HUMAN RESOURCE MANAGEMENT PRACTICES AND PERFORMANCE OF SELECTED COMMERCIAL BANKS IN KISII COUNTY, KENYA

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ABSTRACT

Human resource management concerns the human side of the management of enterprises and employees’ relations with their firms. Its purpose is to ensure that the employees of a company are used in such a way that the employer obtains the greatest possible benefit from the abilities and the employees obtain both material and psychological rewards from their work. The performance of employees in an organization is fundamental to the organizational performance and achievement of that firm’s strategic goals. This study sought to establish the influence of human resource management practices on the performance of commercial banks in Kisii County, Kenya. It was based on the following specific objectives; to establish the effect of reward system, compensation, work-life balance and employee working conditions on performance of commercial banks in Kisii County, Kenya. The study was based on three theories which include; resource-based theory, human capital theory and Maslow’s hierarchy of needs theory. A descriptive research design was employed to analyse the findings. The target population of the study was 351 human resource department employees across the 17 commercial banks in Kisii, Kenya. The study used a sample of 105 respondents who were selected through purposive random sampling. Collected was analyzed using descriptive and inferential statistics then presented using charts, percentages, frequencies and tables. The study found out that coefficient of correlation R was 0.864 an indication of strong correlation between the objectives and coefficient of adjusted determinant R2 was 0.722 an indication that changes in dependent variable was explained by changes in independent variables. The study concludes that reward system influenced bank performance. The bank reviewed the salary structure of employees and the job grade or group progression was based on merit to foster performance. Commercial banks offered bank offer incentives to respondents such as bonuses and special packages to motivate employees. Employee compensation positively influenced bank performance since the bank offered additional responsibilities that come with additional benefits and pay to the staffs. Work life balance positively influenced bank performance. The study concludes that the bank had team building activities to promote bonding among the staffs, had an active guidance and counselling department. On working conditions, the study further concludes that the bank had issued a job description which clearly outlined staff duties. The study recommends that commercial banks ought to offer incentives to staffs for increased motivation by offering bonuses and special packages. The bank ought to have a higher rate of compensation compared to competitors and have a formal employee merit review process policy on employees to stimulate performance. The bank ought to have a clear salary scale for every employees, remunerate competitively and offer promotions that come with improved salaries to staffs. The bank ought to give employees incentives to encourage them to perform much better and have competitive allowances for additional work.
The Bank ought to have team building activities to promote bonding among the staffs. The bank ought to adopt active guidance and counseling department and rehabilitated its employees who are addicts of drugs or alcohol. Employee diversity ought to be adopted by the bank. Commercial bank ought to promote inclusivity and have a HIV policy. Employees ought to fit in the Bank’s job design. The bank ought to issue a job description which should clearly outline staff duties. Most employees ought to be willing to work longer for their bank and employees fill motivated. The job design adopted by the bank ought to fit employees job description and job design ought to be relevant with the Bank’s objectives.

**Key Words:** human resource management practices, performance, commercial banks, Kisii County, Kenya

**INTRODUCTION**

Human resources are considered the most important asset of an organization, but very few organizations are able to fully harness its potential. Lado and Wilson (2014) define a human resource system as a set of distinct but interacted at attracting, developing, and maintaining a firm’s human resources. Human resource practices are essentially plans and programmes that address and solve fundamental issues related to the management of human resources in an organization (Lapointh, 2013). Their focus is on alignment of the organization’s HR practices, policies and programmes with corporate and strategic business unit plans (Mckeown, 2009).

The performance of employees in an organization is fundamental to the organizational performance and achievement of that firm’s strategic goals. In the same breadth, human resource is asserted to be the most important asset of any organization (Shafi, 2011). In this respect, strategic human resource management practices (HRMP) become a major and crucial pillar to employee performance. Indeed, quite often, employee performance is assessed in the same discourse as job performance. On this premise understanding the genesis of the link between the two sets of themes (strategic HRMP and organizational performance) becomes paramount.

Human Resource Management (HRM) has made a transition from a state of insignificance to one of strategic importance academically and business wise (Schuler et al. 1993; Teagarden and Von Glinow 1997). As firms are entering into a more dynamic world of international business and as the globalization of world markets continues apace, comparative human resource management issues appear to be gaining momentum. Both practitioners and academics in the field of human resource management are increasingly aware of the need to examine and understand the human resource management systems suitable to different sectors of the economy. They are interested in finding relevant human resource management policies and practices for different types of organizations, for example, public/private sector, manufacturing/service sector. Human resource management practices are central to improve the quality of services offered by organizations.
Pfeffer (1994) indicated that having good human resource management is likely to generate much loyalty, commitment or willingness to expend extra effort for the organizations’ objectives. Moreover, Stone (1998) remarks that human resource management is either part of the problem or part of the solution in gaining the productive contribution of people. The above quotes suggest that organizations need to effectively manage their human resources if they are to get maximum contribution of their employees and in turn return on their investment.

In economic downturns, all employees are expected to be high performers and focused on what matters most. As organizations try to execute business strategies, focus employees on work that matters hold people accountable, pay for performance and measure the return on their intangible assets, human resource management practices continue to be revisited and revamped. Without doubt, human resource management is one of the company functions that have experienced significant changes over the last few decades. Since the beginning of the 1980s, a vast literature has been developed calling for a more strategic role for human resources (Guest1987; Armstrong, 1991). The increasing interest in human resources is due to the assumption that employees and the way they are managed is critical to the success of organization and can be a source of sustainable competitive advantage (Lado and Wilson 1994; Wright et al.1994).

The growing importance attached to HRM as a pre-requisite for business survival has fuelled studies into different fields namely International HRM, Comparative HRM, Micro HRM and Strategic HRM, which covers a vast array of styles and features of the concept. However, some writers, Guest (1987) regard HRM as a cosmetic measure in the sense that an organization having a Human Resource department does not necessarily guarantee a change in the management of their people as an asset which the concept prescribes. This issue, which is worth assessing in totality through the exploration and description of the HRM concept in practice and their influence on performance, forms the bases for this study. Moreover, although literature in the field of human resource management is abundant, most focuses upon developed economies to the neglect of developing economies. As most developed countries are collaborating with developing countries in business developments there is the need to adopt a new dimension to the study of HRM. Studies need to factor in the perspective of other economies, especially those in Africa since others in Asia and Latin America have been given ample attention.

