THE EFFECTS OF HUMAN RESOURCE DEVELOPMENT ON EMPLOYEE ORGANIZATIONAL COMMITMENT IN COMMERCIAL BANK IN MOMBASA COUNTY, KENYA

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A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTERS OF BUSINESS ADMINISTRATION (MBA), SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

2014

DECLARATION

STUDENT'S DECLARATION

I declare that this is my original work and has not been presented in any other University or College for Examination or Academic purposes.

Signature: _____________________________ DATE _______________

STUDENT OKUMU PAMELA AKINYI

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SUPERVISORS DECLARATION

This project has been submitted for examination with my approval as the university supervisor.

Signature: _____________________________ DATE _______________

SUPERVISOR: MS FLORENCE MUINDI

LECTURER,

UNIVERSITY OF NAIROBI

DEDICATION

I dedicate this report to my beloved husband Aggrey Okumu Ngonga and my children Levine, Davine, Hillary, Bruce and victor.

ACKNOWLEDGEMENTS

It has been an exciting and instructive study period in the University of Nairobi and I feel privileged to have had the opportunity to carry out this study as a demonstration of knowledge gained during the period studying for my master's degree.

With these acknowledgments, it would be impossible not to remember those who in one way or another, directly or indirectly, have played a role in the realization of this research project. Let me, therefore, thank them all equally. First, I am indebted to the all-powerful GOD for all the blessings he showered on me and for being with me throughout the study.

I am deeply obliged to my supervisor for her exemplary guidance and support without whose help; this project would not have been a success. Finally, yet importantly, I take this opportunity to express my deep gratitude to my loving family, and friends who are a constant source of motivation and for their never ending support and encouragement during this project.

LIST OF ACRONYMS AND ABBREVIATION

H.R	Human Resource
H.R.D	Human Resource Development
CBK	Central Bank of Kenya

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ABSTRACT

According to walgenbach (2009), Human resource development involves a process of observation, planning, action and review to manage the cognitive capacities, capabilities and behaviors needed to enable and improve individual, team and organizational performance in work organizations. It has multiple dimensions, covering educational attainment, workforce skills, population health and the set of employment policies that provide businesses with workers with appropriate skills and the ability to adapt quickly to new challenges. The quality and adaptability of the labor force is a key driver in creating a favorable environment for both domestic and foreign enterprises to grow through new investment and to adapt quickly to changing circumstances. The objective of the research paper was to establish the effects of human resource development on employee organizational commitment in commercial bank in Kenya. This study adopted a cross section survey which involved observation of an entire population or a representative sample at one specific point in time. Since the study was a survey, the study used all commercial banks in the County. The study population comprised of 36 commercial banks within Mombasa County as per Central Bank of Kenya report of 2014.The study used primary data collected through the use of structured questionnaires. Completeness, reliability and consistency of the collected data was then checked through the analysis of reliability and internal consistency, corded and analyzed using descriptive statistics. The results from the study indicated that that the Human Resource Development practices conducted by the firms are more for intrinsic use within the banks rather than holistic development of the employee as a productive member of the society. This narrow approach as advanced for by the human capital theory is however over taken by time and new approaches need to be advanced or the present practices expanded to ensure that the human capital in the banks is developed not just as human capital within the business realms but as human beings who need to have other duties in the society. The study recommends that undertaken in a blend of industries to compare the findings between the studies in different industries such as to determine whether the findings are universal to all industries or specific to certain industries. An explorative study also needs to be conducted to determine all the factors that enhance employee organizational commitment since the study has found that Human Resource Development practices do not have a perfect correlation with employee organizational commitment to indicate that apart from Human Resource Development practices, there are still other factors that enhance employee organizational commitment.

CHAPTER ONE: INTRODUCTION

1.1Background of the Study

Since today's economic environment has placed increasing pressure on firms to accomplish more with limited resources most notably the human resource, rising from budgetary limitations put on wage bill budget as a recurrent expense in the face of constant inflations and recessions expressed globally, firms have realized that the most important strategies are those that increase worker productivity through human resource development, (Anantharaman 2003). Behavioral scientists have thus grappled with the issue of job enrichment for years. Moreover, it is evident that the success of any activity in a firm largely depends on the know-how of the personnel. All staff members should thus have the necessary skills, attitude and experience to efficiently and effectively carry out their tasks, which is ascertained through Human Resource Development which is a process of developing and unleashing expertise for the purpose of improving individual, team, work process, and organizational system performance. For this reason, significant amount of study and research has been conducted in this area, (Jones 2001).

Human capital theory shows the determinants of a firm’s willingness to invest in employee development by asserting that a firm would only be willing to invest in employee development where the skills imparted would be firm specifically applicable within the firm and no transferable to other firms within the industry, (Becker, 1964). As a result, the theory suggests that Human Resource Development is mostly targeted at organizational culture, organizational specified tasks, career planning and succession planning. The theory also shows that where the skills developed would be widely applicable to other firms as well, the organization and the individual share the responsibility of the Human Resource Development exercise especially where it comes to training and professional development, (Bartlett, 2001).

This process has had impacts on various aspects of the bank industry such as the human capital, performance and customer satisfaction as well as challenges such as lack of capital, regulatory policies, cultural and socio-economic factors which have posed high labor cost, slow business growth and delay in the implementation of restructuring, (Madivenga, 2002). The banking industry in Kenya is has very little differentiation in terms of technology and service range. The competitive edge in the industry is thus solely dependent on commitment of the employees as transfer of skills is very easy. As a result, the banking industry has heavily invested on organizational commitment through Human Resource development. It is for this reason that the industry will provide the context for the study.

1.1.1 Human Resource Development and Organizational Commitment

Human resource development involves a process of observation, planning, action and review to manage the cognitive capacities, capabilities and behaviors needed to enable and improve individual, team and organizational performance in work organizations, (Walgenbach, Kabst and Beck, 2009). It has multiple dimensions, covering educational attainment, workforce skills, population health and the set of employment policies that provide businesses with workers with appropriate skills and the ability to adapt quickly to new challenges.

Each of these areas is a key driver in creating a favorable environment for investment. Because Human Resource Development policies are all closely inter-related and must be consistent with a country's broader development and investment policies, they cannot be framed in isolation. Low human resource development needs to be tackled through a coherent and comprehensive strategy that takes full account of the policy linkages and a country's implementation capacity, (Jessica, 2002).

