Effects of Promotion Practices on Employee Performance in the National Bank of Kenya

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Abstract

Recruitment is a fundamental function in an organization's human resource management department. Its goal is to attract more qualified candidates for potential employment. The adoption of effective recruitment methods by organizations will increase their ability to recruit competent employees with the necessary skills, thereby helping them master their roles. The purpose of this research was to assess the effect of promotion practices on employee performance in the National Bank of Kenya Limited. The following theories underpinned the study; Cattell’s 16PF Trait Theory, Expectancy Theory and Equity Theory. This study employed a descriptive survey design with a target population of 215 members of staff consisting of managers, supervisors and, Bank officers from the Human resource department, Operations department, Marketing department and Finance department of the National Bank of Kenya, head office. Various departments were chosen using both stratified sampling and simple random sampling methods, based on their employee levels. A sample comprising 144 respondents was utilized for data collection using a questionnaire and an interview guide for the head of personnel service. Quantitative information obtained was edited, coded and analyzed. Data was analyzed using the Statistical Package for Social Science (SPSS). Both descriptive and inferential statistics were utilized in this study with the results given in tables and figures. The study found that promotion practices had positive statistically significant influence on employee performance in the NBK. On promotion practices, the study concluded that the bank has a promotion policy for employees and that promotion is accorded to employees based on merit.

Keywords: promotion, recruitment, human resource management, employee performance.

1. Introduction

The performance of employees holds significant importance for the viability and overall continuity of an institution such as a Bank. An organization can experience growth in its customer base and revenue generation through exceptional employee performance (Slavković, Pavlović & Simić, 2018). Additionally, improved employee performance within the organization leads to the provision of high-quality customer services. Research conducted in the Kingdom of Bahrain by Karim, Choudhury and Latif (2019) revealed that the staff's enhanced performance directly correlates with the quantity and quality of their output. The current organizational emphasis rests on enhancing customer service excellence, which has consequently brought heightened attention to staff performance (Giorgi et al., 2019). According to Abbas, Saud, Usman, and Ekowati (2020) employee performance becomes evident in how effectively employees fulfill their duties and obligations in alignment with the organization's objectives.

Internal recruitment encompasses the practice of filling job openings from within the organization, often through methods such as promotions, job transfers, or rehiring. Effective internal recruitment strategies require organizations to conduct thorough evaluations of their staff over an extended period to assess their potential and suitability for specific roles (Shanker, 2020). Internal recruitment holds significance because it facilitates the company's growth while reducing the expenses associated with the hiring process. Additionally, it motivates employees, as they strive to advance within the organization, fostering a sense of responsibility and loyalty. This approach also elevates employee morale and contributes to lower staff turnover rates. Whenever a vacancy arises, the organization should prioritize internal applicants who are already part of the workforce (Mukwa & Nabiswa, 2017).

Promotional practices as a form of Internal recruitment offers several advantages to organizations, including cost savings, increased motivation, and familiarity with existing staff members. It primarily draws from the organization's existing talent pool to fill vacant positions, which reduces the time and effort expended on the selection and
onboarding processes during recruitment (Anand et al., 2018). Clearly defined promotional opportunities signal to employees that there are prospects for advancement within the company, diminishing the need for self-achievement. Moreover, internal recruitment is beneficial because the organization already has a track record with the employee (Ahmed, Hamza & Wang, 2019). However, it's essential to acknowledge that internal recruitment also comes with certain drawbacks. Inbreeding is a limitation that may stifle creativity and innovation among employees (Pendola & Fuller, 2021). It can also pose challenges related to equal employment opportunity (EEO), necessitating consideration of workforce diversity. Furthermore, additional training may be required during internal recruitment to develop the necessary skills (Alfadli & Javed, 2021).

