Novelty Journals

ISSN 2394-7322

International Journal of Novel Research in Marketing Management and Economics
Vol. 4, Issue 2, pp: (182-219), Month: May- August 2017, Available at: www.noveltyjournals.com

Effect of Human Resource Policies on Employees Performance: A Case Study of Co-Operative Bank Kenya

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Abstract: **The purpose of this study was to examine the effect of human resource policies on employees' performance in the banking sector with a specific reference to the Co-operative bank of Kenya. Descriptive research design was employed in the study.**

The study showed over half of the respondents (52%) agreed that, HR recruitment policy had helped in new role adjustment. In addition, majority of respondents whose data had the highest mean of 2.7, felt the policy had also provided opportunities for development and career progression as a motivation for achievement of targets. It was also established that 72.2% of the respondents agreed that, HR appraisal policy supported employees' performance. HR compensation policy findings showed majority (85%) agreed that, the policy enhanced an organization's competitive edge in the labour market. The study concluded that recruitment policy influenced employees' achievement of set targets and appraisal policy affected employees' performance.

Recommendation resulting from the study is one, the organization creates more awareness on HR recruitment policy by educating new recruits on the same and follows up to ensure those tasked with orientation of new job roles follow the policy's guidelines in totality. It further recommended, preset penalties for managers found to be unfair in their assessments. Lastly, the study recommended maintaining of a compensation policy which is transparent and fair to both the new talents and current staff in the organization. Fairness across board tends to build a sense of trust which subsequently inspires employees to work hard and perform well.

Keywords: **Appraisal, Compensation, Employees, Human, Performance, Policies, Recruitment, Resource.**

LIST OF ABBREVIATIONS:

HR	Human Resource	HPWS	High Performance Work Systems
HRM	Human Resource Management	BSC	Balance Score Card
KShs	Kenya Shillings	SPSS	Statistical Package for Social Sciences
SHRM	Strategic Human Resource Management		

1. INTRODUCTION

This first chapter covers; the background of the problem, statement of the problem, purpose of the study, research questions, scope of the study, significance of the study, definition of terms and finally concludes with a summary of the chapter.

1.1 BACKGROUND OF THE PROBLEM:

Guest (2007), described Human Resource Management (HRM) as a set of policies designed to enhance organization's integration, employee commitment, flexibility and quality work. HRM in general covers three aspects of employees' performance. First is planning; at this stage identification of company's goals and recruiting personnel with the right skills to achieve these goals is crucial. Secondly, monitoring; which involves training where need be, surveying, appraising and providing feedback. Last but not least, compensation. Appreciation for work well done is very important in any organization. It motivates employees which in turn increases productivity and consequently enables the company achieve its goals. Effectiveness and efficiency of HRM in any organization is dependent on the HR policies set in place. Some of the benefits of these guidelines are: it gives an overview of an organization's culture, it is an official means of communication between an organization and a recruit, it provides details on terms of employment, it forms a basis from which staff is oriented and trained, and it also acts as a reference point for managers and staff in future engagements.

A recurring issue in HRM however, is the idea that a certain bundle or combination of HR policies, properly applied, is required for the achievement of high performance (Wright and Boswell, 2002). This bundle, first identified by McDuffie (1995), has proved difficult to confirm as different research groups have different lists. What these approaches have in common nonetheless, is that they identify a distinctive set of HR policies that can be applied successfully to all organizations irrespective of their setting (Redman and Wilkinson, 2009). Pfeffer (1994, 1998), is perhaps the best known for this, developing initially a list of 16 best practices which were subsequently narrowed down to seven (1998) typically referred to as 'best practice.' The seven practices include: - employment security, selective hiring, self-managed team(s) working, high compensation contingent on organizational performance, extensive training, reduction of status differentials and sharing information.

According to Marchington and Wilkinson (2005), the approach assumes that the set of policies adopted would have the same effect on all employees; improved attitudes and behaviours, lower levels of absenteeism and labour turnover, increased high levels of productivity, quality and customer service which would in turn lead to increased profits for organization. This research has been extensively discussed, with a variety of authors identifying methodological and theoretical problems. For instance, even when an agreed list could be created, there is the problem of whether an organization needs all the policies on the list or just some, and the question of whether one policy is only effective when linked to another. Reference is often made to 'deadly combinations' where one policy, say, individual performance related pay, clashes with another, like team work (Delery 1998; Boxall and Purcell, 2000). Marchington and Grugulis (2000), have also challenged this view pointing out that organizations are complex with many different types of employees who may be managed successfully through diverse sets of HR practices within a single organization.

As a response to this school of thought, various authors drew attention to the importance of analyzing the wider context within which organizations operated. One such perspective is the 'best fit' approach by Schuler and Jackson, (1987) which argues that performance is maximized when the HR policies adopted are consistent with the business strategy. The same argument was later reviewed by Boxall and Purcell, (2003) and a number of issues have been raised concerning the impact of the outer and the inner context. Perhaps the most basic point of all is the assumption that firms have a competitive strategy with which HR policies can fit (Ramsay, et al., 2000). Even if the firm does have a strategy this view assumes that the one they have is the most appropriate for them. This may not be the case if firms do not have sufficient knowledge of their external environment or if they have misinterpreted the information that they have gathered. Wright and Snell (1998) also argued for the need to have both fit and flexibility (Boxall and Purcell, 2003). This is the ability to move from one best fit to another, and be able to adapt to the situation where the need to change is virtually continuous. According to Wright and Snell (1998), flexibility provides organizations with the ability to modify current practices in response to non-transient changes in the environment. In particular there is a need to achieve fit between the HR system and the existing competitive strategy while at the same time achieving flexibility in a range of skills and behaviors needed to cope with changing competitive environments.

The Lepak and Snell model of HR Architecture expresses these ideas in a more accessible form. They argued that 'To date most strategic HRM researchers have tended to take a holistic view of employment and human capital, focusing on the extent to which a set of practices is used across all employees of a firm as well as the consistency of these practices across firms' (Lepak and Snell, 1999, 2002). There was a belief that the most appropriate mode of investment in human capital varies for different types of capital. Their model distinguishes between employees on the basis of the value they create for the organization (the extent they contribute towards the creation of competitive advantage) and the extent to which their knowledge and skills are specific to that organization (uniqueness). This approach also raises various questions. In particular there is the issue of consistency: if an employer wishes to pursue an inclusive culture based

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approach why should they treat employees differently? If certain activities are externalized there is a danger that the core competences of organization would be lost. There is also a moral question too – why should different groups be treated differently? Lepak and Snell (1999, 2002) played a very vital role in identifying the possible heterogeneity of policy between internal and external groups, but they did not address one of this study's major concerns over the previous research: the relatively limited attention which is given to studying employee attitudes. Indeed, it is ironic that very few studies actually collected data directly from the very employees who are seen as central to organizational performance. A discussion pointed out by McKenna and Beech (2014) who attributed the success of HRM strategies on communication and involvement of employees in the on goings in an organization. As it is though, most of the previous studies have relied on the implied or assumed effect of HR policies on employee attitudes and behavior.

To get a better insight on the effects of HR policies on employees performance; the study focused on the banking sector namely Co-operative Bank of Kenya. The bank is one of the largest commercial banks in Kenya. Licensed and regulated by the Central bank of Kenya; the national bank regulator. Its history dates back to 1931 when the first legislation to specifically govern the registration of Co-operatives - Co-operative Societies Ordinance was enacted. Notably at the time the ordinance did not allow Africans to participate in co-operatives. In 1966, previously enacted Ordinance(s) was replaced with the Co-operative Societies Act. This was done in order to increase oversight of the Co-operative movement by the government having noted the importance of Co-operatives as tools of development in the country. As a result of the initiative and advice of Kenya National Federation Co-operatives (KNFC), a group of people from the Department of Co-operative Development visited Israel to study ways and means of establishing a viable Co-operative bank. In the same year, a joint paper by the Ministry of Finance and Marketing & Co-operatives Development recommending the establishment of the bank was issued (Co-operative Bank of Kenya, 2017a).

The Co-operative Bank was officially granted its banking license and became operational on 10th January 1968. On 16TH December 1977 the bank registered a finance company; the Co-operative Finance Limited (its first subsidiary). This was to enable it to conduct the business of a financial institution for long-term financial requirements. This was later actualized on 8th March 1993. In the following year 1994, Co-operative bank converted to become a fully-fledged commercial bank offering the complete range of financial services beyond the captive Co-operative sector to include; personal, corporate and institutional customers (Co-operative Bank of Kenya, 2017a). Over the years the bank has grown within and beyond Kenyan financial markets. For instance, in October 1998; the bank signed a contract with MoneyGram International and became one of the agents for the company's international funds remittance business (Co-operative Bank of Kenya, 2017a). The bank has sustained its recovery and growth path. In 2009 the Bank undertook the most rapid expansion of service outlets by opening an additional 22 branches within one year to close 2009 with 74 branches up from 52 as at the close of 2008.The expansion has continued over the years with the bank currently boasting of 114 branches. The expansion has also influenced a large workforce population presently estimated at 3,600 (Co-operative Bank of Kenya, 2017b). It is important to note that the Bank was initially registered under the Co-operative Societies Act at the point of founding in 1966. This status was retained up to and until June 27th 2008 when the Bank's Special General Meeting resolved to incorporate under the Companies Act with a view to complying with the requirements for listing on the Nairobi Securities Exchange (NSE).The bank went public and was listed on December 22nd 2008. Shares previously held by the 3,805 Co-operatives Societies and unions were ring-fenced under Coop Holdings Co-operative Society Limited which became the strategic investor in the Bank with a 64.56% stake (Co-operative Bank of Kenya, 2017c).

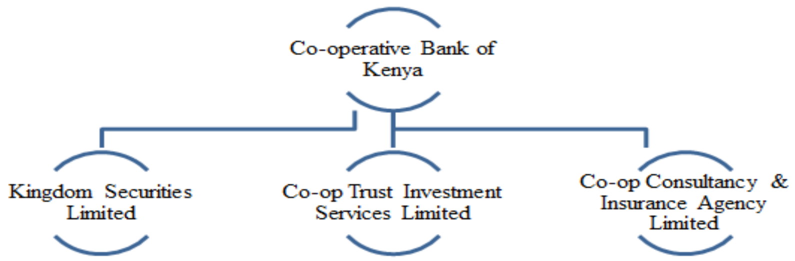

Figure 1.1 Co-operative Bank's Three Main Subsidiary Companies

Whilst my research focused on one case study; the importance of banking and financial services in the world service industry cannot be understated (Mishkin, 2001). The industry today constantly wrestles with revolutionary trends: accelerating product and technological changes, global competition, deregulation, demographic changes, work force diversity, and at the same time, they must strive to implement trends towards a service and information age society. Increasingly, banks are competing for the high performing employees. New paradigm companies recognize that an important element in business management practices is the need to successfully motivate and retain high talent employees who survive organizational restructuring, downsizing, consolidation, reorganizing and re-engineering initiatives. Due to this tumultuous business environment, one of the challenges facing the banking industry is the effective human resource (HR) policies geared towards retention of critical (core) employees and aligned organizations core business goals to achieve high performance. This has made Human Resource Management (HRM) to become more strategic in its focus and operation (Heys and Kearney, 2001) within current organizational set-up. HRM is being viewed as a strategic staff enterprise aligned with organizational values, mission and vision.

This study tried to fill this gap in knowledge by exploring the strategic perspective between the bank's HR policies and its bottom line employees. Noting policies was a wide area to cover; the research looked at the motivational factors in Human resource policies. That were specific to, recruitment, appraisal and compensation. In essence, recruitment process enabled organizations to achieve strategic objectives through employment and optimization of skilled individuals (O'Meara and Petzall, 2013).While appraisals as summarized by Demo, Neiva, Nunes, and Rozzett (2012, p. 400), are organizationally articulated proposal, with theoretical and practical constructions, to evaluate employee's performance and competence, supporting decisions about promotions, career planning and development. Lastly, compensation involved rewards employees receive in exchange for their performance. Generally, the value employees give to the compensation and benefit package have an influence on human resources outcomes namely, performance, productivity, satisfaction, retention, and attraction (Kelil, 2013). Therefore, the study examined the existing HR policies specific to the above mentioned variables, the bank managers' perspective, why they made the decisions they did and crucially the attitudes of non-management staff towards these policies.