Over recent years there has been an increasing interest in the field of human resource Management. Currently, the literature encourages the consideration of human resource as strategic factors, not only because they play important role in strategy implementation, also because they are beginning to be reckoned as sources of sustainable competitive advantage. Relationships between human resource management and productivity have been studied from different perspectives. Organizations in general face continuous challenges ranging from heightened national consciousness, employment and labour law requirements not to mention the need to ensure maximum utilization of their resources to their own advantage, a necessity for organizational survival. Since both indigenous and foreign companies operate in the same
competitive and volatile environment in Kenya both are bound to readjust their management practices to boost their performance. The current disposition of HRM is largely associated with the drastic expansion of businesses globally, technological innovations and fierce competition that characterizes the environment in which businesses operate today and the Kenyan business environment is no exception to this global development. Kenya has recently developed into one of the fastest growing economies on the African continent and is gradually developing into the financial hub of East Africa. It is therefore a step in the right direction to view HRM practices in the Kenyan competitive commercial banking sector and how they impact organizational performance. This study is attempts to investigate the influence of Human Resource Practices on performance of the Commercial Bank in Kenya.

Huselid (1995) used several human resource management practices in his study which are: personnel selection, performance appraisal, incentive compensation, job design, grievance procedures, information sharing, attitude assessment, labour management participation, recruitment efforts, employee training and promotion criteria. His study, “The Impact of Human Resource Management Practices on turnover, productivity and corporate financial performance”, the study comprehensively evaluated the links between the systems of High Performance Work Practices and firm performance. Results based on a national sample of nearly one thousand firms indicated that these practices have an economically and statistically significant impact on both intermediate employee outcomes (turnover and productivity) and short and long term measure of corporate financial performance. Support for the prediction that the impact of high performance work practices on firm performance is in part contingent on their interrelationships and links with competitive strategy was limited. Tuitoek (2008) studied performance appraisal among media houses and found that performance appraisals are used to enhance performance and career progression. Kibo (2006) conducted a study of management perception of performance contracting in state corporations. Oresi (2005) studied on employees’ performance management practices for the court registry staff.

**Human Resource Management Practices**

Human resource management concerns the human side of the management of enterprises and employees’ relations with their firms. Its purpose is to ensure that the employees of a company are used in such a way that the employer obtains the greatest possible benefit from the abilities and the employees obtain both material and psychological rewards from their work (Graham& Bennett 1998). Human resource management is sometimes referred to as a "soft" management skill, effective practice within an organization which requires a strategic focus to ensure that people resources facilitate the achievement of organizational goals.

HRM is a specialist function of management which has the prime responsibility for the following: formulating, proposing and gaining acceptance for the personnel policies and strategies of the organization; advising and guiding the organization’s managers on the
implementation of personnel policies and strategies; providing personnel services for the organization to facilitate the recruitment, motivation and development of sufficient and suitable employees at all levels; advising the organization’s managers of the human consequences of change. There are several elements that constitute HRM. They include: human resource planning, recruitment and selection, performance management, reward systems, training & development, career planning and employee relations (Cole 2004).

Performance of Commercial Banks in Kenya

Banking institutions are intermediaries that provide the payment services and financial products that enable households and firms to participate in the broader economy. By offering vehicles for investment of savings, extension of credit and risk management thus they enhance development. A bank can be defined as a company, which carries on, or purposes to carry on banking business (Kenyan Banking Act, 1995).

The banking industry in Kenya is governed by the Companies Act, the Banking Act, the CBK Act and various prudential guidelines issued by the CBK. The Banking Act (2004) defines a bank as a company which carries on or proposes to carry on banking business in Kenya and includes Co-operative Bank of Kenya but does not include the Central Bank of Kenya. As per the listing of the Central Bank of Kenya, there were 42 licenced commercial banks in Kenya, (CBK 2015). All these commercial banks are based in Nairobi with branches in other parts of the country and outside the country. Most of them are categorized as small to medium sized locally owned. The industry is however dominated by large banks most of which are foreign owned though some are partially locally owned.

Kenya has a long history of commercial banks, with the predecessors of the three major commercial banks set up before 1920s. By independence in 1963, Kenya had 10 commercial banks with the “big three” – National and Grindlays Bank, Barclays Bank and Standard Bank. Three banks were established by 1970 namely; The Co-operative Bank of Kenya, National Bank of Kenya (NBK) and Kenya Commercial Bank (KCB). The latter took over National and Grindlays Bank to become the biggest bank in the country. By the early 1970s, the structure of the commercial banks in Kenya had been transformed with two public - KCB and NBK accounting for 35% of paid and assigned capital and Barclays Bank and Standard Bank accounting for 22% each. The Kenya commercial banking system continued to grow in the 1970s and 80s so that by the onset of financial reforms in the mid-1980s, the number of licensed commercial banks had doubled to 24 with about 15 foreign-owned, 3 state banks and 6 locally-owned private banks.

Although the newly developing capital markets are able to compete with the banking sector in Kenya, banks are still dominant in the financial system, just as in other sub-Saharan Africa’s financial system. The dominance of commercial banks in the sub-Saharan financial system can
be explained by Leland and Pyle’s (1977) theory on the existence of banks. They view financial markets as being characterized by imperfect information so that banks become insiders into firm’s investment decision. In this way banks’ willingness to lend to a firm gives investors (depositors) information about the quality of the firm. Thus, by granting loans to the firm, banks demonstrate their commitment to the portfolio and signal the value of the underlying assets. This accords with Diamond (1991) result that relatively new borrowers without established reputation have the most to gain from bank monitoring and hence choose bank loans instead of equity to finance investment. Most bankers have the objective of attaining increased productivity and thus utilizing resources including human resource in an efficient and effective manner is primary prerequisite to reaching their goal of successful banking.

Commercial Banks in Kisii County, Kenya

Kisii County is one of the 47 counties in Kenya whose headquarter is Kisii Town. This is a bustling town and a home to several businesses, organizations, educational institutions and government agencies. The town continues to serve the neighboring counties like Kisumu, Homabay, Migori, Narok and Nyamira since it is central and highly population. The population of Kisii town is currently at 200,000. It is the second most populous town in Nyanza after Kisumu. Kisii town is the eighth most populous town in Kenya according to KNBS Statistics.

The County is served by 17 major banks namely: Barclays Bank, Kenya Commercial Bank, Cooperative Bank, Equity Bank, Bank of Africa, Standard Chartered, CFC Stanbic, Diamond Trust Bank, Eco- Bank, National Bank, Chase Bank and I&M Bank, Sidian Bank, Family bank, Credit Bank, Post Bank and Kenya Women Microfinance Bank. The county has also a few MFIs which include Wakenya Pamoja SACCO Society Limited, Kenya Achievers SACCO, Mwalimu SACCO and Vision Point SACCO. It is however worth noting that all the institutions are concentrated in Kisii Town. The MFI however have spread their wings to remote areas giving the banks competition for the unbanked population.

