PERFORMANCE MANAGEMENT AND EMPLOYEE PRODUCTIVITY AMONG SELECTED BANKS IN KENYA, A CASE OF EQUITY BANK KENYA LTD AND KENYA COMMERCIAL BANK, HEAD OFFICE BRANCHES IN NAIROBI CITY COUNTY

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ABSTRACT

This study investigated the role of performance management on productivity of employees within selected banks in Kenya. The study specifically established the influence of performance planning, monitoring and rewarding on productivity of employees within Equity and Kenya Commercial Bank branches in Embu County. The study was anchored on Knowledge-Worker Performance Theory, Balanced Score Card Theory and Performance Management Theory. The study adopted descriptive research design. This study adopted stratified random sampling according to departments. The respondents were drawn from the head office employees and management of Kenya Commercial Bank and Equity bank in Kenya. The target population was the banks' head office staffs who were 338 in number. Due to easy accessibility of the staff, a census survey was adopted. The study used primary data hence the use of Likert scale questionnaires. Responses in the questionnaires was tabulated, coded and processed by use of a computer Statistical Package for Social Science (SPSS) programme. Descriptive statistics such as mean and standard deviation was adopted. The relationship between the dependent variable and the independent variables was tested using multiple linear regression model. The study found that performance planning, performance monitoring and performance rewards had a positive significant influence on employee productivity within selected Commercial Banks in Kenya. The study concluded that performance planning helps in matching organization and employee objectives. Employee performance monitoring is the practice of tracking the work of employees including the quality, quantity, and efficiency of work and performance rewards encourage employees to take on additional responsibilities or improve their performance. The study recommended that performance planning should attempt to match the employee's career goals and aspirations with those of the company or organization. The banks should use employee monitoring tracking software to track the staff's activity on their work computers. The banks should align rewards with performance to show employees how their productivity helps the company. A rewards program can be established to incentivize employees based on how well they meet or exceed these targets.

Key Words: *Planning, Monitoring, Rewards Management, Employee Productivity*

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INTRODUCTION

Organizations, both private and public, have moved from emphasis on processes to results (Ndungu et al, 2014). One of the innovative strategies adopted by banking sector is performance contacting as part of the results-based management (Omboto, 2014). According to GoK (2005) a performance management is a tool for measuring performance targets. For it to achieve its intended purpose it is important that managers accept it as an important management tool. Modern banks are faced with the prospect working in a very turbulent environment while ensuring the organization meets its obligations (Kungu et al, 2014). Scarce resources, numerous regulations and change in customer preferences are just some of the challenges in the external environment. The banks deal with these challenges by setting goals and setting out to achieve these goals in (Pearce and Robinson, 2009).

Pressure to focus on results in organizations has forced organizations to think strategically, to put strategic plans into actions, organizations come up with annual work plans or short term objectives. Management are required are required to set targets to which they are held accountable and evaluated against at the end of a stipulated period; usually a year, this is what essentially a performance contract is (Kungu et al, 2014). Work plans inform the drawing of a performance management tool. The need for increased economic performance and improved service delivery has necessitated the requirement of performance management to ensure shared vision and objectives. The process of performance management has become entrenched as a practice in the banking sector (Omboto, 2014).

According to Otley (2009), a general performance management considers such problems: "What are the key objectives that are central to the organization's overall future success, and how does it go about evaluating its achievement for each of these objectives? What strategies and plans has the organization adopted and what are the processes and activities that it has decided was required for it to successfully implement these? How does it assess and measure the performance of these activities? What level of performance does the organization need to achieve in each of the areas defined in the above two questions) and how does it go about setting appropriate performance targets for them? What rewards will managers (and other employees) gain by achieving these performance targets (or, conversely, what penalties will they suffer by failing to achieve them)? What are the information flows (feedback and feed-forward loops) that are necessary to enable the organization to learn from its experience) and to adapt its current behaviour in the light of that experience?" (Otley, 2009).

