

Research Article

**Employee Engagement and Its Effect on Performance of Government Organizations in Ethiopia**

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**Abstract**

Although consultants and practitioners dominate about the role of engagement in improving performance, there is limited empirical evidences about the link between engagement and organizational performance in government organizations. Based on a sample of federal employees (n=340) of nine public service organizations, the link between employee engagement and organizational Performance is investigated. The study also examined the relationship between dimensions of employee engagement and organizational performance. Using Structural Equation Modelling, the result of the finding established that employee engagement has a direct and significant effect on organizational performance from Ethiopian context. It was also found that each dimensions of employee engagement has significant effect on organizational performance. The result of the study adds to the current script by incorporating employee engagement as a major factor to improve performance. The study suggested that modern organizations should design a strategy to build an engaged workforce to enhance performance.

**Key Words:** Organizational Performance, Employee Engagement, Government Organizations

**1. Introduction**

It was argued that the productivity and efficiency of organizations is typically the result of the available human resources (Kim, 2005). Nevertheless, having equipped and qualified HR is nothing unless they are fully engaged in their job and organization (Gallup, 2013). In the literature, many authors argued that employee engagement is key in enhancing performance. For example, Kazimoto (2016) argued that employee engagement is the most critical factor for organizational performance. Other scholars (Sundaray, 2011; Gallup, 2013; Alfes et al, 2013; Ogybannaya and Vazilade, 2016) also asserted that building an engaged workforce helps organizations to survive and become successful in today's competitive business environment. The literature review indicates that to improve performance, organizations should give more focus to employee engagement because engaged employees demonstrated a higher performance at workplace (Markos and Sridevi, 2010; Sundaray, 2011).

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In the engagement literature, further investigations are suggested to examine the link between engagement and performance outcomes in the public sector (Christian et al, 2011; Arrowsmith and Park, 2013; Truss et al, 2013). The matter of public sector performance (Wright and Gardner, 2003) is critical because it contributes to the economic growth of a nation. In Ethiopia, report of National Planning Commission (2016) shows that the service sector accounts 46% of the country's economy. In this respect, organizations need to have employees who are vigorous, dedicated and immersed so as to provide the basic services to its citizens with efficiency, fairness and effectiveness (Kim, 2005). So, building an engaged workforce is crucial for organizations in order to compete and survive in the global knowledge-based economy. It was argued that an engaged workforce leads to more productivity, quality and efficiency (Rich et al, 2010; Sundaray, 2011).

Although employee engagement gains more international attention, literature review revealed that there is limited empirical research in examining engagement-performance equation in government organizations (Christian et al, 2011; Arrowsmith and Park, 2013; Truss et al, 2013). Drawing on SET, we examined the effect of employee engagement on organizational performance. Besides, there is scarcity of empirical literature on the effect of the three dimensions of employee engagement (Vigor, Dedication, and Absorption) on organizational performance with the exception of Al-dalalmeh et al (2018). As Knies et al (2018) argued that largely, welfare of a country depends on the performance of the public organizations. But, improving public service performance seems possible when it has an engaged workforce (Gallup, 2013). Hence; there is a need to study the effect of employee engagement and its sub-dimensions on organizational performance in Ethiopia's public service by utilizing Structural Equation Modeling.

The objective of this article is to examine the effect of Employee Engagement on Performance of federal government organizations in Ethiopia. This article likewise examined the effect of the three dimensions (Vigor, Dedication and Absorption) of engagement on organizational performance. This article is organized as follows. First, the review of literature including framework and hypothesis was presented. Secondly, the methods and data employed are included. Thirdly, the findings and discussions are presented. Finally, conclusion, recommendation and future research directions are displayed.

