

**ADDIS ABABA UNIVERSITY COLLEGE OF BUSINESS AND
ECONOMICS**

SCHOOL OF COMMERCE



**The Effect of employee empowerment on service quality in the case of Hibret
Bank SC Company**

A Master's Thesis Submitted to Office of Graduate Studies Master of Arts in
Human Resources Management.

Presented in Partial Fulfillment of the requirements for MA IN HRM

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The Effect of Employee Empowerment on service quality in: The Case of HIBRET bank SC

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A Thesis Submitted to Addis Ababa University, School of Commerce in Partial fulfillment of the Requirements for the Degree of Master of ART in HRM

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DECLARATION

I, Alemayehu Terefe, hereby declare that this project entitled The Effect of Employee Empowerment on service quality in the case of Hibret Bank S.C carried out by myself and it is my original work that has never been presented to any other university or institution for any academic award. Where other sources of individuals 'research work were used, acknowledgement has given.

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Date _____

STATEMENT OF CERTEFICATION

This is to certify that Alemayehu Terefe has carried out this project work on the topic “**The Effect of Employee Empowerment on service quality: The Case of Hibret bank SC**” under my supervision. This work is original and suitable for the submission in partial fulfillment of the requirement for the award of degree of Masters of Art in HRM.

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List of acronyms

EE- Employee empowerment

EPD employee participation in decision making

SERVQUAL-service quality model

Abstract

Employee empowerment is believed to improve organizational performance, among organizational performance measures service quality is an important performance measurement in financial sector like banks. The major objective of this study is to determine the effect of employee empowerment with employee participation in decision making, training information sharing, and team work on service quality in Hibret bank SC. The study used quantitative approach with explanatory research design and data were collected from clerical staffs of Hibret bank and from the total population of 7107 the sample size were and sample respondents were selected in probability multi stage sampling by first drawing sample districts and then selecting 8 branches from four districts and finally 4 employees from randomly selected branches and questionnaires distributed for 344 employees and 208 respondents response were used for data analysis. Participants' response were collected via email and analyzed using SPSS 24 version and presented using frequency, percentage, mean standard deviation, correlation, multiple regression and ANOVA. This study founds positive relationship service quality with training, teamwork and information sharing while employee participation in decision making with service quality shows negative relationship. Based on this finding researcher recommends promoting the practice of teamwork for quality service delivery, and training in relation to quality service delivery and information shall be shared to create common understanding on vision, goal of the company having in mind a vision and goal helps to work attain those goals and this in turn can possibly help to improve service quality.

Keywords: Employee empowerment, service quality, SERVQUAL model

CHAPTER 1: INTRODUCTION

This study looks into the effect of employee empowerment on service quality in the case of Hibret Bank Share Company. The first chapter contains the introduction of the study through a description of the background, statement of the problem, research objectives and research questions, significance of the study, limitation of the study's scope of the study, and definition of terms.

1.1 Background of the Study

Organizations In today's competitive global environment want to increase profit and improve performance. It is important to empower employees by distributing power, information, knowledge, and reward throughout the organization. It is possible to engage their people who present the best ideas, insights, and solutions; in other words, employees' empowerment is essential for improved organizational performance (Wang, 2001). And many researches show employee empowerment give favorable business result from those improved service quality is one favorable result.

Various service literature (Looy, 2003), (Zeithaml, 2006), describe employee empowerment as having many dimensions. Some researchers suggest employee empowerment is one dimensional. While other research suggests employee empowerment is multi-dimensional. And empowerment involves the way leaders lead, individuals, peer interaction, and how work-related structures of the work process. Based on these concepts individual differences, needs can determine the way an individual interprets and responds to a particular change (Alpander, 1991). This individual perspective is the psychological dimension of empowerment which focuses upon how the individual perceives empowerment.

Employee empowerment is critical to service organizations and particularly those who have frequent contacts with customers (Timothy & Abubakar, 2013). They further opined stated that empowerment helps to enhance employees' capacity to deliver quality services, and quality service delivery leads to customer satisfaction.

Bowen and Lawlers, (1995) identified the following as empowerment practices, providing access to job related knowledge and skills, granting discretion to change work process and provision of resources needed to make improvements. And they further stated organizations must be faster, leaner, provide better service quality, be more efficient, and more profitable in a competitive environment through empowerment.

Organizations have a long history to encourage employee participation as stated in various literature. The history in employee empowerment traced back to Elton Mayo Hawthorne studies and negative force which has driven empowerment initiatives. In the 1980s and 1990s rationalization and downsizing order of the day necessitates empowerment to be a necessary practice delayer and de staffed organization to function,

A research study in relation to the effect of employee empowerment practices on service quality in the Ethiopian banking industry is very limited. However, the sector is the lifeline of the modern economy and depicts the economic health of the country because it is believed that banks are the pillars of the financial system which plays a significant role in the success and failure of the economy. Countries that have well-developed banking sectors grow much faster as compared to weaker ones (Pathak, 2013).

The reason to study the effect of employee empowerment on service quality is to identify the effect of employee empowerment on service quality with four employee empowerment variables: employee participation in decision making, training, teamwork, and information sharing. Customers of a bank rely on the services delivered to them by the bank whether they are walk-in customer or account holders. It is difficult to differentiate products and the nature of service being inseparable and context based in a competitive environment like the banking industry. Banks need to adopt employee empowerment whatever their strategy is because providing excellent service quality is recognized as a critical business requirement. Employees are responsible for handling issues relating to them, to deliver high service quality in turn to increase their satisfaction.

Various authors argued for the need to view the concept of employee empowerment from the front line employee's perspective rather than the general employee's domain especially in the service organizations. However, it is difficult to accept their argument in empowering employees for service quality delivery. Every one involvement is necessary rather than front line employees. And in relation to the effect of employee empowerment on service quality, employee empowerment dimensions are not comprehensively defined and service quality studies mostly focus on measuring expected and experienced quality with SERVQUAL even if this doesn't assure proper measurement of service performance. In addition, while studies conducted on the effect of employee empowerment, many studies use service quality and satisfaction together like Ping, Suzan & Richard. Perdue (2015) study, however, these two variables are different performance measurement tools.

Hibret Bank formerly known as United Bank began its operation in 1998 in accordance with the Commercial Code of Ethiopia of 1960. Today Hibret Bank is a full service bank with more than 390 branches in Ethiopia.

1.2 Statement of the problem

In Ethiopia banking is a growing service sector in the country and operated under national bank of Ethiopia. Following this there are similarities in service rendered to differentiate products, currently new banks entry in to the market intensify competition between banks. In case employee empowerment becomes source of competitive advantage and Empowerment is an important component of fruitful outcomes, productivity, and development within any business (Hunjra, Haq, Akbar & Yousaf, 2011).

According to Melhem 2004 employees cannot perform right and delight customers without sufficient information and clearly stated roles to deliver quality service.

In the individual level, empowerment helps for the accomplishment of a person's personal objectives through cooperation with others (Maton & Salem, 1995; Perkins & Zimmerman, 1995).

Considering the nature of intangible-dominant services, employee empowerment is a very important issue to organizations producing services. In that, customers and employees are engaged simultaneously in the production of the service due to service inseparability. The management to know employees are successful in dealing with their customers, has to give the employees the authority and necessary support to succeed in it, which is employee empowerment. And its practice can affect the quality of service delivery.

Spice and Gilbert (1991) recommended that managers to give the authority to workers for decision making maximum utilize human capital at maximum. According to Dobbs (1993) empowerment increases the performance of workers and improves the work environment of the organizations. Furthermore, various authors argued for the need to view the concept of employee empowerment from the front line employee's perspective rather than the general employee's domain especially in the service organizations. Their argument is based on the fact that the front line employees are cardinal to delivery of quality service that enhance customer's satisfaction since the front line employees maintain constant contact with the customers (Bowen & Lawler, 1992). However it is difficult to accept their argument in empowering employees for service quality in this study, because meeting customer expectation with service quality not only require front line employees but also every one involvement in service delivery.

Many studies have been conducted largely in hotel and banking industry across the world about the effect of employee empowerment on different performance measures like customer satisfaction where as in Ethiopia limited studies had been conducted to examine the relationship between these constructs (i.e. employee empowerment, service quality,) in the context of Ethiopian banking industry like, Teklewoine Kassaye 2013 study on the effect of employee empowerment on service quality and customer satisfaction at Construction and Business Bank of Ethiopia, and another study by Bekan Serbessa Waktol found that employee empowerment affects significantly service quality and further studies shall be conducted because Banking sector is the lifeline of a modern economy and they are pillars of the financial system which plays a significant role in the success and failure of the economy. However their study doesn't purely measure service performance, it focuses on measuring expected and perceived quality. Developed banking sector foster economic growth (Pathak, B.V., 2013) in Ethiopia banking industry is a growing sector in number following the entry of new banks in the industry.