Besides, Human Resource Development policies concern the quality of the labor force and the regulation of the labor market. Quality in turn is a function of basic and higher education, training programs and the overall health of the population. The quality and adaptability of the labor force is a key driver in creating a favorable environment for both domestic and foreign enterprises to grow through new investment and to adapt quickly to changing circumstances. Their relative roles and the overall importance of Human Resource Development depend on individual country circumstances, particularly the economic structure, Walsh (2007).

Moreover, development was distinguished from education and training but also seen as a process and outcome associated with both. Development was about the change of the whole person, not just the academic or vocational pieces of knowledge or skill needed for work. Development occurred during a person's experience and growth throughout a career and lifespan. In the context of work and organizations, development was usually used to describe training for managers and professionals. Employees had to be trained; managers and professionals had to be developed. Development therefore signified superior and more elaborate learning. However, now that personal development is becoming an integral part of life for all employees, the concept of development is being applied more broadly to learning. HRD as a process is about more than the provision of training courses in workplaces.

The fruits of Human Resource Development are evident in the much publicized rapid development achieved over a short period of time by Singapore, Hong Kong, the Republic of Korea, Taiwan China, and earlier by Japan. The World Bank studies of East Asian development have identified the investment in human capital as one important factor accounting for the rapid development, enabling it to periodically upgrade labor skills and the economy. Government investments were mostly in primary and secondary education, with tertiary education being largely left in private hands, (Rahmah and Jacobs, 2012).

Employee organizational commitment is the sense of contentment employees experience at work. Satisfied employees add positive value to an organization. Satisfaction allows employees to work in a more pleasant manner which stimulates better performance (Tsai *et al*. 2007). It also refers to an employee's overall assessment of his or her work and work-related experiences, which is influenced by an individual's values, ideals and beliefs (Chan *et al*., 2004).

Employee organizational commitment refers to whether employees are happy and fulfilling their needs at work. Factors contributing to employee organizational commitment at work, according to her, are: treating employees with respect; providing regular employee recognition; empowering employees and offering above industry average benefits and compensation. Freeman (2003) says that the success of any organization is directly linked to the satisfaction of the employees who embody that company, (Susan, 2010).

Organizational commitment is thus an important motivator for employee performance and has been found to inversely relate to turnover (Mak & Sockel, 1999; Rust *et al*., 1996). On the other hand, offering talented employees training to keep them current on their job functions and allowing them to learn new skills can be utilized to improve employee organizational commitment within the organization (Rice *et al*., 1991). Evidence suggests training is more likely to have a positive effect on employee organizational commitment where employers develop, structured approaches to training that link skill formation to job tenure, career progression, recognition and reward (Heyes and Stuart, 1994).

1.1.2: Commercial Banks in Mombasa County

The banking industry in Kenya is one of the fastest growing industries given the profitability of the industry and the favorable legislative and technical environment of the industry players. The growth is more enhanced by the emergence of the micro finance institutions. This has put the number of commercial banks operating in the country currently at 43 and 36 in Mombasa County.

The congestion of the banking industry coupled with the high standardization of the services of the industry allowing minimal differentiation has seen the industry as a very competitive industry. In addition the major driver of change and key success factor of the industry is technology and human resource. This leaves human resource as the only competitive factor in the industry. Organizational commitment thus becomes paramount in the industry

It is on this background that the banking industry in Mombasa County has over the past made tremendous adjustments aimed at improving the industry. This should be noted in line with the fact that the banking sector plays a significant role in the growth of economies all over the world especially in Kenya, (Roe 2005). Based on this Human Resource Development incentives carried out by the commercial banks in the County, a study of the effects on the practices on employee organizational commitment would be best determined using this industry.

1.2 Research Problem

Human resource development has grown out of the realization that it is vital for the survival of any organization. This is particularly because the hastily implemented performance related pay and appraisal systems were not delivering the results that people were expecting from them (Armstrong 2000). This makes it primary to the success of any organization given the global competition and turbulence in the business arena. According to Armstrong and Baron (2004), the benefits of Human Resource Development are therefore manifold. It is on this note that Freeman (2003) clarifies that it is concerned with satisfying the needs and expectations of an organization's stakeholders - owners, management, employees, customers, suppliers and the general public. Robson *et al* (2005) conducted a study that suggested that organizations that implement "good practices" covering a range of managerial aspects, and who are achieving organizational results are likely to be closer to satisfying their staff. Practices relating to people, Human Resource Development and organizational results also show association with employee organizational commitment.

Besides, given that the banking industry has made tremendous adjustments aimed at improving the industry. Most of these adjustments are aimed at the human resource given the low differentiation of the products and high technological investments making the human resource the most viable for a competitive edge. This therefore means that employee organizational commitment is vital for the banks in addition to the fact that the banks heavily invest in their Human Resource Development practice. This is further proven by Mike (2005) who conducted a study that painted the banking industry as amongst the industries that need the highest level of employee organizational commitment.

It is however surprising that most of the studies conducted on the effect of human resource development practices on employee organizational commitment have been in other industries other than the banking industry. For instance, Yap *et al* (2010) also conducted a study on relationship between diversity training, organizational commitment and career satisfaction. The study used a regression analysis using responses from 11,000 managers in Canada. The study was also conducted for a period of two years from 2006 and 2007. The study found a high relationship between the Elements of Human Resource Development and employee organizational commitment. Jacobs *et al* (2012) also used a case study methodology in their study on developing employee expertise through Human Resource Development which found reward scheme to impact more on employee organizational commitment than any other variable. The case Study was conducted in Kuwait's national oil company.

Ssesanga and Garrett (2005) conducted a study on organizational commitment among university lecturers in Uganda and found out that on career planning was one of the factors leading to organizational commitment among the respondents. It is thus clear that the few studies done on the areas are mostly based in manufacturing industries and other blue collar employees. Calder and Douglas (1999) recommended in his study that a study should be done on the impact of Human Resource Development on the satisfaction of the white collar employees. Such a study was conducted by Madivenga, (2002) who conducted a survey on the relationship between Human Resource Development and satisfaction of lectures in Ugandan Universities. A number of studies also focused on specific aspects of human resource development such as on the job training (Bartlett, 2001), Career planning (Ssesanga and Garrett, 2005) and reward scheme (Jacobs *et al*, 2012). Due to the socio cultural and economical differences between Kenya and Uganda as well as the differences between education industry and banking industry, a study is thus needed to determine if the findings would be the same if a study is carried out on the banking Industry in Kenya. Given that human resource is more popular among Industries in Kenya a question thus remains what is the effect of Human Resource Development on employee organizational commitment within commercial banks in Mombasa County?

