

Empowering bank employees for improved job performance: An evaluation of emerging strategies



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Orientation: Employee empowerment has received widespread attention in both academic and business literature. The idea is that an empowered employee is a productive worker; a productive worker is, in turn, a competitive asset to the organisation. However, the banking industry in many developing nations still falls short in employee empowerment.

Research purpose: This study aims to analyse the robust strategies for empowering bank workers and their effects on job performance.

Motivation for the study: The study was motivated by the fact that extant studies seem inconsistent in identifying the precise empowerment strategies capable of igniting better work performance in the banking industry.

Research approach/design and method: The study adopted a cross-sectional survey design targeting 316 middle-level bank managers in the five biggest banks in Nigeria. Data were collected using the structured questionnaire and processed using the structural equation modelling in SmartPLS software.

Main findings: Results showed that employee empowerment variables (*employee input acknowledgment, mutual decision-making, joint resolution implementation, and sense of belonging climate*) were positively related to improved job performance.

Practical/managerial implications: The study has shown that improved employee performance can be achieved when the adopted empowerment strategy is a mix of employee input acknowledgment, mutual decision-making, joint resolution implementation, and a sense of belonging climate.

Contribution/value-add: The study has addressed the existing gaps in the banking sector employee empowerment by highlighting four new strategies.

Keywords: employee empowerment; job performance; job autonomy; performance resilience; job satisfaction.

Introduction

The welfare and empowerment of employees in organisations is a topic that cannot be overemphasised in the business environment of today. Modern-day organisations now recognise that their most prized assets are the human resources within the organization. Therefore, employees are indexed as valuable resources who must be retained as critical to the sustainable performance of the organisation as a whole. Many companies with active human resource departments are increasingly prioritising their employees in the employer–employee relationship and this is not surprising as businesses fail to attain their targets and perform better if there is no cordiality between the employer and employees. Managers must therefore cultivate and maintain meaningful connections with employees (Ogunsanwo & Kazeem, 2019).

Outcomes of healthy employee relations are employee loyalty to the organisation and dedication to the realisation of organisational objectives. As observed by Schweitzer and Lyons (2018), the following factors contribute to positive employee relations in an organisation: grievance resolution and conflict management protocols, active employee participation and empowerment, promotion of collective bargaining, encouragement of employee initiatives, expertise training and development,

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team building and unambiguous communication. These factors when executed as part of a sustainable human resource strategy help to improve employer–employee relationships. Particularly, empowerment is the process of providing individuals with the tools they need to set their own work-related goals, solve problems, and make decisions in their areas of responsibility. It means allowing employees some autonomy in their roles inside the company.

Given the increasing global contest for market share, organisations have emphasised greater employee efficiency and tighter cost control, which call for more robust strategies to elicit maximum output from employees, yet it remains to be established whether employee empowerment has yielded this efficiency in the Nigerian banking sector. Increasing global competition and the regulation of banks are major issues banks have to grapple with in the recent past (Adeniji et al., 2013). The drive for efficiency in the face of these pressures has caused many problems for the human resource departments of these banks (Liden et al., 2000; Onifade et al., 2021). Against this background, this study examines the effect of employee empowerment on bank performance.

Research problem statement

Empowering bank workers to improve their performance is a challenge for the banking industry, especially in this era of rapid digital transformation of financial services. In addition, the merging of some major banks and the restructuring of their services put increasing pressure on banks to deliver value (Osibanjo et al., 2020a). Many banks have had to develop new strategies to substantially scale up the customer and capital base, and expand business operations (Ibidunni et al. 2016). These pressures are often the driving forces behind the frequent laying off of staff, thus, hindering employee empowerment. Employee dissatisfaction has been reported in numerous banks, to the point where employees have downed tools to demand improvements in better working conditions (Ackon, 2018). Crafting workable strategies to empower bank employees for better performance in the face of internal and external pressures continues to be a big issue and demands urgent research attention.

Studies have shown that empowering bank workers would enable them to heighten productivity, reduce wastages, improve the credit supply in the economy, and enhance the health of the financial system (Ibidunni et al. 2016; Jiménez et al., 2012; Liden et al., 2000). The idea is that an empowered employee is a productive worker, and a productive worker is, in turn, a competitive asset to the organisation. The banking industry in many developing nations including Nigeria still falls short in employee empowerment (Bose & Emirates, 2018).

