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Employee Engagement and Performance in Microfinance Institutions in Kenya: A Case of BIMAS Kenya Limited

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Abstract:
This study's main aim was to explore the connection existing between engagement and performance of employees in microfinance institutions in Kenya with BIMAS Kenya Limited as a case study. To achieve this objective, the study's sought to establish the effect of Empowerment on performance and to examine the moderating effect of industrial regulations on the relationship between employee engagement and performance of employees at BIMAS Kenya Limited. The study was principally anchored on the Three component model of engagement, the Universalistic theory and the Herzberg two factor theory. A descriptive research design was used and the respondents were 48 employees who are Top level managers, Operations managers and Branch managers. A census was carried out since the population of the study was relatively small. Primary data collection was done using structured questionnaires that comprised both open and closed ended questions. A pilot study was employed to help in identifying problems that could be encountered by the respondents. Content validity was used and testing of instrument reliability was done using the Cronbach Alpha with a threshold of 0.7. Descriptive analyses was analyzed using frequencies and percentages, means and standard deviations. While inferential statistics was analyzed using multiple linear regression using 0.05 level of significance. SPSS version 24 software aided in data analysis. The analyzed quantitative data findings were presented by the use of frequency tables, bar charts and pie charts. The study findings revealed that there is minimal bureaucracy in the organization and that they had the necessary skills to perform their duties. The employees, identified with the organizational goals and wanted to serve for long. On regression, the model summary ascertained that the model is good and can be utilized for the purposes of estimation. The F critical at 5% level of significance was 3.123. Since F calculated is greater than the F critical (value = 25.185), this shows that the overall model was significant. This study recommends that managers should ensure all their employees have everything they require to perform their duties, be treated equally and adopt the use of different strategies to ensure that the output of employees is utilized to the maximum. The study recommends further research to understand how an employee is empowered.

Keywords: *employee engagement, performance, empowerment, industry regulation, Microfinance Institutions in Kenya, BIMAS Kenya Limited*

1. Introduction

Employee engagement unlike employee happiness and satisfaction is an important factor which determines the organizational prosperity. When employees are satisfied they come to work daily and be punctual but they may not go an extra mile in being productive at work (Kruse, 2011). Generally, engagement of employees is a distinct construct which is composed of behavioral, cognitive and emotional components which are in a way or another linked to individual role performance (Graffigna, 2015).When employees are engaged, together with organizations, they can sacrifice for each other because of the benefits that they will yield from the relationship.

Over the past decade, managers have begun to embrace the concept of employee engagement. It is perceived as an intrinsic state of being bringing together aspects of work effort, optimal experience, job satisfaction and organizational commitment. Various phrases are used in expressing engagement of employees. They include employees feeling valued, passion for work, discretionary effort and going the extra mile. According to Armstrong (2016) an employee who is always engaged tends to recognize the business environment, coordinates well with workmates through team work hence improving their general performance for the organizational growth and wellbeing. Gallup (2017) holds that employees who are engaged are the ones who carry out work related tasks with passion and connects profoundly to their Company.

Performance despite having been widely adopted as a dependent variable in many organizational studies, it is still unclear and has not been clearly defined (Cheche 2019). This can be associated to the fact that the concept is relative and is usually interpreted by different stakeholders with varied and conflicts interests (Carton, 2015). Initial empirical studies regarding the aspect of employee performance (EP) were based on; financial performance, market performance and shareholders return. However, the use of these indicators in measuring performance was challenged because they are not universal to all employees. The indicators cannot be applied to employees who don't exist for profits' maximization. Also, many other organizational aspects are not covered by financial performance.

From an International Perspective, in an Employee engagement survey conducted by Melcrum (2016), perceives employee engagement as entailing the process through which the potential of employees is translated into employee performance and success of the business enterprise. This view of Melcrum will be adopted in this particular study. In the view of Melcrum (2016), it is seen that despite the fact that models of employee engagement vary from one another, they all have one major aspect in common. Engaged employees have a great emotional commitment to their work. This is because they find their work to be both fulfilling and meaningful and this in return results into noticeable enhancements in terms of productivity. In cases where employees are fully engaged and committed to their job and organizations, then productivity is bound to increase and there will be lower employee turnover.

