Journal of Applied Finance & Banking, Vol. 10, No. 3, 2020, 1-20
ISSN: 1792-6580 (print version), 1792-6599(online)
Scientific Press International Limited

Effect of training on corporate financial performance of commercial banks in Kenya

Philip Kibwage Ondiba[1], Prof. Thomas Kimeli Cheruiyot[2] and Prof. Timothy Sulo[3]

Abstract

This paper sought to examine the effects of training on corporate financial performance of commercial banks. The paper was informed by the Resource-Based Theory, Human Capital Theory and Agency theory. Explanatory research design was adopted. The target population was 869 Employees from 42 commercial banks operating in Kenya according to the CBK supervisory report in 2014. 267employees were selected using Simple random sampling method. Structured questionnaire was used to collect data. Cronbach alpha was used to test Reliability, while factor analysis was used to test validity. Both descriptive and inferential statistics were used to analyze data. Multiple regressions was used to test the study hypotheses. The study findings showed that training of employees has an effect on the performance of commercial banks in Kenya ($\beta_2 = 0.244$, $p<0.05$).Financial incentives significantly moderate the relationship between job delegation and financial performance ($\beta= -0.83$; $p< 0.05$). Thus, the study infers that training plays a major role in explaining the corporate financial performance in banks. The findings of this study will be of great benefit to bank management and other stakeholders including the customers, government.

Keywords: Employee training, corporate financial performance, commercial banks.

[1] PhD candidate Moi University School of Business & Economics.
[2] Department of Management Science Moi University, Eldoret, Kenya.
[3] Department of Agricultural Economics & Resource Management Moi University.

Article Info: *Received:* October 17, 2019. *Revised:* November 15, 2019.
Published online: April 1, 2020.

1. Introduction

Corporate financial performance has been considered one of the most important critical factors behind economic success of both developed and developing countries due to their multiple contributions in economic growth, employment generation and innovations. Firm performance is related to the ability of the firm to gain profit and growth in order to achieve its general strategic objectives. Business performance is the result of the interplay between actions taken in relation to competitive forces that allow the firm to adapt to the external environment, thereby integrating the efficiency and effectiveness (Asian Productivity Organization, 2011). Muduenyi et al., (2015) corporate financial performance is the focus of any business and only through performance are organizations able to grow and progress. Similarly, the survival of a business is to accomplish set goals and objectives. They further noted that one of the important preconditions for long-term firm survival and success is firm profitability. Almatrooshi, Singh, & Farouk (2016) on the other hand noted that Corporate financial performance is the achievement of a firm's strategic goals and objectives. The banks' management effectiveness and efficiency in making use of resources is highly reflected by high performance and this in turn contributes to the country's economy at large.

In any industry, the success of an organization is extremely dependent on its human resources skills. Although there are many other factors that play a key role, a company must have effective employees in order to stay financially solvent and competitive. In order to maintain this valuable commodity, organizations must be aware that human capital practices enhance satisfaction and retention (Lindholm, 2013). Previous studies have shown that effective human capital practices would contribute to improved organizational performance (Ebimobowei, Felix, & Wisdom, 2012) and it is a subject of ongoing debate in the human resource management literature and financial studies. According to Chambers (2014), the world attention is now being focused on the importance of human capital as panacea stock of a nation which depends to a considerable degree on human capital development. Human capital lies at the heart of firm performance and competitive advantage.

According to Chambers (2014) employees' developmental needs must be consciously linked with the organization's workforce needs as well as its strategic direction. "In today's 'lean and mean' business climate, development is a necessary survival strategy: it helps companies position themselves so that they can adjust to rapid changes in their environment. It is further noted that many companies have come to realize that developing people is central to financial performance. It is also a key factor as organizations compete for human resources that are skilled and scarce. In response to this challenge, there has been a stream of initiatives and ideas, which have sought to promote ways in which human capital can be better integrated with the development of the organization and form part of the corporate strategy (Elena, 2010)

Chambers (2014) indicated that the rate of change is not going to slow down anytime soon. According to chambers, competition in most industries will probably speed up even more in the next few decades. In his study chambers was addressing the factors that drive human capital which lies in the organizational performance and competitive advantage. Catalyst, (2015) indicated that there are several factors that make human capital vital to organizational performance. The most significant driver of value in organizations today is the perceived shift to a knowledge economy, which makes the knowledge, skills, and competencies of employees a competitive advantage Human capital programs should contain the three “Cs: core workplace competencies, contextual framework within which the organization conducts its business and corporate citizenship.

However, Shelton (2011) has noted that there is no single formula for creating a human capital program, but there are some important components that should be considered. A truly effective human capital program should include learning, career planning, goal setting, and evaluation. These areas will help the program to be beneficial to the employees who utilize and to the organization that provides it. Without them, the human capital reverts back to being simply job training. Based on the findings of Moses (2010), human capital programs must not only achieve its objectives, but it must have positive outcomes for the organization and individuals within the organization. Caliskan (2010) notes that, a portion of the program must be evaluating outcomes. The main purpose of human capital; in the work situation, is to develop the abilities of the individual and to satisfy current and future manpower needs of the organization.