In addition, studies have shown that bank workers can be empowered through increased job autonomy, open communication, and participation in decision-making (Bose & Emirates, 2018; Dahou & Hacini, 2018; Gambacorta & Shin, 2016). However, there appears to be an almost dearth of

context-specific research focusing on the Nigerian banking industry (or other developing nations) on the mechanisms through which employee empowerment can enhance or improve the performance of bank employees. Such studies are increasingly needed to stem the tide of increased employee turnover, job dissatisfaction, and the heightened level of dwindling performance in the developing nation's banking sector. Hence, the study examines the extent to which employee empowerment variables ('employee input acknowledgment, mutual decision-making, joint resolution implementation, and sense of belonging climate') enhance job performance.

Literature review

Employee empowerment

Employee empowerment entails providing employees with the information and control tools they need to make independent decisions relating to the performance of their jobs in a company (Dahou & Hacini, 2018). Empowerment is the process of developing employees' and management's capacity to work more autonomously in terms of attitude, skills, and knowledge. It is also a technique of ensuring that employees' full potential is realised to help the company achieve its objectives (Jocelyne & Kariuki, 2020). Allowing employees some level of autonomy over their jobs helps them to accomplish more and save time by reducing the need for third-party approvals (Adeniji et al., 2013). Employee empowerment leads to a leaner, more agile organisation, which can enhance better individual and corporate performance outcomes (Dabo & Ndan, 2018).

Several researchers have examined the various facets of empowerment from many angles (Onifade et al., 2021). Job autonomy, performance-based remuneration, and cooperation have all been used to characterise empowerment. However, management must understand what employees expect if they are to get the most out of their team. Every employee wants to feel valued and when organisations fail to recognise and/or address their employees' psychological requirements, their relationship suffers (Jocelyne & Kariuki, 2020); employee and organisational expectations are misaligned, resulting in a tense relationship that hurts performance (Dabo & Ndan, 2018). Employee empowerment addresses these issues by gradually devolving some authority to employees, effectively placing them in charge of their destiny in terms of their work environment. When employees are empowered, it strengthens the relationship between the company and the workers (Bose & Emirates, 2018). Therefore, it is the expectation of this study that employee empowerment will have a positive effect on job performance.

Job performance

The sheer volume of research on job performance carried out by various scholars emphasises the importance of highly productive individuals to organisations. It is well recognised that companies place a premium on their top performers; as a result, it is critical to evaluate employees' job performance

(Sultana, 2020). Nonetheless, current literature indicates that there are discrepancies in how work performance is studied and rated; it is therefore assumed that these differing perspectives on the idea arise from the intrinsic differences in diverse jobs (Metin & Demirer, 2021). Job performance is defined by Atatsi et al. (2019) as scalable activities, behaviours, and output that individuals produce that are connected to and lead to the goals of the organisation.

In general, job performance refers to the contributions of a worker to the overall accomplishment of an organisation's goal and can be broken down into many factors when considered at a granular level (Metin & Demirer, 2021). Technocrats typically agree that job performance comprises two parts: contextual performance and task performance. The activities that come within the scope of the allocated duties of an employee are referred to as task performance. It is also known as 'in-role mandated behaviour' because it feeds directly into the key performance indicators that constitute the basis of employee appraisal. Contextual performance, often known as 'discretionary extra-role behaviour', comprises elements that fall outside of typical job descriptions (Metin & Demirer, 2021). Organisational citizenship is inextricably linked to contextual performance.

Among the desirable outcomes linked with performance are productivity, quality, efficiency, and profitability, to name a few (Armstrong, 2019). The level of work performance, which includes both monetary and non-monetary aspects, determines a company's success. According to Biełkowska and Tworek (2020), some of the factors relevant to job performance in various types of jobs include demonstration effort, job proficiency, team performance, supervision, administration and management, among others.

Effect of employee empowerment on job performance

Employee empowerment, according to Tutar et al. (2011), has an impact on achievement motivation and contextual performance. The study's purpose was to explore how employees' perceptions of their own empowerment influenced their achievement motivation and performance. Data were obtained from employees of Ankara's public and private banks and examined utilising statistical techniques and procedures. When the research data were evaluated, it was found that employee empowerment had a positive impact on accomplishment motivation and contextual performance. Employee empowerment is a critical predictive variable for accomplishment motivation and contextual performance, according to the findings.

