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Empowering Leadership and Employee Performance: The Mediating Role of Work Engagement in Ethio-Telecom

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Abstract

This study aimed to investigate how empowering leadership practices influence employee performance, with a particular focus on the mediating role of work engagement at Ethio-Telecom. Grounded in social exchange theory and self-determination theory, the research analyzed data collected from 214 sales representatives of Ethio-Telecom in Addis Ababa, Ethiopia. A quantitative research design was employed using a simple probability sampling method. Structural equation modeling (SEM) via AMOS was utilized to test the proposed hypotheses. The descriptive findings revealed a limited presence of empowering leadership behaviors and a notably low level of employee work engagement. Furthermore, the results demonstrated that empowering leadership has a significant and positive impact on both employee performance and work engagement. The bias-corrected bootstrapping analysis also indicated that work engagement partially mediates the relationship between empowering leadership and employee performance. The paper concludes with a discussion of theoretical and practical implications, study limitations, and directions for future research.

Keywords: Empowering leadership, Work engagement, Employee performance, Delegation, Coordination

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Introduction

In today's fast-changing and competitive global environment, empowering leadership has become a key intangible asset for organizations and a major factor in achieving a sustainable competitive edge. This is particularly true for human-intensive industries such as telecommunications, where employee competence and adaptability play central roles in business success [1]. As a result, many companies have moved away from traditional hierarchical management systems and adopted empowerment-oriented structures—such as semi-autonomous or self-managed teams—to improve flexibility and operational efficiency [2]. Furthermore, the rise of globalization and the rapid pace of economic development have forced organizations to operate within complex and uncertain environments that demand quick adaptation and innovation to stay competitive [3, 4]. In such contexts, especially within service-oriented industries like telecommunications, having a capable, motivated, and growth-oriented workforce is essential for maintaining long-term competitiveness and sustainability [4].

Empowering leadership (EML) has emerged as a promising leadership approach for developing employees' skills, knowledge, attitudes, and behaviors [5]. It involves creating a work environment where authority and decision-making power are shared with employees [4]. Such power-sharing behaviors include granting autonomy, entrusting employees with responsibility, showing confidence in their capabilities, and enabling them to make context-based decisions [5]. From a job design perspective, empowering leadership allows leaders to shape how work is structured for their subordinates by assigning new responsibilities or expanding decision-making freedom. In this sense, empowering leaders can be viewed as facilitators of high-involvement management, promoting ownership and accountability among their teams [2].



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Research suggests that empowering leadership enhances employees' confidence in achieving collective goals, builds trust, fosters engagement, and leads to improved performance outcomes [2, 5, 6]. The present study proposes that empowering leadership can influence employee performance both directly and indirectly through work engagement. Work engagement (WOE) has become a widely studied construct in organizational behavior and human resource management [7, 8]. It is defined as a positive, fulfilling, and job-related psychological state characterized by vigor, dedication, and absorption [9, 10]. *Vigor* reflects energy, persistence, and resilience at work; *dedication* embodies enthusiasm, pride, and a sense of purpose; and *absorption* refers to being deeply focused and fully immersed in one's work [7, 11].

Employee performance (EMP) has long been a focal point in management, HRM, and organizational behavior research [12]. It represents the extent to which employees effectively perform their assigned tasks and responsibilities [13]. Performance can be understood as the execution of role-related duties—often described as “in-role behavior”—but it also encompasses broader dimensions. Scholars have conceptualized employee performance as a multidimensional construct consisting of task performance, contextual performance, and adaptive performance [13-15].

Despite growing scholarly attention, limited research has explored the impact of empowering leadership on employee performance through the mediating mechanism of work engagement. Although prior studies have investigated related constructs [2, 5, 16-19], few have simultaneously examined employee performance as the outcome variable and work engagement as the mediator. Moreover, most empirical research on these relationships has been conducted in developed economies, leaving a noticeable gap in developing countries like Ethiopia. While earlier studies focused mainly on the direct influence of empowering leadership on performance [20-22], the interactive effects involving work engagement have received less empirical attention.

In addition, evidence on this relationship remains inconsistent. Some research suggests that various leadership styles—such as servant, authentic, transformational, and charismatic leadership—are positively associated with both engagement and performance [16, 23, 24]. However, other findings show that the absence of empowering leadership does not necessarily lead to poor performance, as other organizational or personal factors may compensate [25]. Similarly, Rayan *et al.* [19] found no significant link between empowering behaviors and employee engagement. These mixed findings highlight the need for further empirical investigation into how empowering leadership, work engagement, and employee performance interact.

Given the ongoing transformations in the telecom and service sectors—driven by deregulation, liberalization, globalization, and technological advancement—it is increasingly important to examine empowering leadership from a contemporary organizational perspective. When service organizations, including telecom firms, align empowerment practices with their broader systems, they can better leverage employee engagement and performance for competitive advantage [4].