STATEMENT OF THE PROBLEM

Literature abounds with models purporting to explain how HRM practices impact on employee behavior and performance and hence affect bottom-line organizational objective (Guest 1997; Paauwe, 2004). Schuler (1994) asserts that effective firms in highly competitive environments in the future would have world-class HRM departments. World-class HRM departments are heavily involved in linking HRM practices to the strategic goals of the business. Relationships between human resource management practices and performance has been studied from different perspectives which emphasize the important role played by the human component in the competitiveness and response capacity of organizations, and this is reflected in numerous publications and research studies that have appeared in recent years (Barney 1991; Barney and Wright 1998; Wright et al., 1994). According to this view, human capital is proposed as one of
the key resources on which companies build their competitive advantage. Hansen–Thompson (2007), on “HRM Practices in the Ghanaian banking sector”, highlights in her findings that organizations are likely to adopt more strategic HRM practices in the face of intense competition, the study also advocates for more further studies to be carried out on HRM practices in Ghana and Africa as a whole to serve as a framework for potential investors seeking to do business in Africa. Central Bank of Kenya’s 2011 listing indicates that there are 43 licensed commercial banks in Kenya, (CBK 2011). These banks are categorized as small, medium and large depending on their kind of operations. They operate in a competitive market and rely heavily on their human capital to deliver their intended services to their clients. Kenyan banks offer the following services to account holders at their specified branches; cheque facility, trade services, phone banking facility, internet banking facility, credit card, debit/ATM card, mobile banking and Real Time Gross Settlement (RTGS). All these services are facilitated by the human capital in the banks. In prior studies done in Kenya on related topics, Njagi (2003) in his study on Performance Principles in the Banking Sector stated that firms need to embrace performance management principles as part and parcel of their systems due to competition in the global economy. Amimo (2003) cited little knowledge about performance management in the Kenya situation and insisted on the need for studies to be done in this area. Korir (2006) cited positive impact of performance contracting in the state corporations. Omolo (2009) studied on Practice of the Learning Organization and its Relationship to financial performance among Kenyan Commercial Banks found out that there is indeed a relationship between the practice of learning organization and organizational performance. It was found that there is an inverse relationship between these two variables. Oimbo (2009) studied on Competitive Positioning and financial performance of commercial banks in Kenya found that competitive positioning only mildly affects performance of commercial banks in Kenya meaning that there are other factors which influence performance which were outside the scope of his study. The financial/banking sector is human capital intensive since it relies heavily on its human resource capital to offer services to its clients. This implies that the human capital plays a critical role in order for the banks to meet their goals and thus it is important to explore and study the HRM practices which impact on the human capital and banks’ performance. Whereas studies have been done on topics relating to performance and HRM practices, a few studies have been done to establish the influence of HRM practices on performance of commercial banks in Kenya. Therefore, the current study aims to test empirically the influence of human resource management practices on the performance of commercial banks in Kenya.

**GENERAL OBJECTIVE**

The general objective of the study was to establish the effects of human resource management practices on the performance of commercial banks in Kisii County, Kenya.
SPECIFIC OBJECTIVES

1. To establish the effect of reward management on performance of commercial banks in Kisii County, Kenya
2. To analyse the relationship between employee compensation and the performance of commercial banks in Kisii County, Kenya
3. To assess the effect of work-life balance on performance of commercial banks in Kisii County, Kenya
4. To find out how working conditions influence the performance of commercial banks in Kisii County, Kenya

THEORETICAL REVIEW

Resource-Based Theory

Porter’s (1985) observes that the resource-based theory has been an important step in human resource management, since it has provided a new point of view to explain a firm’s success. According to the focus on resources, a firm’s success is due to joint resources and capabilities which an enterprise owns and makes it different from its competitors. Among such resources and capabilities are the human resources and the crucial attributes of knowledge, skill, Knowhow and talent. These resources and capabilities may constitute a source of competitive advantage. From this point of view, the HRM practices in an organization are geared towards strengthening those significant capabilities and knowledge.

Wright and McMahan (2001) observe that if resources are strategic for the firm, it implies that they are scarce, valuable, specific or difficult to transfer. This is possible if the firm implements HRM practices such as recruitment of essential employees, compensating them conveniently, training them to do a better job or to develop new capabilities and motivate them through incentives. Consequently, the HRM practices are likely to affect the competitive advantage. This idea has been discussed by several authors. Wright and McMahan (2001) showed the relation between strategy, HRM practices and human resource capital pool. Mueller (2003) commented on the strategic utilization of human resources.

In this way, the resource-based view of the firm is giving a new perspective to human resource management. The firm creates and implements new measures in areas such as recruitment and selection, training and career development, compensation among others. On training and career development, an enterprise would usually train its employees in order to increase productivity. For this reason, an enterprise would only train employees in those abilities and skills that are crucial to making tasks better and faster (Grant, 2014). On compensation, the focus is compensating individual performance and the value created by an employee.
The resource-based theory made it possible to mark the importance of human resources for an enterprise because it was able to create competitive advantages. Consequently, human resource management is developing and implementing HRM practices which motivate employees, increase their abilities and develop new capabilities.

**Need Hierarchy Theory**

The behavior of an individual at a particular moment is usually determined by his strongest need. Psychologists claim that needs have a certain priority. As the more basic needs are satisfied, an individual seeks to satisfy the higher efforts to satisfy the higher needs. Abraham Maslow, a famous social scientist has given a framework that helps to explain the strength of certain needs.

Organization benefits can play a large role on employee satisfaction and performance. Some organizations offer bonuses or extra benefits to certain employees who make the effort to improve their performance. This is however possible when an effective reward system is in place (Shili, 2008). This can include tuition performance or allocations to attend specialized conferences. These sorts of ancillary benefits can stimulate an employee to take on new opportunities to improve themselves and as a result, improve their performance on their current positions. It can also set their career paths in a better direction for future growth and promotion (McNamara, 2015). The method an organization chooses for performance reviews and evaluations can have the biggest effect on employee performance. Organizations that fail to review their employee performance or recognize a job well done may soon find disgruntled employees. Furthermore, organizations that stringently monitor employee work without providing them with opportunity to provide feedback may also resort in non-motivated employees (Cardy & Selvarajan, 2014).

