

**THE INFLUENCE OF HUMAN RESOURCE MANAGEMENT PRACTICES ON
EMPLOYEE PERFORMANCE IN BRANCHES OF COMMERCIAL BANKS IN**

KITUI TOWN

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**A RESEARCH PROJECT REPORT SUBMITTED IN PARTIAL FULFILLMENT OF
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DECLARATION

I understand that plagiarism is an offense and I therefore declare that this project report is my original work and has not been presented to any other institution for any other award.

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Thank you lord for enabling me to lastly carry off the palm.

DEDICATION

To the loving memory of my mother Sofia. You permanently impressed on me the value of hard work. As I walk along the torturous aisles of life, this quintessential trait that you imparted on me shall forever remain my guiding principle. In my heart you will always be remembered and missed forever.

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ABBREVIATIONS AND ACRONYMS

HR	-	Human Resource
KCB Group Ltd	-	Kenya Commercial Bank Group Limited
NBK	-	National Bank of Kenya
CBK	-	Central Bank of Kenya
HRM	-	Human Resource Management
AMO	-	Ability, Motivation and Opportunity
OP	-	Organizational Performance
MFI	-	Microfinance Institutions
Co-op	-	Co-operative Bank of Kenya
NBK	-	National Bank of Kenya
BBK	-	Barclays Bank of Kenya
PMS	-	Performance Management Systems
HPWP	-	High Performance Work Practices

ABSTRACT

Human resource management practices pose a daunting challenge to organizational management in today's dynamic market environment fuelled by globalization wave. The purpose of this research was to explore the effects of human resource management practices on employee performance in branches of commercial banks in Kitui town. The specific objectives of the study were to determine the influence of recruitment and selection, training and development, performance management systems and organizational communication practices on employee performance of branches of commercial banks in Kitui town. The population of the study was all the 104 employees who were currently working in all the eight banks at Kitui town. The response rate was 94 questionnaires representing a response rate of 90%. Data was collected by use of questionnaires which were physically availed to the sample population. Data was analyzed by use of descriptive statistics coupled with inferential statistics including Correlation, ANOVA and Multiple Regression. Basically it was found that recruitment and selection practices affects employee performance, specifically a competitive hiring process and proper placement has a bearing on timely delivery of services, nature of products and services and meeting set production targets. By and large training and development practices improve operational skills and knowledge and therefore improve the standard of products and services and increase employee motivation. Mostly in general performance management systems practices was found to help employees meet their set targets, provide a measure of employee performance as well as increase employee competency. On the whole organizational communication practices were also found to increase employee competency and enhance individual as well as organizational productivity. The research concluded that human resource management practices can enhance employee performance and recommended that banks develop a scheme of service that ensures recruitment, selection, placement and promotion practices are based on merit. In addition banks should mount relevant training schedules and programs which are accorded to all staff fairly, develop unbiased performance management systems that have a feedback loop and raise staff awareness on its role and institute a clear and sound organizational communicational policy that would enhance interpersonal communication and relationship between seniors and juniors. More research is needed on the reasons behind perceived biasness of performance management systems and general distaste on the same by the low level employees.

CHAPTER ONE

1.0 INTRODUCTION

The chapter concentrates on the background of the study in which the idea of employee performance is put into perspective. The chapter too handles objectives of the study, statement of the problem, research questions, significance of the study and the scope of study.

1.1 Background of the study

Employee performance refers to the fulfillment of particular task calculated against already known standards like that of accuracy, speed and cost and how accurately employees perform the task determines the good performance and also organizations have some expectations regarding employees job performance, when that level of expectation is met by the employees they are called as good performers (Sultana, Irum, Ahmed, & Mehmood, 2012). Human resource management is defined as a system of activities and strategies that focus on successfully managing employees at all levels of an organization to achieve organizational goals (Byars & Rue, 2006).

The AMO Theory of HRM holds that human resource endeavors should foster ability, motivation, and opportunity to participate and contribute to organisational performance. People do well in their duties when they are enabled to do their job using skills and knowledge they have and that is affected by the degree of incentives they receive. Many theoretical arguments have suggested that ability and motivation of employees, and chance to participate in management, affect both organisational effectiveness and employee satisfaction (Katz *et al.*, 1985).

The Universalistic Perspective theory considers that there is hierarchy of HRM practices in terms of their effectiveness and as a consequence most organisations should adopt these best practices. Research studies which adopt the universalistic view are micro analytical in nature and are generally geared on demonstrating that some HRM practices are important than others, and that as a consequence all organisations should adopt these practices (Daud, 2006).

As opposed to the universalistic perspective theory, Configurational approaches to HRM stipulate that configurations or patterns of unique practices, in combination with polices and strategies (Martin-Alcazar *et al.*, 2005), will work together in a nonlinear, synergistic fashion; so as to produce a maximum organisational effectiveness (Delery & Doty, 1996). Research has attempted to demonstrate that through systems (i.e., configurations, patterns of unique practices) of HR practices rather than through single HR practices, a better explanation of how HPWPs contribute to performance may be explained (Chan *et al.*, 2004). Additional findings in the literature have also provided some support for the configurational perspective (Delery & Doty, 1996).

On the local scene, the banking sector in Kenya is controlled by the Companies Act cap 486, the Banking Act cap 488 and the Central bank of Kenya act cap 199. The Central bank of Kenya which is under the Ministry of Finance and National Treasury is tasked with coming up and implementing monitoring policy and engendering the liquidity, solvency and proper functioning of the financial system. The banks in Kenya have formed Kenya Bankers Association to serve as a union for rallying their interests. Presently there are 46 banks in the country with the large-size banks constituting 46 percent of the industry while medium and small-size banks constitute 35 percent and 19 percent of the banking industry, respectively (CBK, 2010). There are two fully Islamic banks - Gulf African Bank and First Community Bank - which opened their doors in early 2009 and now have nearly 1 percent of gross banking assets (CBK, 2010).

Globally the banking industry is under pressure to concurrently improve the customer experience, meet intense regulative requirements and reduce costs of doing business (Nyamongo & Temesgen, 2013). By virtue of human capital as a main source for productivity and competitive advantage (Khan, 2015), organizations must consider the critical role of human resource practices and make every effort to develop and sustain this capital. Furthermore, HR practices are significant for improving employee's performance and enhancing the achievement of organizational goals (Ahmed & Akhtar, 2012). Kenyan banking industry has to compete in the global market and one way is to compete by employing the best human resource practices.

1.1.1 Recruitment and Selection

Many authors who have studied R and S have agreed that there is a distinct difference between recruitment and selection. Taylor (2008) and (Rees & French, 2010) say that recruitment is the process whereby an organisation collects applications for a position and generates a pool of potential suitable employees, while selection involves using techniques or different methods to assess the applicants and decide who is best suited to the available position, given management goals and legal requirements. Tessema and Soeters (2006) tested the link between Hr practices and performance at the employee level in Eritrean civil service and found out that there was a positive relevance between recruitment and selection and performance at the employee level. This suggests that the two practices though distinct in meaning are interlinked.

1.1.2 Training and Development

Training involves an expert working with learners to transfer to them certain areas of awareness or familiarity to improve in their immediate jobs (McNamara, 2008). Development is a broad, ongoing multi-faceted set of activities (training activities among them) to bring someone or an organization up to another threshold of performance, often to perform some job or new role in the future (McNamara, 2008). According to (Asare, 2002) employees must be trained, and where possible developed to meet their own career needs and the need of the organization. Training is job or task-oriented. It aims at enabling individuals to perform better on the jobs they are currently doing. Development on the other hand, is career oriented rather than job-oriented. It aims at preparing people for higher responsibilities in the future (Asare, 2002). According to theories proposed by some scholars, training and development positively influences employee performance which in turn influence profit or revenue (Fey, Björkman, & Pavlovskaya, 2000).

1.1.3 Performance Management System

Brudan (2010) defines performance management as “a discipline that assists in establishing, monitoring and achieving individual and organisational goals.” Performance management can also be defined as “the process of defining goals, selecting strategies to achieve those goals,

allocating decision rights, and measuring and rewarding performance" (Verbeeten, 2008). The performance management processes should include the key components as well as show the relation between them (Aguinis, 2009). It should start with prerequisites (knowledge of the organization's mission and strategic goals and knowledge of the job in question), performance planning where the employee and the manager first begin with discussion about results, behaviors and a developmental plan, performance execution, performance assessment, performance review, and finally performance renewal and re-contracting.

Homayounizadpanah and Baqerkord (2012) carried out a study in Iran entitled "Effect of implementing Performance Management on the Productivity, Efficiency and Effectiveness of the Chabahar Municipal Employees". The chief results from was that there was a strong positive relationship between performance management and productivity. Furthermore, the analysis also revealed that PMS and efficiency have strong positive relevance. This was a reflection that performance management fosters efficiency which in turn enhances employee performance.

1.1.4 Organizational Communication

Communication process consists of five key steps: idea formation, message encoding, message transmission (through communication channel), message decoding and feedback (not necessarily present in a communication process). Communication, as a particularly important activity in each organization, is said to be the "heart" of effective human resources management. Brewster, Sparrow & Vernon (2007) summarized views on the role of communication in HRM and noted that effective communication may increase commitment, job satisfaction, be connector for the promotion and development of cooperation between organizational stakeholders, facilitate diffusion through teamwork, and improve internal control and development of strategies. In the study of the Serbian banking sector (Vemic, Jotić & Marić, 2013) found that better HRM practices, where communication is presented as an important indicator, possess more competitive workforce and better organizational performance. These two studies are an indicator that organizational communication when instituted as a policy in an organization enhances performance.

1.2 Statement of the Problem

Globalization, technology advancement and dynamic legislations amongst other factors pose a challenge for banks in the management of human resources. Odunga (2012) observed that the problems being experienced among the Kenyan banking organizations stems from a myriad of factors including their inattention to the best practices in the management of human resources, inaccurate planning and control mechanism and organizational cultural and strategic practices.

