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**EFFECT OF TRAINING AND CAREER DEVELOPMENT ON EMPLOYEE  
PERFORMANCE: A CASE OF KCB BRANCHES  
IN THE NORTH RIFT REGION, KENYA**

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**Abstract:** *The relationship between the organization and its employees is influenced by what motivates them to work, the rewards and fulfillment they derive from the organization. The objective of the study was to determine the effect of training and career development on employee performance, a study of Kenya Commercial Bank. The study was conducted in 6 KCB branches in the North Rift region. The study adopted a case study research design approach. Census technique was used to collect data from 6 branches of Kenya Commercial Bank in the North Rift Region. The study relied on both primary and secondary data. Primary data was collected through questionnaires while secondary data was sourced through review of relevant records. Data analysis for this study was conducted through qualitative and quantitative methods. Questionnaires were tested for reliability and validity. Data coding, entry and analysis was carried out using Statistical Package for Social Sciences (SPSS Version 20.0). The analyzed data was presented using frequency tables, proportions and percentages. Research findings indicate that indeed trainings and career development has an impact on their performance. From regression analysis, it was observed that trainings and career development contributed to 55.29% of employee performance while the rest contributed to 44.71%. The study therefore concluded that trainings and career development highly influence employee performance and thus recommends that KCB and any other financial institution should focus more on trainings and career development in enhancing their employee performance and reduce the employee turnover.*

**Key Words:** *Training, Career development, Employee performance*

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## INTRODUCTION

The use of non-financial methods of motivation is an attempt by employers to apply in the workplace the ideas behind the theories of Maslow and Herzberg. Looking at these theories, what stands out is that motivation to achieve quality of output is best achieved through satisfaction of higher needs (Maslow, 1943) and the need to provide motivators (Herzberg, 1968). Performance is considered to be related with the concepts of ability, opportunity and motivation (Ivancevich & Matteson, 2008). Employee motivation and performance are key factors in moving a business forward. Owners, managers and supervisors know positive motivation leads to better performance and higher productivity but may rely on the wrong tools.

Performance appraisal, when set in an organization context simply means assessing and monitoring of performance (Armstrong, 2006). In large organizations majority of appraisal systems are highly structured, with formal interviews taking place periodically. Top-performing employees are an asset to organizations, and companies that focus on keeping their productive employees engaged will experience long-term benefits (Denka, 2009). Similar management studies also support that when employees are motivated, their productivity increases and are more satisfied with their current position, and both factors have been linked to greater organizational success and performance (Drake *et al.*, 2007).

According to the KCB Group website the group has over 5,000 employees. The percentage of employee turnover is 5% i.e. 250 employees per year which is very wanting as it is not within the industry policy of 1% as set out by the Federation of Kenya Employers. The worst case is employee strike of 1998 where the bank fired over 500 employees after the workers strike due to lack of provision of insurance on customer deposits and fringe benefits. The bankers association of Kenya in the same year did not agree with then minister of finance who was Hon. Simeon Nyachae hence igniting the striking of the lower cadre of non-management staff of Kenya commercial bank which lead to them being fired. Kenya commercial bank was then forced to recruit staff to fill in the positions left by the then striking employees. Since then, the bank has had several management strategies to ensure effective and excellent employee performance. This includes both financial and non-financial motivational strategies to boost the performance of its employees.



From the bank branch management some of the non-financial motivational strategies employed by the bank include job rotation, training and career development, promotions and recognition. However, the bank has still been experiencing challenges in its annual performance which in some instances has influenced its annual financial performance and massive employee turnovers.

## LITERATURE REVIEW

### Hierarchy of Needs Theory

Maslow (2000) developed a theory of motivation based on the hierarchy of needs. He did not agree with the common belief at the time, that motivation is something that someone does for someone else. He proposes that though motivation is often directed towards external goals, it is always an internal process.