Armstrong and Baron (2014) further state that objectives need to be defined and agreed on. The objectives relate to the overall purpose of the job and define performance areas--all the aspects of the job that contribute to achieving its overall purpose. Targets then are set for each performance area. Rogers and Hunter (1991) stated that goal setting is the fundamental aspect for an organization. They further indicated that productivity gains will correlate with the extent of top management support for and employees' participation in the process of setting objectives. It is a motivational process which also gives the individual the feeling of being involved and creates a sense of ownership for employees. At the same time, part of the planning phase includes the agreement on a formal development plan for the employees. Actually this plan should be based on requisite skills, behaviours and knowledge and key competencies that was required to achieve the objectives and targets set. The development plan can also include long-term development initiatives which are usually based on potential and good performance (Nyembezi, 2009).

Employee productivity (sometimes referred to as workforce productivity) is an assessment of the efficiency of a worker or group of workers. Productivity may be evaluated in terms of the output of an employee in a specific period of time.

Typically, the productivity of a given worker was assessed relative to an average for employees doing similar work. Because much of the success of any organization relies upon the productivity of its workforce, employee productivity is an important consideration for businesses. Employees are performing different jobs in an organization depending upon the nature of the organization (Robertson, 2014). They mainly perform tasks like production, storage, manufacturing, transportation, marketing, purchasing, distribution, promotion of business, finance and accounting, human resource, research and public relations (Francis, 2013). All these activities are inter-related to achieve the targets. These are to be performed by the employees properly so they can give their best output at the job. This will have great impact on the total production, sales, profit, progress and market position of the company in the market.

Statement of the Problem

Cole (2004) says that human resources are the most dynamic of all organizational resources. As such therefore they need considerable attention from the organization's management if they are to realize their full potential at work. Thus motivation, communication, payment systems, work restructuring and training/development are issues that need constant attention from today's managers. The main goal of every banking institution is to operate profitably in order to maintain its stability and improve in growth and expansion. In the last 15 years, commercial banks in Kenya have been experiencing various challenges that range from liquidity to consumer perceptions, account closures, external competition from micro lending enterprises and shylocks, and competitive interest rates.

In addition, the banking sector has been characterized by massive staff turnovers, non-performing loans, political interference, and fluctuation of interest rates among others. Currently most banks are not lending due to capping of the interest rates that was put down by The Central bank of Kenya in August 2016. Most banks have been making low profits and have consequently reported losses in their annual financial reports. As much as the performance management systems are in existence in these banks, their use and execution remain questionable with most employees crying foul (Onyango, 2016). According to Omboto (2014), most commercial banks in Kenya have registered the highest levels of staff dissatisfaction and demotivation due to unfair performance appraisal methods like the score card and 360-degree analysis, misappropriation of banks' profits and funds by the Directors which has led to some banks going into receivership, and irregular borrowing practices which have led to bad loan books.

Various studies have been done regarding performance management (Kiboi, 2006; Korir, 2005; Mungai 2010; Kurui 2010; Magu 2011). These studies reveal that performance management is a widely accepted tool of management in both private and public sector. Mungai (2010) studied factors influencing performance management at NIC bank; Kiboi (2006) studied management perception of performance contracting in state corporations in Kenya while Korir (2015) studied the impact of performance management on performance of Equity bank in Kenya. Kobia and Mohammed (2012) while presenting their findings recommended that there was need for further study on bank employees' perception on the role of performance contracting in improving service delivery. Kurui (2010) studied management perception of performance contracting at the University of Nairobi. This study therefore investigated the role of performance management on the productivity of employees in commercial banks in Kenya, case study being Kenya Commercial Bank and Equity bank of Kenya.

Objectives of the Study

This study investigated the role of performance management on the productivity of employees within selected banks in Kenya; a case of Equity and Kenya Commercial Bank Head Office branches in

Nairobi County. The study was guided by the following specific objectives;

- To determine the influence of performance planning on employee productivity within selected Commercial Banks in Kenya.
- To establish the influence of performance monitoring on employee productivity within selected Commercial Banks in Kenya.
- To assess the influence of performance rewards on employee productivity within selected Commercial Banks in Kenya.