Ongore and kusa (2014) noted that Commercial banks play a vital role in the economic resource allocation of countries. They channel funds from depositors to investors continuously. They can do so, if they generate necessary income to cover their operational cost they incur in the due course. In other words, for sustainable intermediation function, banks need to be profitable. Ongore and Kusa indicated that beyond the intermediation function, the corporate financial performance of banks has critical implications for economic growth of countries. It is further noted that, corporate financial performance analysis of commercial banks has been of great interest to academic research since the Great Depression Intern in the 1940’s. To compete effectively, banking institutions need professionals with the ample skills and expertise at all functional areas. Thus, the banking sector gives more priority to strengthen their intellectual human resources and the competency of them (ZetiAkhtar Aziz, 2005). In an earlier study by Al-Tamimi, (2010) it was noted that the performance of commercial banks can be affected by internal and external factors. These factors can be classified into bank specific (internal) and macroeconomic variables. The internal factors are individual bank characteristics which affect the bank's performance. These factors are basically influenced by the internal decisions of management and board. The external factors are sector wide or country wide factors which are beyond the control of the company and affect the profitability of banks. It is clearly indicated from these studies that most work that has been done in the area of banks and their performance has focused on other issues surrounding the banks, no specific study has focused specifically on the role played by human capital practices applied by the banks to build the capacity of the employees and hence establish the effect that these human capital practices have on the corporate financial performance of these banks. This study therefore seeks to critically examine the role of human capital practices on the corporate financial performance of the commercial banks in Kenya.

1.1 Statement of the Problem

Adequate corporate financial performance of banks is of crucial importance to their customers, investors and other stakeholders. In the last one decade, competition in the banking industry in Kenya has increased significantly as a result of new entrants in the market and the increasing demands of the customers (Hancott, 2014). This rapid growth in the Banking industry has posed several challenges. Banking sector has in the recent past experienced corporate financial performance challenges that led to dismissal of several bank top managers and even closure of some banks. Some banks have recorded poor financial performance. In the year 2015, several banks recorded a less than 20 per cent net profit decline as high operating expenses and one-time restructuring costs weighed on its profitability (CBK, 2016). In addition, out of the more than 42 commercial banks operating in Kenya only 11 banks are listed on the Nairobi securities exchange making one to question the whereabouts of the rest of the banks. In order to survive in the banking industry and to ensure a continued increase in its profitability, Banks in Kenya must make changes to its structures, operations and in the strategies used to meet customers' needs and demands. The strength of commercial banks in Kenya significantly depends on the internal practices employed such as human capital practices.

However, most studies in the area of banking since liberalization have focused on financial related factors as being major contributors to the low performance of the banks. In addition, previous studies (Dhamodharan, Daniel, & Ambuli, 2010; Gubbins, Garavan, Hogan, & Woodlock, 2006) only provided link between human capital practices and corporate financial performance. Less attention given relates to human capital practices and corporate financial performance especially among financial institutions such as commercial banks. In addition, Studies that have been done to examine the effect of employee development did not consider financial incentives as moderating factor leaving a gap in the services sector and particularly financial institutions. Thus, the need to understand the effect of employee's related factors in assessing the corporate financial performance of commercial banks. It was also necessary for the current study to be undertaken to examine how the financial incentives moderate human capital practices-corporate financial performance relationship in Kenya banking industry.

1.2 Objective of the study

To examine the effect of job training on corporate financial performance of commercial banks in Kenya

1.3 Significance of the Study

This study was engraved into the relationship between human capital practices and corporate financial performance as moderated by financial incentives. In discussing these human capital practices, the study examined and analyzed how these practices can be used to enhance corporate financial performance in the banking sector in Kenya. The contribution of human capital practices to performance in the banking industry has not been appreciated and recognized in the previous literature (Babaita, 2010; Karthikeyan, Karthi and Graf, 2010). Therefore, this study is of immense benefit, not only to the banking sector in terms of the appreciation of human capital practices as critical to enhancing their performance in the banking industry, but also to all industries. The study contributes to knowledge and practices in the management of employees in the banking industry. This study also equips the researcher with knowledge in understanding corporate financial performance in relation to various human capital practices and financial incentives. Besides, the study offers appropriate information to be used in filling the gaps that are evident in the literature. This therefore offers an effective ground for future researchers to expand on the knowledge created in the area of the study.

2. Literature Review

2.1 Concept of Corporate Financial Performance

Financial performance refers to the act of performing financial activity. In broader sense, financial performance refers to the degree to which financial objectives being or has been accomplished (Claudiu-Marian, 2011). It is the process of measuring the results of a firm's policies and operations in monetary terms. It is used to measure firm's overall financial health over a given period of time and can also be used to compare similar firms across the same industry or to compare industries or sectors in aggregation (Casstek & Pokorna, 2013). “Financial performance is scientific evaluation of profitability and financial strength of any business concern” according to Kennedy and Macmillan financial statement analysis attempt to unveil the meaning and significance of the items composed in profit and loss account and balance sheet.