The performance reviews to keep employees motivated and performing well include periodic, regular and honest objective feedback (Collins & Cooper, 2005). However, the organization should also have some mechanisms in place for employees to give feedback about ways the organization could also improve itself and make itself a better place to work. Allowing open communication in both directions would keep the employees more satisfied with their performance review and happier with their compensation levels in relation to their work. The moment employees acquire higher skills, they would always strive to agitate for higher perks within the organizational hierarchy (Storey, 2014). When competition becomes stiff among organizations, there is need for them to forecast future human resource requirements in terms of relevant skills in order to gain a competitive edge (Robbins & Judge, 2009).

**Human Capital Theory**

Recent challenges such as globalization, a knowledge based economy and technological evolution have promoted many countries and organizations to seek new ways to maintain
competitive advantage (Allan et.al, 2008). In response, the prevailing sense is that the success depends in large part on the people with higher levels of individual competence. At the end, people are becoming valuable assets and can be recognized within a framework of human capital. Thus, this is the reason why organizations invest a lot on their employees through training and development programs and appropriate reward systems. Broadly, the concept of human capital is semantically the mixture of human and capital.

In the economic perspective, the capital refers to factors of production used to create goods or services that are not themselves significantly consumed in the production process (Boldizzom, 2008). In research institutes, effective HRM practices should, therefore, be put in place in order to improve employee effectiveness. HRM practices are viewed as interventions that can improve employee performance. Torrington (2008) explains that human capital signifies the combined intelligence and experience of staff as a source of competitive edge that cannot be initiated by rivals. He specifically indicates that effective HRM practices are an organization’s source of competitive edge. The theory has, therefore, cross cutting significance in HRM practices such as recruitment and selection, training and development, human resource planning among others that are meant to help employees achieve their goals.

Along with the meaning of capital in the economic perspective, the human is the subject to take charge of all economic activities such as production, consumption and transaction. Human productivity should thus be improved through effective HRM practices (Rastogi, 2009). It can also be recognized that human capital means one of the production elements which can generate added values through effective HRM practices. The method to create human capital can be categorized into two types. The first is to utilize human as labour force in the classical economic perspective (Schuler, 2007). This implies that economic added value is generated by the input of labour force as other production factors such as financial, land, machinery and labour hours.

Throughout the investment of human capital, an individual’s acquired knowledge and skills can easily transfer to certain goods and services (Ronner, 2005). Considering that accumulation of knowledge and skills through effective HRM practices take charge of important role for that of human capital, there is a widespread belief that learning is the core factor to increase human capital. This implies that learning is an important component to obtain such knowledge and skills through effective HRM practices (Sleezer et.al, 2006). Currently, it is acceptable that the conceptual foundation of one’s human capital is based on something like knowledge and skills acquired through effective HRM practices. Assuming that knowledge can broadly include other factors of human capital such as skills, experience and competency, human capital and knowledge therefore, has a broad implication that organizations should invest in their employees through effective HRM practices.
EMPIRICAL REVIEW

Reward System and Performance

Reward systems practices have become popular in order to align reward systems with the important changes that are occurring in the way organizations are designed and managed (Lawler et al., 2012). One of important attributes of work organization is the ability to give reward to their members. Pay, promotions, fringe benefits, and status symbols are perhaps the most important rewards. Because these rewards are important, the ways they are distributed have a profound effect on the quality of work life as well as on the effectiveness of organization. Organization typically rely to do four things namely; Motivate employees to perform effectively, motivate employee to join the organization, motivate employee to come to work, and Motivate individuals by indicating their position in the organization structure.

There are several principles for setting up an effective reward system in an organization; Give value to reward system, employees must have preference for the type of rewards being offered, many employees prefer cash reward and plaques. Some employees like to see their name in company newsletter, others like the public recognition surrounding award ceremony, make the reward system simple to understand, and elaborate procedures for evaluating performance, filling out forms, and review by several levels of management lead to conclusion.

The system must be easy to understand if it is to be used effectively. Lay down performance standards with the control of the team. Make the reward system fair and effective. Ensure participation in the reward system. Involve people in the reward process and empower them to do the needful. Most organizations use different types of rewards. Examples of recognitions and rewards include money, plaques, trophies, certificates citations, public recognition, official prerequisites, special assignments, parties or celebrations or other meaningful celebrations. The most common are wages or salary, incentive systems, benefits and prerequisites, and awards. For majority of people, the most important rewards for work is the pay they receive. For one thing an effectively planned and administered pay system can improve motivation and performance. Money may not actually motivate people. Surprisingly, there is no clear evidence that increased earning would necessarily lead to higher performance (Cho et al., 2006).

A great deal of research has been done on what determines whether an individual would be satisfied with the rewards he or she receives from a situation. The following five conclusions can be reached about what determines satisfactions with rewards; Satisfaction with reward is a function of both how much is received and how much the individual feels should be received. When individuals receive less than they feel they should receive, they are dissatisfied. When they receive more that they should, they tend to feel guilty and uncomfortable. People’s feelings of satisfaction are influenced by comparisons with what happens to others. These comparisons are
made both inside and outside the organizations they work in and are made similar people. Individuals tends to rate their inputs higher than others.

In addition to the obvious extrinsic rewards individuals receive, they also may experience internal feelings that are rewarding to them. These include feelings of competence, achievement, personal growth, and self-esteem. The overall job satisfaction of most people is determined both by how they feel about their intrinsic rewards. People differ widely in the rewards they desire and how much important the different rewards are to them. One group feels money is most important, while other group feels interesting work and job content is. Both groups, of course, are able to find examples to support their point of view. Many extrinsic rewards are important and satisfying only because they lead to other rewards, or because of their symbolic value (David et al, 2012).

Reward systems are of different types namely; incentive and Rewards; Organization financial incentive are designed to provide direct motivation – do this and you would get that. Financial rewards provide a tangible form of recognition and can therefore serve as indirect motivators, as long as people expect that further achievement would produce worthwhile results. Financial incentives aim to motivate people to achieve their objectives, improve their performance on enhance their competence or skills by focusing on specific targets and priorities. Financial rewards provide financial recognition to employees for their achievement in the shape of attaining or exceeding their performance targets or reaching the level of competence skill.

Competency related Pay may be defined as method of rewarding people wholly or partly by reference to the level of competence they demonstrate in carrying out their roles. Also, people may be rewarded with reference to their level of competence. Skill Based Pay links pay to the level of skills used in the job and, sometimes, the acquisition and application of additional skills by the person carrying out the job or competency. In competence related pay scheme, the behaviors and attributes of an individual has to use to perform a role effectively are assessed in addition to pure skill. Organizations evaluate the potential cost of skill-based pay as well as its benefits rigorously before its introduction (David et al, 2012).