In the banking sector in Pakistan, Ghafoor et al. (2013) evaluated the effect of employee empowerment on contextual performance of employees. The study's objective was to see how employee empowerment affected employee success motivation and contextual performance. Employee reactions in public and private banks were studied using regression analysis. According to the findings from the study,

empowerment has a positive influence on contextual performance. It demonstrates that for employees working in a dynamic environment, employee empowerment is critical for achieving motivation and final performance.

Employee empowerment, service quality, and customer satisfaction were all investigated at Pakistani banks by Abbas et al. (2011). The study's goal was to evaluate how employee empowerment affected service quality in Pakistan's banking industry. Questionnaire was used to gather information from staff, as well as clients of the bank. The data were analysed using statistical techniques such as factor analysis and correlation analysis. Employee empowerment, customer satisfaction and service quality are all linked, according to their findings. This indicates that employee empowerment in Pakistani banks improves service quality.

Peters and Mazdarani (2018) investigated the impact of employee empowerment on service quality in service organisations using Länsförsäkringar Bank AB as a case study. The goal of the study was to see how Länsförsäkringar Bank AB promotes staff empowerment and how it affects service quality. According to the findings of this study, employee empowerment allows employees to positively influence clients' views of service quality by providing them authority over the service delivery process, resulting in customer satisfaction. Employee empowerment is also widely practised at Länsförsäkringar Bank, thanks to the activities and policies of Human Resource Management (HRM) and senior management.

In the light of the above literature, we hypothesise the following:

- H₁: Employee empowerment (*employee input acknowledgment, mutual decision making, joint resolution implementation, and sense of belonging climate*) positively affects job satisfaction
- H₂: Employee empowerment positively affects employee productivity
- H₃: Employee empowerment positively affects task performance
- H₄: Employee empowerment positively affects contextual job performance

Methodology

Sample and data collection

The quantitative research was chosen and the cross-sectional survey design was adopted. This was because a greater number of studies on employee empowerment and performance outcomes in the financial industry adopted the quantitative approach (Gill et al. 2010). Quantitative research is widely acknowledged for producing more reliable and consistent data that are easily analysed through statistical techniques (Saunders et al., 2019; Silva et al., 2019). In addition, the cross-sectional survey design was adopted because of its ability to enhance uniformity in the collection of more objective data based on larger samples that represent the entire population of interest. For this reason, the research sample consisted of 381 middle-level

bank managers, drawn through a random sampling approach from the top five deposit money banks (DMBs) in Nigeria.

The face-to-face approach was used for data collection through the structured questionnaire. Of the 381 participants, 65 were excluded from the analysis because of various reasons ranging from not completing the demographic questions, leaving some questions blank, to ticking more than one space for a specific questionnaire item. This left us with 316 usable copies of the questionnaire for data analysis. Of the 316 participants, 51.6% were males and 48.4% were females; 85.1% were less than 40 years of age; 72.9% had less than 10 years of work experience, and 76% had bachelor degree educational qualification.

Measurement of variables

The independent variable (employee empowerment) had four dimensions: employee input acknowledgment, mutual decision-making, joint resolution implementation, and sense of belonging climate. They were measured using the 'Job Empowerment Scale' developed by Spreitzer (1996) and adapted to the Nigerian context by Onifade et al. (2021). An example of an empowerment questionnaire item is 'I have the autonomy to determine how I do my job'. On the other hand, employee performance was measured using the 'Individual Work Performance Scale' developed by Koopmans et al. (2012). For the context and purpose of this study, scale items were adapted to measure four constructs: employee productivity (EP), employee satisfaction (ES), task performance (TP), and contextual performance (CP). An example of an employee performance item includes 'I am confident about my ability to do my job'. All questionnaire items were measured via the 5-point Likert type scale where 5 = strongly agree, 1 = strongly disagree.

