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The Mediating role of Employee Empowerment in the Relationship between Employee Engagement and Employee Performance: the Case of Commercial Bank of Ethiopia

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A Thesis Submitted to the School of Business and Economics for the Partial Fulfillment of the Requirement of MBA Degree in Business Administration

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Addis Ababa, Ethiopia

DECLARATION

I, Yared Gezahegn, declare that the study entitled ‘The Mediating role of Employee empowerment in the relationship between employee engagement and Employee Performance: the case of Commercial Bank of Ethiopia. All information in this document has been obtained and presented in accordance with academic rules and ethical conduct. The study has not been submitted to any Degree or Diploma in any college or university. It is submitted in the partial fulfillment of the requirement of the Degree of Master of Business Administration. Lastly I have fully cited, acknowledged and referenced all material and results that are not original to this work.

Name: Yared Gezahegn

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LETTER OF CERTIFICATION

This is to certify that Yared Gezahegn has carried out his research project work under my supervision, on the topic of — The Mediating role of Employee empowerment in the relationship between employee engagement and Employee Performance: A case of Commercial Bank of Ethiopia. This work is original in its nature and it is suitable for Submission in partial fulfillment of the requirement for the award of MBA Degree in Business Administration.

Lakew Alemu (PhD) _____

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This is to certify that this thesis entitle as “The Mediating role of Employee empowerment in the relationship between employee engagement and Employee Performance: A case of Commercial Bank of Ethiopia”, submitted in partial fulfillment of the requirement for the degree of Master of Arts in Business Administration done by Yared Gezahegn is an authentic work carried out by his under our guidance. The theme embedded in this thesis has not been submitted earlier for the award of any degree or diploma in any other university to the best of knowledge.

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List of Acronyms and Abbreviations

ANOVA	Analysis of Variance
CBE	Commercial Bank of Ethiopia
EE	Employee Engagement
EM	Employee Empowerment
ER	Employee Relationship
HR	Human Resource
HRM	Human Resource Management

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ABSTRACT

This research paper aims to examine the mediating role of employee empowerment in the relationship between employee engagement and employee performance: A Case of commercial bank of Ethiopia. Clear understanding of these human resource practices would enable the bank to develop and understand suitable HR strategies, business models, processes, and pilot projects. To address the research objective 390 sampled respondents were selected. Purposive and proportional sampling techniques were used to get the required sample size. 390 questioners were distributed; from which 387 sample respondents replied appropriately to the questionnaire. Data gathered were analyzed based on these 387 responses using SPSS 20 software package. Descriptive statistics and explanatory research approach were employed. All out puts were reported using frequency, correlation and multiple linear regression analysis results such as ANOVA and coefficient and regression results. The result indicates that employee engagement (vigor, absorption and dedication) and mediating variable (employee empowerment) were good explanatory variables of the HR practices influencing employee performance. The relationship between employee engagement and employee performance in achieving best performance was mediated by employee empowerment partially. Although the effect of this mediator on the employee engagement and employee performance relationship is small, the statistical significance tells that the addition of employee empowerment as a mediator influences the relationship between the dependent and independent variables. Employee empowerment mediates the relationship between employee engagement and employee performance positively. Also, it can be stated that more engaged and empowered employees becomes more performer in their job.

The study recommended that the company has to give more emphasis in Career development, support employees in their work and growth, encouraging employees at their work for their career development respect to their best work and achievement by giving reward and recognition for the employees. The bank should deliver different opportunities to learn and grow for their work to improve employee engagement level and have engaged employees CBE should do more on all the employee empowerment benefits.

KEY WORDS: *Employee engagement, Employee empowerment, Employee Performance, Interaction effect*

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

According to Nzuve (2010) employees are one of the key resources of a company. At a time when competition for the best specialists is often stronger than efforts the proficiency to efficiently able to achieve relationships with the companies' employees can decide on the long-term market advantage. Thus, as Renugadevi (2013) human resource is a source of competitive advantage in many cases over and above technology and finance. Therefore, as Schonebeck and Schonebeck (2016) the future success of any companies would depend on the companies' strength to retain skilled human resources..

According to Marciano (2010), in the present context employees' requirements go beyond the basic monthly salary was focused on employers to understand the true essence of the having an engaged employees practices in its company. Thus, employees need to be energetic and engaged in their work, their role ought to be contributed and affect the business in a greater sense. According to Sharma et al. (2010) employee engagement thus it is a broad concept that argues the symbiotic relationship between employees and companies. Engagement must then be an ongoing process instead of a one individual event.

Sonnentag et al. (2012) also pointed out that employee engagement is pleasurable experience for employees who drive proactively, innovation at work place, and increases employees' ability to adapt to work place changes in emergencies. According to Robinsone & Hayday (2004) engaged employees believe in their organization, work to their organizational work improvement, know the organizational goals and to its success. Getting the engaged and getting employees for going to extra mile steps will guarantee the competitiveness of the company. However, engagement initiative alone does not guarantee success unless the outcomes of the initiatives are being measured and improved.

According to Bhattacharjee & Sengupta (2011) the ultimate success of employees' performance is based on employees' engagement because getting employees engaged with full passion is one

of the major sources to meet the competitive advantage. Performance as the behavioral outcome of employee largely depends on the role of the organization where proper care, empowerment and recognition of their contributions are essential.

Many researchers in their studies support the relationship between organizational performance and employees' engagement, for example, Albdour and Altarawneh (2014) provided that it is very important for decision makers and diagnostic and practical researchers to rely on evidence base to make tangible progress in the employee engagement practice, job satisfaction and company performance. Other researcher like Awamleh (2013) found a clear link between empowerment and job performance. He stated that empowerment plays significant role in employee's satisfaction thus promoting their performance in organizations.

According to Armstrong (2012) employee performance is essential for an organization to get better out comes and therefore customer satisfaction and increased profits. It also helps to align the individual objectives to organizational objectives and encourages them to uphold corporate core values, enables expectations to be defined and agreed in terms of role responsibilities and accountabilities, skills and behaviors', provides opportunities for them to identify their own goals and develop their skills and competencies.

1.2 Background of the Organization

The Bank of Abyssinia, established in 1905, was given a 50-years concession by the Emperor Menelek II. This institution was engaged in issuing notes as well as in any kind of commercial banking business. Haile Sellassie, after acceding to the throne in 1930, could not accept that the country's issuing bank was a foreign-owned share company and decided for nationalization.

The change was implemented, however, in a soft way, providing an adequate compensation to shareholders, and in agreement with the main foreign shareholder, the National Bank of Egypt. The Bank of Abyssinia went, therefore, into liquidation and a new institution, the Bank of Ethiopia, was established in 1931. Italian occupation of the country, in 1936, brought the liquidation of the Bank of Ethiopia. Now the institutions named as Commercial Bank of Ethiopia.

Thus, there is a need to do research on the mediating role of employee empowerment in the relationship between employee engagement and employee performance in the context of CBE.

1.3 Statement of the problem

Ratnam (2006) stated that employees are the focal point in the success of every organization. The attainment of the organizational objectives largely depends when employees are motivated to work and engage in their performance. According to Saks (2006) and Karatepe (2011) an engaged employees are likely to have trusting and high quality relationships with their employer. These engaged employees in turn perform their tasks more effectively and go the extra mile in dealing with customer problems and attending to the needs of customers

Elif (2014) also studied on the relationship between employee engagement and organizational Performance. This study couldn't address the advantage of employee empowerment. Some managers in business companies do not identify and recognize the role of the employee empowerment on the employee performance level, and superiorly believe that empowering subordinates will diminish among employee empowerment influence on sales and marketing workforce performance through the mediating function between work engagement and employee performance (Elnaga& Imran, 2014).

Even though a number of studies agree that engagement affects performance, few studies beg to differ. For instance, Halbesleben and Wheeler (2008) conducted a study on a sample of 587 respondents in the USA found that employee engagement has a small amount of effect on their work performance. Other research by Gallup organization find that a low to moderate correlation between employee engagement (Harter et al., 2002). Further Gruman and Saks (2011) predict that employee performance can be best achieved through encouraging employee engagement.

Azeem&Sayed (2010) pointed out that empowerment can be viewed as a new managerial topic as scholars and researchers didn't give much attention to the phenomenon of empowering employees. Empowerment occurs because more successful organization is discovering better methods to utilize employee's mental resources and abilities in order to convert in to action.

According to Shields (2016), reduction of employee morale not only de-motivates the employees but also reduces their commitment to the organizations and negatively impacts the performance of the employees. Armache (2013) deals with employees' empowerment increase their fundamental motivation and helps them feel their importance and contribution to the overall performance. Empowerment of employee in the bank is often a misunderstood concept.

Different studies have found that there is positive and significant link between empowering employees and getting an engaged employees like according to Ratnam (2006) empowering employees enables organizations to be more flexible, responsive and can lead to improvements in both individual and organizational performance. According to Ducker (2002) managers will face increased needs for employee's empowerment. This is because of employees' dynamic behavior or change in their work area. When employees are empowered, their confidence degree and self-reliance will excel. The important beliefs on empowering employees are that an empowered employee is more energetic and creative than individuals who are not empowered.

Ahreane et al. (2005) and Albrecht and Andreetta (2011), attributed the mediating role of psychological and structural empowerment to some reasons, including the existence of statistical significant link between the empowered leader behavior on one hand and psychological empowerment on the other hand; and also a statistical significance link with work engagement on the other hand. Thus, all the previous researchers in other countries, despite the difference in their environment and area of work, showed the great significance of employee empowerment toward improving the level of getting engaged employees to leading to improved employee work performance. But, in our Ethiopia case, still there are not yet available literatures and studies were conducted especially in financial or banking sector.

Although few researches done on the relationship between employee engagement and job performance in Ethiopia, the researchers couldn't address the needs to have an engaged and motivated employees in Banks. For example, Jemal (2017), studied on the relationship between employee engagement and work performance: the Case of Ethiopian Private Banks aiming onto find out whether there is employee engagement in private banks and to determine the current level of employee engagement at private banks. The researcher couldn't address the mediating

role of employee empowerment toward their employee engagement and employee performance. Hiwot Tsegaye (2019) studied on the mediating role of engagement on the Relationship between Perceived Organizational Support and Employee Performance, the case of World Vision Ethiopia. As the researcher knowledge this researcher couldn't address the empowerment aspect. Much of the literature reviewed so far on mediating impact of employee empowerment on the link between employee engagements and employee performance in the banking sector, however, is still lacking. The researcher initiated that understanding of mediating effect of employee empowerment toward getting engaged employees will enable managements to develop suitable human resource development strategies, business models, processes, and pilot projects as no study has been reported in literature so far. Thus, this research primarily used to fill the gap by addressing an in-depth analysis for the impact of employee empowerment toward the relationship between employee engagement and employee performance.

Considering the case in which CBE is growing there was need for organization management and other organization policy makers to be informed about main role of employee empowerment is playing in boosting the hypothesized relationship between employee performance and engagement. It is therefore found that no significant studies have been conducted on the mediating impact of employee empowerment on the relationship between employee engagement and employee performance in banking industry in Ethiopia, especially considering Commercial Bank of Ethiopia. This significant research gap has been attempted to be covered through the present research initiative as much as possible.

Therefore, the focus of the present research has been identified as evaluation of the mediating role of empowering employee in the relationship between employee engagement and employee performance in Commercial Bank of Ethiopia.

1.4 Research Question

The following research questions were used as a guide to address the research problem of the study.

- ✓ What is the relationship between engagement dimensions (vigor, absorption and dedication) and employee performance?

- ✓ What is the relationship between employees' empowerment and employee performance?
- ✓ How does employee empowerment mediate the relationship between employee engagement dimensions (vigor, absorption and dedication) and employee performance?

1.5 Objective of the study

1.5.1 General Objective

The general objective of this study was to examine the mediating role of employee empowerment in the relationship between employee engagement and employee performance.

1.5.2 Specific objective

The specific objectives of the study were highlighted below:

- ✓ To examine the relationship between employees' engagement dimensions (vigor, absorption and dedication) and employee performance.
- ✓ To identify the relationship between employee empowerment and employee performance.
- ✓ To explore the mediating role of employee empowerment in the relationship between employee engagement dimensions (vigor, absorption and dedication) and employee performance.

1.6 Scope of the Study

Geographically, the study is delimited to three districts and head office employees in Addis Ababa. The logic behind this is that though it is possible but it is difficult to cover all areas and branches throughout the country. This is because of time and resource constraint and as a result the researcher decided to conduct the research through sampling method and hence believes that the chosen sample represents the whole population. Therefore, this study didn't include all employees outside of Addis Ababa. This study includes all staff position levels found in three districts and head office employees in Addis Ababa. This study also delimited its time scope starting from December 21 up to April 12/2019.

1.7 Significance of the study

Employee empowerment is one of the most important tools used by modern organization to achieve organizational performance. The study would be useful to modern businesses and corporate firms will find this study useful and take advantage of the outcome of this study as guidelines for the development of employee- employer relationship in order to increase organizational performance. Secondly, the study would be useful to organizations that are interested in adopting the dimensions of employee empowerment to increase organizational performance.

Thirdly, the findings of the study would also have practical significance in helping the banks in developing best engaged human capital. Thus, this study provides information to the organizations on the level of engagement of their employees, give strategic implication for higher officials of the banks and take actions against any signs of employees 'disengagement if any to get higher effort in the form of vigor, absorption and dedication for superior job and organization performance.