1.1. Statement of the Problem

The Kenyan banking industry has encountered several obstacles over time. These challenges encompass heightened competition, amplified government oversight, and the rapid technological advancement, particularly in mobile banking services. With banks experiencing rapid expansion, greater environmental unpredictability, intensified competition, a shortage of skilled labor, and the subsequent rise in employee turnover and replacement costs, commercial banks in Kenya have been compelled to engage in fierce competition to attract top-notch talent. The adoption of strategic management by commercial banks in Kenya has sparked considerable interest in examining the impact of specific Human Resource Management (HRM) strategies on employee performance. Numerous investigations have demonstrated a positive correlation between HRM practices and employee performance.

For instance, in a study conducted by Bakhashwain and Javed (2021) in Saudi Arabia, a significant connection was established between recruitment and selection practices and employee performance. Similarly, Gode (2019) conducted an evaluation of recruitment and selection procedures and their influence on organizational performance at United Bank in Ethiopia, finding that these practices exert a substantial impact on organizational performance. In examining the influence of recruitment and selection on employee performance, various studies from different countries offer valuable perspectives. Sikalumbi and Situmba (2021) research in Zambia specifically analyzed the impact on the workforce at Zambia Electricity Supply Company (ZESCO), concluding that recruitment and selection are pivotal factors in determining employee effectiveness. Meanwhile, a 2017 study by Tsuma investigated the ramifications of e-recruitment methods on staff retention within multinational corporations in Kenya. Additionally, Mukwa and Nabiswa's 2017 analysis scrutinized the recruitment strategies at Masinde Muliro University in Kenya, highlighting the existence of both internal and external hiring procedures guided by a formal policy. In summary, these findings suggest that both traditional and electronic recruitment and selection methods have notable impacts on employee performance and retention across different sectors and geographies. Importantly, the presence of structured policies often shapes the effectiveness of these practices.

The studies mentioned earlier have certain limitations because they were carried out in countries such as Ethiopia, Zambia and Saudi Arabia, not in Kenya. Additionally, some of these studies looked at recruitment and selection practices as a combined entity without individual scrutiny. Furthermore, some studies focused on the performance of organizations as a whole rather than the performance of their employees. These studies were conducted in various settings, like utility companies, education sector and not specifically within the context of banking sector. These differences have led to gaps in terms of context, concepts, and research methods. To address these gaps, the present study aimed to investigate how promotion affects the performance of employees in the National Bank of Kenya.

1.2. Objective of the study

The objective of the study was to assess the effect of promotion practices on employee performance in the National Bank of Kenya.

2. Literature Review

2.1. Theoretical Literature

The study will be anchored under Cattell’s 16PF Trait Theory, according to McLeod's (2014), Eysenck's perspective on personality differed significantly from that of Cattell. This distinction arises from Eysenck's argument that personality can be comprehended by focusing on either two or three dimensions of behavior. In contrast, Cattell contended that it was essential to emphasize a broader array of traits to gain a comprehensive understanding of an individual's personality. Eysenck's theory primarily drew from responses obtained from individuals in hospital settings, whereas Cattell's theory was formulated through the collection of data from a diverse range of individuals using three different data sources. These data sources used by Cattell include L-data (life data records like work absenteeism and school grades), Q-data (questionnaires designed to assess an individual's personality), and T-data (data obtained from objective tests intended to extract information about personality constructs) as outlined by McLeod in 2014. Cattell employed factor analysis to examine both the Q-data and the T-data, a mathematical technique that enabled him to identify sixteen common personality traits shared by all individuals.
Furthermore, Cattell was successful in distinguishing between surface and source characteristics. Surface characteristics are more apparent to others and readily observable, while source characteristics are less conspicuous to external observers and encompass a range of behavioral factors. According to Cattell's perspective, source characteristics are more crucial in describing personality compared to surface characteristics. This assertion holds merit since source characteristics allow organizations to acquire background information about potential personnel from their previous department or workstation from the same companies. Moreover, it enables organizations to analyze their employees’ past behaviors in prior work stations/department making it a valuable tool for personnel promotion.