The study attempted to answer the following research questions;

- How does performance planning influence productivity of employees within the selected Commercial Banks?
- In which way does performance monitoring influence productivity of employees within the selected Commercial Banks?
- To what extent does performance rewards influence productivity of employees within the selected Commercial Banks?

LITERATURE REVIEW

Theoretical Review

Knowledge-Worker Productivity Theory

Knowledge-worker productivity theory was first advanced by Drucker (1999). Prior to the Internet, the average life expectancy of a successful business was considered to be thirty (30) years (Drucker, 1999). In the present-day world of Information Technology, business life-expectancy is more likely to be measured in Internet years where one Internet year is the equivalent of seven calendar years, a view generally supported by a number of network equipment vendors. Knowledge workers are employees whose main capital is knowledge. Examples include software engineers, physicians, pharmacists, scientists, public accountants. Their line of work requires thinking.

One key survival requirement in today's knowledge-based economy is that more and more businesses have to rely on their knowledge-worker productivity rather than advances in production equipment (Drucker, 1999). Davenport (2005) estimated that quarters to a half of workers in advanced economies are knowledge workers whose main tasks involve the handling of knowledge and information. The fastest growing and most successful companies in the United States and other leading economies are companies with a high proportion of knowledge workers. Therefore, this theory brings out the importance of worker productivity by linking it to organizational performance and employee knowledge thus relating to the current study.

Theory of Balanced Score Card by Kaplan and Norton

The theory of balanced score card was introduced by Rober S. Kaplan and David P. Norton in 1992. The theory was designed to be a measurement tool of performance of employees. It is a semi structured standard report supported by design methods and automation tools and structures that are used by managers to keep track of their employee performance. The characteristic of a balanced score card and its derivatives is the presentation of a mixture of financial and non-financial measures each compared to a target value within a single concise report. It involves the identification of a small number of financial and non-financial measures and attaching them to organizational targets so that after they are reviewed it is possible to determine whether current performance meets expectation. By alerting managers to areas where performance deviates from expectation, they can be encouraged to focus their attention on these areas and hopefully as a result trigger improved performance within the part of the organization. This theory relates to the current study variable of performance planning, monitoring and rewarding.

The Balanced Scorecard looks at the important issues of alignment, coordination, and effective implementation. Most business thinkers like to start with the big picture, and end there. As a result, most ideas for going in a new direction are quickly diluted by misunderstanding, falling back on old habits and lethargy. (Kaplan R.S. and Norton D.P. 2000) Since Peter Drucker (2008) first popularized the idea of business strategy, there have been vastly more strategies conceived than there have been strategies successfully implemented as a result. Much attention has been paid to devising better strategies in the last four decades, and little to implementing strategies. The big pay-off is in the implementation, and The Balanced Scorecard is one of handful of books that provide important and valuable guidance to explain what needs to be done to successfully execute strategy. The Balanced Scorecard is the beginning of the practical period of maturity in the field of business strategy.

Consistent with the latest developments in the performance measurement literature such as those advocated by proponents of the Balanced Score Card, it is expected that companies that continuously improve their capabilities (e.g. by implementing advanced workplace practices, which are to be monitored via the innovation and learning perspective) should achieve better performance in their internal business process perspective which will, in turn, lead to better performance in their customer perspective (Cobbold, I. and Lawrie, G. 2002a). All such efforts should lead to improved financial performance. Employee performance is a critical issue in today's organization, given that employees are the engine and success factors through which institutional performance is achieved. Factors, which determine employee performance at Kenya Commercial Bank, include leadership, communication, working condition, recognition, training and remuneration.