1.3 Research Objective

The objective of the study was to determine the effect of Human Resource Development on employee organizational commitment in commercial banks in Mombasa County.

1.4 Value of the Study

The study would be of importance to the managers of the commercial banks who from the findings of the study will change their HRD practices in line with the practices that was shown by the study to be of highest effect on the employee organizational commitment.

The study would also be important to CBK as the banks regulator and the mangers of the commercial banks who was able to derive policies more favorable to Human Resource Development practices in term of prioritizing HRD and aligning the HRD practices with desired objectives, one of which was attaining optimal employee organizational commitment.

The study would also be important to theory as it was of use to the future scholars and researchers who will get the much needed empirical evidence for their future studies as well as suggestions for future studies.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

An overview of the literature that is used in the study by detailing the theoretical, conceptual and contextual discussion before detailing the empirical foundation that was used to identify the research gap is given in this chapter.

2.2 Theoretical Review

There are several theoretical models that may explain why the wage premium in foreign-owned firms is acquired by workers over time through Human Resource Development. It may be human capital development is more productive in foreign firms because foreign firms have access to firm-specific assets that give them a technological advantage over domestic firms in the same industry (Walsh 2007). The study will however be anchored on social learning theory, Human capital theory, resource based theory, two factor theory, and equity theory.

2.2.1 Human Capital Theory

The proponent of this theory is Becker (1964). Human capital theory distinguishes between human capital development in general-usage and firm-specific skills. In his seminal work, Becker (1964) argues that employers will not be willing to invest in general training when labor markets are competitive. However, they are willing to invest in specific training because it cannot be transferred to outside firms. This is drawn from the assertion that while the returns to specific training can be realized only in an ongoing relationship with the training firm, general training increases the productivity of a worker in many firms besides those providing it. Becker's theory separately addresses these phenomena and draws two main conclusions. First, employers will share the returns and the cost of investments in firm-specific skills with their employees. Second, in a competitive labor market firms will not invest into general skills of their employees due to their inability to collect the returns from such investments.

The human capital theory represents an attempt to modify the basic neoclassical model of supply and demand in the labor market, which is based on wage levels and the relative benefits of work compared with non-work. It recognizes that differential education, training, and experience levels produce differential costs/earnings in many different labor markets. Wage levels are directly related to the profitability of the products in those markets and to the level of skills, which are developed through training and experience in order to produce those products

Katz and Ziderman (1990) however argue that the firm may be willing to invest in a worker's general skills if his level of training is unobserved by the market. This is supported by Acemoglu and Pischke (1998) who conducted a study model where the training firm obtains superior information on the worker's ability during the training period. The informational disadvantage of firms in the external labor market gives rise to adverse selection, i.e., the equilibrium market wage falls short of the marginal product of highly skilled workers. As a result, a training firm enjoys some monopoly power over its workers and is able to capture the return from general training.

A similar situation arises if general skills are only valuable in a small number of or if there are search costs associated with finding alternative employers motivate the prevalence of employer-financed general training by the existence of market frictions that compress the structure of wages in the sense that the outside wage falls short of the marginal product from general skills and this wedge increases in the level of training provided (Bartlett, 2001).

Kesseler (2002) modifies this theory there is a range of evidence indicating that firms voluntarily bear the cost of developing its staff, even if the acquired skills are largely general in nature. This is particularly apparent in countries with institutionalized apprenticeship systems. In Germany, for example, participants in the system engage in various aspects of human capital development such as part-time schooling and on-the-job training and receive upon completion a nation-wide accepted certificate that helps to make their skills marketable throughout the profession.

Investment in human capital occurs via formal training, modeling, career planning and succession planning. According to this theory, the most successful companies and the most successful countries was those that manage human capital in the most effective and efficient fashion by investing in their workers, encouraging workers to invest in themselves, providing a good learning environment including social capital as well as skills and training (Becker, 2002).

2.2.2 Resource-based Theory

The resource-based perspective is on the assumption that differences in physical, organizational and Human Resource between firms cause a fundamental heterogeneity in their productive potential. Given this heterogeneity, the long-term competitiveness of a company depends upon the resources that not only differentiate it from its competitors, but are also durable and difficult to imitate and substitute (Bartlett, 2001).

Maintaining a competitive advantage based on Human Resource requires a management that ascertains that these resources stay competitive, difficult to imitate and to substitute. For this reason, the approach stresses the need for a specific Human Resource Management strategy, which seeks to achieve competitive advantage by increasing commitment and competence of the workforce. This would require a set of internally consistent Human Resource Management practices, or, in other words, an internal fit of Human Resource Management practices. Obtaining internal fit is often associated with a best-practice approach to Human Resource Management Practices (Weekley, 2005).

The “best practices” or “high-commitment” theory of Human Resource Management suggests that universally, certain Human Resource Management practices are associated with improved organizational performance. For instance, well-paid, well-motivated workers, working in an atmosphere of mutuality and trust, should generate higher productivity gains and lower unit costs (Walsh 2007).

2.3 Effect of Human Resource Development on Employee organizational commitment

Essentially, Human Resource development is concerned with enhancing employee performance at work as well as providing them with organizational commitment. Employee performance at work is inter-dependent with employee organizational commitment in the sense that, when an employee performs well by meeting their goals, they derive satisfaction from this. This propels them to perform even much better. In addition, Training and development is related to the skills and attitudes deemed necessary by the management of an organization that must be acquired by the members of that organization, in order to improve the probability of achievement of its goals. Training offered to employees, may help them reduce their anxiety or frustration, brought on by work demands, that they are not familiar with, and they are lacking the skills to handle effectively (Chen *et al*., 2004).

Satisfied employees quite often display ownership of the organization in which they work. Peters & Austin (1986) argue that employees with a feeling of ownership with respect to either their organization or role are more likely to provide better levels of performance. Robson *et al* (2005) conducted a study that suggested that organizations that implement good practices covering a range of managerial aspects, and who are achieving organizational results are likely to be closer to satisfying their staff. Practices relating to people, performance management and organizational results also show association with employee organizational commitment.