Data analysis techniques

The analysis of data for this study was achieved through the smart PLS-structural equation model (SEM-PLS) 3.9 version. The reason for using this statistical tool was because of its robustness in evaluating latent constructs (i.e. multiple items) and providing results for both measurement and structural paths compared to other analytical methods such as regression (Astrachan et al., 2014). All hypotheses were tested and accepted at $p < 0.05$ level of significance.

Ethical considerations

Ethical clearance to conduct this study was obtained from the Covenant University's Research Ethics Committee.

Results

Descriptive analysis

The descriptive analysis of employee empowerment variables is shown in Table 1. It can be observed that 75.95% of respondents agreed that their opinions are taken into

TABLE 1: Descriptive analysis for employee empowerment.

Statement	Responses				% Agree	% Disagree	Mean	SD
	SA	A	D	SD				
My opinion regarding work is considered in decision-making	98	142	62	14	75.95	24.05	3.074	0.829
My boss usually acknowledges my inputs	115	112	65	24	71.84	28.16	2.929	0.835
Resolutions made by employees are often implemented by management	99	104	98	15	64.24	35.76	3.178	0.882
I have the autonomy to determine how I do my job	120	102	71	23	70.25	29.75	2.929	0.835

SA, strongly agree; A, agree; D, disagree; SD, strongly disagree; SD, standard deviation.

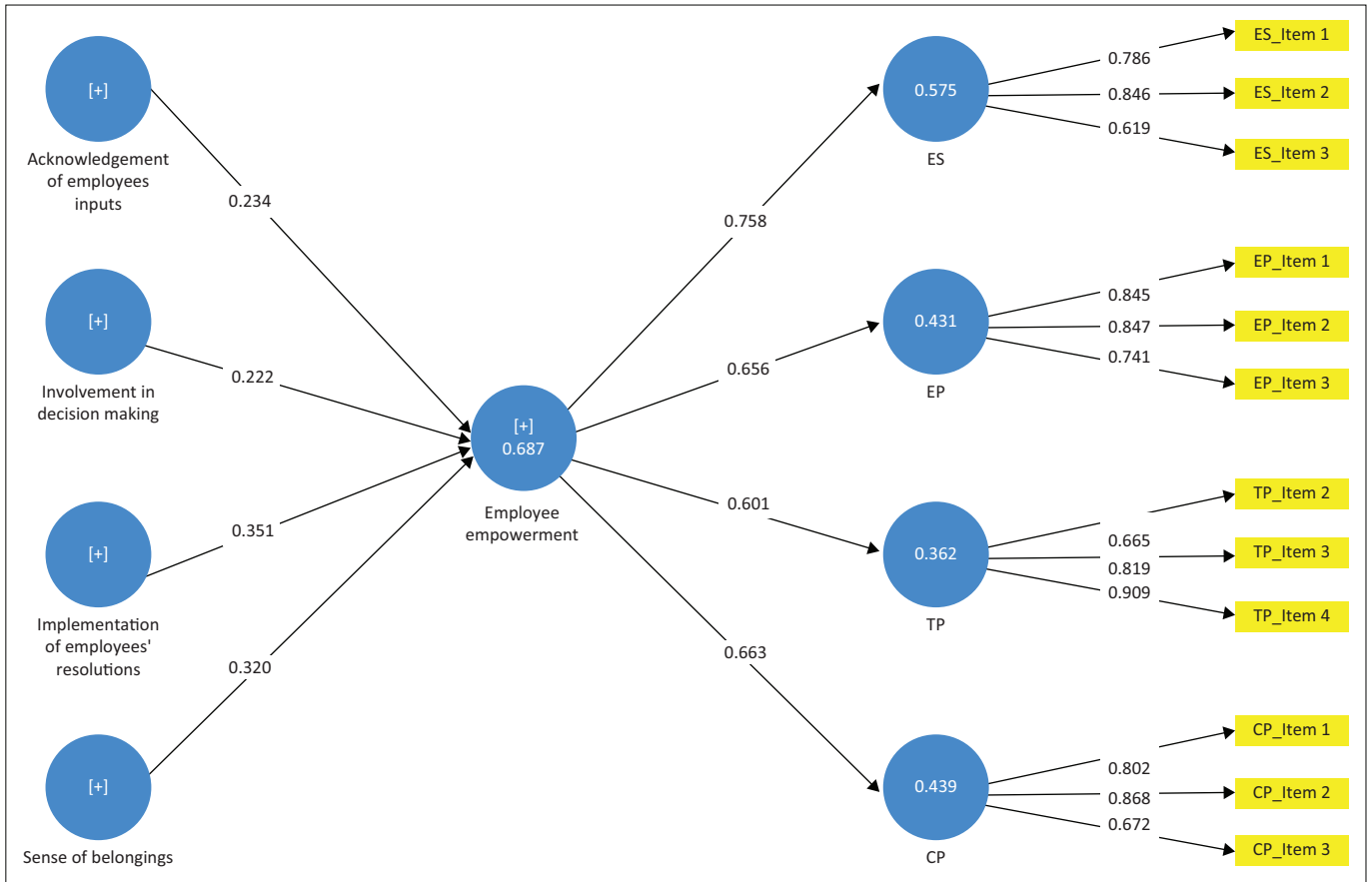
consideration when making crucial decisions. Similarly, 71.84% asserted that the employees' inputs are acknowledged by the supervisor or management. The result also indicates that most of the respondents (64.24%) believed that management follows through on employee resolutions. Lastly, it is revealed that 70.3% of respondents felt encouraged to solve work-related problems on their own because they have significant autonomy.