Hult et al. (2008) propose that there are 3 key areas in which corporate performance can be monitored – (1) financial performance, (2) operational performance and (3) overall effectiveness. While financial performance measures to which extent financial goals, either accounting-based or market-based, are achieved, operational performance focuses on nonfinancial indicators, and overall effectiveness, whose measurement is very complicated, concentrates on perceived performance or reputation. Částek & Pokorná (2013) claim that it is the financial performance which is predominantly used by researchers. This thesis zeroes on the corporate

financial performance as well, as it “highlights the efficiency with which firms transform their revenue into income that can be afterwards distributed to shareholders” and is the result of “productivity, efficiency, effectiveness, performing management, proper corporate governance, innovation” and external factors (Claudiu-Marian, 2011).
Utilization of almost any of these indicators can be justified by existing literature. Dehning & Stratopoulos (2002) or Bauer et al. (2012) state that ROA is the best overall measure of financial performance, which, as Claudiu-Marian (2011) and Ma et al. (2010) add, measures the efficiency of asset utilization, and is reliable, universal and objective. ROE, as Claudiu-Marian (2011) and Bauer et al. (2012) explain, assesses the efficiency of capital brought by investors, is linked to the value of a firm and is often used by shareholders, which makes it relevant to the aim of this thesis. Bottazzi et al. (2008) describe ROS as a proxy of profitability. In addition to profitability indicators, there are also other financial performance measures, which appear to be widely used, even though in lesser extent than ROA, ROE or ROS.
In contrast to accounting-based measures, market-based ones are forward looking (Kapapoulos &Lazaretou, 2007), i.e. indicating what the company will (or at least may) accomplish (Demsetz &Villalonga, 2001), and reflect the shareholder or market value (Částek & Pokorná, 2013). The dominant market-based measure is certainly Tobin’s Q, which can be seen as a proxy for market valuation and is defined as the ratio of market value and either book or replacement value of assets (Kapapoulos &Lazaretou, 2007). Nevertheless, such measures are still associated with several controversies. Market-based measures are subject to forces beyond management or owners’ control (Sanchez-Ballesta&Gracía-Meca, 2007), such as optimism or pessimism of investors and predictions about the market (Demsetz & Villalonga, 2001). With regard to this thesis, it is important to be aware of the fact that constructing market-based measures is fairly complicated and requires deep knowledge of firms and industries (Částek & Pokorná, 2013). Moreover, their applicability in ineffective 22 and illiquid markets, e.g. in the Czech Republic, is questionable (Částek & Pokorná, 2013). Částek (2013) even goes so far as to claim that “Tobin’s q is useless under the Czech conditions”, as only a small number of companies is publicly traded and even then, their market capitalizations are often questioned.

2.2 Concept of Human capital

Human capital is one of the most important functions of business management. Human capital means to develop the abilities of an individual employee and organization as a whole so; hence human capital consists of individual or employee and overall growth of the employee as when employees of the organization would develop the organization, organization would be more flourished and the corporate financial performance would increase (Elena , 2000).Human capital captures the knowledge, professional skills, experience and creativity of employees (Sofian et al., 2006). On an individual level, it can be defined as the combination of genetic inheritance, education, experience and attitudes about life and business (Hudson, 1993). Human capital is not tradable and not owned by the organization, it is a result generated by professional knowledge and skills of employees (Shih et al., 2010). Their strategic value refers to its potential to improve the efficiency and effectiveness of the firm, exploit market opportunities, and/or neutralize potential threats (Barney, 1991; Ulrich and Lake, 1991).

Human capital presents the image of the background knowledge of individuals grouped in the organization's composite ability to disclose the optimum solution from its distinct employees (Bontis, 1999). Competence and skills are very important for the future success and security of an organization. It is commonly accepted that the education and training that a person attains during a span of his professional career increase his abilities and potential to work, resolve problems and carry out innovation (Alliger, 1997 and Kozlowski, 2000). A firm's human capital is an important source of sustained competitive advantage (Hitt et al., 2001) and therefore investments in the human capital of the workforce may increase employee productivity and financial results (Pfeffer, 1998). Helping individuals to develop knowledge, skills and competence increases the human capital of the organization. People are better equipped to do their jobs and this is generally of value to the organization (Cunningham, 2002). The resource-based theory argues that firm performance is a function of how well managers build their organizations around resources that are valuable, rare, inimitable, and lack substitutes (Barney, 1991). Human capital as resources meet these criteria, hence the firm should care for and protect resources that possess these characteristics, because doing so can improve organizational performance (Crook, Ketchen, Combs, and Todd, 2008).

The study such consider the possible relation between reputation perceived by employees and financial performance. In general, reputation is tightly linked to firm performance (Fombrun and Shanley, 1990) although there is a little of controversy about the causal ordering of this relation. While some authors argue that having a good reputation leads to better business results (see Bergh et al., 2010), others claim that companies which have stronger financial performance will enjoy superior reputation (see Lange et al., 2011). Thus, how employees see their company today will influence future performance as a positive reputation can affect their own motivation (Smidts et al., 2001). In this line, a higher level of employees' perceptions of corporate reputation may show the properly use of the resources that have been developed by the company.