In Kenya, an employee engagement and retention study conducted by Deloitte Consulting (2017) 85% of those interviewed indicated that it this needed to be handled with urgency. However, 29% were not willing to take on this challenge. Another study conducted in Kenya by Mokaya&Kipyegon (2015) in banks, reveals that employee engagement is higher in the companies that are growing with a double-digit. It further brought out an interesting phenomenon. Organizations are under extreme pressure to tap the potential of employees to develop new solutions in order to address changing work requirements. Employers have recognized there is need to engage employees in a manner that leads to maximum utilization of their potential for competitive advantage.

They all agree that utilizing the potential of the employees as much as possible is quite necessary for the company's betterment and also in enhancing the employees' growth. Gubman (2017) suggests that the organization and its annual strategic goals should be the determinant factors of the main engagement objective. The drivers behind the success of that particular organization will be determined by factors such as its culture, communications and framework, brand, rewards framework and the type of leadership. Most organizations and businesses utilize employee engagement as one of the tools to manage performance. Communication through performance reviews is very essential in any given organization. If proper engagement is done, then performance of employees can be increased.

The outcome of employee, financial performance and the success of BIMAS Kenya Limited are usually predicted by engagement. A research conducted by the CIPD shows the various links between the management of individuals, attitudes of employees and the performance of businesses. Also, it has been noted that employees who are engaged perform far better when compared with the ones who aren't. Employers have recognized there is need to engage employees in a manner that leads to maximum utilization of their potential for competitive advantage. Employees who possess a combination of risk-taking, autonomy, innovativeness, competitive aggressiveness and proactive in the workplace are considered as key contributors to entrepreneurial culture in Organizations (Alvi, Halder, Hannef& Ahmed, 2015).

Market regulation efforts by Governments are intended to protect the consumers. In the financial sector, maintaining financial stability is an additional motivation for market regulation which serves as a public good. The financial sector is quite sensitive and its supervision calls for the need of an elaborate framework and in most cases the supervision is always very intense as compared to other sectors. (Manuylenko, 2018). The process of regulation by various authorities is normally dependent on a number of factors. This applies to international, regional, national, or market sector regulations. There is no agreed upon theory on how the financial sector should be regulated but some of the regulation objectives to be focused on include investor protection for confidence building, ensuring fairness in the markets, efficiency and transparency, protection of the sector from consumer malpractices, reducing system risk and ensuring that consumers are confident in the financial system. (Manuylenko, 2018).

Regulatory frameworks vary in terms of their structure and objectives from one jurisdiction to another. Redressing the imbalance of information which at times may exist between consumers and financial services is an important goal of regulation. This is normally achieved through making sure financial services entities operate under a given code of conduct and observes certain minimum business standards. Also, where the financial markets are fair or not is dependent on the extent of consumer protection. (Manuylenko, 2018). Overall, the regulation process tries to maintain a balance of market protection, without having to stifle businesses which are legitimate. Achieving this may be done via ensuring businesses don't fail by having a set of control requirements like ensuring that business entities are in a position to meet their obligations through having sufficient liquidity.

According to Biswa et al (2018) The Microfinance Sector is seen as the backbone of the economy because this sector is very significant to the process of attaining financial inclusion. There is an enormous gap sought after and supply in microcredit and that a huge piece of this gap is adjusted by casual sources including moneylenders. The Microfinance industry has a huge business opportunity for rapid growth. It is an essential aspect of infrastructure technology and emerging service provider types which determine whether the Microfinance industry is capable to assist their customers in terms of hassle-free credit & quality services. Even though there is a slowdown in economic sentiments, this industry has continued to experience growth in the rural area. Deficit of skilled management is the major challenge that the industry is currently experiencing. This is due to its disorganized nature of the microfinance sector, lack of sufficient training institutions and adequate engagement strategies for employees. Poor Management practices were seen as key reason for a high level of the attrition rate.

1.1. Statement of the Problem

Most management expects with the result that engaging their employees should have an impact on the organization through work performance improvement. This aspect does fully concur with the psychological presence model by Kahn's (1992) and Macey et al.'s (2009) model of the employee engagement value chain. The business consultant and the former General Electric CEO Jack Welch, holds that, company health measurement can best be done through checking the level of engagement of employees (Vance, 2016). The performance of workers who are engaged is usually better due to the fact that they are proactive; they have the ability to aim higher, are very motivated, portray pro-social behavior and are healthy both physically and emotionally. Managers who value the concept of engagement of employees enhance high performances and increased productivity among the employees via creating working environments which motivates and energizes them. Gallup (2017) compared workgroups with high engagement levels of employee and those with less and concluded that those with high levels experience high profits by 22% and increased productivity by 21% compared to the others.