## **2. Literature Review, Conceptual Model and Hypothesis Development**

### **2.1 Definition of Constructs**

There is no universally accepted and consistent definition of the concept as different scholars gave meaning to the concept differently. The employee engagement concept was primarily accustomed with Kahn (1990), defining it as tackling of organization individuals' selves to their work roles. He further established 'in engagement, individuals utilize and convey themselves physically, cognitively, and emotionally during role performances'. This means that engagement is about attachment with their job and organization. Schaufeli and colleagues (2006) defined engagement as 'a positive, satisfying, work-related perspective. There are also other definition by various scholars (Robinson et al, 2004; Shuck & Wollard, 2010; Andrew and Sofian, 2012). The review of literature revealed that scholars disagreed on the conceptualization of the issue (Marcey and Scheniedr, 2008; Markos and Sridevi, 2010; Witemeyer, 2013). Earlier studies (Robinson et al, 2004; Truss et al, 2013; Witemeyer, 2013; Ruzic, 2015; Patterson et al, 2010) consider employee engagement as an employee outcome like job satisfaction, commitment, OCB, and other attitudinal

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variables. However, the concept of employee engagement is much broader and stronger than the other attitudinal and behavioral variables (Robinson et al, 2004; Marcey and Schneider, 2008).

Engagement is a key organizational concept which has strong effect on both individual and organizational performance (Khan, 1992; Harter et al, 2002; Markos and Sridevi, 2010). It is widely known that employee engagement is believed to be one of the utmost desirable issue in contemporary organizations because an engaged workforce enhances survival and more success of their organizations (Robinson et al, 2004; Gallup, 2013; Rees et al, 2013). It was claimed that modern organizations need engaged employees with energy, self-confidence and passion to their task (Bakker & Schaufeli, 2008) because engaged employees are the life force of their organizations (Gallup, 2013) and hence, it is important to build engaged workforce in developing countries to enhance public service organization performances. That is the reason why the idea of employee engagement has captured the heads and minds of many practitioners and researchers in the globe (Andrew and Sofian, 2012).

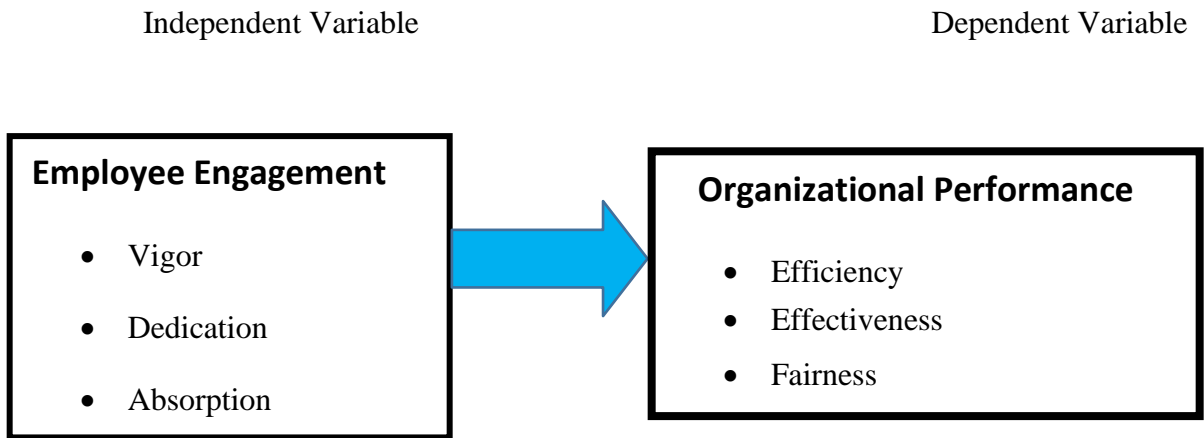
Organizational Performance is one of the outcome variable frequently studied in the management literature. In most organizations performance is the result of the combined effort of individual employees. It is therefore conceivable that the crossover of engagement among members of the same work team increases performance. According to a study by HBR on the role of Employee Engagement on Performance, 71% of 4 respondents agree that employee engagement is very important to the overall success of the organization. Organizations who have highly engaged employees tend to have higher productivity, satisfaction levels and low turnover. The review illustrates that employee engagement is the most important issue in the competitive business environment particularly in the service sector. In the public sector, there is more interaction between service providers and customers. Thus, customers can get effective, fair and efficient service only if employees are engaged as the job requires more commitment, motivation and happiness (Markos and Sridevi, 2010).