Clark (2001) asserts that the basic common company cultural values embraced by big corporations and multinationals is a result of Human Resource Development which constantly aligns an individual to the organization making the individual part of the big corporate family and have a sense of belonging increasing the individual's satisfaction with the job and the firm. Furthermore, in an era of continuous change and increased environmental uncertainty and complexity, both management and employees understand their limited capacity to deal with future demands made on them. Studies show the emergence of two trends, increasingly troubling corporate management, the increasing age of the workforce and the fast-paced evolution of new technologies (Tai, 2006). According to Tai, researchers converge in their suggestions to businesses, that they increase their Human Resource

Development budgets, in order to remain competitive and maintain an adaptable and flexible workforce.

Moreover**,** the frequent use of on the job training rises from the favorable relationships between training costs and benefits, the possibility to train just in time and the expectation of positive transfer of what is learnt to the employee's place of work. Although there has been no direct link in the literature between training and organizational commitment, Rowden (2002) propose that training may be used as a tool to increase organizational commitment.

Rowden and Conine (2005), argue that trained employees wastter satisfy the needs of their customers. Tsai *et al*. (2007), found that employees committed to learning showed a higher level of organizational commitment with a positive effect on their performance. Organizational commitment has been defined as "pleasurable or positive emotional state resulting from an appraisal of one's job or job experiences. Following Rowden's thinking it would be safe to assume that, employees that perceive their training beneficial was more satisfied than those who get no training.

Employees feeling less than competent to do a task, are more likely to leave the field (Chen *et al*., 2004), or if they choose to stay, their productivity would be suboptimal (Kanelopoulos and Akrivos, 2006). The larger the gap between the skills required and those possessed by the employees, the greater the lack of organizational commitment of the employees and the turnover intentions. Rowden (2002) and Rowden and Conine (2005), propose that training may be used as a tool to increase organizational commitment. Rowden and Conine (2005), argues that trained employees wastter satisfy the needs of their customers. Tsai *et al*. (2007) found that employees committed to learning showed a higher level of organizational commitment with a positive effect on their performance. Organizational commitment has been defined as pleasurable or positive emotional state resulting from an appraisal of one's job or job experiences.

Following Rowden's thinking it would be safe to assume that, employees that perceive their training beneficial was more satisfied than those who get no training or training of no value. The above assertion leads to the hypothesis that on the job training increases organizational commitment (Bouris 2007). Bartlett (2001) found a positive relationship between workplace training and organizational commitment, Other researchers have come to similar conclusions and several have noted the importance of future research on workplace attitudes in relation to training. In his study of new employee training, Tannenbaum (1991) noted that training induced positive or negative impressions and attitudes which trainees carried with them into the workplace.

Klink and Streumer(2004) conducted two studies one in call centers and another in post offices that discovered that on the job training was only partially successful as it was inhibited by other environmental and intrinsic factors such as employee characteristics Tansky and Cohen (2001) noted that while considerable research has been conducted on organizational commitment, satisfaction, coaching, and employee development as individual or organizational outcomes, very little research has been done on the specific and quantified relationship between Human Resource Development and employee organizational commitment.

A study was by Choo and Bowley (2007) titled using training and development to affect organizational commitment. The study discovered that employee organizational commitment was more influenced by work environment, company values and job responsibilities than training. The study used 135 respondents and structured questionnaires with 16 items on evaluation of organization’s training and human resource development initiatives and 6 items on organizational commitment

Shoaib, Noor, Tirmizi and Bashir (2009), recognize that employee rewards are very important since they have lasting impression on the employee and continue to substantiate the employees’ perception of their value to the organizations they work with. Moreover, they contend that employees judge the quality of their job in the intrinsic satisfaction and the personal reward they earn from their work. Using intrinsic rewards to increase employee commitment and retention is achievable in all organizations.

Sutherland (2004), demonstrates that reward is the basic element which indicates how much employees gain by dedicating their time and effort towards the achievements of company objectives, therefore employers have the responsibility to designing an attractive reward package to attract and retain valuable employees. Shoaib *et al.* (2009), also attest that it is important for employers to know the value employees place in their reward systems and to formulate strategies that address equitable and adequate reward for their employees. When appropriate reward strategies are understood and embedded in the organization’s culture, productive employees remain (Shechtman, 2008).

A valued employee is more likely to stay in employment than an unvalued employee is. Sutherland (2004), argues that reward systems ought to be a significant sphere of innovation for employers. The increasing diversity of the workforce, she states, suggests the need for more creative approaches to tailoring the right rewards to the right people. She concluded that recognition and reward are part of a more comprehensive effort at keeping workers or adopting good workplace practices, which can contribute to increased retention. Recognition programs are an important component of an employee retention plan. The importance of these kinds of program is rooted in theories of positive reinforcement. By saying 'thank you' to employees for a job well done or a 'pat on a shoulder' to show appreciation, an organization is reinforcing ideal behavior and encouraging more of the actions that will make it successful.

The same argument is furthered by Bartlett (2001) who argues that well-focused individuals know the scope, expectations and depth of their jobs and was able to add building blocks to their professionalism as they progress through their careers. Noe *et al* (2000) defines succession planning as a process of identifying and preparing suitable high potential employees to replace key players within the organization as their terms expire. This is because a sudden vacancy can lead to confusion and loss of efficiency as the search for a replacement is conducted. The absence or loss of an employee could cause an inconvenience that could be avoided with some anticipation to serious succession development.

Adhikari (2006) asserts that succession planning is the biggest challenge the companies in India are facing. This view is shared by Baldwin (2005) who states that succession planning plays a major role in the companies' strategic planning. Succession planning is not only for CEOs but also for all key positions. It further illustrates the advantages and disadvantages associated with succession planning. The process of developing succession planning requires a long-term strategy for the company involving the key area that requires continuity and development and the key people that the organization wishes to develop.

Moreover, Weekley (2005) states that the HR professionals develop the succession planning with a mandate received from the CEO. However, the application of the process is not sure. To put the plan in the process, the organizations should follow a few techniques. That is the CEO must be an avid supporter and an active participant, the line management must own the process with HR playing a supportive role, gaps between the current and future skill requirements are to be identified, succession planning must be consistent with other programs, employees are to be held accountable for their own planning and should focus on the selection process, the planning process has to be reviewed quite often.

