

**EFFECTS OF INSTITUTIONAL FACTORS ON EMPLOYEE PERFORMANCE IN  
COMMERCIAL BANKS IN KENYA**

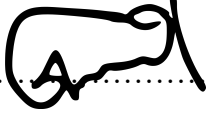
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**DECLARATION**

This research project is my own original work and to the best of my knowledge it has not been submitted for any academic award within any other institution.



21 October 2021

Signature

Date

**JOY GICHURU**

This research project is submitted for examination with my approval as the university supervisor



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## **ABBREVIATIONS AND ACRONYMS**

**CBK**

Central Bank of Kenya

**SPSS**

Statistical Package for Social Sciences

**T&D**

Training and Development



## ABSTRACT

The Kenyan banking industry has to compete in the global market, and one way is to compete by employing the best institutional practices that will stimulate employee performance. However, in the recent past increased scale-down of personnel within the banking industry has resulted in dwindling employee productivity. Further, the onset of the pandemic has brought an emotional and physical challenges that may affect the employee performance within the banking industry. This study reviewed how various institutional factors influence the employee performance within commercial banks. The study focused on how organization culture, organization structure, rewards and recognition and training and development influence employee performance. The research was grounded on the expectancy theory, the social exchange theory and the institutional theory. The study adopted a descriptive research design in solving the study problem. The target population for this study was the human resource managers of the 39 operational commercial banks. The study employed a census survey in the selection of study respondents. The main tool used in the data collection was a structured questionnaire that was developed guided by the study objectives. The study adopted drop and pick method as well as Google forms in the data collection process. The collected research data was analyzed using quantitative descriptive and inferential techniques. The study was able to obtain a 90% response rate with 60% of the respondents being female staff in the banking industry. The correlation results indicated a positive effect of organization structure, rewards and recognition and training and development on the employee performance within the banking industry. Based on the regression findings the study concluded that 57.3% the changes in employee performance can be predicted by the training development, rewards recognition, organization structure, organization culture within the commercial banks. The study recommends that the banks should stimulate an innovative culture which will ensure that the employees are able to tackle task and other responsibilities using emerging practices and technologies. Its' also recommend that the bank should expand the welfare programs offered to their employees as a measure of stimulating employee productivity. The study recommends that commercial banks should empower their employees through offering free professional development programs which will improve their competencies and skills.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background to the Study**

With changes in the global business environment organizations are currently investing heavily on their employees to enhance their chances of survival and business performance (Gebregziabher, 2015). Mahammad and Saad (2018) opined that high performing employees are vital to improving the organization effectiveness and efficiency, hence, management across commercial banks are regularly reviewing their internal practices to ensure there is effective management of their employees. Various institutional factors play a key role in growth within firms including management, resource and cultural factors (Abdul Wahab & Al-Damen, 2015). Shopi (2018) indicated that institutional factors comprising of external and internal forces can be key predictors of behavioral intentions among employees by stimulating their level of effort, productivity and engagement in the workplace.

Organizational success is dependent on all the employees and managers working together effectively towards realizing a preset goal (Harrison, 2010). Increased competition has made it necessary to have a robust and committed team of people who can work with minimal supervision. There is need to have satisfied employees who are giving out maximum productivity for the firm (Omollo, 2015). Employees in an organization play an important role in performing tasks for accomplishing the goals. Therefore, performance of employees in an organization is very important (Mara & Muiruri, 2016).

Abouraia and Othman (2017) contends that successful organizations must satisfy their employees which results in higher productivity. As such organizations sought to undertake external and internal changes geared towards building and improving the capabilities and skills set of their employees (Moskowitz, 2015). Kozlowski and Salas (2016) contend that organizations can only be successful through optimizing their workforce and ensuring that firms resources and investments are availed to their employees to ensure they possess the

adequate skills, competencies and knowledge needed to work effectively and efficiently in a rapidly changing, complex and competitive environment.

The expectancy theory by Vroom (1964) formed the basis of this study. The belief that performance is dependent on efforts of employees is the basis of expectancy theory (Vroom V. H., 1964). The expectancy theory looks into individual characteristics and what motivates them (Huczynski & Buchanan, 2001). Subsequently, the expectancy theory can be utilized in this study to anchor employee performance. The study utilized the social exchange theory by Blau (1964) who stipulated that different individual have intricate and complicated relationships with the firms which they represent; stating that employees reciprocate their efforts depending on how they perceive performance with respect to treatment and information handed down within the organizations. The study employed the institution theory which advocates that describes processes through which structures and authoritative guidelines, including routines, norms, rules and schemes, are established for purposes of maintaining social structure of the organization (Lawrence & Shadnam, 2008).

### **1.1.1 Institutional Factors**

Harper (2015) defines institutional factors as the unique firm capacities and factors that are central to the attainment of organization objectives. Wheelen and Hunger (2007) indicate that institutional factors are those unique factors within an organization. The management mostly has the power to influence these factors and they include the structure, the culture, financial, physical and human resources. According to Ndege (2013) institutional factors are key determinants of a company's decision-making process. These factors have a significant impact on how a company balances its wealth maximization approaches resulting in; structure, style, systems, culture, skills, resources and technical capacity.

Rajasekar (2014) contends that most organizations come up with various strategies, however, various factors unique to the organization impact its ability to successfully implement the

proposed strategies, including organization leadership, culture, structure, human resources and organization control. Dezdar and Haghghi (2014) opines that the main institutional factors include a firm's strategies, structure; systems; staff; skills; style, and shared values. The main institutional factors include human and resource capability, structure and culture. The internal factors consist of the culture changes, structure, and the overall management system of the organization (Were, 2014).

Mahamad and Saad (2018) notes that resource capability, firm structure, culture, and communication are integral in implementing employee performance. Ibrahim, Mohamud and Hussein (2017) noted that improving the rewards systems, training and development and organization structure have varying influence on the employee performance within commercial banks. Imani and Belinda (2016) found out that training and development and recognition systems are vital to employee performance within banks. Wanjiku and Agusioma (2014) established that corporate culture, work environment and job enhancement are key to employee performance. This research sought to examine how institutional factors influence employee performance with institutional factors measured using; organization culture, structure, rewards and recognition and training and development factors.

### **1.1.2 Employee Performance**

Lanz (2012) defined employee performance as the consequence of their ability, effort and opportunity in undertaking their roles and responsibilities within the workplace. Labib and Applebaum (2011) notes that employee performance should be considered as an individual's capacity to build on their ability and effort to achieve organization objectives. Employee performance is the ability to meet and even exceed standards set in the appraisal system by the management teams. According to Dissanayake and Hussain (2013) performance is the timely realization of pre-agreed targets. As such, the success of an organization is largely tied to the attainment of positive employee performance (Afshan, Sobia, Kamran, & Nasir, 2012).

Employees in an organization play an important role in performing tasks for accomplishing the goals (Odhiambo, 2016). Therefore, performance of employees in an organization is very important (Langat & Lagat, 2017). According to Aguinis (2009), performance involves putting individual effort and using available resources to achieve a goal. The study noted that enhanced productivity, in terms of output quality and level of efficiency in resource management are the main measures of employee performance (Nabulya, 2018). Kalia and Bhardwaj (2019) revealed that task performance within the workplace can be examined by the level of deliverables, quality and quantity of work output. On the other hand, contextual performance goes beyond routine work responsibilities and focuses on aspect such as coaching, social networking, communication, and coworker relations within the organization.