### **2.2 Conceptual Model**

As it is displayed in Figure 1 below, Employee Engagement and its sub-dimensions are considered as independent variable whereas Organizational Performance as dependent variable. Assuming other things being equal, this study proposed that an engaged workforce will enhance performance of government organizations. Besides, each dimensions of engagement (Vigor, dedication and Absorption) has their own differing contribution on organizational performance. Specifically, an engaged workforce is happy, dedicated, immersed, committed and have trust in their employer (Robinson et al, 2004; Markos and Sridavi, 2010) which ultimately enhance productivity, customer satisfaction and organizational effectiveness (Sundaray, 2011).

Bakker, Demerouti & Xanthopoulou (2007) defined Vigor as high levels of energy and mental resilience while working; Dedication as being strongly involved in one's work, and experiencing a sense of significance and enthusiasm whereas Absorption refers to being fully concentrated and happily engrossed in one's work. Regarding to the dimensions of the organizational performance, Kim (2005) defined efficiency as better utilization of skills and knowledge, building good relationship with outside organization, reducing cost, and mistakes. Effectiveness refers to the level of productivity, quality, goal attainment and worthwhile return of public's tax money whereas fairness refers to fair

and equitable treatment of employees irrespective of their gender, age, political affiliation; respect among staffs, equitable service and customer satisfaction.



**Figure 1: Hypothesized Model**

**Source:** Adopted and Modified from Sundaray (2011)

### 2.3 Hypothesis Development

To improve the performance of organizations, an engaged workforce at workplace is inescapable (Sundaray, 2011; Gallup, 2013), signifying that it is very critical for success of organizations (Rashed, 2013). Some empirical studies and meta-reviews (Harter et al, 2012; Rashed et al., 2013; Peter et al., 2014; Brenda et al, 2015; Singh and Karki, 2015; Al-dalahmeh et al, 2018)) confirmed the presence of positive link between employee engagement and organizational performance. In public sector, Peter et al., (2014) ensured that employee engagement and organizational performance are highly related. Brenda et al (2015) also establish statistically significant connection between employee engagement and organizational performance. In Jourdan, Al-dalahmeh and colleagues found that employee engagement affects organizational performance (both financial and no-financial). In their meta-review, Harter et al (2012) revealed a positive and significant relationship between employee engagement and organizational outcomes. Moreover, Singh and Karki (2015) found a positive connection between job engagement and organizational performance. Thus, it was hypothesized that:

**Hypothesis 1: there is a positive and significant relationship between employee engagement and organizational performance in government organizations.**

Regarding the effect of each dimensions to organizational performance, my review signifies that there is limitation of research on the foregoing relationships. Al-dalahmeh et al (2018) studied the effect of the three employee engagement dimensions on organizational performance of banks and found a positive relationship. They confirmed that Vigor, dedication and absorption have significant effect on organizational performance. Based on the evidence provided above, it is hypothesized that:

**Hypothesis 2: Vigor has a positive and significant relationship with organizational performance in government organizations.**

**Hypothesis 3: Dedication has a positive and significant relationship with organizational performance in government organizations.**

**Hypothesis 4: Absorption has a positive and significant relationship with organizational performance in government organizations.**

### 3. Research Methods

#### 3.1 Data and Measurement

In the present study, simple random sampling method was used to collect data from (n=340) federal employees across nine government organizations in Ethiopia operating at federal level. The majority of participants in this study were male (60.3%), hold Bachelor’s degree (56.2%), have age group ranging from 24-40 years (64.1%), were married (57.6%), have experience ranging from 6-20 years (54.3%) and falls under the category of professional service job grade (80%) which is similar to the government report published in 2016 by Ministry of Public Service and Human Resource Development.

The variable of the study includes employee engagement, the three sub-dimensions of employee engagement and Organizational Performance which are measured by five-point Likert scale in (1=“Strongly disagree” and 5 = “Strongly agree”) standard questionnaire utilized in service settings. Besides, Age, Gender, Education, Experience, and job grade were also considered as demographic variables. Although the instruments used in this present study were standard questionnaires developed and their reliability have been tested in different studies, pilot study was conducted to ensure logical flow of ideas, clarity, and language usage in the survey. The results of the pilot test indicated that the coefficient alpha of each scale meets the threshold (Hair et al, 2010) of reliability analysis as it is illustrated in table 1, supporting the reliability of the scale.

