Journal of Economics, Finance and Management Studies

ISSN (print): 2644-0490, ISSN (online): 2644-0504

Volume 07 Issue 08 August 2024

Article DOI: 10.47191/jefms/v7-i8-44, Impact Factor: 8.044

Page No: 5226-5236

Effect of Strategic Human Resource Practices on Employees' Performance in Commercial Banks in Nairobi (A Case of Nairobi County)

Mbinda Victoria Pauline[1], Prof. Michael Korir[2], Dr. Robert Odunga[3]

[1,2]Department of Management Science and Entrepreneurship

[3]Department of Accounting and Finance

ABSTRACT: Despite the recognition of the important role that human resource practices play in enhancing employee performance, there is a lack of comprehensive research on the specific impact of these practices in the banking industry. The study aimed to investigate the relationship between strategic human resource practices and employee's performance in the 38 commercial banks in Nairobi. The study specific objectives were to determine the effect of performance appraisal, employee training, employees' involvement, employee motivation on employee performance in commercial banks in Nairobi. The study was guided by four theories; Harvard model, Goal setting theory, Human capital theory, technology acceptance model. The study adopted explanatory research design and probability sampling strategy. The study target population were 228 respondents comprising of 38 heads of human resources, 38 heads of operations, 38 heads of marketing and 38 heads of finance and 76 human resource managers in the 38 commercial banks in Nairobi County. The study employed primary data. The sample comprised of 145 respondents from the 38 commercial banks in Nairobi County. A 5-point Likert scale was used to measure employees' performance in commercial banks. The study employed both descriptive and inferential statistics to analyze data. Findings indicated that performance appraisal, employee training and employee motivation significantly influence employee performance in commercial banks in Nairobi while employee involvement negatively and insignificantly influence employee performance. Thus, the study concluded that performance appraisal, employee training, employees' motivation significantly influences employee performance in commercial banks in Nairobi. The study recommends that commercial banks in Nairobi prioritize and enhance their performance appraisal systems, training programs, and employee motivation strategies, as these practices have been shown to significantly boost employee performance. Banks should focus on regular and comprehensive performance appraisals that provide constructive feedback and recognize employee contributions, as well as invest in continuous training programs that equip employees with the necessary skills and knowledge to perform effectively.

KEYWORDS: Performance appraisal, Employee training, Employees' involvement, Employee motivation, Employee performance

INTRODUCTION

According to Nyayu siti (2017), employee performance can be broken down into two categories: the ability of a worker to perform job-related tasks and the degree to which those tasks are successfully completed. According to Najibemba Muganga (2018), performance is defined as the accomplishment of goals that can be quantified. When compared to the past, human resources are now responsible for ensuring that businesses do not suffer losses as a result of dissatisfied employees in terms of their performance and productivity expectations. Capacity and motivation are two variables that have an impact on the outcome. It is important for managers to make connections between their jobs and the goals, values, and objectives of the company in order to assist employees in accomplishing their goals. According to Byars and Rue (2015), in order to fulfill the requirements for acceptable levels of performance, a minimum level of proficiency is required for each component.

The performance of an organization's workforce is evaluated on an annual or quarterly basis in order to identify areas in which the organization can become more effective. The daily management of employee performance, on the other hand, is the most important factor in determining the effectiveness of a performance management system. The performance evaluation is one of the procedures that is utilized by businesses and organizations the most frequently (Layne, 2017). Owners and drivers of performance management are line managers. Performance assessments may be a strong communication tool inside a company if done properly. The effects on internal and external factors include personal problems, suitability for jobs, incentives for work, training and feedback on performance (Woods, 2015). Unfulfilled external or internal causes might lead to poor performance. The key to improving it is in understanding the main reason for poor performance. Managers should be trained to identify reasons for poor performance and to find the right solutions.