1.2 STATEMENT OF THE PROBLEM:

According to Deb (2009), the banking sector like many other sectors has over the years placed its competitiveness on traditional sources of success such as product, technology, and protected markets amongst others. However, the emergence of globalization; where local businesses have gone worldwide has completely disrupted the traditional business landscape. With different market forces in play, business selling patterns are no longer as predictable. Globalization has provided alternative markets for buyers and sellers in turn increasing more pressure on the bottom line of the organization, making natural resources no longer a "default" source of business success. In addition, technological and financial products have become increasingly prone to duplication hence ruling them out as sources of competitive edge. Organization's quest to differentiate themselves from their competitors has finally been placed on the employees of the organization (Wagner III & Hollenbeck, 2014).

Human Resource as the new competitive advantage has led to an eminent shift in the organization's view of HRM. Organizations have no choice but to move away from the traditional practice of personnel management whose duties were restricted to administrative roles such as salary payments. Human resources management and the banking sector (2004), states that growing realization of the importance of proper HRM in the corporate sector has led to head of HRM being included in the senior teams of thriving businesses.

The banking sector has made great strides over the years. Deb, (2009) further notes that the industry has grown from a few institutions that just accept deposits and provide credit facilities to complex multi-player participants in the financial market. Kenya for instance, currently has 42 commercial banks and as at mid-June of 2015 its overall bank sheet reached KSh. 3.6 trillion up from KSh 3 trillion in the previous year (Central Bank of Kenya, 2016). Like many other progressive sectors, banking requires multi-layers of qualified manpower. To create a robust talent pool, an organization has to employ the right management tools and techniques and this is where the right HR policies come into play. For many years though, banks have managed human resources like other physical assets. Recruitment processes have been done in a mechanical way; hiring people with specific educational background irrespective of their real value to the institution (Deb, 2009).

The case study confirmed the above mentioned HR sentiments to a great extent. For starters, a big percentage of employees were graduates with a business administration background who had a little or no experience in banking at point of recruitment. Secondly, at the recruitment stages general information on the company's policies was provided mostly covering the organization's culture, training and compensation. Although the document came with a disclaimer that the policies would be added or amended at any time dependent on legal regulations and company policy, very little had been changed over the years (Co-operative Staff Handbook, 2009). The process of strategic placement and transformation of HRM in organization continues to be implemented by progressive organizations. However, as pointed out by Wright and Boswell (2003) when examining HRM it is important to distinguish between policies and practice. This is because while many organizations may have the policies in writing, their actual application may not be what is experienced on the ground. Co-operative bank for instance, has over the years attracted and employed talented individuals with high academic qualifications. A general observation of the bank has shown a number of highly skilled individual ends up leaving the bank after a short period of time. On the other hand, the performance of those that opt to stay, have been observed to be high at the beginning of employment but later tends plateau or decrease all together. Which begs the question, which variables affect performance? Can these performance variables be enhanced if HR policies are in place? It is with this in mind that the study explored the effect of HR policies from Co-operative bank employees' perspective.

1.3 PURPOSE OF THE STUDY:

The purpose of this study was to examine the effect of Human resource policies on employees' performance.

1.4 RESEARCH QUESTIONS:

1. What are the effects of recruitment policy on employees' achievement of set targets?
2. What are the effects of appraisal policy on employees' performance?
3. What are the effects of compensation policy on employees' performance?

1.5 SCOPE OF THE STUDY:

Presently in Kenya there are 42 registered commercial banks. The study however was restricted to Co-operative bank of Kenya which is one of the largest commercial banks in the country. The bank currently operates 114 branches throughout the country. In addition, it boasts of a staff establishment of 3,000 permanent employees. However, the study concentrated on 175 permanent employees from the bank's 7 CBD branches. They included; Aga Khan walk, City hall, Co-operative house, Moi Avenue, Parliament road, Ukulima and University way branches.

1.6 SIGNIFICANCE OF THE STUDY:

From the research, its findings established the need for policies that are relevant and sensitive to the decision making process and consequently success of the organization. The benefactors of the research include:-

Co-operative Bank Managers: The management will get an understanding of the effect of current policies and which or how to adjust or eliminate to suit its organization business strategy. In addition, with improved policies managerial effectiveness will be enhanced in decision making process.

Co-operative Bank Employees: The employees particularly non-management staff will learn the different policies in place and its benefits to both the staff and the organization as a whole.

Other Commercial Banks in Kenya: They will be able to draw comparisons and similarities of their policies and practices as compared to Co-operative bank. Consequently improve their human resource management.

Researchers: Through the study, researchers will gain more insight into human resources policies in the banking industry. Moreover, the study from its recommendations will provide areas for further research.

1.7 DEFINITION OF TERMS:

Personnel management: This is the recognition of human personality of an employee and how he or she can become an asset in an organization (Reddy, 2004). It mainly involves the administrative aspects of employees' management such salary payment.

Human resource management: It is the improved version of personnel management which looks at employees as a resource. This is the process of employing, training, developing, utilizing, and compensating employees' services as guided by the organization's rules and regulations (Simons, 2011).

Policy: These are guidelines formulated by an organization to govern its actions, which helps the organization achieve its long and short term goals (Deb, 2006).

Human Resource Policy: These are specific employment guidelines, which are used by an organization to manage its people (Deb, 2006).

Employee Performance: This is how well a person executes their duties and responsibilities; based on expectation or set standards (Randhawa, 2007).

Learning organization: According to Senge (1990, p.3) these are organizations where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning to see the whole together.

Job analysis : It is a detailed study of the essential factors of a particular job. It includes job description, skills, attributes and equipment required (Dessler, 2015).

Banking Sector: This is a sub- section of the financial sector that accepts deposits from the public and creates credit facilities for lending. It also uses the same as leverage to create more wealth through investments (Ronald, 2007).

Commercial Banks: According to Gup (2016, p.68) these are national banks, state-chartered and or other financial institutions that operate under general banking codes authorized by law to accept deposits and, in practice do so, or the obligation of which are regarded as deposits for deposit insurance.

1.8 CHAPTER SUMMARY:

Chapter one has detailed the background of the problem, statement of the problem along with the purpose of the study. In addition, the study has listed the three research questions that looked at recruitment, appraisal and compensation policies, their relevance and their effect on organization's and employees' performance. The research was focused on co-operative bank of Kenya. With its outcomes considered to be beneficial to the bank itself, its employees, other commercial banks, as well as other researchers.

The next chapter has documented literature review which sought to look at information previously researched on the subject by other researchers and their take on the subject. The third chapter on the other hand elaborated on research design, data collection methods and analysis. The fourth chapter thereafter presented results and findings of the study. Lastly, chapter five discussed conclusions, findings and recommendations based on the case study.

2. LITERATURE REVIEW

2.1 INTRODUCTION:

According to Pier (2006), many organizations have increasingly recognized the potential for their people to be a source of competitive advantage. Creating competitive advantage through people requires careful attention to the practices that best leverage these assets. Employees and how they are managed is becoming more important because many other sources of competitive success are less powerful than they used to be. This is essential in developing different frame of reference for considering issues of human resource policy and strategy. While traditional sources of success such product as can still provide competitive leverage, an organization's human resources are more vital for its sustainability. This change in the mindset of executive decision-makers has spurred an increasing body of academic research attempting to reveal a relationship between an organization's HR practices and performance.

On the other hand, the economic environment in the banking industry is changing rapidly and this change is characterized by a phenomenon such as globalization, changing customer and investor demands, and ever-increasing product-market competition. To compete in this environment, banks need to use their people effectively and efficiently (Price, 2004).

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This chapter sought to look at information previously researched on HRM and policies background by other researchers and their perspective. With a particular inference on three HR policies; effect of recruitment policy on employees' achievement of set targets, effect of the appraisal policy on employees' performance and lastly, effect of compensation policy on employees' performance.

2.2 EFFECTS OF RECRUITMENT POLICY ON EMPLOYEES' ACHIEVEMENT OF SET TARGETS:

2.2.1 Recruitment process and organization performance:

Recruitment and selection being the onset of the talent management process are very crucial decision making points in establishment of the work relation (McKenna and Beech, 2014). The process generally involves an organization looking for the best fit individual(s) who are knowledgeable, skilled and or experienced to take up job vacancies with defined job specifications. Employee targets on the other hand are synonymous with organizational goals. While goals offer direction and progression; targets act as a performance indicator tool. From each individual's contribution organizations are able to note its advancement, position and eventually its success. McKenna and Beech (2014), have pointed out that recruitment processes incur significant costs, it is therefore important that an organization is keen on keeping the costs at a minimum. Job vacancy advertisement and selection process is a costly affair. Moreover, if a wrongly fit individual is selected it can lead to further cost addition; either through sub- standard performance on production or service delivery consequently leading to loss of business.

So how can an organization increase its efficiency in hiring and retention and to ensure consistency and compliance in the recruitment and selection process? This can be done through the following:-

2.2.1.1 Job analysis in recruitment:

According to McKenna and Beech (2014, p.217) job analysis are procedures designed to produce systematic information about jobs, including the nature of the work performed, the equipment used, the working conditions and the position of the job within the organization. The outputs from job analysis are often used to generate a job description and a person specification. Fine and Getkate (2014) also point out that, through job analysis valid and reliable information gathered becomes essential in ensuring fairness and equality in the human resource management activities. Mckenna and Beech (2014) further explain that, job analysis is usually followed up by an elaborate predesigned step by step recruitment process which includes; job description, interviewers' panel selection, the actual job advertisement, review of applicants and shortlisting, conduct interviews, selecting and hiring.

Despite the many benefits of job analysis it has been suggested that many organizations are neither interested nor skilled at job analysis (Furnham, 2008). This can be attributed to the fact that very few organizations evaluate candidates through testing their skills beforehand through for instance assessment test or even trial employment. In addition, regular training of current staff is not done to ensure that they stay aligned with their roles.

2.2.1.2 Job alignment in recruitment:

The other important aspect of recruitment is job alignment. To be aligned simply means that one is in a correct or an appropriate position. Having an aligned workforce enhances effectiveness and efficiency. It requires linking organizations with employees' individual goal (Rampersad, 2009).Unfortunately this is does not happen easily. It takes extensive planning, practice and continuous communication. A deeper look into job alignments reveals the different aspects of it influences performance in an organization. Starting with employee role alignment; as the first level of organization alignment it is very crucial as previously reiterated that the organization has it employees' skill sets matched and placed with the right job responsibilities. This can only be possible if the organization has done its job analysis (McKenna & Beech 2014).

Secondly, we have goal alignment whose success is dependent on management guidance as they work with the employees to set organization's goals which are thereafter aligned through actions and results with individual goals. Clear communication of the strategic business objectives across the entire company enhances the process. Most important is that the organization has SMART goals that is, they should be Specific- this covers the what, when, and how in all tasks. They should be measurable – milestones are great measures of progress, they in addition motivate employees to work harder towards the next one. They should be attainable – not too high and no too low so as to keep the employee motivated. They should be relevant – it should focus on the greatest impact to the overall company strategy. They should be timely - timelines and deadlines are necessary to evaluate progress (Locke & Latham, 1990; Latham, 2003; Schneider & Barbera 2014).

Thirdly, we have team alignment: once there is clarity in the individual roles and goals the next logical step is aligning the goals to team(s) objective. Im (2016), explains long term goals as strategies put forward by management to provide direction while short term goals focuses on immediate non-management staff issues as a means to achieve long term goal. Success of team alignment can be achieved through: frequent follow ups on individual outputs, and team objectives. Last but not least, we have organization alignment. Through the organization's leadership the individuals in the various teams are able to link their goals to the organization's goals (Rampersad & Hussain 2014). Organizations articulate this through their mission statement (summary of individual, team and organization goals) and vision (company's direction). Quarterly follow ups on teams helps to ensure that the different units are working towards the same overall goal.