**Table 1: Pilot Study result of reliability of the measurement scale**

Scale	Number of Respondents	Number of Items	Cronbach’s Alpha
<b>Employee Engagement</b>	45	9	0.924
<b>Vigor</b>	45	3	0.798
<b>Dedication</b>	45	3	0.852
<b>Absorption</b>	45	3	0.810
<b>Organizational Performance</b>	45	12	0.914
<b>Source: Survey</b>			

The questionnaire survey was administered in Amharic which were originally designed in English, then interpreted into Amharic through the help of professors and professionals. Employee Engagement was measured using the short version of Utrecht Work Engagement Scale developed by Schaufeli et al (2006) with scale’s reliability of 0.92 whereas Organizational Performance was measured using 12 items representing various aspects performance that are categorized under efficiency, effectiveness, and fairness (Kim, 2005). Its reliability coefficient is 0.875.

### 3.2 Data Collection and Analysis Techniques

A questionnaire survey was carried out to collect data from employees about their perception regarding the study constructs with the help of a focal person of the sample organizations. This study used SEM to test and analyze the link between employee engagement including its sub-dimensions and organizational performance.

## 4. Results

### 4.1 Mean, SD and Correlation Analysis

Table 2 displays the mean, SD, Cronbach's alpha and correlation among the constructs. As it is shown in the table below, findings of this study establishes positive and very strong correlation among the constructs. Regarding the internal consistency, all the constructs met the threshold and hence they are reliable (Hair et al, 2010). It was also found that employees' perception regarding the study variable was above average although there is some deviation among themselves in perceiving employee engagement and performance level.

Constructs	Mean	SD	1	2	3	4	5
<b>Vigor</b>	3.5745	0.9396	<b>(0.904)</b>				
<b>Dedication</b>	3.5363	1.0408	.845**	<b>(0.913)</b>			
<b>Absorption</b>	3.3755	0.9925	.823**	.801**	<b>(0.928)</b>		
<b>Engagement</b>	3.500	0.9530	.831**	.845**	.826**	<b>(0.967)</b>	
<b>Performance</b>	3.1600	0.6880	.665**	.713**	.680**	.714**	<b>(0.940)</b>

\*\* . Correlation is significant at the 0.01 level (2-tailed) and diagonal parenthesis signify alpha

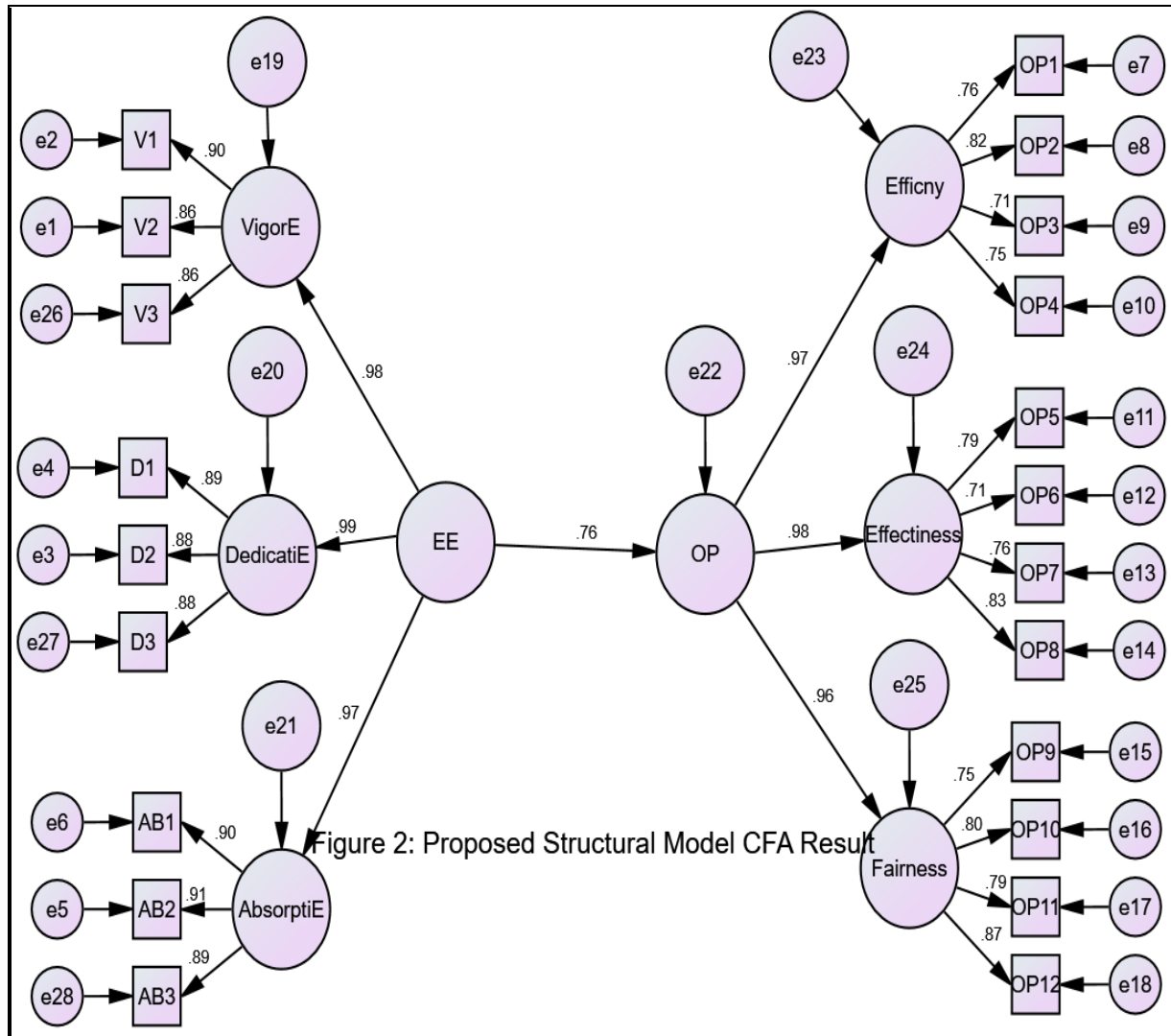
### 4.2 Assessment of the Measurement Model