Lastly, the study would add to existing knowledge on the mediating role of employee empowerment on the relationship between employee engagement and effective employee performance and it can also serve as an ingredient for other researchers who would like to conduct research in the subject of employee engagement and employee performance relationship in the future.

1.8 Hypothesis Formulation

H1: Vigorosity has positive and significant effect on Employee performance.

H2: Dedication has positive and significant effect on Employee performance.

H3: Absorption has positive and significant effect on employee performance.

H4: Vigorosity has positive and significant effect to Employee empowerment.

H5: Dedication has positive and significant effect to Employee empowerment.

H6: Absorption has positive and significant effect to employee empowerment.

H7: Employee Empowerment has positive and significant effect on Employee Performance.

H8: Employee Empowerment mediates the relationship between Vigorosity and performance positively.

H9: Employee Empowerment mediates the relationship between Absorption and performance positively.

H10: Employee Empowerment mediates the relationship between dedication and performance positively.

CHAPTER TWO

LITERATURE REVIEW

This chapter presents review of relevant theoretical as well as empirical literatures. The theoretical literature begins with theoretical review about the relevant employee empowerment and employee engagement which support this research. The chapter ends up with the presentation of conceptual framework which served as a road map towards realizing the objectives of the study.

2.1 Theoretical review

2.1.1 Definition and overview of Employee Engagement

According to Widermuth (2008) the term employee engagement deals with employee promise between himself and the job responsibility which involve his/her physical, intellectual and feelings at work. The author also defined employee engagement as employee's cognitive, emotional and behavioral state guided towards organizational aspiration and outcomes.

Other individual While Saks (2006) also defines engagement as the degree an individual is attentive and absorbed to role performance. Based on this author perspective, employees' work role differs from their role in their organization. He defines organizational engagement as private and positive correlation towards their institution. The author argues that the employees' mental situations lead to job engagement, as well as their result is not similar.

Mishra, Boynton, & Mishra(2014) states Employee engagement has emerged as one of the greatest challenges in today's workplace. Thus, employee engagement will be major challenge in the future. According to Society for Human Resource Management ((SHRM), 2014) organizations that have highly engaged employees have greater profits than those that do not. Vandenabeele (2014) states also organizations with highly engaged employees experience increased customer satisfaction, profits, and employee productivity.

According to Anitha (2014) and Dajani (2015), nowadays many organizations are adopting several techniques and change in the way of running their individuals, to enhance their staff engagement level. In general, employee engagement is an emotional connection and positive

attitude that one's feel toward his/her work, organizations and its value, and has passion about its goals. Zainol et al. (2016) also states that without employee engagement in the workplace, companies cannot survive long in the market because engagement is a prior business driver for organizational success.

According to Shuck & Herd (2012) three dimensions of engagement is identified. This study adopted emotional and cognitive engagement. Cognitive engagement focuses on evaluating how employees think about and understand their job, their company, their culture and their intellectual commitment to the organization which occur on silent, personal level which has not yet manifested behaviorally. On the other hand, the authors argued that emotional engagement deals with the "investment and willingness of employees to involve personal which comes from the emotional bond created when employees on a personal level have made the decision to cognitively engage and willing to give them and identify them emotionally to the task at that moment".

According to Menguc, Auh, Fisher & Haddad (2013) the main focus of employee engagement is the alignment of the employee with the organizational goals and to go beyond what is expected. Anitha (2014) suggested employee engagement reflects two essential elements: (a) willingness to contribute to organizational success and (b) a positive and energized employee who is at a motivational state.

Different researchers concluded that Employee engagement was operationalized using the dimensions of vigor, dedication, and absorption. Each of the three dimensions was measured using the items

- Vigor: High grade of energy and mental resilience while working, making effort abilities in work & face work challenge with persistence (Schaufeli et al., 2002; Nawaz et al., 2014).
- Absorption: Happens when people are fully concentrated and immersed in work whereby time flies and one has difficulties in separating one from job (Schaufeli et al., 2002; Nawaz et al., 2014).
- Dedication: Is sense significant, pride and enthusiasm that individuals have towards their job (Schaufeli et al., 2002; Nawaz et al., 2014).

According to Wang & Chia-Chun (2013) the organization has the responsibility to provide for the needs of employees by providing proper training and building a meaningful workplace environment; in turn, employees have the responsibility to provide a meaningful contribution to

the organization. Many organizations perceive the importance of employee engagement; however, the issue of how to increase the level of employee engagement is not warranted.

2.1.2 Definition and overview of Employee empowerment

Employee empowerment is a procedure where managers share power, authority and responsibility with their subordinates in order to accomplish specific tasks. Employee empowerment increased the employee responsibility, employee confidence, reduce the stress and improve the work life balance (Wadhwa et al., 2015). Other author Gill (2011) states that employee empowerment refers to the meaningful job of employees, their feelings of competence, autonomy, and contribution to the decision making or applications of leadership.

According to Raub& Robert (2012), empowerment as a general concept is based on a set of practices that allows participation of all employees at all levels. According to Ahearne et al. (2005) the empowered leader with influence can support the psychological empowerment of his/her subordinates by giving those greater discretionary powers.

In other words, as Hunjra et al. (2011) employee empowerment was described as giving power to employees to make necessary and essential decisions whenever required. Elnaga et al. (2013) also pointed employee empowerment is considered as one of the best policies that are considered to be most essential in developing the interactive qualities of employees to achieve larger amount of assistance, teamwork attitude, innovative skills, self-confidence and unbiased thinking. Moreover, Daft (2001) explained employee empowerment as proposing employees the power, liberty and occasions to engage them in organizational affairs and making decisions.

Abraiz et al. (2012) pointed that with empowerment power is shared, all employees participate in the decision-making process, and not punished for their mistakes but rewarded for trying. Leaders who empower their individuals enable organizations to deal successfully with market turbulence, challenges and foreseen demands of the outlook.

According to Hanaysha (2016) in today's business competitions, it is essential for almost every organization to focus on employee empowerment in order to enable the competent employees to solve the problems that may arise and make essential decisions in the business environment. Employee empowerment is created by planning an environment where employees feel free and

are allowed to make their own decisions based on their work related situations. According to Hanaysha(2016)employee empowerment has known as a mean to the organization efficiency, many researchers experienced a positive relationship between the employee empowerment and employee performance. Dewettinck et al. (2011) pointed that organization should empower their employees in order to make them determined, loyal and pleased so in turn they will utilize their skills and capabilities to achieve overall organizational objectives.

Heath field (2012) pointed that empowerment plays significant role in employee's satisfaction thus promoting their performance in organizations. The other authors such as Ahearne, Mathieu and Rapp (2005) proved that empowering leadership behaviors can increase sales performance by enhancing salesperson's self-efficacy. This means that employees who experience psychological empowerment feel that their contributions are meaningful and they possess the ability to shape their work.

Employee engagement and employee empowerment is considered today as a strategic tool for organization's success due to the following reasons: According to Noorliza et al. (2006) employee empowerment is considered to be one of the most powerful and effective HR practices that facilitates to make greatest contribution by the people who are capable of creating added value in product and service which is rare and inimitable. It enhances job involvement, job satisfaction, career satisfaction and organizational commitment. According to Ongori (2009) employee empowerment is a motivational technique that is designed to improve performance if managed properly through increased levels of employee's participation and self-determination.

2.1.3 Definition and overview of Employee Performance

Employee performance is the degree to which an employee executes the duties and responsibilities effectively and efficiently (Shields, 2016). Meanwhile of Cardy (2004) states employee performance has been related to outcomes, results and accomplishments and collective efforts and behaviors relevant to organizational goals, which are controlled by the employees.

As of the author by Chen (2011) employee performance is related to employees who accomplish their tasks and goals up to the standard as defined by the organization and they are appraised on the basis of their performance against defined performance standards.

According to Anitha (2014) and Abualoush et al. (2018) employee performance relates basically on goal achievement made at business. It indicates financial and nonfinancial added value of employee's contribution to work to the attainment of both, directly and indirectly, organizational goals, and the rate of realization of the purpose and activity outcomes level. Rizwan et al.(2014)articulates that job performance relates to the outcomes quantity and quality of the person's effort and achievement.

Richard and Morrison (2009) have however explained the concept of employee performance from a different perspective. According to their observation, employee performance cannot be defined in general performance criteria and it can be explained only in the context of organizational situations and perspectives.

Yilmaz (2015) pointed out that employee performance can be viewed in light of two perspectives: 1) employee perspective, which is the result of a series of behaviors and tasks performed daily. 2) Manager's perspective outcomes are the key factor for work performance appraisals. Thus, many business directors assess the employee performance on the yearly or quarterly basis to identify and suggest area needed for improvement. Effectiveness and productivity mainly used by researchers as a synonymous with performance, but actually, they are not similar. Effectiveness refers to the evaluation of the outcomes of performance, and the worker should reward though performance, not effectiveness.

Richardson and Beckham (2015) in their studies on employee performance issues in Canadian banking industry have noted that organizational performance framework plays important role in influencing employee performance. According to them, such performance framework includes opportunities of career growth, learning, cultural facilitators etc.

2.1.4 Relationship between Employee Empowerment and employee engagement

In empowerment process there will be advantages and disadvantages. David (2013) mentioned empowered employees have an increased sense of ownership, thus create happier employees that tend to be more proactive and willing to embrace change. The group of employees felt in control of their destinies and more eager about their roles and passionate about success, which is all good for the company performance. Emmanuel (2013) stated that empowerment plays significant role in employee's satisfaction thus promoting performance in organizations.

According to Ameerah (2013) employee empowerment established relationship between engagement and organization performance, factors behind is increased employee learning and training, less turnover, lower absenteeism, enhances motivation and less argument with change because employees are able to participate in decision making.

The Blessing White (2008) study has found that almost 60% of the surveyed employees want more opportunities to grow forward to remain satisfied in their jobs. Strong manager-employee relationship is a crucial ingredient in the employee engagement and retention formula. The report of Development Dimensions International (DDI, 2005) states that a manager must do five things to create a highly engaged workforce. They are: Align efforts with strategy, Empower Promote and encourage teamwork and collaboration, Help people grow and develop, provide support and recognition where appropriate.

As the other authors 'points by Nissar and Menon (2014), any impact of employee empowerment on employee performance depends on some of the behavioral consequences, which are improved group potency, improved sense of meaningfulness etc.

Anitha (2014) indicated that employee promotion opportunity is one of the main concerns of the employees to be engaged with the job in the organization. Fair promotion policies and widespread scope of promotion in the organization encourage employees to be engaged in the organization. Moreover, as Ling Suan Choo et al. (2013) it has been evident that promotion opportunity in the organizational setting generates high level engagement of employees at their job. In fact, no employee would like to remain in the same position for a long time rather s/he expects to hold the next position. Therefore, when employees find that their workplace provides opportunity to be promoted smoothly then they get mental attachment with the organization. Similarly, during the beginning of this decade numerous numbers of studies conducted on the relationship between employee promotion opportunity and their engagement level. Sarder et al. (2011) claims that limited scope for position advancement certainly make employees disengaged with their work in the organization.

2.1.5 Relationship Between Employee Engagement and Employee Performance

Previously several studies like by Rich et al. (2010), Leiter and Bakker (2010), Macey and Schneider (2008), Fleming and Asplund (2007) conducted on engagement and performance relationship where it was evident that high employee engagement level foster employees' job performance as well as their productivity at the workstation. Engaged employees are expected to be more productive in performing their job duties due to their physical, mental and emotional devotion to the organization. Moreover, as Mone and London (2010), Macey et al. (2009) employee engagement remarked as a major determinant for increasing employee performance level. Furthermore, other studies such as by Shuck and Reio (2011) Fleck and Inceoglu (2010), Saks (2006), May et al. (2004) found that engaged employees are tending to perform more than that of disengaged employees in the organization.

Recently, few studies like Anitha (2014) and Sowath Rana et al. (2014) in two different contexts revealed that employee engagement plays a significant role for the enhancement of employees' job performance. Additionally, another empirical study conducted by Kim et al. (2012) conform that both direct and indirect positive link exist between employee's level of work engagement and their job performance. The enhancement of employee performance is the result of which level employees are engaged in the organization. While, as Shuck et al. (2011) Shuck and Wollard (2010) the organization having high level engaged employees gain more organizational outcomes through high employee performance. According to Dajani (2015) the impact of leadership and organizational justice, compensations, work practice and procedures, training and development for being key determinants of employee engagement among employee working in the Egyptian banking sector. The researcher also examined the influence of the employee engagement on both organizational commitment and job performance. The result shows that the leadership style and organizational justice were of the great significance of employee engagement, moreover employee engagement ranked the top influence on work performance than on organizational commitment.

Several numbers of meta-analyses for example Christian et al. (2011), Demerouti and Cropanzano (2010), Halbesleben (2010), Mauno et al. (2010), Simpson (2008) in different time come to a conclusion that employee engagement is positively linked with employee performance. On the other way, Demerouti and Cropanzano (2010) draw a consensus that

although employee performance is the outcome of multifaceted construct where employee engagement is one of them which have association with employee performance.

Other studies such as Halbesleben (2010), Mone and London (2010) articulated that individual performance and employee engagement found closely and positively related. Leaders will have positive effects on employee engagement by offering a sense of attachment to work.