Gallup has since 1997 done a number of studies called metanalyses. The aim of these studies was to find out the impacts of engaging employees on the bottom lines of various companies. He concluded that in any given economic environment, the engagement of employees does relate to the organization's output. It is significant to note that, Gallup has not conducted any survey in industries or companies within the African continent. A study by Graban, (2016) revealed that salary benefits are not on their own reliable push factors of engaging employees. He concluded that, a significant contributor to employee engagement is the corporate culture. This conclusion was based on a study that he had done in the first world countries. Mutunga (2019) did a research in a telecommunication industry in Kenya exploring Factors Which Contribute to the Level of Employee Engagement and found that, Zain workers were not engaged. The reason behind the disengagement was because they were not contented with their salaries and benefits, their working conditions and the fact that they were denied the freedom to express themselves. Mutunga failed to show the relationship between engaging employees and their individual work performance.

Apparently, all of the above scholars have reviewed employee engagement but did not relate the performance of employees to the financial sector specifically the microfinance industry. Therefore, this research will focus on filling the knowledge gap by analyzing how engagement is related to performance in Microfinance Institutions, with BIMAS Kenya Limited as a case study. It will also bring in a new aspect of the effects of the industry regulation on engagement and performance.

1.2. Theoretical Review of Literature

This study was anchored on the Three Component Model of engagement postulated by Schaufeli& Bakker (2006). This model noted that work is characterized by certain aspects including but not limited to one being dedicated, vigor and the aspect absorption. It also tends to give employees fulfillment, increased energy, strength and mental stability. Devotion relates to the sense of enthusiasm and absorption points towards an employee's total commitment to work. Engaged employees tend to take on more resourceful activities and engendering positive feedback Schaufeli& Bakker (2006). Findings revealed that a good relationship existed among three resources of work (regular feedback on performance, welfare systems, and essential coaching skills) and engaging in work which entails the elements of vigor, absorption and dedication.

Schaufeli and Bakker (2006) further developed a tool used to measure engagement levels at work adopting dedication, absorption and vigor as variables. They advanced the Entrenched Work Engagement Scale (UWES) and used it to test the relationship which links engagement of Dutch employees and how they perform at work. They established that a positive link existed between work engagement, innovativeness and performance both in and out of the role. They adopted structural equation modeling analyses to showcase that resources related to jobs (not job demands) have the potential of predicting the level of engagement.

The Universalistic theory by Pfeffer (1998) is recounted with the term 'best practice' and 'high performance work practices' in Strategic Human Resource management. It states that some practices associated with human resource directly and positively influence the performance of an organization. Research has evolved and examining how collectively reinforcing sets of HRM practices may have a synergistic effect on the organizational financial performance. Its underlying arguments indicate the presence of a direct association between human resource systems or practices and the general performance of an organization. That top practices are universally successful and applicable and that success in the corporate world is best evaluated by looking at its performance financially, pointers such as market share, profits and sales levels.

Pfeffer (1998) advances that the adoption of sixteen specific practices, such as job security, overarching philosophy, team reformation, high earnings, recruiting selectively, employee ownership, incentive pay, sharing of information, training, cross-utilization, skills development and cross-training, symbolic egalitarianism, compressing wages, redesigning of jobs, internal promotions, participation and empowerment, long-term perspective, practise measurement. It is evident from this theory that certainprogressive HRM practices (HPWPs) have a relevant and great relationship with how an organization performs (Syed 2012). The proponents of this theory believe that there is a universal practice in Human resource management and that it is the best practice an organization can adopt. They are however, against the use of culture, the behavior and heterogeneity of people and the environment. Attempts are in place to standardize the model to make it universally applied.

Classical theories of performance (Herzberg, 1966), provides the basis for engagement and performance. It relates to Frederic Hertzberg's two-factor theory which has two types of factors; the hygiene factors which are the demotivators and motivators that sustain effort. Bassett-Jones & Lloyd (2015) also stated that job satisfaction is related to intrinsic factors while dissatisfaction is linked to extrinsic factors. Intrinsic factors are the motivational element in engagement. Also, when work itself is said to be meaningful it then possesses intrinsic motivation. This implies that pay does not foster engagement, but the work does (Macey et al 2009). Intrinsic motivation exists when one performs work for own sake without any reinforcement. Similarly, intrinsic motivation ascends from self-created issues that affect an individual behavior. For instance, work itself can motivate an individual when they feel that what they do is significant, exciting and stimulating and offers them a sense of independence, openings to growth and development, and opportunity to be creative and innovative (Armstrong, 2016).

