Staff Development and Employee Performance in Kenya Commercial Bank in Nyeri County, Kenya

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ABSTRACT

The study intended to investigate the effect of staff development on employee performance in KCB Bank Branches in Nyeri County. Training and staff development is very crucial in the overall performance of the employee. The performance of the employees has a direct impact on the organizational performance and competitiveness. Staff development is not cheap in short run but in the long - run is beneficial. The study intended to investigate and establish the training and development programmes at KCB Bank. The study also intended to establish the: training programmes at KCB; effect of training policies on employee performance at KCB; the influence of orientation on employee performance at KCB and the effect of mentorship towards employee performance at KCB. The study was conducted at KCB Bank Nyeri County, Kenya where there are five branches. The target population was one hundred and sixty (160 employees) consisting of three (3) different ranks of top branch management, middle level branch management and lower level branch management. The researcher conducted a census on the top level, middle level and lower level branch management with a total of 160 questionnaires distributed. A total of 119 questionnaires were duly filled and returned representing a response rate of 74%. Primary data was analyzed by use of descriptive statistics as well as inferential statistics. The findings from the study indicated that training programmes, training policies, orientation and mentorship all have a positive correlation with the employee performance. Demographic information was analyzed as well and presented in tables. The research findings indicated that the bank has a variety of training programmes, well – structured and documented training policies, orientation programmes and mentorship programmes. The study recommends that a variety of training policies and programmes should be initiated. These policies and programmes should be well documented and communicated. The study recommends that a study of the whole of the banking sector should be conducted to establish whether the results will be replicated. A longitudinal study should also be conducted to establish the relationship over time.

Key Words: Staff Development, Human Resource Management, Employee Performance, in Kenya Commercial Bank in Nyeri County, Kenya

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1. INTRODUCTION

Performance is the accomplishment of a task given, and is measurable using preset standards. In the finance sector globally, poor performance has caused many organizations to shut down. Consequently, this has been the case in developing countries. The attainment of the requirements of a job done by the experienced manpower results in affecting the performance of the organization (Mwema & Gachunga, 2014) since employees are the backbone of any business. Poor performance of commercial banks affects the Country’s economy greatly since the commercial banks play a major role being credit facilities and deposit facilities. If the banks fail in their role, investors will lack source of capital as well as a place to keep their deposits. Staff training is therefore crucial to ensure optimal performance of banks. Performance in an organization is very important to both the individual's and the Organisation’s growth and development. In June 2017, Cytonn investments concluded in their report that performance of banks had dwindled drastically which led to employees being sacked and closure of some of the branches. In 2016, the Central Bank of Kenya (CBK) informed in their report the fall of Chase Bank, Imperial bank and Dubai bank of Kenya. Since the CBK is the regulatory body for all banks in Kenya, a lot of changes have been evident lately on policies governing the banks to ensure performance stays afloat. For this reason, it is important for the organization to evaluate the performance of the employees in order to distinguish high performers and low performers, who definitely need additional training. The overall objective of evaluating performance is to provide an accurate indicator of how best an employee is performing the assigned job, task or duties.

Staff development as a process is geared towards personal and professional growth of employees. It refers to the training whose aim is to improve and enhance personal knowledge, skills as well as attitudes. Organizations provide various staff development programmes to enable the employees to keep up with organizational challenges and innovations and to guarantee quality of service, productivity as well customer care (De Rijdt, Dochy, Bamelis, & Van der Vleuten, 2016). The main objective of staff development is to improve and promote customer care, service delivery, and achievement of organizational goals as well as organizational competitiveness. The components of staff development include among others; orientation, skill training and continuing education. According to Yamoah (2013), when training is administered properly, it is likely to yield positive results with an increase level in performance. Induction training is key as it introduces the employee to the organization in regards to the employment, the organizational policies and procedures, the remuneration packages and opportunities, position classification, promotion opportunities, job orientation as well as complaint procedures. Job orientation aims at guiding the individual employee towards the position he or she is hired for. The relationship between employee training and the quality of service delivered by employee to the customers is highly strong (Dhar, 2015) and the skills training is aimed at manual skills as well as communication skills.