2.2. Empirical Review

2.2.1. Promotion Practices and Employee Performance

Promotion in an organization occurs when an employee is elevated to a higher position, often accompanied by an increase in salary. This advancement typically involves existing members of the workforce (Dosumu et al., 2021). Promotions can encompass various aspects, such as shifting employees to higher roles, increasing their pay, raising their status, or improving their facilities. Generally, organizations tend to fill higher-level vacancies by promoting employees they believe are qualified for the position. These promotions are based on the skills employees have developed through their daily responsibilities within the organization (Qalati et al., 2022).

Promotions hold significance as they serve as a form of recognition for an employee's past performance within the organization. Most companies may only consider promoting employees after they have spent a substantial amount of time, typically around three years, and have demonstrated exceptional performance while acquiring relevant skills (Karim, Bhuiyan, Nath & Latif, 2021). It falls upon the managers within the organization to ensure that employees have a clear sense of purpose and establish new working practices that align with the company's values. Trust between managers and their teams is a critical factor that facilitates employee promotion. Trust influences a manager's willingness to delegate responsibilities, fostering team growth and improving employee performance (Akumtalibey, 2019). Additionally, trust is demonstrated when managers are willing to cede control of decision-making processes after task delegation, which in turn affects employee morale and enhances overall performance (Fattaah, Singh & Darwish, 2020).

Promotion within an organization serves as a means to transition employees from lower-tier positions to higher ones, often accompanied by increased compensation and a broadening of their job responsibilities. Essentially, promotion signifies the elevation of an employee's standing within the organizational hierarchy. It can manifest as a shift in an employee's role within the organization's structure (Al-Khasawneh, Malkawi & AlGarni, 2018). Typically, promotion entails assuming new job titles, assuming greater responsibilities, and receiving a salary boost. Additionally, it may encompass the expansion of benefits and an increase in managerial authority over other staff members within the organization. Seen as an opportunity to advance into roles characterized by more challenges, heightened responsibilities, and greater authority than their previous positions, promotion also fosters a sense of enhanced self-worth and elevated status among employees, motivating them to deliver improved performance (Mgimba, 2019).

Research conducted by Mwamwala et al. (2022) examined the role of job promotions in enhancing the performance of employees within Tanzanian City Councils. Utilizing exploratory research methodologies, the study found a notable positive correlation between the frequency of promotions and the overall effectiveness of the council staff. In summary, the study underscores the importance of promotional opportunities in positively influencing employee performance in Tanzanian municipal settings. Specifically, job promotions were found to enhance staff productivity, efficiency, and their interpersonal relationships. Additionally, the study revealed that job promotions had a positive influence on the individual performance of county council employees. Moreover, the results indicated that employees were generally aware of promotion procedures but suggested the need for increased awareness. Furthermore, the findings highlighted those promotions had a beneficial impact on both individual and organizational performance, contributing to increased motivation, performance levels, work relations, and remuneration. However, it was also noted that a lack of adherence to promotion practices had adverse effects on both employees and organizational performance, as well as work relations.

In a study conducted by Tadesse (2017), an explanatory research design was used to evaluate the relationship between promotion practices and job satisfaction among employees of Dashen Bank S.C. in Ethiopia. Employing a mixed-method sampling strategy that combined convenience and random selection, the study included a sample of 330 bank employees. The findings demonstrated a significant relationship between promotion policies and expectations on one hand, and job satisfaction and overall employee performance on the other (Tadesse, 2017).

In a study, Noor and Silitonga (2018) analyzed the link between employee promotions and performance metrics at Pt. Harapan Mulia Berkah in the Tangerang region. Using a descriptive research design with a focus on a sample of 93 employees, the research employed both descriptive and inferential statistical analyses. Their findings highlighted the important influence of promotional opportunities on both organizational commitment and overall performance (Noor & Silitonga, 2018).
Separately, Rinny et al. (2020) conducted a quantitative investigation into the impact of job promotions on staff at Mercubuana University in Indonesia. The study relied on convenience sampling and used questionnaires to gather data from university employees. The study concluded that promotion practices exerted a meaningful impact on both employee satisfaction and overall performance metrics (Rinny, Purba, & Handiman, 2020).