Maslow views human kind as wanting beings who are continually striving to find ways to satisfy their needs which are not static and once a need has been satisfied, it can no longer serve as a motivator of behavior. These needs are ranked, according to the order in which they influence human behavior, in hierarchical fashion (Pride *et al*, 2005). Physiological needs are deemed to be the lowest level needs and these are the things we require to survive. In the employment context, these needs are usually satisfied through adequate wages. (Pride *et al*, 2005). Safety needs maybe satisfied through a job security, pension plans, and a safe working condition (Bateman & Zeithaml, 1993). In the workplace these needs translate into a need for at least a minimal degree of employment security; the knowledge that we cannot be fired on a whim and that appropriate levels of effort and productivity will ensure continued employment. Social needs are the human requirement for love and affection and a sense of belonging.

Generally, human have a need to belong. In the workplace, this need may be satisfied by an ability to interact with one's coworkers and perhaps to be able to work collaboratively with these colleagues. After social needs have been satisfied, ego and esteem needs become the motivating needs. (Pride *et al*, 2005). We require respect and recognition from others and a sense of our own accomplishment, promotion to more responsible jobs, various honors and awards, dominance, attention other forms of recognition. At the top of the hierarchy are our self actualization needs, the needs to grow and develop and to become all that we are capable of being. These needs are the most difficult to satisfy, and the means of satisfying



them tend to vary with individuals. For some people, learning new skill, starting a new career after retirement, or becoming the best at some endeavor maybe the way to realize self-actualization.

Maslow's work is important in terms of recognizing the needs being pursued by employees and shedding some light on the social and psychological needs of individuals in addition to material needs. With the higher order needs of esteem and self-actualization, Maslow emphasizes the importance of non-monetary incentives in motivating the people. Non-monetary incentives address these higher order needs, rather than any basic needs such as food and shelter. If it is awarded as an appreciation of a contribution, a tangible non-monetary incentive will remind the employees of their performance and recognition for it, filling the needs for self-esteem and it will create esteem in the eyes of co-workers, family, and friends. It will satisfy employees' recognition and respect needs.

On the other hand, as it is mentioned in the section discussing benefits of non-monetary incentives over cash, it is not easy to brag about the cash incentives, which leads to a potential decrease in its power to serve esteem needs. Also, social non-monetary incentives such as a verbal recognition by supervisors or letter of appreciation to the employees contribute to their self-esteem, while social activities such as after-work parties, company picnics, sports activities etc. satisfy the belongingness and friendship needs of employees.

The implication of Maslow's theory is that non-monetary incentives can be most effective on employees who are meeting their basic needs and satisfaction of basic needs is not alone enough to motivate employees. In light of this, non-monetary incentives have an important place in satisfying other needs of employees which cannot be met by compensation. Within the limitations of the scope of the survey study, the present study will also help to understand whether KCB employees have moved beyond the basic physiological and security needs as primary motivators.

### **Training and Career Development**

Career Development and Training are two related processes that increase the capacity of your employees to contribute to your organization's mission. Organization challenges are to continually find ways to invest in the development of its employees while balancing the requirements of current work. Training is planned, organized experiences that assist in the gaining or expansion of key competencies (Hammer, 2000). These experiences are intended