In addition the nature of service sector being context based similarities in product banks rendered employee empowerment contributes a lot as a competitive advantage due to this reasons the researcher intended to measures the effect of employee empowerment by combining four employee empowerment variables from various literature reviews like Demirci, Erbas 2010 instruments of empowerment = Power \times Information \times Knowledge \times Rewards. Power consists autonomy, delegation, authority. And knowledge consists training. (Dahou and Hacni 2018) study on successful employee empowerment in Jordan commercial banks on Job Design

Transformational Leadership .Decision Making Authority and self-managed teams as a major determining variables of employee empowerment in Jordan.

1.3 Research Questions

This study finds answer for a question what effect does employee empowerment have on service quality?

1What is the effect of employee participation in decision making on service quality in Hibret bank?

2What effect does training have on service quality in the organization?

3What is the effect of information sharing on service quality in the organization?

4What is the effect of team work on service quality in the organization?

1.4. Research Objectives

1.4.1. General Objective

The general objective of this research is to identifying the effect of employee empowerment practices on service quality in case of Hibret bank SC.

1.4.2. Specific Objective

This study has the following specific objectives

1) To identify the influence of Employee Participation in decision making effect on service quality.

2) To identify the influence of Training effect on service quality.

3) To identify the influence of Team work effects on service quality.

4) To identify the effect of information sharing on service quality.

1.5 Significance of The study

This study significant to know the effect of employee empowerment on service quality. Since most bank services are easy to duplicate and provide nearly identical services; banks can provide distinguished service by empowered employees. And this study is significant to Hibret bank SC stakeholders to value and give attention for employee empowerment to get favorable business result.in addition the study is significant for fellow researchers to study the effect of employee empowerment on service quality on the growing banking sector in Ethiopia.

1.6 SCOPE OF THE STUDY

This research tried to identify the effect of employee empowerment on service quality in Hibret Bank SC through explanatory research design and quantitative research approach. However

Human resource management is broad and consists of many practices important for improved organizational performance and performance measurements the researcher selects employee empowerment effect on service quality on financial sector targeting Hibret bank sc employees in Ethiopia . And from various employee empowerment dimensions, instruments, variables, approaches the researcher selected employee participation in decision making, training information sharing, and teamwork only as employee empowerment variables and the dependent variable service quality measured in assurance, tangibility, empathy reliability and responsiveness(RATER)this collectively SERVQUAL model to measure service quality.

1.7 LIMITATIONS OF THE STUDY

Using four selected employee empowerment dimensions from various employee empowerment dimensions and difficulty to comprehend other employee empowerment variables not to make the study vague can be major limitation of the study.

1.8 DEFINITION OF TERMS

Glossary definition of empowerment states, “Employee empowerment is defined as the ways in which organizations provide their employees with a certain degree of autonomy and control in their day to-day activities.”

Employee empowerment-employee empowerment in this study sharing information about goals, training, empowering working teams gradually, and employee participation in decision making

Service quality measures how an organization delivers its services compared to the expectations of its customers. Customers purchase services as a response to specific needs.

Looy et al (2003:124) define “service quality as a form of attitude` representing, overall evaluation of the service received.” In the long run

1.9 ORGANIZATION OF THE STUDY

This study has five chapters. Chapter one presents the introduction of the study (background of the study, statement of the research problem, research objectives, Hypotheses of the study, research questions, significance of the study, and scope of the study, limitation of the study and organization of the study). Chapter two presents conceptual definitions, theoretical and empirical literature review. It also contains conceptual framework. Chapter three covers research method, research design, and sample size sampling design and reliability, validity. In additional, the chapter presents sources of data, methods of data collection, data processing and analysis, and ethical issues. Chapter four consists of data presentation analysis and presentation in chapter five summarized findings, conclusions and recommendations included, and the last section consists of reference and appendix containing questionnaires.

CHAPTER 2: REVIEW OF RELATED LITERATURE_

2.1 Conceptual Review

The concept service quality is difficult to define in a single way because individuals value differently what they served and expected. And service organizations may have different standard to measure. Kotler and Keller (2006) defined service s as any act of performance or it can be physically intangible benefit that one party can offer to the other. And according to Looy et al (2003:124) service quality is a form of attitude representing a long run, overall evaluation of the service received.

2.1.1 Meaning or Concept of Employee Empowerment

The concept of Employee empowerment developed over time by integrating management and psychology literatures .management and leadership theorists relate empowering employees with as a principal component of organizational effectiveness (Kanter, 1979; Tannenbaum, 1968) and management theorists ignore the process under lying empowerment construct.

The constructs of power and employment from empowerment a relational construct as a relational construct a relational used to describe the perceived power that an individual actor has over others to share his power (Bacharach & Lawler, 1980).

Power, in this context, is interpreted as the possession of formal authority or control over organizational resources that can be delegated. Giving legal power to someone delegation of authority can be associated with participative management techniques like management by objectives, and goal setting by subordinates as the means of sharing power. Here I question are participation and the sharing of organizational resources be the only techniques for empowerment? Forces to give attention to psychology literature that consider Empowerment as a Motivational Construct power and control are the intrinsic internal motives to an individual this construct is based on self-efficacy theory (Bandura, 1986).

Managerial strategies strengthen this self `-efficacy belief of employees will make employees feel more powerful. The construct considers empowerment as enabling others to their task and power is gained from the office or structural position of the position, the personal characteristics of the Pearson, the expertise of a Pearson, and the opportunity a Pearson does have to access specialized knowledge/information (Bacharach & Lawler, 1980). This implies that those who have power are more likely to achieve desired outcomes. (Enabling)

Kumara (2014) presented empowerment as a strategy the financial organizations/banks have to adopt in order to provide better customers services, gaining their loyalty, and thus increase productivity. Thus empowerment can be considered as a strategic practice with positive result

Empowerment has characteristics of giving or delegation of power or authority; authorization; the giving of an ability; enablement or permission and create environment to make decision.it is

a way to give employees greater authority and responsibility to take care of the needs of the customer and to provide employees with the means for making influential decisions. Everyone within an organization should be involved in managing customer expectations and improving quality. (Gazzoli et al 2010) define employee empowerment can be a management practice of sharing information, rewards and power with employees to take initiative and make decisions for problem solving.

Khalili, H., Sameti, A., & Sheybani, H. (2016) defined empowerment as an administrative method by which managers and other organizing members participate in influencing decision-making (i.e., the decision-making cooperation).

Conger and Kanungo (2008) have related the concept to the process of increasing feelings of self-efficacy and eliminating the factors that force the feelings of powerlessness to make employees powerful. In addition, Kirkman and Rosen (1999) have defined the same using four dimensions such as autonomy, impact, meaningfulness, and group potency, and this observation was supported by Ugboro (2016). Employee empowerment is conceived of as a set of four management practices (sharing authority, resources, information, and rewards with employees) identified by Bowen and Lawler.

2.2 Importance of Employee empowerment

Employee empowerment is important in the current competitive and changing business environment by supporting both employees and managers to have updated knowledge and ability for living competitive advantage at their work.

According to Gronroos, C. (2001) of employee empowerment in service organization is important for Fast and more direct response to customer needs, Quicker and more direct response to dissatisfied customers in services recovery. Create better feeling among employees create employee satisfaction Employees will treat customers more enthusiastically.

Empowerment is one of the key factors of an organization's success (Jose & Mampilly, 2014) it creates a link between individuals and or their well-being to the large social and political environment in which an individual is working. From a psychological viewpoint empowerment links mental health and well-being to mutual support and to make alive of concerned community with strong sense of ownership. However personal and social differences rely strongly on various ways of empowerment.

According to Spreitzer (2007), the greatest contribution that has been registered in areas of empowerment is integration of social-structural and psychological perspectives on empowerment. The integration highlights that it needs to further develop a more comprehensive theory of empowerment at work From review of different researches conducted on employee's empowerment we can observe that the implementation of empowerment less practiced in the

organizations of whatever the type it is This might be due to lack of deep understanding by the organizations, managers, and employees. It can also be because of employee resistance to accept responsibility perhaps fear of accountability and organizations do not need to share the power to lower-level employees.

Studies on employee empowerment benefits highlighted the aspects like improved self-control, feeling of self-fulfillment, and growth of self-responsibilities. Kenneth and Sky (2010) and Shanker and Rao (2011) in their study on the impact of employee empowerment on employee performance in selected manufacturing organizations in Europe and India, , have identified significant correlations.

2.3 Structural Empowerment

Structural empowerment sets contextual conditions such as organizational structures, policies, and practices that enable empowerment in the workplace.

Klidas et al. (2007) suggested that employees' empowered behavior could be elevated by a manager's empowering management style to distribute power, decision-making authority, delegations and responsibility to lower levels of the organization supported in structure policy and structure.

The concept of Employee empowerment developed over time by integrating management and psychology literature. Management and leadership theorists relate empowering employees as a principal component of organizational effectiveness (McClelland, 1975).and power and control (Kanter, 1979; Tannenbaum, 1968) as cited in `Honold, L., 1997. A review of the literature on employee empowerment. Empowerment in organizations.