In a study conducted in Kenya, Ligare et al., (2020) employed a survey research design along with descriptive and inferential statistical methods to explore the impact of job promotions on the performance of administrative police officers in Bungoma County. The research involved a sample of 384 administrative police officers selected from a total of 1318 through a combination of simple random sampling, stratified random sampling, and systematic random sampling techniques. Their findings demonstrated a statistically significant positive correlation between job promotions and the performance of administrative police officers within Bungoma County.

In a related study, Ratemo et al. (2021) employed survey research methods, along with both descriptive and inferential statistical analyses, to examine the relationship between promotion policies and employee effectiveness at the Kenya Forestry Research Institute located in Muguga. The study's sample was drawn from a population of 178 employees and consisted of 121 participants, selected through a stratified random sampling technique. The research findings indicated a significant influence of promotion practices on employee performance within the institution (Ratemo et al., 2021).

2.2.2. Conceptual Framework

In conceptual frameworks, the relationships between dependent and independent variables are elucidated through specified parameters and metrics. In the context of the National Bank of Kenya, employee performance serves as the dependent variable, influenced by independent variable promotion practices.

![Figure 1: Conceptual Framework](image)

3. Materials and Methods

3.1. Materials

The study adopted a mixed research approach making use of both qualitative and quantitative information in a descriptive research design. In this study the target population consisted of 215 staff members consisting of managers, supervisors and Bank officers from the Human resource department, Operations department, marketing department and Finance department of National Bank of Kenya, head office as outlined in Table 1.

<table>
<thead>
<tr>
<th>Staff Cadre</th>
<th>Target population</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers</td>
<td>35</td>
<td>16.3</td>
</tr>
<tr>
<td>Supervisors</td>
<td>85</td>
<td>39.5</td>
</tr>
<tr>
<td>Bank officers</td>
<td>95</td>
<td>44.2</td>
</tr>
<tr>
<td>Total</td>
<td>215</td>
<td>100</td>
</tr>
</tbody>
</table>

Respondents from various departments were chosen using both stratified sampling and simple random sampling methods, based on their employee levels. The study divided the population into strata and then employed the stratified random sampling technique to select a sample from each stratum. The study applied the Yamane formula to generate a sample size of 144 respondents and the study used questionnaire for data collection.

3.2. Methods

Data analysis involves the researcher's formal exploration of study themes, utilizing the data collected during the study to substantiate and bolster their ideas (Collins & Stockton, 2018). The collected data was subjected to analysis through descriptive statistics and inferential techniques. The study’s findings were conveyed through tables and graphical representations accompanied by analytical interpretations and narratives.

To examine the effect of promotion practices on employee performance in the National Bank of Kenya, multiple linear regression analysis was applied to the data. The regression was executed according to the following model formula:

\[ Y = \beta_0 + \beta_1 X_1 + \varepsilon \]

Where;
Y is Employee performance
X_1 is promotion Practice
\( \beta_0 \) and \( \beta_1 \) are the coefficients of the terms and \( \varepsilon \) is the error term

4. Results and Discussion

4.1. Response Rate

In this study, 143 questionnaires were distributed to participants and one interview conducted, out of which 134 were accurately completed and returned, response rate of 93.7% which was deemed satisfactory and appropriate to proceed with data analysis. This aligns with Sammut, Griscti and Norman (2021) assertion that a response rate of 75% or higher is sufficient to generalize the results to the target population.

4.2. Promotion Practices and Employee Performance

The objective of the study was to evaluate how promotion practices impact the performance of employees within the National Bank of Kenya. Participants were asked to express their opinions on different statements concerning promotion practices and employee performance. The findings of this inquiry were outlined in Table 2.