Kariuku and Murimi (2015) examined the employee empowerment and organization performance of Tata Chemicals Magadi Ltd, in Kenya. The study examined the linked between four dimensions of empowerment (autonomy, decision making, information sharing and training) and organizational performance using gender, age , and tenure as control variables, only gender has a significant contribution on organizational performance and all the models had a positive influence on organizational performance, The result of the multiple regression analysis on employees empowerment and performance revealed that training and information sharing had moderate contribution towards employee empowerment. Autonomy and decision making had no significant contribution on organizational performance.

2.2 Empirical Literature Review

2.2.1 Effect of Employee Engagement on Organizational Performance

According to Bailey et al. (2017) that investigate on reviews of including 214 studies that studied on the meaning, antecedents, and consequences of employee engagement and 42 studies researched the performance outcomes. The researchers identified 5 groups of engagement' determinants such as job design, psychological states, team, leadership, and organizational factors, and organizational interventions. They found that an engaged employee have positive and significant association with four work-related aspects (individual morale, individual task performance, organizational performance, and extra-role performance).

According to Kim et al. (2012) who investigated the consequences of employee engagement toward work performance was examined on the relationship between employee engagement and employee performance. Based on their investigations of about 20 articles selected for the final analysis found that a positive relation between employee engagement and organizational performance. They concluded that an engaged employees can be a significant basis of competitive advantage.

Another studies by Arnold B. Bakker, Demerouti, and ten Brummelhuis (2012) investigated whether the relationship between work engagement and their outcome is moderated by the degree to which employees are persuaded to work hard, careful, and goal-oriented using sample of 144 employees from several occupations. The researchers finding showed that employee job engagement was positively and significantly related to task/work performance and active learning, particularly for employees high in conscientiousness.

Maylett and Waner (2014) on the other hand shared results of studies conducted over a period of 14 years in 70 countries and with 14 million employee engagement survey responses. The results showed that highly engaged employees are 87% less likely to leave their organization and companies with low engagement scores earn an operating income 33% lower than companies with more engaged employees. Equally interesting was the finding that engaged companies grow profits as much as 300% faster than their competitors.

Miller (2008) carried out an assessment on employee engagement in XYZ Company. Data was collected data from the production employees at XYZ Manufacturing Company, on employee engagement. Production employees were asked to fill out a Q-12 survey developed by the Gallup organization to measure employee engagement. This data was collected and analyzed in order to show the level of employee engagement within the production employees of XYZ Manufacturing Company. XYZ Manufacturing Company is a suspension manufacture company. There are 239 production employees in assembly manufacturing. A total of 169 surveys were returned which is a 70.2% return rate. The survey sample of the production employees was chosen because these are the employees that have the greatest influence on the production, quality, and changes in the current systems. Employee engagement is a key driver for organizational success. High levels of engagement promote retention of talent, foster customer loyalty, and improve organizational performance.

Other researcher Arnold B. Bakker, Demerouti, and ten Brummelhuis (2012) examined whether the relationship between work engagement and employee work performance is moderated by the individuals who are interested to work hard, cautious, and goal-oriented using sample of 144 employees from several occupations. Results indicated that work

engagement was positively related to task performance, contextual performance, and active learning, particularly for employees high in conscientiousness.

2.2.2 Effect of Employee empowerment on Organizational Performance

Yilmaz (2015) researched on ‘who examined the influence of psychological empowerment on job performance over frontline employee in the hospitality industry.’ The study showed that the job performance is significantly correlated to the four dimensions of psychological empowerment. Self-determination and impact dimensions of empowerment are more influential than job meaning and employee competence of their influence on job performance. Moreover, there was a significant difference among the demographic variables (gender, age, and work experience) and perceived empowerment, but no significant differences among empowerment level and educational level.

As Kok (2011) who study on the impact of four empowerment dimensions (impact, meaning, self-determination, competence) of psychological empowerment on employee performance. The result reveals the strong influence of employee empowerment on performance, because when employees feel that they have the independence and freedom to take decision-related to their work-related activities, their performance in the workplace shall improve positively.

Several researchers conducted in the manufacturing context reveal the significant effect of employee empowerment from a structural perspective on employee performance level. For example, Rajalingam et al. (2015) evaluated the impact of four empowerment tools: power, knowledge, and rewards, over employee performance with the performance appraisal as mediating role among 200 employees working with industrial Malaysian companies. The results show that the four dimensions of empowerment had influenced both employee performance & appraisal performance, where appraisal performance mediates the relationship between an employee performance and empowerment.

Other study by Laschinger et al. (2004), which conducted a research on fresh graduate nurses in Canada to investigate the relationship between structural empowerment, work engagement and organizational commitment. The result showed that the fresh nurses felt that the greater access to the workplace empowerment structures, a higher degree of the overall fit in the area

of work-life occurred, in addition, employee-job fit resulted in the greater work engagement (less burnout), which ultimately led to greater organizational commitment. Reaching to support and formal power was strongly related to fit in the six areas of work life (workload, reward, control, community, fairness, value) which predicts the work engagement. Finally, the result reflected a strong relationship between organizational commitment and structural empowerment.

As of the study by Ugwu et al. (2014) that investigated the influence of psychological empowerment on the relationship between organizational trust & work engagement among Nigerian employees working in commercial banks and pharmaceutical firms. The results reveal that the strongest predictor of work engagement is psychological empowerment, followed by organizational trust. Moreover, psychological empowerment moderates the relationship between organizational trust and work engagement. Means that the employee perceives both good organizational trust and great psychological empowerment is going to show a high work engagement level. Furthermore, the study found that where an employee grasp's poor organizational trust and great psychological empowerment will show a high level of work engagement than the employee with lower levels of psychological empowerment.

According to Nawaz et al. (2014), who conducted a research to examine the relationship among HR practices (training, empowerment) and the workers' creativity via employee engagement as mediator. There were 400 respondents from 110 manufacturing firm in Pakistan. The result showed that when the workers are given the empowerment and training needed, they felt that the organization takes care of them; they also felt as valuable asset, not as followers, and led to a high level of engagement by the employees in the form of repaying to their organization; which in return leads to the creativity of the individuals at work.

While other study by Dajani (2015) that conducted a study on 200 bank employees work in private and public operating in Cairo-Egypt. She evaluated the impact of leadership and organizational justice, compensations, work practice and procedures, training and development for being key determinants of employee engagement among employee working in the Egyptian banking sector. The researcher also examined the influence of the employee engagement on both organizational commitment and job performance. The result shows that the leadership

style and organizational justice were of the great significance of employee engagement, moreover employee engagement ranked the top influence on work performance than on organizational commitment.

While Gupta et al. (2015) investigated on a study to determine the influence of job resources (co-worker support and supervisor support) on work engagement over 261 Indian academics in a higher education system, and how the interaction between job resources and perceived autonomy (psychological empowerment) influence the employee performance. Moreover, the study investigates the mediating role of work engagement in the relationship between job resources & employee performance. The findings reveal that work engagement has a significant impact on employee performance.

Fiter, Angel, Martinez and Mauela (2005) in their study of a University's Research and Development unit found a positive impact of employee empowerment on organizational performance and organizational attitudes. They concluded that perceived work based social support positively moderated the impact of employee empowerment on employee productivity, whereas, work based organizational support moderated its effect on customer services. They also stated that perceived fairness and employee gender's diversity were positively related to the job satisfaction.

Abubakar (2014) studied the impact of employee empowerment on job satisfaction in First Bank Plc, Nigeria. The study covered nine branches out of the fifteen branches in Kaduna state. The sample size consist of all the staff in the various branches with the exception of contract (in source) staff. The study used primary and secondary data, questionnaires were distributed to two hundreds staff across the branches of First bank and fifteen were not returned. Multiple regression analysis was used to analyze the data. The study found out that employee empowerment has positive and significant impact on job satisfaction.

2.2.3 Related Literature on Mediating Effect of employee Empowerment on the relationship between employee engagement and organizational performance

Other study by Meyerson&Dewettinck (2012) shows that empowering employees has also been found to improve performance. The study found that delegation, participatory management, encouragement and reward are positively related to organizational outcomes. However, this study used a sample based on one organization and its findings may therefore not be used to make generalization. Other researcher Stander and Rothmann (2010) investigated on the relationship between psychological and structural empowerment and work engagement in some industrial organizations in South Africa. They found a statistical relationship between the two variables.

2.3 Conceptual Framework

From the literature researchers have drawn attention to the significant relationship between employees' empowerment and performance (Kok, 2011; Mehrabani&Shajari, 2013; Tajuddin, 2013; Hee et al, 2014; Yilmaz, 2015; Sun, 2016; Tetik, 2016). When there is empowered and rewarded employees, their job performance would be enhanced and improved. Thus, empowerment of employees and employee performance has positive relationship.

Other researchers also attempted to investigate the positive relationship between employee engagement (vigor, Absorption and dedication) and employee performance (Dajani, 2015; Gupta et al. 2015; Bailey et al., 2017and Miller, 2008). When there is engaged employee in the work place their job performance would be increased. Their findings reveal that work engagement has a significant and positive impact on employees' performance in the work.

Additionally, mediation represents the consideration of how a third variable affects the relation between two other variables. With reference to the theoretical and empirical literature review and the research problem, the conceptual framework has been as follows:

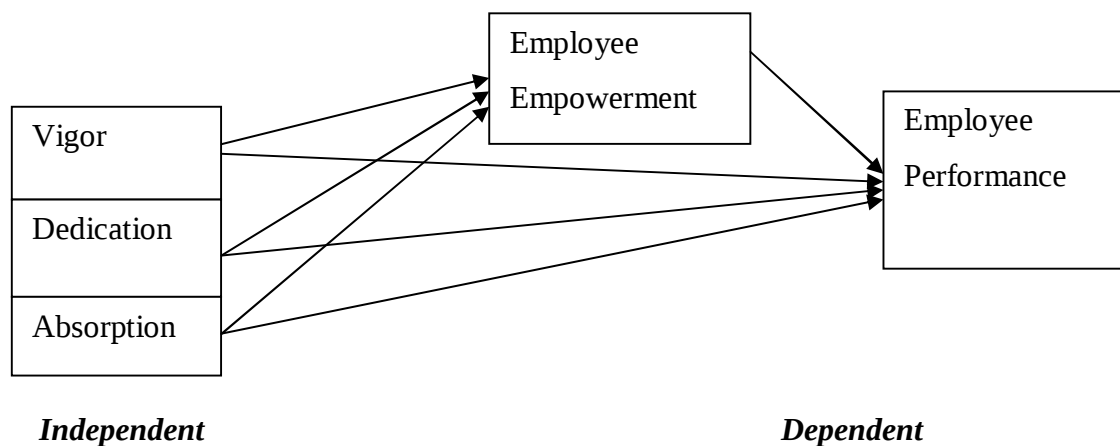


Figure 1: Conceptual Framework

Source: Jemal (2017) and own compilation

CHAPTER THREE

METHODOLOGY

3.1 Research Approach

According to Creswell (2009), research approaches are plans and procedures for research that span the steps from broad assumptions to detailed methods of data collection, analysis, and interpretation. Qualitative and quantitative approaches should not be viewed as rigid, distinct categories, polar opposites, or dichotomies. Instead, they represent different ends on a continuum. A study tends to be more qualitative than quantitative or vice versa. Mixed methods research resides in the middle of this continuum because it incorporates elements of both qualitative and quantitative approaches.

Quantitative research approach will be implemented to look the cause and effect, and testing of theories and hypothesis (Muijs, 2010). The method uses to explain relationships or phenomena by collecting numerical data and analyzing based on mathematical method. Based on the above description, quantitative research approach is chosen to this study since it is an appropriate method to create quantifiable cause and effect relationship between the variables of the study.

3.2 Research Design

The main objective of this study was to examine the mediating role of employee empowerment in the relationship between employee engagement and Employee performance. Thus, both explanatory type and descriptive type of research designs were employed. Descriptive research studies are those studies which are concerned with describing the profile of particular respondents describing their job position, service year offered by their company, and work experience of respondents and analyzing the response on respondents' agreement state on relationship between employee engagement and performance (Kohtari, 2004). Explanatory studies establish causal relationships between variables and focuses on studying a situation or a problem in order to explain the relationships between variables (Saunders, Lewis & Thornhill, 2009).

3.3 Target Population of the study

Population is the entire aggregation/total of items from which samples can be drawn. People, products, firms, markets that are of interest to the researcher would call population. However, by population, many often consider to people only. Population does not necessarily mean a number of people. It can also refer to total quantity of the things or cases which are the subject of the research (Ilker, et al., 2016). The population of interest for this research was employee of Commercial Bank of Ethiopia found in four districts of different branches in Addis Ababa and head office employees found in Addis Ababa. For the purpose of this study the researcher took the residents of Addis Ababa as a sample population. The employees working at job category of clerical, professional and managerial positions were included for this study. Non clerical and temporary employees were not included in the population because they are outsourced employees and not permanent to the bank.

3.4 Sampling Technique and Sample size

Sample is a subgroup of the larger population in which a research studies (Bordens and Abbott, 2011). According to Zikmund et al. (2010) sampling is a major activity in a business research which requires in depth examination. It is used to make inferences about the whole population using population element. Sampling is used in this research to come up with results that are accurate enough to give conclusions. Thus, the researcher applied proportional stratified random sampling techniques for the target population in that targeted employee were classified in to five categories(four districts and all head office employees) based on the banks district and head office structure. Based on the categories total numbers of employees who are working in each district and head office were identified. From the total population the proportion of employees who are working in each category had been calculated. Finally, the sample employees were selected based on simple random sampling technique from the branches.