2.3 Job Training and Corporate Financial Performance

According to Stavrou, Brewster and Charalambous (2004) the twenty-first century Human Resource Managers have opined that the main challenges they are confronted involved issues related to job training and development. In their study, they indicated that organizations may choose either to provide extensive official job training or to rely on attaining expertise through selection. It is further noted that

Job training is a universal best practice used to equipped employees with the right skills, knowledge and abilities to perform their assigned tasks, job training and development plays its crucial role towards the growth and success of our business. By choosing the right type of job training, ensure that employees possess the right skills for the business, and the same need to be continuously updated in the follow up of the best and new HR practices. To meet current and future business demands, job training and development process has assumed its strategic role and, in this regard, Stavrou et al. (2004) and Apospori, Nikandrou, Brewster and Papalexandris's (2008), have attained much importance as these highlight the training and development practices in cross-national contexts. Apospori et al. (2008) had deduced that there is a considerable impact of job training on organization performance. The human resource job training and development (T&D) system of an organization is a key mechanism in ensuring the knowledge, skills, and attitudes that are necessary to achieve organization goals and create competitive advantage.
In another study Boselie et al. (2005) noted that the field of human resource management; job training and development is the field concerned with organization activity aimed at bettering the performance of individuals and groups in organization settings. Organizations can adopt various EDP practices to enhance employee skills. First, such practices can be used for improving the quality of the individuals hired, or raising the skills and abilities of current employees or for both. Second, organizations can improve the quality of current employees by providing comprehensive job training and development activities after selection of workers.
Guest, (2003) indicate that investments in job training produce beneficial organization outcomes. A substantial body of research has been developed that investigated the impact of job training on firm performance. Considerable evidence suggests that firm investments in job training result in better corporate financial performance. Employees who are working in firms with good technical and non-technical job training programs, realize that their market value grow more favorably than in other firms, if the job training is of the general type that also increases productivity outside the firm. Therefore, they may have an interest of remaining longer in the firm (Apospori et al., 2008).
Syed et al. (2008) found job training as the most influencing practice that accounted for a greater percentage in corporate financial performance. Hatch and Dyer, (2004) found that extensive job training caused fewer defects in products in their study of 25 semiconductor manufacturing firms. Huang (2001) asserted that there is a significant direct relationship between job training and service quality. The findings of the study on managerial attitude toward EDP also found job training and development to be the most significant human capital practice thereby supported the earlier studies.
According to Stavrou et al. (2004) in order to ensure that employees are equipped with the right kind of skills, knowledge and abilities to perform their assigned tasks, job training and development plays its crucial role towards the growth and success of an organization.. Cunha, Morgado and Brewster (2003) noted a different view since they did not determine the impact of job training on corporate financial

performance, and suggested that another study on analysis of this relationship was needed.

Purcell at al., (2003) noted that job training and development deals with the skills and competencies of the employees acquired through series of job training and development programs. In today's competitive environment driven by the knowledge economy, certain attributes and competencies of personnel are an integral component of organizations' competitiveness. Other studies have also found that comprehensive job training and development programs are positively related to staff retention, productivity, and organization effectiveness (Arago'n-Sa'nchez et al. 2003). Jarventaus (2007) have reaffirmed the presumed positive relationship between job training and development, and corporate financial performance. Overall, job training and development is significantly related to corporate financial performance.

Paul and Anantharaman (2003), in searching the links between human resource practices and organizational performance, proposed that career development programmes demonstrate a true interest of the organization for the growth of its personnel, which, in turn, stimulates commitment and devotion, which, subsequently, raises personnel productivity and consequently economical output. Cerio (2003) examined the manufacturing industry in Spain and found that quality management practices related to product design and development, together with human resource practices, are the most significant predictors of operational performance. A supportive work environment was deemed necessary if job training skills transfer was to occur in an organization and impact on the performance.

3. Methodology

Research is a way in which knowledge and understanding of the world is discovered and turned into acceptable knowledge in a discipline. This knowledge and understanding influence how researchers comprehend the world (Ryan, Scapens & Theobald, 2003). Therefore, research philosophy plays an important role to develop knowledge and assumptions about the way in which researchers view the world. The importance of assumptions and knowledge is due to their effect on the research strategy and the research method. They also have a significant impact on how researchers understand social phenomena.

3.1 Research Design

In this study, explanatory research design was adopted.. Explanatory studies are characterized by research hypotheses that specify the nature and direction of the relationships between or among variables being studied.

3.2 Target Population

The study targeted 869 Employees from the three levels of management; strategic, tactical and financial drawn from 42 commercial banks operating in Kenya according to the CBK supervisory report in 2014. There were 27 local private commercial banks and 3 local public commercial banks which accounted for 64 per cent and 5 per cent of the total assets respectively. A total of 13 commercial banks were foreign owned and accounted for 31 per cent of the sector's assets and they accounted for a total net asset of Ksh. 3.2 trillion as at 31st December 2014.