2.2.2 Strategic human resource strategy and organizational performance:

Strategic human resource management (SHRM) theory has often been used as the basic framework for the investigation of human resource strategy and organizational performance. Some have defined (SHRM) as the linking of HR with organization's strategic goals to improve business performance and develop organizational culture that yields innovation, flexibility in turn builds a competitive advantage (Teena & Sanjay, 2014). This section looks into the key differences among the universalistic, contingency, and configurational perspectives revolving around SHRM (Gooderham et al., 2008). Universalistic perspective calls for "best practices," which implies that some human resource practices are always better than others. Accordingly, firms that adopt these practices, see better performances (Armstrong, 2009). Within this school of thought, seven practices have been consistently identified as strategic HR practices: internal career opportunities; training systems; appraisals; profit-sharing plans; employment security; voice mechanisms, including formal grievances systems plus participation in decision making; and the degree to which jobs are tightly or narrowly defined. Despite its criticisms, many researchers have supported the universalistic predictions (Beh & Loo, 2013)

On the other hand, contingency perspectives entail that an organization needs to adopt specific HR policies and practices for different strategies (Bakshi et al., 2014; Bergeron, Raymond & Rivard, 2004; Wan-Jing & Huang, 2005). Thus, to be effective, an organization's HR policies must be consistent with other aspects of the organization. By having appropriate HR policies and practices in place, organizations can elicit employee behaviors that are consistent with an organization's strategy (Sparrow, Brewster, & Harris, (2005). For example, organizations can use HR practices to ensure that employees are motivated to behave in ways consistent with the business strategy. In relation to this, it is proven that the Japanese style of management places great emphasis on HR practices, because the Japanese strongly believe that employee-based HR practices can mold the productive workforce that firms need (Rose, 2002).

Finally, the configurational perspective in SHRM is concerned with how patterns of multiple, planned HR deployments and activities achieve the organization's goals. An organization must develop an HR system that achieves both horizontal and vertical fit (Nigam et al., 2011). Horizontal fit refers to the internal consistency of the organization's HR policies or practices, and vertical fit refers to the congruence of the HR system with other organizational characteristics, such as a firm's strategy. According to Bahuguna, Kumari & Srivastava (2009) configuration approach is an extension of contingent approach that is associated with ideas of fit, synergy and integration. Considering in contingency approach the relationship between SHRM and performance is dependent upon the business strategy.

2.2.3 High performance work systems (HPWS) and organizational performance:

HPWS came into prominence in the early 1990s (Applebaum & Batt, 1994), this was brought about by the need for firms to move away from the traditional organization of production and find alternative competitive advantage in order retain its market share. Theories linking HPWS to performance have included the resource based review (RBV). Barney's (1991) resource-based view of organizations hypothesizes that a resource, to be a source of competitive advantage, must add value, be rare, inimitable, and non-substitutable.

HPWS are considered to be advanced HRM practices that aid organizations to achieve better results. Torre and Solari (2012), defined HPWS as a set of organizational practices, which if well designed and implemented results in a win-win situation for both the organization and its employees. They further explain that the key components of HPWS include, remuneration incentives, employee skill development through training, and employee empowerment through involvement in the decision making process (Applebaum, et. al (2000). The performance variable mentioned above is designed to increase employees' level of commitment to the organization, consequently improve both employee and organization's performance. Wilkinson, et al. (2014, p.83) simply summarizes the argument on HPWS is that, mutually reinforcing systems of practice deliver performance gains to organization exceed those that would result from sum of individual components. A number of researches has been carried out to show the effect of HPWS on performance (Becker & Huselid, 2006; Messersmith, Patel, & Lepak, 2011) organizations have differed in its implementation (Kaufman, 2010). Moreover, there has been the argument that HPWS focuses more on the management point of view but ignores the employees' experience of it (Boselie, Dietz and Boon, 2005, p.73). As a result of this conclusion a number of scholars have advocated for the need of a balance perspective in HPWS research where by management functionality also reflects the input of the employees (Guest 2002; Paauwe 2009; Boxall and Purcell 2008).

Apart from avoiding contradictory practices that may confuse and result in negative outcomes such as lower motivation and productivity, the set of complementary practices is argued to have a synergistic effect that is greater than the sum of effects from practices that are applied independently from each other (Becker and Huselid, 1998: 2006). Further, the criteria of rarity and inimitability are met because of the difficulty of implementing all practices at once that also is embedded in the firm's goals, strategies, history and culture. This approach to the management of employees has been termed High Performance Work Systems (HPWS) especially in the United States, where evidence of its economic impact on the organization has been accumulating (Becker and Huselid, 1998:2006). While these gains are certainly impressive, Becker and Huselid (1998:2006) point out that because little empirical evidence is available about how HPWS affects organization's financial performance, more proximal or intermediate-level variables should be incorporated in research in order to understand the linkage. One such intermediate level variable is employee performance and satisfaction and this study tried to address this shortcoming.

2.2.4 Workforce diversity and human resource policy:

Byrd and Scott, (2014) define workforce diversity as appreciating a mix of ways leaders, business partners, employees', customers amongst others are viewed as being similar or dissimilar to one another in a work environment. In addition, he points out that these is not just limited to gender, race, age, marital status but it can also extend to factors such as disability, cultural customs, occupational titles, professionalism, mannerism only to mention but a few. Over the years, the workforce has changed dramatically in terms of age, ethnic and racial composition, family structure, and job expectations. As a result, such developments have had significant impacts on the nature and operations of organizations especially in the management of human capital. For example, performance management programs, recruitment and selection, training and development, management decision making, employee motivation and empowerment (Cox, 2001). According to Thomas (2006), organizations have introduced strategic diversity management in form of policies and practices in order to achieve its diversity goals.

A continued aging population and a significant increase in young fresh-from-college employees in the banking sector have predicted shorter career terms especially for the younger generation. The young and professionals have the capacity to move between jobs to optimize their salary packages, seek more challenging work tasks, and the imperative for continual change in particular jobs, organizational directions or work structures (Beck, 2001). They could also seek alternative jobs due to over-stretching and unrealistic set targets, and skewed promotions not based on merit.

In today's banking environment, employees appear to be less committed to their employers. An employer cannot guarantee the stability and longevity of corporate career paths or the security of employees' jobs. The old contract of employee loyalty in exchange for job security and fair work has broken down (Overman, 1998). The trend these days seem to be geared towards having a 'career portfolio' (Handy, 1995). Employees today have realized that they have to take the initiative in job resiliency, developing the skills and flexibility needed to quickly respond to shifting employer requirements (Beck, 2001). Loyalty to one's professional growth has replaced organization loyalty (Levine, 1995). Employees recognize that the traditional psychological contract that existed between employer and employee is now dissolved (Hays and Kearney, 2001).

The face of change unprecedented in the banking environment including; need for risk taking, longer working hours, and less leisure time has increased the risk of employees 'burnout' and their values have shifted discernibly (Withers, 2001). High talent personnel see the greatest opportunity by moving from one company to another more so from one bank to another bank. Increasingly, the banks have to compete for the best talent. Consequently, this has a significant impact on HR policies geared towards recruitment and selection, training and development, performance management, retrenchment programs, transfers, employees' behavior, dress code, work hours, and benefits.

2.3 EFFECT OF APPRAISAL POLICY ON EMPLOYEES' PERFORMANCE:

2.3.1 Performance management and appraisals:

According to McKenna and Beech, (2014, p263) performance management incorporates the review of past performance and the setting of objectives for the future. Performance appraisal on the other hand is a position to guide the employees' for a better performance. Appraisal plays a big role in managing people. Many employees are often optimistic about their performance review rating especially considering that it influence's salary increment and promotion. Unfortunately, fairness during an appraisal process is subject to employers' review most of which can be subjective and not objective leading to a distortion of the results (Dessler, 2015).

Performance management in HRM ensures that employees understand their role in organizational goals while at the same time the organization supports employees' engagement (Cannell, 2010). The main areas appraisal covers include: employees pay based on targets and deliverables, factors behind work performances of employees and position to guide the employees for a better performance. Key appraisal techniques include; written report on employee's strength, weaknesses, threat and opportunity (SWOT analysis). There is also critical incidents technique – looks at appraisee' behavior good or bad. Finally we have the graphic rating scale which lends itself to qualitative analysis and comparison of data (Dessler, 2015). There are many appraisal tools that organizations can use. However, considering the case study focused on the banking sector. The research was limited to balance scorecard as it is predominantly used in sector.

2.3.1.1 The balance score card (BSC):

According to Kaplan and Norton (1996), BSC is one of the methods used to demonstrate contribution of strategic HRM to organizational performance by aligning business activities to the vision and strategy of the organization. The balance score card was in the beginning used as a simple performance measurement framework but over time its use has grown to a full strategic planning and management system. Makhijani & Creelman (2011) for instance, argue that balance score card can also be used to create customer experience by identifying its employee's competencies then matching the same with customers need consequently retaining satisfied clientele.

In brief, balance score card seeks to cover the stakeholder's perspectives namely the investors, customers and employees. The investors are mainly interested in the financial performance of the organization: their return on investment in a timely and accurate manner. While customers want organization's products or services that fulfills their needs. The human resources on the other hand are looking at its learning and growth perspective both as an individual and corporate. Continuous target review, skills audit and training among other factors translate to great work environment, better compensation, and progressive career development (Kaplan & Norton, 2001: Beardwell and Claydon, 2010). More recently Pramudita, (2015) agrees that BSC is very helpful instruments which can be used to communicate organizational vision to the operational actions. Meaning employee are able to link their individual goals with organization's goals thus improving their overall focus and performance.

2.3.1.2 Performance appraisal and employee perception:

Deb, (2009) states that performance appraisal and management is the essence of individual and organizational growth. Budworth and Mann, (2011) notes that many past studies reveal that for the most part appraisals in organizations are carried out in an aimless casual manner in organizations. Neck and Ghauri (2014) further explains that organizations have become accustomed to proving past success to the point that they may fail to introduce up to date measures in their practices to fully maximize its human resource.

Syed & Kramar (2012) explains that from employees' perspective, performance management process needs to have a clear purpose in order for it to be accepted and that purpose also has to be legitimate and useful. Only then would a performance appraisal transform from being just an administrative tool a fully-fledged performance management system (Reinke, 2003). Increased participation by employees in the appraisal process, objective and fair assessment of their performance enhances employee's perception in terms of accuracy of the appraisal; in turn leads to improved performance of employees and organization. The ultimate purpose of a performance appraisal is to ensure employee improve continuously it's therefore important that the right appraisal system is adopted in the organization. That way management benefits while simultaneously motivating employees.

2.3.2 Human resource (HR) policy and practice measures:

Dyer and Reeves (1995) reviewed much of the existing research on the relationship between HR practices and performance and proposed that measures of performance could be broken down into four categories. First, employee outcomes deal with the consequences of the practices on employees such as their attitudes and behavior, particularly behavior such as absenteeism and turnover. Organizational outcomes focus on more operational measures of performance such as productivity, quality and shrinkage, many or all of which would be precursors to profitability. Financial/accounting outcomes refer to the actual financial performance measures and include expenses, revenues and profitability. Finally, market-based outcomes reflect how the financial markets value an organization, particularly stock price or variations of it.

Rogers and Wright (1998) reviewed the empirical research on the HR performance relationship, surveying 29 studies reporting 80 `effect sizes' (that is, reported statistical relationships between HR practice and performance measures), and noted two particularly relevant trends. First, although strategic HRM focuses largely on the link between HR and business strategy, the largest bulk of research had been conducted at the corporate level of analysis. A lesser amount of research has used the establishment level. Almost entirely ignored was research on the link between HR and performance at the business unit level of analysis. Regarding the use of single respondent designs, Gerhart, Wright, and Mcmahan (2000a) provided evidence calling into question the reliability of measures of HR practices stemming from single respondents. They found single-rater reliabilities to be frighteningly low. These results were largely replicated by Wright, Gardner, Moynihan, Park, Gerhart, and Delery (2001). Together, these two articles suggested that the reliability of single raters may be close to zero.

Huselid and Becker (2000), in response to Gerhart *et al*`s (2000a) article, suggested that in many cases single respondents (that is, senior HR executives) were the best placed, and perhaps the only ones qualified, to provide HR practice information across a number of jobs. This led to the debate regarding the most valid source of HR practice information. However, they also argued that the construct to be measured should be the HR practices actually implemented in the firm rather than HR policies that were not necessarily carried out. This led Gerhart *et al.*, (2000b) to suggest that, if one seeks to assess the actual practices, then using employees as the source of HR practice data would be a more logical approach.