Strategic human resource practices refer to the policies, processes, and programs that are designed to align the human capital of an organization with its overall strategy. Biswas and Ghosh (2020) provides insights into the HR practices adopted by both public and private sector banks in India and highlights the challenges faced by commercial banks in implementing these practices. Strategic human resource management practices play a crucial role in the success of commercial banks. They help banks to attract, retain, and develop the best talent and improve their overall performance. Employee engagement is a crucial aspect of human resource management in commercial banks. Banks are now investing in engagement programs to foster a positive work culture and retain employees.

There is a lack of comprehensive research on the specific impact that human resource practices have in the banking industry, despite the fact that it is widely acknowledged that these practices play a significant role in improving employee performance. (Armstrong & Taylor, 2014; Zainuddin, Ismail, & Daud, 2014) Research has demonstrated that effective human resource management practices, such as performance management, training and development, and compensation, have a positive impact on employee motivation, job satisfaction, and organizational performance. These practices include performance management, training and development, and compensation. On the other hand, the impact of these practices and information technology on employee performance may be even more significant in the banking industry, which is characterized by intense competition and a business environment that is constantly evolving.

At this point in time, when globalization is taking place, business organizations are confronted with new challenges that come in the form of acquiring, balancing, maintaining, and optimizing their human resources. Over the course of the past few years, it has been observed that employees are undergoing a transformation; they are no longer remaining in jobs that do not inspire or fulfill them. It is no longer sufficient to offer them a fair salary as an incentive to maintain their loyalty and improve their performance. These days, businesses have to take additional measures to ensure that they are able to keep their best employees. This results in employees who are more satisfied with their work and give better results. Human resource practices are, according to Zain, Ishak, and Ghani (2009), one of the ways in which employees can be made to feel satisfied with their jobs. On the other hand, there is not yet a consensus among all employees regarding the specific SHRP that ought to inspire improved performance from the workforce.

In today's business environment, the contentious issue of employee performance continues to be a topic of discussion of great importance. On the micro-level of human resource management interventions, the mechanisms through which this occurs are still being debated (Bowen & Ostroff, 2004). This is despite the fact that an increasing body of research has demonstrated a connection between Strategic Human Resource Practices (SHRP) and organizational outcomes with regard to SHRP. The impact of SHRP on performance has been the subject of extensive research over the course of time, particularly at the level of the company. Over the course of many years, researchers have put forward a wide variety of practice lists. However, according to Boaxall (2007), there is no consensus regarding what or which practices are considered to be aspects of human resource management, and the paradox continues to exist. It is a fallacy to believe that there are HR practices that are universally effective or clusters of practices that can be easily transferred from one organization to another. It is therefore reasonable to assume that human resource management will have an effect on employee performance if, as Armstrong (2014) suggests, appropriate HR policies and practices are implemented.

In Uganda, in light of stringent competition and the zeal to grow and outperform competitors, employees are relenting to perform in the face of cutthroat competition prompting fears of job (in) security (Buffa and Sarin 2017). Furthermore, adds Aldefer (2012) and Maruping, (2015), with many job losses culminating from non-performance, there are many changes in Nigeria and Tanzania that are taking place in the banking sector that may influence the performance of employees given the need for commercial banks to increase the reach of both clientele and market penetration.

A view that is supported by Tessema and Soeters (2006), who came to the conclusion that there is a positive correlation between employee performance and compensation practices, is that remuneration as a human resource practice has the ability to sustain the method of employees with the trade policy of the company ,Singh (2004). It is necessary, however, to investigate this matter in the context of Kenyan commercial banks. Numerous studies have been carried out to investigate the impact that human resource practices have on the levels of satisfaction and performance of employees in a variety of settings. In a study on employee performance evaluation conducted by Bowra, Sharif, Saeed, and Niaz (2012), it was discovered that human resource management practices (HRMP) have a significant impact on performance, whereas compensation practices have been found to be insignificant in the Kenyan context. Shitsama (2011) discovered that employees reacted more favorably to reward and compensation as well as training and development. As a result, the author suggested that banks capitalize on these aspects in order to drive employee performance. Ijigu (2015) conducted a study on the relationship between human resource management practices and employee performance in Ethiopia. The findings of this study revealed that certain HRM practices, specifically recruitment and selection, training and development, performance appraisal, and compensation package, have significant effects on employee job satisfaction and a strong correlation with overall job satisfaction.