Table 3.1 Population of the study

District	Population
East	3159
West	3028
North	3280
South	3075
Head office	3804
Total	16,346

Source: 1st Quarter CBE report, 2019

Based on the Yamane (1967) the formula to find out the sample size (n) population is given as under at 95% confidence level with the degree of variability = 0.05.

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

Where: -

n = Desired sample size

N =Total population size

e = Accepted error limit 5%

$$n = 16346 / 1 + 16346(0.05)^2$$

$$n = 16346 / 41.865 = 390$$

Table 3.2: Sample size determination

District	Population	Samples	Remark
East	3159	75	Proportionally from each district
West	3028	72	”
North	3280	78	”
South	3075	74	”
Head office	3804	91	”
Total	16346	390	

Source: Based on 1st Quarter CBE report, 2019

Therefore, numbers of suitable size of samples were 390 employees by using the above formula and taking 5% confidence level. Then these all employees were selected from different branches with in each district.

3.5 Data Sources, types and Collection Methods

Data was gathered from both primary and secondary sources. Secondary data include both quantitative and qualitative data, and they are used principally in both descriptive and explanatory research. Secondary data are usually collected from journals, existing reports, books, and statistics by government agencies and authorities (Saunders, et al., 2009). The secondary data for this particular study was collected from bank journals, books, research publications, and company brusher and reports. The secondary data was aids the researcher as specific reference and explore different construct, models and theories important to this study.

On the other hand, there are several methods of collecting primary data, particularly in surveys and descriptive researches. Important ones are: observation, interview, questionnaires, depth interviews, and content analysis (Kothari, 2004).

According to Hollensen (2007) primary data can be defined as “information that is collected first-hand, generated by original research tailor-made to answer specific current research questions”. The researcher was used structured questionnaire as a main instrument to collect data. Questionnaire was used to collect data from different employees to gather the information needed for the research by using a five point likert response scale. The questionnaire has two

parts; first part focuses mainly about the personal profiles of sample respondents such as age; gender, education status etc., whereas part two of the questionnaire deals with state of agreement by respondents on agreement state of different respondents on different aspects of employee engagement, employee empowerment and employee performance. Some previously arranged questionnaires were taken from different related sources.

3.6 Data Analysis and Presentation

Both the descriptive and inferential analysis was conducted using statistical software called Statistical Package for Social Science V23.

Descriptive analysis was used to analyze data gathered through questionnaires. The data gathered through questionnaires was fed into SPSS to make the data ready for processing. At last presentation and report was done through graphs, figures, and tables. The arithmetic mean is a measure of central tendency which may be used to represent data in an entire population. Standard Deviation is a widely used to measure the variability in statistics and probability theory. It shows how much variation there is from the mean. Simple regression analysis was also applied for the research to address research objectives. The study tests five assumptions, linearity, Normality, and autocorrelation, Multicollinearity, and homoscedasticity tests. In order to study the relationships between the independent and dependent variables a Pearson's correlation analysis was used.

3.7 Model Specification

The following models were identified for this study:

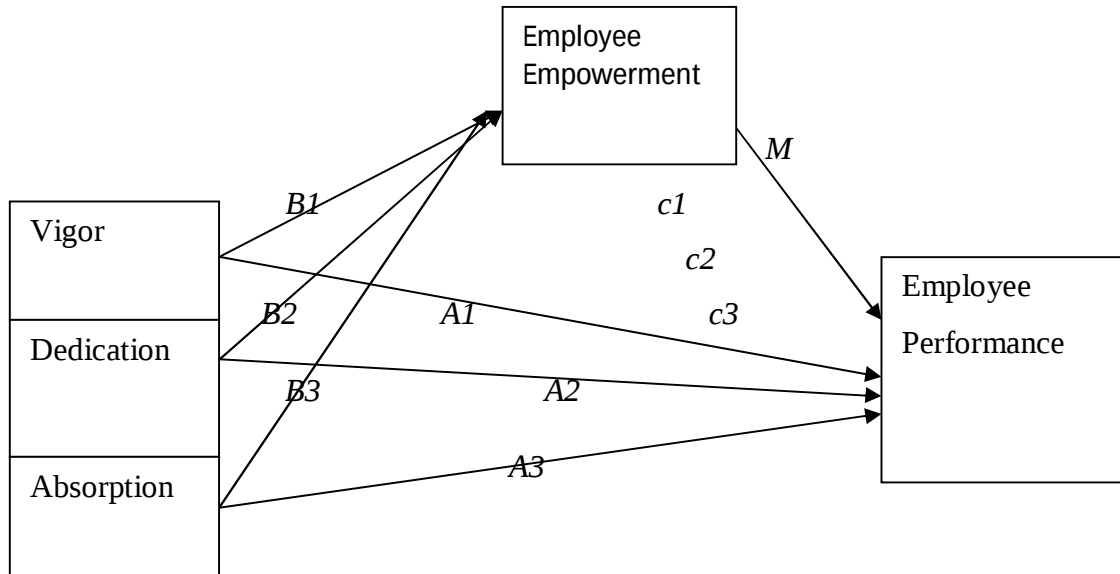


Figure 2: Model Specification

Model 1:

$$Y = \alpha + a_1X_1 + a_2X_2 + a_3X_3 + \epsilon_y$$

Where, Y=Employee performance, α =the level of employee performance in the absence of vigor, absorption and dedication; X_1 =Vigor, X_2 =Dedication, X_3 =Absorption; a_1 , a_2 , a_3 =coefficients, and ϵ_y = error term.

Model 2:

$$M = \alpha_2 + b_1x_1 + b_2x_2 + b_3x_3 + \epsilon_M$$

Where, M=Employee empowerment (Mediator), α_2 =intercept of employee empowerment, X_1 =Vigor, X_2 =Dedication, X_3 =Absorption; b_1 , b_2 , b_3 =coefficients, and ϵ_m = error term

Model3:

$$Y = \alpha_3 + eM + \epsilon_y$$

Where: Y = Employee Performance, M = Employee Empowerment, α_3 = intercept of employee Performance, e = coefficient, ε_y = the random error

Model 4(Main):

$$Y = \alpha_4 + c_1x_1 + c_2x_2 + c_3x_3 + dM + \varepsilon_y$$

Where: Y = Employee Performance, X1=Vigor, X2=Dedication, X3=Absorption, M = Employee Empowerment, α_4 = intercept of employee turnover intention, c_1 , c_2 , c_3 , d = coefficients, ε_y = the random error.

3.8 Reliability

As stated by Mohamed (2013) one of the main requirements of any research process is the reliability of the data and findings. In the main, reliability deals with the consistency, dependability and replicability of “the results obtained from a piece of research”.

To ensure the reliability of the measurement scales, Cronbach’s alpha was used in the calculation. Where by a higher value of above 0.6 indicated that the variables were reliable while the values above 0.9 are regarded as most reliable but anything below 0.6 was regarded inconsistent with the reliability scales as according to George & Mallery (2003) who suggested that in order for a scale to be reliable, the Cronbach’s alpha value should be above 0.6.

Table 3.3: Cronbach’s Alpha Coefficients for the Pilot Test

Variables	Cronbach’s Alpha	No. of items
Vigor	0.774	4
Absorption	0.719	4
Dedication	0.823	4
Employee Empowerment	0.614	12
Employee Performance	0.709	6

Source: own research survey, 2020

Table 3.3 above shows the reliability test for the explanatory variables (vigor, absorption, and dedication) and mediating variable (employee employment). The Reliability Test for vigor consisted of four questions and the result is 0.774 representing 77.4% scale reliable. The question regarding vigor is reliable. The reliability test result for employee employment is 0.614 consisted of twelve questions representing 61.4% scale reliable. Based on the examination of the research scales and constructs, it can be concluded that each variable represents a reliable and valid construct.

3.9 Validity measurement

According to Creswell (2014) validity is one of the strengths of qualitative and quantitative research and is based on determining whether the findings are accurate from the standpoint of the researcher, the participant, or the readers of an account. Terms abound in the qualitative literature that addresses validity, such as trustworthiness, authenticity, and credibility. The questionnaire was carefully designed and tested with a few members of the population for further improvements. Content validity of the survey questionnaire was validated by professionals and some parts of the questionnaires were taken from previous documents and secondary sources like from Schaufeli et al., (2002), and Nawaz et al. (2014).

Table 3.4 Rotated Factor Matrix analysis

<i>No.</i>	<i>Items</i>	<i>Factor Loading</i>
1.	I really feel as if this Company's problems are my own (V1).	0.685
2.	I exert my full effort to my job (V2).	0.728
3.	I trust my immediate manager (V3).	0.678
4.	I feel energetic at my job (V4)	0.750
5.	In my team we will finalize a task even if we experience difficulties (AB1).	0.706

6.	I have the necessary knowledge and skills to do my job (AB2).	0.659
7.	CBE recognizes or praises me when I do a good job (AB3).	0.624
8.	I am competent in all areas of my job, handling of tasks with proficiency (AB4).	0.546
9.	I feel enthusiastic about my work (D1).	0.817
10.	I get carried away when I am working (D2).	0.818
11.	At work, I devote a lot of attention to my job (D3).	0.626
12.	I feel committed to the organization (D4).	0.716
13.	There is someone at work who encourages my development (EM1).	0.604
14.	This last year, I have had opportunities at work to learn and grow (EM2).	0.675
15.	I received recognition or praise for doing good work (EM3)	0.631
16.	I am rewarded for work well done (EM4).	0.666
17.	I have mastered the skills necessary for my job (EM5).	0.428
18.	I have significant autonomy in determining how I do my job (EM6).	0.684
19.	I have considerable opportunity for independence and freedom in how I do my job (EM7).	0.634
20.	I have significant influence over what happens in my department (EM8).	0.595
21.	I have a clearly established career path (EM9).	0.720
22.	I am satisfied with my overall job security (EM10).	0.627

23.	My Individual performance in the bank is adequately rewarded (EM11).	0.582
24.	CBE recognizes or praises me when I do a good job (EM12).	0.798
Extraction Method: Principal Component Analysis.		
Rotation Method: Varimax		

Source: own survey result, 2020

To assess the goodness of the instrument measures, the instrument was subjected to the construct validity and reliability tests. The construct validity was evaluated by factor analysis with eigen values of at least 1.0, and factor loading of at least 0.40. Table above shows the factor loading for the five constructs that are loaded. Factor analysis was employed for all variables with multi-item scales. During all factor analysis procedures, principal axis factoring with eigen value greater than or equal to one extraction and varimax rotation methods were employed. The factors extracted for each of the scales, which had factor loading value greater than 0.4, were used in a subsequent analysis. Items with factor loadings of less than 0.4 might be excluded from further analysis (Dwivedi et al., 2006). Hence all factor loading values were above 0.4, and are valid. The coefficients for this component vary between 0.428 and 0.818. Finally, all five items of the employee performance construct loaded at factor. This means that the collected data and the findings that were obtained from this instrument are valid.

3.10 Research Ethics

According to Leedy and Ormrod (2013), in doing any research, there is an ethical responsibility to do the work honestly and with integrity. The basic principle of ethical research is to preserve and protect the human dignity and rights of all subjects involved in a research project. In this regard, the researcher assured that the respondents' information was confidential and used only for the study purpose. Before the data collection, the ethical issues were taken in to consideration when the study is conducted. Appropriate communication was undertaken with the staff of the bank. During data collection respondents was informed the objective of the research. Anyone who may not interest to involve and bring any information was not included in the study. For the purpose of respondents' security their names was not written on the questionnaire. As a general rule, therefore the study was not raising any ethical anxiety.

CHAPTER FOUR

RESULT AND DISCUSSION

Introduction

In this chapter, the data collected has been analyzed and interpreted. The primary focus of this study is to examine the mediating role of employee empowerment in the relationship between employee engagement (vigor, absorption, and dedication) and employee performance. The data collected is mainly based on respondents' expectations and perceptions of the various items. The first part of the questionnaire consists of demographic information of the respondents are presented in figures below. The second part of the questionnaire presents the descriptive analysis on variables of the study and the next part deals with the results of regression and correlation between employee engagement and employee performance. In this analysis SPSS version 20.0 was used to make the necessary calculations. A total of 390 questionnaires are distributed to potential respondents and 387 were workable questionnaires and analyzation was made based on this data.

4.1 Demographic Characteristics

This part shows the demographic information of the study participants. The study participants on survey questionnaire have different personal information; besides these differences they introduce different responses towards employee engagement and employee performance. The study sought to establish the gender, age category, level of education, and service year status of the respondents in the bank. The respondent profile who participated in the study is presented the demographic characteristics of the 387 respondents.

4.1.1 Gender profile of the respondents

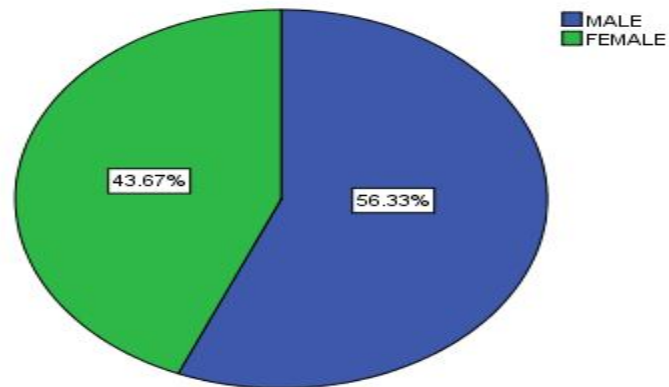


Figure2: Gender Profile

Source: own research survey, 2020

The study requested the respondents to indicate their gender category. From the above figure 2 the findings revealed that about 43.67% of the respondents were female and about 56.33% of the respondents were male. Here, we infer that most of the respondents were male. From this finding one can infer that both genders were involved in the study and thus the finding of the study did not suffer from gender bias.