Ethio-Telecom provides an appropriate context for examining these relationships for several reasons. As the largest telecommunications company in Ethiopia, it plays a critical role in the nation's economy and service infrastructure. Leadership effectiveness and employee engagement are central to its operational success. Moreover, the Ethiopian government is currently implementing major reforms in the telecommunications sector, including liberalization efforts (e.g., the entry of Safaricom), in response to growing public demand for improved service quality. Given the dynamic and competitive nature of the telecom industry, employee performance directly influences customer satisfaction and organizational competitiveness [26]. Despite recent growth, Ethiopia's ICT sector remains underdeveloped compared to neighboring countries such as Kenya and Sudan. Additionally, telecommunications remain one of the country's most labor-intensive sectors, making leadership and engagement critical factors for success.

Therefore, this study aims to examine the impact of empowering leadership practices on employee performance, considering the mediating role of work engagement within Ethio-Telecom.

Literature review and hypothesis development

Empowering leadership

According to Jyumaya [27], empowerment refers to enhancing employees' sense of self-efficacy by identifying and eliminating factors that cause powerlessness through both formal organizational systems and informal mechanisms that build confidence. Empowerment in the workplace has become a key approach for improving employee engagement and retaining top-performing talent [16]. It is based on the idea that giving employees the authority, resources, motivation, and accountability to perform their duties fosters satisfaction and effectiveness [2, 3, 20, 21].

Empowering leadership (EML) reflects a set of leader behaviors aimed at delegating authority, promoting initiative, sharing power, and providing autonomy to employees. Such leaders express confidence in their followers' abilities, emphasize the meaningfulness of their work, encourage participation in decision-making, and minimize bureaucratic restrictions [27-31]. By fostering ownership and independent decision-making, empowering leaders enhance employee motivation, engagement, and job satisfaction [16].

Unlike traditional leadership styles that rely on control and supervision, empowering leadership is characterized by developmental support—through coaching, mentoring, information sharing, and emotional encouragement—along with

delegation [4, 32]. Employees working under empowering leaders are more likely to find purpose in their work and believe in their ability to perform tasks independently.

Empowering leadership is thus viewed as an effective strategy for shaping positive employee attitudes and behaviors, including work engagement and performance [27]. According to Ahmed *et al.* [17], empowering leaders involve employees in decision-making, instill confidence in their competence, and eliminate unnecessary procedural barriers. Such behaviors create a sense of psychological empowerment by increasing perceptions of autonomy, competence, and impact in one's job. Ultimately, empowering leadership centers on addressing employee needs and creating an environment where innovation and initiative are encouraged. In the context of the telecommunications sector, this study adopts the EML dimensions proposed by prior scholars, including delegation, encouragement of initiative and goal focus, efficacy support, inspiration, coordination, role modeling, and guidance [20, 28, 29].

Work engagement

Work engagement (WOE) has become a central topic in organizational behavior and human resource management over the past two decades [33-35]. It represents the degree of enthusiasm, energy, and involvement employees bring to their work and workplace. Initially emerging from research on burnout, the concept gained attention as scholars began to study positive work-related states rather than merely negative ones [35].

Work engagement is defined as the cognitive, emotional, and physical energy employees invest in achieving organizational goals [36]. Wollard and Shuck [37] described engagement as involving both attention and absorption—the psychological presence of an employee while performing job roles. It serves as a strategic asset that can provide a competitive advantage by boosting performance and aligning employee commitment with organizational objectives [38]. Moreover, engagement enhances employees' well-being and strengthens their connection to organizational values and mission [35].

Prior literature identifies three core dimensions of work engagement: vigor, dedication, and absorption [7, 11, 37]. *Vigor* reflects energy, resilience, and persistence in one's work, even during challenges. *Dedication* involves enthusiasm, pride, and a strong sense of purpose and significance in one's job. *Absorption* refers to being deeply immersed in work, losing track of time, and feeling fully concentrated on the task at hand. Collectively, these dimensions capture the psychological state of employees who are highly engaged and motivated to contribute to organizational success.

Employee performance

Employee performance represents the overall contribution—both financial and non-financial—that an employee makes toward achieving organizational goals and sustaining success [12]. In an organizational context, performance is commonly defined as the extent to which employees accomplish assigned objectives and responsibilities effectively and efficiently [15, 39].

Scholars generally view employee performance as a multidimensional construct encompassing three main dimensions: task performance, contextual performance, and adaptive performance [13-15]. *Task performance* refers to the execution of core job duties, often labeled as “in-role” or formally prescribed behavior [14]. *Adaptive performance* concerns an employee's ability to adjust to new work demands, evolving tasks, or changing environments [14, 15].