Performance Management Theory

Traditionally, performance management theory by Buchner (2007) focuses on the presence of different organizational challenges such decentralized workforces, enlarged spans of control, lack of direct experience, evolving performer expectations, which cause supervisors not to be effective managers of others' performance. This is because managers have the tendency of never having held one or more of the positions that report to them. Previously, performance was viewed to be the responsibility of immediate supervisor (Barnes-Farrell, 2001). Without the expertise, knowledge, and understanding that come with having performed the work, the credibility of feedback is suspect (Coens & Jenkins, 2000). Finally, performance management theory asserts that many of the modern employees now expect to be more involved in determining the performance management that affects them (Swan, 1991). This theory relates to the current study directly since it focuses on performance management.

Empirical Literature Review

Performance Planning and Staff Productivity

Ghimire& Abo (2013) did a study on Ivorian banks 'performance planning: constraining factors and staff delivery. The study collected data from bank staff in both urban and rural areas. The methodology adopted by the study included descriptive statistics, cross-tabulations along with dependency tests of Chi-square and Cramer's value. The study adopted structured questionnaires which were sent out to respondents in four major commercial banks namely: Bank Internationale de l'Afrique de l'Ouest, Ecobank, Banque Atlantique and Societe Generale de Banque Cote d'Ivoire.The study adopted correspondences analyses or joint-plots, displaying the relationships between the most pertinent variables and staff delivery. Out of 50 questionnaires sent, only 36 responses were received. The computed percentage showed that firms having high level performance planning and medium level performance planning had staff output at respectively 100% and 83.3%. The study therefore concluded that indeed performance planning affected staff output or delivery. However, the study interviewed bank managers only on and intends to correct the self-reporting bias by managers by bringing in the junior staff independent opinion, a gap the study sought to fill.

Azende (2012) did a study on performance planning in small and medium scale enterprises in Nigeria. The study assessed the performance planning options available to Small and Medium Scale

Enterprises (SMEs) in Nigeria to identify how they affect the staff growth and productivity, using Benue and Nasarawa States as case studies. Mean scores and standard deviation were used to present and analyse the primary data obtained via questionnaires. However, the study adopted Pearson's correlation to describe the relationship of study variables, a gap the study sought to fill.

Performance Monitoring and Staff Productivity

A study by Iopev and Kwanum (2012) on effects of performance monitoring of employees of MFIs was done in Nigeria. The study adopted a survey research design to assess the effects of performance monitoring on employees of MFIs in Nigeria with particular emphasis on the staff productivity and score cards. To achieve the objective of the study, one hundred and ten (110) MFIs in Benue state were selected. An open-ended questionnaire was distributed to each manager of the selected MFIs and the data collected was analysed using descriptive statistics. The findings revealed that performance monitoring largely affected staff productivity. More so, about eighty-four percent of MFIs strongly agreed. However, the study focused on MFIs and not commercial banks; a gap the study sought to bridge.

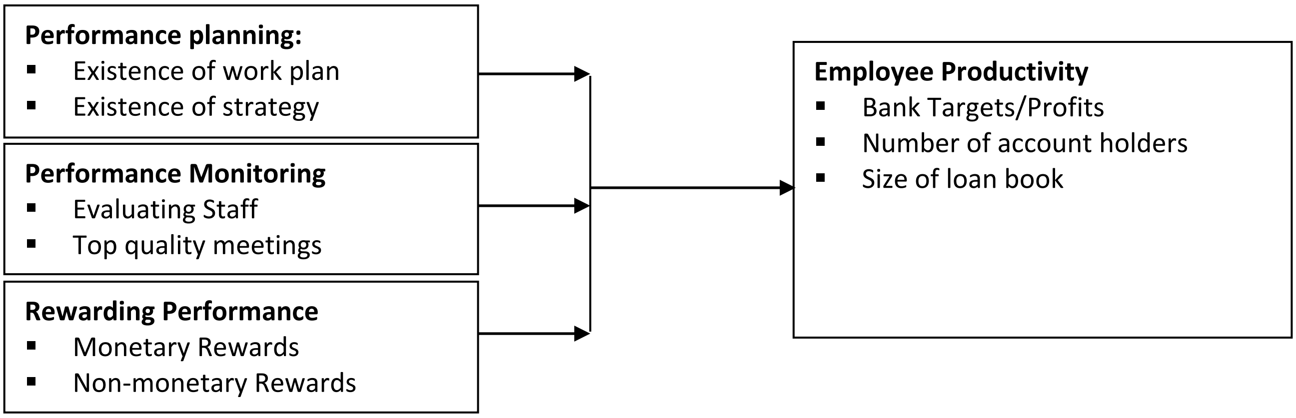
Rewarding Performance and Staff Productivity