The construct of power and empowerment viewed from empowerment as a relational construct which is based on power is a relational construct a relational concept used to describe the perceived power that an individual employee or organizational subunit has over others (Bacharach & Lawler, 1980).

Under relational construct, power becomes the process by which a leader or manager shares his or her power with subordinates. Power, in this context, is interpreted as the possession of formal authority or control over organizational resources that can be delegated. Giving legal power to someone delegation of authority can be associated with participative management techniques such as management by objectives, quality circles, and goal setting by subordinates as the means of sharing power. And a question are participation and the sharing of organizational resources the only techniques for empowerment? Forces to give attention for psychology literature that consider Empowerment as a Motivational Construct power and control are the intrinsic internal motives to an individual this construct is based oneself efficacy theory (Bandura, 1986)

Power over others may arise from the office or structural position of the actor, the personal characteristics of the actor referent power, the expertise of the actor, and (d the opportunity for the actor to access specialized knowledge/information (Bacharach & Lawler, 1980). This implies that those who have power are more likely to achieve desired outcomes. (Enabling)

Conger and Kanungo (2008) study based on self-efficacy theory views eliminating the factors triggering the feelings of powerlessness of the employees, as` structural empowerment and employees self-efficacy to make powerful can be supported by managerial practices.

2.4 Psychological Empowerment

Psychological empowerment is „the increase in intrinsic motivation performance based on four concepts: the meaning of the task, competence, self-determination, and impact“ (Thomas & Velthouse, 1990).

Conger and Kanungo (1988), who emphasized the psychological aspects of empowerment, view empowerment as part of a process geared towards enhancing feelings of self-efficacy among organizational members through the identification of conditions that foster powerlessness and through their removal by both formal organizational practices and informal techniques of providing efficacy informationl (p. 474).

2.5 Empowerment process

According to Kruja& Oelfke (2009), Employee empowerment should be induced step by step in to the working environment because the nature of empowerment is not a one time or overnight activity rather it is continuing process and needs patience to enjoy its long term fruits by the organization. Successfully moving from traditional, hierarchical management principle to self-directed work team, autonomy and information sharing, Challenges in empowerment process.

According to Conger and Kanungo employee empowerment definition process so identify conditions within organizations that foster a sense of powerlessness among subordinates as antecedent to develop self-efficacy among employees following this organizations must change policies, structures and practices to create and sustain employee empowerment.

And employee empowerment process include diagnosis conditions in the organization, removing causes of powerlessness, and providing subordinates with self-efficacy information, at the end the effect of empowerment will be noticed.

Employee empowerment process is affected by Job design, transformational leadership, decision-making authority, continuous training and development, sharing information, and self-managed teams according to Dahou, K. and Hacini, pp.49-68)

2.6 Employee Empowerment practices

Bowen and Lawler's (1992, 1995) states that a key ingredient of empowerment is sharing power and authority with lower level employees and allowing them to make decisions about how

Services are rendered. They observed that "many empowerment programs fail when they focus on power without also redistributing information, knowledge and rewards" (p. 1992, p. 32)". According to them, effective use of empowerment consists of sharing information about the organization's performance, rewards based on the organization's performance, knowledge to understand and contribute to organizational performance, and, power to make decisions (1992; p. 32).and, these four elements interact with each other, having a multiplicative effect on performance.in addition Demirci, Erbas 2010) formulates by combining four ingredients power, information, knowledge and rewards. Power is all about authority, delegation and autonomy .information is about organization goals and strategy, while knowledge sharing is a group process where employees share relevant information, knowledge and ideas regarding their work. Reward focus on the monetary or non-monetary benefits that an employee receives.

2.6.1 Employee participation in Decision Making

This is an authority given by managers for employees to make decisions in achieving shared objectives in policy procedure establishment, mission statement development and other decisions concerning their work.

Employee participation helps to utilize human capital at a maximum level Spice and Gilbert (1991). And employee participation in decision making create sense of involvement for workers that can possibly increase employee commitment in the organization.

Organizations are currently involving staffs in decision making process because decisions taken by top management only has serious repercussion on organizational success. Dede, C H (2019, p. 85)

Employee Participation in Decision Making participating employees in organizational decision making used as a managerial tool for improving organizational performance for the shared goals of employees and managers. By allowing workers' input in developing the mission statement, establishing policies and procedures, determination, promotion and determining perks to improve organizational performance.

According to (Bhatti & Nawab 2011) Employee Participation is generally defined as a process in which influence is shared among individuals who are otherwise hierarchically unequal. Considering the input of the employees at the lower managerial levels, involvement in decision making.

2.6.2 Team-work

Team work in this perspective can be a process of building, developing and working together in order to attain a common goal. Because an activity of people sharing their work and responsibilities can enlarge the outputs of employee through collective collaboration and maximum use of employee power.

According to Richard (1991) each Pearson put their effort for the effectiveness of a common goal from two or more Person to carry out a common goal. Empowerment in this perspective is “an act of building, developing, and increasing power through cooperating, sharing, and working together” (Rothstein, 1995, p. 21).

Teamwork facilitate employees to cooperate with each other, improve their skills and deliver useful response without any dispute between them (Jones et al., 2007). Furthermore, (Gallie et al., 2009) described that teamwork is believed to motivate employees to use their knowledge, skills, and abilities and cooperate with their co-workers in order to maximize the performance of overall organization.

2.6.3 Training

Training is a complex process that can exist at the individual, organizational, and/or community levels, including knowledge and attitude, motivations skills necessary to implement programs (Flaspohler et al. 2008).

(Lashley et al 2001, 249) presented that organizations need to recruit the right employees, train and develop employees in order to deliver quality service. Here training becomes necessary even if their effective recruitment it is important to train to cope with future changes and new developments.

Employee training is recognized as an important factor that can influence employees’ behavior. Training can be an important and useful tool for equipping individuals with the knowledge, skills, and attitudes they need to implement the o-organizational strategy. Employees need to be trained how to and what to do to provide quality service.

2.6.4 Information sharing

Information sharing for employees to be empowered, information become as a basic component because that employees will more understand the organizations strategy, vision mission and goals and direction philosophy new developments and communication need to be clear to gain desired result. Sharing information for employees allow employees to be responsible (Matthews, Diaz & Cole, 2003).

Wilkinson (1998) study information sharing helps to build trust among employees and managers, and also communication in different directions result in increase in commitment to a chive organizational goals and helps to problem solving.

Communication to empower employees should focus on style and methods of communicating in either upward downward ,and horizontal communication because the type of information shared in the organization varies for example company to employee communicates Supplementary information - sales figures, product information, financial status of company, statistical information, personal sales mission statement, sales goals, organizational priorities, Manager to Individual Employee Training/Education - Policies, procedures, corporate culture, sales, benefits, job descriptions and responsibilities, customer service.

According to Cadiz, M.C.H., 2005 common practical elements in communication for empowerment are Provision of access to information, Putting users/beneficiaries and local people in control, Building local people's capabilities in communication, Emphasis on small and appropriate media, learning with partners, working as collective, Capitalizing and building on felt needs ,making it enjoyable Giving them hands-on experience and sharing resource.

2.7Service quality in service organizations

“An acceptable outcome is an absolute necessity for good perceived quality, but an excellent service process creates a distinct and sustainable competitive edge”. (Christian Grönroos).

Looy (2003:124) defines service quality as a form of attitude representing, overall evaluation of the service received in the long run. Arising from the perspective that the service quality perceived by the customer maybe different from the quality of service actually delivered by the service provider as studies have shown is always the case. Grönroos (2001:61) argues that because of the complexity of the characteristics of most services, service quality shall be complex too, in contrast to goods quality, because quality of goods related to the technical specifications of the goods.

Keaveney's (1995) study found that core service failures are the highest cause of service switching. 'A zero defects philosophy to deliver technically correct services every time should be effective in reducing customer defections.' SERVQUAL model was developed by Parasuraman et. al. (1985) to measure the quality of service.

The concept of Employee empowerment developed over time by integrating management and psychology works of literature. Management and leadership theorists relate empowering employees as a principal component of organizational effectiveness (McClelland, 1975).and power and control (Kanter, 1979; Tannenbaum, 1968).

The constructs of power and empowerment viewed from empowerment as a relational construct which is based on power is a relational construct a relational concept used to describe the perceived power or control that an individual has over others (Bacharach & Lawler, 1980).

In relational construct power is the process by which a leader or manager shares his or her power with subordinates. Power, in this context, is interpreted as the possession of formal authority or

control over organizational resources that can be delegated. give legal power to someone delegation of authority can be associated with participative management techniques such as management by objectives, quality circles, and goal setting by subordinates as the means of sharing power. And a question Are participation and the sharing of organizational resources the only techniques for empowerment? Forces to give attention for psychology literature that consider Empowerment as a Motivational Construct power and control are the intrinsic internal motives to an individual this construct is based on self-efficacy theory (Bandura, 1986)

Any managerial strategy or technique that strengthens this self-determination need or self-efficacy belief of employees will make them feel more powerful. The construct considers empowerment as enabling others to their task

Power over others may arise from the office or structural position of the actor, the personal characteristics of the actor, the expertise of the actor, and the opportunity for the actor to access specialized knowledge/information (Bacharach & Lawler, 1980). This implies that those who have power are more likely to achieve desired outcome. (Enabling)

Conger and Kanungo (2008) has related the concept to the process of boosting feelings of self-efficacy and eliminating the factors triggering the feelings of powerlessness of the employees.