Continuous education involves the opportunities for furthering one’s academic and professional competencies as certificates, diplomas and degrees both undergraduate and postgraduates. According to Masa'deh, Obeidat and Tarhini (2016), management have an influence on employee performance in the Jordanian high council of the youth. Organizations need extra job performance in order for them to survive in the competitive business environment. Employees play a greater role in enhancing business competitiveness. For the overall business performance to improve, the individual job holders must be competent to carry out the assigned roles and duties. For them to achieve this noble role, they need to be well trained. Training is both a vehicle and strategy towards improving levels of job performance and overall firm performance (Tahir, Yousafzai, Jan &
Hashim, 2014). Appropriate and effective training systems play a critical role in job performance of individuals and groups as well as the organization. Staff development enables the employees to adapt and manage the changing environmental conditions. According to Tahir, Yousafzai, Jan and Hashim (2014), there is a positive relationship between staff training and development and performance of employees in Pakistani’s banking sector. According to Lemma and Birhane (2016), staff development enhances the employee performance on their responsibilities and roles in the work place and makes them well prepared in undertaking new job placement and assignments in future. In the Ethiopian scenario, training and development is crucial in enhancing and improving employee performance (Lemma and Birhane, 2016).

Human resources are crucial and vital in any organization as they are supposed to realize the overall firm goals. Their biggest role is in making sure that the organization succeeds in the particular sector or industry by ensuring that they are competitive. According to Afshan (2012), employee performance is the achievement of specific tasks measured against a set of standards of accuracy, completeness, speed and cost. Performance can be measured as an improvement in productivity, increased profitability, reduction in cost, quality of work, loyalty and ease in use of new machinery and technology as well as high employee motivation. Employee performance is an indicator of the individual’s behaviors toward the achievement of the organizational goals. According to Saeed and Asghar (2012), the employee performance is usually affected by myriad factors such as motivation, satisfaction levels, compensation package, job security, training programmes among others. Arguably, the organizations should recognize good performance by the employees as this encourages and motivates them to achieve more. Nyakundi, Karanja, Charles and Bosibori (2012) argue that employees tend to improve performance where the compensation is commensurate to the actual work input. Saks and Burke (2012) points that most workers are usually contented when their supervisors recognize their input and this makes them more active in their respective assignments. Stiff competition is a major feature that has characterized many industries in Kenya including the banking industry environment in the past several years. According to Kenya Bankers Association (KBA, 2018), the industry consists of 47 banks offering various types of financial services which are largely homogeneous, but only defer slightly from each other by what the ingredients each product or service the bank has. Most of the banks (34) are locally owned while the rest (13) are foreign owned. As one of the commercial banks, Kenya Commercial Bank has emerged at the competitive edge to be valid in the continuously ever-changing market. The Group's headquarters are located in Nairobi, Kenya, with subsidiaries within East African countries of Uganda, Tanzania, Rwanda and Burundi and the Southern Sudan (KCB Website, 2018). As of September 2017, KCB Group was among the largest financial services organizations in East Africa and central Africa, with an estimated asset valuation in excess of US$6.2 billion (Kshs 647 billion), a market capitalization in excess of US$ 1.5 Billion (Kshs 151 Billion) and over 263 branches and 15,082 agents. In Kenya, KCB Group has around 192 branches cutting across the 47 counties. The bank offers various services including mobile and internet banking, cash and cheque deposits, loans, financial advice on investments, corporate banking, money transfers and forex services. In Nyeri county the Group has only 5 branches.