2.4: Empirical Review

A study by Choo and Bowley (2007) titled using training and development to affect organizational commitment. The study discovered that employee organizational commitment was more influenced by work environment, company values and job responsibilities than training. The study used 135 respondents and structured questionnaires with 16 items on evaluation of organization's training and human resource development initiatives and 6 items on organizational commitment

Yap *et al* (2010) also conducted a study on relationship between diversity training, organizational commitment and career satisfaction. The study used a regression analysis using responses from 11,000 managers in Canada. the study was also conducted for a period of two years from 2006 and 2007. The study found a high relationship between the Elements of Human Resource Development and employee organizational commitment

Jacobs *et al* (2012) used a case study methodology in their study on developing employee expertise through on the job training which found reward scheme to impact more on employee organizational commitment than any other variable. The case Study was conducted in Kuwait's national oil company. Ssesanga and Garrett (2005) also conducted a study on organizational commitment among university lecturers in Uganda and found out that on career planning was one of the factors leading to organizational commitment among the respondents.

2.5: Critical Review

Human Resource Development is best anchored on the Human capacity Theory which will serve as the foundation of the study though other theories such as social learning theory, resource based theory and equity theory was used to expound more on the variables. This will however be integrated with the assertions of the two factor theory so as to contextualize employee organizational commitment. The social learning theory however only focuses on observation and modeling as a means of Human Resource Development while practice shows that there are more methods used for development.

It should also be noted that most of the studies reviewed were regression studies apart from the correlation analysis conducted by Sahinidis and Bouris (2008). The study by Bouris

(2007) also only considered employee feelings without considering their characteristics. Another notable discussion point is the variation in the number of responses with Yap *et al* (2010) using 11,000 respondents while the other researchers using between 130 and 160 respondents.

Finally most of the reviewed studies were conducted in Europe mostly with a study in middle-east and the only study in Africa is by Ssesanga and Garrett (2005) which was conducted in Uganda. Given the differences in economic, social and political environments of the global scene, the study in Uganda would give the closest implications and resemblance to the current study to be conducted in Mombasa County, Kenya.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1: Introduction

The purpose of this chapter is to introduce the research strategy that is to be applied in the research project. It gives the research design, population, data collection method and data analysis techniques.

3.2 Research Design

This study adopted a cross section survey. Cross section survey involves observation of an entire population or a representative sample at one specific point in time. This is done to ensure that the findings of the study are not interfered with by time change. This method is advocated for by Kothari (2004). In addition most reviewed works have employed cross sectional studies as opposed to longitudinal studies.

3.3 Study Population

Since the study was a survey, the study used all commercial banks in the County. The study was majorly interested in the managers of the banks. The population of the study comprised of 36 commercial banks within Mombasa County as per Central Bank of Kenya report of 2014. This is the method used by the studies taking a survey design by targeting the entire population of the study group. This is advised for by Konthari (2004).

3.4 Data Collection

The study used primary data which was obtained using structured questionnaires seeking information from the managers of the banks. The questionnaire used was based on a five point likert scale for easier analysis. This design of questionnaire is preferred by Kothari

(2004) due to its objectivity and precision thus accuracy in analysis. The study used drop and pick method where the questionnaires were collected after three days for the bank managers. This was ideal due to schedules of the above set of respondents and centrality of their offices which made it easy to pick back the filled questionnaires as they left them at the customer care desk when they left.

3.5 Data Analysis

The collected data was first checked for completeness, reliability and consistency which was be done through analysis of internal reliability and internal consistency. The data was then coded and analyzed using descriptive statistics such as mean scores and standard deviations. This was followed by a regression and correlation analysis.

A regression and correlation analysis results in a regression and correlation coefficient (R), which is an indicator of the association between Human Resource Development and employee organizational commitment. Regression studies a range of -1.00 to +1.00 and correlation studies have values of 0.00 to +1.00. Values close to 0.00 indicate that the variables are unrelated. Negative values indicate that when one variable increases the other decreases while positive values show that the variables move in the same direction that is as one increases or decreases, the other does the same. The value gives the magnitude of the change such that 1 is perfect correlation where for every single change in X variable, the Y variable changes by the same quantity while 0.5 shows half correlation such that for every Y changes by half the quantity of the change in X.

CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND DISCUSSION

4.1 Introduction

This chapter gives the findings of the analysis that was conducted. It gives the response rate, the respondent demographics and the findings of study. Moreover, the chapter presents the analysis of the findings with regard to the objective of the research followed by the discussion of the findings.

4.2: Response Rate

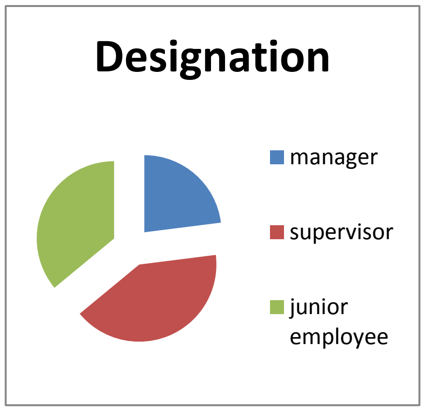
The researcher dispatched 36 questionnaires, one each to the 36 banks targeted by the study. However, the returned questionnaires were 34 as two banks never returned the questionnaires and during the sorting, one questionnaire was found to be incomplete and could not be used for the study. As a result the collected and completed questionnaires were 33 making 92% response rate. Since this is within the acceptable rate for a survey (Kothari, 2004), the data analysis was conducted.

4.3 Demographics Characterisitcs of Respondents

The responses from the questionnaires provided the following background information about the respondents. This was used to determine the suitability of the respondents for the study.

4.3.1 Designation of Respondents

Figure 4.: Designation of Respondnets



Source: researcher (2014)

Figure 4.1 shows that 23% of the respondents were at the managerial level, 41% of the respondents at supervisory level and 36 % of the respondents were junior employees. This shows that the study used 64% senior employees and 36 % junior employees to imply the respondents were suitable for the study.