<table>
<thead>
<tr>
<th>Promotion Practices</th>
<th>N</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The institution has a promotion policy for employees</td>
<td>134</td>
<td>1</td>
<td>5</td>
<td>3.90</td>
<td>0.855</td>
</tr>
<tr>
<td>Promotion is usually accorded to an employee who is already working in this Bank Branch</td>
<td>134</td>
<td>1</td>
<td>5</td>
<td>3.83</td>
<td>1.008</td>
</tr>
<tr>
<td>Promotion is based on merit in this organization</td>
<td>134</td>
<td>1</td>
<td>5</td>
<td>3.94</td>
<td>0.948</td>
</tr>
<tr>
<td>Promotion opportunities are clear in this organization</td>
<td>134</td>
<td>1</td>
<td>5</td>
<td>3.81</td>
<td>0.862</td>
</tr>
<tr>
<td>Promotion act as reward for past performance of employees in this organization</td>
<td>134</td>
<td>1</td>
<td>5</td>
<td>4.01</td>
<td>0.976</td>
</tr>
<tr>
<td>The organization promotes employees who have stayed in the Bank for a considerable period</td>
<td>134</td>
<td>1</td>
<td>5</td>
<td>3.98</td>
<td>0.827</td>
</tr>
<tr>
<td>Promotion opportunities allow employees to advance their ranks in this organization</td>
<td>134</td>
<td>1</td>
<td>5</td>
<td>3.90</td>
<td>0.964</td>
</tr>
<tr>
<td><strong>Average Mean and Std Deviation</strong></td>
<td><strong>3.91</strong></td>
<td><strong>0.920</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher (2024)

According to the results presented in Table 2, respondents agreed with the notion that the institution possesses a promotion policy for its employees, with a mean score of 3.90 and a moderate standard deviation of 0.855. Promotion serves as a mechanism for an organization to elevate employees from lower to higher grades, accompanied by salary increments and an expansion of their responsibilities. Essentially, it involves advancing the rank or position of
employees within the organizational hierarchy, as described by Al-Khasawneh, Malkawi, and AlGarni (2018). This advancement often entails acquiring new job titles, assuming additional responsibilities, and receiving a salary increase. Furthermore, promotion can manifest as an expansion of benefits and an increase in managerial authority over other staff members in the organization. Embracing a promotion opportunity is viewed as a chance to take on roles with greater challenges, heightened responsibility, and increased authority compared to their previous positions. This elevation contributes to an enhanced sense of self-worth and higher status among employees, motivating them to perform at a higher level, as highlighted by Mgimba (2019).

Findings showed agreement that promotion is usually accorded to employees who are working in their respective Bank Branches as noted by a mean of 3.83 and a standard deviation of 1.008 showing a slight variation in the respondents’ responses. The results also noted agreement that in the organization promotion is based on merit and that promotion opportunities are very clear as supported by a Mean of 3.94 and 3.81 with a standard deviation of 0.948 and 0.862 respectively. On promotion acting as reward for past performance of employees in the organization, the respondents agreed with the statement as indicated by a mean of 4.01 and low standard deviation of 0.976 showing a small variation among the respondent’s responses. The respondents also were in agreement that the Bank promotes employees who have stayed in the Bank for a considerable period (Mean=3.98) and a standard deviation of 0.827. The results further noted agreement that promotion opportunities allow employees to advance their ranks in the organization as noted by mean of 3.90 and a standard deviation of 0.964. With an average mean of 3.91 and a standard deviation of 0.920 the findings revealed that respondents agreed with all aspect of effect of promotion on employee performance. This implies that the organization has a rigid promotion procedure that is strictly followed.

These findings are in congruent with other studies such as Khan, Ali, and Ihsan (2020), which contend that when employees perceive promotion decisions as equitable, they are more inclined to demonstrate commitment to the organization, derive satisfaction from their career, exhibit enhanced performance, and consequently, express a diminished intention to leave the organization.