2. STATEMENT OF THE PROBLEM
Human resource is a critical and crucial resource besides the physical resources. However, in order to optimize this critical resource, it is the duty of the management to utilize effective staff development programmes. Studies indicate that employees and employers recognize the need and importance of staff development in enhancing job performance (Khan, Abbasi, Waseem, Ayaz,
Despite the numerous benefits associated with staff development programmes, some institutions do not provide the opportunity for employees to attain new skills and knowledge. In the ever-changing era of technology especially at KCB, employees need to be continuously trained on emerging issues. As of 8th March, 2018, the Daily Nation gazetted complaints from KCB clients who queried cash deductions from their accounts, ranging from Kenya Shillings (100,000) a hundred thousand to a few thousand Kenya Shillings. Even though the bank later conducted an audit on affected claims and later resolved, it is paramount for employees to undergo continuous up-grade training to match the needs of its clients. According to Nnadi (2014), some employees have stayed for close to twenty (20) years with no training nor workshops. In spite of the changes in workplace, there is no evidence to show that most employees have some weakness in job skills. The business environment is rapidly changing due to high level of competition, which calls for continuous upgrading of employee skills. Sultana, Irum, Ahmed and Mehmood (2012) indicates that training in the recent years has intensified by the emergence of stiff competition in almost all sectors.

A training program allows staff to strengthen such skills that each employee needs to improve. The effect of staff development assists in reducing any weak links within the organization that heavily rely on others to complete basic work tasks. There is need for staff development, which emanates from numerous demands such as maintaining superiority in the market place, improving employees’ knowledge and skills which eventually improves employee productivity (Arthur Jr., Bennett Jr., Edens & Bell, 2003). Organization’s performance are currently dwindling since firms are cutting down on costs including staff development. Staff development is not cheap in the short run (Zahra, Iram & Naeem (2014). Secondly, most organizations are in dilemma due to the fact that new graduates are ill-trained through non-functional education systems. Somehow, the current education system is not providing the necessary solutions to the ever-increasing technical changes and challenges. Thus, there is need to enhance staff training at KCB so that the organizational objectives and goals are met in the long run. The formal education offers a generalized form of skills but does not train individual’s skills regarding the requirements of the specifics of particular job or jobs (Asfaw, Argaw, & Bayissa, 2015). Despite the assumption that training enhances employee performance there is limited number of studies on this area in sub-Saharan Africa and most of it is concentrated in the developed world (Dysvik & Kuvaas, 2008). On the other hand, Burgard and Görlitz (2011) points out that, non-monetary benefits from training have attracted little empirical attention. From the past studies, none has conducted in Kenya Commercial Bank on effect of training and development programs, staff development and orientation on the performance of the organization. Thus the study seeks investigate the training programmes availed to the KCB employee and the effect they have on the employee performance.

### 3. RESEARCH OBJECTIVES

The general objective of this study was to establish the effect of staff development on employee performance at the Kenya Commercial Bank in Nyeri County, Kenya.

The specific objectives that guided the study were:

i) To determine the effect of training programmes on employee performance at Kenya Commercial Bank in Nyeri County, Kenya.

ii) To establish the effect of training policies on employee performance at Kenya Commercial Bank in Nyeri County, Kenya.
iii) To establish the influence of orientation on employee performance at Kenya Commercial Bank in Nyeri County, Kenya.

iv) To determine the effect of mentorship on employee performance at Kenya Commercial Bank in Nyeri County, Kenya.

4. THEORETICAL FRAMEWORK
Theoretical orientation is a collection of existing theories from literature, which guide the conceptual framework, and thus informs the statement of the problem (Mugenda, 2008).

4.1 Human Capital Theory
Before 1960s the key factors of production in business enterprises were considered to be capital and land. Human capital and entrepreneurship were considered merely facilitative and knowledge. Competencies and abilities of the staff employed were to a great extent taken for granted. This perception was broken when Schultz (1961) opined that human capital was a principal factor in business enterprises consisting of the information, skills and knowledge of the employees in a firm. Other scholars also observed the centrality of human resources in business with Becker (1964) for example observing that in the rising economies of the time for instance, physical resources like minerals accounted for only a relatively minute portion of the growth and economic expansion. Recent research has also underscored the correlation between training and performance by highlighting that participation in a study, additional general training course resulted in a 2.14% increase in performance for an average employee. (Bapna, Langer, Mehra, Gospal & Gupt, 2013). Human Capital Theory proposed several aspects on which the theory was hinged. These included electronic learning, employee development and career management, employee mentoring, employee training, and opportunities for learning. These pillars suggest these activities are expected to be included in any training programs.