In addition to these, *contextual performance* captures discretionary or “extra-role” behaviors that indirectly contribute to organizational effectiveness [15, 40]. These may include helping colleagues, strengthening workplace relationships, and taking initiative beyond formal job descriptions [14].

Employee performance can be categorized into in-role (job-required) and extra-role (voluntary) behaviors. While in-role performance reflects task completion and efficiency, extra-role performance represents proactive contributions that enhance overall organizational functioning.

Theoretical foundations

This study draws on Social Exchange Theory (SET) to explain how empowering leadership (EML) influences employee performance through work engagement. SET proposes that social behavior results from an exchange process, where individuals assess the potential rewards and costs of their relationships. When the costs outweigh the benefits, individuals tend to withdraw from those relationships [41]. In the workplace, employees evaluate their interactions with leaders in a similar way—when they feel supported and valued, they are more likely to reciprocate with higher engagement and better performance. Cropanzano and Mitchell [42] emphasized that employees view their work as a form of exchange, where their loyalty and effort are given in return for tangible and intangible rewards. Furthermore, SET suggests that the value of received resources is higher when they are offered voluntarily rather than imposed by authority [41].

Alongside SET, this study also incorporates Self-Determination Theory (SDT), a motivational framework that focuses on individuals' inherent growth tendencies and psychological needs [43]. SDT highlights three key psychological needs—autonomy, competence, and relatedness—as fundamental to maintaining motivation and engagement. When leaders support

these needs, employees are more likely to experience self-determination, satisfaction, and personal growth, which drive engagement and performance [44].

In this research, SDT is used to understand how empowering leadership satisfies employees' needs for autonomy and competence, while SET provides the basis for interpreting how reciprocal exchanges between leaders and employees translate into enhanced work engagement and performance. Together, these theories explain why employees who experience empowering leadership feel more engaged and committed to achieving organizational goals.

Linking EML practices, WOE, and employee performance

A number of previous studies have examined the outcomes of empowering leadership, including its effects on motivation, creativity, and commitment. For instance, Zhang [22] found that EML enhances intrinsic motivation and creative engagement, while Ali *et al.* [3] observed that it improves employee productivity and workplace thriving. Similarly, Albrecht and Andreetta [20] reported that empowering leadership strengthens engagement and reduces turnover intentions. However, not all findings have been consistent—Rayan *et al.* [19] noted no direct relationship between empowering behavior and work engagement—indicating a need for more research in different organizational contexts.

Scholars have also compared empowering leadership to other leadership models such as servant, authentic, transformational, and charismatic leadership, all of which show positive links with engagement and performance [16, 23, 24]. While many studies have focused on the direct effects of empowering leadership on performance (e.g., Albrecht & Andreetta [20]; Gao & Jiang [2]; Helland *et al.* [21]), the present research extends this understanding by examining both direct and indirect relationships through work engagement.

Lee *et al.* [18] suggested that empowering leadership enhances engagement by increasing the meaningfulness of work, whereas Tabche [45] demonstrated that EML promotes open innovation by encouraging employees to seek and share new ideas. Similarly, Ahmed *et al.* [17] found that EML improves goal clarity and self-efficacy, which in turn enhance job performance. These findings suggest that empowering leadership positively influences employees' sense of competence, autonomy, and purpose, leading to improved performance outcomes.

Hypothesis 1: Empowering leadership has a direct positive effect on employee performance.

Empowering leaders also promote intrinsic motivation, which fuels work engagement. When leaders delegate authority and include employees in decision-making, workers feel more responsible, capable, and motivated to perform well [21]. Such practices strengthen employees' sense of self-determination and psychological meaningfulness—key drivers of engagement [20]. Leaders who coach and provide developmental support also help employees gain the skills and confidence needed to meet performance expectations [4].

Effective delegation, guided by strong leadership, becomes a collaborative process that motivates and assesses employee performance [46]. It narrows the power gap, builds confidence, and encourages employees to seek feedback and improve their work outcomes.

Hypothesis 2: Work engagement has a direct positive effect on employee performance.

Previous studies [1, 47, 48] have highlighted the mediating role of engagement in the relationship between self-efficacy and performance. Employees with high initiative tend to align their performance with organizational goals, while those with low initiative show weaker commitment. Since self-efficacy boosts confidence and persistence in achieving goals, engagement acts as a key mechanism through which employees transform confidence into improved performance outcomes.

Coordination plays a crucial role in preventing conflicts between employees' personal objectives and the broader goals of the organization. It aligns individual efforts with organizational aims, thereby improving overall job performance [4]. Several studies [2, 4] define empowering leadership as a series of managerial actions through which leaders delegate authority and responsibility to employees or teams. These behaviors include encouraging employee voice, supporting participation in decision-making, facilitating open communication, and enabling collaborative problem-solving.