### **1.1.3 Commercial Banks in Kenya**

Financial institutions are the main drivers in any economy (San & Heng, 2013). They are important to economic stimulation and revival (Alshatti, 2015). It is asserted that commercial banks are the main financial intermediaries in an economy and they formulate and implement policies aimed at promoting flow of currency. Commercial banks are crucial for economic growth and stability of a nation as central lifeline to the modern economic process through the provision of payments infrastructure, credit and facilitating movement of finances (Akotch & Munyoki, 2016). Banks are instrumental in the development of various sectors of the economy by controlling money circulation, fostering liquidity and ensuring that the financial system functions properly (Ibrahim, Mohamud, & Hussein, 2017).

Commercial banks in Kenya operate under extreme pressure and in a highly competitive environment. As of December 2019, the CBK (2020) had registered 43 commercial banks. 24 are locally owned but three are non-operational, another under statutory management and two in receivership. Only three are publicly owned. The current study examined all the operational commercial banks in Kenya.

## **1.2 Research Problem**

Employee performance has become critical to the success of organizations and as such the management has been undertaking various practices geared towards enhancing the efficiency and effectiveness of the workforce (Jain & Kaur, 2014). This makes it paramount that employee performance be prioritized (Bakker, Tims, & Derks, 2013). Decramer, Smolders, Vanderstraeten and Christiaens (2012) found that institutional factors are key to enhancing employee productivity and performance management within organizations. Similarly, Shopi (2018) conclude that institutional factors; technical factors, administrative factors and funding improved employee output. From the above it is evident that empirical evidence suggests that various institutional factors are key to organization performance, however, their impact on employee factors has not been conclusively explored within the Kenyan banking industry.

Globally, there is increased demand for better customer service, increased regulatory mandates, and pressure for banks to reduce operational cost (Njiru, 2014). Regionally, commercial banks are undergoing tremendous changes in the operating environment as well as in policies regarding employee's management and welfare since they are the biggest asset to a commercial bank (Njuguna & Owuor, 2016). Banks in Kenya are having to compete with international organizations and having the best institutional practices is key to stimulating employee performance which is critical to enhancing bank competitiveness and performance (Oduol, 2015). Kariuki and Murimi (2015) established that supportive employee empowerment practices within the organization significantly lead to better performance. As such, Charity (2015) indicated that Kenyan banks should have supportive culture, work environment and effective structures to stimulate better employee performance.

A number of studies have focused on various aspects that impact employee performance. Shopi (2018) in a study in Uganda found out there is a positive relationship between institutional factors such as technical, administrative and funding with employee performance. Idua (2014)

indicated that institutional factors such managerial decision-making, structure and rewards promote employee empowerment. Kamau (2015) in a research on hospitals established that institutional factors; structure, resources and human resource practices were vital predictors of employee performance. Wanjiku and Agusioma (2014) reviewed employee performance in Kenya and established that corporate culture and work environment were significant predictors of employee performance. The above studies have identified various key factors that are instrumental to employee performance, but have failed to establish a link between institutional factors and employee output in Kenyan banks. There was thus need to solve the knowledge gap by determining the effect of institutional factors on employee performance among Kenyan commercial banks.

### **1.3 Objective of the Study**

The main aim of this study was establishing the effect of institutional factors on employee performance of commercial banks in Kenya.

### **1.4 Value of the Study**

Bank management will find this study valuable as a tool for how to improve decision making and guiding future policy formulation that will foster employee productivity which is vital to bank performance. The study will benefit commercial banks' management teams and further improve programs that can motivate their employees and improve performance outcomes. The findings will also provide more insights on the best institutional factors that would improve bank employee performance.

The study can also help expand available information that can expand human resource management practices which are central to expanding productivity in the workplace. The findings of the study will help in expanding policy formulation within commercial banks by highlighting the key institutional factors that can be applied best to stimulate employee productivity within the firms. Further, the results will help in designing practical guidelines for

managing employees in other industries with an aim of supporting better employee performance.

The study might benefit academicians who might gain knowledge on the effects of institutional factors on employees' performance in Kenyan commercial banks, and also provide a platform for further research and development for filling the gap that might enhance better approaches in management of internal institutional factors. The study results can further be utilized in future research work as reference material for future research work and as an empirical knowledge for academia



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter reviews various literature that informs the research objectives with specific focus on the theoretical foundation and the empirical literature informing the research gaps. The chapter also presents the summary of the knowledge gaps and the chapter summary.

#### **2.2 Theoretical Foundation**

A theory is made up of concepts, suggestions and explanations that inform a methodological understanding of phenomena (Blumberg, Cooper, & Schindler, 2014). This research was informed by the expectancy theory, the social exchange theory and the institutional theory.

##### **2.2.1 Expectancy Theory**

This theory was the brainchild of Vroom (1964), and it argues that individuals behave in a certain manner only to the extent to which they are expected to behave and with the reward to be expected should they avail themselves in this manner. The belief that performance is dependent on efforts of employees is the basis of expectancy theory (Vroom, 2005). This theory is important since it looks at individual characters as a predeterminant to what motivates them and to behave in a certain way (Lee, 2007).

In essence, when employees are encouraged and supported to develop their careers, plans are clearly and openly communicated and implemented, make them meet some of the expectations at work places (Suciu, Mortan, & Lazar, 2013). Likewise, when employees are provided with improved working conditions and fairly rewarded, their expectations are said to have been met and retention is assured. Further, ensuring that employees get a fair compensation and chances for promotion are key to ensuring they look forward to getting higher in the social ladder. This promotes loyalty and innovation (Parijat & Bagga, 2014). The inability to look forward to deserved compensation and lack of career growth leads to demotivation and fails to inspire

employees to work effectively towards realizing the vision of the management (Baumann & Bonner, 2017).

This study assumes that bank employees may remain committedly working and productive within the commercial banks if their expectations of so behaving are met through fair implementation of institutional factors that are supportive of them. Expectancy theory's relevance in this study lies in its ability to underscore the expectations that employees are always associated with at the time, they join work. The theory indicates that employee always expected the institutional to offer supportive mechanisms and create an environment that meet their expectation such as rewards and recognition, training and development, effective structure and supportive culture which can lead to better performance.

### **2.2.2 Institutional Theory**

The institutional theory (DiMaggio & Powell, 1983) has been used to explore the relationship between institutional factors and employee performance. The theorist argue that the efficiency of the organization is not driven by the intensity of competition but rather the responses to the various institutional structures and the environment (Brammer, Jackson, & Matten, 2012). They opine that the productivity within the organization is a function of the personnel, information flow and resources from within the organization and in the open system perspective (Gimzauskiene & Kloviene, 2011).

Landman and Robinson (2009) view an organization as a single entity made up of different teams which play different roles with the aim of realizing organization goals. Some of the components are closely related while others are loosely connected. This theory notes the need to vies an organization as interconnected processes working towards a connected goal. The institutional theory attempts to explain how and why organizations are influenced by their surrounding environment and end up adopting certain cognitions and expectations of the regulatory environment to avoid breaking the rules and being slapped with fines (Powell &

Colyvas, 2008). Assumptions and concepts of this theory include uncertainty avoidance, loose coupling, bounded rationality, and decision making under ambiguity (DiMaggio & Powell, 1983).