In SEM literature, measurement and structural models are the two types of SEM models (Kline, 2011). While measurement model focus on reliability and validity of the constructs, structural model is about examining the relationship between latent variables (Hair et al, 2010). In SEM analysis, the first step is to evaluate the measurement model through CFA. Both Employee Engagement and Organizational Performance are treated as second order constructs. Before going to perform CFA, data must be prepared and screened because lack of clean, coded and screened data results in bias and bad results (Hair et al, 2010; Kline, 2011). In this respect, we checked for missing data, outlier, normality and multicollinearity issues and it was found that there is no such problems. The CFA analysis established a proper fit with the sample data ( $\chi^2/df = 1.431$ ; GFI=0.931; RMR= 0.024; CFI = 0.987; TLI = 0.986; and RMSEA = 0.036). The present study also evaluated the common method variance using procedural and statistical techniques.

### 4.3 Structural Model Evaluation

In SEM analysis, the second step is evaluating the structural proposed model. The structural model signify the theoretical foundation how the constructs relate to each other (Kline, 2011; Hair et al,

2010). The findings of the CFA confirmed the appropriate fitness of the sample data with the theory underpinning the study ( $\chi^2/df = 1.431$ ;  $RMR = 0.024$ ;  $GFI = 0.931$ ;  $CFI = 0.987$ ;  $TLI = 0.986$ ; and  $RMSEA = 0.036$ ). The result of CFA of the structural model established a positive and statistically significant relationship between engagement and Performance ( $\beta = 0.76$ ,  $p < .001$ , respectively) as it is displayed in figure 3 below.



#### 4.4 Hypothesis Testing

In this article, we proposed that employee engagement has direct and positive effect of on perceived organizational performance. As it is **illustrated in figure 2**, the result of SEM analysis established that the pathway from employee engagement to organizational performance was positive and statistically substantial ( $\beta = 0.76$ ,  $p < .001$ ), supporting the hypothesis. This study also proposed that the three dimensions of Employee Engagement can predict organizational performance. Finding of this study shows that Vigor ( $\beta = 0.732$ ,  $p < .001$ ) has positive and significant effect on organizational performance. Thus hypothesis 2 is accepted. It was also

demonstrated that dedication ( $\beta = 0.753$ ,  $p < .001$ ) has a strong effect on organizational performance which indicates that hypothesis 3 is supported. Finally, as it is expected, the finding of the study revealed that absorption ( $\beta = 0.740$ ,  $p < .001$ ) has a very strong and positive effect on performance of public service organizations. Thus, hypothesis 4 is accepted.