Empowering leadership also involves promoting bottom-up decision-making and transferring authority to lower organizational levels, which enhances employee participation and performance [21]. Through these practices, leaders aim to strengthen employees' engagement and self-management, helping them evolve into self-directed and proactive contributors in daily operations [2, 3, 20].

In the Ethiopian context, Tegegne [49] found that leadership styles—such as transformational, transactional, autocratic, and laissez-faire—significantly influence employee performance. Similarly, Kebede and Lemi [50] reported that effective leadership inspires and motivates employees to innovate, surpass their perceived limits, and achieve better results by providing recognition and appropriate rewards. Moreover, offering consistent guidance and supervision was shown to positively affect employees' performance.

Park *et al.* [51] further demonstrated that leadership acts as a critical driver of employee performance by fostering work engagement as a mediating factor. Their findings highlight the importance of cultivating a positive organizational climate that promotes engagement and developing leadership training programs that strengthen empowering behaviors.

Despite growing global attention to empowering leadership and engagement, there remains a scarcity of research examining how empowering leadership affects employee performance through work engagement—especially in developing countries like Ethiopia.

Based on the reviewed empirical evidence and theoretical foundations, the following hypothesis is proposed:

Hypothesis 3: Work engagement positively mediates the relationship between empowering leadership and employee performance.

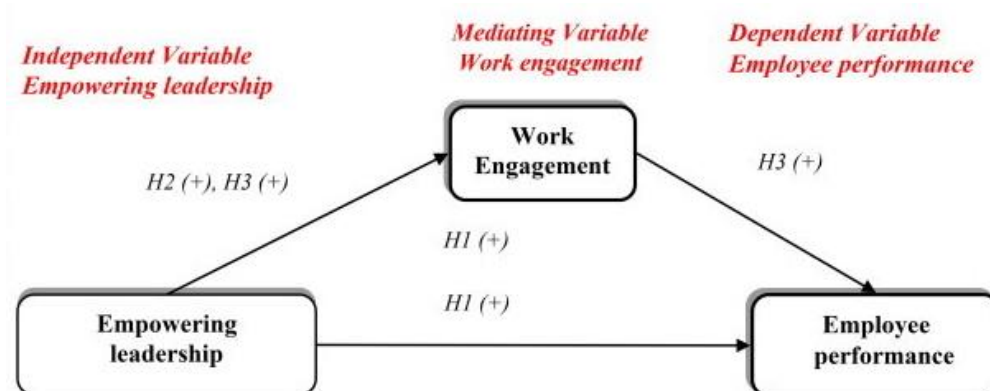


Figure 1. Research framework

Materials and Methods

Research approach, sample, and procedure

This study adopted a quantitative research approach with both explanatory and descriptive designs to provide empirical evidence on the effect of empowering leadership (EML) on employee performance, mediated by work engagement (WOE), within Ethio-Telecom. A self-administered questionnaire survey was used to test the proposed hypotheses and empirically validate the conceptual model and its variables [52].

As of March 2023, Ethio-Telecom employed 10,501 workers, of whom 1,105 were permanent sales representatives nationwide. Among them, 598 were based in Addis Ababa, Ethiopia. The study focused on this latter group as the target population.

A simple random sampling method was employed to ensure that every member of the population had an equal chance of being selected, thus minimizing selection bias [53, 54]. Using the Kothari (2004) formula, a sample size of 251 was determined to represent the target population. Data were collected proportionally across the various branches in Addis Ababa.

Before data collection, official permission was secured from the relevant authorities at Ethio-Telecom. The study purpose and data collection procedures were clearly explained, and respondents were assured of confidentiality, anonymity, and voluntary participation. Each participant received a self-addressed envelope to return their completed questionnaire.

Out of the 251 distributed questionnaires, 214 were returned, yielding an 85.25% response rate, which is considered highly satisfactory for survey research [55].

Outlier detection was conducted using the Mahalanobis Distance Measure in IBM SPSS v25, which identifies extreme observations in multivariate analysis [56]. Following the significance threshold of $p < 0.001$ [57], 18 responses were excluded due to high Mahalanobis distance values. After removing missing and outlier cases, 185 valid responses remained for analysis. Regarding the demographic profile, among the 214 respondents, 99 (44.43%) were male and 125 (55.57%) were female. The majority (73.51%) were aged 30 years or below. In terms of education, 24.86% held diplomas or lower, 63.78% held bachelor's degrees, and 11.36% held master's degrees. Concerning work experience, 52.97% had worked for 5 years or less, 40% had 6–10 years of experience, and 7.03% had 11–15 years of experience. None had over 15 years of service at the time of the study.