The theory also implies that firms also play a key role in influencing the attitudes and behaviors of independent actors closest to it (Battilana, Leca, & Boxenbaum, 2009). Institutions that have already been established provide the foundation for principles and guidelines that inform socially acceptable behaviors (Scott, 2013). A widespread adoption of these rules, norms, behavior, structures and processes becomes accepted as the mainstream way of doing things (DiMaggio & Powell, 1983). This theory is fundamental to this study as it helps in describing how the process of institutionalization can help the organization to create the right environment to support better performance. As such the theory informs the institutional factors that are deemed as ideal to leading to better employee performance within the banking industry in Kenya.

### **2.2.3 The Social Exchange Theory**

The social exchange theory was an embodiment by works of Blau (1964) which interprets societal interactions as a series of exchanges based on expectations of rewards and punishments (Redmond, 2015). According to this theory, human interactions are results of anticipated rewards or punishments, with relationships being formed out of subjective cost-benefit analysis. The theory is deeply rooted in psychology, sociology and economics and links all human relations to economic and social benefits expectations. This theory perceives human behavior as a function of expected payoffs (Cropanzano, & Mitchell, 2005). This theory stipulates that employee commitment and performance output is a function of their expected rewards and benefits from the organization itself. According to Cook, Cheshire, Rice and Nakagawa (2013) an individual's level of commitment is dependent on their perception of the balance of reward over input efforts.

The theory proposes that institutional factors are key determinants of employee performance. Investments instituted to empower employees are seen as a means of creating a conducive working environment whereby employees can achieve their maximum potential, enhance talent attraction and retention (Cropanzano, & Mitchell, 2005). Ward and Berno (2011) affirms that when firms practice fair treatment of employees, show appreciation on their efforts, and create a conducive working environment, employees feel obliged to reciprocate by increasing efforts to achieve organizational goals. The intentional act of support of organizational support has been associated with increased organizational commitment and loyalty resulting in employee retention and talent attraction through referrals. Lack of organizational support has been associated with reduced morale and increased intention to leave, poor job attractiveness and subsequently poor firm performance (Cropanzano, & Mitchell, 2005).

According to Ward and Berno (2011) the social exchange theory facilitates the use of human resource strategies to promote talent management and foster retention. Cook, Cheshire, Rice and Nakagawa (2013) purport that the social exchange theory provides a framework for understanding how the interactions between institutional factors influence employee outcomes. Organizations have to identify and invest in talent to ensure that they are enabled, empowered and motivated to carry out organization goals in an appropriate working environment.

The theory proposes that individuals make choices based on expected outcomes, and this, in turn, influences their intent to remain committed. In view of employee retention, this theory posits that when firms invest in creating a favorable working environment, they are likely to become committed and loyal in the long-term, which for banks is a source of competitive advantage, ensuring high sustained operational outcomes. The social exchange theory links employee role behaviors with organizational actions. Cropanzano and Mitchell (2003) notes that perceived lack of support from the organization results in unmotivated employees who was on the for other more attractive job offers.

This theory is relevant to this study in explaining how institutional factors influence job outcomes, and showing the importance of effective human resource management practices. Ward and Berno (2011) propose that the theory is useful in predicting employee work-related behaviors, advocating for fair and humane treatment as a precursor a reciprocal of commitment. The theory explains the level of employee engagement, and shows the importance of aligning corporate and departmental goals with providing employees with a proper vision and plan for the future. It attempts to explain the bargaining process that involves exchange of services and skills for anticipated compensation.

### **2.3 Empirical Literature**

This section reviews the various studies that have been conducted examining how select institutional factors; organization culture, structure, rewards and recognition, training and development influence employee performance. This highlighted what has been done and what the current study focused on covering the identified gaps.

#### **2.3.1 Organization Culture and Employee Performance**

In a study of Indian banks, Kumari and Singh (2018) found out that work culture had a 3.1% influence on the performance management within the banks. The results showed that values, beliefs, attitudes, behaviors and underlying assumptions were significant predictor of bank staff performance. The research also established that developing team spirit and ensuring that employees are involved in goal setting is critical to improving employee performance. Warga (2019) indicated that organization culture significantly impacts commitment of bank employees. The findings indicated that empowering employees, fostering team orientations, encouraging integration, organization learning and upholding core values were significant factors that promote employee commitment in the bank.

Mundia (2015) findings supported the notion that the culture adopted by an organization significantly impacts employee performance. The analysis showed that staff development

culture, decision making culture, competitive culture and bureaucratic culture have strengthened the efficiency and performance among employees within the firm. Odhiambo (2016) showed that various organization culture aspects implemented within the firm improved employee performance. The findings showed that rules and policies, beliefs and values and diligence in attending to work duties were significant to better employee performance. The study applied a case study of a single commercial bank while this research examines how organization culture impacts employee output.

### **2.3.2 Organization Structure and Employee Performance**

Notanubun, Ririhena and Batlolona (2019) found a negative indirect impact of restructuring on leader's effectiveness. The researcher indicated that creating a healthy work climate, stimulating creative and innovative ideas among employees, task allocation and assigning new leadership roles can lead to better performance. Shabbir (2017) indicated that hierarchical structure was a significant predictor of employee performance. Findings also established that internal and external boundaries, formalization and technology were also vital to employee performance. The research showed that adopting an appropriate structure within all units will facilitate better productivity among employees.

Awino (2015) results indicated that organization structure did not significantly influence financial performance of manufacturing firms. The study however noted that organization structure significantly enhanced the internal processes and customer perspective. Otiso (2018) study showed that investing in flexible structures, improved decision making, communication and reduction of boundaries in the work place are pivotal to quality service. The study focuses on quality dimensions while this examined employee.

### **2.3.3 Rewards, Recognition and Employee Performance**

Ahmad, Danish, Ali, Ali and Humayon (2019) findings indicated that appraisal systems were negatively related with employee performance while rewards systems had a positive correlation. The study indicated that managers need to review the criteria applied in appraisal

to ensure the systems can be effective in stimulating employee performance. The study also notes that use of monetary benefits and fringe benefits are vital to enhancing employee performance within Islamic and conventional banks. Kanwal and Syed (2017) established a positive correlation between reward types and employee performance. The study showed that intrinsic and extrinsic rewards were critical to improving employee performance within the institutions. The analysis indicated that improving the benefits, pay, and incentives are some key practices to better productivity in the workforce.

Jean, Ngui and Robert (2017) analysis indicated that recognizing employees for work done, incentives in the form of bonuses and allowances, and offering opportunities for career advancement improves employee morale significantly. Lack of adequate promotional opportunities constrained the recognition practices within the institution. Nyikuli, Mukanzi and Senaji (2017) concluded that intrinsic and extrinsic rewards were significant predictors of employee performance. The results showed that fair salary, adequate bonuses, job security, better working conditions, promotional opportunities and recognition is key to staff performance. Mugaa, Guyo and Odhiambo (2018) opined that banks can leverage on fringe benefits to extend employee retention, motivation and improve firm attraction to new recruits. The research showed that having adequate pension packages, offering insurance and medical cover are vital to performance.

#### **2.3.4 Training, Development and Employee Performance**

Imran and Tanveer (2015) indicated that increased employee training and development influenced the job knowledge, functional skills, motivation and loyalty at the work place. The study further concluded that training and development significantly improve productivity among commercial banks' employees. Al Karim (2019) found out that orientation training, career development programs, environmental and health safety training were essential to

developing employee skills. The study found no link between job training and employee performance within the firms.