Hypothesis testing

The data analysis considered both structural and measurement models. The items adapted for measuring employee empowerment include involvement in decision-making, acknowledgment of employees' inputs, implementation of employees' resolutions, and a climate of sense of belonging. All factors or constructs in the measuring model yielded values that were greater than the acceptable minimum of 0.60. The inner model of structural equation computation is the structural model (Hussain et al., 2018). It calculates R^2 values and significant values for path coefficients.

The significance is discovered by using the bootstrapping method (Osibanjo et al., 2020b). To improve the significance of the results, the default bootstrapping in Partial Least Square is 5000 subsamples (Osibanjo et al. 2020). Four items were used to assess employee empowerment, which is a latent variable. Meanwhile, job performance was measured with 12 questionnaire constructs. The effect of employee empowerment on job performance is shown in Figure 1. It reveals the structural equation modelling results of the hypothesis with standardised estimates. It is worth noting that all of the components of employee empowerment in Table 3a and Table 3b had factor loadings greater than 0.60. At 0.05 probability level, the results were statistically significant in line with Newkirk and Lederer (2006).

The following conditions should be met for measurement of all scale items, according to Fornell and Lacker (1981): (1) factor loading must be greater than 0.60, (2) composite reliability of each construct has to be ≤ 0.80 , (3) the AVE estimate must be greater than 0.50, and (4) instrument's Cronbach's alpha reliability must be ≤ 0.70 .



ES, Employees' satisfaction; EP, Employees' productivity; TP, Task performance; CP, Contextual performance.

FIGURE 1: Predictive relevance (Path co-efficient) of employee empowerment and job performance.

TABLE 2: Factor loading for employee empowerment.

Latent indicator	Factor loading	Error variance	Composite reliability	AVE	Cronbach's Alpha	No. of indicators
Indicators	> 0.70	< 0.50	≥ 0.80	≥ 0.50	≥ 0.70	-
Employee empowerment (EEP)			0.816	0.620	0.795	4
EEP1	0.759	0.241	-	-	-	-
EEP2	0.818	0.182	-	-	-	-
EEP3	0.764	0.236	-	-	-	-
EEP4	0.780	0.220	-	-	-	-

AVE, average variance extracted.

Results in Table 2 show that all employee empowerment constructs were loaded with values greater than 0.60, suggesting better Cronbach's alpha reliability and composite internal consistency. For the individual metrics, factor loadings ranged from 0.759 to 0.818. The model was considered valid because the first condition for the degree of fitness was adequately met. The inner structural model revealed that none of the items had a loading factor less than 0.6, as shown in Figure 1.

Structural model evaluation

The significant values of the path coefficients were analysed using the structural model. For calculating the significance level in PLS-SEM, bootstrapping is essential (Hussain et al., 2018). In the default bootstrapping, 5000 subsamples were employed (Osibanjo et al. 2020). With a similar response rate, the path coefficient values of AB, FBN, GTB, UBA, and

TABLE 3a: Path coefficients for employee empowerment and job performance.