4.1.2 Age Category of the respondents

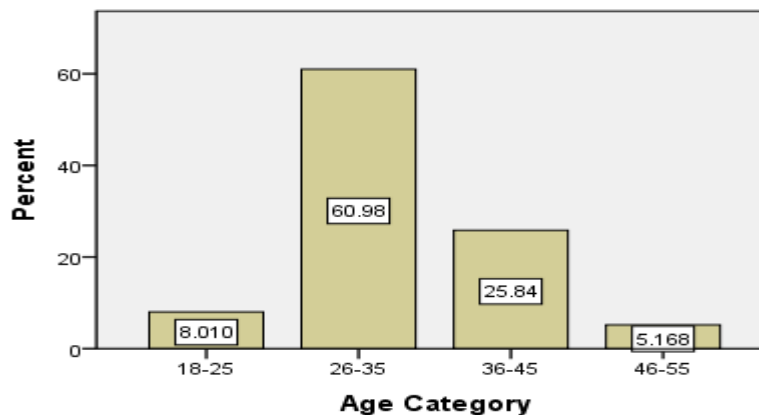


Figure 3: Age Category

Source: own research survey, 2020

The study requested the respondents to indicate their age category. From the above figure 3 result the findings revealed that about 8.01% of them were within the age of 18-25, about 60.98% of the respondents were within the age of 26-35 years old. About 25.84% of them were within the age of 46-55 years old and about 5.168% of the respondents were above the age of 60 years old. Here from the finding most of the respondents were within the age of 26-35 years old and within the age of 36-45 years old. This is an indication that respondents were well distributed in terms of their age category. The age category implies that the respondents were comprised of heterogeneous groups; which in turn enabled the researcher to get varied responses across the sample units' fairly distributed. Hence, again the study did not suffer from age bias.

4.1.3 Educational Level of the respondents

The study also requested the respondents to indicate their highest level of education. The result is presented in below figure.

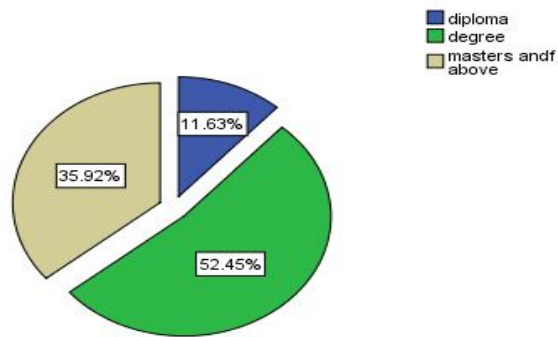


Figure4: Educational level
Source: own research survey, 2020

From the figure 4 result it was recognized that about 52.45% of the respondents have degree, about 35.92% of the respondents had masters and above while about 11.63% of the respondents have diploma education level. Thus, most of the respondents were first degree and above degree holders.

4.1.4 Respondents position in the bank and years of service in the bank

The researcher requested respondents to indicate the number of service years and position of the employees they have been working in the bank. The result was presented in below table.

Table 4.1: respondents' position in the bank and years of service in the bank

Questions	Response Category	Frequency	Percentage
Position in the Bank	Bank Trainee	36	9.3%
	Customer service officer	132	34.1%
	Senior customer service officer	142	36.7%
	Management Level	72	18.6%
	Others	5	1.3%
Year of service in the bank	< 2 year	92	23.8%
	3 to 5 years	92	23.8%
	6 to10 years	119	30.7%
	11 to 19 years	59	15.2%
	Above 20 years	25	6.5%

Source: own research survey, 2020

From the above table about 9.3% of the respondents were bank trainee, about 34.1% of the respondents were customer service officer, about 36.7% of the respondents were senior customer service officer, about 18.6% were at management level, and about 1.3% of the respondents were in other positions. Thus, this study included all employment positions in the bank.

From the above table the study revealed that about 23.8% of the respondents had less than 2-year experience, about 23.8% of the respondents had 3-5 years' service year, about 30.7% of the respondents had 6-10 years' experience, about 36.75% of them had above 10-year service year experience, about 15.2% of the respondents had 11 to 19 years experience and about 6.5% years work experience. Therefore, majorities of the respondents had 6-10 years' service year experience in the bank. Thus, one can infer that respondents might have best experience in the bank.

4.2 Descriptive Statistics Result

The study established that the responses were measured on five point likert scale with 1= Strongly Disagree; 2= Disagree; 3= Neutral; 4= Agree; and 5 = Strongly Agree as used by Worku (2015). To make easy interpretation using mean value, the following ranges of values were assigned to each scale: 1.50 or less = Strongly Disagree; 1.51- 2.50 = Disagree; 2.51- 3.49 = Neutral; 3.50 – 4.49 = Agree; and 4.50 and greater = Strongly Agree as used by Desalegn (2010).

4.2.1 Descriptive statistics on Employee Engagement

Table 4.2 Descriptive statistics result about employee engagement

Questions	Mean	Std Deviation
I really feel as if this Company's problems are my own.	1.65	1.00
I exert my full effort to my job.	1.80	1.029
I feel committed to the organization.	2.08	1.273
I trust my immediate manager.	1.88	1.149
At work, I devote a lot of attention to my job.	3.38	1.295
In my team we will finalize a task even if we experience difficulties.	3.66	1.073
I have the necessary knowledge and skills to do my job.	3.53	1.011
I do my best to solve problems that arise in our team.	2.93	1.271
I am competent in all areas of my job, handling of tasks with proficiency.	3.33	1.445
I feel enthusiastic about my work.	3.29	1.424
I get carried away when I am working.	3.72	1.270
I feel energetic at my job.	4.02	1.125

Source: own research survey, 2020

Form the above table for the first sub-construct the mean value 1.65 indicate that most of the respondents were disagreed on this sub-construct with low standard deviation value of 1.000. This indicates that employees didn't feel as if the company's problems are their own. The second sub-construct mean value 1.80 means that the respondents were also disagreed that they exert

their full effort to their job in the bank. Thus, employees were not willing to exert their full effort to their job in the bank. The third sub-construct mean value 2.08 indicates also the employees were disagreed that they feel committed to the organization. This means employees didn't feel committed to the organization the employed. Based on the fourth sub-construct most of the respondents with mean value 1.88 were disagreed that they trust their immediate manager. This means the respondents were didn't trust their immediate manager. Based on the fifth sub-construct questions majority of the respondents with mean value 3.38 were neutral on their devotion on giving a lot of attention to their job. Researchers like Anitha (2014) explained that employee engagement plays a significant role for the enhancement of employees' job performance. The enhancement of employee performance is the result of which level employees are engaged in the organization.

Based on the sixth sub-construct most of the respondents with mean value 3.66 indicates that respondents were agreed that in their team they will finalize a task even if their experience difficulties. From this finding one can infer that employees were agreed on the statement that employees were will finalize a task even if they experience difficulties in their team. From the seventh sub-construct the mean value 3.53 indicates that employees were agreed that they had the necessary knowledge and skills to do their job. One can infer and conclude that employees have necessary knowledge and skills to do their job effectively. The eighth sub-construct mean value 2.93 indicates that respondents were neutral that they do the best to solve problems that arise in their team. Based on the ninth sub-construct most of the respondents with mean value 3.33 were neutral on they are competent in all areas of their job, handling of tasks with proficiency. Thus, one can infer that employees were indifferent that they could do their best to solve problems that arise in their team and were competent in all areas of the bank handling their job efficiently and proficiency. The tenth sub-construct respondents' response mean value 3.29 indicates that they were neutral that they feel enthusiastic about their work. The eleventh sub-construct response mean value 3.72 indicates they agreed that they get carried away when they were working. The last sub-construct respondents' response mean value 4.02 indicates that they agreed that they feel energetic at their job. Therefore, from this one can infer that the employees in the bank found in different positions were energetic at work and get carried away when they were working while they were indifferent about their enthusiastic about their work.

Generally, from the employee engagement survey descriptive statistics summary result of employee engagement level indicates that employees didn't feel as the company's problems are their own, were not willing to exert their full effort to their job in the bank, didn't feel committed to the organization they employed, and didn't trust their immediate manager. This finding is supported by Shuck et al. (2011) Shuck and Wollard (2010) in that the organization having high level engaged employees gain more organizational outcomes through high employee performance. Other researcher Halbesleben (2010), Mone and London (2010) also articulated that individual performance and employee engagement found closely and positively related. Leaders will have positive effects on employee engagement by offering a sense of attachment to work. But, in this study the employees were employees have necessary knowledge and skills to do their job effectively and they were finalize a task even if they experience difficulties in their team while they are indifferent on handling their job efficiently and proficiency about their enthusiastic about their work.

Table 4.3 Descriptive statistics result about employee empowerment

Questions	Mean	Std. Dev
There is someone at work who encourages my development.	1.98	1.320
This last year, I have had opportunities at work to learn and grow.	1.79	1.178
I received recognition or praise for doing good work	1.63	1.068
I am rewarded for work well done.	1.43	0.859
I have mastered the skills necessary for my job.	3.82	1.351
I have significant autonomy in determining how I do my job.	3.16	1.384
I have considerable opportunity for independence and freedom in how I do my job.	3.01	1.466
I have significant influence over what happens in my department.	3.50	1.385
I have a clearly established career path.	3.76	1.131
I am satisfied with my overall job security.	3.57	1.216
My Individual performance in the bank is not adequately rewarded.	4.09	1.239
CBE didn't recognize or praises me when I do a good job.	4.01	1.115

Source: own research survey, 2020

Based on the above table result, from the first sub-construct most of the respondents' response mean value 1.98 indicates that they were disagreed that there is someone at work who encourages their development. Thus, this finding indicates that there is no encouragement at their work for their career development respect to their best work and achievement. The second sub-construct mean value 1.79 indicates that most of the respondents were disagreed that they have an opportunities at work to learn and grow in this last year. From this finding one can infer that there were not an opportunities to learn and grow for their work. Based on the third sub-construct descriptive statistics result mean value 1.63 indicates that they were disagreed that they received recognition or praise for doing good work. Thus, one can infer that there is no recognition or praise for doing good work. Based on the fourth sub-construct the mean value 1.43 indicates that most of the respondents were disagreed that they were rewarded for their work well done. Thus, there is no reward and recognition for the employees regarding for their best work achievement.

Based on the fifth sub-construct the mean value 3.82 indicates that most of the respondents were agreed that they were mastered the skills necessary for their job. The sixth sub-construct mean value result 3.16 indicates that most of the employees were neutral on whether they had significant autonomy in determining how they do their job. This result indicates that employees were mastered the skills necessary for their job but indifferent on having a significant autonomy in determining how they do their job. From the seventh sub-construct mean value 3.16 indicates that most of the respondents were neutral that they have considerable opportunity for independence and freedom in how they do their job. From the eighth sub-construct mean value 3.5 indicates that respondents were agreed that they do not have significant influence over what happens in their department. In the ninth sub-construct mean value 3.76 indicates that respondents were agreed that they have a clearly established career path. The tenth sub-construct mean value 3.57 indicates that most of the respondents were agreed that they were not satisfied with their overall job security. The eleventh sub-construct the respondents' response mean value 4.09 indicates that most of the respondents were agreed that their individual performance in the bank is not adequately rewarded. For example researchers like by Meyerson & Dewettinck (2012) confirmed that delegation, participatory management, encouragement and reward are positively related to organizational outcomes. Therefore, individual performance in the bank must be adequately rewarded.

The result of the last sub-construct mean value 4.01 indicates that most of the respondents were agreed that commercial bank of Ethiopia didn't recognize or praises them when they do a good job. Thus, from this result one can infer that even though employees have a clearly established career path, the employees did not have significant influence over what happens in their department, were not satisfied with their overall job security, their individual performance in the bank is not adequately rewarded, and commercial bank of Ethiopia didn't recognize or praises them when they do a good job. Researchers like Ling SuanChoo et al. (2013) has evident that promotion opportunity in the organizational setting generates high level engagement of employees at their job. In fact, no employee would like to remain in the same position for a long time rather s/he expects to hold the next position. Therefore, when employees find that their workplace provides opportunity to be promoted smoothly then they get metal attachment with the organization.

Generally, the employee empowerment descriptive statistics analyses result indicates there is no encouragement at their work for their career development respect to their best work and achievement, there were not an opportunities to learn and grow for their work, there is no reward and recognition for the employees regarding for their best work achievement, employees were mastered the skills necessary for their job. Even though employees have a clearly established career path, the employees did not have significant influence over what happens in their department, were not satisfied with their overall job security.