Reward is the compensation which an employee receives from an organization for exchanging for the service offered by the employee or as the return for work done (Lin, 2007). It also refers to the collection of brain structures that try to control and regulate behaviour by inducing pleasure (Ajila and Abiola, 2004). Human resource can be rewarded and optimally utilized through rewarding it using different techniques of significance importance. Carraher *et al.* (2006) advocates that there should be an effective reward system for organization performance and reward should be related to their productivity. Thus, organizations must make policies and procedures and formulate such reward system under those policies and procedures which increase employee satisfaction.

Muguchu (2013) did a study on the relationship between reward and staff performance in SMEs in Nairobi, Kenya. The study sought to find out whether there was relationship between reward mechanisms and staff productivity of SMEs in Nairobi, Kenya. The study focused on the imperfect information theory. The study employed descriptive analysis as well as regression analysis to analyse the data collected. The target population under study was the licensed SMEs by Nairobi City Council in 2013. Of the licensed SMEs in Kenya, an estimated 50,000 licensed SMEs were located in Nairobi. Cluster sampling of SMEs in the central business district in Nairobi was done by clustering the SMES based on the streets where they were located. A sample of 40 SMEs within the central business district was selected for the survey. Descriptive analysis as well as regression analysis found that there was a positive relationship between reward mechanism and staff productivity for the SMEs. However, the study used secondary data only, a gap the study sought to fill.

Minh (2012) did a study on the determinants of employee performance in community banks in Vietnam. The study utilized a database of community banks from World Bank Enterprise Survey (2009). The database included not only small and medium enterprises but also large enterprises. The scope of data was very wide but in measurement of determinants of employee performance, the data was rather limited. Due to the characteristics of data, the study could not aim at in-depth specific problems, but at general pictures including endogenous and exogenous variables. The binominal logit model was used to assess the influence of reward systems on employee performance. The study adopted discriminant and cluster analysis to contribute to the findings. The study showed that in general, the employee performance in the community banks in Vietnam was hugely affected by reward system. However, the study concentrated on community banks, a gap the current study sought to fill.

Conceptual Framework



Independent Variables **Dependent Variables**

Figure 1: Conceptual Framework

Source: Researcher, 2017

METHODOLOGY

This study adopted a descriptive survey design because it focused at one point in time. The study population comprised 338 employees and management of Equity and Kenya Commercial banks, Head office branches in Nairobi County. The researcher adopted stratified random sampling involving managerial, supervisory, clerical staff from various departments within the selected banks from where 20% of each group of respondents shall be selected for the study. The sample size comprised of 64 respondents. Primary data was used in the study. The data was collected from respondents using open and closed ended self-administered questionnaires. Drop and pick method was used to administer the questionnaire. The researcher used the commonly used internal consistency measure called Cronbach's Alpha (α) which is generated by the data analysis software SPSS.

FINDINGS AND DISCUSSIONS

Descriptive Analysis Results

Performance Planning

The study sought to determine the influence of performance planning on employee productivity within selected Commercial Banks in Kenya. Table 1. presents the results.