LITERATURE REVIEW

Yang et al. (2023) examined the relationship between the interval of performance appraisals and employees' proactive work behaviors. The study employed a cross-level analysis of 622 employees across 57 teams, utilizing the psychological momentum theory. The findings revealed that more frequent appraisals can enhance proactive behaviors by reducing perceived uncertainty and providing timely feedback. However, the effect follows an inverted U-shape, suggesting that overly frequent appraisals may lead to diminishing returns due to increased pressure and perceived micromanagement (Yang et al., 2023).

A study by Ambilichu et al. (2024) explored the performance appraisal process (PAP) as a determinant of employee commitment through a serial mediation analysis involving performance appraisal outcomes and employee rewards. This research, conducted with 363 academics from UK Higher Education Institutions, used partial least squares structural equation modeling. The results indicated that a clear and accurate appraisal process positively influences employee commitment and rewards, emphasizing the need for a well-structured and fair appraisal system (Ambilichu, Akaighe, & Pepple, 2024).

In another study, research published in the *Saudi Journal of Business and Management Studies* assessed the impact of performance management, including appraisals, on employee performance. The study highlighted the critical role of the appraisal process itself, particularly the importance of ongoing feedback and aligning appraisals with employees' development goals. The findings suggested that performance planning has a limited impact compared to the appraisal process, underscoring the need for continuous feedback and developmental focus to foster better performance outcomes (Saudi Journal of Business and Management Studies, 2023).

Further, a study by IAJournals (2023) investigated the influence of performance appraisal systems on employee performance in the public sector. Using a survey methodology with a sample size of 250 employees, the study found that transparent and fair appraisal systems significantly improve employee performance. The research emphasized the importance of employee participation in the appraisal process and the need for clear communication of performance expectations and outcomes (IAJournals, 2023).

Lastly, a paper published in *Frontiers in Psychology* by Ma and Li (2023) explored the dual effects of performance appraisal intervals on employees' positive work behaviors. The study utilized a model based on the time-gain and time-loss effects and found that while frequent appraisals initially motivate employees, there is a threshold beyond which the benefits decline. This finding highlights the necessity for a balanced approach in appraisal frequency to maximize positive outcomes (Ma & Li, 2023).

In summary, recent literature underscores the significance of performance appraisals in enhancing employee performance. The studies collectively highlight that the effectiveness of appraisals depends on their frequency, fairness, clarity, and developmental orientation. Organizations should aim to design appraisal systems that provide timely and constructive feedback, involve employees in the process, and clearly communicate performance expectations to maximize their positive impact.

Aktar (2023) explored the impact of training and development methods on employee satisfaction and performance in commercial banks in Bangladesh. Using a structured questionnaire distributed to 250 employees, the study found that informal learning, job rotation, and seminars significantly enhance employee satisfaction and performance. This empirical research emphasizes the need for diverse training methods tailored to specific organizational contexts (Aktar, 2023).

Ghalawat et al. (2023) investigated the influence of training design and techniques on employee performance and productivity in DCM Textiles. The study used a mixed-method approach, incorporating both qualitative and quantitative data from employee surveys and performance records. The findings revealed that well-structured training programs positively impact employee performance by improving skills and knowledge, thereby enhancing productivity and job satisfaction (Ghalawat et al., 2023).

Another study by Wash (2023) focused on the effectiveness of corporate education programs in improving employee performance. Through a comprehensive review of corporate training initiatives, the research highlighted that strategic investment in employee development leads to a competitive advantage and significant performance improvements. The study underlines the importance of aligning training programs with organizational goals to maximize their impact (Wash, 2023).