Table 1: Target Population

LEVEL	Target Population
Top level	256
middle level	613
Total	**869**

Source: CBK 2018, Bank HR database 2018

3.3 Sample Size and Sampling Procedure

The sample size of this study was computed based on the following formula as proposed by Borg and Gall (2014):

$$n = \frac{NZ^2 \times .25}{\lfloor d^2 \times (N-1) \rfloor + \lfloor z^2 \times .25 \rfloor} = \frac{869 \times 1.96^2 \times .25}{\lfloor 0.05^2 \times (869-1) \rfloor + \lfloor 1.96^2 \times .25 \rfloor} = \frac{835}{3.13} = 267$$

3.4 Sampling Design

Stratified and Simple random sampling was used in this study to select employees. Cohen (2003) advised that a stratified random sample is a useful blend of randomization and categorization, which enables both a quantitative and qualitative process of research to be undertaken. The purpose of the method was to maximize survey precision, given a fixed sample size. With Neyman allocation, the "best" sample size for stratum n_h was as follows:

$$n_{h=} \left(\frac{N_h}{N}\right) n$$

Where, n_h is the sample size for stratum h, n is total sample size, N_h is the population size for stratum h, N is the total population. Therefore, the best sample size . Simple random was done by lottery method where the researcher assigned numbers to employees. Simple random sampling is used in a study, each member of the population or sub-group has an equal chance of being selected as other members of the same group. In this study, bias was thus avoided through the use of random sampling, because there was a high probability that all the population characteristics were represented in the sample.

The study used simple random sampling to select the employees who participated in the study. The employees were asked to pick a paper from a ballot container in which the papers with 'yes' or 'no' written were mixed.

3.5 Data Collection Instruments and Procedures

According to Beashel (1996), questionnaires can be used effectively to determine the knowledge and behaviour of individuals. The data for this study was collected by use of questionnaire and biographical form administered to all cases of the constitute of the sample. The questionnaire comprised of items covering all the objectives of the study. The reduction of the items to 20 was for the purpose of reducing boredom and fatigue in the respondents which could produce responses of questionable meaningfulness (Cohen et al, 1996). Source researchers have used a 20 – item questionnaire (Goshin & Van Wyk, (2005). The 20 items were rated on a 5-point Likert Scale. The biographical data section has items soliciting information on respondent's age, gender, level of education, level of management and frequency of participation in human capital.

3.6 Validity and Reliability of Instruments

According to Amin (2005) a CVI of 0.6 and above is appropriate for the instruments to be considered valid for use in further analysis. The results indicated that the validity index of the questionnaire was 0.793 which is far above 0.6 thresholds suggested by Amin (2005) there for the instrument was considered to be valid for use in the study.

The reliability of the instruments was determined by use of the internal consistency. The cronbach alpha reliability coefficient was determined by the aid of computer software for Statistical Package for Social Sciences version 20 (SPSS). The questionnaire was administered to 23 employees selected from the Commercial Banks in Kenya. An alpha Reliability co-efficient of between 0.5 and 1.0 was considered the most desired reliability index according to Jensen and Hirst, (1980). The reliability coefficient for the study was established as 0.901 for the 58 statement items and hence the questionnaire was considered reliable for use in further analysis (see table 2).

3.7 Data Collection Procedures

The researcher obtained permission from the national council of research, and from the Dean's office, School of Business and Economics, Moi University. Informal consent was obtained before administration of research instruments. Then the participants were asked to complete the questionnaire and biographical form. The completed research instruments were collected and returned to the researcher for coding and subsequent data analysis.

3.8 Data Analysis procedures

Factor analysis is a statistical test used to extract the minimum inter correlated factors, from the data in hand, that are considered to find out the basic variable. Explanatory factor analysis was employed to reduce the elements, only those elements with a factor loading of more than 0.7 were considered for further analysis.

Significance value less than 0.05 indicates that there can be significant relationship among the variables whereas the value higher than 0.10 indicates that the data set is not suitable for further analysis (Field,2009).
Descriptive statistics technique was chosen because it made it possible to show the distribution or the count of individual scores in the population for a specific variable. Descriptive statistics were used to describe the sample characteristics where measures of relationships do not apply. For this study this was used to analyze the demographic factors of the respondents.
The inferential statistics; correlation and linear regression were used to analyze the objective so that inference can be made to the entire population. The level of significance for inferential statistical analysis was 0.05.

The effects were statistically processed using the specified linear equation (1) to (2) as shown below;

$$y = \beta_0 + C + \varepsilon_1 \tag{1}$$

$$y = \beta_0 + C + \beta_1 x_1 + \varepsilon_2 \tag{2}$$

All statistical tests were carried out using the Statistical Package for Social Sciences (SPSS), version 20. All tests were two-tailed. Significant levels were measured at 95% confidence level with significant differences recorded at $p < 0.05$.

4. Main Results

4.1 Job Training

Job training equips employees with the right skills, knowledge and abilities to perform their assigned tasks. This is presented in table 2.

Table 2: Training

	Mean	Std. Deviation	Skewness	Kurtosis
I have job training opportunities to learn and grow	3.52	0.911	-0.186	-0.324
I get job training and development I need to do my job well	3.96	0.878	-0.706	-0.031
I get the job training and development from the bank for my next promotion	4.26	0.746	-0.471	-1.072
Available job training and development match with my job	4.32	0.648	-0.607	0.256
Organization is effective in helping employees develop	3.75	1.196	-1.014	0.158
Organization is effective in helping employees acquire relevant ‘job training and development for their job	3.67	1.407	-0.702	-0.805
Organization is effective in helping high-potential employees gain better skills through effective job training and development.	3.47	1.099	-0.303	-0.572
Training	**3.7274**	**0.6999**	**-1.275**	**1.635**

Source: (Field Data, 2018)

The results on job training are presented in table 3. Evidently, the employees have job training opportunities to learn and grow (mean = 3.52, SD = 0.911). Employees are therefore given an opportunity to acquire the right skills for the bank operations through training. Further, employees get job training and development they need to do their job well (mean = 3.96, SD = 0.878) There is thus a likelihood of the employees realizing that their market value develops more favourably than in other firms. The implication is that the firms will benefit from the on-job training of the employees.