Instruments

Empowering Leadership (EML): Empowering leadership was measured using a 24-item scale adapted from Amundsen and Martinsen [28] and Arnold *et al.* [29]. The scale covered eight dimensions—delegation, encouragement of initiative, goal focus, efficacy support, inspiration, coordination, modeling, and guidance. Example items include “My leader conveys that I shall take responsibility” and “My leader encourages me to take initiative.”

Work Engagement (WOE): Work engagement was assessed using the 9-item Utrecht Work Engagement Scale (UWES) developed by Schaufeli *et al.* [11], encompassing three dimensions: vigor (3 items), dedication (3 items), and absorption (3 items). Sample items included: “I find the work that I do full of meaning and purpose” and “I am immersed in my work.”

Employee Performance (EP): Employee performance was measured based on three dimensions—task, contextual, and adaptive performance—using items adapted from Koopmans [14] and Pradhan and Jena [15]. The final scale included 5 items for task performance, 5 for contextual performance, and 6 for adaptive performance. Example items included: “I maintain a high standard of work,” “I help my coworkers when needed,” and “I perform well in team-oriented tasks.”

All constructs were measured using a five-point Likert scale ranging from 1 (“Strongly Disagree”) to 5 (“Strongly Agree”).

Results and Discussion

Data were analyzed using SPSS v25 and AMOS v23. To check for common method bias (CMB), Harman’s single-factor test was performed following the guidelines of Mackenzie and Podsakoff [58]. The unrotated factor analysis revealed that a single factor accounted for 32.71% of the variance, which is below the 50% threshold [59], suggesting that CMB was not a significant concern.

Descriptive statistics were computed for the three main constructs—EML, WOE, and EP. Based on the decision rule for mean interpretation [60]:

- 1.00–1.80 = Strongly Disagree
- 1.81–2.60 = Disagree
- 2.61–3.20 = Neutral
- 3.21–4.20 = Agree
- 4.21–5.00 = Strongly Agree

The observed mean scores ranged from 2.52 to 3.51. Specifically, the mean for Empowering Leadership was 3.35 (Agree), Work Engagement averaged 2.52 (Disagree), and Employee Performance averaged 3.51 (Agree). This suggests that while employees perceived their performance as relatively good, levels of empowerment and engagement remained moderate to low.

Table 1. Construct level descriptive analysis result

Construct variable	Mean	Std. dev
Empowering leadership	3.35	.995
work Engagement	2.52	.841
Employee Performance	3.51	.794

Source: Own computation-using SPSS, (2023).

Correlation analysis

To examine the relationships between empowering leadership, work engagement, and employee performance, the researcher employed Spearman’s correlation coefficient, which is more appropriate for ordinal data and measures the strength and direction of associations between variables. The results of the correlation analysis revealed a positive and significant relationship among the key variables, indicating that they are sufficiently correlated and can be meaningfully analyzed together. Furthermore, multicollinearity was not a concern, as all correlation coefficients were below the threshold value of 0.7 [61] (Table 2).

Table 2. Means, standard deviations, and correlations between variables

	Mean	Std. dev	Empowering leadership,	work Engagement,	Employee Performance
Empowering leadership,	3.35	.995	1		
Work Engagement,	2.52	.841	.0.496**	1	
Employee Performance	3.51	.794	.0.576**	0.601**	1

** $p < .05$.

Source: Own computation-using SPSS, (2023).

Confirmatory Factor Analysis (CFA)

Confirmatory factor analysis (CFA) was employed to examine how the latent constructs in this study are measured through their respective observed indicators [62]. The latent variables include empowering leadership, work engagement (vigor, dedication, absorption), and employee performance (task, adaptive, and contextual performance).

Using AMOS v.23 with maximum likelihood estimation, the CFA tested the extent to which each survey item accurately reflects its intended construct [63]. The analysis relied on standardized factor loadings and modification indices to assess model adequacy, with the reflective model assuming that observed variables are outcomes of their corresponding latent constructs.

Items with factor loadings below 0.50 were removed, as retaining them would reduce the reliability of the model. After this refinement, all 31 retained items had loadings between 0.5207 and 0.9554, indicating strong alignment with their latent

variables. The final CFA results suggest that the measurement model reliably captures the constructs of empowering leadership, work engagement, and employee performance, providing a robust foundation for further structural analysis (Figure 1).