A study by Serena Aktar (2023) analyzed the effects of different training and development methods on employee performance in commercial banks. Using primary data collected through questionnaires from employees of twelve commercial banks, the study demonstrated that informal learning, job rotation, and seminars significantly improve employee satisfaction and performance. This research underscores the necessity of adopting varied training approaches to meet the diverse needs of employees (Aktar, 2023).

Lastly, a comprehensive study by IAJournals (2023) assessed the role of employee training in the public sector. Employing a survey methodology, the study collected data from 250 employees and found that transparent and well-communicated training programs significantly enhance employee performance. The research highlights the critical role of employee participation in training processes and the clear communication of performance expectations and outcomes (IAJournals, 2023).

A study by Patel et al. (2023) found that when employees are actively involved in decision-making processes, their engagement levels and performance metrics improve substantially. The study used a mixed-method approach, combining surveys and in-depth interviews, to capture the multifaceted effects of involvement on performance. The findings suggest that involvement leads to higher levels of job satisfaction, reduced turnover intentions, and increased productivity, as employees feel valued and integral to the organization's success (Patel et al., 2023).

Further, research by Oparaocha (2016) emphasized the role of social exchange theory (SET) in understanding the dynamics between employee involvement and performance. This study focused on how high-performance work systems (HPWS) that include participative work designs and extensive training foster innovative behaviors among employees. Using quantitative data from surveys conducted in professional service firms, the study demonstrated that HPWS, which promote employee involvement, significantly enhance innovative behavior and job performance by fulfilling employees' needs for autonomy, competence, and relatedness (Oparaocha, 2016). This relationship was further supported by a longitudinal study which showed that engaging leadership, characterized by inspiring, strengthening, and connecting employees, mediates the relationship between involvement and performance by satisfying basic psychological needs, thus fostering higher engagement and better performance outcomes (Schaufeli et al., 2023).

Phiri et al. (2023) conducted a study on private universities in Lusaka, revealing that motivation significantly affects employee performance. The research employed a mixed-methods approach, utilizing distribution tables, pie charts, and percentage tables to analyze primary data from 143 respondents, including professors, administrative staff, and lecturers. The findings indicated that motivation could either enhance or diminish employee performance, depending on the motivational strategies employed by the organization. The study emphasized the need for organizations to understand individual employee motivational needs to foster a productive and efficient workforce (Phiri et al., 2023).

Another study by Akerele (2023) explored the intricate relationship between employee motivation and organizational performance through a comprehensive theoretical framework and empirical evidence. This research employed a mixed-methods approach, combining structured survey questionnaires for quantitative data collection with in-depth interviews and focus group discussions for qualitative insights. The findings underscored that cultivating employee motivation is pivotal for enhancing organizational performance. The study provided actionable insights and practical recommendations for organizations to develop effective motivation strategies tailored to their unique contexts, thereby optimizing employee performance and achieving organizational success (Akerele, 2023). Together, these studies underscore the critical role of tailored motivational strategies in improving employee performance and organizational outcomes.

RESEARCH METHODOLOGY

An exploratory research design was implemented in the investigation. Explanatory research design was suitable for this investigation because it provides a comprehensive explanation of the research subject matter, thereby addressing the questions of what, why, and how one variable influence or takes responsibility for modifications to another factor (Mugenda, 2013).

Target population

The analysis unit composed of employees of the heads of departments at commercial banks in Nairobi. The target population for the research consisted of employees of commercial bank head offices located in Nairobi County. The selection of Nairobi is based on the fact that it is the location of the head offices of all 38 commercial banks in Kenya, as reported by the Central Bank of Kenya (2018). Consequently, Nairobi serves as a comprehensive representation of the country. The target respondents was 38 heads of human resources, 38 heads of operations, 38 heads of marketing and 38 heads of finance and 76 human resource managers making a total population of 228 respondents.

Category	Target Population
Heads of Human Resources	38
Heads of Marketing	38
Heads of Finance	38
Heads of Operations	38
Human Resource Managers	76
Total	**228**

Source: Research Data, (2024)

Sample size

The Yamane formula was implemented by the researcher to ascertain an appropriate sample size, which was determined by considering the population size and the desired margin of error, as illustrated below:

$$n = \frac{N}{1 + Ne^2} = \frac{228}{1+228(0.05)^2} = 145$$

Where

N- is the size of the population,

n - denotes the sample size,

e - denotes the desired sampling error margin.