4.3.2 Gender

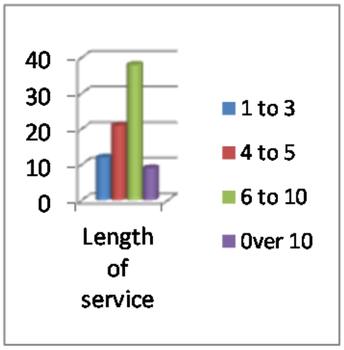
Figure 4.: Gender of Respondents

Source: researcher (2014)

Figure 4.2 indicates that the study used 54% males and 46% females. Since this coincides with the gender composition of the target population, the respondents were thus evenly spread along the gender lines to minimize possibilities of bias. The respondents were thus suitable for the study.

4.3.3 Length of Service of Respondents

Figure 4.: length of service of respondents

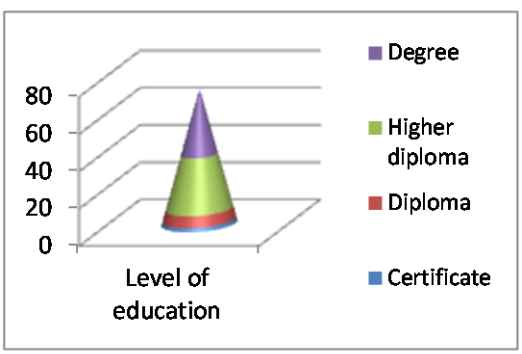


Source: researcher (2014)

Figure 4.3 shows that 49% of the respondents had served in the banks for 6 to 10 years, 23% of the respondents had served in the banks for 4 to 5 years while 16% of the respondents had taken 1 to 3 years in the banks and 12% of the respondents had taken above 10 years in the banks. This implies that the respondents had taken enough time in the banks to access the needed information thus were suitable for the study.

4.3.4 Level of Education of Respondents

Figure 4.: highest level of education



Source: researcher (2014)

Figure 4.4 indicates that 49% of the respondents had degree, 35% had higher diploma 11% had diploma and 5% had certificate. It is thus clear that the respondents had sufficient education to respond to the questionnaires making them suitable for the study.

4.4 Effect of HRD Practices on Employee Organizational Commitment

The objective of the study was to determine the effect of human resource development on employee organization commitment. The study thus had to first look into both human resource development and employee organizational commitment independently before doing a correlation analysis of the two variables. The HRD practices were analyzed further under the sections HRD policy, on the job training, succession planning, career development and reward management.

4.4.1 HRD Policy

Table 4.: HRD policy

Item	Mean	Standard deviation
Has a clear policy and guidelines for Human resource Development	4.65	0.48936
Has a stipulated Human Resource Development budget	4.8	0.410391
HRD Policy	4.725	0.449876

Source: researcher (2014)

Table 4.1 illustrates that respondents strongly agreed that the banks have clear policies and guidelines for human resource development (mean4.65, standard deviation 0.49) and that the banks have stipulated human resource development budgets (mean4.8, standard deviation 0.41). It thus implies that the banks have clear polices and guidelines for HRD as well as a stipulated HRD budget.

4.4.2 On the Job Training

Table 4.: On the Job Training

Item	Mean	Standard deviation
Conducts frequent workshops and seminars for members of staff	4.45	0.510418
Conducts demonstrations from time to time	4.45	0.510418
Give additional training to employees as need arise	4.55	0.510418
Conducts forums or promoting firm culture and practices	4.15	0.366348
On the job Training	4.4	0.4744

Source: researcher (2014)

As shown in table 4.2, the respondents strongly agreed that the banks give additional training to employees as need arise (mean4.55, standard deviation 0.51). The respondents also agreed that the banks conduct frequent workshops and seminars for members of staff (mean4.45, standard deviation 0.51), conduct demonstrations from time to time (mean4.45, standard deviation 0.51) and conduct forums for promoting firm culture and practices (mean4.15, standard deviation 0.367). This indicates that the banks give additional training to employees when need arise, conduct frequent workshops and seminars for members of staff, conduct demonstrations from time to time and conduct forums for promoting firm culture and practices.

4.4.3 Succession Planning

Table 4.: Succession Planning

Item	Mean	Standard deviation
Assigns new employees to more experienced ones for guidance	4.55	0.510418
Has a clearly defined succession schedule for employees	4.7	0.470162
Has a Clear cut succession planning	4.65	0.48936
Summary	4.6375	0.489825

Source: researcher (2014)

As shown in table 4.3, the respondents strongly agreed that the banks assign new employees to more experienced ones for guidance (mean4.55, standard deviation 0.51), have a clearly defined succession schedule for the employees (mean4.7, standard deviation 0.47) and have clear cut succession planning (mean4.65, standard deviation 0.49). the responses thus mean that the banks have a well defined succession plan seen by assigning new employees to more experienced ones for guidance, having clearly defined succession schedules as well as having clear cut succession planning.

4.4.4 Career Development

Table 4.: Career Development

Item	Mean	Standard deviation
Promotes career advancements for employees	4.6	0.502625
Constantly monitors skill and education progress of employees	4.55	0.510418
Conducts job rotation and information sharing among different sections	4.7	0.656947
Allows employees to generate and use new ideas	4.55	0.686333
Encourages innovation and invention	4.65	0.48936
Summary	4.641667	0.542679

Source: researcher (2014)

Table 4.4 illustrates that the respondents strongly agreed that the banks promote career advancement for employees (mean4.6, standard deviation 0.5), constantly monitor skill and education progress of the employees (mean4.55, standard deviation 0.51), conduct job rotation and information sharing across different sections (mean4.7, standard deviation 0.66), allow employees to generate and use new ideas (mean4.55, standard deviation 0.69) and encourage invention and innovation (mean4.65, standard deviation 0.49). the analysis thus show that the banks have well advanced career development by promoting career advancement of employees, constantly monitoring skill and education progress of employees, conducting job rotation and information sharing across different sections, allowing employees to generate and use new ideas and encouraging invention and innovation.

4.4.5 Reward Scheme

Table 4.: Reward Management

Item	Mean	Standard deviation
Has well established reward system	4.65	0.67082
Has a progressive reward system	4.7	0.470162
Has a clearly defined reward clusters	4.75	0.638666
Summary	4.7	0.593216

Source: researcher (2014)

Table 4.5 shows that the respondents strongly agreed that the banks have well established reward systems (mean4.65, standard deviation 0.671), have a progressive reward systems (mean4.7, standard deviation 0.47) and have clearly defined reward clusters(mean4.75, standard deviation 0.64). This indicates that the banks practice effective reward management by having established reward systems, progressive reward systems and clearly defined reward clusters.