The timing of measurement in much of the research on the impact of HR practices on performance has precluded drawing firm, causal conclusions of this relationship. Very few studies have used simple, cross-sectional designs that present problems in drawing causal inferences. However, many of the studies accepted as being somewhat predictive are not true predictive designs. For instance, Ichniowski, Shaw, and Prennushi (1997) used monthly performance data from steel finishing lines over a three-year period. However, they measured HR practices by asking respondents after the three-year production period to recall which HR systems were in place at different points during the timeframe. Similarly, Guthrie (2001) used performance data from 1996-97 but asked respondents during that time to report the practices that existed during 1995-96. Given the potential problems noted above with regard to the unreliability of single-rater responses, compounded with the memory requirements to report practices that existed from one to three years in the past, such retrospective designs are problematic for drawing causal conclusions.

Others while not using purely cross-sectional designs, gathered contemporaneous data. For instance, Delery and Doty (1996) gathered HR practice data during 1992 and used the year-end performance data. Because the year-end data includes performance from months prior to and concurrent with the HR practice measure, it is difficult to draw firm causal conclusions. Huselid (1995) gathered both contemporaneous and subsequent year performance data and reported only the subsequent year data in his study in order to provide more conservative effect size estimates. Appelbaum *et al.*, (2000) have recognized that discretionary behavior is one of the keys to understanding the links between HR practices and organizational performance: 'plant managers who invest in the skills of front-line workers and include these workers in decision-making activities elicit discretionary effort by employees. This effort increases operating efficiency and competitive advantage' (Applebaum *et al.*, 2000:235). Discretionary effort was also central to MacDuffie's analysis in the motor vehicle industry (1995).

ISSN 2394-7322

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In another attempt to evaluate the relationship between HRM and performance, researchers used a sample of 366 UK based companies and took a range of objective and subjective performance measures, together with cross-sectional and longitudinal data. Their results showed complexity of trying to prove causal links between HR practices and resulting organizational performance. When using objective measures of performance, increased use of HRM led to lower turnover and increased profits but no change in productivity. Whilst when using subjective measures of performance, increased use of HRM led to increased productivity and profits. The researchers were able to confirm association of HRM and performance but not its effect to higher performance (Sparrow, Brewster, & Harris, 2004).

As can be demonstrated by this detailed analysis of the designs, some of the seminal studies in the HR performance literature fail to provide predictive designs that allow the drawing of more confident causal inferences. Concurrent and retrospective designs are particularly weak for drawing causal conclusions because they may be subject to implicit performance theories, suggesting that knowledge of organizational performance can influence reports of HR practices. For instance, a study by Gardner and Wright (2003) presented executives and graduate students with fictitious descriptions of high and low-performing companies and found evidence that their reports of HR practices can be influenced by knowledge of the company's past performance.

2.3.3 Employee attitude and organizational performance:

Shields et al., (2016, p13), defines attitude in relation to work as a conscious state of mind about self, work, and or the relationship between self and work. Attitudes may also involve strong value orientations and emotions. According to Ford & Hodgkinson, (2007) organization management is normally concerned with two aspects of employee attitude. These are job satisfaction and commitment. This is with the assumptions that dissatisfied employees would not be committed hence issues such as absenteeism, lateness, and high employee turnover. Following insights drawn from modeling the psychological contract (Guest and Conway, 1997) and outcome effects when contracts are and from studies linking HR policies with consumer behavior (Peccei and Rosenthal, 2001), one can argue that employee attitudes, connected to job satisfaction and organizational commitment , influence the exercise of discretion by employees. It is this which is linked to business performance. One of the key ways to improving performance, therefore, is to improve the levels of job satisfaction and organizational commitment which encourages employees to exercise their discretion and act beyond contract. The exercise of this discretion may create a virtuous circle whereby there is an increase in job satisfaction and organizational commitment which further encourages employees to behave over and above the minimum required.

Secondly, and crucially, the exercise of employee discretion is affected by the way in which managers exercise their own discretion (Hutchinson, Kinnie, and Purcell, 2002). Even in the most standardized organization, managers have some discretion as to how they put HR practices into operation and employees are more likely to act beyond contract if managers behave in ways which stimulate and encourage this kind of behavior in their employees (Hutchinson *et al.*, 2002). The employee's discretionary behavior and manager's discretionary behavior are crucially linked to business performance. For example, the manager who carries out performance appraisal interviews with their employees enthusiastically and thoroughly in a way over and above what is actually required is likely to encourage their employees to reciprocate with behavior which is similarly 'beyond contract.'

Other studies on employee attitude revealed some researchers concluded that the culture of an organization had an effect on employee's attitude and behaviors. Ferris, Arthur, Berkson, Kaplan, Harll-Cook and Frink (1998) argue that organization culture influences HRM systems which in turn affect employee attitudes and behavior consequently performance. Zerbe, Dobni and Harel, (1998) on the other hand were of the opposite opinion; stating that HRM system influences culture in turn employee attitude. Shields et al., (2016) simply states that practices first affect employee attitudes, this in turn influences behavior either positively or negatively. This study seeks to explore more definitive causal inferences by (a) using multiple employees (managers and non-management staff) as the sources of HR practice measures, and (b) assessing HR- employee attitudes (motivation, commitment, satisfaction).

2.4 EFFECT OF COMPENSATION POLICIES ON EMPLOYEES' PERFORMANCE:

2.4.1 Employee performance and rewards:

According to Shields, et al. (2015), a reward is anything that an organization provides to its employees in exchange for work or service. A reward system in an organization seeks to motivate its employees to achieve and exceed its goals. It is important to note that rewards are not limited to monetary aspects such as salary and benefits. There are other forms of rewards such as recognition, training, development and even promotion. A broader evaluation of it can be done through its two classifications these are intrinsic and extrinsic rewards.

A shield, et al. (2015), explains intrinsic rewards are considered to be self-initiated. It is the sense of satisfaction that one gets from a job. They often lead to one having a sense of pride, purpose, accomplishment and a sense of belonging. Organization can enhance an individual's intrinsic rewards in a workplace by adding positively challenging tasks or increasing employee's freedom. For instance through; Introduction of flexible work hours, job enrichment and or job rotation. Extrinsic reward on the other hand comes from an outside source mainly management. Example of this form of reward is salary. Extrinsic is further divided into three types. They include financial, developmental and social rewards. Financial rewards refer to monetary rewards that come with a job like wages or indirectly through supportive benefits such as pension plans. Developmental rewards basically refer to rewards associated with personal growth for instance training. Social rewards on the other hand are non- financial rewards. They make the life and job of the employee look attractive. An example is employee's status; which can be articulated through for instance title of their position.

Shields, et al. (2015) further explains the three main purposes of reward are to one, attract the right people for the right job. Secondly, retain the best people by recognizing and compensating them for their contribution. Thirdly, to motivate the employees to give their best in terms of performance. This goes to show that effectiveness of rewards in influencing employee performance is critical since it affects the achievements of organizational goals (Malik, Butt & Choi, 2013). According to Ledford, Gerhart & Fang (2013), a recurring thought in management studies is that extrinsic rewards diminish intrinsic motivation; the problem can be so bad to the extent of rendering any extrinsic incentives ineffective or counterproductive on employees' performance. On a similar train of thought Shields, et al. (2015, p.13) suggests the need for organizations to determine the respective roles of financial and non-financial rewards. This, in turn, may require and audit of the organization to identify what non-financial rewards it provides to ascertain whether this alone may be sufficient to promote desired behavior.

In conclusion, the need to strike a balance between intrinsic and extrinsic rewards is ever present. When rewards are appropriately implemented they enhance employee's performance rather than undermine the reward's incentive. Like in any other management system; contextual factors such as communication and feedback on tasks and incentives also plays a big part in enhancing employee performance.

2.5 CHAPTER SUMMARY:

Chapter two of this paper has been very noteworthy in bringing the historical background of HRM and in particular HR policies based on the research questions. They included: effect of recruitment policy on employees' achievement of set targets, impact of appraisal policy on employees' performance and impact of compensation policy on employees' performance. The research aimed to provide information that could be used to improve overall individual and organization's performance particularly in Co-operative bank of Kenya. The next chapter (chapter 3), looks at methodology and its different stages and process.

3. METHODOLOGY

3.1 INTRODUCTION:

According to Kothari (2004) research methodology is the systematic, theoretical analysis of the procedures applied to a field of study. This chapter provided a discussion of the research methodology. It discussed the research design especially with respect to the choice of the design. It also looked at the population of study, sample design under which the sampling frame, technique and size was determined. There after data collection methods as well as data analysis and data presentation methods employed in the study.

3.2 RESEARCH DESIGN;

Burns and Grove (2003, p195) defines research design as a blueprint for conducting a study with maximum control over factors that may interfere with the validity of the findings. Kothari, (2004, p31) also defines it as the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. He adds that the research design is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data. This research employed descriptive research

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design. This method was preferred since it allows use of quantitative or qualitative elements within the same study. It also often uses visual aids such as graphs and charts thus interpretation and presentation of data is simplified. Lastly, it allows inclusion of multiple variables for analysis. For this study the independent variable was recruitment, appraisal and compensation policies with the dependent variable being employee performance.

3.3 POPULATION AND SAMPLING DESIGN:

3.3.1 Population:

According to Cooper and Schindler (2000), a population is the total collection of elements about which we wish to make inferences. The target population in this study was both management and non- management staff that are permanent and pensionable in Co-operative bank of Kenya. The bank has 3,000 staff members.

TABLE I: PERMANENT STAFF POPULATION.

Staff	**No.**	**Percentage**
Management	1,010	34%
Non-Management	1,990	66%
Total	3,000	100%

3.3.2 Sampling Design:

3.3.2.1 Sampling frame:

A Sampling frame is a list used to define a researcher's population of interest (Lewis-Beck, Bryman and Liao, 2004). Cooper and Schindler (2000) adds that, a sampling frame should be a complete and correct list of population members only. This research's sampling frame used was based on the Co-operative bank branches within Nairobi's Central Business district (CBD). The decision to sample instead of a carrying out a census was derived at due to the big population size, time constraints and limited resources, (Black, Asadu-Adjaye, Khan, Perera, Edwards and Haris, (2009).

TABLE II: SAMPLING FRAME

CBD Branches Staff	**No.**	**Percentage**
Management	**70**	**40%**
Non-management	**105**	**60%**
Total Staff	**175**	**100%**

3.3.2.2 Sampling Technique:

Stratified random sampling technique was used to select the sample. This method allows the researcher to divide the sample into appropriate strata that are mutually exclusive. According to Coopers and Schindler (2000) stratified sampling gives statistical efficiency increase on a sample, provides adequate data for analyzing the various sub-population and enables different research methods and procedures to be used in different strata. This study's sample frame was divided into two stratums: management and non-management staff. Stratified sampling was best suited for this process because the subpopulation within the overall population varied; we had the non-management staff being more than management staff. Once the stratum was identified, random sampling was drawn from within each stratum to avoid bias.

3.3.2.3 Sample Size:

This includes the number of elements to be included in the study. Denscombe (1998) poised that; the sample must be carefully selected to be representative of the population. Factors to be considered when looking at the sample size include number of groups or sub-groups within the sample that would be analyzed, the value of the information and the accuracy of the results is very important. Other factors are the cost of the sample as well as the variability of the population. To start with, the total sample size was determined through the use Krejcie and Morgan (1970) table. This is because the population number was known and the table simplified the process. From the table below the total sample size was 123 (the number was rounded off to the nearest 10 based on the sample frame).

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The Krejcie and Morgan (1970) table formula:-

$$n = \frac{x^2 * N * P(1-P)}{\left(ME^2 * (N-1)\right) + \left(x^2 * P * (1-P)\right)}$$

n = Sample size

X^2= Chi – square for the specified confidence level at 1 degree of freedom

N = Population Size

P = Population proportion (.50 in this table)

ME^2 = Desired Margin of Error (expressed as a proportion)

TABLE III: SAMPLE SIZE DETERMINATION

N	**S**	**N**	**S**	**N**	**S**
10	10	60	52	120	92
15	14	65	56	130	97
20	19	70	59	140	103
25	24	75	63	150	108
30	28	80	66	160	113
35	32	85	70	170	118
40	36	90	73	180	123
45	40	95	76	190	127
50	44	100	80	200	132
55	48	110	86	210	136

N is the population size.