2.8 EMPLOYEE EMPOWERMENT AND SERVICE QUALITY

Ripley and Ripley (1992), study express that empowerment leads to positive outcome like improved level job satisfaction, better service quality , higher employee's loyalty, low turnover intention, and maximized productivity .and service quality is the one from those

As stated in the above section employee empowerment can be defined differently from psychologist's view and management's perspective.

Kumara (2014) presented empowerment as a strategy the financial organizations/banks have to adopt in order to provide better customers services, gaining their loyalty, and thus increase productivity. Difficulties to differentiate is in a competitive environment like the banking industry , however so banks need to adopt employee empowerment whatever their strategy is because Providing excellent service quality is recognized as a critical business requirement.

As listed by Grönroos (2001:347-348) that the benefits are quicker` and more direct response to customer needs: customers experience spontaneity and willingness to help by the employees at unusual circumstances compared to the traditional mode of having to wait for a decision by a supervisor. This has an effect on perceived service quality and Gronros added there should management support, in technology, and information.

Due to the role of the employees in service organizations, and the value customers place on service quality, the management would have to adopt a system or approach that can yield satisfactory results.

By giving employees authority and responsibility to make decisions affecting their work through their leadership style to influence the values, attitudes, beliefs, and behaviors of others by working with and through them to accomplish the organization's mission. Here the practice of

team building becomes important in moving energy from managers to front line workers. This idea supported by Grönroos (2001:349) that employees' need to be empowered to perform, but they also need the support of good management, support systems, technology, and information, in addition Bowen and Lawler. They define empowerment "as sharing with front-line employees the information about an organization's performance, information about rewards based on the organization's performance. Knowledge that enables employees to understand and contribute to organizational performance, this knowledge is gained through the practice of training program and effective communication about how to and what to do in their work.

Due to the banking sector significance for economic growth employee empowerment practices with authority to make decision, , trained employees ,information sharing and team work. Effect on service quality was determined in (SERVQUAL) model measurement.

Service quality measures how well the delivered service matches the customers' expectations (Lewis and Booms, 1983).

leadership are to move the energy to the front line by transferring appropriate amounts of decision making, responsibility, and accountability downward the ability of a leader to influence the values, attitudes, beliefs, and behaviors of others by working with and through them to accomplish the organization's mission

Due to the role of the employees in; service organizations, and the value customers place on service quality, the management would have to adopt a system or approach that can yield satisfactory results by giving autonomy to make decisions for employees.

Bowen and Lawler. They define empowerment "as sharing with front-line employees the information about an organizations performance, information about rewards based on the organization's performance, knowledge that enables employees to understand and contribute to organizational performance, and giving employees the power to make decisions that influence organizational direction and performance"(Ugbaro and Obeng, 2000).

. Empowered employees are expected to perform more effectively to be motivated as compared to those who just follow the given lines. According to Peters and Mazdarani (2008), Employee empowerment creates sense of belongingness and ownership towards the parent organization. So empowered employee feels more confident and try to give their best to their employers, as a result, service quality improves.

(Peters and Mazdarani, 2008) analyzed the effect of employee empowerment on service quality and customer satisfaction and concluded a positive relationship between the two variables. Employee empowerment can contribute a lot towards business growth and development. Business growth is largely dependent upon customer satisfaction and customer satisfaction is one of the end products of employee empowerment. It is important to understand customer expectation in order to improve quality that in turn to provide maximum value to a customer based on various studies.

2.9 EMPIRICAL STUDIES

Baird and Wang (2010) indicated that teamwork, training, and link to rewards had the significant impact on the adoption of employee empowerment.

Various empirical studies have been conducted in the area across the world. , this section tries to review empirical studies in relation to the effect of employee empowerment on service quality.

According to Looy et al (2003:231) inseparability nature of service delivery, “empowerment becomes a very important issue to organizations producing services.” This inseparability is what is considered by the organization in choosing how best to serve its customers

(Dahou and Hacni 2018) in Jordan commercial banks show that sharing information, job design, transformational leadership and decision-making authority have a positive effect on employee empowerment.

In another study in Nigeria found by Ayogu on the impact of employee Empowerment on service quality that employee empowerment has positive and significant impact on the service quality. I recommends that to continue to promote teamwork amongst employees so that every staff irrespective of their difference would work towards a common vision of achieving the objectives of the Bank employee empowerment used as a tool to enable their employees to deliver the right kind of service quality the bank stands for.

2.10 conceptual framework

This section describes the conceptual framework that guides the research paper clarifies relevant concepts after examining extensive literatures in an effect of employee empowerment and This framework indicates dependent and independent variables; employee empowerment practices (independent variables) such as employee participation, capacity building, team work, and information sharing that have effect on the outcome variable dependent variable (service quality).

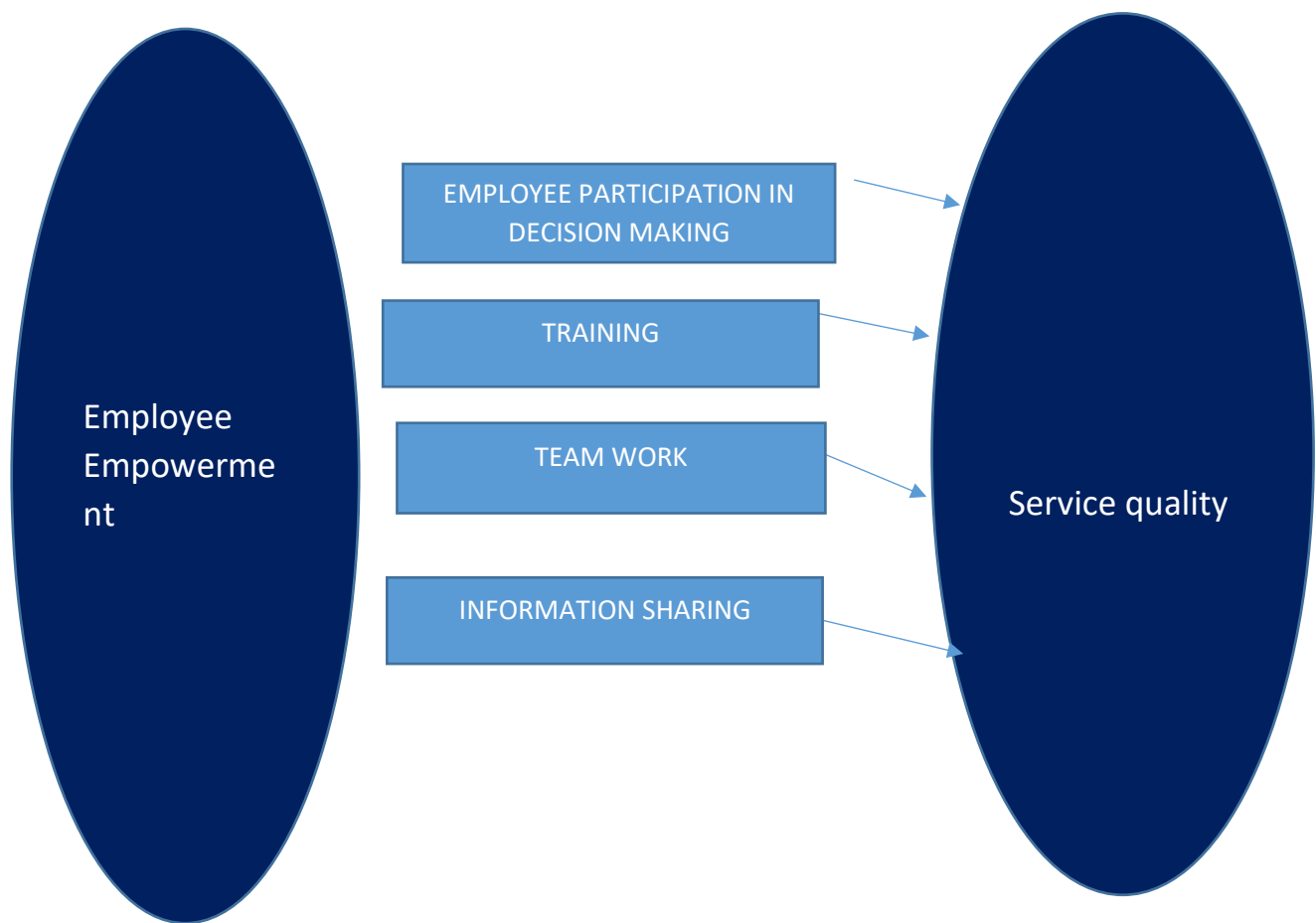


Figure 2.1: Conceptual model of the Study. Developed from a review of related literature

2.11. Research Hypothesis

In order to answer the research questions and achieve the objectives of the study, the following hypothesis were developed and tested in this research to verify the under listed hypotheses.