Table 1: Performance Planning

Statements on performance planning	M	SD
The organization has an organized set of goals that it aspires to realize	4.06	0.936
Individual goals and company strategy are defined and communicated to employees	4.60	0.399
Staff and management are involved in planning for the goals	4.01	0.987
The organization has a set of well-defined standards against which performance is measured	4.52	0.475
The employees are well trained and equippped for their job roles	3.94	1.060
The organization has all the necessary physical, financial, technological and structural resources necessary for planning performance of employees	4.55	0.449

Source: Survey Data (2023)

The results as illustrated in Table 1. indicates that the statements that were strongly agreed by the respondents were; Individual goals and company strategy are defined and communicated to employees, the organization has all the necessary physical, financial, technological and structural resources necessary for planning performance of employees and that the organization has a set of well-defined standards against which performance is measured as shown by mean score of 4.60, 4.55 and 4.52 respectively and standard deviation of 0.399, 0.449 and 0.475 respectively. According to Schneier et al., (2011) planning is the first stage in the performance management system process cycle and offers the foundation for an effective process. Planning is a continuous process in performance management and should be executed with great care. The results as illustrated in Table 1. also indicates that the statements that were strongly agreed by the the respondents were; staff and management are involved in planning for the goals and the employees are well trained and equippped for their job roles as shown by mean score of 4.01 and 3.94 respectively and standard deviation of 0.987 and 1.060 respectively. According to Armstrong and Baron (2014), objectives or goals describe something to be accomplished by individuals, departments and organizations over a period of time. They can be expressed as targets to be met, for instance, sales, and tasks to be completed before the deadline.

Performance Monitoring

The study sought to establish the influence of performance monitoring on employee productivity within selected Commercial Banks in Kenya. The results are presented in Table 2.

Table 2: Performance Monitoring

Statements on performance monitoring	M	SD
Progress goals are monitored and management provides coaching on performance.	4.57	0.429
Employee performance is monitored on a continuous basis	4.23	0.758
There are periodic reviews on employee performance.	3.67	1.327
Performance is monitored by well-trained supervisors	4.52	0.476
The score card provides a true measure of performance.	4.09	0.908
The 360 degree feedback system gives a true measure of performance	4.55	0.448

Source: Survey Data (2023)

The results as illustrated in Table 2. indicates that the statements that were strongly agreed by the respondents were; progress goals are monitored and management provides coaching on performance, the 360-degree feedback system gives a true measure of performance and that Performance is monitored by well-trained supervisors as show by mean score of 4.57, 4.55 and 4.52 respectively and standard deviation of 0.429, 0.476 and 0.448 respectively. According to Young Entrepreneur Council (2015) performance management is the process of creating a work environment or setting in which people are enabled to perform to the best of their abilities. Performance management is a whole work system that begins when a job is defined as needed. It ends when an employee leaves your organization.

The respondents agreed on the statements that; Employee performance is monitored on a continuous basis, the score card provides a true measure of performance and that the score card provides a true measure of performance as shown by mean score of 4.23, 4.09 and 3.67 respectively and standard deviation of 0.758, 0.908 and 1.327 respectively. Rogers and Hunter (1991) stated that goal setting is the fundamental aspect for an organization. They further indicated that productivity gains will correlate with the extent of top management support for and employees' participation in the process of setting objectives. It is a motivational process which also gives the individual the feeling of being involved and creates a sense of ownership for employees.

Performance Rewards

The study sought to assess the influence of performance rewards on employee productivity within selected Commercial Banks in Kenya. The results are presented in Table 3.

Table 3: Performance Rewards

Statements on performance rewards	M	SD
Individual performance is appraised with feedback and formal documentation	4.50	0.500
You feel valued and appreciated by your organization	3.74	1.255
You feel motivated to achieve your work goals	4.01	0.908
You would recommend your organization to someone else	3.91	1.090
Your job roles and specifications are well defined by your organization	4.53	0.466
There is an established reward and compensation system for good performance	4.61	0.389

Source: Survey Data (2023)

The results as illustrated in Table 3. indicates that the statements that were strongly agreed by the respondents were; there is an established reward and compensation system for good performance, their job roles and specifications are well defined by your organization and that individual performance is appraised with feedback and formal documentation as shown by mean score of 4.61, 4.53 and 4.50 respectively and a standard deviation of 0.389, 0.466 and 0.500 respectively. Performance management is a very important part of human resource management (Glenngard, 2013). The focus of it is on development aspects of individual and organisation performance. The approach of performance management is positive. In present highly competitive environment, a high degree of skill and commitment is needed to understand the environment and perform accordingly (YEC, 2015).