Banking personnel must improve the customer satisfaction and also respond to shareholder calls for efficiency in operations to drive financial performance - all under the umbrella of ever-dynamic regulation (Adegoroye & Moruf, 2012). According to (Genga, 2014) Kenyan banks lack an industry HRM guideline which directs the human resource practices and policies which they apply. As a consequence, each bank in Kenya has developed its own set of HRM policies. This suggests that there is a felt need to keep re-examining the best HR practices in terms of their effects on employee performance in commercial banks. This study is therefore designed to investigate the influence of HRM practices on employee performance in branches of commercial banks in Kitui town particularly with respect to recruitment and selection, training and development, performance management systems and organizational communication.

1.3 Objectives of the Study

1.3.1 General

The general objective of the study was to determine the influence of human resources practices on employee performance in branches of commercial banks in Kitui Town.

1.3.2 Specific Objectives

- i. To establish the influence of recruitment and selection practices on employee performance in branches of commercial banks in Kitui Town.
- ii. To ascertain the effect of training and development practices on employee performance in branches of commercial banks in Kitui Town.

- iii. To determine the effect of performance management systems practices on employee performance in branches of commercial banks in Kitui Town.
- iv. To assess the influence of organizational communication practices on employee performance in branches of commercial banks in Kitui Town.

1.4 Research Questions

- i. What is the influence of recruitment and selection practices on employee performance in branches of commercial banks in Kitui Town?
- ii. What is the effect of training and development practices on employee performance in branches of commercial banks in Kitui Town?
- iii. What is the effect of performance management systems practices on employee performance in branches of commercial banks in Kitui Town?
- iv. What is the influence of organizational communication practices on employee performance in branches of commercial banks in Kitui Town?

1.5 Significance of the Study

The practices selected for this study are based on their importance in different ways to various shareholders in the banking industry. It will assist the Central bank of Kenya in devising better HRM policies to regulate the banking sector. The study will also assist the Kenya bankers association in addressing education of the banking public with regard to better terms and conditions in tandem with the best practices in HRM. The research will assist human resource practitioners in adopting good HRM practices to address their day to day activities. The study will further give human resource scholars, human resource professional bodies and relevant research institutes more insight in the topic of best practices in HRM especially the key attributes of HR practices that are influential in terms of affecting employee performance and ultimately a firm performance.

1.6 Scope of the Study

The study covered a total of eight branches of commercial banks in Kitui Town that included KCB Group Ltd, Equity Bank, Co-operative Bank of Kenya, Barclays Bank of Kenya, Family Bank, National Bank of Kenya, Post Bank and Sidian Bank. The study was limited to human resources management practices and their influence on employee performance in branches of commercial banks in Kitui Town.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter provided a review of which research already exists on the influence of human resource management practices on employee performance. It covered theoretical review, empirical review and conceptual framework.

2.2 Theoretical literature

Theories are devised to demonstrate, predict and assist in understanding phenomenon and also to challenge and increase existing knowledge within the limits of the critical bounding assumptions (David, 2009). Eight years after (Guest's, 1997) article, (Boselie *et al.*, 2005) in their meta-analytic study concluded that the three most commonly used theories were: Strategic Contingency theory, Resource-Based view (RBV) and ability, motivation and opportunity (AMO) theory two other theories have also been noted as important - Universalistic Perspective Theory and Configurational Approach Theory. The researcher narrowed down on the following three (3) theories;

2.2.1 AMO Theory

Initially proposed by Bailey (1993), The AMO framework posits that ensuring that employees are willing to perform better than what is the minimum requirement of them they needed three components: they had to have the necessary skills, they needed befitting motivation and employers had to offer them the opportunity to be involved in decision making (Appelbaum *et al.*, 2000). Theoretical and empirical work in the field of HRM (Purcell *et al.*, 2003; Lepak *et al.*, 2006) suggests that according to the AMO view the HRM system of employee's "ability to perform" influences their "skills", the HRM system of employee's "motivation to perform" influences their "attitudes" and the HRM system of employee's "opportunity to perform" influences their "behaviour" (retention, presence).

Since its emergence the AMO framework (Appelbaum, Bailey, Berg & Kalleberg, 2000; Boxall & Purcell, 2003) has been generally accepted for explaining the link between human resources management and performance. As a matter of fact many of the articles published after the year 2000 that explore the linkage between HRM and performance use this theoretical framework either explicitly or implicitly (Boselie, Dietz & Boon, 2005; Ehrnrooth & Björkman, 2012; Hutchinson, 2013; Paauwe & Boselie, 2005). Thus the research found it useful to explain the relationship between HRM practices and performance of employees since the earlier studies done based on this theory have encompassed either some or all the four HRM practices including recruitment and selection, training and development, performance management systems and organizational communication.

2.2.2 Universalistic Perspective theory

The universalistic perspective theory considers that there is hierarchy of HRM practices in terms of their effectiveness and as a consequence most organisations should adopt these best practices. A proponent of the theory, (Delery & Doty, 1996) distilled this down to seven practices which they considered to be strategic in nature and which should be adopted consistently. The practices identified were internal career opportunities, formal training system, appraisal measures, profit sharing, employment security, voice mechanism and job definition.

The universalistic approach gathers studies which attempt to locate and validate "best HRM practices "(Pfeffer, 1994). This approach is articulated around four principles: - superiority and universality of the HRM practices: some HRM activities are always higher than others and can be applied in any organization (Delery & Doty 1996). - Selectivity and superiority of the financial reading of the performance: all HRM activities cannot be considered to be strategic and HRM inducing highest financial performance will be preferred. - Autonomy and additivity: when several HRM activities are used simultaneously, the effect of these HRM practices on the performance is the resultant of the individual effects of each HRM practice.

Further, (Pfeffer's, 1998) seven practices is an example of this view, where he holds that employment security, selective hiring, self-managed teams and decentralization of decision-

making, high contingency pay, extensive training, reducing status distinctions and barriers, and extensive sharing of information all will have a positive influence on organisational performance independent of organisation and other conditions. Essentially, scientists holding this view believe that it is not necessary to adapt the HR practices in accordance with any particular strategy or to any specific organisational context (Lengnick-Hall et al., 2009).

This theory captures training and development, performance management systems, organizational communication and recruitment and selection which are the constituent objectives of the current study and lists them as being amongst the “best practices” which can be universally applied and yield good performance regardless of the geographical location of an organization or any other context.

2.2.3 Configurational Approach Theory

The Configurational Approach involves examining how the pattern of multiple independent variables is related to a dependent variable as opposed to examining individual practices and relating these to the dependent variable. The basic premise of the configurational approach is that in order to be both efficient and effective the HRM system must achieve “horizontal and vertical fit”. Horizontal fit refers to the consistency of implementation of HRM practices and is achieved across an organisation and vertical fit refers to the degree to which these HRM practices are aligned and integrated with other features of the organisation, such as mission or organisational strategy (Delery & Doty, 1996).

The central tenet of the configurational view is the assumption that the impact of HRM on organisational performance is dependent on the adoption of an effective combination of HRM bundles (MacDuffie, 1995). In this regard maximizing firm performance is dependent on the bundling together of interrelated elements of HRM practices in an internally consistent manner.

The current study seeks to fuse recruitment and selection as a continual process, training and development as a follow up to performance appraisal and organization communication as a connector between appraisals and training and development. The essence of this is that selection

follows recruitment, appraisals indicate skills gap, this information is relayed to the relevant recipient and remedial measures are undertaken through conducting the requisite training programs.

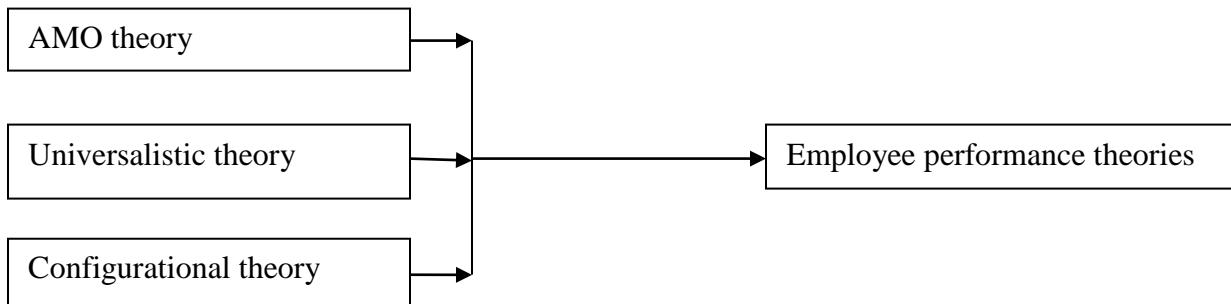


Figure 2.1 Theoretical framework

Sources (Bailey, 1993, Delery and Doty, 1996)

2.3 Empirical Review

Empirical literature review is a directed search of published works including periodicals and books, that discusses theory and presents empirical results that are relevant to the topic at hand (Zikmund, Babin, Carr & Griffin, 2010). Numerous studies have been carried out to determine the influence of human resource practices on employee performance. This empirical review will cover recruitment and selection, training and development, performance management systems and organizational communication.

2.3.1 Recruitment and Selection and Employee Performance

The recruitment and selection process consists of the following key steps: job vacancy, job analysis, attracting candidates, screening candidates, interviewing candidates, selecting and appointing candidates, induction and training and employee evaluation.

Jonathan, Moses and Willis (2012) in their study “Effect of Recruitment and Selection of Employees on the Performance of Small and Medium Enterprises in Kisumu Municipality, Kenya” employed a cross sectional survey research design, purposive sampling technique and

analyzed quantitative data using descriptive and inferential statistics. The research established that the overall average performance of SMEs in Kisumu Municipality was 60.71%. There was a significant positive correlation between recruitment and selection, and performance of SMEs at $\alpha = .01$. The average performance of SMEs with good recruitment and selection was 81.90%; with moderate was 67.94%, and with poor was 53.90%. The study concluded that recruitment and selection has a significant effect on the performance of SMEs in Kisumu Municipality.