Charity (2015) findings showed that training and career development programmes were instrumental to the personnel performance. The research notes that's offering sufficient training programs, improving relevance of the programs, meeting business and employee needs was critical to improving the employee productivity. Katua (2015) noted a positive influence of training and development on bank customers' satisfaction levels. The study showed that engaging employees in designing training programmes, setting training budgets, conducting training need analysis and reviewing relevance of the programmes was key to performance of the institutions. Muriithi (2016) analysis showed that structured coaching plans, provision of coaching feedback and effective coaching environment was instrumental to better employee morale and productivity within the banks. The study also notes that structured coaching is vital to improving communication within the team and building professional relationships that are vital to employee performance



## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

In the third chapter, the scientific methodology guiding the study towards reaching its objectives are presented. In detail the chapter focused on the design, the population of the study, sample and sampling techniques, the data collection and the analysis approach that was adopted.

#### **3.2 Research Design**

Blumberg, Cooper and Schindler (2014) define a research design as a frame work for specifying relationships between the variables in the study. This framework is designed with the aim of directing how information was accessed and processed in a study. There are many research designs– exploratory, descriptive, causal-explanatory, experimental, and observational which researchers can apply. This research adopted a descriptive cross-sectional research design. This study adopted this approach since it supports the examination of a research phenomenon in its’ natural setting (Bell, Bryman, & Harley, 2018). Further, the approach allowed for the utilization of quantitative techniques and support a snapshot survey of how institutional factors affect employee performance within commercial banks currently. Thus, the design is deemed ideal for implementation in this study.

#### **3.3 Population of the Study**

According to Blumberg, Cooper and Schindler (2014) the term target population denoted the larger population from which the researcher generalizes the outcome of the research. It is the whole group of persons, events, or objects sharing a noticeable mutual feature. This study’s unit of analysis was the 39 operational commercial banks in Kenya as of December 2020 (CBK, 2020). The study did not consider the 3 banks under statutory receivership. The target population consisted of human resource managers within each of the institution. The target population was 39 senior staff members.

### **3.4 Data Collection**

The current study dominantly relied primary research data. Questionnaires were instrumental in data collection. Blumberg, Cooper and Schindler (2014) argue that the effectiveness of the use of questionnaires in data collection. A questionnaire tool in research is used to gather information in need of structured replies (Sekaran & Bougie, 2016). This study constructed a structured research instrument with the first section containing demographic information questions, second section contained Likert scale statements on the institutional factors and the employee performance within the operational Kenyan commercial banks. The study relied dominantly on Google forms in the data collection due to the prevailing restrictions as a result of the Covid pandemic. Where not possible the study applied a drop and pick technique in distributing the questionnaires in those specific banking institutions.

### **3.5 Data Analysis**

The responded questionnaires were crosschecked for extensiveness and excellence of responses. They were then coded into SPSS 25 for successive quantitative analysis. Descriptive statistics such as frequencies and percentages were used in analyzing demographic variables and the individual questionnaire items. The mean scores and standard deviations will also be computed for Likert scale questions which allowed for presentation of the tabulated responses from all the study participants. The inferential analysis included spearman rank correlations and regression analysis, and tested the extent of the relationship between the research variables. Data results was presented using figures and tables for ease in interpretation. The research applied the below regression model;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

Where;

Y= the dependent variable (Employee Performance)

$B_0$  - Is a constant; the value explaining the banks employee performance (Y) Y value when all the predictor values (independent variables) ( $X_1, X_2, X_3, X_4$ ) are held constant r are equal to zero

$\beta_1, \beta_2, \beta_3, \beta_4$  – Are regression coefficients representing the independent variables..

$X_1$  is organization culture

$X_2$  is organization structure

$X_3$  is rewards and recognition

$X_4$  is training and development

$\epsilon$  is the error term

The study tested the level of statistical significance of the findings of at 5% using the Analysis of variance technique (ANOVA).

## CHAPTER FOUR

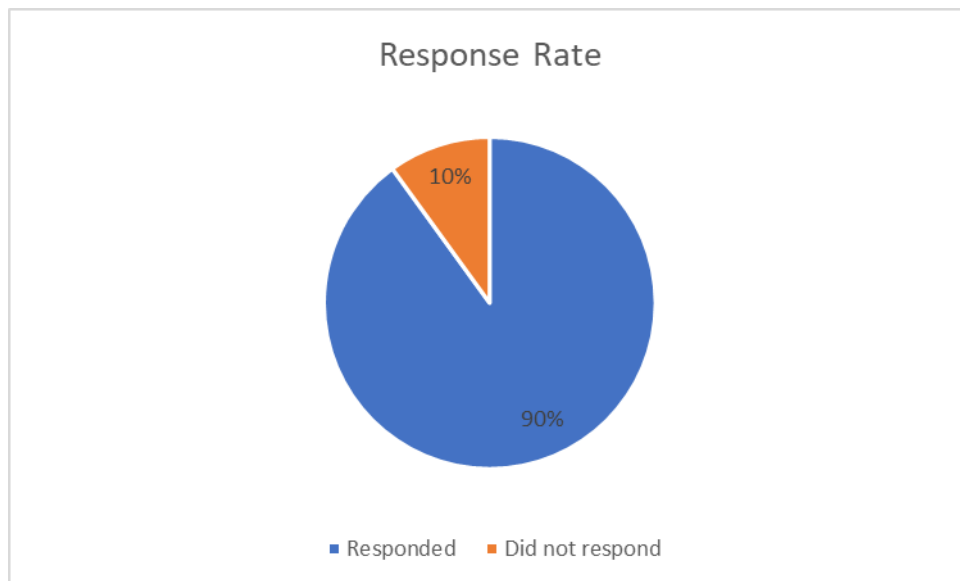
### DATA ANALYSIS, RESULTS AND DISCUSSION

#### 4.1 Introduction

Chapter four presents the data analysis results. The results will be presented in line with the study objectives. The study adopted both descriptive and inferential techniques in the analysis.

#### 4.2 Response Rate

The study collected research data from a sample consisting of 39 human resource officials drawn from the operational commercial banks. 35 responses were obtained, a 90% response rate. Blumberg, Cooper and Schindler (2014) opined that a response rate of above 60% is suitable for quantitative analysis and representation of the sample population as illustrated in Figure 4.1.