4.3 Explanatory analysis result

4.3.1 Correlation Analysis Result and Discussions

The primary objective of correlation analysis is to measure the strength or degree of linear association between two variables. The correlation coefficient examines the strength and direction of the linear relationship between two variables. The correlation coefficient can range between -1 and +1, the larger the absolute value of the coefficient; the stronger the relationship between the variables. Zero (0) indicates no relationship between two variables. The sign of the relationship indicates the direction of relationship. $P\text{-value} \leq \alpha$: The correlation is statistically significant; if the p-value is less than or equal to the significance level, then we can conclude that the correlation is different from 0. $P\text{-value} > \alpha$: The correlation is not statistically significant; if

the p-value is greater than the significance level, then you cannot conclude that the correlation is different from 0. As such the following table shows the correlation between dependent variable (Employee performance) and independent variables (vigor, Absorption and Dedication) and mediating variable (Employee empowerment).

Table 4.4 Pearson correlations analyses result

		Vigor	Absorption	Dedication	Empowerment	Performance
Vigor	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	387				
Absorption	Pearson Correlation	.092	1			
	Sig. (2-tailed)	.071				
	N	387	387			
Dedication	Pearson Correlation	.002	.481**	1		
	Sig. (2-tailed)	.969	.000			
	N	387	387	387		
Empowerment	Pearson Correlation	.319**	.512**	.396**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	387	387	387	387	
Performance	Pearson Correlation	.406**	.652**	.532**	.693**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	387	387	387	387	387

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

Source: own research survey, 2020

From the above correlation table 4.4, we can see that the independent constructed variables and mediating variables were correlated with employee performance. Absorption has the highest and strong correlation coefficient with employee performance ($r=0.652$), and between dedication and employee performance ($r=0.532$); and employee empowerment has also mediate relationship with employee performance ($r=0.693$). Therefore, from the above table we can conclude that all constructed independent and mediating variables have positive and significant correlation with employee performance because the p (sig) value is less than $\alpha=.05$ level. Thus, all the variables have significantly correlated with employee performance.

4.3.2 Diagnosis Test about Assumptions of OLS

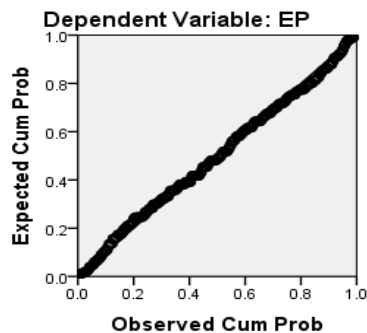
Before applying regression analysis, some tests were conducted in order to ensure the appropriateness of data to assumptions regression analysis as follows.

Linearity test

Linearity refers to the degree to which the change in the dependent variable is related to the change in the independent variables. To determine whether the relationship between the dependent variable employee performance and the independent variables employee engagement by using employee empowerment as a mediating, is linear; plots of the regression residuals through SPSS V20 software had been used. See the Normal Point Plot of Standardized Residual below.

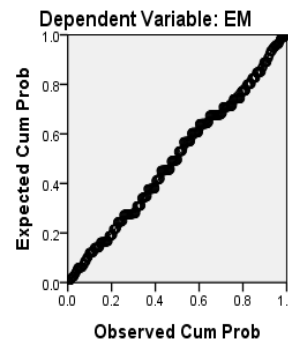
Figure 5: Linearity Test

Normal P-P Plot of Regression Standardized Residual



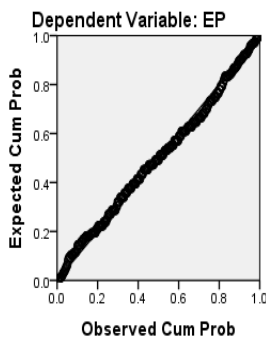
Model 1

Normal P-P Plot of Regression Standardized Residual



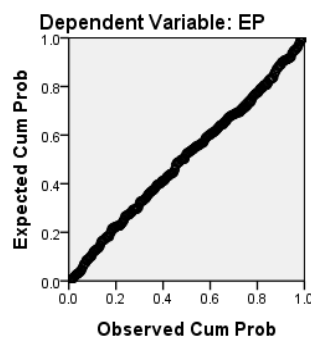
Model 2

Normal P-P Plot of Regression Standardized Residual



Model 3

Normal P-P Plot of Regression Standardized Residual



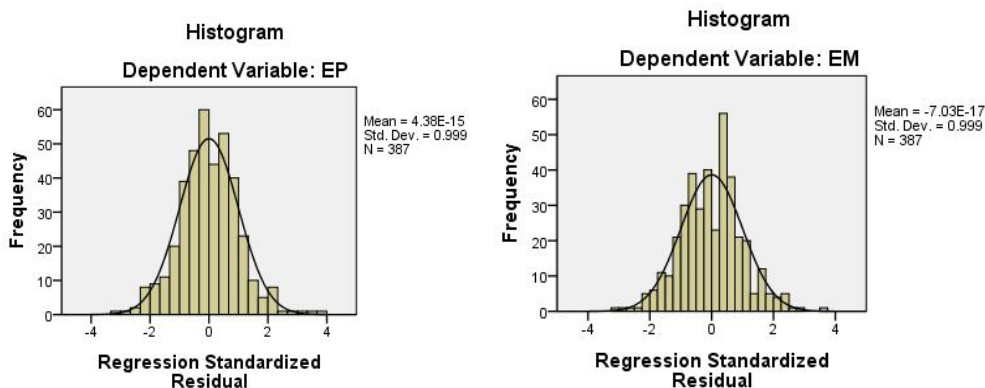
Model 4

Source: own research survey, 2020

Normality test

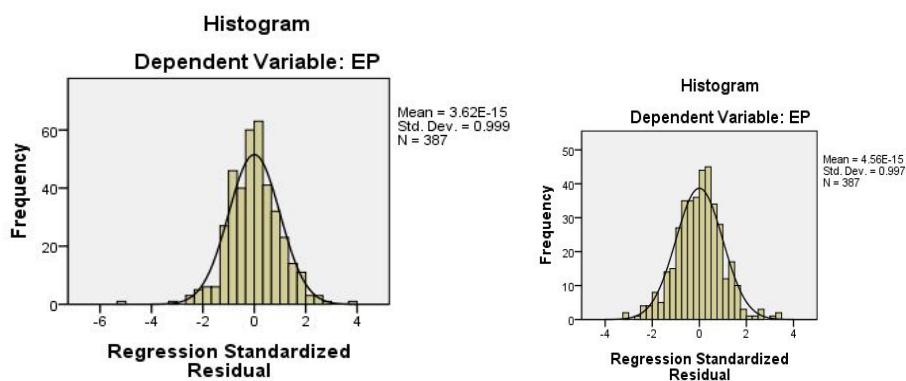
Secondly, the linear regression analysis requires all variables to be multivariate normal. This assumption can best be checked with a histogram and a fitted normal curve or a Q-Q-Plot. As per the Classical Linear Regression Models assumptions, the error term should be normally distributed or expected value of the errors terms should be zero ($E(u_t) = 0$).

Figure 6: Normality test



Model 1

Model 2



Model 3

Model 4

Source: own research survey, 2020

Figure above shows the frequency distribution of the standardized residuals compared to a normal distribution. As you can see, although there are some residuals (e.g., those occurring around 0) that are relatively far away from the curve, many of the residuals are fairly close to 0.

Moreover, the histogram is bell shaped which lead to infer that the residual (disturbance or errors) are normally distributed. Thus, no violations of the assumption normally distributed error term.

Multicollinearity Test between Study Variables

Thirdly, linear regression assumes that there is little or no multi-co linearity in the data.

Multi-co linearity occurs when the independent variables are not independent from each other. A second important independence assumption is that the error of the mean has to be independent from the independent variables. Thus, we can test using the following criteria.

1. Tolerance – the tolerance measures the influence of one independent variable on all other independent variables; the tolerance is calculated with an initial linear regression analysis. Tolerance is defined as $T = 1 - R^2$ for these first step regression analysis. Thus from the finding in coefficient table all tolerance values were less than one. See table 4.5.

3. Variance Inflation Factor (VIF) – the variance inflation factor of the linear regression is defined as $VIF = 1/T$. Similarly, with $VIF > 10$ there is an indication for multi-collinearity to be present; with $VIF > 100$ there is certainly multi-collinearity in the sample. Thus from the coefficient table all VIF values are less than 10.

Table 4.5: Collinarity test

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
1 Vigor	.989	1.011
Absorption	.760	1.315
Dedication	.767	1.304

a. Dependent Variable: Performance

As shown in the above table result all variables tolerance value is less than 1 and Variance inflation factor is above table 4.5.

Autocorrelation Test

Fourthly, linear regression analysis requires that there is little or no autocorrelation in the data. Autocorrelation occurs when the residuals are not independent from each other. While a scatter

plot allows you to check for autocorrelations, you can test the linear regression model for autocorrelation with the Durbin-Watson test. The value of Durbin Watson assumes to be between 0 and 4; values around 2 indicate no autocorrelation. From our test, the value of Durbin Watson is about 1.742. Thus it lies between $0 < 1.742 < 4$ (see table 4.6 below). The value of Durbin Watson is close to 2 indicates there is no violation of Autocorrelation. Thus, from an explanation of the information presented in the entire five tests one can conclude that there is no significant data problems that would lead to say the assumptions of multiple regressions have been seriously violated.

Table 4.6: Autocorrelation test

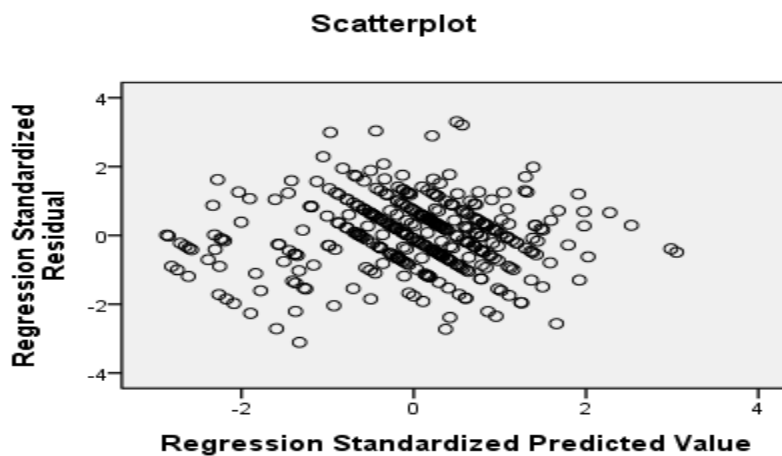
Model	Durbin-Watson
1	1.679

- a. Predictors: (Constant), Dedication, Vigor, Absorption
- b. Dependent Variable: Performance

Homoscedasticity Test

Lastly, homoskedasticity test, which refers to whether residuals are equally distributed, or presence of equality of variance/homogeneity of variance. The following test was done in testing the problem of homoskedasticity.

Figure 7: Homschedasticity test



Source: own research survey, 2020

Lastly, homoscedasticity test, which refers to whether residuals are equally distributed, or presence of equality of variance/homogeneity of variance. Homoscedasticity can be checked by visual examination of a plot of the standardized residuals by the regression standardized predicted value. If the error terms are distributed randomly with no certain pattern, then the problem is not detrimental for analyses. Figure above shows that the standardized residuals in this research are distributed evenly indicating heteroscedasticity is not a serious problem for this data.

4.3.3 Regression Analysis Result and Discussions

The objective of this study is to examine the mediating role of employee empowerment in the relationship between employee engagement (Vigor, Absorption, and Dedication) and employee performance. In order to study the relationship between the dependent and independent variables and specify the mediating effect of employee empowerment on the relationship of employee engagement and employee performance, a simple regression analysis was applied. The regression provides information regarding the significance of the variables that were included in the model while the R^2 explains how much variance in the dependent variable is explained by the model or how much the performance is explained by mediating variable toward employee engagement and employee performance relationship.

Table 4.7 Regression analysis Model summary

Model	R	R Square	Adjusted R square	Std. error of the Estimate
1.	.785 ^a	.617	.614	.447
a. Predictors: (Constant), Dedication, Vigor, Absorption				
2.	.609 ^a	.370	.365	.430
a. Predictors: (Constant), Dedication, Vigor, Absorption				
3.	.693 ^a	.480	.478	.519
a. Predictors: (Constant), Empowerment				
4.	.831 ^a	.690	.687	.402
a. Predictors: (Constant), Empowerment, Vigor, Dedication, Absorption				

Source: own research survey (2020)

As indicated in table 4.7 above shows two important elements R and R². Based on the 1st model R shows a significant positive relationship of 0.785 which is 78.5% of relationship of employee performance with employee engagement (Vigor, Absorption, and Dedication). The R² value=0.617 indicates that employee performance label is explained by employee engagement (vigor, Absorption and Dedication) with 61.7% of variation. This indicates that employee engagement (vigor, Absorption and Dedication) in this study explain about 61.7% of the variation in the level of employee performance.

Concerning the second model predicting variables (employee engagement dimensions such as vigor, Absorption and Dedication) are entered into equation in the order specified by the researcher based on theoretical grounds. The R² value changes 0.370. Here, the R² value 0.370 indicates that employee empowerment can be determined by employee engagement by 37% of variation. Based on the third model, R² value is 0.480. Thus, about 48% of the variance in employee performance is explained when employee empowerment considers.

The fourth model indicates that the R value 0.831 which indicates that when employee empowerment mediates, there is 83.1% relationship of employee engagement (vigor, Absorption and Dedication) and employee performance. The R² value =0.690 indicates that the variance in

the employee performance is explained by 69% of the mediating effect of employee empowerment toward the relationship between employee engagement and employee performance.