In his study “The Impact of Recruitment and Selection Policy on the Performance of Tanzania’s Business Organizations. A Case of Coca Cola Kwanza - Dar Es Salaam, Tanzania”, (Collins, 2013) collected Data using questionnaires, interviews and review of documents. Statistical package for social sciences (SPSS) was employed in data analysis. A descriptive cross-sectional study was used. The findings indicated that majority of study participants were aware of the presence of R & S policy in the organization which was characterized by several elements such fairness, transparency, credibility and bias free. The findings show that there is a direct relationship between R & S policy and the organisation employee’s performance. Conclusively, the findings show that R & S Policy plays a very important role in ensuring that the company performs at its best.

Using a cross sectional survey research design, (Mukwa, 2014) carried out a study titled “Recruitment practices and performance of administrative staff at Masinde Muliro University of Science and Technology, Kenya”. Simple regression analysis beta (β), equivalent to the Karl Pearson correlation coefficient (r) was used. The test of the effect of recruitment practice on performance of administrative staff was done at 0.05 % significance level, with 95% confidence. The study found out that there was a positive effect of recruitment practices on employee performance. The results indicated that 32.2% of employee performance can be explained by how the recruitment practice was done ($r^2 = 0.322$).

2.3.2 Training and Development and Employee Performance

Training and development initiatives are conducted in a series of key steps that includes analysis stage, design stage, development stage, and implementation stage and finally the evaluation stage

i.e. the ADDIE processes (Rothwell & Benkowski, 2002). Robert, Jane, Iravo and Maurice (2013) did a study on the Relationship between Training and Development on Performance of State Owned Corporations. The research used an explanatory research design. Inferential statistics was used for quantitative data analysis. The results of the study indicated a positive correlation between training and development and organizational performance and therefore recommended to the authorities of the Corporations studied to give main focus to T&D function to enhance OP.

In a similar study, (Saba & Fizza, 2015) investigated the Impact of Training and Development on Employee's Performance and Productivity: A Case Study of Pakistan. The researchers used the quantitative approach for research. The populations for this research were the employees of Bahria town of Pakistan. Researchers used the improbability and random sampling techniques. The sample size was 33 employees of Bahria town of Pakistan. Researcher collected the data through questionnaire and used the regression for data analysis with SPSS 16.0. The results showed that training and development had a significant and positive impact on the Job performance of the employees.

2.3.3 Performance Management system and Employee Performance

Performance Management includes the practices through which the manager defines the employee's goals and work, develops the employee's capabilities, and evaluates and rewards the person's effort all within the framework of how the employee's performance should be contributing to achieving the company's goals. According to (Armstrong & Stephens, 2006) Performance management is a strategic and integrated process which enhances sustained success to organizations by improving the performance of both individuals and teams who work in them.

In their study entitled "Impact of effectiveness of performance management system on employee satisfaction and commitment", (Anu, & Devina, 2012) used convenience sampling and Mean, Regression and Correlation as data analyses methods. The study established that there was a convincing correlation between performance management system and satisfaction and moderate correlation between employee job satisfaction and commitment. "The effective performance

management system is only mantra to build the loyalty index of the employee to keep them happy as happy mind work best” the study concluded.

Gacheru (2015) in his research titled “the Relationship between Performance Management Systems and Employee Performance: A Case Study of Assorted Ways Limited”. The research population of this study included the 178 staff of Assorted Ways Limited. Both primary and secondary data were used in this study. The collected data was entered on SPSS and correlation and regression analysis were carried out. Reliability of the measurement scale was also determined using Cronbach alpha coefficients. The measurement tool had an average internal consistency of 0.787. Performance management systems were found to have a linear significant influence to employee performance. Performance reward systems were found to have the highest influence on the employee performance with a t value of 3.106 followed by performance appraisal systems and lastly by performance contracts with t values of 3.106 and 3.074 respectively. The relationship between performance management systems and employee performance was positive with a correlation coefficient of 0.784. The study concluded that performance management systems improve employee performance and it recommended that it was pertinent for organizations to provide performance management to improve efficiency at the work place.

2.3.4 Organizational Communication and Employee Performance

Communication process consists of five key steps: idea formation, message encoding, message transmission (through communication channel), message decoding and feedback (not necessarily present in a communication process). Studies done on organizational communication reveals a close association with performance. Owusug and Jeduah (2014) in their study “Effects of Organizational Communication on Employee Performance: A Case of the Agricultural Development Bank, Tamale. Kumasi-Ghana” used case study as the research design and both simple random sampling and stratified sampling. Both Descriptive and inferential statistics were employed in data analysis. The study showed that information about the bank was published on the website and so employees had a lot of knowledge about the performance of the bank. Results also showed that formal, top-down channel of communication, was predominantly used in the

bank. Recommendations were therefore made that the bank also makes use of the bottom-up channel of communication.

Nebo, Chidiebere, Okonkwo, and Rita (2015) carried out a study entitled "The role of effective communication on organizational performance: a study of Nnamdi Azikiwe University, Awka". The study used survey research method. Taro Yamane technique and stratified random sampling were used in sampling. Chi-square χ^2 was used for the analysis of hypotheses. The study revealed that there was a significant relationship between effective communication and employee performance in UNZIK. The findings further revealed that effective communication was the remedial measure for effective and efficient management of performance of employees in an organization. The researchers recommended that there was need for every organization to make effort and instill effective communication as an key integral part of its management strategies and map out a strategic ways of storing information to reduce loss of essential information and help in minimizing organizational conflict, ensuring less misunderstanding and enhancing information management.

2.4 Research Gap

The empirical study presented above shows varied research has been done on the effect of human resource management practices on employee performance in different organizations across the world. Numerous studies, from developed countries to developing countries have revealed that human resource practices have significant influence on employee performance. However, as recommended by (Guest, 1997), in order to justify the previous studies it is important to examine HRM practices in as many settings as possible because the majority of factors affecting HRM practices are contextual in nature. Fleetwood and Hesketh, for example, concluded that; "... empirical evidence for the existence of an HRM - Performance link is inconclusive... a statistical association in, and of itself, constitutes neither a theory nor an explanation" (Fleetwood and Hesketh, 2006).

2.5 Conceptual Framework

According to (Kombo and Tromp, 2009) a conceptual framework consists of broad ideas and principles that are taken from relevant fields of enquiry and used to structure a subsequent presentation. In this study the dependent variable was employee performance while the independent variables comprised recruitment and selection, training and development, performance management systems and organizational communication.

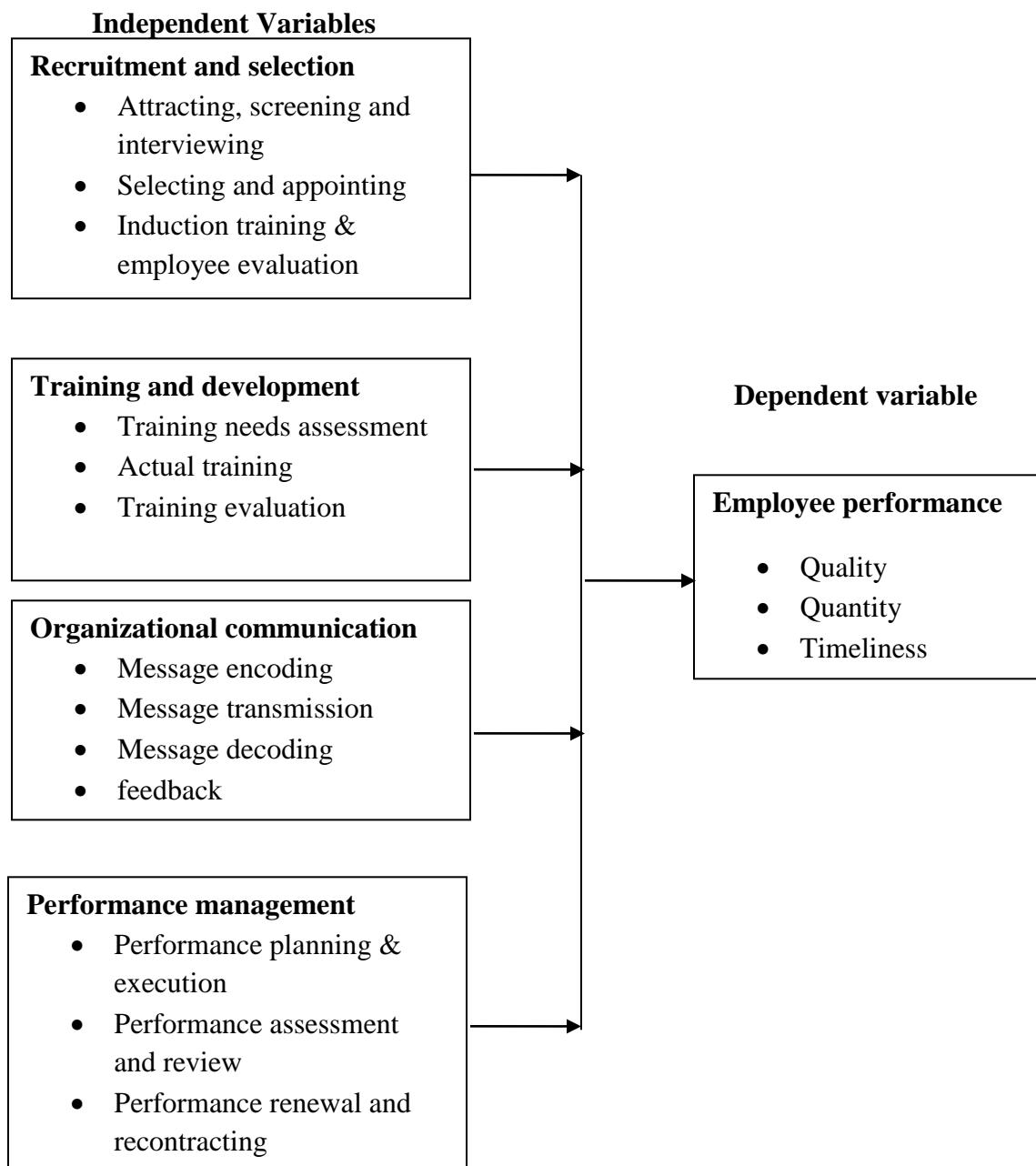


Figure.2.2 conceptual framework (researcher, 2018)

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter introduces component parts of research methodology including the research design, the target population, research instrument, data collection procedure and data processing and analysis.