The job itself must be challenging, complex and in a variety of jobs to engage the worker. In Hertzberg theory conclusion, dissatisfaction is affected by the hygiene factors while job satisfaction is affected by motivators. An employee is motivated through job security, pay, recognition, achievement and by means that foster positive development (Kadushin, 2002). The increase in the level of engaging and committing an employee to the organization is not necessarily trigged by more money being offered to them factors such as honesty, morals, individual expression or intellectual encounters. In this regard, the theory of Herzberg is of relevant to the study because it has been broadly read and applied. The theory is of value to the study as it recognizes that it is from within a person that true motivation can originate and rather not from external factors hence promote engagement and performance.

The Two Factor theory faces some prejudices in its application. The theory fails to give a clear distinction between the hygiene factors and the satisfiers as some aspects fall in the two groups. Also, some factors such as salary are ambiguous in the position as a motivator or hygiene factor (Ewen, 2014).

2. Empirical Review of Literature

2.1. Empowerment and Performance

According to Wilkinson, (2018), in a research aimed at finding out what organizations are supposed to do to ensure their employees are empowered and the turnover is reduced, critical review of existing literature regarding the same was what guided methodology. The literature reviewed was both soft copy, hardcopy and other online sources. Upon review of the literature, the output indicated that empowering employees is very important during this period of globalization because by doing so the organization's ability to adapt to environmental changes is enhanced and employee turnover is reduced in the process. This study will conduct the actual research.

Saengchai (2019) within Indonesian engineering firms examined the link between various HR practices, the extent to which employees are motivated and empowered and their relative performance. Among the factors examined were the motivation of employees and the moderation of their empowerment. Using survey research design stratified random sampling method was used on respondents who were employees of the engineering firms and data analysis was done by SEM-PLS tool. The research findings argued that the level of performance of employees in the Indonesian engineering firms is determined by the HR practices and the level of motivation and empowerment. This study used SEM-PLS for data analysis while the current study used multiple linear regression.

Van De Voorde, (2016) looked at linking empowerment-based HRM and labour productivity to employees' engagement to their work and the intervening function of job demands and assets. 311 of the employees working within 46 department of a public hospital appraised their work engagement, needs and task-related resources. 46 departmental managers rated the HR practices that had been implemented with the aim of empowering employees and their outcomes in terms of productivity within their various departments. Results indicated that job variety has the ability to positively mediate the impact of empowerment-based HRM on employees' engagement to work. Also, job related demands have unfavorable mediation outcome on the influence of labour productivity on work engagement. The outcomes of the research showed how empowerment-based HRM and efficiency of the labour force influences work engagement. Findings also emphasized the significance of paying attention to the significant elements of the JDR model (work related needs and capital for employees during work) as reconciling techniques. In this study structured questionnaires were administered to all employees.

In an empirical study conducted by Bose (2018) on selected banks in UAE on Employee empowerment and Employee performance, the study methodology utilized a surveys study of 80 respondents and a structured questionnaire was adopted in data collection. Analysis of the data collected was done and hypotheses were formulated. The formulated hypotheses were later tested by the use of various statistical tools namely correlation coefficient, mean, one sample t-test and standard deviation. According to the study findings, the respondents working in the banking sector in UAE were not currently well motivated hence their performance was not quite enhanced. The study provided suggestions on further improvements that should be considered when it comes to the issue of empowering employees. Finally, no relevant connection was established between empowering employees and how they perform in the current banking system. Further studies on various issues of the different areas not covered or revealed has been suggested. The study was conducted in banks whereas this study focused on BIMAS Kenya Limited a microfinance institution.

2.2. Industrial Regulations and Performance

In the Kenyan Constitution, (2010), Article 41, grants each and every worker the undisputed right to fair labour practices. These include being compensated fairly for the job done, fair working conditions; and the right to go on strike. Employees have the right choose and be part of a trade union which is recognized and registered. An employee may freely engage in a strike if: the basis of the strike dispute forming the basis of the strike regards the agreed upon regulations of employment or recognition of a trade union where the employee is a registered member; if the trade argument fails to be resolved even after conciliation; then a written notice is presented to the Cabinet Secretary in charge of labour matters by the authorized spokesperson of the Union seven days prior to the strike. (Constitution of Kenya, 2010).