Therefore, employee engagement (vigor, Absorption and Dedication) and mediating variable (employee empowerment) were good explanatory variables of the HR practices influencing employee performance. However, the remaining 31% changes in employee performance in Commercial Bank of Ethiopia can be explained by the other variables not included in the model.

4.3.4 ANOVA Analysis result

The **ANOVA** table indicates that the model as a whole (which includes all blocks of variables) is significant.

Table 4.8 ANOVA Analysis result

Model	Sum of Squires	df	Mean square	F	Sig.
1.	Regression	123.012	3	41.004	205.566
	Residual	76.396	383	.199	
	Total	199.408	386		
a. Dependent Variable: Performance					
b. Predictors: (Constant), Dedication, Vigor, Absorption					
2.	Regression	41.695	3	13.898	75.106
	Residual	70.875	383	.185	
	Total	112.571	386		
a. Dependent Variable: Empowerment					
b. Predictors: (Constant), Dedication, Vigor, Absorption					
3.	Regression	95.673	1	95.673	355.082
	Residual	103.735	385	.269	
	Total	199.408	386		
a. Dependent Variable: Performance					
b. Predictors: (Constant), Empowerment					
4.	Regression	137.654	4	34.413	212.875
	Residual	61.754	382	.162	
	Total	199.408	386		
a. Dependent Variable: Performance					
b. Predictors: (Constant), Empowerment, Vigor, Dedication, Absorption					

The ANOVA Analysis result indicates that the sig value (0.000) for all the models is less than 0.05 significant levels. I.e. p-value-0.000, which is highly significant and can be concluded that employee engagement (vigor, absorption and dedication) can predict employee performance significantly. This indicates that the sample data provides sufficient evidence to conclude that the regression model was well fitted at 5 percent level of significance. This shows that the statistically significant relationships between the predictor variable (vigor, absorption and dedication) and mediating variable and employee performance at 5% significance level. Thus, the explanatory variable has great impact on employee performance in Commercial Bank of Ethiopia. But, it does not mean that all these HR practices influencing employee performance have equally significant correlation with employee performance.

4.3.5 Regression coefficient Analysis Result

Table 4.9: Regression coefficient analysis

Model	Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.417	.108		3.851	.000
	Vigor	.301	.026	.362	11.376	.000
	Absorption	.395	.030	.473	13.038	.000
	Dedication	.204	.024	.304	8.415	.000
a. Dependent Variable: Performance						
2	(Constant)	1.454	.104		13.935	.000
	Vigor	.177	.026	.284	6.958	.000
	Absorption	.241	.029	.384	8.268	.000
	Dedication	.106	.023	.210	4.540	.000
a. Dependent Variable: Empowerment						
3	(Constant)	.296	.148		1.998	.046
	Empowerment	.922	.049	.693	18.844	.000
a. Dependent Variable: Performance						
4	(Constant)	-.244	.120		-2.036	.042
	Vigor	.221	.025	.265	8.718	.000
	Absorption	.285	.030	.342	9.637	.000
	Dedication	.156	.022	.232	6.954	.000
	Empowerment	.455	.048	.342	9.517	.000
a. Dependent Variable: Performance						

Source: own research survey, 2020

As seen on Table 4.9, in the first step of regression analysis employee engagement and employee performance is added to the model. According to regression analysis findings, there is a significant effect of vigourousity on employee performance ($B=0.301$, $p=0.000<0.05$). Also, as seen on Table 4.9, there is a significant effect of absorption on employee performance ($B=0.395$, $p=0.000<0.05$). There was a significant positive and significant relationship between Dedication and employee performance ($B=0.204$, $p=0.000<0.05$).The regression coefficient value for

Absorption is the largest (0.395) among the three dimensions of employee engagement, which means that absorption makes the strongest unique contribution to explaining employee performance in Commercial Bank of Ethiopia. A change in employee performance is explained by employee engagement dimensions (vigor, Absorption and Dedication) at 61.7% (Adjusted R2 in table 4.7).

As shown in table 4.7 R-square value for the regression Model 2 was 0.370. This indicates that employee engagement dimensions (i.e. vigor, absorption and dedication) in this study explain about 37% of the variation in the level of employee empowerment means a change in employee empowerment is explained by employee engagement at 37%. According to regression analysis findings in table 4.9, there is a significant effect of vigor on employee empowerment ($B=0.177$, $p=0.000<0.05$). When one unit increases in vigor, employee empowerment increases by 0.177 units. As seen on Table 4.9, there is a significant effect of absorption on employee employment ($B=0.241$, $p=0.000<0.05$). When one unit increases in absorption, employee empowerment increases by 0.241 units. There was a significant positive and significant relationship between Dedication and employee empowerment ($B=0.106$, $p=0.000<0.05$). When one unit increases in dedication, employee empowerment increases by 0.106 units. Thus, it can be stated that when employee engagement dimensions (vigor, absorption and dedication) increases, employee empowerment rises.

In third model of regression employee empowerment and employee performance was added to the model. There is a significant effect of employee empowerment on employee performance ($B=0.922$, $p=0.000<0.05$). A change in employee performance is explained by employee empowerment at 48 % (Adjusted R2 in table 4.7). Also, as seen on Table 4.9, when one unit increases in employee empowerment, employee performance increases by 48%. The result explained that employee empowerment significantly affects employee performance. Thus, it can be stated that when employee empowerment increases, employee performance enhances.

In fourth and last model of regression, the effect of employee engagement (vigor, absorption, dedication) together with mediating variable(employee empowerment)on independent variable (employee performance) is examined. As seen on Table 4.9, in order to determine the mediating role of employee empowerment on the relationship between employee engagement

dimensions(vigor, absorption, dedication) and employee performance both steps were examined. The mediating effect of employee empowerment on the relationship of employee engagement and employee performance is reduced the B value from the first model. The regression coefficient for vigor reduced from $B=0.301$ to $B=0.221$, $p=0.000<0.05$; absorption coefficient reduced from $B=0.395$ to 0.285 and coefficient of dedication changed from $B=0.204$ to 0.156 . And also the effect of employee engagement dimensions on employee performance when controlling for employee empowerment is still significant and reduced. Thus, there is a change of regression coefficient of employee engagement.

4.3.6 Mediation and Hypothesis testing

Statements of hypothesis were formulated based on the two independent and mediating variables used in this study in order to come up with the results. In order to know the presence of mediation effect the Baron and Kenny (1986) method was applied. The Baron and Kenny (1986) method is an analysis strategy for testing mediation hypotheses. In this method for mediation, there are two paths to the dependent variable. The independent variable (employee engagement) must predict the dependent variable (employee performance), and the independent variable must predict the mediator (employee empowerment). Thus, the presence of Mediation is tested through four conditions:

1. The independent variable must be significantly related to the dependent variable in model 1.
2. The independent variable must be significantly related to the mediator in model 2.
3. The mediator must be significantly related to the dependent variable in model 3; and finally
4. The independent variable must predict the dependent variable less strongly in model 3 than in model 1.

Thus,

H1: Vigorosity has positive and significant effect on Employee performance.

Based on the regression coefficient table 4.9 there was a significant and positive relationship between vigorosity and employee performance ($B = +0.301$, $p = 0.000$). Consistent with the initial proposed hypothesis, vigorosity has positive and statistically highly significant effect on employee performance. Thus, these statistics supported hypothesis 1 which posits vigorosity is

positively related to employee performance in that CBE with higher level of vigor employees achieve higher employee performance compared to those with lower vigor or disengaged employees.

H2: Dedication has positive and significant effect on Employee performance.

The regression coefficient result of model 1 shows that (see table 4.9) there was a significant positive relationship between dedication and *Employee performance* ($B = +0.204$, $p = 0.000$). Hypothesis 2 stated that *Dedication has positive and significant effect on Employee performance*. Thus, the study result supports the hypothesis (H2).

H3: Absorption has positive and significant effect on employee performance.

As the result of the regression coefficient table 4.9 there was a significant and positive relationship between *Absorption* and employee performance ($B = +0.395$, $p = 0.000$). Consistent with the initial proposed hypothesis, *Absorption* has positive and statistically highly significant effect on employee performance. Thus, these statistics supported hypothesis 3 which posits *Absorption* is positively related to employee performance in that in CBE with good engaged encourages employees to achieve higher employee performance compared to those with absorbed or disengaged.

Based on the hypothesis (H1,H2 and H3) testing result condition 1 of mediation test of Kenny and Baron's test has been fulfilled. Therefore, Employee engagement has positive relationship with employee performance. This finding is supported by the study of Anitha (2014) and SowathRanaet al. (2014) who revealed that employee engagement plays a significant role for the enhancement of employees' job performance. Other study conducted by Kim et al. (2012) conform that both direct and indirect positive link exist between employee's level of work engagement and their job performance. The enhancement of employee performance is the result of which level employees are engaged in the organization.

H4: Vigorosity has positive and significant effect to Employee empowerment.

As seen on Table 4.9 above, based on model 2 in order to determine the impact of vigorousity on employee empowerment. The effect of vigorousity on employee performance is positive and significant ($B=0.177$, $p=0.000<0.05$). Therefore, H4 is accepted.

H5: Dedication has positive and significant effect to Employee empowerment.

The regression coefficient result of model 2 shows that (see table 4.9) there was a significant positive relationship between dedication and *Employee empowerment* ($B = +0.106$, $p = 0.000$). Hypothesis 5 stated that *Dedication has positive and significant effect on Employee empowerment*. Thus, the study result supports the hypothesis (H5).

H6: Absorption has positive and significant effect to employee empowerment.

As the result of the regression coefficient table 4.9 there was a significant and positive relationship between *Absorption* and employee empowerment ($B = +0.241$, $p = 0.000$). Consistent with the initial proposed hypothesis, *Absorption* has positive and statistically highly significant role for employee empowerment. Thus, these statistics supported hypothesis 6 which posits *Absorption* is positively related to employee empowerment in that in CBE with absorption that result employees to be empowered compared to those with absorbed or disengaged.

Based on the hypothesis (H4, H5 and H6) testing of mediation analysis *condition 2 of mediation test has fulfilled*. Therefore, when employees find that their workplace provides opportunity to be promoted smoothly then they get mental attachment with the organization. Thus, *employee engagement has positive relationship with employee empowerment*.

H7: Employee Empowerment has positive and significant effect on Employee Performance.

According to the result of table 4.9 employee empowerment found to have positive and significant relationship with employee performance ($B=0.922$, $p=0.000$). Hypothesis 7 of this study states that *employee empowerment has positive and significant effect on employee performance*. Thus, H7 was accepted. Therefore, Based on hypothesis (H7) result of testing of mediation analysis *condition 3 of mediation test has fulfilled*.

This finding is supported by Kok (2011) who study on the impact of four empowerment dimensions (impact, meaning, self-determination, competence) of psychological empowerment on employee performance. The result reveals the strong influence of employee empowerment on performance, because when employees feel that they have the independence and freedom to take decision-related to their work-related activities, their performance in the workplace shall improve positively. Thus, hypothesis 3 which says *Employee Empowerment has positive and significant effect on Employee Performance has accepted and supported. Therefore, condition 3 of mediation test has been fulfilled.*

H8: Employee Empowerment mediates the relationship between Vigorosity and performance positively.

Based on the regression coefficient analysis of table 4.9 in order to determine the mediating role of employee empowerment on the relationship between employee vigor and employee performance. The mediating effect of employee empowerment on the relationship of employee vigorosity and employee performance is reduced the B value from the first model i.e. B=0.301 to B=0.221, p=0.000. Thus, employee Empowerment mediates the relationship between Vigorosity and performance positively by reducing the coefficient compared from the first model. Thus, H8 was accepted.

H9: Employee Empowerment mediates the relationship between Absorption and performance positively.

Based on the regression coefficient analysis of table 4.9 in order to determine the mediating role of employee empowerment on the relationship between employee absorption and employee performance. The mediating effect of employee empowerment on the relationship of employee absorption and employee performance is reduced the B value from the first model i.e. B=0.395 to B=0.285, p=0.000. Thus, employee Empowerment mediates the relationship between absorption and performance positively by reducing the coefficient compared from the first model. Thus, H9 was accepted.

H10: Employee Empowerment mediates the relationship between dedication and performance positively.

Based on the regression coefficient analysis of table 4.9 in order to determine the mediating role of employee empowerment on the relationship between employee dedication and employee performance. The mediating effect of employee empowerment on the relationship of employee dedication and employee performance is reduced the B value from the first model i.e. $B=0.204$ to $B=0.156$, $p=0.000$. Thus, employee Empowerment mediates the relationship between dedication and performance positively by reducing the coefficient compared from the first model. Thus, H10 was accepted.