3.2 Research Design

A research design is a technique used to collect data, analyze data, interpret results and share information on the findings (Myers 2008). Research design can be qualitative, mixed method (qualitative and quantitative) and the quantitative design. Qualitative design is a research design that is subjective and involves a naturalistic and interpretive approach where data is normally gathered using interviews to generate qualitative data (Rubin & Babbie, 2010). Quantitative design is objective and normally involves gathering quantitative data in the form of numbers; hence statistical methods can be used to test hypotheses (Ary, Jacobs & Razavieh 2002).

This study used descriptive survey research design to show the influence of human resource management practices on employee performance in branches of commercial banks in Kitui Town. According to (Polit & Beck, 2003) in a descriptive study, researchers observe, count, delineate, and classify. In view of the above definitions, descriptions and strengths, descriptive survey was the most appropriate design for this study because it's easy and convenient to be conducted through questionnaire instrument.

3.3 Population

Kombo and Tromp (2011) define a population as a group of individuals, objects or items from which samples are taken for measurement. Target population refers to the entire group of objects of interest from whom the researcher seeks to obtain the relevant information for the study

(Cooper & Schindler, 2011; Kothari, 2011; Oso & Onen 2011; Kombo & Tromp, 2011). They contend that a population of study should possess characteristic that meet a researcher's study interests. The population of this research was the entire staff members of Commercial Banks in Kitui town. Thus the target population of the study was comprised of staff drawn from all the eight (8) sampled Banks in Kitui town that is Kenya Commercial Bank Group Ltd, Co-operative Bank, Equity Bank, Barclays Bank, Post Bank, Sidian Bank, Family Bank and National Bank of Kenya.

Table 3.1 - Target Population

Bank	Management		Middle	Lower cadre	Total
	Staff	Level staff	staff		
Kenya Commercial Bank	2	3	16		21
Co-operative Bank	2	1	7		10
Equity Bank	3	4	17		24
National Bank of Kenya	2	2	14		18
Barclays Bank of Kenya	2	4	8		14
Family Bank	2	3	7		12
Sidian	2	2	7		11
Post Bank	2	2	4		8
Total	17	21	80		118

Source: Respective Branch Managers and Operations Managers (2018).

3.4 Research Instrument

This study used a structured questionnaire to collect data. The questionnaire comprised five sections. Section A was for collection of information on demographic characteristics of the study participants, Section B for recruitment and selection, Section C for training and development, Section D on performance management systems and Section E on organizational communication. A questionnaire is defined as “research in which the researcher poses a series of questions to willing participants, summarizes their responses with percentages, frequency counts,

or more sophisticated statistical indexes; and then draws inferences about a particular population from the responses of the sample" (Leedy & Ormrod, 2010). The questionnaire was used since it was easy to administer and with data to be obtained would be easy to analyze. (Mugenda & Mugenda, 2003).

3.4.1 Reliability of Instrument

Reliability describes the repeatability and consistency of a study. Therefore, a reliable study can be repeated many times and the results are similar between all the studies conducted. Hayes (2008) defines reliability as the extent to which measurements are free from random error variance. Reliability is typically expressed as a correlation coefficient, which is called a "reliability coefficient" when used for this purpose, although there are other statistics with which to quantify reliability.

The most used correlations for measuring reliability are Pearson correlations and Spearman correlations with the values of both types of correlation coefficients ranging from -1.0 to +1.0, and reliability coefficients also varying along this same dimension. A reliability coefficient of +1.0 indicates perfect reliability; the test yields exactly the same rankings on repeated administrations. Conversely, a reliability coefficient of 0 indicates that the test scores obtained on repeated administrations are entirely unrelated (and therefore perfectly unreliable). Negative reliability coefficients are possible but exceedingly rare and would suggest a major problem with a test. For all practical intents and purposes, reliability varies on a dimension from 0 to 1.0, with higher values being suggestive of greater test reliability. Regarding acceptable level of reliability the US Department of Labor (Saad, Carter, Rothenberg, & Israelson, 1999) suggests the following interpretations: 0.90 or higher = excellent, 0.80 to 0.89 = good, 0.70 to 0.79 = adequate and 0.69 and below = may have limited applicability.

To determine the reliability of the questionnaire the split-half reliability, specifically odd- even splitting was employed for this research. The whole survey was administered to Fourteen (14) participants from Co-operative Bank, the total score for each set was computed and finally the split-half reliability was obtained by determining the correlation between the two total set scores.

According to Metsämuuronen (2002) odd-even split-half reliability gives the maximum limit for reliability. The correlation coefficient for odd-even reliability calculations was 0.874691. The entire questionnaire's reliability was calculated with the Spearman-Brown prophesy formula and the final result was 0.960573.

3.4.2 Validity of Research Instrument

Validity refers to the degree to which evidence supports the inferences made from scores derived from measures, or the degree to which the scale measures what it is designed to measure (Hayes 2008, 53). Creswell (2008, 169) defines validity meaning that the individual's scores from an instrument make sense, are meaningful and enable the researcher to draw good conclusions from the sample. This study used content validity to determine whether the research instrument was valid. Content validity provides evidence that the scope of the test is sufficient, so that it covers comprehensively the attribute it intends to measure. According to Rudner (1994), the questions to ask oneself when evaluating a test for content validity include the following: Was a rational approach used to make sure that the items provide sufficient coverage of the desired attributes to be tested? Is there a match between what one wants to test and the items on the test? And finally what were the qualifications of the panel of experts that examined the adequacy?

To determine the effectiveness of the research instrument in measuring what it actually sought to measure questionnaires were piloted with 14 respondents. Using the results of the pilot study validity was improved through a thorough review of the research instrument questions with peers and supervisors. Some questions were adjusted in terms of wording in order to succinctly capture the key information sought.

3.5 Data Collection Procedure

The primary data was collected using a structured questionnaire comprised of sections A, B, C, D and E (see appendix 1) which was administered to bank employees comprising the low level , middle level and management concurrently using a drop and pick later method. The respondents for the questionnaire were 104 employees.

3.6 Data Processing and Analysis

Data processing involves editing, coding, classification, tabulation and graphical presentation (Hall, 2010). The data collected in this study was edited to make it unambiguous and clear as well as for maintaining consistency and accuracy. Data analysis usually involves reducing accumulated data to a manageable size, developing summaries, looking for patterns, and applying statistical techniques (Cooper & Schindler, 2011). The data received was analyzed using statistical package for social science (SPSS). Specifically the initial data was analyzed using simple descriptive statistical measures such as percentages, frequency counts, mean and standard deviation to give glimpse of the general trend. According to (Mugenda & Mugenda, 2003) descriptive statistics enables a researcher to meaningfully describe distribution of scores using few indices. Inferential statistics were conducted to test relationships between the variables.

In this study, correlation analysis was done by use of Pearson correlation coefficient in order to establish the kind of relationship existing between the independent variables and the dependent variable while ANOVA was done in order to investigate whether the variation in the independent variables explain the observed variance in the outcome. Further, to establish the contribution of each of the independent variables, that is, recruitment and selection practices, training and development practices, performance management systems practices and organizational communication practices) on the employee performance in commercial banks multiple regression analysis was carried out.

The Regression model used was as follows;

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

Where:

Y = Dependent Variable

β_0 = Constant term

β_1 = Coefficient for the first independent variable (Recruitment and selection practices)

β_2 = Coefficient for the second independent variable (Training and development practices)

β_3 = Coefficient for the third independent variable (Performance Management Systems)

β_4 = Coefficient for the fourth independent variable (Organizational Communication)

ε = Error term

CHAPTER FOUR

4.0 RESULTS

4.1 Introduction

This chapter contains summaries of the data which was collected together with the findings. The data gathered was on the Influence of Human Resource Management Practices on Employee Performance in branches of Commercial Banks in Kitui Town, Kenya. It will specifically offer a narration of the outcome and findings of the research project.

4.2 Response rate

The response rate was 90% which is more than a half of the targeted sample. The researcher found this proportion to be adequate for data analysis and for the purpose of the interpretations of the findings. Copper and schindler (2011) state that the return rates of above 50% are acceptable to analyze and publish, 60% is good, 70% is very good while above 80% is excellent.

4.3 Sample Characteristics

From the questionnaires the study participants were required to show their demographic information in terms of gender, age bracket, level of education, working experience in current station and their rank in the firm. The responses were as follows:

4.3.1 Respondent's Distribution by Gender

Gender is one key factor which can help in determining the nature of the workplace hence the level of job satisfaction among the employees of the institution. Therefore it was considered in the study. The study inquired information on gender of the respondents to establish whether the study covered both genders and also to determine whether there were differences or similarities in responses for some or all questions as answered by both genders.

The results were presented in table 4.1.

Table 4.1 Respondent's Gender Distribution

Categories	Responses	Percentage (%)
Male	53	56.4
Female	41	43.6
Total	94	100

Table 4.1 indicates participants gender orientations. It showed that majority comprising 53(56.4%) of the banks employees interviewed were male while 41(43.6%) were female. This indicates that the distribution of the banks employees gender balance was somewhat balanced. The finding thus reflects views of both genders regarding the research questions without separating responses from either gender.

4.3.2 Age Distribution of Respondents

Another aspect of respondent's demographic information sought in study was the age distribution. The findings were presented in table 4.2.

