 55.6%.

**Table 2 Regression Coefficient**

| Model | | Un standardized Coefficients | | Standardized Coefficients | T | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 1.003 | .156 | | 6.447 | .000 |
| | Job characteristic | .022 | .023 | .035 | 2.927 | .014 |
| | Organization support | .086 | .051 | .088 | 3.681 | .004 |
| | Organization justice | .456 | .053 | .490 | 8.617 | .000 |
| | Reward & recognition | .236 | .052 | .240 | 4.584 | .000 |

a. Dependent Variable: Employees Engagement

Source: (Field wok, 2018)

### H1. Job characteristics have significant effect in predicting employee engagement

According to Table 2 Job character has a significant impact on employee's engagement (B 0.035 p .014) which means a unit increase in job character causes 0.035 increases in employee's engagements in Gondar city private bank. What this tells us is that if the employees were assigned to better Job characteristics employees engagement were increase by 3.5%  than if they were assigned to normal Job characteristics.

Overall, the results of the B value indicated that employees who assigned to better Job characteristics are more likely to reciprocate with greater levels of engagement to their organization. There for H1 was accepted

This finding is similar to results from previous studies, in which it was discovered that employees who are provided with enriched and challenging jobs will feel obliged to respond with higher levels of engagement (kahn,,1992;  Maslach et al., 2001; May et al.,2004 ;Yasmin, 2011).

### H2.  Perception of Organizational support has significant  effect  in  predicting  employee engagement

According to Table 2 Organizational support has a significant impact on employee's engagement (B 0.088 p .004) which means a unit increase in organization support causes 8.8% increases in employee's engagements in Gondar city private bank.  From the above result if the employees were played with better organizational support, the employee's engagement were increase by 8.8 % than if they were played to usual organizational justice.

The results of the B value indicated that employees who perceived higher organizational support are more likely to reciprocate with greater levels of engagement to their organization. Accordingly the above hypothesis (H2) was accepted

This finding is supports theory and previous empirical research suggesting that Organizational support creates an obligation in the employee to reciprocate with behaviours that will benefit the supportive organization (Eisenberger et al., 1990;

Kahn, 1990; Ladd & Henry, 2000; Rhoades et al., 2001 Randall et al., 1999; Saks, 2006; Shore & Wayne, 1993).

### H3. Reward and recognition has a significant effect in predicting employee engagement.

According to Table 2 Reward and Recognition has a significant impact on employee's engagement (B 0.24 p .000) which means a unit increase in reward and recognition causes 0.24 increases in employee's engagements in Gondar city private bank. From the above result if the employees were gained addition Reward and recognition the employee's engagement were increase by 24% than if they were gained to usual Reward and recognition.

Accordingly, the results of the B value indicated that employees who gain better Reward and recognition are more likely to reciprocate with greater levels of engagement to their organization. Thus we can conclude that H3 accepted.

This finding is similar to results from previous studies, in which it was discovered that a lack of recognitions or rewards can lead to burnout, therefore proper recognitions or rewards is very important for engaged employee. (Gonzalez-Roma et al.,2006; Kahn,1990; Maslach et al.,2001; Ola, 2011)

### H4. Perception of Organizational justice has significant effect in predicting employee engagement

According to Table 2 Organizational justice has a significant impact on employee's engagement (B 0.49 p .000) which means a unit increase in reward and recognition causes 0.49 increases in employee's engagements in Gondar city private bank. From the above result if the employees were played with better organizational justice, the employee's engagement were increase by 49% than if they were played to usual organizational justice. Accordingly the above hypothesis (H4) was accepted

This finding is similar to results from previous studies, in which it was discovered that a lack of fairness can aggravate burnout and while positive perceptions of fairness can improve engagement (Colquitt, 2001; Kahn, 1990; Maslach et al., 2001; Saks, 2006 Rhoades et al., 2001).

### 8. Conclusions and Recommendations

Based on the regression analysis, job characters, organization supports organization justice and reward and recognitions are collectively predicting employee's engagement by 55.6%. When we see the individual predictions of each variables job character predict 3.5%, organization support 8.8%, organizational justice 49% and reward and recognition predict 24%. Thus among the four dimension organization justice has greater impact on employees engagement flowed by reward and recognition

Since organization justice play important role in employees' engagement for Gondar city private bank employees, the manager should give attention to have fairness and justice in the organization. The organizational justice covers the perceptions of the employees about the accuracy of organizational decisions and implementations, and the impacts of these perceptions on the employees.

Thus the company should create faire and free decision making in employees related concern, like reward, promotion and the like. Otherwise, the unhappiness emerges and they start to think that there is an unfair situation. Hence, through the negative attitudes of the employees, the disturbance emerges within the body of organization and there occur the conflicts.

Moreover, this situation decreases the efficiency of employees. For this reason, the organizational justice must be given the necessary importance.

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