David (2018) studied the effects of regulations set of the central bank in Kenya regarding Micro finance banks' financial performance, by use of a descriptive research design where 13 Microfinance banks which had been accredited by the Central Bank of Kenya by the 31st December 2016 being the study target population. A census sampling technique was conducted where all the 82 staff working in the Risk, Compliance and Finance departments of all the selected Microfinance banks in Kenya were part of the sampled individuals. Primary and secondary data were both gathered and reviewed. The study revealed that capital adequacy affects the financial performance of Microfinance banks greatly and deduced that the core capital/ total risk weighted assets (TRWA) ratio of 10% and total capital/ total risk weighted assets (TRWA) ratio of 12% are high and the capital requirement of Ksh. 60 million for nationwide Microfinance banks was high and Ksh. 20 million for community Microfinance banks was moderate. The study findings showed that statutory requirements have a significant role in the Microfinance banks' financial performance. It further showed that financial performance of the Microfinance banks is greatly affected by operational requirements. The study finally indicated that the requirements for financial reporting affect how the Microfinance banks perform greatly. In conclusion, the study stated that statutory requirements had the more impact on the Kenya's Microfinance banks' financial performance, followed by adequate capital, then operational requirements while requirements for financial reporting had lower effects on how the Microfinance banks in Kenya perform financially. The recommendation from the study held that in order to facilitate favorable financial performance of MFBs, the institutions should prudently manage their liquidity, minimum capital requirements should be set based on the institutions risk appetite and the institutions should explore strategies to improve their operational efficiency.

The study also found that various statutory requirements play a great role in how the microfinance banks perform financially. Where it gathered that liquidity ratio of 20% is high for Microfinance banks operating within the Kenyan boundaries which relatively lowered their ability to perform financially. The study concluded that statutory requirements had the highest effect on how the various Microfinance banks of Kenya perform in terms of their finances, after that was adequate capital, followed by operational requirements whereas financial reporting requirements had the least consequence on how Microfinance banks in Kenya performed financially. The study suggested that to be able to facilitate favorable financial performance of MFBs, the institutions will need to prudently manage their liquidity, minimum capital requirements should be set based on the institutions risk appetite and the establishments should explore strategies to improve their operational efficiency. The focus of this study will be one MFI and all staff in the various departments.

According to Nzuve, (2017), in the study looking at the impact of how employees relate on the performance of an organization; a case of Nyamasheke district in Rwanda. The researcher made use of a descriptive design for the study. Employees of Nyamasheke district served as the study's target population. Being that they were part of a local government, and they were well versed hence better-off in provision of reliable and factual answers to the questions on the topic that was under examination. The sample was made up of all of the individuals working in the district office giving rise to 63 study respondents. Questionnaires were the main tool through which research data was collected. Quantitative methods were used in data analysis aided by SPSS. Collected data was presented into frequency distributions, tables, pie chart, means and percentages. In establishing variable relationships, the researcher utilized inferential analysis such as Pearson's correlation. Regression analysis was checked by looking at how various independent variables impacted on the dependent ones. The study brought to light the existence of a connection linking the independent variables which were: bargaining, employee communication, health and safety and conflict resolution and the organization performance which in this given case is the dependent variable. The study concluded that there was a positive relationship between the independent and dependent variables of the study. The study recommends the establishment of effective and reliable communication channels to ensure provision of essential information and the creation of avenues via which thoughts, suggestions and feedback can be communicated. Conflicts tend to have both negative and positive effects but employers and their employees can work towards realizing positive effects as opposed to those that are negative. Also, employees should make it their responsibility to perform well at their work stations so as to satisfy the organization and help achieve its overall goals. Quantitative research techniques will facilitate the process of analyzing the data. For this given study descriptive analyses will be analyzed using percentages and frequencies, means and standard deviations. While multiple linear regression using 0.05 level of significance will be adopted to analyze inferential statistics.

3. Methodology

The study adopted the descriptive research design. A design in research is basically the arrangement of significant elements for collecting and analyzing research findings through emphasizing on importance and purpose of the study with the economic aspects in procedure (Kothari, 2018). The design was considered appropriate because of its ability to offer detailed explanations of the attributes of the population being examined and it is quite applicable when dealing with large population of the study's discovery (Burns & Bush, 2016).