Table 4.2 Age Distribution of Bank Employees

Age Bracket	Frequency	Percentage (%)
Below 25	7	7.45
25 – 35	50	53.19
36 – 46	35	37.23
Above 47	2	2.13
Total	94	100

Table 4.2 revealed that most of the bank's staff members, that is, 50 (53.19%) were aged between 25-35 years. This was followed by 35 (37.23%) who were aged between 36 - 46, then 7 (7.45%) aged below 25 years while the minority were aged above 47 years at the rate of 2 (2.13%). This age brackets indicate that largely the banks personnel surveyed were either youth or a young adult, that is, aged between 25 - 46 making up 96.4%.

4.3.3 Respondents Academic Qualification

The study sought to establish the academic qualification of the respondents.

The responses were presented in table 4.3.

Table 4.3 Bank Employee's Academic Qualification

Level of education	Frequency	Percentage (%)
Ph.D	0	0
Masters	16	17
Bachelors Degree	53	56.4
Diploma	25	26.6
Others	0	0
Total	94	100

Data on table 4.3 reveals academic qualification levels of bank employees. It revealed that the bulk of the bank employees interviewed 53 (56.4%) had a Bachelor's degree as their highest qualification followed by Diploma holders who were 25 (26.6%) and then Masters holders who were 16 (17%). It was further revealed that none of bank employees interviewed had a Ph.D.

4.3.4 Respondents Duration at the Current Station

Another aspect of respondent's demographic information sought by the study was the duration served by the respondents at the current station. The findings were presented in table 4.4.

Table 4.4 Distribution of Duration at Current Station

Duration	Frequency	Percentage (%)
Less than 1 Year	11	11.7
1 - 3	26	27.7
4 - 6	41	43.6
Above 7	16	17
Total	94	100

Table 4.4 showed that a larger part of the bank employees, 41(43.6%) had served between 4-6 years at their present station implying that most of the staff were a bit experienced. This category

was followed by those who had stayed between 1-3 years at the rate of 26 (27.7%). Those who had served for more than 7 years were 16 (17%) while the few had served for less than 1 year 11 (11.7%).

4.3.5 Ranks Distribution of Respondents

Another aspect of respondent's demographic information sought during the study was the rank distribution. The findings were presented in table 4.5.

Table 4.5 Distribution of the Ranks

Rank	Frequency	Percentage
Management	17	18.2
Middle Level	18	19.4
Low Level	58	62.4
Total	94	100

Data on table 4.5 reveals bank employee's levels in the organizational structure of authority. It revealed that the study participants who were serving at the management were 17 (18.2%). This class of people included positions like branch managers, operations managers and credit managers. The division of middle level staffs was slightly higher than the management level at the rate of 18 (19.4%). This entailed teller supervisors, assistant operations manager and senior credit officers while the lower level staffs were the majority 58 (62.4%). This last grouping included entry level positions such as loan clerks, tellers and loan officers.

4.4 Empirical Findings using Descriptive Statistics

This section offers descriptive analyses of findings on the four research objectives regarding their influence on employee performance in branches of commercial banks in Kitui town. Specific questions concerning different aspects of each of the four objectives were designed in order to elicit responses relating to how they affect employees performance. A total of 104

employees were invited to be the part of this study. 94 completed questionnaires were included in the analysis with a response rate of 90%. The results of the analysis were as shown below.

4.4.1 Recruitment and Selection

Recruitment and selection is one of the crucial human resource management practices that play a pivotal role on the performance of employees. The following tables 4.6, 4.7, 4.8, 4.10, 4.11, 4.12 and 4.13 depict how the process of Recruitment is carried out while table 4.9 shows how recruitment and selection affects performance.

Table 4.6 Distribution Measure of Biased Recruitment

Assistance in Getting Employed	Frequency	Percentage
Yes	1	98.94
No	93	1.06
Total	94	100

On the issue of whether there was bias in recruitment and selection of individuals, majority 93 (98.94%) indicated that they had not received preferential treatment.

Table 4.7 Distribution Measure of Assistance for workmate in getting employed

Assistance for workmate in getting employed	Frequency	Percentage
Yes	10	15.64
No	84	84.36
Total	94	100

Those that did not know anyone who had been employed through favoritism were 84(89.36%). However 10 (10.6%) respondents agreed that they knew someone who had been employed through biased method.

Table 4.8 Distribution Measure of Staff requisition

Requisition by Branch Managers	Frequency	Percentage
Yes	88	93.6
No	6	6.4
Total	94	100

With regard to whether recruitment of staff is determined through consolidating requisition from various branch managers, majority 88 (93.6%) indicated that for determining staffing needs requisitions are received from branch level.

Table 4.9 Distribution Measure for quality, policy, target, timeliness & output

Factor	(SA (5)	A (4)	NS (3)	D (2)	SD (1)	MEAN	S/DEV
Products & Services Quality	78	13	1	0	2	4.8	0.68
Recruitment Policy	15	14	22	41	2	2.9	1
Production Targets	70	22	1	0	1	4.7	0.60
Staff Output	74	17	0	0	3	4.8	0.40
Timeliness	74	19	1	0	0	4.8	0.44

Key: SA - Strongly agree, A- Agree, NS-Not sure, D - Disagree, SD - Strongly disagree

The results in table 4.9 indicate that recruitment and selection practices affects the quality of products and services offered with a mean of 4.8 and standard deviation of 0.68. With regards to the existence of recruitment policy that is strictly adhered to, most of the respondents disagreed (mean=2.9) and standard deviation of 1. Hiring the right staff leads to attainment of the set production targets (mean= 4.7) and standard deviation of 0.60. Similarly a big number of respondents agreed that proper recruitment, selection and placement practices ensures maximum output from staff with a mean score of 4.8 and a standard deviation of 0.40. On the issue of

whether recruitment and selection of the right people leads to timely delivery of services many of the respondents agreed with a score of 4.8 (mean) and 0.44 (standard deviation).

Table 4.10 Distribution Measure of Newspaper Ads

Newspaper Ads	Frequency	Percentage
Yes	83	88.3
No	11	11.7
Total	94	100

Those who were of the opinion that newspapers ads were used for recruitment purpose were 83 (88.3%) while those of the view that they were not were 11 (11.7%).

Table 4.11 Distribution Measure of Website Advertising

Website Advertising	Frequency	Percentage
Yes	91	96.8
No	3	3.2
Total	94	100

Another advertisement channel cited was website advertising with 91 (96.8%) agreeing and 3 (3.2%) disagreeing.

Table 4.12 Distribution Measure of Recruitment Agency

Recruitment Agency	Frequency	Percentage
Yes	79	84
No	15	16
Total	94	100

Those who were of the opinion that recruitment agency was used for recruitment purpose were 79 (84%) while those of the view that it was not were 15 (16%).

Table 4.13 Distribution Measure of other methods

Other Methods	Frequency	Percentage
Yes	8	8.5
No	86	91.5
Total	94	100

Lastly, those who were of the opinion that other methods were used with exception of the above mentioned ones were a paltry 8 (8.5%) while those of the contrary opinion were 86 (81.5%). This suggests that there are cases of headhunting or existence of recruitment and selection malpractices though limited.

4.4.2 Training and Development

Training and development of employees enhances performance for individuals, teams and organizations as a whole. In this research several aspects of training and development were covered through a series of relevant questions. The respondent's opinions are as summarized in table 4.14, table 4.15, table 4.16, table 4.17 and table 4.18.

Table 4.14 Distribution Measure for Training opportunities and Production

Selection for Training	Frequency	Percentage
Yes	55	58.51
No	39	41.49
Total	94	100

Majority of respondents 55 (58.51%) indicated that they had been selected for a training program while those who stated that they had never been selected were 39 (41.49%).

Table 4.15 Distribution Measure for Enhanced Productivity

Enhanced Productivity	Frequency	Percentage
Yes	92	97.87
No	2	2.13
Total	94	100

For increased productivity to materialize, several respondents 92 (97.87%) agreed that employees would require further training for enhanced productivity while those of the contrary view were 2 (2.13%).

Table 4.16 Distribution Measure of Trainings approval

Trainings Congruent to PMS Result's	Frequency	Percentage
Yes	91	96
No	3	4
Total	94	100

On the issue of whether trainings approved by the top management addresses the skills gaps revealed by performance appraisal results, majority of the respondents were of the opinion that it was the case at the rate of 96.8%.

Table 4.17 Distribution Measure for Efficiency, Opportunities, Improvement & Quality

Factor	SA (5)	A (4)	NS (3)	D (2)	SD (1)	MEAN	S/DEV
Operational Efficiency	80	12	0	0	2	4.8	0.65
Training Opportunities	9	10	15	55	5	2.6	1
Performance Improvement	61	30	1	0	4	4.5	0.72
Products & Services Quality	64	27	2	0	3	4.6	0.72

From the findings in table 4.17 training and development help improve employee's operational skills and knowledge. This is attested by a mean score of 4.8 with standard deviation of 0.65. Training and development opportunities are not accorded to all staff fairly (mean=2.6) and standard deviation being 1. On whether further training can give an employee motivation toward performance improvement a larger bulk of respondents agreed (mean=4.5) and a standard deviation of 0.72. Finally a larger portion of the participants agreed that training and development initiatives improves the quality of product and services that are offered by an organization (mean= 4.6) and a standard deviation of 0.72.

Table 4.18 Distribution Measure for Training & Output

Further training boosts morale as well as quantity of output	Frequency	Percentage
Yes	90	95.7
No	4	4.3
Total	94	100

Out of 94 survey participants, those who were of the opinion that they would require training for motivation to enable them contribute to increased productivity in terms of quantity of output were 90 (95.7%) while those of the contrary opinion were 4 (4.3%).

4.4.3 Performance Management System

Instituting performance management system in a firm increases the performance the level of employees. The participant's perspectives regarding the same are as summarized in table 4.19, 4.20 and 4.21.

Table 4.19 Distribution measure on performance appraisals exercise

performance appraisals are conducted	Frequency	Percentage
Yes	89	94.7
No	5	5.3
Total	94	100

Of all 94 study participants, those who agreed that they complete a performance appraisal process were 89 (94.7%).