S is the sample size.

With the total sample size of 123 the next step was to ensure that the number of units selected for sample from each stratum was proportionate to the number of management and non-management staff population. To get this, the desired sample size (*n*) was divided by the proportion of units in each stratum. Therefore, to calculate the number of non-management staff required from sample; 123 was divided by 0.60 (i.e., 0.60 = 60% of the population Co-op CBD staff), which gives a total of 74 non- management staff. The same was done for the remainder of 40% of the population, thus getting 49 management staff.

TABLE IV: SAMPLE SIZE PER STRATUM

CBD Branches Staff	**Percentage**	**Sample Size**
Permanent management	**60%**	**49**
Non-management	**40%**	**74**
Total Sample size	**100%**	**123**

3.4 DATA COLLECTION METHODS:

Primary data collection method was used in this study. Data was collected using an interview guide; questionnaire that has been developed by the researcher on the basis of research questions. The questionnaire, had four parts, the first part had questions that covered the general information of respondent. The second part had questions on effect of recruitment policies on the achievement of set targets. The third part had questions on the effect of appraisal policy on employees' performance. While the fourth and the last section had questions on the effect of compensation policy on employee performance. The questionnaire was well structured and the respondents were guided by the researcher through the illustrated answers to ensure that they understood them and therefore replied suitably.

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3.5 RESEARCH PROCEDURES:

The questionnaire designed was pre-tested to ascertain the suitability of the tool before its actual administration. This was done through conducting a pilot study where seven questionnaires were sent out. From the returned questionnaires it was noted that the questionnaire did not have a question that allowed the researcher to differentiate respondents who are in management and those that were in non-management level. The questionnaire was updated and the final copy forwarded to the university's supervisor for approval to proceed with data collection. Once the researcher was given the green light, the questionnaires were e-mailed through the use of 'google forms' online platform to the respondents with a request to return after completing the same. To ensure a high response rate, the researcher mailed the questionnaires to a higher number that the expected sample size. In addition, follow up calls were made to encourage timely feedback. A sample representative of the employees' composition was attained (Jones, 2005).

3.6 DATA ANALYSIS METHODS:

This study used quantitative method of data analysis. To ensure easy analysis, the questionnaire was coded according to each variable of the study to ensure the margin of error was minimized thus increase accuracy during analysis. The quantitative analysis was applied using descriptive statistics. According to Denscombe (1998) descriptive statistics involves a process of transforming a mass of raw data into tables, charts, with frequency distribution and percentages which are a vital part of making sense of the data. The data was entered into excel and further transferred to the IBM - Statistical Package for Social Sciences (SPSS) 24.0 for analysis. From which Cronbach's alpha test was carried out and the sum, mean and standard deviation of the variables computed.

3.6.1 Reliability Test:

To establish how closely related the variables are in the study, a Cronbach's alpha test was done. According to Andrew, Pedersen, and McEvoy (2011), Cronbach's values range from 0 to 1. However, values at or above 0.7 are desirable. Based on this assertion the data was considered acceptable with an overall reliability coefficient of 0.709. The findings are presented in the table below.

TABLE V: RELIABILITY TEST

Scale	**Cronbach's Alpha**	**No of Items**
Recruitment policy and targets	**0.885**	5
Appraisal policy and performance	**0.762**	4
Compensation policy and performance	**0.896**	5
Overall performance	**0.709**	15

3.7 CHAPTER SUMMARY:

The chapter described the research methodology that was used. The research design was descriptive in nature focusing on Cooperative bank of Kenya. Considering the distance, time and financial constrains the sample population was restricted to Co-operative branches within Nairobi Central Business District. The sample size, the sampling techniques and questionnaire as a primary data collection instrument were described. The questionnaire developed was pilot tested before a refined one was administered to the respondents. The chapter also indicated that, data was analyzed using IBM SPSS 24.0. The next chapter (four) outlines the results and findings of the study.

4. RESULTS AND FINDINGS

4.1 INTRODUCTION:

This chapter provided the outcome of the research based on previously articulated research methodology; with the data presented in a logical sequence. The results and findings were provided in three sections: first section covering response rate and highlights of general information of the respondents. The second section looked at the findings of each of the research question: effect of recruitment policy on employees' achievement of set targets, Effect of appraisal policy on employees' performance, and lastly, effects of compensation policy on employees' performance. The chapter then concluded with a chapter summary.

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4.2 GENERAL INFORMATION:

4.2.1 Response Rate:

The study had a sample size of 123 respondents working for Co-operative bank's CBD branches. To increase the probability of a good response rate, 140 electronic questionnaires were sent out; from which 80 respondents filled and returned their questionnaires. Leaving a total of 43 questionnaires unreturned. According to Mugenda (2003); Cooper and Schindler (2014), 50% response rate is adequate for analysis, while 60% is good and 70% excellent response rate for analysis. Therefore, the research's response rate of 65% was good enough to proceed with data analysis. The results are presented in the table (4.1) below.

TABLE VI: RESPONSE RATE

Response Rate	Sample Size	Percentage
Response	80	65%
Non-Response	43	35%
Total	**123**	**100%**

4.2.2 Gender Distribution:

In order to determine the gender distribution in the organization, respondents were asked to indicate their gender by checking either male or female in the questionnaire. The findings showed that female respondents were more with a representation of 53% (43 in number), while Male respondents were 47% (37 in number). The results are presented in the pie chart (Fig 4.1) below;

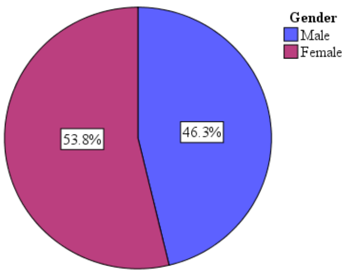

Figure 1: Gender Distribution

The findings on gender distribution seemingly reflect the country's gender population. The last census carried out indicated there were 19, 192,458 male and 19,417,639 females in Kenya, showing females are slightly more than men (Limo and Wekesa, 2010).

4.2.3 Respondents Age:

The study also looked to establish the age bracket of the respondents by asking them to check the boxes with their age. The findings showed the highest percentage of respondents were between 29-39 years at 83.8%, followed by 18-28 year olds at 12.5% and lastly 40-50 year olds at 3.8%.

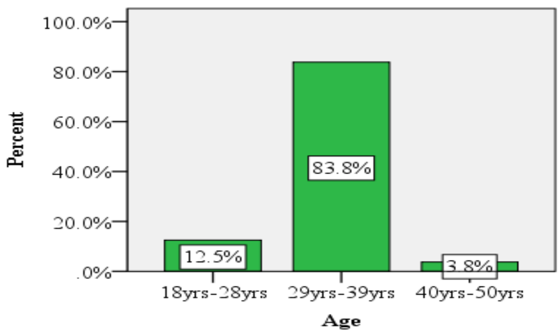

Figure 2: Age Groups

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The above findings on respondents' age infer that a large population of bankers is young men and women in the 30's age group.

4.2.4 Level of Education:

The study sought to find the respondents level of education.

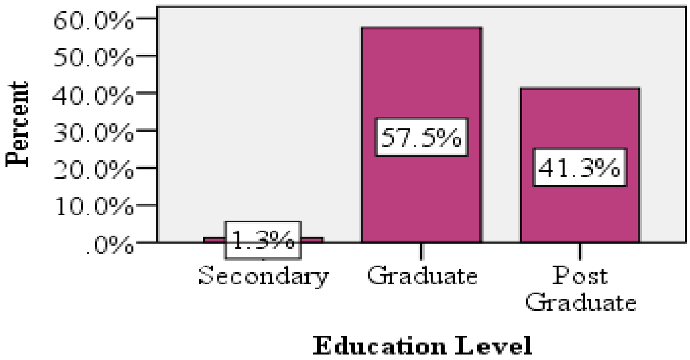

Figure 3: Education Level

The findings showed majority were well educated with the graduate level at 57.5%, and 41.3% at post graduates level, leaving only 1.3% at secondary level.

4.2.5 Length of Service in the organization:

The study sought to find out how long the respondents had worked in Co-operative bank of Kenya. The findings showed those who had worked less than 1 year were 8%. Those that had 1-2 years' experience were 5%. 3-4 years' experience were 18.8%. Respondents with 5-6 years were 16.3% and lastly those with over 7 years of work experience 51.3%. The data is presented in the bar chart (Fig 4) below.

Fig 4: Years of Service

The above findings confirmed that most of the respondents had served the bank for a long time.

4.2.6 Employee clusters:

Part of demographic distributions sought was employees categories i.e. non-management staff or management. The findings showed that the non-management staff represented 52.5% of the respondents while the management staff represented 47.5%.

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ISSN 2394-7322

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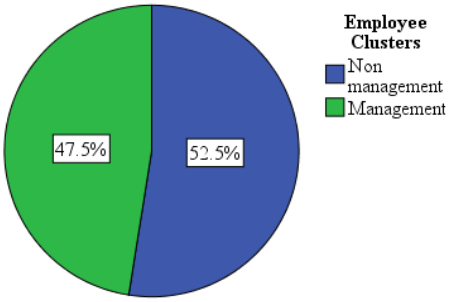

Fig 5: Employee Clusters

The above findings confirmed that there were more in line staff respondents than managers.

4.2.7 Effect of HR policies on Performance:

To know the general point of view of the staff on policies, respondents were asked if they thought HR policies affected their performance. The findings showed that the majority of the respondents agreed by saying yes (87.5%) as opposed to the 12.5% that said no.

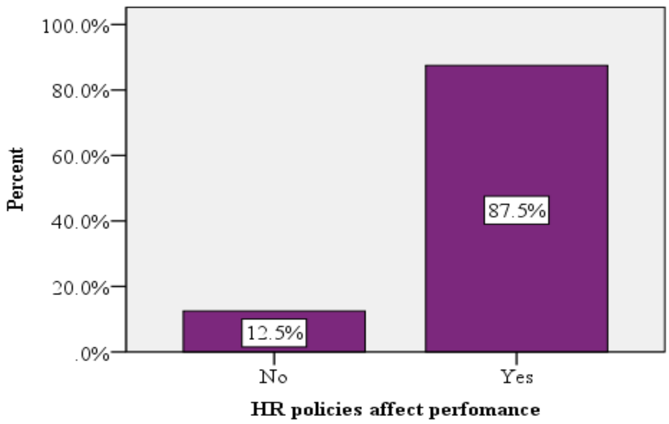

Figure 6: HR Policies Affects Performance

4.2.8 List of HR policies that affect performance:

As a continuation to the previous question, respondents were asked by use of an open ended question to list some of the policies that affected their performance. Based on the responses, a list of HR policies were drawn and its frequency (mentions) noted. A summary of the results captured the following policies: recruitment and employment practices, training and development, appraisal and last but not least health, safety and security. Performance appraisal and compensation and benefits had the most mentions by respondents with a sum of 35 and 34 respectively. The data is presented in the table (4.2) below.

TABLE VII: LIST OF MENTIONED HR POLICIES

HR Policies	Sum
Recruitment and employment practices	17
Training and development	16
Performance appraisal	35
Compensation and benefits	34
Health, safety and security	12

4.2.9 Rating HR policies:

To gauge employees views on effectiveness of HR policies on performance. The respondents were asked to fill in their answer by selecting answers corresponding to their choice on the Likert scale options (Very effective, Effective, Neutral,

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ISSN 2394-7322

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Ineffective and Very In effective). The results showed that 2.5% chose, Very Effective, 46.3% Effective, 45.0% Neutral, 6.3% Ineffective and 0% Ineffective.