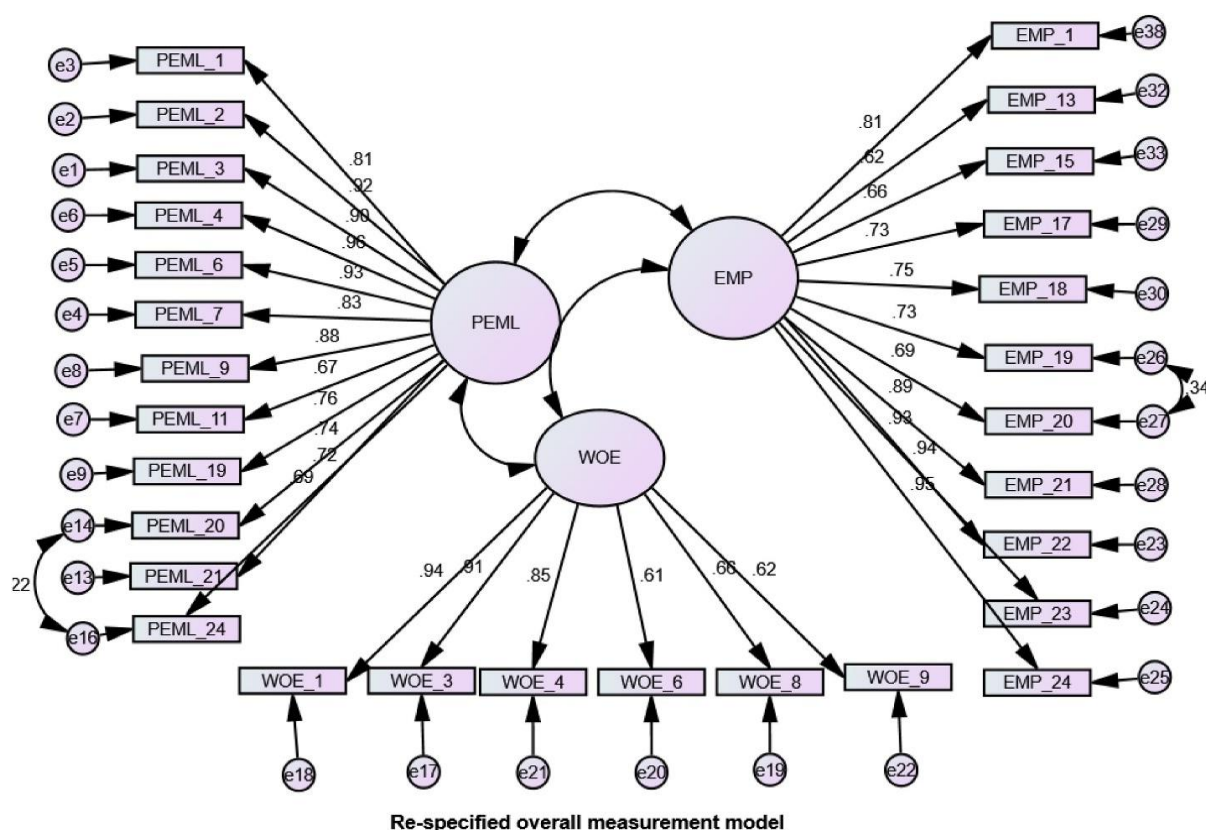


Figure 1. Test of overall final measurement model

Measurement model fit

The evaluation of the measurement model indicates a satisfactory fit with the data. The chi-square to degrees of freedom ratio (CMIN/DF) is 2.609, which is below the commonly recommended threshold of 3, suggesting a good model fit [62]. Additionally, the goodness-of-fit indices—GFI = 0.943, CFI = 0.957, and TLI = 0.951—all exceed the conventional cutoff of 0.90, confirming an acceptable fit [62, 63]. The RMSEA value of 0.059 further supports an adequate fit of the measurement model [63]. Overall, these results indicate that the proposed measurement model appropriately represents the observed data (Table 3).

Table 3. Model fit measures: re-specified final measurement model

Measure	Estimate	Threshold	Interpretation
CMIN/DF	2.609	>3	Excellent
Goodness-of-Fit Index (GFI)	0.943	>0.90	Acceptable
comparative fit index (CFI),	0.957	>0.90	Excellent
Tucker Lewis Index (TLI)	0.951	>0.90	Excellent
Root Mean Square Error of Approximation (RMSEA)	0.059	<0.07	Excellent

Sources for the Threshold [61, 63]

Source: Own computation-using SPSS and Amos (2023).

Convergent and discriminant validity

After establishing a satisfactory measurement model fit, the reliability and validity of the constructs were assessed [62]. Convergent validity was evaluated by examining the factor loadings of the observed variables on their respective latent constructs. Following Kline [63], the average variance extracted (AVE) should exceed 0.50 to indicate adequate convergent validity. As shown in Table 4, all constructs met this criterion, with AVE values above 0.50 and factor loadings for all items exceeding 0.50 [61].

Discriminant validity was examined by comparing the square root of each construct's AVE with the correlations between constructs. According to Byrne [64] and Kline [63], discriminant validity is established when the square root of the AVE for each latent variable is greater than its correlations with other constructs. The results in Table 4 confirm that this condition is satisfied, indicating that the constructs are empirically distinct.