Table 4.20 Distribution measure on processing of performance appraisals

Performance appraisals are finalized at headquarters	Frequency	Percentage
Yes	87	92.6
No	7	7.4
Total	94	100

With regard to the query on whether the performance appraisals results are consolidated and taken to the headquarters for further processing, majority of the respondents supported the assertion at the rate of 92.6%.

Table 4.21 Measure of Distributions for Corrections, Targets, Measure, Feedback, Pay Package & Competence Improvement

Factor	SA (5)	A (4)	NS (3)	D (2)	SD (1)	MEAN	S/DEV
Corrective Measures	20	69	2	0	3	4.1	0.72
Set Targets	16	65	3	7	3	3.89	0.89
Performance Measure	20	60	4	6	4	3.91	0.95
Feedback	9	18	19	45	3	2.84	1
Pay Package	9	9	5	62	9	2.44	1
Competency	63	15	10	0	6	4.3	1

The results from table 4.21 indicate that remedial measures are undertaken to improve staff competency after every appraisal cycle which had a mean of 4.1 with standard deviation of 0.72. Regarding performance management system in helping employees to meet their set targets those who agreed took the biggest share at a mean of 3.89 and a standard deviation of 0.89. Majority of the respondents agreed that the performance appraisal process is necessary for measuring the performance of employee scoring a mean of 3.91 and standard deviation of 0.95. Majority of the

staff members do not receive specific and accurate feedback from their supervisors on their performance after every appraisal process. This aspect scored a mean of 2.84 and standard deviation of 1. The results further revealed that the pay package of the employees including basic pay, commission, promotion and other fringe benefits are not entirely based on the results of performance appraisal with a mean of 2.44 and standard deviation of 1. On whether performance management system leads to employee becoming competent majority of the respondents agreed scoring a mean of 4.3 and standard deviation of 1.

Table 4.22 Distribution measure for Impartial PMS

Existence of unbiased PMS	Frequency	Percentage
Yes	37	39.4
No	57	60.6
Total	94	100

37(39.4%) respondents out of 94 were of the opinion that their employer had designed a performance management system which was not biased. However, Majority of staff members 57 (60.6%) felt that the system of PMS in their organization was not merit based and so it was unfair.

4.4.4 Organizational Communication

Through organizational communication information about the job is transmitted by an organization to its members and among members of the organization thus enabling workers respond and implement the organizational goals as well as enable smooth coordination of the organization activities. The respondents' perspectives regarding the organizational communication effect with respect to employee performance are as presented in table 4.23, 4.24, 4.25 and 4.26.

Table 4.23 Distribution Measure for Information Access

Information concerning job is accurate, clear & consistent	Frequency	Percentage
Yes	34	36.2
No	60	63.8
Total	94	100

Those who agreed that they receive accurate, clear and consistent information concerning their job were 34 (36.2%) while those of the contrary view were 60 (63.8%).

Table 4.24 Distribution Measure for unhindered access

Unhindered access to discuss job issues with supervisors	Frequency	Percentage
Yes	40	42.6
No	54	57.4
Total	94	100

Additionally, those who said that they felt free to talk to their superiors on issues concerning their work related issues were 40 (42.6%) while those of the view that they didn't feel free were 54 (57.4%).

Table 4.25 Distribution Measure for existence of organizational communication policy

Organizational communication Policy in Place	Frequency	Percentage
Yes	4	4.3
No	90	95.7
Total	94	100

Most of the survey participants held the view that their employer had not put in place a well articulated policy on how and which communication channels should be followed by the staff members at the rate of 95.7%.

Table 4.26 Distribution Measure for Productivity, Upward Communication, Precise and Timely Communication, and Staff Competency.

Factor	SA (5)	A (4)	NS (3)	D (2)	SD (1)	MEAN	S/DEV
Enhanced Productivity	60	23	-	-	11	4.3	1
Upward Communication	4	11	24	48	7	2.5	0.95
Precise Communication	5	17	12	57	3	2.6	0.99
Timely Communication	5	17	14	54	4	2.6	1
Staff Competency	73	13	2	2	4	4.6	0.97

Table 4.17 shows that free flow of information in the organization leads to increased productivity with a mean of 4.3 and standard deviation of 1. Staff ideas are not frequently passed on to top management (mean= 2.5) and standard deviation of 0.95. Similarly most of the information staff received on a daily basis was not detailed, accurate, clear and concise (mean=2.6) and standard deviation of 0.99. Those of the opinion that they did not receive the information they need to perform their job in a timely manner took the lead with a mean of 2.6 and standard deviation of 1. On whether access to information leads to more staff competency a large bulk of the respondents agreed with the assertion with a mean of 4.6 and standard deviation of 0.97.

4.5 Correlation Analysis

In order to determine the relationship between the independent variables and the dependent variable, Pearson correlation coefficient as shown in Table 4.27 was carried out. Pearson's correlation coefficient is a statistical measure of the strength of a linear relationship between paired data. In a sample it is denoted by r and is by design constrained as follows: $(-1 \leq r \leq +1)$. Positive values denote positive linear correlation; Negative values denote negative linear correlation, a value of 0 denotes no linear correlation while the closer the value is to 1 or -1 , the stronger the linear correlation.

Table 4.27: Pearson Correlation Coefficient

		Recruitment and selection practices	Training and development practices	Management systems practices	Organizational communication practices	Commercial banks' employee Performance
Recruitment and selection practices	Pearson Correlation		1			
	Sig. (2-tailed)					
	N		94			
Training and development practices	Pearson Correlation	.648(**)		1		
	Sig. (2-tailed)		.000			
	N		94	94		
Management systems practices	Pearson Correlation	.846(**)	.804(**)		1	
	Sig. (2-tailed)		.000	.000		
	N		94	94	94	
Organizational communication practices	Pearson Correlation	.854(**)	.861(**)	.968(**)		1
	Sig. (2-tailed)		.000	.000	.000	
	N		94	94	94	94
Commercial banks' employee Performance	Pearson Correlation	.837(**)	.701(**)	.625(**)	.820(**)	1
	Sig. (2-tailed)		.000	.000	.000	.000
	N		94	94	94	94

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

Using Pearson correlation coefficient (r) and p-value analysis, a correlation is considered significant when the probability value is below 0.05 (p-value ≤ 0.05). From Table 4.19 above, there is a strong positive relationship between all the independent variable (recruitment and selection practices, training and development practices, performance management systems

practices, organizational communication practices) and dependent variable (employee performance in commercial banks). Recruitment and selection practices had the strongest positive correlation ($r = 0.837$, $P<0.05$) followed by organizational communication practices with positive correlation ($r = 0.820$, $P<0.05$). This was followed by training and development practices with a strong positive correlation ($r = 0.701$). The least was performance management systems practices which had a positive correlation ($r=0.625$, $P<0.05$).

4.6 Multiple Regression Analysis

Multiple regression analysis refers to a set of techniques for studying the straight-line relationships among two or more variables. In an attempt to establish the kind of relationship between the independent variables, that is, recruitment and selection, training and development, performance management systems and organizational communication and the dependent variable (employee performance in branches of commercial banks) multiple regression analysis was performed.

The model summary below reveals that the adjusted R square was 0.759 which implies that 75.9% of the variations in the performance of employees in Commercial banks are explained by the independent variables including recruitment and selection practices, training and development practices, performance management systems practices and organizational communication practices. The other variations are caused by other factors which were not related to the study.

Table 4.28: Model Summary

Model	R	R Square	Adjusted R Square	Estimate	Std. Error of the
1	.903(a)	.816	.795	.41713	

a Predictors: (Constant), recruitment and selection practices, training and development practices, performance management systems practices and organizational communication practices

R represents the correlation coefficient which is the relationship between the study variables. The model coefficients were presented in Table 4.29.

Table 4.29: Coefficients (a)

Model		Unstandardized		Standardized		t	Sig.		
		Coefficients		Coefficients					
		B	Std.	Beta	Std.				
1	(Constant)	5.049	2.612			1.933	.004		
	Recruitment and selection practices (x ₁)	2.568	.153	.540	16.798	.000			
	Training and development practices (x ₂)	.491	.128	.015	.385	.000			
	Performance Management Systems practices(x ₃)	.362	.155	.009	.235	.015			
	Organizational communication practices(x ₄)	1.117	.027	.140	4.390	.000			

a Dependent Variable: employee performance in branches of commercial banks

The Regression model was obtained as;

$$Y = 5.049 + 2.568X_1 + 0.491X_2 + 0.362 X_3 + 1.117 X_4 + \varepsilon \text{ where:}$$

Y = Dependent variable (employee performance in branches of commercial banks)

X₁ = Recruitment and selection practices

X₂ = Training and development practices

X₃ = Performance Management systems practices

X₄ = Organizational communication practices

ε = Error term

The results in table 4.29 show that all the independent variables significantly influenced the dependent variable. The variable with the greatest influence on the performance of employees in Commercial banks was recruitment and selection practices with ($\beta = 2.568$). This means that one positive unit change in recruitment and selection practices would lead to a positive change in the performance of commercial bank employees by a factor of 2.568 and vice versa. This was followed by organizational communication practices with a factor of 1.117, meaning that if organizational communication practices were changed by one positive unit, the performance of commercial bank employees would positively change by a factor of 1.117 and vice versa. The variables with the least influence on the commercial bank employees performance were; Training and development practices and performance management system practices with a factor of $\beta = 0.491$ and 0.362 respectively. This means that a unit positive change in Training and development practices and performance management practices would cause a positive change in commercial bank employee performance by a factor of 0.491 and 0.362 respectively at 5% significant level.

4.7 Analysis of Variance (ANOVA)

Analysis of variance (ANOVA) is a method for testing the hypothesis that there is no difference between two or more population means (usually at least three). To test the significance of the model in this study ANOVA test was carried out. This was specifically done in order to investigate whether the variation in the independent variables explain the observed variance in the outcome. The results were presented in table 4.29 (b).