Moreover, the employees get the job training and development from the bank for their next promotion (mean = 4.26, SD = 0.746). The results suggest that the bank ensures that employees’ skills are continually updated through training to ensure that they have the relevant skills for new positions within the firm. To support the above notion, the available job training and development match that of their job (mean = 4.32, SD = 0.648).

Furthermore, the organization is effective in helping employees develop (mean = 3.75, SD = 1.196) and acquire relevant job training and development for their job (mean = 3.67, SD = 1.407). Similarly, the organization is effective in helping high potential employees gain better skills through effective job training and development. Clearly, the banks ensure that the employees are adequately trained on the skills they require to perform optimally. It is a win-win situation for both the firm and the employees in that the knowledge, skills and attitude acquired by employees through training are necessary to achieve the firms' organizational goals and also create competitive advantage.

4.2 Firm performance

This section of the analysis highlights the results on firm performance.

Table 3: Firm performance

	Mean	Std. Deviation	Skewness	Kurtosis
Our bank has been outstanding in achieving market share.	4.01	0.87	-0.92	0.68
Our bank has been outstanding in sales growth.	4.13	0.95	-0.74	-0.32
Our bank has been outstanding in profitability.	4.07	0.74	-0.86	1.50
Our bank has been reducing a cost of transaction with customers.	4.01	0.90	-0.61	0.08
Our bank has been successful at generating revenues from new products.	2.36	1.42	0.30	-1.66
Our bank has been outstanding in growth in income	3.49	1.14	-0.63	0.01
Our bank has been outstanding in growth in capital	4.23	1.16	-1.56	1.57
Our bank has been outstanding in growth in investment returns	4.25	0.80	-1.69	4.40
firm performance	**3.71**	**0.57**	**-0.80**	**1.35**

Source ;(Field Data, 2018)

Basing on the results in table 5, the bank has been outstanding in achieving market share (mean = 4.01, 0.87). The results suggest that the targeted banks are market leaders and they have effectively done so through investing in their human capital in terms of training and compensating them adequately. The bank has also been outstanding in sales growth (mean = 4.13, SD = 0.95) and profitability (mean = 4.07, SD = 0.74).The rate of growth and profit levels have even made it possible for the banks to reduce the cost of attraction with customers (mean = 4.01, SD = 0.90).By doing so, the banks get to grow their market share and at the same time satisfying both the needs of customers and those of employees.

However, the bank is yet to be successful at generating revenues from new product (mean = 2.36, SD = 1.42). It could be that the customers are not receptive to the use of new products thereby affecting the revenue collected from these products adversely. Besides, the bank has been outstanding in growth in income (mean =

3.49, SD = 1.14), capital (mean = 4.23, SD = 1.16) and investment returns (mean = 4.25, SD = 0.80).Evidently, the banks have achieved significant growth and this could be attributed to the efforts made by the bank towards ensuring that employees are well oriented with different bank operations, are well trained, actively involved in decision making and are adequately compensated for the work done.

4.3 Factor Analysis for Job training

Table 4: Factor Analysis for Job training

	1	**2**
I have job training opportunities to learn and grow	0.635	
I get job training and development I need to do my job well	0.831	
I get the job training and development from the bank for my next promotion	0.754	
Available job training and development match with my job	0.749	
Organization is effective in helping employees develop		0.8
Organization is effective in helping employees acquire relevant ‘job training and development for their job		0.882
Organization is effective in helping high-potential employees gain better skills through effective job training and development.		0.81
Total Variance Explained: Rotation Sums of Squared Loadings		
Total	**% of Variance**	**Cumulative %**
2.256	32.231	32.231
2.146	30.664	62.896
KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.562
Bartlett's Test of Sphericity; Approx. Chi-Square		529.626
df		21
Sig.		0.000

The findings showed that all the items related to job training were significantly loaded on their respective factors thus all were retained for analysis. Furthermore, factor 1 and 2 accounted for a cumulative variance of 62.896% of the total variation in job training. Sampling adequacy was tested using the Kaiser- Meyer- Olkin (KMO) Measure of sampling adequacy. As shown in Table 4, KMO was greater than 0.5 (0.562), and Bartlett’s Test was significant, $\chi 2$ (21) = 529.626, p-value < 0.000.

4.4 Correlation results

Correlation analysis is a method of statistical evaluation used to study the strength of a relationship between two or more numerically measured continuous variables. Correlation analysis gives the Pearson's coefficient value and the significance value. The Pearson r statistic is used in the study.