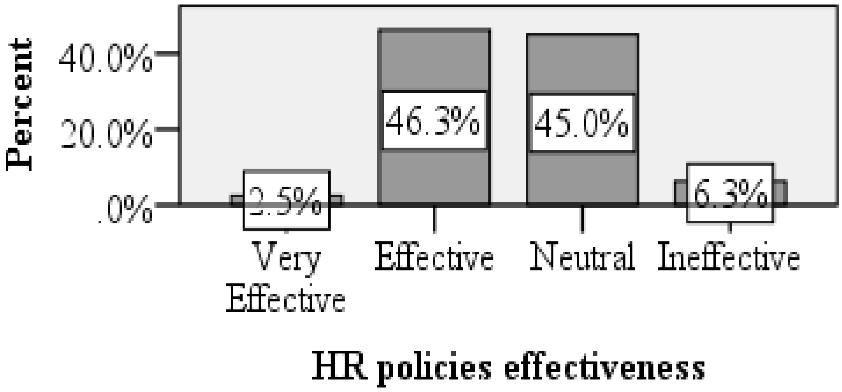

Figure 7: Effectiveness of HR Policies

4.3 EFFECTS OF RECRUITMENT POLICY ON EMPLOYEES' ACHIEVEMENT OF SET TARGETS:

For an in-depth analysis on recruitment policies and set targets; respondents were provided with two sets of questions. The first set, both an open and close ended questions asked if formulated recruitment policies supported their adjustment into new roles and consequently impact their performance. In the follow up question respondents were asked to provide reason for their support.

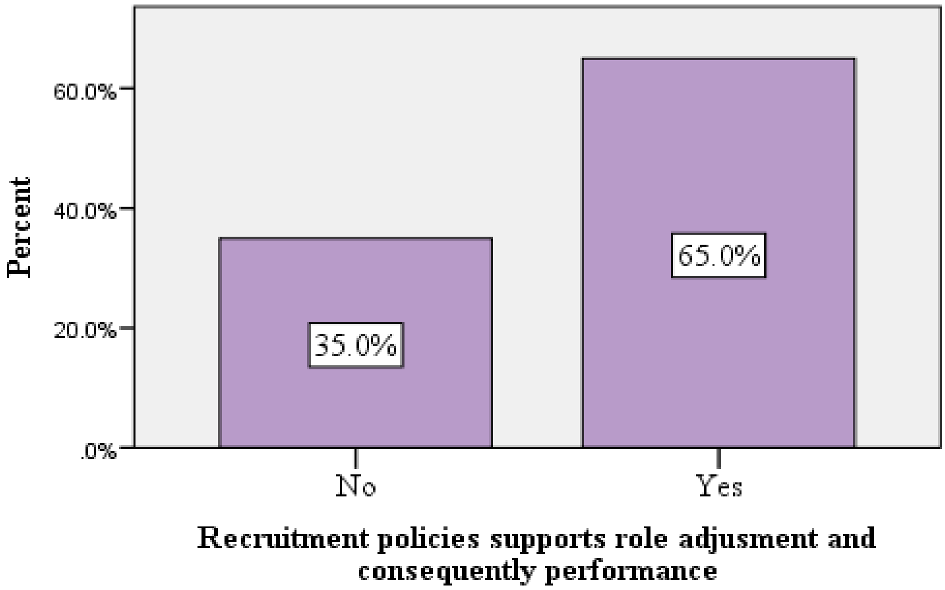

Figure 8: Recruitment Policy Affects New Role Adjustment

The findings showed that 52% percent felt that the organization's recruitment policy did in fact help in their adjustment into new roles while 36.3% did not feel the impact of the policy. A general consensus from the comments of those who supported the findings indicated that the policy had ensured roles and responsibilities were clearly spelt out. In addition, only qualified persons were recruited thus, there was no need for much training. On the flip side, the 36.3% that said no felt that, there was not much rapport between the policy formulators (HR department) and other departments. Once recruitment was done, there were no further guidelines and the recruit relied on - learning on the job. Moreover, respondents indicated that the job qualifications relied on was purely academic therefore recruit's quick adjustment and performance was not necessarily easy or fast.

ISSN 2394-7322
International Journal of Novel Research in Marketing Management and Economics
Vol. 4, Issue 2, pp: (182-219), Month: May- August 2017, Available at: www.noveltyjournals.com

4.3.1 Descriptive Statistics:

This was based on the second set of questions on recruitment policy and targets achievement. The respondents were presented with several statements and asked to fill in their option by selecting answers corresponding to their choice on the Likert scale options (1=Strongly agree, 2=Agree, 3=Neutral, 4=Disagree, 5=Strongly disagree).

The mean can be simply defined as the average value of an entire data set; while standard deviation looks at how spread out the data is in regards to its mean value. The findings of the two as per the recruitment policy statements were as follows: - (a) HR recruitment policy makes your job roles and responsibilities clear to enable you achieve your targets, had a mean of 2.19 and a standard deviation of 0.969. (b) HR recruitment policy has raised staff awareness about your individual targets thus improving your performance, had a mean of 2.35 and a standard deviation of 0.887. (c) HR recruitment policy makes your targets specific therefore easier to attain, had a mean of 2.53 and a standard deviation of 0.954. (d) HR recruitment policy has linked your individual targets to the overall bank strategic goal consequently increasing your focus and productivity, had mean of 2.45 and a standard deviation of 0.992. (e) HR recruitment policy has provided opportunities for development and career progression to motivate you to achieve your targets, had mean of 2.71 and a standard deviation of 1.116.

The findings on the mean data showed: statement (e) had the highest mean of 2.71.Signifying that the respondents strongly agreed with the statement: HR recruitment policy has provided opportunities for development and career progression to motivate you to achieve your targets. On the other hand, they least agreed with statement (a) which had mean of 2.19. That read: HR recruitment policy makes your job roles and responsibilities clear to enable you achieve your targets.

The findings on the standard deviation data showed that: statement (e) had the highest standard deviation of 1.116. Signifying that the respondents data on the statement (HR recruitment policy has provided opportunities for development and career progression to motivate you to achieve your targets) were the most spread out or dispersed as compared to the other statements. While statement (b) (HR recruitment policy has raised staff awareness about your individual targets thus improving your performance) had the least standard deviation of 0.887. Meaning the respondents data were closely grouped to the mean. Summary of the data is presented in the table (4.3) below.

TABLE VIII: MEAN AND STANDARD DEVIATION RECRUITMENT POLICY

Statement	Mean	Standard Deviation
HR recruitment policy makes your job roles and responsibilities clear to enable you achieve your targets	2.19	0.969
HR recruitment policy has raised staff awareness about your individual targets thus improving your performance	2.35	0.887
HR recruitment policy makes your targets specific therefore easier to attain	2.53	0.954
HR recruitment policy has linked your individual targets to the overall bank strategic goal consequently increasing your focus and productivity	2.45	0.992
HR recruitment policy has provided opportunities for development and career progression to motivate you to achieve your targets	2.71	1.116

4.3.1.1 Recruitment policy analysis based on employee clusters:

The study also sought to further analyze the data from the two employee cluster perspective that is, management and non-management. The findings showed that: both management and non-management had their highest mean of 2.79 and 2.64 respectively on the last statement (HR recruitment policy has provided opportunities for development and career progression to motivate you to achieve your targets). Meaning that they both strongly agreed with the statement as compared to the other four. However, when it came to the statement with the lowest average; management staff had least agreed with the first statement (HR recruitment policy makes your job roles and responsibilities clear to enable yo0u achieve your targets). While non-management staff least agreed with the second statement (HR recruitment policy has raised staff awareness about your individual targets thus improving your performance). Details of the data are presented in the table (4.4) below.

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TABLE IX: RECRUITMENT POLICY ANALYSIS BASED ON EMPLOYEE CLUSTERS

STATEMENT	(Management) Mean	(Non – Management) Mean
HR recruitment policy makes your job roles and responsibilities clear to enable you achieve your targets	2.18	2.19
HR recruitment policy has raised staff awareness about your individual targets thus improving your performance	2.58	2.14
HR recruitment policy makes your targets specific therefore easier to attain	2.76	2.31
HR recruitment policy has linked your individual targets to the overall bank strategic goal consequently increasing your focus and productivity	2.63	2.29
HR recruitment policy has provided opportunities for development and career progression to motivate you to achieve your targets	2.79	2.64

4.4 EFFECT OF APPRAISAL POLICY ON EMPLOYEES' PERFORMANCE:

This was the second research objective of the study. Following a similar analysis process as the previous research objective. The respondents through the use of both a closed and open ended questions, were asked if they thought that the formulated policy supports their individual performance. According to the findings a majority of 72.2% (58 respondents) said yes while 27.8% (22 respondents) said no.

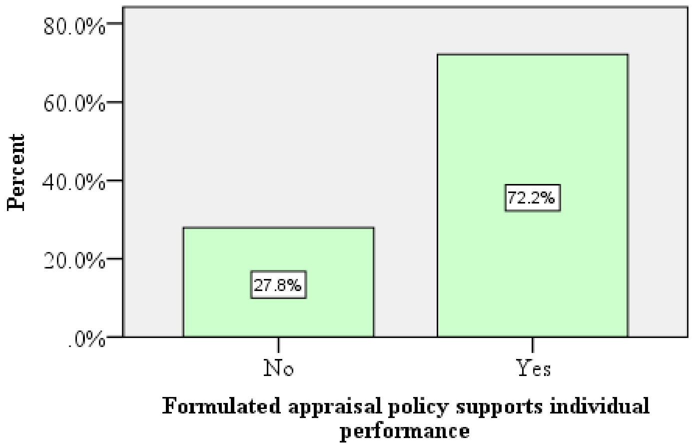

Figure 9: Appraisal Policy Affects Individual performance

The respondents who said yes, felt that appraisal policy provided guidelines on organization's targets and how performance would be gauged. Therefore, employees were able to work focused on a goal(s) in turn organization's vision. Those who said no however, felt that targets provided in appraisal forms were mostly vague, that is, not specific to their individual roles. Moreover, they felt appraisal process was mostly subjective and not objective.

4.4.1. Descriptive Analysis:

This was based on the second set of questions on appraisal policy and performance. The respondents were presented with several statements and asked to fill in their option by selecting answers corresponding to their choice on the Likert scale options (1=Strongly agree, 2=Agree, 3=Neutral, 4=Disagree, 5=Strongly disagree).

The study's findings were as follows; statement (a) HR appraisal policy holds you personally accountable on your performance, had a mean of 2.03 and a standard deviation of 0.954. (b) HR appraisal policy is perceived to be based on what only benefits employer, rather than also addressing what affects employees' performance, had a mean of 2.21 and a

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ISSN 2394-7322

International Journal of Novel Research in Marketing Management and Economics
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standard deviation of 1.027. (c) HR appraisal policy has Insufficient involvement of employees thus biased in performance review, had a mean of 2.20. (d) HR appraisal policy has helped in your personal growth leading to better performance, had a mean of 3.30 and a standard deviation of 1.14. (e) HR appraisal policy has developed a learning organizational culture to enable you improve in your performance, had a mean of 3.28 and a standard deviation of 1.18 The findings on the mean data showed: statement (d) had the highest mean of 3.30. This meant that the respondents strongly agreed with the statement: HR appraisal policy has helped in your personal growth leading to better performance. On the other hand, statement (a) had the least mean of 2.03. This meant that respondents least agreed with: HR appraisal policy holds you personally accountable on your performance. The findings on the standard deviation data showed that: statement (e) had the highest standard deviation of 1.179. Signifying that the respondents data on the statement (HR appraisal policy has developed a learning organizational culture to enable you improve in your performance) were the most spread out or dispersed as compared to the other statements. On the other hand, statement (a) HR appraisal policy holds you personally accountable on your performance) had the least standard deviation of 0.954. Meaning the respondents data were closely grouped to the mean. Summary of the data is presented in the table (4.5) above.

TABLE X: MEAN AND STANDARD DEVIATION APPRAISAL POLICY

Statement	Mean	Standard Deviation
HR appraisal policy holds you personally accountable on your performance	2.03	0.954
HR appraisal policy is perceived to be based on what only benefits employer, rather than also addressing what affects employees performance	2.21	1.027
HR appraisal policy has Insufficient involvement of employees thus biased in performance review	2.20	1.095
HR appraisal policy has helped in your personal growth leading to better performance	3.30	1.140
HR appraisal policy has developed a learning organizational culture to enable you improve in your performance	3.28	1.179

4.4.1.1 Appraisal policy analysis based on employee clusters:

Similar to the previous objective the study also looked at appraisal policy responses based on employee clusters; management and non-management staff. The data showed that management strongly agreed with the fourth statement (HR appraisal policy has helped in your personal growth leading to better performance) which had the mean of 3.18. While non-management respondents strongly agreed with the fifth statement that; HR appraisal policy has developed a learning organizational culture to enable you improve in your performance. It had a mean of 3.52. On the other hand, management respondents least agreed with the first statement (HR appraisal policy holds you personally accountable on your performance) which had a mean of 2.05. While non-management staff, least agreed with the third statement (HR appraisal policy has Insufficient involvement of employees thus biased in performance review) which had a mean of 1.98. Summary of the data is presented in the table (4.6) below.