Therefore n=145

The study implemented stratified random sampling, which entails the division of the sample into distinct strata and the collection of data from each stratum. Cooper and Schindler (2014) define stratified random sampling as a technique that guarantees a precise representation of the entire population by ensuring that each member has an equal opportunity to be selected. Mugenda and Mugenda (2012) assert that stratified random sampling is advantageous for samples that are diverse. The strata formula used to arrive at the sample is strata population(s)/total population (N)* total sample (n).

Table 3. 1: Sample Distribution

Category	Target Population	Sample
Heads of Human Resources	38	24
Heads of Marketing	38	24
Heads of Finance	38	24
Heads of Operations	38	24
Human Resource Managers	76	49
Total	**228**	**145**

Source: Research Data, (2024)

Data Collection Method

The study adopted primary data collection method. Primary data is one that is collected directly from the respondents (Olive 2019). In this study, primary data was secured through questionnaires. The questionnaire shall adopt Likert scale technique to psycho analyze respondents. The questionnaire possessed closed questions for easy reference and securing information.

Diagnostic Tests

Before any regression analysis is done, diagnostic tests were first done. This study tested multicollinearity, heteroscedasticity and normality tests.

Multicollinearity

To measure the existence of multi-collinearity, diagnostic tests were directed to calculate collinearity statistics and decide whether the predictors showed extraordinary correlations. Findings were presented in Table 4.10 below.

Table 4. 1: Multicollinearity

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Performance Appraisal	.965	1.036
	Employee Training	.990	1.010
	Employee Involvement	.962	1.039
	Employee Motivation	.973	1.028

Source, Researcher, 2024

If the variance inflation factor and tolerance are greater than 5 to 10 and lower than 0.1 to 0.2, respectively (R2 = 0.8 to 0.9), multicollinearity exists. Findings revealed that none of the VIF values for the predictor variables above are greater than 5, indicating that multicollinearity was not a problem in the regression model.

Heteroscedasticity

ANOVA test is used to test homoscedasticity in a linear regression model. Table 4.11 below presents the findings of the heteroscedasticity test.

Table 4. 2: ANOVA [a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	961.000	4	240.250	1.598	.179[b]
	Residual	19091.211	127	150.324		
	Total	20052.212	131			

a. Dependent Variable: Employee Performance

b. Predictors: (Constant), Motivation, Training, Appraisal, Involvement

Source: Researcher, 2024

The p-value is not less than 0.05. This means we do not have sufficient evidence to say that heteroscedasticity is present in the regression model.

Normality Test

In linear regression, it is necessary for all variables to display multivariate normality. In this study, normality was examined by using skewness and kurtosis, and results presented in Table 4.12 below.

Table 4. 3: Skewness & Kurtosis

Statistics

		Appraisal	Training	Involvement	Motivation	Technology	Performance
N	Valid	132	132	132	132	132	132
	Missing	0	0	0	0	0	0
Skewness		-.354	.272	.312	.685	-1.254	.101
Std. Error of Skewness		.211	.211	.211	.211	.211	.211
Kurtosis		-1.074	-.999	.584	-1.029	.426	-.642
Std. Error of Kurtosis		.419	.419	.419	.419	.419	.419

Source: Research Data, (2024)

The values for asymmetry and kurtosis between -2 and +2 are considered acceptable in order to prove normal univariate distribution (George & Mallery, 2010). Hair et al. (2010) and Bryne (2010) argued that data is considered to be normal if skewness is between -2 to +2 and kurtosis is between -7 to +7. In this study, all values were within the range.

Correlation Analysis

Correlation analysis is the statistical tool used to decide the level of relationship between two variables (Cooper & Schindler, 2012). Before carrying out multiple regression analysis, a correlation matrix was developed to analyze the associations amongst the independent variables to help in developing a forecast multiple models. Table 4.13 below presents the correlation analysis.