4.2 Human Motivation Theory
Human Motivation Theory was crafted by McClelland (1961) whose book ‘The Achieving Society’ became an influential work in managing people. At this period, Abraham Maslow’s theory of needs was already popular, and McClelland’s work built on it and acknowledged three principal motivators that drove staff. These were a need for achievement, a need for affiliation, and a need for power. McClelland (1961) argued that the motivators were achieved through a learning process. individuals will possess different traits according to their dominant motivator. The theory suggests that a person whose dominant motivator is achievement has a compelling willingness to complete difficult tasks, will assess the possibility to achieve the goals, desires to have feedback on a regular basis and their progress and desires to work independently. A person who desires affiliation is willing to belong to a group and has desires to be appreciated and is motivated to belong to the bigger group and its desires. Any individual who motivated by power desires to control and influence others, desires to win arguments, desire competition and winning, and desires to be recognized. The theory’s main contribution to workplace training is on its capacity to identify training areas depending on differences in personality type.

5. CONCEPTUAL FRAMEWORK
Conceptual framework is defined as a graphical representation of the relationship that exists between the dependent research variable and the independent research variable. The conceptual framework is usually helpful to the researcher as it is possible to visualize the relationship between the research variables easily and quickly (Mugenda and Mugenda, 2008). The conceptual framework, that the researcher intends to adopt, will have both independent variables and
dependent variable. The independent variables include Staff training programmes, Skills Training, and Orientation. The dependent variables consist of the Employee Performance as measured by Productivity, Quality of work, Quantity or Output, Timeliness, Cost Effectiveness and job completeness.

![Conceptual Framework]

6. RESEARCH METHODOLOGY
The research design that was adopted by the study was exploratory. This design identified the extent to which the staff development affects the employee performance at KCB. Research design was done through survey. The main aim of a survey was to describe, record, analyze and interpret conditions that exists. The effect of staff development to Employee performance was studied from five (5) branches namely: Nyeri, Mukurweini, Karatina, Othaya and Naro Moru branches. The target population consisted of a total of 160 members from the five branches in Nyeri County. The researcher organized, tabulated and summarized the collected data. Charts and graphs are used to illustrate the findings. Descriptive analysis was used on all the objectives. To measure Staff
development, respondents were asked to report the level of importance and application considering different levels of Employee performance through the Likert scale of 1 to 5. Statistical Package for Social Sciences (SPSS) and Microsoft Excel were used in the data analysis. The researcher determined the mean and standard deviation of all the attributes for the variable. After determining the mean and standard deviation the researcher drew conclusion regarding the link between the variables. The researcher utilized the inferential statistics in order to draw conclusion regarding the relationship between the dependent and independent variables.

7. STUDY FINDINGS

Towards this end, the researcher intended to establish the linear relation between the employee performance and Training Programmes, Training Policies, orientation and mentorship. The researcher adopted the model \( Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon \) Where \( Y \) is the Employee Performance, \( X_1 \) is the Training Programmes \( X_2 \) is Training policies, \( X_3 \) is the Orientation and \( X_4 \) is Mentorship. \( \beta_0 \) is a constant, \( \beta_1 \) is the regressor factor for Training programmes, \( \beta_2 \) is the regressor factor for Training policies, \( \beta_3 \) is the regressor factor for Orientation and \( \beta_4 \) is the regressor factor for Mentorship. \( \varepsilon \) is the error term. The researcher regressed these variables and got the following results.

Table 1: Regression Analysis for Employee Performance

| Regression Statistics |  
|----------------------|---|
| Multiple R | 0.761 |
| R Square | 0.579 |
| Adjusted R Square | 0.429 |
| Standard Error | 0.41 |
| Observations | 119 |

<table>
<thead>
<tr>
<th>Coefficients</th>
<th>Standard Error</th>
<th>t Stat</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td>0.06</td>
<td>0.62</td>
<td>4.76</td>
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<tr>
<td>Training Programs</td>
<td>0.02</td>
<td>0.1</td>
<td>0.2</td>
</tr>
<tr>
<td>Training Policy</td>
<td>0.03</td>
<td>0.1</td>
<td>0.84</td>
</tr>
<tr>
<td>Orientation</td>
<td>0.05</td>
<td>0.16</td>
<td>1.79</td>
</tr>
<tr>
<td>Mentorship</td>
<td>0.01</td>
<td>0.1</td>
<td>1.8</td>
</tr>
</tbody>
</table>