TABLE XI: APPRAISAL POLICY ANALYSIS BASED ON EMPLOYEE CLUSTERS.

Statement	(Management) Mean	(Non-Management) Mean
HR appraisal policy holds you personally accountable on your performance	2.05	2.05
HR appraisal policy is perceived to be based on what only benefits employer, rather than also addressing what affects employees performance	2.37	2.07
HR appraisal policy has Insufficient involvement of employees thus biased in performance review	2.45	1.98
HR appraisal policy has helped in your personal growth leading to better performance	3.18	3.18
HR appraisal policy has developed a learning organizational culture to enable you improve in your performance	3.00	3.52

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ISSN 2394-7322

International Journal of Novel Research in Marketing Management and Economics
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4.5 EFFECT OF COMPENSATION POLICY ON EMPLOYEES' PERFORMANCE:

The third and last research objective, focused on compensation policy and its impact on performance. First set of questions were also both closed and an opened ended. The respondents were asked if they felt that the compensation policy enhanced an organization's competitive edge in the labour market. The results showed that 85% (68 respondents) said yes, while 15% (12 respondents) said no.

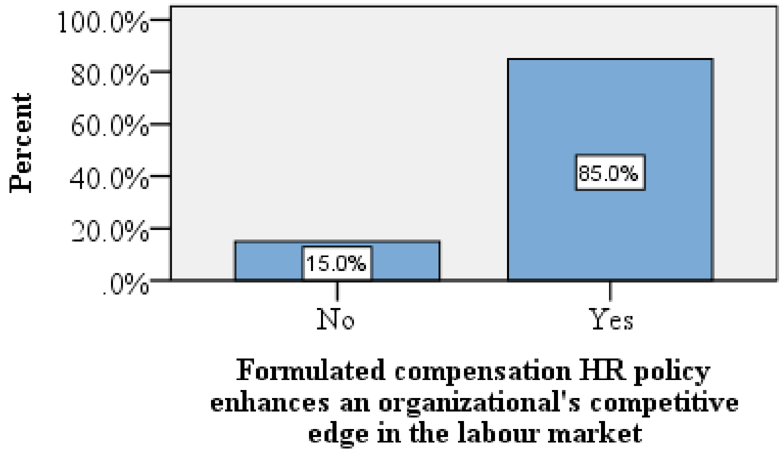

Figure 10: HR Compensation Policy Affects Organization's Competitive Edge

The majority of the respondents that said yes attributed their response to the opinion that companies with great compensation policies were believed to pay their staff fairly well. In addition, provide great rewards and or benefits which it turn meant their staff were always motivated. The "No" respondents however, felt that there were other factors that may be stronger motivational factors than compensation for instance a job role and responsibility. They also felt that well paid staff solely motivated by compensation get comfortable and become less innovative over time consequently affecting organization's performance.

4.5.1 Descriptive analysis:

In the final section of the questionnaire respondents were presented with several statements related to compensation policy and performance and asked to fill in their option by selecting answers corresponding to their choice on the Likert scale options (1=Strongly agree, 2=Agree, 3=Neutral, 4=Disagree, 5=Strongly disagree).

The study's findings were as follows; statement (a) HR compensation policy is transparent which in turn builds trust and commitment to the organization, had a mean of 2.93 and a standard deviation of 1.123. (b) HR compensation policy attracts talent to ensure great performance, had a mean of 2.23 and a standard deviation of 1.018. (c) HR compensation policy retains talent for continued great performance, had a mean of 2.70 and a standard deviation of 1.130. (d) HR compensation policy is perceived to be based on merit which enhances performance, had a mean of 2.74 and a standard deviation of 1.099. (e) HR compensation policy motivates your personal growth had a mean of 2.46 and a standard deviation of 1.090.

The findings on the mean data showed: statement (a) had the highest mean of 2.93. This meant that the respondents strongly agreed with the statement: HR compensation policy is transparent which in turn builds trust and commitment to the organization. On the other hand, statement (b) which had mean of 2.23. Meaning the respondents least agreed with the statement: HR compensation policy attracts talent to ensure great performance.

The findings on the standard deviation data showed that: statement (c) had the highest standard deviation of 1.130. Signifying that the respondents data on the statement (HR compensation policy retains talent for continued great performance) were the most spread out or dispersed as compared to the other statements. While statement (b) HR compensation policy attracts talent to ensure great performance had the least standard deviation of 1.090. Meaning the respondents data were closely grouped to the mean. Summary of the data is presented in the table (4.7) below

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TABLE XII: MEAN AND STANDARD DEVIATION COMPENSATION POLICY

Statement	Mean	Standard Deviation
HR compensation policy is transparent which in turn builds trust and commitment to the organization	2.93	1.123
HR compensation policy attracts talent to ensure great performance	2.23	1.018
HR compensation policy retains talent for continued great performance	2.70	1.130
HR compensation policy is perceived to be based on merit which enhances performance	2.74	1.099
HR compensation policy motivates your personal growth	2.46	1.090

4.5.1.1 Compensation policy analysis based on employee clusters:

Findings from the analysis showed that: both management and non-management respondents strongly agreed with the first statement (HR compensation policy is transparent which in turn builds trust and commitment to the organization) which had the highest means of 3.11 and 2.76 respectively. They also least agreed with the second statement (HR compensation policy attracts talent to ensure great performance) which had the lowest mean of 2.32 and 2.14 respectively. Notably the management's mean totals were higher than the non-management's in each statement signifying management respondents were more agreeable to effect of compensation than the non-management staff. The data summary is provided in the table (4.8) below.

TABLE XIII: COMPENSATION POLICY ANALYSIS BASED ON EMPLOYEE CLUSTERS

Statement	(Management) Mean	(Non-Management) Mean
HR compensation policy is transparent which in turn builds trust and commitment to the organization	3.11	2.76
HR compensation policy attracts talent to ensure great performance	2.32	2.14
HR compensation policy retains talent for continued great performance	2.92	2.50
HR compensation policy is perceived to be based on merit which enhances performance	3.00	2.50
HR compensation policy motivates your personal growth	2.71	2.24

4.6 CHAPTER SUMMARY:

This chapter was a continuation of chapter three, which covered the study's methodology. Notably, the reliability test done by use of cronbach's alpha test which confirmed the study's variables were closely related. Chapter four's results and finding were presented in three sections by use of tables and figures. The first section covered the chapter's introduction. The second section provided the findings of the respondents' general information. While the last section presented the results and findings based on the study's three research objectives. The next and final chapter (Chapter five) has presented the findings, conclusion and recommendations.

5. DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION:

This final chapter covers discussions, conclusions and recommendations of the study. The details were segmented and presented based on the study's three research questions. This was done in four sections, that is; introduction, summary, conclusion and finally recommendations.

5.2 SUMMARY:

Major findings of the study showed the following summary on three specific HR policies that is, recruitment, appraisal and compensation. In regards to HR recruitment policy and achievement of set targets; over half of the respondents (52%) agreed that the policies helped in new role adjustment. In addition, the majority felt that HR recruitment policy has provided opportunities for development and career progression as a motivation for achievement of targets. It is important to note that even when analysis was done based on the management and non-management clusters; development and career progression remained the biggest motivator in performance for both groups. In regards to HR appraisal policy and performance, a majority of the respondents (72%) agreed that appraisal policy had supported their performance. There was a general agreement that HR appraisal policy has helped particularly in personal growth leading to better performance. When it came to analysis by clusters; management respondents strongly agreed that appraisals and personal growth leads to great performance. On the other hand, non-management respondents strongly agreed with the statement that; HR appraisal policy has developed learning organizational culture to enable you improve in your performance. Lastly, in regards to HR compensation policy, the majority (85%) agreed that compensation policy enhanced an organization's competitive edge in the labour market. Furthermore, they felt that in the implementation of the policy transparency was key to build trust and commitment in the organization. It is also important to note similar to recruitment policy analysis, results based on two employee clusters (management and non-management) transparency remained the biggest influence to building trust and commitment for both groups.

5.3 DISCUSSION:

5.3.1 Effect of recruitment policy on employees' achievement of set targets:

According to Brewster and Hegewisch (2017), HRM has made great strides in the past years; in practice and literature. This has been evident from small enterprises to big multinationals; both in public and private sector. One of the factors that has brought HR to the 'lime light' is the argument that links strategic HRM to organization's success. The authors agree that getting the right people to work for an organization is a crucial function of HRM. Thus, recruitment and selection policy and practice dictate to a large extent organization's performance.

This study's findings confirmed two key aspects of recruitment. First, HR recruitment policy is crucial in staffing and role adjustment. Secondly, career development and progression opportunities articulated in the policy are a great source of motivation in achievement of set targets. These findings simply meant that employees in the banking sector understand the importance of recruitment policy as part of the business strategy. In that, its role is not only limited to new staff enrollment but it also provides a blue print on training (where need be), alignment, orientation and or adjustment. Moreover, it provides a clear career succession path based on employees performance.

Findings on recruitment policy agree with a number of researchers' and authors. Rees and Smith (2014) for instance, discuss the good practice on recruitment and selection. Enrollment of new staff as core HRM activity cannot be understated. Because of its effect on organization performance it's only prudent that the best qualified and highest performing individuals are secured. To ensure the right candidates are selected the process employs the following: job analysis →job description →person specification →recruitment →selection→ appointment and →induction. As this process is followed, the good practice also advocates for competency analysis and frame work establishment for the job roles.

Another author who has extensively covered recruitment process is Aswathappa (2013). In his book 'Human Resource Management: Text and Cases' in which there is detailed description of the job analysis process, the author explains recruitment needs to be to be preceded by job analysis. He reiterates that without adequate job information an organization will not be able to match the right individuals for the right job. The author then goes a step further to link job analysis and strategic HRM. He clarifies that matching human resources activities and organization's strategic plans requires job analysts that go beyond articulating current job description by envisioning new job descriptions that will exist in the organization's future.

Other authors who share similar sentiments include McKenna and Beech (2014). The two authors who had earlier been mentioned in the study's literature review chapter have put a lot of emphasize and importance on recruitment through the use of the concept; talent management. This concept has generated a lot of interest from both practitioners and academics in the recent decade (Gallardo-Gallardo, Thunnissen and Scullion, 2017). Kontoghiorghes (2015), defines talent management as an input, process, output' transformation process with a primary purpose of attracting, developing, motivating, and retaining talent, in order to enhance organizational performance and competitiveness.

Aswathappa (2013), also mentions 'The journey of people management' where he explains, HRM as being replaced by Human Capital Management (HCM) also commonly known as talent management. In his description of the concept, he points out talent management dictates that organization's focus on its employee's competencies and skills when it comes to hiring and retaining individuals. The author also notes that Human Capital Management means that recruited employees of an organization are viewed as assets that can be improved overtime by either the individual themselves or the organization. It is important to note the nature of human capital; in that, it can only be 'borrowed' but not owned. As such organizations are always at risk of losing its competitive edge every time an employee quits or is fired.

In as much as talent management has brought to the fore front HR as a key factor in the success of an organization's business strategy; there is conflicting directions on how the concept should be conceived, implemented and developed within organizations (Gallardo *et.al*, 2015). Mellahi & Collings (2010) noted the lack of clarity on which policies and practices facilitated talent management effectiveness. Thunnissen et. al, (2013), also agree that talent management focused only on HR transformation without factoring other aspects of the organization that affects its performance. Colin Coulson-Thomas (2012), added on the concept's shortcomings by pointing out, talent management was not only general but expensive and time consuming venture. This he attributed to companies engaging sometimes in bid wars to attract and recruit the talented or those with great potential. Sometimes at the expense of building talents internally.