Table 4. 4: Correlation Analysis

Correlations		Appraisal	Training	Involvement	Motivation	Technology	Performance
Performance Appraisal	Pearson Correlation	1	-.004	.136	-.088	.104	.659**
	Sig. (2-tailed)		.961	.119	.317	.233	.000
	N	132	132	132	132	132	132
Employee Training	Pearson Correlation	-.004	1	-.060	-.049	.050	.172*
	Sig. (2-tailed)	.961		.494	.577	.565	.049
	N	132	132	132	132	132	132
Employee Involvement	Pearson Correlation	.136	-.060	1	-.132	-.008	-.002
	Sig. (2-tailed)	.119	.494		.130	.924	.985
	N	132	132	132	132	132	132
Employee Motivation	Pearson Correlation	-.088	-.049	-.132	1	.030	.372**
	Sig. (2-tailed)	.317	.577	.130		.731	.000
	N	132	132	132	132	132	132
Performance	Pearson Correlation	.659**	.172*	-.002	.372**	.433**	1
	Sig. (2-tailed)	.000	.049	.985	.000	.000	
	N	132	132	132	132	132	132

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

*. Correlation is significant at the 0.05 level (2-tailed).

Source: Researcher, 2024

The results above indicated that there was a positive and a significant association between the dependent and the independent variables. The results further revealed that the independent variables together with the moderator positively influenced employee performance.

Regression Analysis

Regression analysis was performed to test the significance of the study variables. Regression analysis is used to predict the values of the dependent variable from the know values of the independent variables. This was done through model summary, analysis of variance (ANOVA), and multiple regression analysis.

Table 4. 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.812[a]	.659	.648	1.989

a. Predictors: (Constant), Motivation, Training, Appraisal, Involvement

Source: Researcher, 2024

Table 4.14 above indicates the R^2 for the regression model between strategic human resource practices and employee performance was 0.659, indicating that the independent variables of the study explain 65.9% of the variations in the dependent variables. This meant that the goodness of fit for the regression model testing the association was adequate. The independent variables were therefore good predictors of employee performance.

ANOVA was then performed to assess the significance of the regression model in predicting employee performance and findings presented in Table 4.15 below.

Table 4. 6: ANOVA [a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	970.795	4	242.699	61.345	.000[b]
	Residual	502.448	127	3.956		
	Total	1473.242	131			

a. Dependent Variable: Employee Performance

b. Predictors: (Constant), Motivation, Training, Appraisal, Involvement

Source: Researcher, 2024

Findings in Table 4.15 above indicated that the regression model was significant and a good predictor of the relationship between the variables since the P-value was less than 0.05.

Multiple regression analysis was then conducted to bring out the scientific relationship between the independent and the dependent variables. The regression coefficients for this analysis were presented in Table 4.16 below.

Table 4. 7: Regression Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	7.004	3.969		1.764	.080
	Performance Appraisal	.237	.018	.702	13.382	.000
	Employee Training	.393	.105	.195	3.744	.000
	Employee Involvement	-.064	.123	-.027	-.519	.605
	Employee Motivation	.225	.027	.439	8.366	.000

a. Dependent Variable: Employee Performance

Source: Researcher, 2024

Table 4.16 above it was observed that the study had an intercept of 7.004, implying that when all the factors are held constant, the variation in employee performance would be 7.004. Following the regression analysis of variables, the study regression model was derived and presented as follows;

$$\mathbf{Y= 7.004 + 0.237X^1 + 0.393X^2 + -0.064X^3 + 0.225X^4}$$

Findings revealed that for every one unit increase in standardized performance appraisal, standardized employee performance would increase by 0.237 while holding all the other variables constant. P-value was determined to be 0.00 meaning that the association between performance appraisal and employee performance was statistically significant.