According to Maslow's hierarchy of needs, employees at different levels have different engagement needs. Hence the selection of management employees for this study whose engagement needs are of a similar nature.. The researcher utilized a target population of 48 employees in management for the study. They included the Top Level Managers, Operations managers and Branch Managers in the various stations A census was conducted and was informed by the small population which is less than 200 to provide an accurate measure of the population. A census has the ability to eliminate sampling error hence it is able to give a population's true measure. (Chaudhuri and Stenger, 2005). It is a source of benchmark data for the study which may help to facilitate future further studies.

This study used a structured questionnaire as the primarily tool for collecting primary data. The questionnaire enabled the researcher to set standardized questions that follow a fixed scheme to collect data on one or more specific topic (Merriam, 2016). The semi-structured questionnaire was generated by the researcher and administered to the respondents by research assistants. Prior to data collection, a pilot study was conducted , with validity and reliability of the instruments being conducted. The reliability was tested using Cronbach alpha; as indicated by Kombo and Tromp (2009) with a threshold coefficient of 0.7.

Research assistants were trained on the elements of the questionnaire and how to handle the respondents in the field. The researcher obtained an introduction letter from the university so as to get access to the data required from the targeted respondents, and also sought authority to conduct research from National Commission for Science, Technology and Innovation (NACOSTI) office before the data collection process. Content analysis was adopted for qualitative data and data were analyzed using both descriptive and inferential statistics in Statistical Package for Social Sciences (SPSS) Version 24.0 software. Interpretations were made consistent to the provisions of each test. Descriptive statistics, including measures of mean and standard deviation, were calculated to profile organization, individual respondents and the study variables. The analyzed quantitative data findings was presented by the use of frequency tables, bar charts and pie charts. Data analysis is the process of bringing order, structure and meaning to the mass of information collected (Mugenda&Mugenda, 2003). The researcher complied with the prescribed code of conduct for research by adhering to practices such as consent and confidentiality.

The examination of change (ANOVA) was checked to uncover the general model centrality. Specifically, the determined f measurement was contrasted and arranged. A basic p estimation of 0.05 was utilized to determine if the general model was large or not. A numerous direct relapse model was utilized to test the noteworthiness of the impact of the free factors on the needy variable to appraise the model of composite list of authoritative execution. Measure X is a relapse consistent or catch, β1-3 is the relapse coefficient, Y compliance speaks to the composite score of compliance and the free factors.

Pearson's Product Moment Correlation (r) was derived to show the nature and strength of the relationship. Coefficient of determination (R2) was used to measure the amount of variation in the dependent variable (firm's performance) explained by the independent variables (ISO certification). The F-ratio generated in the ANOVA table measured the probability of chance, a departure from the straight line (line of best fit). The p-value of the F-ratio generated should be less than 0.05 for the equation to be statistically significant at 5% level of significance. When the p-value is greater than 0.05, the model is not statistically significant. For p-value of less than 0.05 , the relationship was considered significant at 5% level of significance (Hair et al., 2010).

The overall equation of the effect of independent variables on performance of employees was as below:-

Model 1	**Model 2**
Model 1: $Y=\beta_1X_1+\ \varepsilon$ Where: Y= performance Xi for; X_1= empowerment ε = Error term	**$Y=\beta_1X_1+\beta_2X_2+\varepsilon$** Where: Y= performance Xi for; X_1= empowerment X_2= industrial regulations ε = Error term

Table 1

The moderating variable was tested as follows;

Two multiple linear regression models (Model 1 & Model 2) was fitted where model 2 has the moderating variable (industry regulation) whereas Model 1 does not. Significance levels was obtained for both models through SPSS.

4. Findings

4.1. Empowerment and Performance

The data as illustrated in Table 2 was obtained from respondents who were requested to indicate the extent of agreement with each employee empowerment measures on performance at BIMAS Kenya Limited statements below.

Statement	**Mean**	**Std. d**
I have the necessary skills to perform my day to day duties	4.0794	1.1818
Training and development opportunities are available to enhance employee knowledge and skills.	1.5238	.91329
Employees are encouraged by the management to enhance their levels of creativity and innovation.	1.0635	24580
My organization offers flexible working hours	1.4603	.50243
There is minimal bureaucracy in the organization	4.3810	.77102
I know who to refer complex matters to in the organization	4.2540	.76133
Employees know the expectations that the management has of them and hence they are in a position to make great work related decision.	3.7460	1.19094
My organization offers an open door policy	2.2222	1.22401
Management avails information to its employees in time enabling them to make thoughtful decisions at their work places.	3.3810	.65816
Employees can voice their concerns without fear	2.9683	.98322
Currently, management circles have received and recognized the aspect of empowering employees as being very significant.	3.9365	.94822