Table 5: Correlation analysis

	Firm Performance	Training
Firm Performance	1.00	
	1.00	
Training	.700**	1.00
	0.00	

The study hypothesis was that; there was no significant effect of job training on corporate financial performance of commercial banks in Kenya. The null hypothesis was rejected in favour of the alternative hypothesis since the P value was less than 0.05

5. Summary of Findings

Regarding job training, the employees have job training opportunities to learn and grow. Further, employees get job training and development they need to do their job well. Moreover, the employees get the job training and development from the bank for their next promotion. Besides, the available job training and development match that of their job. Furthermore, the organization is effective in helping employees develop and acquire relevant job training and development for their job. Employee job training had a positive and significant effect on firm performance ($\beta4 = 0.279$, $p<0.05$). Consistent with the results, Stamper and Masterson (2002) argued that offering employees job training and promotion opportunities satisfies employees and leads to improved corporate financial performance. The results also agree with that of Apospori et al. (2008) which deduced that job training has a considerable impact on organization performance. Similarly, Boselie et al. (2005) noted that job training is aimed at bettering the performance of individuals and groups in organization settings. As well, Guest, (2003) indicated that investments in job training produce beneficial organization outcomes. In a similar vein, Syed et al. (2008) found job training as the most influencing practice that accounted for a greater percentage in corporate financial performance. Moreover, Bitner & Zeithmal (2004) affirmed that expenditures on job training yields strategic competitive advantage to firms and organizations.

Finally, financial incentives had a positive and significant moderating effect on the relationship between job training and financial performance ($\beta= 0.83$; $\rho < 0.05$).

Therefore, the relationship between job training and financial performance is enhanced by financial incentives. With incentives, employees are motivated to improve on their skills and knowledge which enables firms to benefit from this investment in human capital.

6. Conclusion

Job training plays a crucial role towards improvement in corporate financial performance. Through job training employees acquire the knowledge, skills, and attitudes that are necessary to achieve organization goals and facilitate corporate financial performance. In a nutshell, job training makes it possible for employees to do their job well and it also gives them an avenue to progress career wise. Therefore, job training is essential for improved firm performance.

7. Recommendations

Job training is of essence in enhancing corporate financial performance. It is therefore important for commercial banks to choose the right type of job training and ensure that the employees possess the right skills for the business and the same be continuously updated.

Moreover, the available job training and development should match that of their job. Youndt et al., 1996). It follows that these companies should continue in enhancing more the competence of its employees to attain better performance goals. So, it is important to ascertain that the HR function plays its full role in attracting, retaining, motivating and developing the human resources according to personal and group requirements, which will help the company to use effectively its human capital to develop and sustain a competitive advantage, as people remain the unique inimitable resource in the firms.

From a theoretical perspective, our results correspond with aspects of reinforcement and goal-setting theories rather than arguments derived from expectancy theories or cognitive evaluation theory. Financial incentives may threaten intrinsic motivation, as Deci and Ryan (1985) argue, but their correlation with performance is positive rather than negative.

References

[1] Almatrooshi, B., Kumar S.S., Farouk, S. (2016) Determinants of organizational performance: a proposed framework. International Journal of Productivity and Performance Management, 65 (6), 844 - 859.

[2] Al-Tamimi, H.H. (2010). Factors influencing performance of the UAE Islamic and conventional national banks. Global Journal of Business Research, 4, 1-9.

[3] Apospori, E., Nikandrou, I., Brewster, C., and Papalexandris, N. (2008), ‘HRM and Organizational Performance in Northern and Southern Europe,’ International Journal of Human Resource Management 19, (7), 1187–1207.

[4] Assaf, A. (2010). Managerial Behaviour in Contemporary Organisations. Amman: Dar Zahran. (Source in Arabic)
[5] Babaita C., Sipos G., Ispas A.N. (2010). Leadership style and culture for innovation in hotel industry, Proceedings of the 5th WSEAS International Conference on Economy and Management Transformation (Volume II).
[6] Barringer, B. R., Jones, F.F. &Neubaum, D.O. (2005).A quantitative content analysis of the characteristics of rapid-growth firms and their founders. Journal of Business Venturing 20(5), 663–687.
[7] Bauer, T. D., Dehning, B. &Stratopoulos, T. C. (2012) 'The Financial Performance of Global Information and Communication Technology Companies'.Journal of Information Systems, Vol. 26, No. 2, pp. 119-152 [online]. Available from: http://www.ebscohost.com
[8] Bitner, M.J. and V.A. Zeithaml,2004. Service marketing. McGraw Hill, New York
[9] Blair, D., &Sisakhti, R. (2007). Sales training: what makes it work"? T+D Magazine, August, available at: www.astd.org/astd/Publications/ TD Magazine/ 2007_pdf.
[10] Boselie, P., Dietz, G., & Boon, C. (2005).Commonalities and contradictions in HRM and performance research. Human Resource Management Journal,15, 67-94.
[11] Bottazzi, L., Da Rin, M., & Hellmann, T. (2008). Who are the active investors? Evidence from venture capital. Journal of Financial Economics, 89(3), 488-512
[12] Caliskan, E. N. (2010). The impact of strategic human resource management on organizational performance. Journal of Naval Science and Engineering, 6(2), 100-116.
[13] Částek, O. (2013) 'The Effect of Ownership Structure on Corporate Financial Performance in the Czech Republic'. In Semmelrock-Picej, M. T. & Novak, A. Proceedings of the 9th European Conference on Management, Leadership and Governance. 1st ed. Reading: Academic Publishing International Limited, 2013, pp. 7-15
[14] Central Bank of Kenya (2016).Bank Supervision Annual Report 2011.Central Bank of Kenya, Nairobi.
[15] Chambers, C. L., & Day, R. (2014). The banking sector and CSR: An unholy alliance. Financial Regulation International, 12(9), 13–20.
[16] Claudiu-Marian, G. (2011) 'The Financial Performance of European Companies: A comparative approach'. Annals of the University of Orade: Economic Science, Vol. 20, No. 1, pp. 193-200 [online]. Available from: http://www.ebscohost.com
[17] Crook, T. R., Ketchen, D. J., Jr., Combs, J. G., & Todd, S. J. (2008). Strategic resources and performance: a meta-analysis. Strategic Management Journal, 29(11), 1141-1154. doi:10.1002/smj.703
[18] Cunningham,StuartD. (2002) From cultural to creative industries: Theory, industry and policy implications. Media International Australia Incorporating