The respondents agreed on the statements that; they feel motivated to achieve your work goals, they would recommend your organization to someone else and that they feel valued and appreciated by their organization as shown by mean score of 4.01, 3.91 and 3.74 respectively and standard deviation of 0.908, 1.090 and 1.255. According to Glenngard (2013) each organization's policy should specify how the performance management system was carried out. Organizations should adopt performance management practices that are consistent with the requirements of this policy and that best fit the nature of the work performed and the mission of the organization.

Employee Productivity

The study sought to examine the employee productivity within selected Commercial Banks in Kenya. The results are presented in Table 4.

Table 4: Employee Productivity

Statements on employee productivity	M	SD
There are promotion and career development opportunities for employees.	4.44	0.556
Performance management systems help people set and achieve meaningful goals.	3.90	1.100
The organization has a legal system for support decisions and settling disputes	4.05	0.859

Source: Survey Data (2023)

The results as illustrated in Table 4. indicates that the statements that were agreed by the respondents were; there are promotion and career development opportunities for employees, the organization has a legal system for support decisions and settling disputes and that performance management systems help people set and achieve meaningful goals as shown by mean score of 4.44, 4.05 and 3.90 respectively and standard deviation of 0.556, 0.859 and 0.556

respectively. Armstrong and Baron (2010) defined performance as a strategic and integrated approach to increasing the effectiveness of organizations by improving the performance of the people who work in them and by developing the capabilities of teams and individual contributors.

Regression Analysis Results

Regression analysis was done to determine the effect of one variable to the other. The results of the joint regression analysis are displayed in Tables 5, 6 and 7 respectively.

Table 5: 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
1	.709[a]	.716	.704	.618	.771	9.642	4	58	.001

Source: Survey Data (2023)

The results in Table 5. show that 0.704(70.4%) as the value of adjusted R square showing the extent to which employee productivity in selected banks was determined by the performance planning, performance monitoring and performance rewards. Therefore, the remaining percentage (29.6%) accounted for other variables not studied.

Table 6: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	100.231	4	33.410	186.285	.001
	Residual	10.223	57	.1794		
	Total	100.231	61			

Source: Survey Data (2023)

The value 0.001 shows the significance level is less than 0.05 showing a statistical significance of the model on how performance planning, performance monitoring and performance rewards influenced the employee productivity in selected banks. The statistics F value (186.285) is greater than the value of statistical mean square value of 33.410 at 5% significance level confirming the significance of the model.

Table 7: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.702	1.192		0.589	.001
	Performance planning	0.831	0.294	1.263	2.827	.000
	Performance monitoring	0.731	0.319	3.164	2.292	.000
	Performance reward	0.697	0.220	2.336	3.168	.000

Source: Survey Data (2023)

The findings in Table 7. revealed that a constant value at 0.7.0 represents the value of employee productivity in selected banks when performance planning, performance monitoring and performance rewards are kept at constant. The established regression equation was as follows;

$Y = 0.702 + 0.831X_1 + 0.731X_2 + 0.697X_3$

Where, Y = Employee productivity

X_1= Performance planning

X_2 = Performance monitoring

X_3 = Performance reward

The study observed that a 0.831 represented the amount by which employee productivity in selected banks changes when performance planning is changed by one unit keeping service performance monitoring and performance reward constant. The study also established that performance planning had a positive and significant influence on the employee productivity in selected banks as indicated by t-value ($t= 2.827$, $p < 0.05$). The finding concurs with Ghimire and Abo (2013) who did a study on Ivorian banks 'performance planning: constraining factors and staff delivery. The computed percentage showed that firms having high level performance planning and medium level performance planning had staff output at respectively 100% and 83.3%. The study therefore concluded that indeed performance planning affected staff output or delivery.