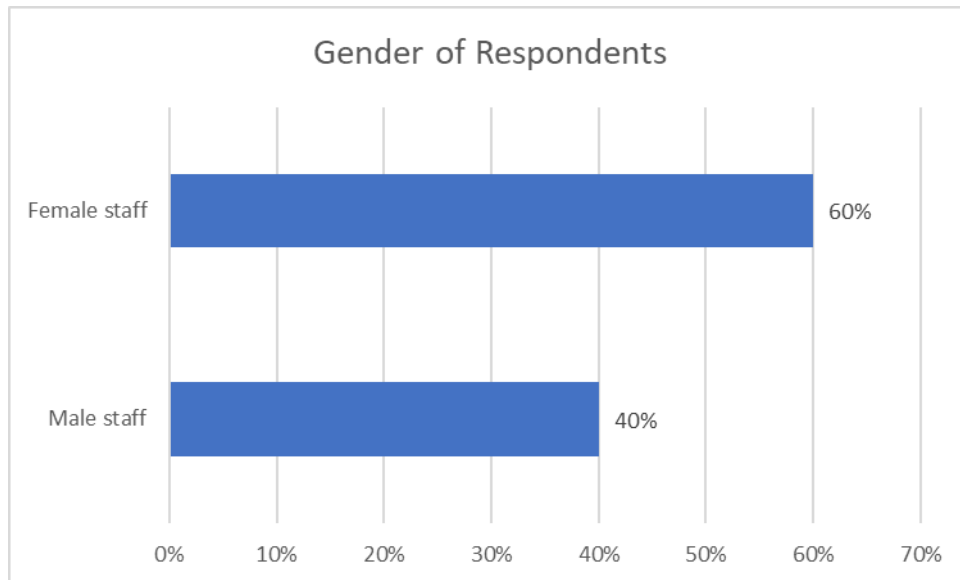
**Figure 4.1 Response Rate**

#### 4.3 Demographic Profile of Respondents

The study further explored the demographic profile of the respondents and the analysis of the various responses is captured in this section.

### 4.3.1 Gender of Respondents

The analysis showed that most of the human resource officials who participated in the study 60% (n=21) were female, with 40% (n=14) being male This is an indication of increasing female gender representation within the workforce of the banking industry in Kenya as shown on Figure 4.2.



**Figure 4.2 Gender of Respondents**

### 4.3.2 Age of the Respondents

The study was further interested in the age profile of the participants who took part in the survey and the results are shown in Table 4.1.

**Table 4.1 Age of Respondents**

	Frequency	Percent
31 - 40 yrs	10	28.6
41 - 50 yrs	19	54.3
51 - 60 yrs	6	17.1
Total	35	100.0

The analysis in Table 4.1 shows that most of the respondents 54% (n=19) were between 41-50 years old, 29% (n=10) between 31-40 years, while only 17% were between 51-60 years. The

results in Table 4.1 show there is age diversity within the workforce within the banking industry in Kenya.

### 4.3.3 Highest Education Attainment of Respondents

The research further sought the participants view on their highest education attainment and the results are presented in Table 4.2.

**Table 4.2 Education Attainment of Respondent**

	Frequency	Percent
Undergraduate Degree	4	11.4
Postgraduate Degree	31	88.6
Total	35	100.0

The findings in Table 4.2 reveals that 89% (n=31) of the human resource officials had a postgraduate degree with only 11% (n=4) having an undergraduate degree. The results were an indication that recruited senior HR officials have attained higher education and professional qualifications to meet the responsibilities of their position.

### 4.3.4 Number of years in Position

The examination was also interested in determining the length of time the participants have served in their HR role, with the results in Table 4.3.

**Table 4.3 Number of years in Human Resource Department**

	Frequency	Percent
1-3 years	5	14.3
4-6 years	13	37.1
7-9 years	12	34.3
Over 10 years	5	14.3
Total	35	100.0

The results on Table 4.3 showed that 37% (n=13) of the respondents had served for 4-6 years, 14% (n=5) had only served for 1-3 years and over 10 years respectively. The results in Table

4.3 suggest that the participants had varying experience level within the human resource department thus would be at a position to offer divergent opinions on the various institutional factors and employee performance.

#### 4.4 Descriptive Analysis

The study relied on a structured questionnaire in data collection on the main variable of the study. The summary of the various responses is presented using means, sum and standard deviation.

##### 4.4.1 Organization Culture

The first independent variable reviewed the organization culture within the commercial banks and the results are shown in Table 4.4

**Table 4.4 Analysis of Organization Culture**

	N	Sum	Mean	Std. Deviation
The commercial bank has established clear unifying goals and objectives at the workplace	35	134.00	3.8286	.56806
The commercial bank encourages team work in solving operational problems	35	142.00	4.0571	.72529
The commercial bank allows staff members to be innovative and try out new ways in the execution of their tasks	35	134.00	3.8286	.66358
The commercial bank clearly communicates the shared morals and beliefs to guide employee in the execution of their duties	35	145.00	4.1429	.64820
The commercial bank has a clear and challenging vision for the future that is embraced by all employees	35	144.00	4.1143	.75815
The commercial bank leaders clearly communicate the company's objectives	35	132.00	3.7714	.84316

The findings in Table 4.4 revealed strong agreement that the commercial bank has a clear and challenging vision for the future that is embraced by all employees (mean = 4.1143). The results also showed strong agreement that the commercial bank clearly communicates the shared

morals and beliefs to guide employee in the execution of their duties (mean = 4.1429). Findings also noted agreement among respondents that the commercial bank leaders clearly communicate the company's objectives (mean = 3.7714). The findings in general showed that the organization culture within the commercial banks is appreciated and embraced by the employees owing to the agreement on the various statements with moderate deviation of the responses from the mean.

#### 4.4.2 Organization Structure

The second independent variable of the study reviewed the organization structure in effect within the commercial banks and the summary of the responses is presented in Table 4.5.

**Table 4.5 Analysis of Organization Structure**

	N	Sum	Mean	Std. Deviation
The management team within the commercial bank is supportive of employee participation in decision making in the commercial bank	35	127.00	3.6286	.80753
The commercial bank has developed a clear chain of command that improves service delivery	35	126.00	3.6000	.84714
The commercial bank has developed a centralized decision-making system which fosters efficiency	35	134.00	3.8286	.82197
The commercial bank has put in place mechanisms and policies to reinforce authority sharing in the commercial bank	35	129.00	3.6857	.96319
The commercial bank supports specialization of task within the personnel team to improve execution of commercial bank activities	35	131.00	3.7429	.74134
The commercial bank has developed a clear communication channel to enhance the flow of information within the departments	35	124.00	3.5429	.98048
The commercial bank has put in place clear systems to improve the coordination of tasks and operations	35	144.00	4.1143	1.10537

The findings in Table 4.5 indicated strong agreement (mean = 4.1143) that commercial bank has put in place clear systems to improve the coordination of tasks and operations. The analysis also revealed agreement that the commercial bank has developed a clear communication



channel to enhance the flow of information within the departments (mean = 3.5429). The study results showed agreement (mean = 3.6857) that the commercial bank has put in place mechanisms and policies to reinforce authority sharing in the commercial bank. The findings revealed that there are clear delegation of duty, communication, coordination of tasks, effective chain of command and supportive employee participation in the commercial banks.

#### 4.4.3 Rewards and Recognition

The third study variable reviewed the implementation of rewards and recognition systems within the commercial banks and the results are in Table 4.6.

**Table 4.6 Analysis of Rewards and Recognition**

	N	Sum	Mean	Std. Deviation
Providing monetary incentives to the employee improve their desire to be proactive and productive in commercial bank	35	136.00	3.8857	.63113
Providing team benefits ensures that the institutional departments strive to meet their goals and objectives in commercial bank	35	130.00	3.7143	1.04520
Offering a competitive remuneration package allows the organization to recruit and retain the best personnel in commercial bank	35	131.00	3.7429	1.26823
Providing supportive welfare programs within the commercial bank ensures there is higher productivity within the workforce in commercial bank	35	140.00	4.0000	.80440
Offering employees career progression opportunities internally stimulates employee productivity in commercial bank	35	142.00	4.0571	.76477
Provision of performance-based incentives plans encourages employees to achieve excellence within their duties in commercial bank	35	137.00	3.9143	.88688

The analysis in Table 4.6 indicated that participants were in agreement that offering employees career progression opportunities internally stimulates employee productivity in commercial bank (mean = 4.0571). The results indicated agreement that the provision of monetary

incentives to the employee improve their desire to be proactive and productive in commercial bank (mean = 3.8857). The study also revealed agreement (mean = 3.7143) that providing team benefits ensures that the institutional departments strive to meet their goals and objectives in commercial bank. Generally, the findings suggested that commercial banks have been investing in individual and team rewards and recognition as mean of encouraging employee productivity and excellence within the banking industry.