4.5 Organizational commitment

Table 4.6: Organizational Commitment

Item	Mean	Standard deviation
Feel appreciated by the bank	4.35	0.48936
Have clear advancement potentials within the bank	4.7	0.571241
Feel we are working in the best institution within the industry	4.35	0.587143
Have no desire to seek employment elsewhere	3.25	0.910465
Work in a conducive and friendly environment	4.25	0.444262
Corporate with the management of the bank willingly	4.15	0.366348
Agree with the policies of the bank on human capital management	4.15	0.48936
Organizational commitment	4.171429	0.551168

Source: researcher (2014)

Table 4.6 gives the analysis of the questionnaire items testing on employee organizational commitment. The table shows that the respondents strongly agreed that the employees felt that they had clear advancement potential win the banks they worked for (mean4.7, standard deviation 0.57). The respondents also agreed that the employees felt appreciated by the banks (mean4.35, standard deviation 0.49), felt that they were working in the best institutions in the industry (mean4.35, standard deviation 0.59), felt they were working in conducive and friendly environment (mean4.25, standard deviation 0.44), corporate with the management of the banks they were working in willingly (mean4.15, standard deviation 0.37) and agreed with the policies of the banks on human resource development (mean4.15, standard deviation 0.49). The respondents were however neutral on whether the employees had no desire to seek employment elsewhere (mean 3.25, standard deviation 0.91). This indicates that the employees of the bank are committed to their organization shown in their feeling that they had clear advancement potential within the banks they worked in, they were appreciated by the banks, they were working in the best institutions in the industry, were working in conducive and friendly environments, corporate with the management of the banks willingly and agreed with the policies of the banks on human resource development. There is however seen to be some possibilities of the employees seeking employment elsewhere to indicate the organizational commitment is not at 100%.

4.6 Correlation

Table 4.7: Correlation

Item	**Multiple R**	**R square**	**Adjusted R square**	**Standard error**	**Significance**
Career Development	0.954	0.963	0.957	0.018	0.035
On The Job Training	0.931	0.927	0.922	0.027	0.01
HRD policy	0.734	0.723	0.718	0.046	0.019
Reward Scheme	0.605	0.693	0.691	0.052	0.016
Succession Planning	0.593	0.585	0.572	0.043	0.027
HRD practices	0.7634	0.7782	0.772	0.0372	0.0214

Source: researcher (2014)

The two variables, HRD practices and organizational commitment were further subjected to a regression analysis to give both magnitude and direction of the relationship as shown in table 4.7 the table shows that the regression analysis resulted into high regression coefficients between career development (regression coefficient 0.963), on the job training (regression coefficient 0.927), HRD policy (regression coefficient 0.723), reward scheme (regression coefficient 0.693) and succession planning (regression coefficient 0.585) with employee organizational commitment in that order.

4.7 Discussion of Findings

The study shows that the banks are more oriented to the human capital theory model of human resource development as proposed by Becker (1994) where the banks are more concerned only with developing aspects of the human resource that are of specific use to the firm and not very easily transferable to other firms within the same industry. This seem to be the reason why the banks have clear polices and guidelines for HRD as well as a stipulated HRD budget to imply the banks have well functional HRD policies which are shown by Jacobs *et al* (2012) to be restricted to developing skills to be used within the banks.

The banks also give additional training to employees when need arise, conduct frequent workshops and seminars for members of staff, conduct demonstrations from time to time and conduct forums for promoting firm culture and practices. According to Tai (2006), these HRD practices are aimed at aligning the employees to the organization and exposing them to the day to day operational skills as well as attitudes and skills only applicable within the confines of the institution. Rowden and Conine (2005) also argue that this is the reason why promotion of firm culture and practices is a major focus of this HRD exercise.

Moreover, the banks have a well-defined succession plan seen by assigning new employees to more experienced ones for guidance, having clearly defined succession schedules as well as having clear cut succession planning which Adhikari (2006) explains is aimed at making employees feel part and parcel of the organization and making them have a feeling that they have potentials or advancement in the organizations they are working in order to heighten their organizational commitment. The well advanced career development practiced by the banks by promoting career advancement of employees, constantly monitoring skill and education progress of employees, conducting job rotation and information sharing across different sections, allowing employees to generate and use new ideas and encouraging invention and innovation is also entailed in previous studies. This is advanced by Shechtman (2008) who argues that the career development employed by the banks is also limited to specific career lines such as It, Risk Management, Credit management and other banking related careers so as to develop a versatile workforce able to perform any of the given banking tasks effectively. As Baldwin (2005) advocated, the banks practice effective reward management by having established reward systems, progressive reward systems and clearly defined reward clusters

The effect of these HRD practices as depicted in studies such as Chen *et al*., 2004 and Choo & Bowley (2007). This is seen in the study as it shows that the employees of the bank are committed to their organization shown in their feeling that they had clear advancement potential within the banks they worked in, they were appreciated by the banks, they were working in the best institutions in the industry, were working in conducive and friendly environments, corporate with the management of the banks willingly and agreed with the policies of the banks on human resource development. There is however seen to be some possibilities of the employees seeking employment elsewhere to indicate the organizational commitment is not at 100%.

In accordance to Bashir *et al* (2009), the correlation analysis showed high correlation of career development, on the job training, HRD policy, reward scheme and succession planning. This was further confirmed by the regression analysis, even though not done in any of the preceding studies, which also showed high coefficients of career development, on the job training, HRD policy, reward scheme and succession planning with employee organizational commitment

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECCOMENDATIONS

5.1 Introduction

The chapter gives the summary of the findings, conclusion and the recommendations for theory and practice as well as recommendations for further research.

5.2 Summary of Findings

The analysis showed that the respondents used occupied the targeted designations for the study, were evenly spread along the gender lines, had taken enough time in the banks to access the needed information and had sufficient education to respond to the questionnaires and thus were valid for the study

The analysis showed that the banks have clear polices and guidelines for HRD as well as a stipulated HRD budget to imply the banks have well functional HRD policies. The banks also give additional training to employees when need arise, conduct frequent workshops and seminars for members of staff, conduct demonstrations from time to time and conduct forums for promoting firm culture and practices.