Culture and Policy: Quarterly Journal of Media Research and Resources, 102(1), pp. 54-65.

[19] Dehning, B. &Stratopoulos, T. (2002) ‘DuPont analysis of an IT-enabled competitive advantage’. International Journal of Accounting Information Systems, Vol. 3, pp. 165-176 [online]. Available from: http://www.sciencedirect.com

[20] Demsetz, H. &Villalonga, B. (2001) ‘Ownership structure and corporate performance’.Journal of Corporate Finance, Vol. 7, pp. 209-233 [online]. Available from: http://www.sciencedirect.com

[21] Dhamodharan, V., Daniel, B. J. C., &Ambuli, T. V. (2010).An empirical study on assessing trainees' expectations and their perceptions.International Business Research, 3, 174-179

[22] Ebimobowei, A., Felix, T.S., & Wisdom, S.C. (2012).Human resource development mechanism and the performance of public sector accountants’ in Nigeria. Current Research Journal of Social Sciences, 4(3), 246-255.

[23] Elena P. Antonacopoulou, (2010). Employee development through self-development in three retail banks‟ Journal of Personnel Review, Vol. 29 No. 4, pp. 491-508

[24] Gavrea, C., Ilies, L., &Stegerean, R. (2011). Determinants of organizational performance : the case of romania. Journal of Management & Marketing. 6, 285 – 300

[25] Gubbins, C., Garavan, T. N., Hogan, C., &Woodlock, M. (2006).Enhancing the role of the HRD function: The case of a health services organisation. Irish Journal of Management, 171-206

[26] Hancott, A. (2014). Competing in resources: strategy in the 1990s, Harvard Business Review, 73 (4): 118–28.

[27] Hanousek, J., Kočenda, E. &Svejnar, J. (2007) ‘Origin and concentration: Corporate ownership, control and performance in firms after privatization’. Economic System, Vol. 36, pp. 471-486 [online]. Available from: http://www.onlinelibrary.wiley.com

[28] Hult, G. T. M., Ketchen, D. J., Griffith, D. A., Chabowski, B. R., Hamman, M. K., Dykes, B. J., Pollitte, W. A., Cavusgli, S. T. (2008)‘An Assessment of the Measurement of Performance in International Business Review’. Journal of International Business Studies, Vol. 39, No. 6, pp. 1064-1080 [online]. Available from: http://www.jstor.org

[29] Jarventaus, K. N. (2001) Human resource management in Kenya in P. S. Budhwar and Y. A. Debrah, (eds) Human resource management in developing countries. London

[30] Kapapoulos, P. &Lazaretou, S. (2007) ‘Corporate Ownership Structure and Firm Performance: evidence from Greek firms’. Corporate Governance, Vol. 15, No. 2, pp. 144-158 [online]. Available from: http://www.onlinelibrary.wiley.com

[31] Karthikeyan, K., Karthi, R., Graf, S. (2010). Impact of Training in Indian Banking Sector – An Empirical Investigation. International Journal of Business and Management, 5(7): 77-83.
[32] Kongolo, M. (2010).Job creation versus job shedding and the role of SMEs in economicdevelopment. African Journal of Business Management, 4, 11, 2288-2295
[33] Mugenda, O., & Mugenda, A. (2003). Research methods: Quantitative and qualitative approaches. Nairobi, Acts Press.
[34] Naser, K. &Mokhtar, M. Z. (2004). Determinants of Corporate Performance of Malaysian Companies, Paper presented at the Fourth Asia Pacific Interdisciplinary, Research in Accounting Conference,
[35] Ongore V. O. &Kusa G. B. (2014).Determinants of Corporate financial performance of Commercial Banks in Kenya. International Journal of Economics and Financial Issues, 3, 237-252
[36] Smidts, A., Pruyn, A. T., & van Riel, C. B. M. (2001).The impact of employee communication and perceived external prestige on organizational identification. Academy of Management Journal, 49, 1051–1062
[37] Tharenou, P. (2001). The Relationship of Training Motivation to participation in Training and Development. Journal of Occupational and Organizational Psychology, 74, 599-621.
[38] Tsai, C., Lu, Y. & Yen, D. C. (2012). Determinants of intangible assets value: The data mining approach. Knowledge-Based Systems, 31, 67-77