Table 2: Extent on Effect of Empowerment and Performance

The results from table 1 indicates that there is minimal bureaucracy in the organization (mean=4.381), I know who to refer complex matters to in the organization (mean=4.254), I have the necessary skills to perform my day to day duties (mean=4.0794), Currently, management circles have received and recognized the aspect of empowering employees as being very significant (mean=3.9365), Employees know the expectations that the management has of them and hence they are in a position to make great work related decision (mean=3.746), Management avails information to its employees in time enabling them to make thoughtful decisions at their work places (mean=3.381), Employees can voice their concerns without fear (mean=2.9683).

My organization offers an open door policy (mean=2.2222), Training and development opportunities are available to enhance employee knowledge and skills (mean=1.5238), My organization offers flexible working hours (mean=1.4603) and lastly Employees are encouraged by the management to enhance their levels of creativity and innovation (mean=1.0635). This is in line with the study done by Saengchai (2019) examined the linkage between HR practices, employee motivation, and employee empowerment and employee performance within engineering firms of Indonesia. Among the factors examined were the motivation of employees and the moderation of employee empowerment. The study employed the survey-based methodology and the tool used for data analysis was SEM-PLS.

4.2. Industry Regulation and Performance

In Table 3 the respondents were requested to indicate whether industry regulation affected employee performance at BIMAS Kenya Limited.

Statement	**Frequency**	**Percent**
The staff attrition rate at BIMAS Kenya limited is within the set industry standards	3.80	826
Industry regulations promote staff development by setting the minimum requirements to be met by those working in the industry	3.37	.588
Industry regulations assess the customer satisfaction index	3.40	.575
Industry regulations advocates for fair labour relations	3.24	.745
Employees can seek redress for unfair labour practices	3.61	.626
The industry has put in place a competitive compensation practice	4.12	.784
Employees are viewed as important assets in the organization	3.80	826

Table 3: Industry Regulation and Performance

From the above Table 3, The industry has put in place a competitive compensation practice (mean=4.12), The staff attrition rate at BIMAS Kenya limited is within the set industry standards (mean=3.8), Employees are viewed as important assets in the organization (mean=3.8), Employees can seek redress for unfair labour practices (mean=3.61), Industry regulations assess the customer satisfaction index (mean=3.4), Industry regulations promote staff development by setting the minimum requirements to be met by those working in the industry (mean=3.37), Industry regulations advocates for fair labour relations (mean=3.24). These findings are in line with a study done by David (2018) examined the effects of central bank of Kenya regulations on the financial performance of microfinance banks. A descriptive study design was used in the study with 13 Microfinance banks licensed by the Central Bank of Kenya as at 31st December 2016 being the study target population. A census study was conducted where all the 82 staff working in the Risk, Compliance and Finance departments of all the selected Microfinance banks in Kenya were included in the sample. Primary and secondary data was both collected and reviewed.

4.3. Model Summary

The study utilized multiple regression analysis to find out the relationship between the engagement of employees and their performance with BIMAS Kenya Limited as a case study. The coefficient of determination was used to explain how the change in the dependent variable can be explained by the change in the independent variables. The dependent variable for the current study was performance while the variables were Employee Empowerment and industrial regulations.

The table below provides the model summary of the relationship between the predictor variables and employee performance at BIMAS Kenya Limited. The findings are as shown in Table 4

Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**	**F**	**P-value**
1	0.89	.792	.742	.312	31.341	.001

Table 4: Model Summary
a. Predictors: (Constant), Empowerment and Industrial Regulations
b. Dependent Variable: Performance

From the results in the Table 4, R2=0.792 that is 79.2% disparity in performance among BIMAS Kenya employees is explained by the independent variable in the model. However, 20.8% unexplained difference in performance is as a result of other unrepresented determinants in the regression model. As per the findings in the above table it can be ascertained that the model is good and can be utilized for the purposes of estimation.