## 5. Discussion

The primarily objective of this article was to examine the effect of employee engagement on performance of public service organizations. It was also scrutinized the effect of the three dimensions of Employee Engagement (Vigor, Dedication and Absorption) on organizational performance. As it is expected, the result of SEM analysis established that employee engagement has strong predictor of organizational performance in public service organizations in Ethiopian context. Surprisingly, the finding of this study also found that Vigor, Dedication and Absorption strongly predict on organizational performance.

This article suggested that employee engagement has direct and significant effect on performance of public service organizations. The result of this article revealed the presence of a positive and significant link between employee engagement and performance, which is consistent with prior studies (Harter et al, 2002; Markos & Sridevi, 2010; Sundaray, 2011; Harter et al 2012; Peter et al., 2014; Al-dalahmeh et al, 2018). The main point here is that employee engagement is a strong predictor of performance of public service organizations because an engaged workforce is happy, motivated and hence can boost organizational performance (Rees et al, 2013). And also Sundaray (2011) posited out employee engagement as a decisive factor for organizational effectiveness (productivity, profits, quality, and customer satisfaction). That means an engaged workforce can fully contribute for performance with happiness, dedication and motivation. So, the top management of the organizations should design a system to build an engaged workforce who is satisfied and committed to provide the service with efficiency, effectiveness and fairness.

In addition, it was proposed that Vigor, Dedication and Absorption positively affect organizational performance and it was revealed that all the three dimensions of the employee engagement construct have a positive and statistically significant effect on organizational performance. This finding is consistent with previous studies (Al-dalahmeh et al, 2018). In Jourdan, Al-dalahmeh and colleagues established that all the three dimensions of employee engagement that is vigor, dedication and absorption strongly affects both financial and perceived organizational performance in the banking industry. Schaufeli et al (2006) characterized Vigor as feeling energetic, strong, and vigorous; dedication as being enthusiasm, inspirational and proud about work and absorption as being happy, concentrated and immersed at work. If employees are very energetic and strong in their work and willing to contribute with happiness, enthusiasm and higher concertation, then organizations can improve their performance. In Ethiopian context, the basic services such as education, transport, water, telecom and others are provided to its citizens by the government organizations. In this case, unless the employees are vigorous, dedicated and immersed in their job and organization, it is challenging organizations to meet their mission. So, organizations should create a conducive working environment that can build, enhance promote engagement level. They should shape the leadership style in such a way that it will be appropriate to build an engaged workforce. An engaged workforce is the product of trust, loyalty, smooth relationship among colleagues, and sound HRM implementation.

## 6. Conclusion



The result of SEM analysis established a positive and significant relationship between employee engagement and perceived organizational performance. It was also found that vigor, dedication and absorption have positive and significant effect on organizational performance. An engaged workforce is the product of trust, loyalty, smooth relationship among colleagues, and sound HRM implementation. Such practices can help organizations to have an engaged workforce which ultimately helps government to provide and deliver the basic services to the society with efficiency, effectiveness and fairness. Several researchers pointed out that an engaged workforce is an asset for organizations that helps them to survive and become productive.

### **7. Contribution**

There are few studies undertaken linking employee engagement, and dimensions of engagement with organizational performance in the service setting. The current study is an empirical evidence from Ethiopia, one of the developing country's context. Thus, it contributes in the engagement literature by examining the foregoing link. Practically, this study argued that engagement is an important construct where many managers and executives are investing their time, effort and energy to build an engaged workforce because it helps bring success and competitive advantage to organizations. So, managers should build a system that can help employees to be engaged in their work and organization by creating a working environment that promotes cooperation, smooth relationship, trust and confidence among employees.

### **8. Limitation and Future Direction**

This article is not without limitation some of the limitations includes collecting data from same source, and cross-sectional nature using quantitative data. Although there is no problem of common method bias, future researchers are suggested to gather data from different sources by adopting mixed approach.

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