#### 4.4.4 Training and Development

The fourth variable reviewed the training and development practices that are in effect within the banking industry and the responses are summarized in Table 4.7.

**Table 4.7 Analysis of Training and Development**

	N	Sum	Mean	Std. Deviation
The commercial bank routinely conducts training programs to foster the skills of the workforce	35	133.00	3.8000	.90098
The commercial bank has developed a clear training policy to ensure the right technical skills are reinforced within the workforce	35	137.00	3.9143	1.03955
The commercial bank has put in place mechanism to support professional development within the workforce	35	142.00	4.0571	.76477
The commercial bank routinely conducts capacity building exercises to introduce the staff to emerging practices and technologies	35	123.00	3.5143	.85307
The commercial bank regularly conducts team building exercises to cohesion within the various units of the commercial bank	35	141.00	4.0286	.78537

The results in Table 4.7 showed that respondents were in agreement (mean = 4.0571) the commercial bank has put in place mechanism to support professional development within the workforce. The results showed agreement the commercial bank regularly conducts team building exercises to cohesion within the various units of the commercial bank (mean = 4.0286). The findings noted agreement that the commercial bank routinely conducts capacity building exercises to introduce the staff to emerging practices and technologies (mean =

3.5143). The overall results suggest that commercial banks have been implementing various training programs geared towards improving the skill-set of their employees and enhancing the professional development of their staff.

#### 4.4.5 Employee Performance

This study's dependent variable was employee performance within the commercial banks in Kenya. The outcomes are as summarized in Table 4.8.

**Table 4.8 Analysis of Employee Performance**

	N	Sum	Mean	Std. Deviation
The commercial bank routinely conducts training programs to foster the skills of the workforce	35	133.00	3.8000	.90098
The commercial bank has developed a clear training policy to ensure the right technical skills are reinforced within the workforce	35	137.00	3.9143	1.03955
The commercial bank has put in place mechanism to support professional development within the workforce	35	142.00	4.0571	.76477
The commercial bank routinely conducts capacity building exercises to introduce the staff to emerging practices and technologies	35	123.00	3.5143	.85307
The commercial bank regularly conducts team building exercises to cohesion within the various units of the commercial bank	35	141.00	4.0286	.78537
Employees within the commercial bank are able to meet preset goals in the execution of their duties	35	130.00	3.7143	.78857
Employees within the commercial bank ensure there meet the quality standards in the service provision within the bank	35	149.00	4.2571	.78000
Employees within the commercial bank undertake their job duties efficiently thus minimizing time wastage	35	135.00	3.8571	.84515
Employees within the commercial bank are able to handle multiple tasks which enhances the quantity of work undertaken	35	143.00	4.0857	.70174
Employees within the commercial bank are supportive of the organization goals and objectives which improves their productivity	35	117.00	3.3429	.90563
Employees within the commercial bank possess the right competencies and skills that improve their execution of work duties	35	136.00	3.8857	.93215
Employees within the commercial bank are able to meet their set work deliverables	35	142.00	4.0571	.96841
Employees within the commercial bank have been able to improve the quality and quantity of task completed in their job	35	140.00	4.0000	.76696
Employees within the commercial bank work beyond their set job duties and responsibilities	35	129.00	3.6857	.71831
Employees within the commercial bank have improved their collaboration and social networking with colleagues	35	140.00	4.0000	.72761
Employees within the commercial bank maintain positive co-worker relations which lead to better productivity	35	118.00	3.3714	1.03144

The analysis in Table 4.8 participants strongly agreed (mean= 4.2571) that employee within the commercial bank ensure there meet the quality standards in the service provision within the bank. The findings also showed agreement (mean = 4.0857) that employees within the commercial bank are able to handle multiple tasks which enhances the quantity of work undertaken. The participants also revealed agreement (mean = 3.6857) that employees within the commercial bank work beyond their set job duties and responsibilities. The study however noted disagreement (mean = 3.3429) that employees within the commercial bank are supportive of the organization goals and objectives which improves their productivity. Further, respondents disagreed on whether the employees within the commercial bank maintain positive co-worker relations which lead to better productivity (mean = 3.3714) with a high disparity in responses (std. dev = 1.03144). The findings showed that there are issues with employees maintaining positive co-worker relations as well as supporting organization goals and objectives.

#### **4.5 Correlation Analysis**

The study conducted correlation tests to determine the direction of the effect of the independent variables on employee performance. Owing to the structured data collected the study employed the Spearman rank correlation.

**Table 4.9 Correlation Results**

		Employee Performance	
Spearman's rho	Employee Performance	Correlation Coefficient	1.000
		Sig. (1-tailed)	.
		N	35
	Organization Culture	Correlation Coefficient	.223
		Sig. (1-tailed)	.009
		N	35
	Organization Structure	Correlation Coefficient	.330*
		Sig. (1-tailed)	.026
		N	35
	Rewards Recognition	Correlation Coefficient	.245
		Sig. (1-tailed)	.008
		N	35
	Training Development	Correlation Coefficient	.679**
		Sig. (1-tailed)	.000
		N	35

\*. Correlation is significant at the 0.05 level (1-tailed).

The findings in Table 4.9 affirm a weak, but positive effect of organization culture ( $r = .223$ ,  $\text{sig} = .009 < .05$ ) on organization structure ( $r = .330$ ,  $\text{sig} = .026 < .05$ ) on employee performance. The study established there is a positive and strong positive effect of training and development on the employee performance ( $r = .679$ ,  $\text{sig} = .000 < .05$ ).

#### **4.6 Effect of Institutional Factors on Employee Performance**

The research adopted a multiple linear regression in determining the strength of the relationship between institutional factors and commercial banks' employee performance. The findings are presented in line with the objective of the study in Table 4.10.

**Table 4.10 Regression Summary**

<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>	<b>Durbin-Watson</b>
1	.757 <sup>a</sup>	.573	.516	3.27818	2.727

a. Predictors: (Constant), Training Development, Rewards Recognition, Organization Structure, Organization Culture

b. Dependent Variable: Employee Performance

Regression analysis results in Table 4.10 showed a coefficient of determination yielded was equal to  $R^2 = .573$ . These results affirmed there existed a positive relationship with 57.3% of the changes in the bank employees' performance being predicted by the institutional factors (*training development, rewards recognition, organization structure, organization culture*).

**Table 4.11 ANOVA Summary**

<b>Model</b>		<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
1	Regression	432.293	4	108.073	10.057	.000 <sup>b</sup>
	Residual	322.393	30	10.746		
	Total	754.686	34			

a. Dependent Variable: Employee Performance

b. Predictors: (Constant), Training Development, Rewards Recognition, Organization Structure, Organization Culture

The ANOVA results in Table 4.11 were vital to the study as they determined the statistical significance of the regression model. The yielded results showed a  $F$ -calculated = 10.057,  $Sig = .000 < .05$  showing a positive and significant relationship between institutional factors and employee performance among commercial banks.