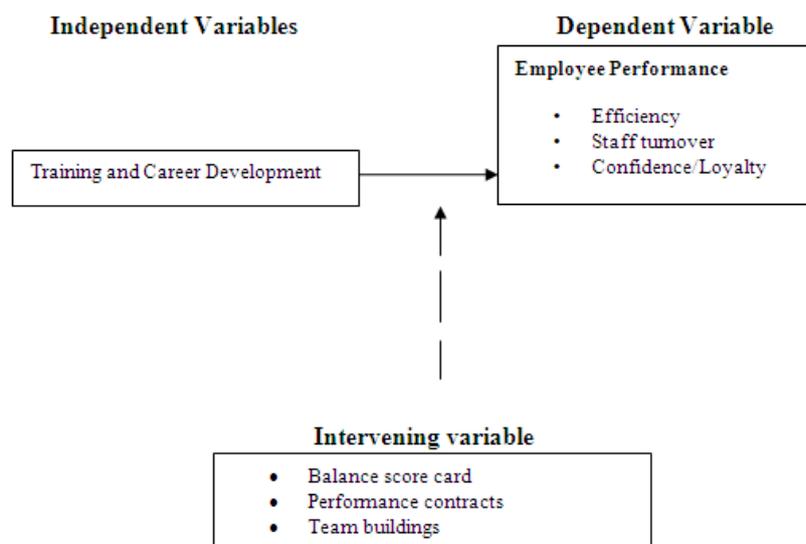
to build needed competencies in order to achieve mission success and performance objectives. They also help prepare individuals to take on new or expanded roles, supporting better succession planning.

Career Development is the process by which employees strategically explore, plan, and create their future at work by designing a personal learning plan to achieve their potential and fulfill the organization's mission requirements. Career Development is also a means to sustain a vital and effective workforce through strategic succession planning. Career Development involves continual learning, seeking opportunities, taking risks, and finding ways to contribute to the organization in a productive and motivated manner.

Hammer (2000) asserts that an individual will be motivated to do something if they have the mental ability and skills to accomplish it. He writes that when employees are trained, they get the knowledge of how to deconstruct tasks and challenges and thereby feel less intimidated by their jobs/tasks. Herzberg (1998) agrees to Hammer's assertion. He adds that training makes the employee earn confidence to do a job thereby improving their attitude hence motivation.

## CONCEPTUAL FRAMEWORK

According to Elton Mayo (1880 – 1949) theory; workers are not just concerned with money but could be better motivated by having their social needs met whilst at work (something that Taylor ignored).



**Fig 1: Conceptual Framework**

Source: Authors own compilation (2014)



He introduced the Human Relation School of thought, which focused on managers taking more of an interest in the workers, treating them as people who have worthwhile opinions and realizing that workers enjoy interacting together.

## **METHODOLOGY**

The study adopted a case study research design technique in investigating the effect of non – financial motivational strategies and employee performance. According to Noor (2008), a case study is not intended as a study of the entire organization but rather intended focus on a particular issue, feature, and unit of analysis. In addition, a case study method is appropriate when probing an area of interest in-depth (Patton, 2002). The study employed a Census approach that mapped between the objective of the study and finally designing questionnaires that would capture data that relates to the objective earlier identified (GAO-US, 2005). This is preferred over other designs in cases where the sample size is small and manageable.

The target population for this study was made up of Branch managers from the 6 branches, bank employees from different sections of the bank which includes: Operation section, Customer service, Credit section, Business development and Sales section. The population frame was provided by KCB Operations division with a target population of 196 employees. From census there were 196 KCB employees from 6 KCB branches in Northern Rift Valley region.

The study employed census sampling to select all the 196 respondents from the 6 KCB branches, within Northern Rift valley. Newman (2000) argues that, the main factor considered in determining the sample size is the need to keep it manageable enough. This enabled the researcher to derive from it detailed data at an affordable cost in terms of finance and human resource. The researcher ensured a high degree of correspondence between a sampling frame and sample population during the study as the accuracy of the sample depended on the framework.

The data was analyzed through descriptive statistics whereby percentages, averages and frequencies were used. Inferential statistics were used to determine the effect of training and career development on employee performance. The inferential statistics used were Karl Pearson product moment correlation (bivariate analysis) and simple linear regression analysis. Probability levels were set at 95% (0.05) for job rotation and 1% for training, career



development, recognition and promotion. Tables and narratives were used for data presentation.