Dependent Variable: Employee Performance

From the regression analysis, it is clear that the researcher was able to fit a multiple regression line of the employee performance against the independent variables training programmes, training policies, orientation and mentorship as follows: \( Y = 0.06 + 0.02X_1 + 0.03X_2 + 0.05X_3 + 0.01X_4 \). Where \( X_1 = \) Training Programmes, \( X_2 = \) Training Policies, \( X_3 = \) Orientation and \( X_4 = \) Mentorship. From the regression results it is clear that the four factors affect the employee performance but with varying degree. The coefficients of 0.02, 0.03, 0.05 and 0.01 respectively are statistically significant at 95% confidence interval since their \( p \)-values are all less than 0.05. From the regression, it shows that the employees on average operate at 5% without any of these attributes. The regression line indicates each of the attributes 2%, 3%, 5% and 1% of the employee’s performance respectively.
8. CONCLUSIONS
The study concludes that the training programmes, training policies, orientation and mentorship programmes are crucial factors that contribute toward enhancing the employee performance of any organisation be it a profit making and no-profit making organization. Most of the employees indicate that they are well – trained, the Bank has well – structured training policies, a well – structured orientation and induction programmes and a working mentorship programmes. The study thus concludes that training programmes individually contribute positively to the employee performance. Further, the study concludes that well – structured training programmes are crucial to enhancing employee performance. The study also concludes a variety of the training programmes are also crucial, as they will address the needs of the different classes of employees’ needs. Further, the study findings conclude that well – structured training policies ensures an enabling environment and thus enhances employee performance. The conclusion indicates that the employees are well informed on what they are required to do to accomplish their target on time and easily. Further, well – documented and well-communicated policies are key to enhancing employee performance. The regression equation 4.2 indicates that policies contribute positively to employee performance. The study findings also show that it is important for the employees to be well versed on their requirements as per the policies, be they training or otherwise.

From the study findings, it is important to note that orientation and induction plays a pivotal role in enhancing employee performance. Orientation has positive contribution towards the overall employee performance. A variety of induction and orientation programmes should be encouraged to address the different needs of different employee levels. From the regression equation 4.2, it is clear that orientation has positive contribution towards employee performance as indicated by the coefficient of 0.05 and $p – value$ of 0.04. As concluded earlier the value is statically significant at 95% confidence interval. The orientation and induction process is important as it introduces the employee to the job requirements in terms of targets, reporting process and the general business environment. From the study findings, it is important to draw conclusions about the importance of mentorship programmes in organisations. The importance of mentorship programmes cannot be underrated. From the study, the researcher is bound to make several conclusions. One conclusion is that a variety of mentorship programmes is important, as this will address the needs of the different classes of employees. Another conclusion is that the mentorship contributes positively towards enhancing employee performance as indicated in the regression model 4.2 with a coefficient of 0.01 and a $p – value$ of 0.01. The coefficient is statistically significant at 95% confidence interval.

9. RECOMMENDATIONS
The success of any business depends on the ability of the employees to convert inputs into outputs. This can only be possible if the employee is well – trained, the business has an enabling training environment as dictated through training policies, the business has a variety of well – structured and documented orientation and induction programmes as well as a variety of well – structured and documented mentorship programmes. The study recommends business firms should formulate well – structured training policies as well as other supportive policies. The firms should educate, inform and communicate these policies to the employees whenever there is a change or a new policy in place. The employees should also embrace these policies as a guiding tool to their performance. The study also recommends that the management should also embrace and implement these policies to enhance the performance of the employees. The study also recommends that the investor should also embrace these policies to assist in converting the
investments to productivity. The study also recommends that the regulators of the banking industry should encourage and standardize the policies to enable the training to be consistent. The study further, recommends that standardization of the training programmes since businesses are operating on global village environment. The employee and employee representative bodies should encourage the employees to embrace training programmes that are offered by the employer. Further, the banks should encourage and embrace a variety of training programmes.

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