- Hypothesis 1: There is no positive relationship between Employee Participation and Service quality.
- Hypothesis 2: There is no positive relationship between Training and Service quality.
- Hypothesis 3: There is no positive relationship between Team Work and Service quality.
- Hypothesis 4: There is no positive relationship between information sharing and Service quality.

Chapter 3 RESEARCH METHODOLOGY

This chapter describes the means by which the data were collected. And outlines the research design, the research approach and population, the determination of sample size, sampling techniques, data type and source, the data collection instrument the data analysis method reliability test and ethical consideration.

3.1 Research Approach

A quantitative research approach applied in this study with statistical and mathematical analysis to analyze data collected through questionnaire to this study on the effect of employee empowerment on service quality in case of Hibret Bank SC.

3.2 Research design

Research design provides an operational frame within which facts placed, processed .through analyzed, procedures and valuable research output produced .and explanatory research design was used Explanatory research looks for causes and reasons and provides. Evidence to support or refute an explanation or prediction. It is conducted to discover and report relationship among different aspects of the phenomenon under study. And the researcher aim is not to provide the final and conclusive answers to the research questions, but merely explores how employee empowerment affects service quality.

The study structure of this study is survey type because data were gathered from an entire population to comprehend employee's response from a large population. And research timeline for this study is cross sectional because data collection is a single point in time from many different individuals.

3.3. Sample Design and Target population

According to 2020/2021 annual report of Hibret bank total number of employees reached 7,107 from this regular staff had reached 4,706(904 managerial, 2468 Clerical and 1334 and non-clerical) out of this the target population includes only2468 clerical staff because researcher focus is on measuring effect of employee empowerment and managerial staffs are not included in this study because they are the position of empowering others and no need of involving them in this study and questionnaires target on employees of the bank. Sample size determined according to (the Slovin formula) as follows.

$$n = N / (1 + N e^2) \quad \text{` } 2,468/1+2468(0.05)^2 \quad \text{` } 344$$

Where; 'n' = is the sample size (for employees)

‘N’= is the population size (total employees) 2,468

‘e’= is the level of perception (margin error) 0.05

Accordingly, the researcher used a confidence interval of 95%, which is the level of certainty whether the response for each question is the true answer or not. 5% margin of error which is the amount of error from a difference in the responses that is tolerable. Hence, 344 employees selected in probability multi-stage sampling in order to collect data from the dispersed population.

First the total population divided in to 8 clusters by district out of this 4 districts were selected and then 20 branches was selected randomly following 4 employees from each branch who have worked more than one year to respond about employee empowerment effect on service quality. $4 \times 20 \times 4$ equivalent to 320 and the remaining 24 respondents randomly selected from branches with largest number of employees.

Districts'	Branches	Employees
South west District	20	4
North AA District	20	4
North western District	20	4
Central and east District	20	4

Table 3.1: Population Distribution for employees

3.4 Data Sources and Methods of Collection

A primary data sources used to capture important and relevant information to support the validity of the generalizations and conclusion of the study result. Primary data collected from employees of the organization working in clerical area at Hibret bank in Ethiopia by questionnaires. Questionnaire is a technique of collecting data designed to elicit responses from a certain subject in written form. In order to collect the necessary information, closed-ended questioners with five Likert -scales for clerical employees were used to measure employee empowerment with four dimensions and service quality in (SERVQUAL)model, then questioners handed over to employees via email. The questionnaire method selected among the various types

of survey methods in order to gather primary data due to its advantage to put less pressures on respondents.

3.5 data analysis

The researcher used appropriate techniques and tools for the analysis and presentation of findings obtained from the primary sources. Data processing is an activity involves editing and classifying data to make it suitable for further analysis. In analyzing the data obtained from primary and sources SPSS 24 used. A descriptive statistics like frequencies and percentages also used to analyze the demographic information of respondent's sex, experience, educational background. Pearson correlations tested in order to determine the typical relationships between dependent and independent variables. Regression analysis was used to determine effect of employee empowerment practices on service quality.

The multiple linear regression models specified as follows:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + e$$

Where Y= service quality

X1= Employee Participation in decision making

X2= Teamwork

X3= Training

X4= information sharing

Where the β s are coefficients of independent variables, Xs are column vectors for the independent variables in this case; employee participation, training, teamwork, information sharing. Finally, the recommendation and conclusion summarized based on the research findings.

3.6 Reliability and validity test

In order to confirm the validity and reliability of the data gathered and to achieve research objective of the study reliability and validity was tested. Validity and reliability are qualities that are essential to the dependable results of any data. Validity refers the researcher's conclusion is true or correct with corresponds to the actual state of the world. Whereas, reliability indicates the accuracy or precision of the measuring instrument (Ghose, 2014). To test the reliability of the questionnaire Cronbach alpha used to measures the consistency of the participants' response to all the items in a questionnaire and the researcher founded variables are reliable.

As shown in the table below the Cronbach alpha result ranges from 0.820 information sharing up to 0.921 service quality all variables in this research have beyond 60% cronbach alpha result and they are reliable .reliability test beyond 60% is believed to be reliable Cranach's coefficient alpha in the range between 0.80to 0.95 is very good according to Sekaran & Bougie (2010)

Study variable	No of items in the scale	Cronbach's Alpha result
Employee participation in decision making	3	0.880
Teamwork	4	0.868
training	5	0.820
Information sharing	4	0.909
Service quality	15	0.921

Table 3.2: Reliability result

3.7 Ethical consideration

The researcher affirms that necessary credit has given for others work and no direct copy of others work is used without citing a reference in addition Participant's response safeguarded and doesn't harm any participant in the study and their consent to participate requested during data collection and all ethical issues in research were considered throughout the study.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

This section presents the analysis and interpretation of the data which had collected on the effect of employee empowerment practice on service quality in Hibret bank Share Company'. And data analyzed using tables, figures for its interpretation and discussion based on participants' response for research questions.

Demographic characteristics of the respondents expressed in terms of gender, level of education, work experience presented at first. This information helped the researcher to know the reliability of the respondent for the study. The demographic analysis was conducted using frequencies and percentages.

Descriptive analysis was used to examine the independent and dependent variables. In addition Regression and correlation analysis was also used to understand the level, and the effect employee empowerment has on the dependent variable service quality.

4.1. Respondents' Information and Response Rate

A total number of 344 questionnaires were distributed to clerical staffs of Hibret bank From distributed questionnaires 230 (66.86%) were filled and returned to the researcher, however from filled questionnaires 22 questionnaires were not with full information and the researcher discarded this because of reliability, quality of the study and were as 32 questionnaires was not returned from the distributed questionnaires. According to Mugenda and Mugenda (1999) stipulation that a response rate of 50% is adequate for analysis based on this, 208 (60.46%) response were used for data analysis and interpretation in this study.

GENDER					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	154	74.0	74.0	74.0
	Female	54	26.0	26.0	100.0
	Total	208	100.0	100.0	

Table 4.1: Demographic data of respondents (sex)

Source: own survey 2022

EDUCATIONAL LEVEL					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Diploma	56	26.9	26.9	26.9
	Degree	127	61.1	61.1	88.0
	Masters	25	12.0	12.0	100.0
	Total	208	100.0	100.0	

Table 4.2: Demographic data of respondents (education level)

Source: own survey 2022

WORKING EXP					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	One up to two years	61	29.3	29.3	29.3
	Two up to five years	84	40.4	40.4	69.7
	Five up to ten years	55	26.4	26.4	96.2
	Greater than ten years	8	3.8	3.8	100.0
	Total	208	100.0	100.0	

Table 4.3: Demographic data of respondents (work experience in Hibret bank)

Source: own survey 2022

Table 4.1, 4.2 and 4.3 presents the demographic characteristics of the respondents. The researcher was interested to use gender for the purpose of knowing employees data in regard to sex, the table shows that; 74% employees were Male while the remaining 26% of employees were females. And the researcher used the level of education because education related with ability, quality, experience, empowerment and qualification of employees at work towards performance measurement.

From the findings the above table 26.9% of the employees were diploma and advanced diploma holders with 17.7% of employees. Majority of the respondents of employees 61.1% completed first degree. 12% respondents hold second degree and above.

According to the study the above table 4.1 revealed that, the respondent years of working in Hibret bank for one up to two years were 61 (29.3 percent) were 40.4% of employees. 2-5 years' experience and 26.4% of employees were with 5 up to 10 while 3.8% of employees, were more than 10 years of experience.

4.2 Descriptive Analysis of variables and Interpretation

For The analysis of the findings conducted mean and standard deviation was used on the effect of employee empowerment (employee participation in decision making, training, team work, and information sharing) on service quality to identify employee empowerment effect on service quality in case of Hibret Bank share company.