## RESULTS AND DISCUSSION

### The Effect of Training and Career Development on Employee Performance

The second objective of the study was to determine the effects of training and career development on employee performance. In realizing this objective, the researcher treated the aspect of training and career development separately where a Likert scale type of question was used where 1 represented “Strongly Agree”, 2 represented “Agree”, 3 represented “Undecided”, 4 represented “Disagree” and 5 represented “Strongly Disagree” for each of the non financial employee motivation i.e. training and career development.

### Employee Training

In assessing the effects of training as a strategy of non financial motivation to employees at Kenya Commercial Bank, factors such as “Employees are trained sufficiently in KCB?”, “The trainings provided by KCB are relevant in today’s banking industry”, “KCB provides training to its personnel regularly”, and “Training is provided as per the business and employee’s needs” and, “Training enhances performance of Employees”. The findings are clearly illustrated in Table 1.

**Table 1: Extent of employee training at KCB**

Factors	Mean	Std. Deviation	Skewness	Kurtosis
Employees are trained sufficiently in KCB	2.8944	1.23947	.220	-.667
The trainings provided by KCB are relevant in today’s banking industry	1.2667	.53482	1.907	2.752
KCB provides training to its personnel regularly	3.1278	1.28607	-.082	-.978
Training is provided as per the business and employees needs	2.9222	1.29224	.115	-.982
Training enhances performance of Employees	2.1167	1.10497	.520	-1.093

**Source: Research Data (2014).**

The data presented in Table1above clearly indicated that majority of the respondents are not sure whether the employees at KCB are trained sufficiently with a mean response of 2.9 rounded off to 3.0. Further, quite a number of the respondents also doubted as to whether KCB provides training to its personnel regularly and several of them strongly believing that



the trainings at KCB enhances the performance of the employees at the bank. Again, majority of the respondents strongly agreed that the training provided at KCB is significantly relevant in today's banking industry giving an average response of 1.3. This shows that most employees supported the way their organization provided trained them. This was interpreted to mean that the Kenya Commercial Bank acknowledges the importance of training in enhancing employee performance which is further acknowledged by the bank's employees. More so, in terms of trainings provided, it is crucial that the training be pegged on the requirements in the industry since trainings provided should be significant to such requirements.

### Career Development

In establishing whether career development as a strategy of non financial motivation of employees at KCB had an effect on the employees performance at the bank, factors such as "I would recommend my friends to seek employment at KCB", "I work for KCB as the employer of Choice", "KCB attracts and retains good talent", "There is defined career growth in KCB?" and "KCB is a good place for people trying to get ahead in their career" were evaluated basing on the employees' opinions and views on the factors identified. This clearly illustrated in Table 2 below:

**Table 2: Extent of employee career development at KCB**

Factors	Mean	Std. Deviation	Skewness	Kurtosis
I would recommend my friends to seek employment at KCB	2.2000	1.14042	.628	-.291
I work for KCB as the employer of Choice	2.1444	1.11927	.678	-.200
KCB attracts and retains good talent	2.0111	1.09844	1.308	1.466
KCB is a good place for people trying to get ahead in their career	2.2111	1.16748	.603	-.454
There is defined career growth in KCB	2.0722	1.26857	.859	-.485

**Source: Research Data (2014).**

It was established that majority of the respondents that were sampled agreed that they would recommend their friends to seek employment at KCB. The results also show that quite a number of the respondents strongly agreed with the fact that they worked for KCB as the employer of choice. Again, a majority strongly agreed that KCB was a good place for



the people trying to get ahead in their career and that there was defined career growth in KCB. The result implies that career development at KCB is being fostered as a strategy of non-financial motivation of employees to enhance the employees' performance.

In summary, research findings indicate that relevant training that is significant to the current banking industry needs is vital in enhancing employee performance at KCB. In terms of career development, KCB as was observed by the researcher has an elaborate strategic career development plan for its employees which translate to enhanced performance. This therefore was interpreted to mean that indeed training and career development has an effect on employee performance.