**Table 4.12 Regression Coefficients Summary**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	8.224	10.974		.749	.459
Organization Culture	.112	.047	.004	2.383	.009
Organization Structure	.109	.052	.005	2.096	.026
Rewards Recognition	.441	.219	.270	2.013	.005
Training Development	1.256	.270	.705	4.657	.000

a. Dependent Variable: Employee Performance

The resulting regression model can be stated as;

$$Y = 8.224 + .112X_1 + .109X_2 + .441X_3 + 1.256X_4 + 10.974$$

From the above results in Table 4.12 the study established that organization culture ( $\beta_1 = .112$ , Sig =  $.009 < .05$ ); showing that it significantly affects performance among bank employees. A unit change in organization culture leads to a .112 change in performance among commercial bank employees. The findings also indicated that organization structure ( $\beta_2 = .109$ , Sig =  $.026 < .05$ ); showing a significant impact on performance among employees. Thus, changing the organization structure by a unit will lead to a .109 change in the employee performance in the commercial banks. The analysis also indicated that rewards and recognition ( $\beta_3 = .441$ , Sig =  $.005 < .05$ ); showing a significant impact on employee performance. Thus, changing the rewards and recognition by one unit would lead to a .441 change in banks' employee performance. Finally, the findings revealed that the coefficient for training and development ( $\beta_4 = 1.256$ , Sig =  $.000 < .05$ ); showing a significant impact on employee performance. Thus, changing the training and development by one unit would improve bank employees' performance by 1.25.

#### 4.7 Discussion of Findings

The study established that organization culture significantly impacts the employee performance which is in agreement with Kumari and Singh (2018) who support this finding by indicating that work culture was a key predictor of employee performance within commercial banks.

Warga (2019) was also able to affirm that organization culture has been a key driver to improved commitment among bank employees. Mundia (2015) in a study of Kenyan banks concluded that decision making culture, competitive culture and bureaucratic culture have strengthened the efficiency and performance among employees. Odhiambo (2016) was also able to make similar observations that the adopted organization culture improved employee performance.

The study also noted that organization structure had a positive outcome on the performance of employees. These results are consistent with Shabbir (2017) who found out that hierarchical structure was a significant predictor of employee performance. In another study Otiso (2018) noted that flexible structure enhanced the performance and service quality. However, the findings are not supported by Awino (2015) who revealed that organization structure had no significant influence on performance of the manufacturing firms. It was further revealed that rewards and recognition enhance the performance of employees in banks. These findings are in line with Ahmad, et.al. (2019) who found out that rewards and recognition were vital to stimulating employee performance. The findings are consistent with Kanwal and Syed (2017) who established that reward types impact employee performance outcomes. Mugaa, Guyo and Odhiambo (2018) concluded that fringe benefits were key to improving the performance of employees and attracting new talent.

The study also confirmed a positive link between training and development and the performance of bank employees. The findings are in agreement with Imran and Tanveer (2015) indicated that increased employee training and development led to better motivation in the workplace. Al Karim (2019) found out that orientation training, career development programs, led to improved development of employee skills. Muriithi (2016) revealed that effective coaching environment was instrumental to better employee morale and productivity within the banks.



## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Introduction

This chapter presents the summary of the various results of the study. Also, the chapter draws the conclusion, recommendations and the areas for further research.

#### 5.2 Summary

The study was able to garner responses from 35 human resource managers within Kenyan banks. It was determined that most of the HR managers were women staff with the majority having a postgraduate degree. The outcome of the study indicated that most of the participants had served within the HR department for at least 4-6 years. The review of the performance noted that most HR managers agreed that their employees are able to meet their goals, undertake the job efficiently and minimize time wastage. Further, the employees are able to handle multiple tasks that improve quantity of work done as well as meet their work deliverables. However, there was disagreement on employees supportive of organization goals and objectives.

The study showed that organization culture within the commercial banks is appreciated and embraced by the employees within. The correlation test showed that the culture adopted by the organization has a weak positive and significant impact on performance of employees. Similarly, the regression coefficient showed that organization culture leads to a .112 change in an employee's output. Further, it was noted that there was clear delegation of duty, communication, coordination of tasks, effective chain of command and supportive employee participation in the commercial banks. The correlation test showed that organization structure has weak positive and significant impact on performance of bank employees. The regression analysis revealed that changing the organization structure by one unit leads to a .109 change in

bank employees' performance outcomes. These findings are consistent with the proponents of institutional theory who revealed that creating the right environment through developing an effective structure and ideal organization culture is vital to enhancing the performance within the organization.

The study indicated that commercial banks have been investing in individual and team rewards and recognition as mean of encouraging employee productivity and excellence within the banking industry. The correlation test showed that rewards and recognition have weak positive and significant impact on performance of bank employees. Findings from the regression analysis showed that changing one unit of rewards and recognition results in a .441 change in bank employees' performance. These findings are supported by the basic tenet of the expectancy theory which indicated that meeting the expectation of the employees such as better rewards and recognitions will be key to enhancing employee commitment and productivity.

The outcome showed that banks have adopted various training programs geared towards improving the skill-set of their employees and enhancing the professional development of their staff. The correlation test showed that training and development has strong positive and significant effect on employee performance. Meanwhile, regression analysis showed that changing training and development by one unit leads to a 1.256 change in performance of bank employees. These outcomes are consistent with social exchange theory which postulates that human resource strategies are essential to promoting talent management and fostering employee retention. Further, the theory proposes that invest in employee talent and creating empowerment practices will lead to individuals being committed to the institution and striving to improve on their productivity.

### **5.3 Conclusion**

The regression results led to the conclusion that institutional factors play a key role in determining bank employee performance outcomes. The study attributes 57.3% of the changes in employee performance to training and development elements, rewards and recognition, organization structure and culture adopted by the banks. The results support the conclusion that organization culture positively influences the employee performance. The study found out that having unifying goals, shared moral and beliefs, supportive vision and communication of company goals will enhance performance of employees.

It was determined that organizational structure plays a role in determining bank employees' performance in Kenya. Through supporting employee decision making, enforcing authority and having clear chain of command as well as having a system to enforce coordination within the bank will lead to better employee performance. The study also concluded that rewards and recognition have a positive effect on the performance. Improving monetary incentives, offering fringe benefits, competitive remuneration and supportive welfare programs will foster employee outcomes. further, it is paramount that the banks institute training and development programs where employee skills can be refreshed and enhanced to realize the desired performance outcomes. The findings showed that training programs and professional development are key to improving employee productivity.

### **5.4 Recommendations**

The results will be key to enhancing the policy formulation within the Banker's association and the regulatory body. The study recommends that with increasing lockdowns due to Covid-19 and the anticipated effect on the bank performance, the banker's association can utilize the findings of this study in developing policy guidelines that can be adopted within the banking

industry to drive employee performance. Further, the regulator in partnerships with the commercial banks can utilize these findings in developing benchmarks that can be utilized within the industry in the institutionalization process. Its' also recommended that the results can also guide other policy makers in the industry in developing metrics that can be applied by commercial banks in assessing the task and contextual performance of employees.