Table 4. Convergent and discriminate validity test

Constructs	Items	Sta. Loading	Square of SL	Sum of SL	No of items	AVE	Square of AVE
Empowering Leadership	EML_11	0.6662	0.4438				
	EML_9	0.877	0.7691				
	EML_1	0.8127	0.6605				
	EML_2	0.919	0.8446				
	EML_3	0.9003	0.8105				
	EML_4	0.9121	0.8319				
	EML_6	0.9312	0.8671				
	EML_7	0.834	0.6956				
	EML_19	0.7584	0.5752				
	EML_20	0.7402	0.5479				
	EML_24	0.6854	0.4698				
	EML_21	0.7248	0.5253	8.0413	12	0.6701	0.818
Work engagement	WOE_3	0.9433	0.8898				
	WOE_4	0.9117	0.8312				
	WOE_6	0.8499	0.7223				
	WOE_8	0.6081	0.3698				
	WOE_9	0.6613	0.4373				
	WOE_1	0.7331	0.5374	3.7879	6	0.6313	0.795
Employee Performance	EMP_18	0.7331	0.5374				
	EMP_24	0.7518	0.5652				
	EMP_23	0.9493	0.9012				
	EMP_22	0.9368	0.8776				
	EMP_21	0.9314	0.8675				
	EMP_20	0.8875	0.7877				
	EMP_19	0.6853	0.4696				
	EMP_15	0.727	0.5285				
	EMP_13	0.6643	0.4413				
	EMP_1	0.6165	0.3801				
	EMP_17	0.8095	0.6553	7.0114	11	0.6374	0.798

Source: Own computation-using SPSS and Amos, (2023).

Hypothesis testing

The first hypothesis proposed that empowering leadership has a positive direct effect on employee performance. The results confirmed this relationship, showing a significant positive effect with a standardized path coefficient of $\beta = 0.1277$, $t = 5.3715$, and $p < 0.001$. Therefore, Hypothesis 1 is supported.

Hypothesis 2 suggested that empowering leadership would positively influence work engagement. The analysis supported this hypothesis as well, with a standardized path coefficient of $\beta = 0.1319$, $t = 8.4237$, and $p < 0.001$, indicating a significant positive effect. Thus, Hypothesis 2 is also supported.

The summarized results for these hypotheses are presented in **Tables 4 and 5**, confirming that the predicted relationships were supported.

Table 5. Summary of Hypotheses on the direct effect

			Standardized Estimate	t-Value	P	Decision
Employee Performance	<—	Empowering leadership	.1277	5.3715	***	Supported
Employee Performance	<—	work engagement	.1319	8.4237	***	supported

*** $p < .000$.

Source: Own computation-using SPSS and Amos, (2023).

The study examined whether work engagement serves as a mediator between empowering leadership and employee performance using AMOS bootstrapping, in line with Preacher and Hayes [65]. Bootstrapping is a resampling method that estimates the confidence intervals of indirect effects, providing higher statistical power than conventional methods [66].

The bias-corrected percentile results indicated that the 95% confidence interval for the indirect effect ranged from 0.0194 to 0.0802, which does not include zero, confirming that the mediation effect is statistically significant. The analysis revealed a positive indirect effect of empowering leadership on employee performance through work engagement ($\beta = 0.0542$, $t = 6.471$, $p < 0.001$), thus supporting Hypothesis 3.

Additionally, the direct effect of empowering leadership on employee performance remained significant when accounting for the mediator. This indicates that work engagement partially mediates the relationship, suggesting that empowering leadership enhances employee performance both directly and indirectly through increased engagement (**Table 6**).

Table 6. Summary of Hypotheses on the mediation effects

Relationship	Direct effect	Indirect effect	Confidence Interval		P-value	Decision
			Lower Bound	Upper bound		
empowering leadership→ work Engagement → Employee Performance	.1002 (6.342)	.0442	.0194	.0802	<.001***	Partial Mediation

Note: Unstandardized coefficients reported. Values in parentheses are t-values.

Bootstrap sample = 5,000 with replacement.

Source: Own computation-using SPSS and Amos, (2023).

Conclusion

The primary aim of this study was to investigate the impact of perceived empowering leadership on employee performance, as well as the mediating role of work engagement, within the context of Ethio-Telecom in Addis Ababa—a knowledge-intensive sector where effective leadership practices are essential. The findings of this study provide further empirical support for the positive influence of empowering leadership on both work engagement and employee performance. The study applied social exchange theory (SET) and self-determination theory (SDT) to frame and interpret these relationships.