Variables and cross loading	Path Co-efficient (O)	Std. Dev. (STDEV)	T-Statistics (O/Std. Dev)	p values
Empowerment employee satisfaction	0.758	0.074	36.397	0.000
Empowerment employee productivity	0.656	0.083	12.289	0.000
Empowerment task performance	0.601	0.088	19.576	0.000
Empowerment contextual performance	0.663	0.079	16.632	0.000

TABLE 3b: Path coefficients for employee empowerment and job performance.

Variables and cross loading	R Square (R²)	R Square (R²) Adjusted
Employee empowerment	0.687	0.679
Employee satisfaction	0.758	0.744
Employee productivity	0.656	0.646
Task performance	0.601	0.589
Contextual performance	0.663	0.651

ZB were presented. Findings of structural models and path analysis for employee empowerment on job performance in the banks have been shown in Table 2 and depicted in Figure 1.

As predicted by the hypothesis, employee empowerment comprising involvement in decision-making, acknowledgement of employees' inputs, implementation of employees' resolutions, and sense of belonging significantly influences job performance in the selected banks as displayed in Table 3a and Table 3b.

TABLE 4: A summary of regression analysis.

Model summary					
Model	R-Square	Adjusted R-Square	Predictive value	T	p-value
Employee empowerment	0.537	0.523	0.733	15.361	0.000
Performance_Bank 'A'	0.324	0.313	0.569	6.305	0.000
Performance_Bank 'B'	0.304	0.300	0.551	6.145	0.000
Performance_Bank 'C'	0.276	0.265	0.525	4.357	0.000
Performance_Bank 'D'	0.316	0.309	0.562	6.209	0.000
Performance Bank 'E'	0.367	0.351	0.606	6.911	0.000

The path coefficients for all of the constructs yielded positive relationships at a 0.05 level of significance (Table 3a and Table 3b). Thus, the path coefficient shows a significant relationship between employee empowerment and employee satisfaction (i.e. $\beta = 0.758$, $T_{val} = 36.397$, $p = 0.000$); employee productivity (i.e. $\beta = 0.656$, $T_{val} = 12.289$, $p = 0.000$); task performance (i.e. $\beta = 0.601$, $T_{val} = 19.576$, $p = 0.000$); contextual performance (i.e. $\beta = 0.663$, $T_{val} = 16.632$, $p = 0.000$). Hence, employee empowerment made the highest contribution to employee satisfaction and productivity while task performance had the least.

Also, the result implied that implementation of employees' resolution, sense of belonging, and acknowledgment of employees' input had the highest indirect beta values among the constructs that best predicted job performance while involvement in decision-making had the lowest value on the job performance. To assess how employee empowerment affects job performance in the selected banks, path analysis and bootstrapping based on the institutional level were developed. The structural models and path analysis had a good predictive and explanatory power for employee empowerment and job performance based on banks (see Table 4).

As shown in Table 4, the data revealed a positive relationship between employee empowerment and job performance in the banks. The latent variable, employee empowerment, was assessed using five items. Job performance, on the other hand, was assessed using fourteen (14) items, as shown in Figure 1. Employee empowerment has a positive and significant effect on job performance in the selected Nigerian banks ($\beta = 0.733$, $r^2 = 0.537$, $p = 0.000$), according to the findings. According to the correlation value of 53.7%, the predictor variable's overall effect on job performance is strong and positive.

The coefficient of determination (R^2) is also shown in the regression findings. R^2 values of 0.71–0.90 are considered excellent, 0.51–0.70 are considered good, 0.31–0.50 are considered fair, and 0.10–0.30 are considered weak (Hair et al. 2019). The path model of 0.537 was observed for the endogenous latent construct in this study. This implies that employee empowerment explained 53.7% of the variations in job performance in the banks in the model, suggesting a moderate and fair explanatory power. As a result, the other variables not included in this model are responsible for 46.3% of the change in job performance in the Nigerian banks studied.