Team based rewards are payments or other forms of non-financial rewards provided to members of a formally established team which are linked to the performance of that team. Team based rewards are shared amongst members of the teams in accordance with a scheme or ad hoc basis for exceptional achievement. Rewards for individuals may also be influenced by assessments of their contribution to team results. To develop and manage team-based rewards it is necessary to understand the nature of teams and how they function. Profit sharing is better known, older and more widely practice which is associated with participative management theories. Profit sharing is a group-based organization plan. The fundamental objectives of profit sharing are; to encourage employees to identify themselves more closely with the organization by developing a common concern for its progress, to stimulate a greater interest among employees in the affairs
of the organization as a whole, and to encourage better co-operation between management and employees.

Merit Pays are the most widely used for paying performance. Merit pay system typically gives salary increases to individuals based on their supervisor’s appraisal of their performance. The purpose of merit pay is to improve motivation and to retain the best performers by establishing a clear performance reward relationship. Employee benefits are elements of remuneration given in addition to the various forms of cash pay. The organization provides a quantifiable value for individual employees which maybe deferred or contingent like a pension scheme, insurance cover or sick pay, and also it includes elements that are not strictly remuneration, such as annual holydays. Benefits in general do not exist in isolation. They are a part of comprehensive compensation package offered by the organization.

The objectives of employee benefits are; get increase the commitment of employees to the organization, to demonstrate that the organization cares for the needs of its employees and to meet the personal security and personal needs of the employees. Also, to ensure, that the benefits are cost-effective in terms of commitment, and improvement in retention rate. Benefits represent a large share of total compensation and therefore, have a great potential to influence the employee, unit, and organizational outcome variables. The empirical literature indicates that benefits do indeed have effect on employee attitude, retention, and perhaps job choice. Statutory and Voluntary Benefits are given to the employees by the organization regardless of whether it wants to or not for example, social security benefits, insurance, provident fund. Voluntary benefits as provided by organization are vacations, holydays, special leave, sick leave, health insurance, educational assistance, and employee discounts (Anderson, 2006).

Financial reward systems are designed to provide direct motivation, do this and you will get that. Financial rewards provide a tangible form of recognition and can therefore serve as indirect motivators, as long as people expect that further achievement will produce worthwhile results. It aims to motivate people to achieve their objectives, improve their performance on enhance their competence or skills by focusing on specific targets and priorities. Financial rewards provide financial recognition to employees for their achievement in the shape of attaining or exceeding their performance targets or reaching the level of competence skill. Achievement bonus, team based lump sum payment are examples of financial rewards. A shop-floor payment-by-result scheme or sales representative’s commissions are examples of financial incentive.

**Employee Compensation and Performance**

Compensation is output and the benefit that employee receive in the form of pay, wage and also same rewards like monetary exchange for the employee’s to increases the performance (Holt,1993). Compensation is the segment of transition between the employee and the owner that the outcomes employee contract. As the prospective of employee pay is the necessary of life.
The payment receives from work done on the behalf of people getting the employment. From the employee prospective one of the most important part of cash flow. Compensation is mostly equal to half of cash flow of the companies. But in the service sector it is more than half.

It is the major to attract the employee and motivate employee to increases the performance (Ivanceikh and Glueck, 1989). It is argument that mostly individuals that getting higher education they are not satisfied their jobs and their turnover is more than so that organizations are overcome to that problem design the compensation plain to retain the employees as well plays more to attract, retain and motivate to give man power. Different universities objectives take their benefits and compensation packages to attract as possible (HRM Process BPR term report June,2009) mostly employees believe their abilities that knows that if they perform well pay can be increasing.

In other words, you can say that compensation and rewards effect the employee decision making to stay their organizations and also accepted the responsibility (Bratian & Gold, 1995). The value employee training as a compensation and benefits packages has increases the performance human resource outcomes normally increases the performance, satisfaction and productivity also stay there and attracting. The perception of employee about the organization benefits policy. If pay is tied to employee performance good quality and quantity of work done (Ivancevch and Glueck, 1989). Organization pay directly influences to employee voluntary turnover employee compare to their pay available in other organization (Henman and Schwab, et.al.1987). People stay or leave the company more reasons they satisfied with their job promotional opportunity and work environment (Mitchall & Holton et.al., 1993).

This paper designed to assessing to evaluate the employee perception towards compensation and benefits policy associate problems to selected government higher education because the compaction strategy is same as well study of this paper focus on perception of employee towards compensation and pay rewards as well.

There are many factors of pay (Millvier & Newman, 2005) research perform that may be form of individually and may be form of multiple performance pay plan different qualities can consider the efficient of degree to perform merit pay to performance, bonus long incentives first of all merit pay is form of reward and individual function of their individuals performance and rating (Heneman & Warner, 2005) the pay plan is most common by employee performance appraisal (Chani 1998) meant by pay has been frequently use in the organization.

Performance related pay directly impact the workers performance creating the output through pay and workers has more able to give pay structure according to the performance some results for their expected tree sampling allocated to price fixed rate (Sheer, 2004). The role of employee performance linking to bounces to improve the productivity Bandied re et al (2007). The relation of pay and performance is dirtily linking worker has a fixed pay in a period of time and give incentive for their good performance give the pay for shorter term incentive give the power job shorter oriented.
The performance related pay is one kind or another is most OECD member countries mostly senior managers and new mangers or employee. The performance policies in the reference of economics and some other problems faced OECD countries in the mid-1970. It can improve the individual motivation improve the performance of the employee in this context performance related pay refer to system linking the performance it based on the organizational accountably measure individual outputs individual output of the organizations performance pay can be manage value of potential references.

Reward can generate as important role for employee performance. A good employee feel that value of the company is working for the also enhance the batter work they are well-being. Taken seriousness by their employee and their career self-assessment also taking care by their commonalty employee are the big part of organization like engine of the organization which else and fund the reward knows organization scan attain any objective with its employee (Akerale, 1991) also blame the productivity of the workers on several factors provide adequate failure compensation for hard work (Mark and ford 2001) Mention the real success of organization from employee from employee willingness to use their creativity and among how the employee increases the positive employee inputs and rewards practices in place. The importance of motivating employees cannot enough in organizations context motivated employee highly productive more efficiency providing and willing to performing taking in the organizations (Hurtreatal, 1990; Entwested, 1987) in views that if the employee performance efficiently more than ten leaders to organizations rewards as a result of employee performance.

The highly motivated employee build advantages for their company and leads the organizations of its objectives (Rizal & Ali, 2010). According to (Hasiban, 2003) that job satisfaction effects the level of employee performance which means that satisfaction derived from therefore declaration of employee so good. so that if job satisfaction is mean moral decline and support of the organization objective (Hasbuan, 2003). According to Brown and Johson (2008) arguments that have five factors that have increases job satisfaction position ranks age financial guarantee and influence job satisfaction consist on psychology factor and social factor. A pay is the key determination but experience rewards is study indicate more complex and difficult. Another study impact of pay menagerie level that may be tailed to satisfy the key motivational rewards for effective performance.