Respondents were asked to indicate their level of agreement with the questions relating to the selected four employee empowerment elements and service quality using five Likert scale measurement ranged from strongly disagree to strongly agree. And responses compared by using mean and standard deviation.

4.3. Analysis of Employee Empowerment dimension from Questionnaire

This section aimed to identify the effect of employee empowerment on service quality in case of Hibret bank SC to what extent they agreed with the employee empowerment dimensions and service quality measurements listed in the questionnaire for each respondent.

4.3.1. Role of Employee Participation in decision making

Under this participants were asked to indicate their level of agreement whether their manager gives the authority needed to make decisions that improve work process and procedures, their manager gives the authority to make changes necessary to improve things

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
My manager gives me the authority I need to make decisions that improve our work process and procedures.	208	1.00	5.00	3.5673	1.15691
My manager gives me the authority to make changes necessary to improve things.	208	1.00	5.00	3.5769	.97001
My manager 'delegates' authority to make me that is equal to the level of responsibility that I am assigned.	208	1.00	5.00	3.8846	.93569
Valid N (list wise)	208				

Table 4:4 effect of employee participation in decision making on service quality

As the table below indicates the aggregate mean value for the question My manager gives me the authority I need to make decisions that improve our work process and procedures.is3.5673, for My manager gives me the authority to make changes necessary to improve things is 3.5769, for My manager 'delegates' authority to make me that is equal to the level of responsibility that I am assigned.is 3.8846.the average mean is equivalent to 3.6762.here the higher the mean the higher agreement or favorable response to a specific question.

4.3.2. The effect of teamwork in Employee Empowerment

The team members in my department help each other to get the work done is 4.4231, The members of my team feel very close to each other for is4.262 The members of my team really respect each other.4.2692 The members of my team work well together.4.2308 The members of my team encourage each other to succeed when performing the task 4.1154 The members of my team work hard to get things done4.2759 the average mean is 4.26333.

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
The team members in my department help each other to get the work done.	208	3	5	4.4231	.56794
The members of my team feel very close to each other	208	2	5	4.2692	.76431
The members of my team really respect each other.	208	2	5	4.2692	.76431
The members of my team work well together.	208	2	5	4.2308	.84820
The members of my team encourage each other to succeed when performing the task.	208	2	5	4.1154	.89343
The members of my team work hard to get things done.	208	1	5	4.2759	.66210
Valid N (list wise)	208				

Table4.5: the effect of teamwork on service quality

4.3.3. The effect of Employee training in Employee Empowerment

My department provides learning/training opportunities to meet the changing needs of the workplace is 3.3077 is Training and development are encouraged and rewarded in my department 3.3462 Overall, the on-the-job training I receive is applicable to my job.3.8846 Overall, the training I receive on the job meets my needs3.8846 Overall, the training I receive on the job meets my needs3.5769 Overall, I am satisfied with the amount of training I receive on the job is 3.3077 the average mean is 3..48462.

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
My department provides learning/training opportunities to meet the changing needs of the workplace	208	1.00	5.00	3.3077	1.06845
Training and development are encouraged and rewarded in my department.	208	1.00	5.00	3.3462	1.14436
Overall, the on-the-job training I receive is applicable to my job.	208	2.00	5.00	3.8846	.69931
Overall, the training I receive on the job meets my needs.	208	2.00	5.00	3.5769	.92931
Overall, I am satisfied with the amount of training I receive on the job.	208	1.00	5.00	3.3077	1.06845
Valid N (listwise)	208				

Table 4.6: effect of training on service quality

4.3.4. Effect of information sharing in Employee Empowerment

My manager shares information I need to insure high quality result is 4.3462 My manager provides me with the information I need to meet customer needs 4.4519 My manager explains his/her decision and actions to my group is 4.20 My manager explains his/her decisions and actions to my workgroup 4.4231 and the average mean value for information sharing is 4.355

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
My manager shares information I need to insure high quality result.	208	1.00	5.00	4.3462	.87663
My manager provides me with the '3information I need to meet customer needs	208	1.00	5.00	4.4519	.84419
My manager explains his/her decision and actions to my group.	208	1	5	4.20	.887
My manager explains his/her decisions and actions to my workgroup	208	3.00	5.00	4.4231	.63234
Valid N (listwise)	208				

Table 4.7: effect of information sharing on service quality

4.3.5. Assurance measure of service quality

	N	Minimum	Maximum	Mean	Std. Deviation
The bank can provide customers the services as promised.	208	2.00	5.00	4.1923	.73658
The bank can provide accurate service to customers.	208	1.00	5.00	3.9183	.86703
The bank can honor their commitments.	208	2.00	5.00	4.1154	.80226
-Valid N (listwise)	208				

Table 4.8: Assurance measure of service quality

The bank can provide customers the services as promised mean value is 4.1923 for The bank can provide accurate service to customers is 3.9183 for The bank can honor their commitments 4.1154 the average mean value for the effect of assurance on service quality is 3.87.the mean value shows the level of assurance the bank has and the largest mean.

4.3.6 Reliability measure of service quality

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Customers can feel a sense of secure during the transaction process.	208	2.00	5.00	4.3462	.78352
Staff can provide customers prompt and appropriate services.	208	2.00	5.00	4.1154	.75255
Staffs are knowledgeable to solve customers' problems.	208	2.00	5.00	3.9231	.96000
Staffs have the enthusiasm to understand customer needs.	208	2.00	5.00	3.9231	.87579
Staffs consider customer needs in the first place.	208	2.00	5.00	4.0000	.92209
Banking service can increase customers' confident and trust in quality services.	208	2.00	5.00	4.3077	.82330
Valid N (listwise)	208				

Table 4.9: Reliability measure of service quality

Customers can feel a sense of secure during the transaction process mean value is 4.3462, for Staff can provide customers prompt and appropriate services 4.1154, Staffs are knowledgeable to solve customers' problems is 3.9231, for Staffs have the enthusiasm to understand customer needs 3.9231, Staffs consider customer needs in the first place 4.00 Banking service can increase customers' confident and trust in quality services is 4.3077. And the average mean value is 4.16683.

4.3.7. Tangibility measure of service quality

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
The equipment of the bank is sufficient and visible for customers' usage.	208	1.00	5.00	3.6923	1.03164
The bank facilities and designs make customers feel comfortable.	208	1.00	5.00	3.6538	1.07469
Sufficient staffs are available to provide customers banking services.	208	1.00	5.00	3.7308	.90336
Valid N (listwise)	208				

Table 4.10: Tangibility measure of service quality

For the question the equipment of the bank is sufficient and visible for customers' usage is 3.6923, for the bank facilities and designs make customers feel comfortable 3.6538, for sufficient staffs are available to provide customers banking services. Is 3.7308 and the average mean value for tangibility 3.6923.

4.3.1.8. Responsiveness measure of service quality

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Staff can provide customers precise personal services.	208	2.00	5.00	4.1538	.90910
Staff can understand customers' needs.	208	3.00	5.00	4.2692	.71195
Staffs are helpful to customers.	208	2.00	5.00	4.4231	.79482
Valid N (listwise)	208				

Table 4.11: Responsiveness measure of service quality

Staff can provide customers precise personal services mean value is 4.1538, for Staff can understand customers' needs. Is 4.2692, Staffs are helpful to customers mean value is 4.4231 and the average mean value for responsiveness is 4.2820.

4.'83.2. Summary of mean and Std. Deviation of variables

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Decision making	208	3.00	15.00	11.0288	2.76261
Teamwork	208	18.00	30.00	25.5874	3.64386
Training	208	8.00	23.00	17.4231	3.79344
Information sharing	208	8.00	20.00	17.4183	2.52773
Service quality	208	35.00	73.00	60.6000	8.93363
Valid N (listwise)	208				

Table 4.12: mean and standard deviation summary

According to the above table it observed that teamwork had the highest mean score of 25.5874(SD=.3.64386); so that it is possible to say that majority of employees were better agreed with questions which include teamwork dimension of employee empowerment questions. The mean score value for training was 17.4231 (SD=.3.7344) which is less than (3.39) based on Zaidation (2009) mean score measurement 55 comparison bases it declines to lower level that shows as respondents level of agreement is low. The mean value for information sharing and decision making is 17.4183(SD=.2.52773) and 11.0288(SD=.2.76261) respectively .and the

value of standard deviation can indicate how the data spread out below, above and close to the mean.

4.4. The relationship between employee empowerment and service quality

To measure the relationship between employee empowerment and service quality, a Pearson Product Moment Correlation Coefficient used as the result shown in the matrix below. A correlation is a statistic device that measures the strength or degree of linear association between two or more independent and dependent variables. According to Kothari (2004), positive values of r indicate positive correlation between the two variables (i changes in both variables take place in the same direction), whereas negative values of r indicate negative correlation i changes in the two variables taking place in the opposite directions. A zero value of r indicates that there is no correlation between the two variables. When $r = (+) 1$, it indicates perfect positive correlation and when it is $(-) 1$, it indicates perfect negative correlation and if $r=0$, there is no relation between the variables.