While research on recruitment reveals that there is a lot of available literature on talent acquisition; findings have also shown, recruitment also plays a vital role in talent retention. Retention refers to the organization's ability to hold onto talents. One researcher, Wilson (2014), points out that efforts of even the most efficient recruitment procedures proves futile if the organization is not able to retain the skilled employees. According to Zhao (2006), recruitment and retention of employees remains crucial in an organization's success. It is therefore essential that organizations identify factors that will enable it retain loyal and motivated staff (Wilson, 2014). While there are many ways to elicit employees' loyalty and commitment, one incentive that has been identified by numerous researchers and academicians is career development and progression (Maund, 2001). Luscombe, Lewis and Biggs (2013), agree with this. Their research showed that training was one of the main factors that featured in the Generation Y (current workforce considered to be born from early 80's) career goals. They concluded that organization's that were willing to invest in employees further training and graduate programs were more likely increase their competitive advantage when it came to recruitment and retention of talents. Wilson (2014), also adds that training and development is normally done for the benefit of both the employee and the organization. In most instances, organizations tend to provide training beyond the employees immediate responsibilities. This enables HR to not only grow in their current position but also gain skills for future roles that maybe created in the organization (Nankervis et al. 2005).

5.3.2 Effect of appraisal policy on employees' performance:

The study's findings confirmed the following aspects of appraisal policy and performance. HR appraisal policy supports performance. The policy has helped particularly in personal growth leading to better performance. In addition, specific to the non-management respondents, HR appraisal policy has developed a learning organizational culture to enable improvement in performance. The general understanding from the findings is that, employees feel that the appraisal supports their performance through providing guidelines in terms of targets and performance ratings. This is well presented by use of balance score cards as an appraisal tool. There is also the aspect of personal development and last but not least, the encouragement of a learning organizational culture, which supports continuous improvement of employees through self-directed learning and organization's trainings.

Discussions by Cummings and Worley (2014, P.4), maintain that organizations have to adapt to increasing complex and uncertain technological, economic, political and cultural changes. The authors have extensively covered the role of organization development in safeguarding the success of an organization. Beyond recruitment strategies, authors also emphasize the importance of 'the use of self' in organization development. The concept involves identifying one's individual's abilities, principles, reservations and partialities. This mindset can only be achieved through continuous learning where individuals are open to evaluation and feedback. Thus having employees who know their strengths and weaknesses and are able to perform their duties better (Jamieson and McKnight, 2016).

Above conversation extends to the next subject of discussion, which is appraisals. According to Cole (2017), the importance of appraisals in ensuring businesses continuously improve, thus gaining competitive edge over its rivals. Critical to this improvement is 'learning from mistakes'. This is where performance appraisal comes into perspective, in that, the process provides the organization with an opportunity to measure employees' performance in relation to previously set standards and expectations. Dessler, (2015) briefly mentioned in the study's literature review, points out a growing concern with the use of the appraisal system. Whereby, some managers tend to be more subjective in their appraisal rather than objective leading to a distortion of the results. Bol, Kramer and Maas (2016), also agree that managers are known to lower ratings during employees evaluation and that may result in negative organization consequences. Cole (2017), also notes that even in objectively appraised situation there's still an unease on the impact of negative feedback to the employees. For instance, some employees have been known to become dejected. Therefore, defeating the overall goal of 'learning from mistakes'.

A discussion on performance appraisal is best expounded on through a look at the appraisal tool or what other authors have labelled as a performance management system. This particular study focused on the Balance Score Card (BSC) as mentioned in the study's literature review chapter. According to Perkins, Grey and Remmers (2014), BSC was developed to provide a fast overview of an organization to managers; this included both financial and non-financial measures. Managerial participation in the performance management system was important as they provided a link between the organization's vision and the strategy to achieve the same. Cooper and Ezzamel (2016), research findings on BSC called for a better communication between those that contribute to organization's success. In that, there should be a better balance between acting (non-management) and thinking (managers) inputs. The result of this would be a more justifiable scorecard and improved organizational performance.

An 'intimate' perspective of BSC has been articulated by Rampersad and Hussain (2014), who expound on the concept of a personal BSC. This concept was initially launched by Rampersad (2006) and it involved translating long term personal ambitions into manageable, measurable short term actions. Crucial for the functionality of this process is goal setting and desire for continuous improvement. This is best disseminated into objectives, performance measures, targets and improvement actions. In conclusion, BSC is a powerful tool, which has to be applied in an appropriate manner. Meaning there has to be good communication and a right match of BSC version the organization's needs in order to ensure success.

Learning is the key to success in today's organization (Serrat, 2017, p.57). Continuous learning is therefore important to sustain organization's success. For this to happen organizations have to create a supportive and inspiring environment for its employees; this is what is referred to as a learning organization culture. Organizations that adopt this concept are known as learning organizations. According to Senge (2006), learning organizations consists of employees who continually develop their knowledge and skills to accomplish desired organizational results. The four pillars of learning organizations include; organization, people, knowledge and technology (Serrat, 2017). Although a large sum of previous research imply one learning organization model can fit all organizations strategy; it's better if each organization creates its own unique learning organization in order to regain its validity and relevance (Ortenbland, 2015).Self-directed learning on the other hand, involves individuals taking their own initiative to increase their knowledge and skill. Research findings showed, all except for one of the respondents was a graduate. This in itself is significant in that, learning organizations to a great extent rely on individual's ability to convert individual information to benefit the organization. Rana, Ardichvili and Polesello (2016), note that continuous self-directed learning and learning organization culture can be encouraged through building and communicating a shared vision to employees at all levels; fostering collaboration, interaction and teamwork; empowering employees through participatory work practices; encouraging and providing opportunities for continuous learning; and utilizing relevant technologies in the workplace.

5.3.3 Effect of compensation policy on employees' performance:

Findings on compensation policy confirmed that; the policy enhances organization's competitive edge in the labour market. Furthermore, transparency is key when it comes to implementation of the policy; since it builds trust and commitment in an organization. These findings goes to show that, salary and benefits are a great incentive when it comes to employee recruitment and retention. In addition, when employees feel that organization's rewards are clear and fair they tend to be more dedicated to the organization. Authors Gomez-Mejia, Berrone, and Franco-Santos (2014, p.4), stated that compensation is the largest single cost in most organization. Thus, how well it's utilized or unutilized directly impacts the organization's performance. They also add that compensation is the most easily manipulated and directly controlled by management as compared to other HRM variables. Hence, it has a great deal of inherent strategic flexibility.

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Meaning organizations can easily change its pay system design to match organization's business strategies as compared to other processes like recruiting and retaining employees with certain experience, skill and commitment.

According to Elving, Westhoff, Meeusen and Schoonderbeek (2013), finding true talent is rare. Many organizations sometimes find themselves in situations where they have to 'bid' for top talent. In such instances, one of the factors that comes into play is organization's compensation offer. Bryant and Allen (2013), argue that competing on pay alone is a "no-win" proposition. However, they acknowledge that many employees are usually unhappy with their pay and are more likely to take up jobs in other organizations that pay higher. They also point out that the cost of losing employees, recruiting, and training new employees normally exceeds the position's annual compensation. Not excluding, work disruption, organization's loss of strategic knowledge among other non-quantitative factors. To avoid incurring such HR related costs, organizations are advised to ensure there's reasonable pay dispersion across organizational levels, they communicate standards used in making pay decisions, lastly, they go beyond pay and bonus. For instance, introduce long term benefits such as organization's stock options.

A look at Anitha (2014), review on employee engagement (level of commitment and involvement to organization) reveals that compensation is an essential attribute that influences employees' motivation and in turn level of performance. The author explains, an attractive compensation package should include both financial and non-financial rewards. Of great importance is the fact that employees individually determine what amount of reward they are content with. Therefore, organizations have to ensure their compensation policy provides for fair and competitive packages. Alternatively, Aswathappa (2013), argues that, basic principal of remuneration dictates that employees' compensation should be determined by the grades of job they occupy which determines the worth of their job. Ignoring this often than note will lead to inequitable compensation that will ultimately demotivate the rest of the employees.

Ghosh et, al. (2016), view reward systems in inputs and output forms. Inputs include for example employees' time and skills. Outputs entail organization's investment, appreciation, compensation and recognition of its employees. This would include; training, pay, benefits, awards amongst other intrinsic and extrinsic rewards. An important factor to consider that crops up in most studies is the aspect of management exercising fairness. Appreciated staff often deliver when it comes to performance.

In their book, Saridakis and Cooper (2016), reveal that effect of pay on employee turnover is still heavily debated by academicians, managers and the like despite decades of research on the subject. While one group agrees that pay for work to be done forms the major consideration in the decision they make; others are of the view that compensation is a second-order consideration. The authors explain that view point taken by research academicians is greatly influenced by their study's focus. In that, those primarily researching on remunerations tend to agree compensation strategy as the most effective tool to avoid employee turnover. On the other hand, those whose research focus is on employee retention perspective consider compensation not to be a first-order driver of employee turnover.

Another perspective on compensation presented by Wang, Zhao and Thornhill (2015), looks at pay dispersion's effect on employees innovation and voluntary turnover. Pay dispersion basically refers to the difference in pay among staff. Employees' view of their pay in comparison to others affects their attitudes, behaviours and in turn the organization's performance. Their findings showed that low level pay does not necessarily result in employee turnover but it inadvertently leads to low performance by those who feel that their efforts are not being fairly compensated. To avoid such instances of employee demotivation and or voluntary turnover the study advocates for organization management to compare and adjust its pay scales to match other organizations in the industry.

5.4 CONCLUSIONS:

The study concludes that recruitment policy does influence employees' achievement of set targets. Findings of the study have shown organization's quest to gain competitive advantage now rests on its Human Resources. Thus, HRM policies and practices are beginning to take a center stage in organization's business strategy for forward thinking organizations. A critical starting point undoubtedly is the recruitment process. The recruitment policy in place needs to enable good decision making practice. Therefore the policy should provide clear roles and responsibilities, staffing should be clearly based on the right qualifications, last but not least, the policy should articulate role adjustment process as well as guide on career development and progression. The study also concludes that appraisal policy affects employees' performance.

Key to an effective appraisal policy is that, it's perceived to support employees' performance. For this to happen, it's paramount that appraisals are done objectively and not subjectively. Appraisal policy can enable this by ensuring that targets are clearly laid out and employees' performance are graded based on prior set guidelines. Also noted was the importance of personal growth to employees and how adopting a learning organization culture can impact positive outcomes. Lastly, the study concludes that compensation policy affects employees' performance. Salary and benefits continues to be one of the biggest factor both employers and employee consider when deciding to recruit or join an organization. Thus, it is important for organizations to have a policy that provides compensation packages that are not only good enough to attract talented individuals but also practical enough that return on investment can be realized immediately. Compensation policy should also be considered to be transparent. Transparency builds trust which in turn boosts commitment. In conclusion, not only do relevant compensation policies attract talent, they also help in retain committed employees who perform.

5.5 RECOMMENDATIONS:

5.5.1 Recommendations for improvement:

5.5.1.1 Effect of recruitment policy on employees' achievement of set targets:

Based on the findings, the study recommends that details of the recruitment policy should not be a preserve of the HRM department or a few of employees. New recruits should be well educated on the same and follow up done to ensure supervisors and or managers implement the right procedures to the last detail when inducting individuals in new roles. This would enable fast role adjustment and encourage great performance that will result in career progression.

5.5.1.2 Effect of appraisal policy on employees' performance:

The study also recommends that appraisal policy should be highly objective and performance fairly graded. The organization should go a step further to have preset repercussions for appraiser's found and proved not to be fair in their assessments. Pre-established expectations would ensure employees get unbiased results that can be trusted. Consequently, encourage personal growth and a learning organization culture.

5.5.1.3 Effect of compensation policy on employees' performance:

In regards to compensation policy, the study recommends that the policy should ensure that considered "talented" employees are not recruited at the expense of current employees. This can done by HR setting organization's pay limits for a position. In addition, organizations should ensure there is a narrow salary dispersion in the various levels of the organization. Fairness across board tends to build a sense of trust which subsequently inspires employees to work hard and perform well.

5.5.2 Recommendations for further studies:

Although the study provides insight into HR policies and performance within the banking sector; the study was specific to Co-operative bank of Kenya. Therefore, it recommends that a similar research on the effect of HR policies on performance to be carried out in other commercial banks in Kenya for a better comparison of the results and findings.

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