The study recommends that the commercial banks should continuously review the organization culture to ensure that new and old employees alike have knowledge of the core values and beliefs of the organization. This will ensure that the employees are supportive of the objectives and vision of the bank. Further, its' recommended that the banks should stimulate an innovative culture which will ensure that the employees are able to tackle task and other responsibilities using emerging practices and technologies. The study also recommends that the bank should review the strategic fit of their structure to the changing operating environment of the firms. Through decentralizing decision making and having a structure that supports employee decision making will lead to efficiency and productivity especially with work at home routines. Further, the bank should clearly support information flow within the organization as this will enhance coordination and efficiency in task execution.

Recommendations to bank management was for them to improve incentives granted to employees for exceptional work done and to recognize their productivity. Appreciating employee's performance has been associated with improved dedication and commitment to duties. Further, the study recommends that offering a competitive remuneration package will enhance the retention of employees which is key to fostering their efficiency. Further, with a better salary and benefits the employees will be more committed to the bank. The study also recommends that the bank should expand the welfare programs offered to their employees as a measure of stimulating employee productivity. Lastly, the study recommends that commercial banks should empower their employees through offering free professional

development programs which will improve their competencies and skills. The research also recommends that commercial banks should regularly conduct training and workshops that can expose employees to emerging practical issues within the banking industry.

### **5.5 Areas for Further Research**

This study limited itself to investigating institutional factors and their impact on employee performance; this research recommends that future research work can be conducted examining how environmental factors impact bank employee's performance. The study was also limited to the banking industry in Kenya; further research can be replicated across other industries to improve the applicability of the findings and enhance the available knowledge.

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## APPENDICES

### Appendix I: Introduction Letter

To the Human Resource Director;

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RE: REQUEST TO COLLECT DATA FOR ACADEMIC RESEARCH

I am Joy Gichuru, a Masters student at University of Nairobi's Human Resource Management School. I am carrying out research on '*effect of institutional factors on employee performance of commercial banks in Kenya*'. The study is part of my academic requirements and to foster practice and policy within my area of study.

Your firm qualifies since it is one of the commercial banks operating under the ministry of finance and your input was key to ensuring provision of accurate findings which was pivotal to fostering management and decision-making practices.

With Warm Regards,

Joy Gichuru

## Appendix II: Questionnaire

Kindly tick the questionnaire in the appropriate box. You are entitled to privacy and are not required to give personal details like your name anywhere while you respond.

### Part A: Background Information

#### Section A: General Information

1. Please indicate your gender?

Male

Female

2. Please indicate your age?

21 – 30 yrs

31 - 40 yrs

41 - 50 yrs

51 - 60 yrs

61 +

3. Highest education attainment?

College Diploma

Undergraduate Degree

Postgraduate Degree

4. Number of years in the Human Resource Department?

1-3 years

4-6 years

7-9 years

Over 10 years

Part B: Institutional Factors

No	Organization Culture	1	2	3	4	5
1.	The commercial bank has established clear unifying goals and objectives at the workplace					
2.	The commercial bank encourages team work in solving operational problems					
3.	The commercial bank allows staff members to be innovative and try out new ways in the execution of their tasks					
4.	The commercial bank clearly communicates the shared morals and beliefs to guide employee in the execution of their duties					
5.	The commercial bank has a clear and challenging vision for the future that is embraced by all employees					
6.	The commercial bank leaders clearly communicate the company's objectives					

Organization Structure

No	Organization Structure	1	2	3	4	5
1.	The management team within the commercial bank is supportive of employee participation in decision making in the commercial bank					
2.	The commercial bank has developed a clear chain of command that improves service delivery					
3.	The commercial bank has developed a centralized decision-making system which fosters efficiency					
4.	The commercial bank has put in place mechanisms and policies to reinforce authority sharing in the commercial bank					
5.	The commercial bank supports specialization of task within the personnel team to improve execution of commercial bank activities					

6.	The commercial bank has developed a clear communication channel to enhance the flow of information within the departments					
7.	The commercial bank has put in place clear systems to improve the coordination of tasks and operations					

#### Rewards and Recognition

No	Rewards and Recognition	1	2	3	4	5
1.	Providing monetary incentives to the employee improve their desire to be proactive and productive in commercial bank					
2.	Providing team benefits ensures that the institutional departments strive to meet their goals and objectives in commercial bank					
3.	Offering a competitive remuneration package allows the organization to recruit and retain the best personnel in commercial bank					
4.	Providing supportive welfare programs within the commercial bank ensures there is higher productivity within the workforce in commercial bank					
5.	Offering employees career progression opportunities internally stimulates employee productivity in commercial bank					
6.	Provision of performance-based incentives plans encourages employees to achieve excellence within their duties in commercial bank					

#### Training and Development

No	Training and Development	1	2	3	4	5
1.	The commercial bank routinely conducts training programs to foster the skills of the workforce					



2.	The commercial bank has developed a clear training policy to ensure the right technical skills are reinforced within the workforce					
3.	The commercial bank has put in place mechanism to support professional development within the workforce					
4.	The commercial bank routinely conducts capacity building exercises to introduce the staff to emerging practices and technologies					
5.	The commercial bank regularly conducts team building exercises to cohesion within the various units of the commercial bank					

### Part C: Employee Performance

No	Employee Performance	1	2	3	4	5
1.	Employees within the commercial bank are able to meet preset goals in the execution of their duties					
2.	Employees within the commercial bank ensure there meet the quality standards in the service provision within the bank					
3.	Employees within the commercial bank undertake their job duties efficiently thus minimizing time wastage					
4.	Employees within the commercial bank are able to handle multiple tasks which enhances the quantity of work undertaken					
5.	Employees within the commercial bank are supportive of the organization goals and objectives which improves their productivity					

6.	Employees within the commercial bank possess the right competencies and skills that improve their execution of work duties.					
7.	Employees within the commercial bank are able to meet their set work deliverables					
8.	Employees within the commercial bank have been able to improve the quality and quantity of task completed in their job					
9.	Employees within the commercial bank work beyond their set job duties and responsibilities					
10.	Employees within the commercial bank have improved their collaboration and social networking with colleagues					
11.	Employees within the commercial bank maintain positive co-worker relations which lead to better productivity					

**Thank you for your participation**



## Appendix IV: University of Nairobi Authorization Letter



### UNIVERSITY OF NAIROBI COLLEGE OF HUMANITIES & SOCIAL SCIENCES SCHOOL OF BUSINESS

Telephone: 4184160-5 Ext 215  
Telegrams: "Varsity" Nairobi  
Telex: 22095 Varsity

P.O. Box 30197  
Nairobi, KENYA

30<sup>th</sup> June, 2021

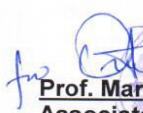
TO WHOM IT MAY CONCERN

**INTRODUCTORY LETTER FOR RESEARCH  
JOY GICHURU – REGISTRATION NO. D64/11888/2018**

The above named is a registered Master of Science in Human Resource student at the University of Nairobi, School of Business. She is conducting research on "*Effects of Institutional Factors on Performance of Employees of Commercial Banks in Kenya*".

The purpose of this letter is to kindly request you to assist and facilitate the student with necessary data which forms an integral part of the project. The information and data required is needed for academic purposes only and will be treated in **Strict-Confidence**.

Your assistance will be highly appreciated.

  
**Prof. Mary Kinoti**  
**Associate Dean, Graduate Business Studies**  
**School of Business**

MK/jmo