4.4.1. Pearson Correlation Analysis

Pearson correlation coefficients reveal magnitude and direction of relationships (either positive or negative) and the intensity of the relationship (-1.0 + 1.0). For this study the correlation computed by the independent variables which are employee participation in decision making, teamwork, training and information sharing and the dependent variable service quality is shown in detail and summarized form respectively.

Correlations						
		Decision- making	Teamwo rk	Training	Information sharing	service quality
Decision-making	Pearson Correlation	1	-.038	.240**	.492**	.124
	Sig. (2-tailed)		.586	.000	.000	.078
	N	208	208	208	208	208
Teamwork	Pearson Correlation	-.038	1	.219**	.233**	.401**
	Sig. (2-tailed)	.586		.002	.001	.000
	N	208	208	208	208	208
Training	Pearson Correlation	.240**	.219**	1	.547**	.480**
	Sig. (2-tailed)	.000	.002		.000	.000
	N	208	208	208	208	208
Information sharing	Pearson Correlation	.492**	.233**	.547**	1	.369**
	Sig. (2-tailed)	.000	.001	.000		.000
	N	208	208	208	208	208
Service quality	Pearson Correlation	.124	.401**	.480**	.369**	1
	Sig. (2-tailed)	.078	.000	.000	.000	
	N	208	208	208	208	208

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

** . Correlation is significant at the 0.05 level (2-tailed)

Table 4.13 correlation summary

4.5 The effect of employee empowerment on service quality

REGRESSION ANALYSIS

Normality and Multi-Collinearity test

Normality test was used to determine whether the sample data has drawn from a normally distributed data and multi collinearity test were used to measure interdependence between predictor variables (employee participation in decision making, teamwork training and information) interdependence implies to check whether employee participation effect on service quality was influenced by the presence of other three predictor variables.

Normality test was made by using Skewness and Kurtosis of the data sets. For medium-sized samples ($50 < n < 300$) with 95% confidence interval of population, skewness and kurtosis distribution within the range of $[-2, 2]$ for skewness score and $[-3, 3]$ for Kurtosis score approximately considered as normal distributed (George and Mallery, 2010). and the researcher used histogram to show skewness and kurtosis. As shown in the figure data is not normally distributed. And kurtosis result for teamwork and information sharing is not in the range $[-3, 3]$, and skewers result, except information sharing are not the range of $[-2, 2]$ and it is more negatively skewed.

Descriptive Statistics									
	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Decision-making	208	3.00	15.00	11.0288	2.76261	-.919	.169	1.047	.336
Teamwork	208	18.00	30.00	25.5874	3.64386	-.412	.169	-.748	.337
Training	208	8.00	23.00	17.4231	3.79344	-.902	.169	.209	.336
Information sharing	208	8.00	20.00	17.4183	2.52773	-1.955	.169	5.080	.336
Service quality	208	35.00	73.00	60.6000	8.93363	-.819	.170	.581	.338
Valid N (listwise)	208								

Table 4.14: Skewness and kurtosis result

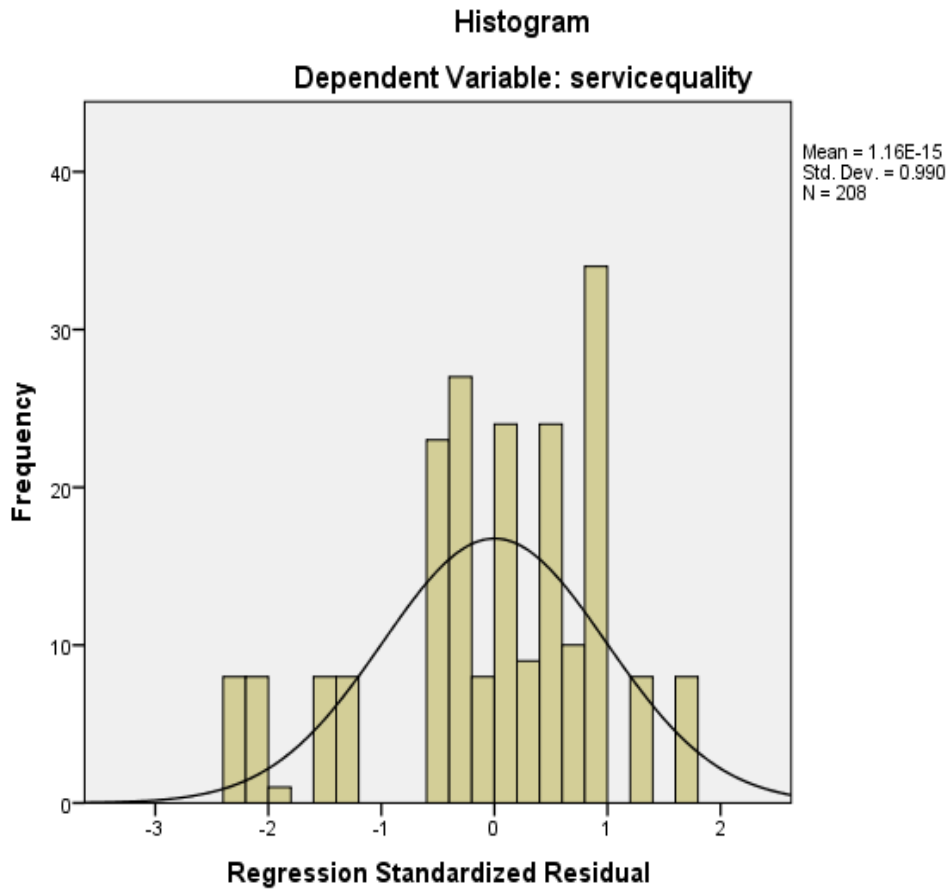


Figure 4.1: Histogram for Normality test

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	20.262	4.635		4.372	.000		
	Decision-making	-.164	.218	-.051	-.752	.453	.713	1.403
	Teamwork	.703	.147	.287	4.788	.000	.906	1.104
	Training	.865	.159	.371	5.438	.000	.702	1.425
	Information sharing	.537	.274	.153	1.961	.051	.538	1.857

a. Dependent Variable: service quality

Tab4.15: Result of Multi co- linearity Test

As shown in the above table to test the assumptions of multi co linearity In evaluation of the tolerance from the test the value shows that in the range between 0.538 and 0.906 which is not less than 0.1 that indicates as there are no violations for the assumptions and the VIF value is between 1.104 and 1.857 which the best case based on this result predictor variables are not highly correlated each other.

The multiple regression analysis was carried out to estimate the effect of employee empowerment practices (independent variables) on service quality (dependent variable). The regression results are shown in table below R square is the square of the multiple correlation coefficients; it indicates the proportion of the variance of the dependent variable explained by the independent variables. The closer R square near to 1, the better the regression model is, whereas the coefficient 63 indicates the number of units of increase in the dependent variable caused by an increase of one unit in the independent variable. Results are presented in Tables 4.16, 4.17,- 4.18.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.595 ^a	.355	.342	7.21301

a. Predictors: (Constant), information sharing, teamwork, participation in decision making, training.

Table 4.16 Model Summary

This model is used to show the variance between dependent and independent variable which implies 0.342% (34.2 percent) of change in service quality is explained by the independent variable which includes information sharing, teamwork, participation in decision making and training while the value of R-square shows the fitness of the model as employee empowerment contributes 34.2% of employees attending promptly to service quality.

ANOVA ^a						
		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	5659.095	6	1414.774	27.193	.000 ^b
	Residual	10301.457	201	52.028		
	Total	15960.552	207			

a. Dependent Variable: service quality

b. Predictors: (Constant), information sharing, teamwork, decision making, training

Table 417: ANOVA

ANOVA Used to determine the presence of significant differences between two or more groups or samples at a selected probability level. In this study, the significance value is .000 which is less than 0.05 thus the model is statistically significant in influencing service quality. The F-ratio in the ANOVA table tests whether the overall regression model is a good fit for the data. In the above table the results for ANOVA rt F is 27.193 with a p value of 0.000 implying that there is a

significant influence of employee empowerment on service quality. The ANOVA table shows the overall significance/acceptability of the model. As the significance value of F statistics shows a value (.000), which is less than $p < 0.05$.

ANOVA was used to determine the Influence that independent variables have on the dependent variable service quality.

The F-ratio in the ANOVA table tests whether the overall regression model is a good fit for the data.