Dialoke and Nkechi (2017) reached a similar conclusion, stating that there is a positive correlation between employee performance and career advancement as well as promotion, particularly within the non-teaching staff of higher education institutions. These findings align with those of Chelimo and Ouma (2017), who assert that effective promotion policies contribute to improved performance among employees in the banking sector.

4.3. Correlation Results of Study Variables

Pearson correlation analysis was conducted to assess the magnitude and direction of the relationship between independent and dependent variables. The findings are presented in Table 3.

<table>
<thead>
<tr>
<th></th>
<th>Employee performance</th>
<th>Promotion practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td>performance</td>
<td>Sig. (2-tailed)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>134</td>
</tr>
<tr>
<td>promotion</td>
<td>Pearson Correlation</td>
<td>0.397**</td>
</tr>
<tr>
<td>practices</td>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>134</td>
</tr>
</tbody>
</table>

Source: Researcher (2024)

The results presented in Table 3 revealed that there is a positive and statistically significant correlation between promotion practices and employee performance (r = 0.397; p<0.01). According to Orodho (2003), a strong correlation indicates a significant relationship between two or more variables, while a weak or low correlation suggests a minimal connection between the variables.

4.4. Regression Analysis

Multiple regression analysis was conducted for all the four independent variables against the dependent variable, and the outcomes are detailed in the subsequent subsections.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.922a</td>
<td>0.850</td>
<td>0.846</td>
<td>0.41736</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), promotion practices

Source: Researcher (2024)

Promotion practices within the National Bank of Kenya were identified as effective factors influencing employee performance. The coefficient of determination, also known as R square, revealed a high value of 85.0%, indicating that 85.0% of the variations in employee performance.
The findings presented in Table 5 revealed that the entire model achieved statistical significance, evident from a p-value of 0.000, which is below the critical p-value of 0.05. Moreover, the results suggest that the independent variables serve as effective predictors of employee performance. This conclusion is reinforced by the F statistic of 230.23 and the reported p-value (0.000), which falls below the conventional significance level of 0.05.

Table 5: ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>160.417</td>
<td>4</td>
<td>40.104</td>
<td>230.235</td>
<td>0.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>28.393</td>
<td>130</td>
<td>0.174</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>188.809</td>
<td>134</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: employee performance  
b. Predictors: (Constant), promotion practices

Source: Researcher (2024)

The findings from Table 6 demonstrated, holding promotion constant, employee performance in the National Bank of Kenya would be 0.275. It was observed there exist a positive linear effect of promotion practices on employee performance ($b_1 = 0.114$, $p = 0.000$). This indicates that an elevation in promotion practices results in a corresponding increase in employee performance by 0.114 units.

Table 6: Regression Analysis Coefficient

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>0.275</td>
<td>0.130</td>
<td>2.118</td>
</tr>
<tr>
<td></td>
<td>Promotion</td>
<td>0.114</td>
<td>0.027</td>
<td>0.137</td>
</tr>
</tbody>
</table>

a Dependent Variable: Employee Performance in National Bank of Kenya  
Source: Researcher (2024)

5. Conclusion and Recommendations

The study concluded that there exists a strong, positive and statistically correlation between promotion practices and employee performance in the NBK. This implies that the bank has a promotion policy for employees and that promotion is accorded to employees based on merit.

The management should offer clear promotion opportunity to the employees who are already working with the Bank, when employees see a clear path for career advancement and promotion within the organization, they are more likely to be motivated and engaged in their work. The prospect of being rewarded for their efforts and recognized for their contributions can drive them to perform at a higher level and strive for excellence. Further, providing clear promotion opportunities helps banks retain their valuable talent. Employees are more inclined to stay with an organization that invests in their professional growth and offers them the chance to advance their careers. This reduces turnover and ensures continuity, which is crucial in the banking industry where specialized knowledge and experience are invaluable.

References


