

Relationship between capacity building and employee productivity on performance of commercial banks in Kenya

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Abstract

This article of this paper is based on a research project carried out on commercial banks in Kakamega Central District, Kenya focusing on the influence of employee productivity on organizational performance which investigated the impact of capacity building and employee productivity in commercial banks since this leads to increase in performance as empirical research has proved. Kenya has experienced banking problems since independence in 1964 culminating in major Bank failures (37 failed banks as at 1998). Some of these problems like weak supervision and equipping employees with expertise, necessary skills and knowledge can be addressed through employee productivity to improve performance of the banks. Banks in Kenya and Kakamega in particular have experienced poor service delivery, organizational ineffectiveness, poor public relations, customer dissatisfactions, and some of these banking institutions have posted a decline in profitability. Research focusing on the firm-level impact of human resource management practices such as employee productivity, satisfaction and motivation has become popular in recent years. This has revitalized interest in the subject of employee productivity and its impact on the performance of organizations. Most studies tend to indicate that employee competence has a positive effect on the organizational performance. Therefore the findings from the study added value to the expanding scope of existing research studies on the influence of employee productivity on the organizational performance. This paper also provides vital information to organizational managers in the banking sector and academicians to encourage employee motivation, satisfaction and future research.

Key words: Capacity building, employee productivity and performance