Coefficients^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	20.262	4.635		4.372	.000
	Employee participation indecision-making	-.164	.218	-.051	-.752	.453
	Teamwork	.703	.147	.287	4.788	.000
	Training	.865	.159	.371	5.438	.000
	Information sharing	.537	.274	.153	1.961	.051

Table 4.18: Result of Multiple Regression Analysis

Table 4.18. Presents the results on the coefficients of the regression model. The coefficient result shows that employee participation in decision making; practice have a negative relationship to service quality with Beta = -0.164, at 95% confidence level ($p < 0.05$).and the null hypothesis is rejected., the beta value (-0.164) shows as one-unit increase in employee participation in decision making leads 0.164% decrease on service quality. Therefore, the researcher rejects the null hypothesis. . Teamwork have a positive relationship to service quality with Beta = 0.703, at 95% confidence level ($p > 0.05$). , the beta value (0.703) implies as one-unit increase in teamwork there will lead to0.703% increase on service quality. Therefore, the researcher accepts the hypothesis, this indicates that teamwork has a positive impact on service quality in case of Hibret bank. Training has a positive relationship to service quality with Beta = 0.865, at 95% confidence level ($p > 0.05$). Therefore, the researcher accepts the hypothesis, the significant level

of team work shows $p=.013$ which means it's significant because p value is > 0.05 . Information sharing has a positive relationship to service quality with $\text{Beta} = 0.0537$, at 95% confidence level ($p > 0.05$). The beta value (0.0537) shows as one-unit increase in information sharing there lead 0.537% increase on service quality. In case the null hypothesis accepted,

Regression coefficient (beta value) which indicated the effects, direction and degree of contribution made by each independent variable to the dependent variable. R- square (coefficient of determination tells that how much variation is taking place in the dependent variable (service quality) due to the variation in the independent variable (employee empowerment practices). The p-value indicates the statistical significance of the relationship between the dependent and independent variables. Based on the regression result the regression model shown as follows,

$$\text{Customer service quality} = 20.262 + 0.164 \text{ DM} + 0.703 \text{ TW} + 0.865 \text{ T} + 0.537 \text{ IS}$$

Here, **DM** is employee participation in decision making

TW is teamwork,

T is training,

IS is information sharing

Generally, the result of the regression analysis shows that employee empowerment dimension affect service quality in Hibret share company.

4.6. Hypothesis testing

Hypothesis 1: There is no significant relationship between Employee Participation and service quality. As per the result of multiple regression analysis table above the result indicates that employee participation not positively affect service quality and the effect is insignificant.

. Hypothesis 2: There is no positive relationship between teamwork and service quality as per the result of multiple regression analysis table above the result indicates that teamwork and service quality are positively related and significantly affects service quality.

Hypothesis 3: There is no significant relationship between training and service quality. As per the result of multiple regression analysis table above the result indicates that team work and service quality are positively related and teamwork significantly affects service quality.

Hypothesis 4: There is no significant relationship between information sharing and service quality. As per the result of multiple regression analysis table above the result indicates that information sharing and service quality are positively related and information sharing significantly affect service quality.

CHAPTER 5

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

This chapter presents a summary of the findings of the study, conclusion and recommendation based on findings from gathered data.

5.1. SUMMARY OF FINDINGS

The purpose of this study was to determine the effect of employee empowerment on service quality in case of Hibret bank SC. When we see the demographic information of respondents in this data 74% of respondents were male, largest portion of respondent 88% were degree holders and respondents work experience is five up to ten years in Hibret bank is 96.2%. Based on the result of data analysis the following summary of the findings were drawn;

The regression result with beta value 20.262 from this employee empowerment in decision making negatively affects service quality and change in service quality is explained with -0.164 other variables held constant, teamwork explained service quality with $\beta = 0.703$, training explains service quality with 0.865 and training has highest degree of effect among the four employment variables, and information sharing explains service quality in 0.537. The unstandardized coefficient value implies all other variables held constant a shift of 1 unit in predictors (employee participation in decision making, training, teamwork, and information sharing) there is an average change of -0.164, 0.703, 0.865 and 0.537 in service quality. And from this variables Teamwork, training, and information sharing show positive effect on service quality while employee participation in decision making show negative relationship and overall a unit change independent variables explain with 0.342% (34.2 percent) of change in service quality by the independent variable which includes information sharing, teamwork, participation in decision making and, training

When the finding for the effect of employee empowerment on service quality in case of Hibret bank summarized there is positive and significant relationship between dependent and independent variable.

5.2. CONCLUSIONS

Employee participation in decision making dimension of employee empowerment positively affects service quality ,however in this study delegation of authority to make decision in work leads to decrease in quality of service so delegation of authority shall not be promoted to quality service, and information sharing dimension of employee empowerment ,information gained from managers on their decision and action to meet customer needs, about company goals and objectives has positive correlation with service quality ,in case it is important to promote this practice to gain favorable result on improved service quality. The teamwork dimension of employee empowerment, members to help each other and their close relationship in a team, respect each other positively affect service quality so Hibret bank Share Company shall continue to promote teamwork practice for improved service quality.

In conclusion employee empowerment dimensions training, teamwork, and information sharing has positive correlation with service quality while employee participation in decision making has negative correlation with the dependent variable (service quality).

5.3. RECOMMENDATIONS

Based on findings of the study the researcher recommends

- The company need to promote teamwork, training information sharing to improve service quality due to the nature of service quality developing the practice of teamwork for quality service delivery, and training in relation to quality service delivery and information shall be shared to create common understanding on vision, goal of the company having in mind vision and goal helps to work attain those goals and this in turn can possibly help to improve service quality.
- the researcher further recommends future studies to include employee empowerment dimensions comprehensively, because other confounding factors not included in this study has also their own influence on service quality. And service quality is an important concern that needs a huge attention in financial sector specially banks in Ethiopia due to a growing competition.

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QUESTIONNAIRE

APPENDIX I. QUESTIONNAIRES DISTRIBUTED FOR EMPLOYEES OF HIBRET BANK SC

ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE POST GRADUATE PROGRAM MASTERS OF ARTS IN HRM

Dear Respondents;

This is a study conducted for completion of MA in human resource management. The objective of this questionnaire is to measure the effect of employee empowerment on service quality in case of Hibret Bank sc. You are one of the respondents selected to participate in this study. Thus, I would kindly request you to answer these questions.

I can be reached via email or telephone at alemayehuteref@gmail.com phone ,
+251938282862

Thank you, for your support!!

N.B.

- ✓ There is no need of writing your name.
- ✓ Mark or write a number which you think an appropriate response.
- ✓ use the following rating scales as Strongly disagree (1), Disagree 2, Neutral 3) Agree (4) and Strongly Agree (5)

Part one: Demographic information for respondents

1. Sex

Male Female

2. Educational level

A. Diploma and advanced diploma

B. Degree

C. Masters and above

3. Work experience

A. 1-2 years;

C. 2-5 years

B. 5-10 years

D. Greater than 10 years

NO	Employee Participative in Decision-Making	Degree Assessment/Measurement				
		1	2	3	4	5
1	My manager gives me the authority I need to make decisions that improve our work process and procedures.					
2	My manager gives me the authority to make changes necessary to improve things.					
3	My manager delegates' authority to make me that is equal to the level of responsibility that I am assigned. Source: Arnold et al. (2000) and Konzack et al. (2000)					
	Teamwork	Degree Assessment				

		1	2	3	4	5
1	The team members in my department help each other to get the work done.					
2	The members of my team feel very close to each other.					
3	The members of my team really respect each other.					
4	The members of my team work well together.					
5	The members of my team encourage each other to succeed when performing the task.					
6	The members of my team work hard to get things done. Schmidt, S. W. (2004)					
		DEGREE OF ASSEMENT				
NO	Employee Training					
1	My department provides learning/training opportunities to meet the changing needs of the workplace					
2	Training and development are encouraged and rewarded in my department.					
3	Overall, the on-the-job training I receive is applicable to my job.					
4	Overall, the training I receive on the job meets my needs.					

5	Overall, I am satisfied with the amount of training I receive on the job. Schmidt, S. W. (2004)					
	Information sharing					
		1	2	3	4	5
1	My manager shares information I need to insure high quality result.					
2	My manager provides me with the information I need to meet customer needs					
3	My manager explains his/her decision and actions to my group.					
4	. My manager explains company goals to my group.					
	5.my manager explains his/her decisions and actions to my workgroup Source: Arnold et al. (2000) and Konzack et al. (2000)					

Service Quality variables

No						
	Assurance	1	2	3	4	5
1	The bank can provide customers the services as promised.					
2	The bank can provide accurate service to customers.					

3	The bank can honor their commitments					
	Reliability					
1	Customers can feel a sense of secure during the transaction process					
2	Banking service can increase customers' confident and trust in quality services.					
3	Staff can provide customers prompt and appropriate services.					
	Empathy					
1	Staffs are knowledgeable to solve customers' problems.					
2	Staffs have the enthusiasm to understand customer needs.					
3	Staffs consider customer needs in the first place.					
NO	Tangibility					
1	The equipment of the bank is sufficient and visible for customers' usage.					
2	The bank facilities and designs make customers feel comfortable					
3	Sufficient staffs are available to provide customers banking services.					

NO	Responsiveness					
1	Staff can provide customers precise personal services.					
2	Staff can understand customers' needs.					
3	Staffs are helpful to customers					