Reward is the most important element to eliminate employee for paying their best efforts to generate the innovation and the new ideas in cress the company performance financial and none financial relationship of the manager supervisor reward power positivity linked with employee performance more productivity, satisfaction and turnover and organization citizenship behavior (Dewhurst et al, 2010).
Work-Life Balance and Performance

Work-life balance in its broadest sense is defined as a satisfactory level of involvement or fit between the multiple roles in a person’s life (Hudson, 2005; Jenkins, 2008). In other words, it is a harmonious or satisfying arrangement between an individual’s work obligations and his/her personal life (Amarakoon & Wickramasinghe, 2010). According to an Australian research study by McMillan (2008), work-life balance is a key concern for the 21st century employees due to the increasing complexity of modern life. In the current work place, employees face greater workload, increasing time pressure and growing obstacles in satisfying both job and personal demands (Sabatini, Fraone, Hartmann & McNally, 2008). At work the demand for efficiency leads to more tasks, which have to be fulfilled in a shorter period of time. Corporate globalization has resulted in an increasing number of business trips for the employees, leading to longer periods of absenteeism from their families or personal lives (Stock-Homburg & Bauer, 2007). Satisfying the often-conflicting demands of work and family life is one of the biggest challenges for modern employees (Lingard, Francis & Turner, 2012). Research by Salt, (2008) reveals that there are a growing percentage of employees who are overstrained from reconciling the work domain with the family domain, resulting in an increasing number of sick days which are due to psychological diseases.

In response to the above challenges, most employers are committed to helping their staff achieve some level of work-life balance as they believe that it will assist with staff morale and engagement (Convergence International, 2008). Several studies reveal that to enhance work-life balance, organizations have turned to policies such as flextime, on-site childcare (Rothbard, 2001 cited in Simard, 2011); flexibility in working conditions, family-friendly policies, support for gender equality and expanded labour rights (Convergence International, 2008). Work-life balance has been found to have a number of positive outcomes. There is evidence that work-life balance is related to higher levels of organizational commitment (Baral & Bhargava, 2010). An empirical study of 3,000 Australians showed that work-life balance is the number one factor of job attraction and retention (even above salary) (Convergence International, 2008). The benefits of work-life balance, which include employee engagement, have seen employers investing in workplace culture and policies that enhance work-life balance (Jawaharrani, 2011).

It is important for managers to cultivate employee engagement given that disengagement or alienation leads to lack of commitment and motivation (Varizani, 2007). Employee engagement means being positively present during the performance of work by willingly contributing intellectual effort, experiencing positive emotions and meaningful connections to others (Alfes et al, 2010). Engagement is composed of three dimensions which include intellectual engagement (thinking hard about the job and how to do it better), affective engagement (feeling positively about doing a good job) and social engagement (actively taking opportunities to discuss work related improvements with others at work) (Khan, 1990). Engagement therefore has intellectual, emotional and behavioral dimensions.
A study on employee engagement on Sri Lankan employees by Amarakoon & Wickramasinghe (2010) found that work-life balance has a positive influence on employee engagement. They argue that a proper balance between work and life demands is an antecedent for employee engagement since work-life factors such as caring about employees, placing employees interests first and flexibility are predictors of engagement. Therefore, within Work-to-Family (WFE), the instrumental path proposes that resources built up in one role foster high performance in the other role (Erdem & Karkose, 2008). The affective path indicates that resources accumulated in one role result in positive affect in that role, ultimately promoting high performance and positive affect in the other role (Baral & Bhargava, 2011).

Other studies have revealed a number of positive outcomes associated with work-life balance (Rothausen, 1994; Frone, Yardely & Markel, 1997; Lambert, 2000; Konrad & Mangal, 2000). There is evidence that work-life balance is related to higher levels of organizational commitment (Jusoh, Ahmed & Omar, 2012). Siu et al. (2010) argue that a state of role which features both high performance and positive affect should be the best factor in predicting work-family enrichment. Judging from the affect perspective, Siu et al. (2010) argue that people who are highly engaged are also highly involved, deeply engrossed and enthusiastic about their work.

**Working Conditions and Performance**

The sensitive of banks to financial risks and panics is a factor that separates banks from other financial institutions. The tail risk on bank returns is affected by the size of the bank, implicit government guarantees, and other factors like the credit default risk (CDS) that indicates bank default risk (Ristolainen, 2016). Banks operate by receiving deposits with short-term interest rates and lending with long-term interest rates. The difference between the short-term and long-term interest rates is the interest spread earned by the bank. The risk of prepayment, control variables and the returns on industrial portfolios affect the valuation of bank stocks.

The impact of prepayment risk can influence the decisions of investors and that of bank executives. Banks traded in the NASDAQ market are relatively more mean-variance efficient compared to the other industry stocks. Mostly, they are medium and small-sized commercial banks that are active in mortgage lending. Mortgage loans come with the risk of prepayment on top of the normal default and maturity risks faced by commercial banks (Irresberger, Mühlnickel, & Weiß, 2015).

The coefficient for loan/deposit ratio indicates that the ‘loaned up’ position is not significant when regressed on loan rates. On a similar theme, Hancock (1985) shows that the change in banks’ profitability generated by changes in loan rates is greater than the change generated by deposit rates. It is shown that the effect of spread changes is asymmetric and the increase in profit due to changes in loan rates is greater than changes due to deposit rates, indicating larger profit elasticity with respect to loans rather than deposits. These findings led to the suggestion for
separate inclusion of loan and deposit rates instead of a single spread measurement in estimating the bank’s profit equation. The preceding discussion indicates the importance of understanding the behavior of banks’ interest rate spread as open market rates change. The net impact on bank profitability can be examined by studying the behavior of interest rate spread and its components with respect to variations in market interest rates. Various analyses have been performed investigating this topic in advanced economies, especially in the United States, but studies on smaller economies are negligible.

Any organization that wishes to succeed in achieving it aims and objectives has to maintain a good working condition so as to achieve its goals. This is so because the intrinsic and extrinsic factors the intrinsic factor is the incentives attached to one’s job that is what influences the secretary within the job, and this include achievement, recognition, the work itself, responsibility promotion and possibility for personal growth, while extrinsic are the environmental condition attached to one’s work element that contribute or motivated the secretary e.g. interpersonal relationship with colleagues and subordinates.