Based on hypothesis (H8, H9, and H10) testing, condition 4 of mediation test has been fulfilled. Accordingly, it can be concluded that there is a partial mediating effect of employee empowerment on the relationship between employee engagement and employee performance. Although the effect of this mediator on the employee engagement (*vigor, absorption, and dedication*) and employee performance relationship is small, the statistical significance tells that the addition of employee empowerment as a mediator influences the relationship between the dependent and independent variables. Also, it can be stated that the employees more engaged and empowered employees becomes more performer in their job. Thus, this reveals that H4 is supported. Therefore, *Employee empowerment mediates the relationship between employee engagement dimensions (vigor, absorption, and dedication) and employee performance positively.*

4.3.7 Hypothesis testing Summary

The hypotheses of the study are tested through mediated hierarchical regression analysis by taking direct main effect and mediation effects and the results are summarized below:

Table 4.10: Summary of hypotheses

Hypothesis	Description	Result
H1	<i>Vigorousity has positive and significant effect on Employee performance.</i>	Supported
H2	<i>Dedication has positive and significant effect on Employee performance.</i>	Supported
H3	<i>Absorption has positive and significant effect on employee performance.</i>	Supported
H4	<i>Vigorousity has positive and significant effect to Employee empowerment.</i>	Supported
H5	<i>Dedication has positive and significant effect to Employee empowerment.</i>	Supported
H6	<i>Absorption has positive and significant effect to employee empowerment.</i>	Supported
H7	<i>Employee Empowerment has positive and significant effect on Employee Performance.</i>	Supported
H8	<i>Employee Empowerment mediates the relationship between Vigorousity and performance positively.</i>	Supported
H9	<i>Employee Empowerment mediates the relationship between Absorption and performance positively.</i>	Supported
H10	<i>Employee Empowerment mediates the relationship between dedication and performance positively.</i>	Supported

Source: Own research finding, 2020

To summarize the direct and indirect effect of employee engagement the following diagram based from the conceptual framework has been identified.

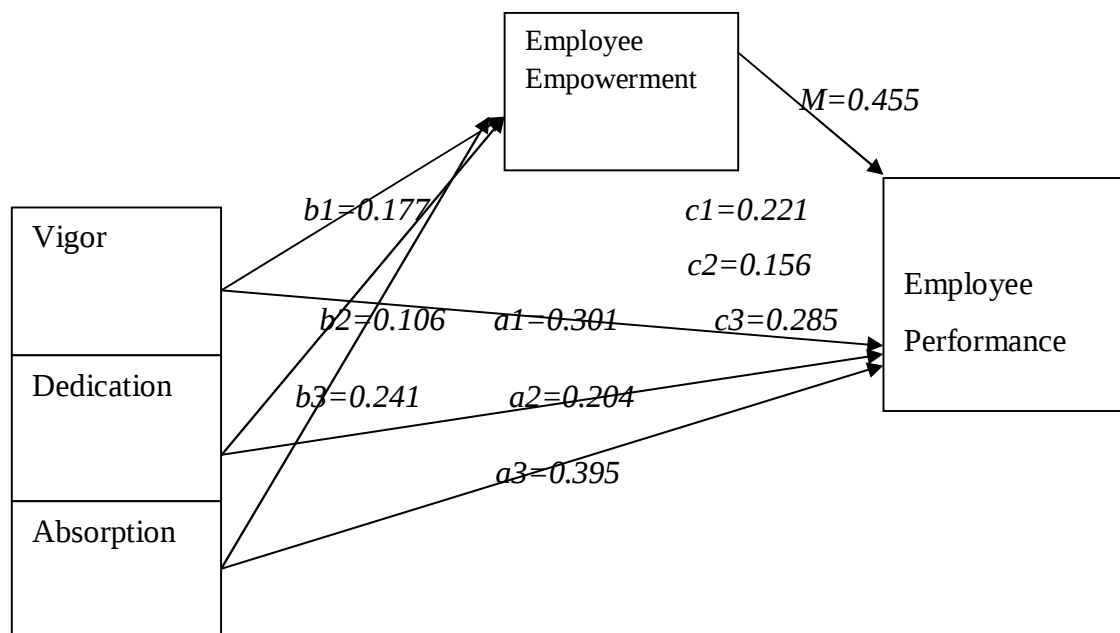


Figure 8: Summary of direct and indirect effect

Employee empowerment has a partial and small mediating role in the relationship between employee engagement (vigor, absorption and dedication) and employee performance.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary and Conclusion

Simple Regression analysis was used to investigate the hypothesis that employee empowerment mediates the relationship of employee engagement dimensions (vigor, absorption and dedication) on employee performance.

Based on the findings the following summarization and major conclusions are drawn. The reliability of the constructs and items were tested as per the recommendations made in literatures. To test the research hypotheses, Baron and Kenny (1986) condition of mediation analysis has been applied and the findings are summarized as follows.

From the descriptive statistics result five point likert scales were used to measure and define the descriptive statistics result employees didn't feel as the company's problems are their own, were not willing to exert their full effort to their job in the bank, didn't feel committed to the organization they employed, and didn't trust their immediate manager. The employees have necessary knowledge and skills to do their job effectively and they will finalize a task even if they experience difficulties in their team while they are indifferent on handling their job efficiently and proficiency about their enthusiastic about their work.

There is no encouragement at their work for their career development respect to their best work and achievement, there were not an opportunities to learn and grow for their work, there is no reward and recognition for the employees regarding for their best work achievement, employees were mastered the skills necessary for their job. Even though employees have a clearly established career path, the employees did not have significant influence over what happens in their department, were not satisfied with their overall job security.

Before the regression analysis the correlation between variables examined and it is confirmed that there is strong association between the independent and the dependent. This is an indication that employee engagement has strong relationship with employee performance. The correlation

among the independent and mediator variable is mediate and free from multicollinearity problem.

In this research the effect of employee engagement (vigor, absorption and dedication) on employee performance has been investigated both as direct effect and indirect effect with employee empowerment as mediator. These relationships are examined using purposively selected employees data from CBE that are found in four districts of Addis Ababa and head office. All the variables and the respective measurements in this research are based on theory and adopted from literatures.

Therefore, vigor, absorption and dedication and mediating variable (employee empowerment) were good explanatory variables of the HR practices influencing employee performance. The relationship between employee engagement (vigor, absorption and dedication) and employee performance in achieving best performance was mediated by employee empowerment partially. As table 4.9 illustrates, the standardized regression coefficient between employee engagement (vigor, absorption and dedication) and employee empowerment was statistically significant, as was the standardized regression coefficient between employee empowerment and employee performance. There is a partial mediating effect of employee empowerment on the relationship between employee engagement (vigor, absorption and dedication) and employee performance. Although the effect of this mediator on the employee engagement (vigor, absorption and dedication) and employee performance relationship is small, the statistical significance tells that the addition of employee empowerment as a mediator influences the relationship between the dependent and independent variables. Employee empowerment mediates the relationship between employee engagement (vigor, absorption and dedication) and employee performance positively. Also, it can be stated that empowered employees can be more engaged employees becomes more performer in their job.

Since the crucial importance of workforce is recognized, the concepts to boost the individual performance such as commitment or engagement of employees need to be achieved. Employee engagement is an important contributor to employee performance. Therefore, employers should pay attention to recruiting employees with the necessary traits that are related to engagement and create conducive conditions at the work place that increases levels of engagement.

5.2 Recommendation and Policy Implication

Based on the finding the researcher recommends that:

- Regarding the positive relationship between employee engagement and employee performance, this study recommends cautious engagement of employees in the work environment. Positively engaging employees will surely bring about higher performance of duty. On the contrary, deprived engagement will surely bring about poor performance.
- Management bodies in Commercial Bank of Ethiopia needs to incorporate various policies and programs for improving their staff's job engagement as well as organizational performance. Employee empowerment needs to be considered as a priority because it has a large influence on its employee performance. Failure to look into the issues of employee empowerment may result to adverse effects on its organizational performance.
- Commercial Bank of Ethiopia needs to address job autonomy and opportunity for growth and development for the well performed job roles. Team work and delegation of authority allows employees to be prepared for bigger roles, it implies therefore that CBE to be able to achieve it roles of empowering employees, there needs to be a program to address delegation and team work.
- Career development: career development opportunities are an essential part of employee engagement. If employees desire to advance in their own career is not fulfilled, they will begin looking for work elsewhere. The management can come up with a support policy so that issues that bring about higher performance are given higher support.
- Support employees in their work and growth: to have engaged employees, support employee growth by providing education and learning opportunities, training, coaching and any other interactions that support employees' personal development.
- Management can increase job engagement among their staff by involving them in the decision process, and empowerment. The more they have access to empowerment structures the more they perform well. Similarly employees with high perceptions of psychological empowerment also engender better performance.
- There is a need to encourage employees at their work for their career development respect to their best work and achievement by giving reward and recognition for the

employees. The bank should deliver different opportunities to learn and grow for their work. Thus, to improve employee engagement level and have engaged employees CBE should do more on all the employee empowerment benefits.

- Further continuous measurement of employee engagement level, assessing engagement practices throughout the organization and taking timely action on issues identified as crucial and important is recommended.
- In practical conditions, the literature review confirmed the wide range of implications related to the mediating role of employee empowerment in the relationship between employee engagement and organizational performance on the functioning of companies. The current global trend of the labor market to transform itself into an employee market, together with the low overall level of work engagement, should incline companies to develop their HR strategies recognizing the importance of this construct.

5.3 Constraints of the Study

The limitation of this research lies in its time limit. The time scope of this research was for instant the respondents completed the questionnaires handed to them. It cannot be told by the study whether the results would still hold if it was designed to cover a longer period of time. Further it is not possible to tell whether the same findings would hold for the period after responding to the questionnaires.

The findings of the research enclosed only one institution in Commercial Bank of Ethiopia. There are above eighteen banks in Ethiopia. The research has not dealt with other banks in Ethiopia. It is not easy to tell whether the same findings would apply to all the other banks in Ethiopia.

5.4 Suggestion of Further Research

There are other banks in Ethiopia which have different and the same HR issues. This study just covered one bank for one moment in time. This reduces the power of universally applying the results. A research can be done to determine the nature of the relationship between employee

engagement and employee performance by considering employee empowerment as a mediating factor in additional banks and for a longer period of time to get more universally useful results.

Other researches may choose to investigate whether a moderating role is more appropriate or whether other variables can be used to mediate the relationship other than job satisfaction. In addition, other variables can be used to help increase and understand the explained variance in organizational performance depending on the interests of the researchers and the recommendations of previous studies. Researchers are also encouraged to conduct a comparative study using the model developed in this study and previous models associated with organizational performance in an effort to reach the best model that suits the specifications of the particular organization, department, sector, or country in which the study was conducted.

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Questionnaire

Dear respondents,

My name is **Yared Gezahegn**, student of Masters in Business Administration at Addis Ababa University. This survey is developed with an objective to conduct a research entitled on “***The mediating role of employee Empowerment in the relationship between Employee engagement and employee performance: in case of Commercial Bank of Ethiopia***”. It helps to complete my Master in Business Administration study. I kindly ask you to participate in responding the enclosed survey questionnaire. All the responses you provide are confidential and anonymous.

Instruction

- To keep the confidentiality you are not required to give your name.
- Please use cross mark (✓) in the relevant boxes to indicate your response

If you would like further information or have problem in completing this questionnaire

Section I: Background of the Respondents

1. Gender of the respondents

- a. Male
- b. Female

2. Age Category

- A) 18-25
- B) b) 26-35
- C) c) 36-35
- D) d) 46-55
- E) e) Above 55

3. Educational Level

- A) Diploma
- B) Degree
- C) Masters and above

4. Position in the Bank

- A) Bank Trainee
- B) Customer service officer
- C) Senior customer service officer
- D) Management Level
- E) Others

5. Year of service in the bank

- A) < 2 year
- B) 3 to 5 years
- C) 6 to 10 years
- D) 11 to 19 years
- E) Above 20 years

Section II: Questions on Employee engagement, and Empowerment

Please express your level of agreement in the following questions by putting _√_ or _X_ Mark in the appropriate cell. 1= Strongly Disagree, 2= Disagree, 3= Uncertain, 4= Agree, 5= Strongly Agree

No.	Questions	Responses				
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Vigor						
1.	I really feel as if this Company’s problems are my own.					
2.	I exert my full effort to my job.					
3.	I trust my immediate manager.					
4.	I feel energetic at my job					
Absorption						
5.	In my team we will finalize a task even if we experience difficulties.					
6.	I have the necessary knowledge and skills to do my job.					
7.	CBE recognizes or praises me when I do a good job.					

8.	I am competent in all areas of my job, handling of tasks with proficiency.					
	Dedication					
9.	I feel enthusiastic about my work.					
10.	I get carried away when I am working.					
11.	At work, I devote a lot of attention to my job.					
12.	I feel committed to the organization.					
Employee Empowerment						
13.	There is someone at work who encourages my development.					
14.	This last year, I have had opportunities at work to learn and grow.					
15.	I received recognition or praise for doing good work					
16.	I am rewarded for work well done.					
17.	I have mastered the skills necessary for my job.					
18.	I have significant autonomy in determining how I do my job.					
19.	I have considerable opportunity for independence and freedom in how I do my job.					
20.	I have significant influence over what happens in my department.					
21.	I have a clearly established career path.					
22.	I am satisfied with my overall job security.					
23.	My Individual performance in the bank is adequately rewarded.					
24.	CBE recognizes or praises me when I do a good job.					

Section III. Questions Related to Employee Performance

The following questions are regarding your overall attitude toward your performance intentions.

Please read and tick the appropriate choice that affects you more to your job performance from

1= strongly disagree to 5= strongly agree.

No.	Measuring items	Responses					
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	
1.	Empowering motivates employees to be engaged for their task and to do their best.						
2.	I have a significant autonomy in determining how I do my job and fulfill all the requirements of my job.						
3.	I am competent in all areas of my job, handling tasks with proficiency.						
4.	I perform well in my overall job by carrying out tasks as expected.						
5.	Empowering of employees in different position impacts in Effectiveness of resolving customer issue.						
6.	I perform my task efficiently because of my supervisor delegates' different authority to me.						