Table 4.29: ANOVA(b)

Model		Sum of		Mean		
		Squares	Df	Square	F	Sig.
1	Regression	43926.366	4	10981.591	85.543	.000(a)
	Residual	117591.185	916	128.375		
	Total	161517.550	920			

a Predictors: (Constant), a Predictors: (Constant), recruitment and selection practices, training and development practices, performance management systems practices and organizational communication practices

b Dependent Variable: Performance of commercial bank employees

From Table 4.22 above, the F-value for regression is 85.543 which is significant at p value of 0.000. The regression model is therefore significant at 95% confidence level and is useful in predicting the relationship between the dependent variable and independent variables.

CHAPTER FIVE

5.0 DISCUSSION

5.1 Introduction

This chapter contains the discussion on the findings highlighting the influence of human resource management practices on employee performance in branches of commercial banks in Kitui town. It identifies the general as well as specific findings and provides interpretation of the same while attempting to compare and contrast with the prior research in the same field. It is divided into general finding, recruitment and selection, training and development, performance management system and organizational communication.

5.2 Findings

Recruitment and selection, training and development, performance management system and organizational communication were all found to have impact on the employee's output though with varying degrees and with some of aspects of the variables being key and others being either minor or ineffective.

5.2.1 Recruitment and Selection and Employee Performance

The first specific objective of this study was to investigate the effect of recruitment and selection on employee performance. To achieve this objective the researcher adopted a descriptive study on the banks in Kitui town. From the descriptive and inferential analysis, the study revealed a very strong relationship between recruitment and selection and employee performance. These findings are in tandem with existing information in the literature that recruitment and selection criteria have significant effect on employee's performance especially the universalistic perspective theory. Pfeffer (1998), being one of the proponents of this theory while listing a set of seven people management policies that constitute "best practices" listed the practice of recruitment as one of the practices terming it as "putting in a lot of resources to recruit the right people in the first place".

The study findings on recruitment and selection have been collaborated by prior findings. Sarinah, Gultom & Ali (2016) carried out a study titled “The Effect of Recruitment and Employee Selection on Employee Placement and Its Impacts towards Employee Performance at PT Sriwijaya Air”. The study used analytical method of path analysis. The results showed that recruitment and selection variables influence significantly on the placement of employees. Likewise, employee placement variable influence significantly on the performance of employees. However, only recruitment variable that significantly influence on employee performance. Recruitment is one - the only variable that has direct influence on employee performance while selection and placement of employee's variable do not affect the performance of employees.

The result of this study differs from the current research in various perspectives. Though both are in service sector, one of the researches was in transport industry while the other is in banking industry. The current study found out that recruitment and selection accompanied by proper placement ensures maximum output from staff whereas the study by (Sarinah, Gultom & Ali 2016) states that recruitment is the only variable that has direct influence on employee performance while selection and placement of employee's variable do not affect the performance of employees. These differences might be attributed to the fact that the two studies used different methods of analyzing data and the research topics were a little bit different in that the current study assumed that the logical sequence of filling up a post is recruitment followed by selection which automatically determines where to place the new recruit. The earlier research assumed that placement can occur independent of recruitment and selection.

5.2.2 Training and Development and Employee Performance

The second specific objective of this study was to investigate the effect of training and development on employee performance. To achieve this objective the researcher adopted a descriptive study on the banks in Kitui town. From both the descriptive and inferential analysis, the study revealed a strong relationship between training and development and employee performance. These findings uphold the AMO theory which states that HR practices should foster ability, motivation, and opportunity to participate and contribute to organisational performance and that people perform well when they are enabled to do their job using skills and

knowledge they have and that is affected by the extent of incentives they receive. A proponent of universalistic theory, (Tzafir, 2006) illustrated that among HR practices that seem to apply across organizations, training and employee participation in decision making do translate well. Thus the results also depict universalistic theory in positive light.

The above findings have collaborated earlier research results and sentiments. While testing the impact of training and development on the performance level of employees working in the banks of Pakistan, (Muhammad & Aiman, 2015), employed the use of descriptive and explanatory approach and used convenience & referral sampling. Analysis was done through the application of frequency tests & bar charts on the response rates in SPSS. Major findings were that most of the employees agreed to the item statements by making it clear that training and development had a positive impact on their Job knowledge, work quality & quantity, functional skills, and their motivation & loyalty and these are all linked to their performance either strongly or moderately but in a supporting direction. Hence, the study concluded up with training & development positively impacting the employees' performance in the banks of Pakistan.

While the above findings mirror the current study in some aspects it is worth noting that the two studies differs in terms of scope with the earlier study covering all banks in Pakistan while the current one covering 8 banks in Kitui town - Kenya. The methods of data analysis and sampling were different too. The current research results revealed that the influence of training and development was strong generally whereas the earlier one established that despite the fact that training and development had a positive impact on employee performance with all elements including job knowledge, work quality & quantity, functional skills, motivation and loyalty being in a supporting direction some elements were linked to the employee performance either strongly or moderately.

5.2.3 Performance Management System and Employee Performance

The third specific objective of this study was to investigate the effect of performance management systems on employee performance. To achieve this objective the researcher adopted a descriptive study on the banks in Kitui town. From the descriptive and inferential analysis, the

study revealed a close relationship between performance management systems and employee performance. However this obtains when the PMS is well designed, is professionally administered, results of the appraisals are communicated and the employee shortfalls are addressed through conducting relevant trainings. This suggests that training and development initiatives, organizational communication and PMS are intertwined. The core stipulation of the configurational approach theory is that human resource practices perform well when in a “bundle” and not independently of each other. Similarly while advancing universalistic perspective theory, (Delery and Doty, 1996) detailed appraisal measures as one of seven practices which they said should be adopted by all organizations consistently.

A similar study done earlier yielded almost the same results as the current study. Kipsegerwo, Kimutai & Kimani (2016) in their research entitled “Effects of Performance Management Process on Employee Productivity: A Survey of Commercial Banks in Turkana County” adopted a descriptive survey research design and analysed data using both descriptive and correlation analysis. The study established that the following elements of performance management process: performance appraisal system, training and development and reward system affects employee productivity. It was therefore recommended that for enhanced employee productivity the policy makers and the banks should ensure that performance of the employees is appraised, training and development be conducted and reward system adopted. The two studies differ in that the current study focuses on PMS as a distinct activity from training and development. The current study views the rewards system as a product of the PMS exercise rather than part of it. Further while the scope of the current study is limited to 8 banks within Kitui town the earlier study factored all banks in Turkana County and thus had a wider scope. Both studies agree though that performance management system affects employee performance with the current study indicating that PMS as a whole influences performance and the earlier study stating three elements of PMS process that affects performance. The differences of some aspects of both studies might thus be attributable to the study concentration areas.

5.2.4 Organizational Communication and Employee Performance

The fourth specific objective of this study was to investigate the effect of organizational communication on employee performance. To achieve this objective the researcher adopted a

descriptive study on the banks in Kitui town. From both the descriptive and inferential analysis, the study revealed a strong relationship between organizational communication and employee performance. This finding supports universalistic perspective theory views. Pfeffer (1998), being one of the proponents of this theory while listing a set of seven people management policies that constitute “best practices” listed the practice of communication as one of the practice referring to it as “a willingness to share information”. The AMO theory too referred to organizational communication as one of the high performance work systems terming it as “good internal communications”.

Some researchers have made similar findings from earlier studies. In his study “Effect of Communication on Employee Performance at Ghana Revenue Authority, Kumasi, a case study of GRA”, (Otoo, 2015) used simple random sampling and in the analysis of data adopted mean, correlation and regression analysis. It was found out that the communication systems frequently used were face-to-face, telephone, written memos, email / internet and grapevines, with the most useful channel of communication being face-to-face. GRA employees also largely performed well. Selective listening, distraction, time pressure, communication overload, information distortion, rationalization, and prejudice were identified as barriers and breakdowns in communication systems. Finally, various employee performance indicators were found to correlate with varying measures of effective organizational communication. The study recommended that employee performance could be further enhanced if bottlenecks in the communication systems are either removed or kept at their least. Particularly, information distortions caused by omissions and exaggerations should be addressed both by management and employees to improve clarity in communication.

Although both studies adopted the same data analysis methods the key areas of studies were different. This explains the varying dimension of the study results. The current study concentrated on the effectiveness of the process of the organizational communication system and its impact on employee performance while the earlier study focused on frequently used methods of communication, barriers of communication as well as means of overcoming the breakdowns of communication. Nevertheless the two studies came to the same conclusion that organizational communication has a strong impact on employee performance.

CHAPTER SIX

6.0 CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

This chapter gives conclusions from the findings and makes recommendations for policy, practice and also to academia. It is divided into section 6.2 on conclusions and section 6.3 on recommendations.

6.2 Conclusions

The three most preferred medium of advertisement are newspaper advertisements, website and recruitment agency. However, there are few cases of unfair recruitment practices which can be attributed to either head hunting endeavors or outright biasness where recruitment is not based on merit. Banks lacks specific scheme of service that spells out job requirements, job specifications as well as academic and professional qualifications which should be considered during initial recruitment and also for career progression. Where it exists it is not well articulated especially amongst the low level staff. Proper hiring affects the quality of products and services and timely delivery of services. This leads to attainment of individual targets and ultimately contributes to realization of overall set organizational targets. Proper placement ensures that staffs are deployed to work in jobs that they are best suited considering their strength and weaknesses.

Training and development initiatives address skills gaps identified during performance appraisal exercise thereby improving staffs operational skills and knowledge. Honing new or extra skills minimizes errors resulting into high quality goods and services. Training opportunities boost staff morale because they view it as a gesture that their employer has interest in their career growth. Generally this enhances quantity of output. Notably training opportunities are not allocated in a fair manner with some staff in the similar positions training more often than others. This shows an outright discrimination in training opportunities allocation which is a recipe for poor performance due to lack of motivation as well as unaddressed skills gap on the part of the neglected employee.