The study revealed that a 0.731 represented the amount by which employee productivity in selected banks changes when performance monitoring is changed by one unit keeping service performance planning and performance reward constant. The study also revealed that performance monitoring had a positive and significant influence on the employee productivity in selected banks as indicated by t-value ($t= 2.292$, $p < 0.05$). The finding agrees with a study by Iopev and Kwanum (2012) on effects of performance monitoring of employees of MFIs was done in Nigeria. The findings revealed that performance monitoring largely affected staff productivity. More so, about eighty-four percent of MFIs strongly agreed.

The study established that a 0.697 represented the amount by which employee productivity in selected banks changes when performance reward is changed by one unit keeping service performance planning and performance monitoring constant. The study also revealed that performance monitoring had a positive and significant influence on the employee productivity in selected banks as indicated by t-value ($t= 3.168$, $p < 0.05$). The finding concurs with Muguchu (2013) who did a study on the relationship between reward and staff performance in SMEs in Nairobi, Kenya. Descriptive analysis as well as regression analysis found that there was a positive relationship between reward mechanism and staff productivity for the SMEs.

CONCLUSIONS

The study concluded that performance planning helps in matching organization and employee objectives. Performance planning helps in identifying company expectations because an employee in any position in a company or organization will have a list of objectives to be met and /or duties for which he or she is responsible. The study also concluded that performance planning helps in identifying responsibilities for specific time periods. A performance planning program can do both by identifying the relative importance of various objectives and responsibilities and evaluating employees accordingly.

The study concluded that employee performance monitoring is the practice of tracking the work of employees including the quality, quantity, and efficiency of work. When the performance of employees are employees are monitored it paints a picture of how the business is running. It highlights the areas that need to be improved and it also provides crucial information about what needs to be done for future plans. Focusing on employee performance helps businesses and helps the employees to unleash their full potential. Performance monitoring has positive effects on morale and the quality of work produced. Tracking performance is a win-win for both, employees and the organization.

The study concluded that performance rewards encourage employees to take on additional responsibilities or improve their performance. Improve employee morale, which can boost productivity and make everyone feel better about coming to work every day. Rewarding employees for good performance is vital to motivating and retaining talent. When employees are rewarded for their efforts, they are likely to become more loyal and productive. This can boost the overall productivity and output of the organization.

RECOMMENDATIONS

The study recommended that performance planning should attempt to match the employee's career goals and aspirations with those of the company or organization. Assigning and completing additional tasks that are part of the company's objectives will contribute to the achievement of both employee and company goals and objectives. All of this can be achieved through regular surveying and discussion of employee job satisfaction and career aspirations, then using that information in developing the next work plan. A performance planning program should provide fixed time frames over which their formal evaluations or appraisals will take place.

The study recommended that the banks should use employee monitoring tracking software to track the staff's activity on their work computers. Special services collect, store and analyze data about the visited websites, search queries, running applications and external storage devices used during the workday. The banks can also get a better understanding of their employee's workload and productivity using task management software. The study also recommended that the banks should monitor only a few employees at a time with selective control without making staff feel like they are being watched constantly.

The study recommended that the banks should align rewards with performance to show employees how their productivity helps the company. A rewards program can be established to incentivize employees based on how well they meet or exceed these targets. The banks should provide unique rewards like organizing a warm welcome by decorating the company entrance to welcome outstanding employees so that other employees can see and congratulate them. The study also recommended that the banks recognize major and minor achievements to motivate employees to stay focused until they reach their ultimate goal, give a gift to employees to celebrate their work anniversary every year as a reward for their loyalty, recognize employees when they get promoted to the next level etc.

Suggestions for Further Studies

The current study focused on the role of performance management on the productivity of employees within selected banks in Kenya; a case of Equity and Kenya Commercial Bank Head Office branches in Nairobi County. The performance management adopted were performance planning, performance monitoring and performance rewards. Therefore, the study suggests that further studies should be carried out the focus on other performance management variables not studied. Further, other studies can be done that focusing on different context other than the banking industry.

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