4.4. ANOVA Results

The Table 5 below provides the ANOVA results of the relationship between the predictor variables and employee performance at BIMAS Kenya limited. The findings are as shown in Table 5

Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	9.139	3	3.123	25.185	.002[a]
	Residual	55.70	116	.48		
	Total	64.819	119			

Table 5: ANOVA of the Regression
a. Predictors: (Constant), Empowerment and Industrial Regulations
b. Dependent Variable: Performance

The significance value was 0.002 which is less than 0.05 thus the model is statistically significance in predicting how the factors (Empowerment and industrial regulations) impact the performance of workers at BIMAS Kenya Limited. The F critical at 5% level of significance was 3.123. Since F calculated is greater than the F critical (value = 25.185), this shows that the overall model was significant.

4.5. Coefficient of Determination

Table 6 below shows the coefficient of determination on the relationship between the predictor variables and the performance at BIMAS Kenya Limited. The findings are as shown in Table 6

	Unstandardized Coefficients		**Standardized Coefficients**		
	B	Std. Error	Beta	T	Sig.
Model 1(Constant)	0.289	0.116		2.491	0.005
Empowerment	0.287	0.117	0.452	2.45	0.002
industrial regulations	0.237	0.112	0.442	2.56	0.001
a. Dependent Variable Performance at BIMAS Kenya Limited					

Table 6:Coefficient of Determination

Simple regression analysis was conducted so as to determine the performance at BIMAS Kenya Limited. As per the SPSS generated table below, regression equation

Model 1: $Y=\beta_1X_1+ \varepsilon$

Becomes:

$(Y= 0.289+ 0.287+ \varepsilon)$

From the regression taking the independent variable at constant (Empowerment) constant at zero, performance at BIMAS Kenya Limited was 0.289. The data findings analyzed also showed that taking all other independent variables at zero, a unit increase in Empowerment will lead to a 0.287 increase in performance at BIMAS Kenya Limited. This infers that Empowerment contributes to performance of employees at BIMAS Kenya Limited.

Model 2 $(Y = \alpha + \beta_1X_{1+} \beta_2X_2 + \varepsilon)$

Becomes:

$(Y= 0.289+ 0.287+0.237+ \varepsilon)$

From the regression taking the independent variable (Empowerment, and industrial regulations) constant at zero, performance at BIMAS Kenya Limited was 0.289. The data findings show that a unit increase in Empowerment will lead to a 0.287 increase in performance at BIMAS Kenya Limited and a unit increase in industrial regulations will lead to a 0.237 increase in performance at BIMAS Kenya Limited. This infers that both empowerment and industry regulations contributed to performance at BIMAS Kenya Limited.

At 5% level of significance and 95% level of confidence, Empowerment and industrial regulations were all significant on: performance of employees at BIMAS Kenya Limited. The F critical at 5% level of significance was 3.123. Since F calculated is greater than the F critical (value = 25.185), this shows that the overall model was significant

5. Conclusion and Policy Recommendation

In conclusions the respondents acknowledged that empowerment had a positive effect on performance. The respondents indicated there was minimal bureaucracy in the organization and management availed communication to its employees on a timely manner. This is in line with the study done by Saengchai (2019) that examined the linkage between HR practices, employee motivation, and employee empowerment and employee performance within engineering firms of Indonesia. Among the factors examined were the motivation of employees and the moderation of employee empowerment.

Lastly, the study concludes that the industry regulator has put in place a competitive compensation practice enabling the employees to seek redress for unfair labour practices. These findings are in line with a study done by David

(2018) examined the effects of central bank of Kenya regulations on the financial performance of microfinance banks. Employees have the right to choose and be part of a trade union which is recognized and registered.

5.1. Policy Implication

The study brings out the importance of employers to empower their employees to adequately perform their duties, give them autonomy to make decisions pertaining to their tasks and have proper reporting lines to report complex matters. Management should engage employees on one-to-one conversations regularly so as to establish if they have issues that require being resolved. This improves on their engagement levels impacting overall organizational performance. This study recommends that managers should ensure all their employees have everything they require, they should be able to work without too much pressure. This study also recommends that employee should ensure they are not late on reporting to the work. The study also recommends that gender disparity should be a priority and both male and females should be accorded equal treatment. This study recommends that organizations should adopt different strategies to ensure that the output of employees is further utilized to the maximum.

The industry regulator has ensured that there is a standard way of practice in line with labour issues. This ensures that employee and employer needs are met. Cordial working relationship between employers, employees and the regulator is essential for employees to be fully engaged as well as the achievement of organizational performance. Organisations need to relook into their employee policies, and internal factors affecting them so as to tackle the issues at hand. If done, this will aid in improving their overall engagement levels and in turn performance levels. Likewise, more studies should be done on empowerment so as to better understand how an employee is empowered.

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