Instituting performance management system improves employee performance in an organization. This is because Performance appraisal process identifies skills gap manifest in employees. Remedial measures are undertaken through mounting relevant trainings and this normally increases staff competence levels. Quite remarkably majority of banks conduct performance appraisals. However majority of low level staffs do not like it viewing it as biased and unfair. Staffs do not get precise feedback after every appraisal process. Notably the results of performance appraisals are not used in determining the pay package.

Unhindered access to information and free flow of information results in improved employee performance. This is because staffs receives directives at the right time, gets feedback in good time, are free to air their grievances on work related issues as well as voice their innovative ideas to their superiors. When employees collectively improve their performance a firm production capacity is boosted. The interpersonal communication between supervisors and juniors is not accurate, clear and consistent. Supervisors do not issue clear and precise instructions. The relationship between superiors and juniors is highly authoritative and the upward communication channel is stifled. This suggests that most banks do not have a sound communication policy or do not have one altogether.

6.3 Recommendations

This research study sought to explore the human resource management practices that influence employee performance in branches of commercial banks in Kitui town, Kitui County. From the conclusions made, the following are the main recommendations from each study objective.

6.3.1 Recommendation for Policy

The Central bank of Kenya being the regulator of the banking fraternity should devise policies that tackle human resource malpractices especially in recruitment and selection, trainings and development, performance management and organizational communication. This will go a long way towards tackling resultant effects like bank's liquidation resulting from inept performance of banks personnel due to poor recruitment practice, lack of training, lack of performance monitoring and inadequate disclosure due to poor communication practices.

The Kenya bankers association should ensure strategic alignment across the banking sector by lobbying banks together to devise an industry specific scheme of service and proactively engage with the Central bank of Kenya to ensure Banks adopt a uniform communication policy. They should further address education of the banking public on regular basis by organizing for training opportunities on topical issues as well as current trends in global banking. This will not only improve the performance of the banking personnel but also make them better equipped to compete in the global market.

6.3.2 Recommendation for Practice

Banks management should ensure meritocracy in hiring process, establish scheme of service that spells out job requirements, job specifications as well as academic and professional qualifications which should be considered during initial recruitment and also for career progression. The management should ensure proper placement so that staff are deployed in jobs that they are best suited considering their strength and weaknesses. Training and development programs should be conducted regularly to keep abreast with the modern banking issues and the training opportunities should be apportioned fairly. The human resource personnel in banks should conduct annual performance appraisals, give specific and accurate feedback after every appraisal process and institute corrective measures after every appraisal. For the process to be seen as meaningful staffs should be apprised on the need of a performance management systems as well as give rewards to good performers. Banks management should institute a sound communication policy that ensures that the interpersonal communication between supervisors and juniors is accurate, clear and consistent and open up the upward communication channel by dismantling the highly authoritative relationship between subordinates and supervisors.

6.3.3 Recommendation to Academia

The study covered eight (8) branches of commercial banks in Kitui town with a target population of 104 staff members. It cannot therefore draw a conclusion on the whole Kenyan banking industry context and so a further study with a large sample if done, might yield more concrete results.

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APPENDICES

APPENDIX 1: QUESTIONNAIRE TO BANK PERSONNEL

Thank you for agreeing to participate in this survey. It aims at investigating the influence of human resource management practices on employee performance of commercial banks. The information that you provide will be kept confidential and anonymous. This survey will take approximately 10 minutes to complete.

Please use a tick to select your correct value among the multiple choices provided

SECTION A: DEMOGRAPHIC DATA OF THE RESPONDENTS

1. What is your gender?

- a) Male ()
- b) Female ()

2. What age bracket do you fall under?

- a) Below 25 years ()
- b) Between 25 - 35 years ()
- c) Between 36 - 46 years ()
- d) Above 47 years ()

3. What is your level of education?

- a) PhD ()
- b) Masters ()
- c) Bachelor's degree ()
- d) Diploma ()
- e) Others ()

4. How long have you worked in your current station?

- a) Less than 1 year ()
- b) 1 -3 years ()
- c) 4 - 6 years ()
- d) Above 7 years ()

5. What is your level in the organization?

- a) Management staff ()
- b) Middle level staff ()
- c) Low level staff ()

SECTION B: RECRUITMENT AND SELECTION

Please indicate by ticking a box in the designated space below:

1) Were you assisted in any way to get the job that you are now holding?

(a) Yes

(b) No

2) Do you know anybody who was employed in your organization through internal influence?

(a) Yes

(b) No

3) Branch managers submit staff requisition for their respective branches

(a) Yes

(b) No

Please indicate the extent to which you agree with the following statement

	1 Strongly Disagree	2 Disagree	3 Not Sure	4 Agree	5 Strongly Agree
4) Recruitment and selection practices do affect the quality of product and services offered					
5) My organization has a recruitment and selection policy which is strictly adhered to					
6) Hiring the right staff leads to attainment of the set production target					

7) Proper selection and placement practices ensure maximum output from staff					
8) Recruitment and selection of the right people leads to efficiency and effectiveness of employees(i.e timely delivery of services)					
9) For recruitment purpose my organization uses(multiple indications possible)					
(a) Newspaper Advertisement	Yes	No			
(b) Website Advertising					
(c) Recruitment Agency					
(d) Other					

SECTION C: TRAINING AND DEVELOPMENT

Please indicate by ticking a box in the designated space below:

1) Have you ever been selected for a training program since you joined the organization?

(a) Yes

(b) No

2) Would employees require further training for increased productivity in your organization?

(a) Yes

(b) No

3) Trainings approved from the top management are in line with the results of performance appraisals?

(a) Yes

(b) No

Please indicate the extent to which you agree with the following statement

	1 Strongly Disagree	2 Disagree	3 Not Sure	4 Agree	5 Strongly Agree
4) Training and development would help improve my operational skills and knowledge thus enhancing my operational efficiency					
5) Training and development opportunities are accorded to all staff fairly					
6) Further training can give me motivation towards performance improvement					
7) Training and development improves the quality of product and services offered by employees					

8) Would you require further training for motivation towards performance improvement to enable you contribute to increased productivity in terms of the quantity of output?

(a) Yes

(b) No

SECTION D: PERFORMANCE MANAGEMENT

Please indicate by ticking a box in the designated space below:

1) Do you complete a performance appraisal process?

(a) Yes

(b) No

2) The performance appraisals results are consolidated and taken to the headquarters for further processing.

(a) Yes

(b) No

Please indicate the extent to which you agree with the following statement

	1 Strongly Disagree	2 Disagree	3 Not Sure	4 Agree	5 Strongly Agree
3) Corrective measures are undertaken to improve staff performance after every appraisal period					
4) Performance management system used in our organization helps employees meet the set targets					
5) Do you agree that performance process is necessary for measuring employee performance					
6) I receive specific and accurate feedback from my supervisor on my performance after every appraisal process					
7) My pay, commission, promotion and other benefits are purely based on performance appraisal results					
8) Performance management system leads to employee becoming more competent					

9) My employer has designed a performance management system which is free from biasness and favoritism?

a) Yes

b) No

SECTION E: ORGANIZATIONAL COMMUNICATION

Please indicate by ticking a box in the designated space below:

1) I adequately receive accurate, clear and consistent information concerning my job

(a) Yes (b) No

2) I feel free to talk to my superiors on issues concerning my work related issues

(a) Yes (b) No

3) There is a proper communication policy in place for my bank well articulated by the top management and known to all employees by the.

(a) Yes (b) No

Please indicate the extent to which you agree with the following statement

	1 Strongly Disagree	2 Disagree	3 Not Sure	4 Agree	5 Strongly Agree
4) Free flow of information in the organization leads to increased productivity					
5) In this organization, my ideas are frequently passed on to top management					
6) Most of the information I received on a daily basis is detailed, accurate, clear and concise					
7) I receive the information I need to perform my job in a timely manner					
8) Access to information leads to more competent staff					

Thank you for taking the time to fill this out.



APENDIX 2: PERMISSION FOR DATA COLLECTION

**SOUTH EASTERN KENYA UNIVERSITY
OFFICE OF THE DIRECTOR
BOARD OF POST GRADUATE STUDIES**

Our Ref: D61/K1T/20485/2014

Date: Monday, January 16, 2017

Mulwa Morris Nzomoi
Reg: D61/KIT/20485/2014
Master of Business Administration
C/O Dean, School of Business and Economics

Dear Nzomoi,

RE: PERMISSION TO PROCEED FOR DATA COLLECTION

This is to acknowledge receipt of your Master in Business Administration Proposal document entitled, *"The influence of human resource management practices on employee performance in commercial banks in Kitui Town"*. Following a successful presentation of your Master Proposal, the School of Business and Economics in conjunction with the Directorate, Board of Post graduate Studies (BPS) have approved that you proceed on and carry out your research data collection in accordance with your approved proposal.

During your research work, you will be closely supervised by Dr. Jane M. Weru. You should ensure that you liaise with your supervisor at all times. In addition, you are required to show proof of publication of your research finding and fill in a Progress Report (*SEKU/ARSA/BPS/F-02*) which can be downloaded from the University Website.

The Board of Postgraduate Studies wishes you well and a successful research data collection as a critical stage in your Master of Business administration.

Prof. Cornelius Wanjala

~~W. H. G.~~

Director, Board of Postgraduate Studies

Copy to: Deputy Vice Chancellor, Academic, Research and Students Affairs
Dean, School of Business and Economics
Chairman, Department of Business & Entrepreneurship
Dr. Jane M. Weru
Director, Kitui Campus
BPS Office- To file

APPENDIX 3: LIST OF BANKS IN KITUI COUNTY

- 1) Kenya Commercial Bank
- 2) Equity Bank
- 3) Co-operative Bank
- 4) Family Bank
- 5) Barclays Bank of Kenya
- 6) Post Bank
- 7) Sidian Bank
- 8) National Bank of Kenya

Source: CBK Database