### **Pearson Product Moment Correlation between the Employee Performance, Training and Career Development**

To check on the effect of training and career development on employee performance, a bivariate correlation analysis was computed at 0.01 significance levels where the average score on training and career development was correlated against employee performance and the result are as presented in Table 3.

**Table 3: Pearson Product Moment Correlation between Training and Career Development and employee performance**

		Staff training	Career development	Performance
Staff training	Pearson Correlation	1	.944**	.934**
	Sig. (2-tailed)		.000	.000
	N	180	180	180
Career development	Pearson Correlation		1	.997**
	Sig. (2-tailed)			.000
	N		180	180
Performance	Pearson Correlation			1
	Sig. (2-tailed)			
	N			180

**Source: Research Data (2014)**

The result show that there exist a positive correlation ( $p=0.000$ ) between employee training and career development on employee performance at KCB. The results are also significant at 0.01 significant levels.

### **Effect of training and career development on Employee Performance**

To conclude on the main objective of the study, a multiple linear regression analysis was computed to check on the effect of the employee training and career development on employee performance at KCB. The results are presented in Table 4 (a, b and c).



**Table 4 (a) ANOVA<sup>b</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	16728.148	3	5576.049	55286.395	.000 <sup>a</sup>
	Residual	17.852	177	.101		
	Total	16746.000 <sup>b</sup>	180			

**Source: Research Data (2014)**

The analysis of variance (ANOVA) table is used to test several equivalent null hypotheses; that there is linear relationship in the population between the dependent variable and the independent variable, that all of the population partial regression coefficients are 0, and that the population value for multiple  $R^2$  is 0. The result established significant regression equation,  $F (55286.395) = 65.854$ ,  $p < 0.05$ . Therefore, there was a linear relationship between employee performance and the predictor in the population, at least one of the population partial regression coefficients of the predictors is not 0, and the population value for multiple  $R^2$  is not 0.

**Table 4 (b) Model Summary**

Model		R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
						R Square Change	F Change	df1	df2	Sig. F Change
dimension01	1	.999 <sup>a</sup>	.999	.999	.31758	.999	55286.395	3	177	.000

**Source: Research Data (2014)**

**Table 4 (c) Coefficients**

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
Training	0.71	0.009	0.985	76.911	.000	1	1
Career development	1.541	0.088	1.923	17.418	.000	0	2023.819
b. Dependent Variable: Employee performance							
c. Linear Regression through the Origin							

**Source: Research Data (2014)**

The result from the model summary shows that the coefficient of multiple determinations is 0.5529; therefore about 55.29% of the variation in employee performance is explained by training and career development employed by Kenya Commercial Bank. The remaining 44.71% of the variation in employee performance could partly be attributed to other factors not specified in this model and to the error term in the regression equation. Since the  $R^2$



value was above 99% then it is considered high and reliable. This model was very useful for making predictions since the value of R is close to 1. This therefore means that by KCB employing training and career development, this could improve employee performance. Hence using the constant and  $\beta$  coefficients of training and career development ( $X_1$ ), an estimated prediction (regression) equation for this model can be written as follows;

$$\hat{Y}=0.253+0.985 X_1+1.923X_2+0.31758$$

The results show that training and career development had positive regression coefficient. This means that when other factors have been kept constant and training and career development increases, employee performance likely increases by 98.5%. The findings imply that job rotation has a high motivational power in KCB. This argument concurs with Maslow's concept of prepotency (Newstrom, Reif, and Monczka, 2006). According to Maslow, if a need is important to the individual and presently a deficiency exists between what is perceived as an appropriate level and what is presently provided, then it has a great motivating potential.

## CONCLUSIONS

The data from the field revealed that indeed most of the respondents accepted that there were practice of trainings and career development at their places of work. The bivariate analysis result showed that there was significant strong positive ( $p=0.723$ ) effect of training and development strategies on employee performance at KCB.

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