Moreover, the banks have a well-defined succession plan seen by assigning new employees to more experienced ones for guidance, having clearly defined succession schedules as well as having clear cut succession planning. The analysis also shows that the banks have well advanced career development by promoting career advancement of employees, constantly monitoring skill and education progress of employees, conducting job rotation and information sharing across different sections, allowing employees to generate and use new ideas and encouraging invention and innovation.

The banks practice effective reward management by having established reward systems, progressive reward systems and clearly defined reward clusters.This can thus be summarized to mean that the banks have very efficient HRD policy, reward scheme, career development and succession planning. It also shows that the banks have efficient on the job training

The analysis further indicates that the employees of the bank are committed to their organization shown in their feeling that they had clear advancement potential within the banks they worked in, they were appreciated by the banks, they were working in the best institutions in the industry, were working in conducive and friendly environments, corporate with the management of the banks willingly and agreed with the policies of the banks on human resource development. There is however seen to be some possibilities of the employees seeking employment elsewhere to indicate the organizational commitment is not at 100%.

The correlation analysis showed high correlation of career development, on the job training, HRD policy, reward scheme and succession planning. This was further confirmed by the regression analysis which also showed high coefficients of career development, on the job training, HRD policy, reward scheme and succession planning with employee organizational commitment

5.3 Conclusion

The study shows that the HRD practices conducted by the firms are more for intrinsic use within the banks rather than holistic development of the employee as a productive member of the society. This narrow approach as advanced for by the human capital theory is however over taken by time and new approaches need to be advanced or the present practices expanded to ensure that the human capital in the banks is developed not just as human capital within the business realms but as human beings who need to have other duties in the society.

5.4 Recommendations

The banks are recommended to review their HRD policy such as to shift entirely their priorities thus prioritize HRD practices such as Career development and on the job training which have high correlation to Employee organizational commitment as opposed to Reward scheme which has a fairly low correlation to employee organizational commitment as compared to the two. The banks are also further supposed to review their HRD practices to equip employees with more universally acceptable skills and attitudes that they may not only apply in other organizations in the same industry but other industries as well as their life after retirement.

5.5 Recommendations for further study

A similar study would be needed to be undertaken in a blend of industries o compare the findings between the study in different industries such as to determine whether the findings are universal to all industries or specific to certain industries

An explorative study also needs to be conducted to determine all the factors that enhance employee organizational commitment. This is from the fact that the study has found that HRD practices do not have a perfect correlation with employee organizational commitment to indicate that apart from HRD practices, there are still other factors that enhance employee organizational commitment.

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APPENDICES

Appendix 1 Questionnaire

INTRODUCTION

This questionnaire is to be used for a study to determine the impact of Human Resource Development on employee organizational commitment in commercial banks in Mombasa County. The respondents to this questionnaire have been selected randomly and the responses given was treated with utmost confidentiality. Do not write your name anywhere n the questionnaire.

Part A: GENERAL BACKGROUND (Tick where appropriate).

1. Name of bank :…………………………………………………
2. Branch ……………………………………………………...
3. Designation ………………………………………………….
4. Gender: Male ☐ Female ☐
5. Age: 29 years and below ☐ 30-39 years ☐

   40-49 years ☐ over 50 years ☐
6. How long have you served in your organization?

   1-3 years ☐ 4-5 years ☐ 6-10 years ☐ over 10 years ☐
7. Which of the following qualifications do you have?

   A. Certificate ☐ B. Diploma ☐ C. Higher Diploma ☐ D. Degree ☐

PART B: Human Resource Development

Tick as appropriate

My bank …..

No	Item	1	2	3	4	5
		Strongly disagree	**Disagree**	**Neither agree nor disagree**	**Agree**	**Strongly agree**
	Has clear policy and guidelines for Human Resource Development					
	Has a stipulated Human Resource Development budget					
1	Conducts frequent workshops and seminars for members of staff					
	Conducts demonstrations from time to time					
	Give additional training to employees as need arise					
	Conducts forums or promoting firm culture and practices					
4	Assigns new employees to more experienced employees for guidance					
	Has a clearly defined succession					

	schedule for employees					
	Has a Clear cut succession planning					
5	Promotes career advancements for employees					
6	Constantly monitors skill and education progress of employees					
7	Conducts job rotation and information sharing among different sections					
8	Allows employees to generate and use new ideas					
13	Encourages innovation and invention					
15	Has well established reward system					
16	Has a progressive reward system					
17	Has a clearly defined reward clusters					

PART C: Employee organizational commitment

Tick as appropriate

I and my colleagues

No	**Item**	**1**	**2**	**3**	**4**	**5**
1		**Strongly disagree**	**Disagree**	**Neither agree nor disagree**	**Agree**	**Strongly agree**
2	Feel appreciated by the bank					
3	Have clear advancement potentials within the bank					
4	Feel we are working in the best institution within the industry					
5	Have no desire to seek employment elsewhere					
6	Work in a conducive and friendly environment					
7	Corporate with the management of the					

	bank willingly					
8	Agree with the policies of the bank on human capital management					

Appendix 2 List of commercial Banks with branches in Mombasa County

1) Citi Bank N.A.
2) Commercial Bank of Africa Ltd.
3) Bank of Africa Kenya Ltd.
4) Charterhouse Bank
5) Chase Bank (Kenya) Ltd
6) Bank of Baroda
7) Bank of India
8) Barclays Bank of Kenya ltd.
9) Consolidated Bank of Kenya
10) Co-operative Bank
11) Diamond Trust Bank
12) Dubai Bank of Kenya Ltd
13) Ecobank Kenya Ltd.
14) Equatorial Commercial bank Ltd
15) Equity Bank
16) Family Bank
17) Fidelity Commercial bank
18) Fina Bank
19) First American Bank of Kenya Ltd.
20) First Community Bank
21) Giro Bank Ltd
22) Guardian Bank

23) Gulf African Bank Ltd

24) Habib Bank A.G.

25) Imperial Bank Ltd.

26) Investments and mortgages

27) Kenya Commercial bank Ltd.

28) K-Rep bank

29) Middle east bank (K) Ltd.

30) National bank of Kenya

31) NIC Bank

32) Prime bank Ltd.

33) Southern Credit Corp

34) Stanbic Bank Kenya Ltd

35) Standard Chartered Bank

36) Trans-National Bank

Source: Central Bank database 2013