Management itself realizes that there are certain fundamental needs that must be satisfied it secretary’s due to function at their best, workers look for organization, firms, companies and institutions that offer jobs that provides satisfaction and sense of accomplishment it is in view of this background that the researchers intends to carry out this research work with the view of making employees improve their working condition as to get the best out of their employees.

**RESEARCH METHODOLOGY**

**Research Design**

This study adopted a descriptive research design. Descriptive design is suitable in gathering data whose intention is to describe the nature of the existing condition. It attempted to describe characteristics of subjects, opinions, attitudes, preferences and perceptions of persons of interest to the researcher (Orodho 2005). Descriptive research design was suitable for this study because it is usually the best methods for collecting information that demonstrated relationships. In this study the researcher sought to establish the effects of human resource management practices on performance of commercial banks in Kisii County, Kenya.

**Target Population**

The target population was 42 commercial banks regulated and registered by the Central Bank of Kenya. According to Ngechu (2004), target population in statistics is the specific population from which information is desired. Management staff in the human resource management among the banks was prioritized in developing the respondents for the population who total to 351 for all the 42 banks. The staffs were categorized into three levels; top, middle and low-level management employees in the HR department.
Sampling Design

The researcher employed purposive stratified random sampling technique to select the sample for the population. According to Mugenda and Mugenda (2003), a sample of 25-30% can be significant to draw conclusions and recommendation for a given target population. A total number of 42 commercial banks were examined in this study using purposive stratified random sampling technique at 30% of the total population which formed a sample of 105 respondents with all HR managers being inclusive and all other human resource management department employees randomly picked from every strata.

Data Collection Instruments and Procedures

The study used questionnaires to collect data. The questionnaires were closed–ended. The research instruments tested with First Community Bank Limited for suitability of the data collection tools. Any feedback from the respondent was incorporated into the tools before actual data collection. Secondary data was obtained from the human resource and administration departments. The qualitative data (non-numerical data) was collected from the open-ended questions. The quantitative data was collected using the closed questions where the responses were scored on a numerical scale.

Data Analysis and Presentation

All questionnaires from the respondents were scrutinized to check for any inadequate or out rightly irrelevant responses. A Statistical Package for the Social Science (SPSS) was used to analyze quantitative data for means, standard deviation, inferential and regression analysis. A regression model was applied for independent and dependent variables as follows:

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e \]

Where: \( Y \) = Performance of commercial banks; \( X_1 \) = Reward system; \( X_2 \) = Compensation; \( X_3 \) = Work-life balance; \( X_4 \) = Working conditions; \( \beta_0 \) = Constant; \( \beta_1, \beta_2 \) and \( \beta_3 \) – Coefficients; \( e \) – Error term

Qualitative data was analyzed through content analysis. The analyzed data was then presented using graphical and table representations.

RESEARCH RESULTS

The main objective of the study was to the effects of human resource management practices on the performance of commercial banks in Kisii County, Kenya. The study was guided by the following specific objectives; how does the reward system affect performance of commercial banks in Kisii County, Kenya? What is the effect of employee compensation on the performance
of commercial banks in Kisii County, Kenya? How does work-life balance affect the performance of commercial banks in Kisii County, Kenya? What is the relationship between employee working conditions and performance of commercial banks in Kisii County, Kenya?

The study adopted descriptive statistics to establish the effects of human resource management practices on the performance of commercial banks. The target population of the study comprised of management staff in the human resource management among the banks will be prioritized in developing the respondents for the population who total to 351 for all the 42 banks. The staffs were categorized into three levels; top, middle and low-level management employees in the HR department. The study relied on primary data which was collected by use of structured questionnaires. Collected data was coded into SPSS Version 23.0 for analysis and interpretations. The study found out that coefficient of correlation R was 0.864 an indication of strong correlation between the objectives and coefficient of adjusted determinant R² was 0.722 an indication that changes in dependent variable was explained by changes in independent variables.

**Reward Systems**

The study pointed out that reward system positively influenced bank performance. Commercial banks offered bank offers incentives to respondents such as bonuses and special packages to motivate employees. The Bank generally had a higher rate of compensation compared to competitors, the commercial banks in Kisii had a formal employee merit review process and had a policy on leaves for employees to stimulate performance. The study further pointed out that banks reviewed the salary structure of employees and the job grade or group progression was based on merit to foster performance.

**Employee Compensation**

The study found out that employee compensation positively influenced bank performance. This was due to the following; the bank appreciated experience and professional qualifications with better pay, the bank had a clear salary scale for every employees, the bank remunerated competitively and the bank offered promotions that came with improved salaries to staffs. The bank gave employees incentives to encourage them to perform, had competitive allowances for additional work done and the bank offered additional responsibilities that come with additional benefits and pay to the staffs.

**Work-Life Balance**

The study established that work life balance positively influenced bank performance. This was associated to employee socialization encouragement, employee development support through mentorship and employee diversity adoption by the bank. The Bank had team building activities
to promote bonding among the staffs, had an active guidance and counseling department and rehabilitated its employees who were addicts of drugs or alcohol. The study further established that the Bank promoted inclusivity and had an HIV policy.

**Working Conditions**

The study established that working conditions positively influenced bank performance. The bank regularly updated the job design of the respondents, employees were well recognized, promoted and rewarded on merit and employees fitted in the Bank’s job design. The bank had issued a job description which clearly outlined staff duties. Most employees were willing to work longer for their bank and employees felt motivated working with their bank. The job design adopted by the bank fitted employees job description and job design was relevant with the Bank’s objectives.

**INFERENTIAL STATISTICS**

The study carried out an inferential statistic to establish the effect of human resource management practices on the performance of commercial banks in Kisii County, Kenya. The finding of Model Summary, ANOVA and Regression Coefficients. The findings of coefficient of correlation R and coefficient of adjusted determinant R2 are shown in Table 1.

**Table 1: Inferential Statistics**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.864a</td>
<td>.746</td>
<td>.722</td>
<td>1.78519</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Working Conditions, Reward System, Employee Compensation, Work Life Balance

The findings in Table 1 show that coefficient of correlation R was 0.864 an indication of strong correlation between the objectives. The findings also show that coefficient of adjusted determinant R2 was 0.722 which changes to 72.2% an indication that changes in dependent variable (bank performance) was explained by changes in independent variables (working conditions, reward system, employee compensation and work life balance). The residual of 27.8% can be explained by other factors beyond the scope of the current study.