The assessment of perceived empowering leadership practices revealed that, despite the availability of effective leadership approaches, leaders at Ethio-Telecom often fail to grant sufficient authority or encouragement for employees to take initiative. Deficiencies in goal-oriented guidance, optimism regarding future outcomes, and the communication of a positive vision can negatively affect both employee engagement and performance. Empowering leadership, which enables organizations to navigate complex environments more effectively, has been increasingly highlighted as a critical approach for enhancing employee motivation, psychological empowerment, and performance by sharing authority and autonomy with subordinates [4, 17, 27, 32].

The study also identified low levels of work engagement among employees. Prior research suggests that disengaged employees tend to exhibit lower motivation, reduced effort, and higher error rates, all of which negatively impact overall organizational productivity and morale [12, 15, 39]. Consistent with earlier studies [6, 27, 30, 31], the results indicate a significant positive relationship between empowering leadership and employee performance. The findings reinforce the importance for leaders to implement structured empowering practices to improve engagement, performance, and organizational competitiveness. SET explains this relationship by suggesting that empowering leaders foster high-quality social exchange relationships with employees, thereby enhancing performance outcomes. SDT complements this perspective by highlighting how leaders who support competence through learning opportunities and skill development promote employee growth and performance.

The analysis further showed that perceived empowering leadership positively influences work engagement, supporting previous research [21, 27, 67]. Enhancing engagement through empowering leadership is essential for retaining skilled employees, as engaged employees are more motivated, committed, and productive [68]. SET supports this link by proposing that employees' engagement levels are shaped by the support they perceive from their leaders. Thus, empowering leadership not only drives engagement but also indirectly contributes to organizational outcomes such as service quality, profitability, and overall productivity.

Finally, the study examined the mediating role of work engagement using a bootstrapping approach. The results indicated that work engagement partially mediates the relationship between empowering leadership and employee performance. This suggests that empowering leadership enhances performance both directly and indirectly by increasing engagement. In other words, stronger empowering leadership practices lead to higher work engagement, which in turn improves employee performance.

Findings underscore the critical role of empowering leadership in knowledge-intensive and competitive service sectors, demonstrating that effective empowerment strategies can simultaneously boost employee engagement and performance.

Theoretical and practical implications

This study contributes to the academic literature in several ways. First, it highlights the growing importance of empowering leadership, which has only been addressed at a surface level in prior research. Second, it introduces a novel theoretical framework linking empowering leadership, work engagement, and employee performance, integrating factors that have not been previously examined together. Third, the study identifies the mediating role of work engagement in the relationship between empowering leadership and employee performance. Lastly, the findings provide empirical support for applying both

social exchange theory and self-determination theory to better understand these dynamics. In essence, this research addresses gaps in prior studies, clarifies inconsistent findings, and offers insights for scholars studying related constructs.

From a practical perspective, the study underscores the importance for leaders and managers to implement effective empowerment strategies to enhance employee engagement and performance outcomes. Leaders can make work more meaningful by showing confidence in employees' abilities, promoting participation in decision-making, and granting autonomy from bureaucratic constraints. By delegating authority and encouraging responsibility, leaders can foster a motivated and high-performing workforce. Overall, the findings emphasize that well-executed empowering leadership can create significant value for both employees and the organization.

Limitations and future research

Despite its contributions, this study has some limitations. First, the cross-sectional design limits the ability to draw causal conclusions. Future research could employ a longitudinal design to better understand the causal relationships among empowering leadership, work engagement, and employee performance. Second, the findings are specific to the Ethiopian telecom sector, and future studies should examine other industries to test the generalizability of the results. Finally, subsequent research could explore additional outcome variables and expand the model to include other dimensions of empowering leadership to provide a more comprehensive understanding of its effects. This paper advances the body of knowledge in the field in many ways. First, it emphasizes how crucial it is to concentrate on empowering leadership because the academic study only treats it at a contemporary level. Second, a new theoretical model on the relationship between empowered leadership, work engagement, and employee performance is developed in this research by integrating variables and factors that have not previously been linked. Third, this study proposes the mediating influence of work engagement in the relationship between empowering leadership and employee job performance. Finally, the results of this study also provide evidence for using social exchange theory and self-determination theory to understand the stated relationships. In short, this study tried to fill in any knowledge gaps discovered by earlier research, resolve inconsistencies found in earlier studies, reveal any unrecognized problems, and serve as a resource for academics interested in related construct variables.

From a practical point of view, it contributes to increasing the concern of leaders and business managers about the significance of proper empowerment so that the company can have better work engagement and positive performance results. Leaders need to make work more meaningful. By showing confidence in a good performance, encouraging participation in decision-making, and granting followers freedom from bureaucratic restraints, a leader can distribute authority or give followers additional responsibility and autonomy. The findings of this paper also contribute to increasing the concern of leaders and business unit managers about the importance of a proper empowering leadership activity, that the company can have better work engagement, empowering leadership and employee job performance value for the company.

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