The R -square for employee empowerment and job performance (i.e. employee satisfaction, employee productivity, task performance and contextual performance) in the selected banks was also analysed. Basically, the R^2 of Bank 'A' ($\beta = 0.569$, $r^2 = 0.324$) is quite fair; Bank 'B' ($\beta = 0.551$, $r^2 = 0.304$) is quite fair; Bank 'C' ($\beta = 0.525$, $r^2 = 0.276$) is relatively weak; while Bank 'D' ($\beta = 0.562$, $r^2 = 0.316$) is fair; and Bank 'E' ($r = 0.606$, $r^2 = 0.367$) is also fair. Generally, the findings reveal that the variance of employee empowerment ($\beta = 0.733$, $r^2 = 0.537$) explained by the job performance in the selected Nigerian banks is moderate and fair.

Generally, the relationship between employee empowerment for all selected banks and job performance is established to be directly significant. Ultimately, the findings showed that employee empowerment strongly predicts job performance in the selected banks.

Discussion and conclusion

The study has found a direct and significant relationship between employee empowerment and the job performance of bank employees. With these findings, employee empowerment can be said to enhance job performance. This is consistent with the findings by Yuvaraj and Nadheya (2018) who reported that employee empowerment and job performance are significantly related. As reported, bank employees are very rarely motivated to perform their jobs as the increasing unemployment rate implies that they are easily replaceable if they fall short of performance standards. The findings in this study show that employee input acknowledgement, mutual decision-making, joint implementation of task-based resolutions, and building a sense of belongingness climate at the workplace directly impact bank employee performance outcomes. This is observed in terms of guaranteeing job satisfaction, boosting productivity, enhancing quality task delivery, and improving contextual performance. These outcomes are consistent with and complementary to prior literature such as Nuskiya (2018); Adeniji et al. (2013); and Ghafoor et al. (2013). These studies all emphasised the need to adopt better empowerment strategies to boost employee productivity, enhance job satisfaction, and achieve optimal banking service delivery.

The implication of all these findings to both theory and practice is that banks that desire better job performance have to adopt these statistically proven strategies to empower their employees. Empowerment may be in the form of a better employee voice in the organisation as regards the running of day-to-day operations, more job autonomy for employees, and better training and development, among others. Job autonomy is particularly important in the banks as customer service requires intuition and initiative by employees. This may be limited where employees are micro-managed and expected to go through bureaucratic loops in the performance of their duties. Although responses in this study indicated a fair amount of

empowerment by the banks, more can still be done to empower employees. It is recommended that bank managers do their utmost to empower the employees regularly using the mix of employee input acknowledgment, mutual decision-making, joint resolution implementation, and a sense of belonging climate.

Research contribution

This study provides helpful contributions in terms of concepts and context. Firstly, the concept of employee empowerment is examined in different dimensions that include newer variables such as seeking inputs from workers in major decisional issues, making mutual decisions, joint implementation of resolution, and providing a sense of belonging climate. These new empowerment variables would be useful to the banking industry and the entire financial sector of developing nations' economies. Secondly, these empowerment strategies identified in the study could be applied by other industrial sectors including the government to finetune their employee empowerment strategies to boost performance. Moreover, the study provides a platform for future research on employee empowerment and organisational performance, which will enable the identified variables to be tested for its generalisability. The model established in this study is a new addition to the literature in this domain. Thus, organisations seeking to boost employee performance can now adopt the model as a guide and could integrate it into their employee motivation goals and/or as the overall business strategy.

Limitations and further studies

The following limitations are observed:

1. The study was unable to survey all banks in the country but focused on the top five banks. Future studies could see the possibility of sampling additional banks to further enhance the generalisation of findings.
2. Future studies could also attempt to make comparisons of banks in both developing and developed countries to bring out differences and lessons to learn from each other.
3. The study relied solely on survey results. This could have been complemented with the qualitative results through the personal interview, which could have brought more useful insights and enhanced the research outcome. Future studies could consider the mixed-methods design where both qualitative and quantitative approaches are used for complementary purposes.

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Competing interests

The authors declare that they have no financial or personal relationships that may have inappropriately influenced them in writing this article.

Authors' contributions

D.O. contributed towards the conceptualisation and original draft, R.W. contributed towards the project administration, R.W. and O.O. contributed towards the supervision, O.O. and A.A. contributed to the visualization, U.T. and M.G.D.O. contributed to the methodology, N.J. contributed towards the data curation, software and analysis and M.G.D.O. and A.A. contributed to the validation. All authors contributed towards the writing, review and editing.

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Data availability

The data that support the findings of this study are available within this article.

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