**Table 2: ANOVA**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>703.920</td>
<td>4</td>
<td>175.98</td>
<td>55.219</td>
<td>.001b</td>
</tr>
<tr>
<td>Residual</td>
<td>239.018</td>
<td>75</td>
<td>3.187</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>942.938</td>
<td>79</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Bank Performance
b. Predictors: (Constant), Working Conditions, Reward System, Employee Compensation, Work Life Balance
The researcher conducted a regression analysis at 95% significance level. The researcher did the comparison of F Calculated and F Critical to establish whether the overall regression model was significant. The findings are shown in Table 2. The findings established that F Calculated was 55.219 and F Critical was 2.49 an indication that F Calculated > F Critical (55.219 > 2.49), therefore, this show that the overall regression model was significant in carrying out the study. The findings also show that the p value was 0.001 which is less than 0.05 a presentation that at least one variable significantly influenced bank performance. In order to determine the individuals variable influence on bank performance, a regression coefficient was carried out and a resultant equation was fitted. The findings are shown in Table 3.

<table>
<thead>
<tr>
<th>Table 3: Regression Coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Model</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
</tr>
<tr>
<td>Reward System</td>
</tr>
<tr>
<td>Employee Compensation</td>
</tr>
<tr>
<td>Work Life Balance</td>
</tr>
<tr>
<td>Working Conditions</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Bank Performance

\[ Y = 15.759 + 0.974X_1 + 1.305X_2 + 2.542X_3 + 2.2X_4 \]

Where: \( Y \) = Performance of commercial banks, \( X_1 \) = Reward system, \( X_2 \) = Compensation, \( X_3 \) = Work-life balance and \( X_4 \) = Working conditions

The findings in Table 3 show that holding all the variables constant, bank performance would be at 15.759. A unit increase in reward system when all other variables were held constant, bank performance would be at 0.974. A unit increase in employee compensation while all other variables were hold constant, bank performance would be at 1.305. A unit increase in work life balance holding all the other variables constant, bank performance would be at 2.542. A unit increase in working conditions while other factors were held constant, bank performance would be at 2.2.

The study established that the p value of reward system was 0.00 which is less than 0.05 an indication that the variable had a significant influence on bank performance. This is supported by Lawler et al, (2012) who stated that reward systems practices have become popular in order to align reward systems with the important changes that are occurring in the way organizations are designed and managed Lawler et al, (2012).
The p value of employee compensation was 0.007 which is less than 0.05 an indication that employee compensation had a positive significant influence on employee performance. Compensation is output and the benefit that employee receive in the form of pay, wage and also same rewards like monetary exchange for the employee’s to increases the performance (Holt, 1993). It is the major to attract the employee and motivate employee to increases the performance (Ivanceikh and Glueck, 1989).

Reward is the most important element to eliminate employee for paying their best efforts to generate the innovation and the new ideas in cress the company performance financial and none financial relationship of the manager supervisor reward power positivity linked with employee performance more productivity, satisfaction and turnover and organization citizenship behavior (Dewhurst et al, 2010).

Work-life balance had a p value of 0.000 which is less than 0.05, this asserts that the work life balance had a significant influence on bank performance. This is supported by Amarakoon and Wickramasinghe (2010) who found that work-life balance has a positive influence on employee engagement. Work-life balance in its broadest sense is defined as a satisfactory level of involvement or fit between the multiple roles in a person’s life (Hudson, 2005; Jenkins, 2008).

The study further established that the p value of working condition was 0.004 which is less than 0.05 an indication that the variables significantly influenced performance of commercial banks. This is in agreement with Hancock (1985) who stated that the effect of spread changes is asymmetric and the increase in profit due to changes in loan rates is greater than changes due to deposit rates, indicating larger profit elasticity with respect to loans rather than deposits.

CONCLUSIONS

On reward systems, the bank concludes that banks had a higher rate of compensation compared to competitors. The bank reviewed the salary structure of employees and the job grade or group progression was based on merit to foster performance. Commercial banks offered bank offer incentives to respondents such as bonuses and special packages to motivate employees. The bank generally had a higher rate of compensation compared to competitors, the commercial banks in Kisii had a formal employee merit review process and had adopted a policy on leaves for employees to stimulate performance. The bank reviewed the salary structure of employees and the job grade or group progression was based on merit to foster performance.

In regard to employee compensation, the study concludes that the bank gave employees incentives to encourage them to perform, had competitive allowances for additional work done and the bank offered additional responsibilities that come with additional benefits and pay to the staffs. The bank appreciated experience and professional qualifications with better pay, the bank had a clear salary scale for every employees, the bank remunerated competitively and the bank offered promotions that came with improved salaries to staffs.
In view to work life balance, the study concludes that the bank had team building activities to promote bonding among the staffs, had an active guidance and counselling department. The bank encouraged employee socialization. Employee development was supported through mentorship programmes. The bank adopted employee diversity and rehabilitated its employees who were addicts of drugs or alcohol. The Bank promoted inclusivity and had an HIV policy.

On working conditions, the study further concludes that the bank had issued a job description which clearly outlined staff duties. The job design adopted by the bank fitted employees job description and job design was relevant with the Bank’s objectives. Most employees were willing to work longer for their bank and employees felt motivated working with their bank. The bank regularly updated the job design of the respondents, employees were well recognized, promoted and rewarded on merit and employees fitted in the Bank’s job design.

**RECOMMENDATIONS**

The study recommends that commercial banks ought to offer incentives to staffs for increased motivation by offering bonuses and special packages. The bank ought to have a higher rate of compensation compared to competitors and have a formal employee merit review process policy on employees to stimulate performance. The bank ought to review the salary structure of employees and the job grade or group progression ought to be based on merit to foster performance.

The study recommends that the bank ought to appreciate experience and professional qualifications of the staffs by offering better pay. The bank ought to have a clear salary scale for every employees, remunerate competitively and offer promotions that come with improved salaries to staffs. The bank ought to give employees incentives to encourage them to perform much better and have competitive allowances for additional work done. The bank ought to offer additional responsibilities that comes with additional benefits to the staffs.

The study further recommends that employee socialization ought to be encouraged in the bank. Employee development ought to be supported through mentorship. The Bank ought to have team building activities to promote bonding among the staffs. The bank ought to adopt active guidance and counseling department and rehabilitated its employees who are addicts of drugs or alcohol. Employee diversity ought to be adopted by the bank. Commercial bank ought to promote inclusivity and have a HIV policy.

The study recommends that the banks ought to regularly update the job design of its employees, employees ought to be well recognized, promoted and rewarded on merit. Employees ought to fit in the Bank’s job design. The bank ought to issue a job description which should clearly outline staff duties. Most employees ought to be willing to work longer for their bank and employees fill motivated. The job design adopted by the bank ought to fit employees job description and job design ought to be relevant with the Bank’s objectives.
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