Findings also revealed that for every one unit increase in standardized training, standardized employee performance would increase by 0.393 while holding all the other variables constant. P-value was determined to be 0.00 meaning that the association between training and employee performance was statistically significant.

Further, findings revealed that for every one unit increase in standardized employee involvement, standardized employee performance would decrease by 0.064 while holding all the other variables constant. P-value was determined to be 0.605 meaning that the association was statistically insignificant.

Findings revealed that for every one unit increase in standardized motivation, standardized employee performance would increase by 0.225 while holding all the other variables constant. P-value was determined to be 0.00 meaning that the association between motivation and employee performance was statistically significant.

Hypothesis Testing

The study sought to explore the effect between strategic human resource practices on employee performance in commercial banks in Nairobi. To accomplish this, four specific objectives and consequent hypotheses were formulated and tested.

> *Ho_1: There is no significant relationship between performance appraisal and employee performance in commercial banks in Nairobi.*

Based on research findings on the regression analysis performance appraisal had a positive and significant effect on employee performance with a coefficient estimate of 0.237 and a p-value of 0.00. This indicated that a unit increase in performance appraisal resulted in a corresponding change in employee performance while holding all the other variables constant. There was therefore sufficient evidence to reject the null hypothesis since performance appraisal had a positive and significant effect on employee performance.

> *Ho_2: There is no significant relationship between employee training and employee performance in Commercial banks in Nairobi.*

Based on research findings on the regression analysis, training had a positive and significant effect on employee performance with a coefficient estimate of 0.393 and a p-value of 0.00. This indicated that a unit increase in training resulted in a corresponding change in employee performance, holding all the other variables constant. There was therefore sufficient evidence to reject the null hypothesis since training had a positive and significant effect on employee performance.

> *Ho_3: There is no significant relationship between employee involvement and employee performance in commercial banks, Kenya.*

In light of the research findings from regression, employee involvement had a negative and insignificant effect on employee performance with a coefficient estimate of -0.064 and a p-value of 0.605. This indicated that a unit increase in employee involvement resulted in a decrease in employee performance, holding all the other variables constant. There was therefore sufficient evidence not to reject the null hypothesis since employee involvement had a negative and insignificant effect on employee performance.

> *Ho_4: There is no significant relationship between employee motivation and employee performance in commercial banks in Nairobi.*

An analysis of findings revealed that motivation had a positive and significant effect on employee performance with a coefficient estimate of 0.225 and a p-value of 0.00. This indicated that a unit increase in motivation resulted in a corresponding increase in employee performance, holding all the other variables constant. There was therefore sufficient evidence to reject the null hypothesis since motivation had a positive and significant effect on employee performance.

RECOMMENDATION

The study explored the impact of strategic human resource practices on employee performance in commercial banks in Nairobi, focusing on performance appraisal, training, employee involvement, and motivation. The findings indicated that performance appraisal, training, and motivation each had a positive and significant effect on employee performance, underscoring their importance in enhancing productivity within commercial banks. Specifically, improvements in performance appraisal, training, and motivation were associated with substantial increases in employee performance. However, employee involvement was found to have a negative and insignificant effect on employee performance, suggesting that involvement initiatives, as currently implemented in the banks studied, may not be effectively contributing to improved performance. These results highlight the critical role that specific strategic HR practices play in optimizing employee performance, while also suggesting a need to reassess the current approach to employee involvement.

Based on the study's findings, it is recommended that commercial banks in Nairobi prioritize and enhance their performance appraisal systems, training programs, and employee motivation strategies, as these practices have been shown to significantly boost employee performance. Banks should focus on regular and comprehensive performance appraisals that provide constructive feedback and recognize employee contributions, as well as invest in continuous training programs that equip employees with the necessary skills and knowledge to perform effectively. Additionally, motivation should be fostered through incentives, recognition, and opportunities for career advancement. Conversely, the approach to employee involvement should be reevaluated. Banks may need to investigate why current involvement practices are not yielding positive outcomes and consider redesigning these initiatives to ensure they genuinely empower employees and contribute to better performance.

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