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## Relationship between Strategic Objectives and Human Resource Performance in Commercial Banks in Migori County

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### **Abstract:**

*The study sought to establish the relationship between strategic objectives and human resource performance in selected banks in Migori County. Descriptive survey research design was used. Purposive and simple random sampling procedures used in sample size selection. The sample size comprise of 11 branch managers, 11 operations managers, 11 Customer care managers and 267 employees totaling to three hundred (300) respondents. Strategic objectives of the commercial banks had a positive relationship with HR performance and account for its 98%.*

*The strategic objectives in commercial banks if enhanced can enable HR to improve quality of service of the banks as well as the level of productivity and net profit of the bank. The management should fully implement their strategic objectives as it has a bearing on HR performance.*

**Keywords:** Strategic objectives, human resource, performance, commercial banks

### **1. Introduction**

Organizational performance is critical because it defines the basis upon which any meaningful business enterprise operates (Herald, 2001), and makes staff understand goals and strategic missions to be accomplished so as to remain viable in this contemporary competitive economy (Ansoff, Miller & Cardinal, 2001). HR Performance indicators in this study will be characterized by job satisfaction, employee turnover, employee wastage rates, absenteeism, profitability, customer service, staff morale and corporate image. Zorlu (2009) argues that the purpose of HR management was to come up with programmes that contribute to higher quality administrative performance in order for strategic achievement of the firm. Bradford & Duncan (2000) assert that employees are core to business and contribute considerable impacts in the business. Individual performance depends on personal drives such as desires and needs. Therefore, it is a pre-requisite that every employee's is empowered to ensure quality and high output in productivity is attained. Performance of any business fundamentally depends on the performance of its personnel. Their prosperity relies upon representatives' choices and their conduct, regardless of the size and nature of an association, the action it attempts, and the earth in which it works.

### **2. Statement of the Problem**

In the present seriously aggressive and worldwide saving money advertise, keeping up upper hand puts an overwhelming premium on having a profoundly dedicated or focused workforce (Jamie, 2011). As per Hudson (2004) and Jyothi (2010), the basic HRM obstacles of procuring right staff, redundancies, holding ability, staff advancement, compensation expansion and other outer dangers and changing working conditions and re-skilling are fundamentally issues of strategic planning or lack of it. Moreover, since all these setbacks will impact on the HR performance, as well as on the competencies needed in the leaders to be in charge of organizational development and considerable skills of its staff is required (Armstrong, 2008).

Today, when business banks scramble with the difficulties of excess, benefit decreases, representative turn-over or work bouncing marvel which is the same scenario in Commercial Banks in Migori County (Republic of Kenya, 2012), people are the key factor to organizational success, innovation, and profitability. This calls for effective strategic planning to make work more interesting, challenging and engaging and produce maximum performance under the prevailing conditions. However, strategic planning have been embraced and promoted in the banking sector in order for refining HR performance in this sector, its actual effect on the performance of commercial banks has not been investigated, particularly among commercial banks in Migori County. The effect of strategic planning on HR performance in banks especially in Migori County has not yet been established. The effects of strategic planning on human resource performance in commercial banks in Migori County in Kenya was important.

### 3. Methodology

A survey research design used. The study targeted 11 Commercial Banks with 11 branch managers, 11 operations managers, 11 customer care managers and 864 employees at the time of study. This translated to 897 respondents. Purposive and simple random sampling used to select the sample. Purposive sampling was used to sample key informants like the branch managers, operations managers, and customer care managers of the commercial banks in the Migori County. Simple random sampling used. Sample size was obtained using Krejcie (1970) model generated by Morgan (1990). The sample size for the study comprised of 11 branch managers, 11 operations managers, 11 Customer care managers and 267 employees of the commercial banks in Migori County totaling to three hundred (300) respondents. The total sample size was (33) managers and (267) employees giving a total of 300 respondents. Data collection instruments were one questionnaire for Customer Care Managers, Operations managers and Employees while an interview schedule for Branch Managers.

### 4. Findings

#### 4.1. Human Resource Performance

Information from Table 4.3 shows that HR improves quality of service of the commercial banks (mean =1.65 and SD of 0.774). This implies that if enhanced HR can improve quality of services delivered by the commercial banks. Concerning the fact that HR performance is indicated by level of productivity and net profit of the bank, it is indicated that HR performance is indicated by level of productivity and net profit of the bank (mean of 1.72 and SD of 0.775). This implies that to a larger extent if enhanced HR performance can be a measure of the level of productivity and net profit of the commercial bank. The findings further showed that HR performance enhances the job satisfaction and commitment in bank (mean of 1.59 and SD of 0.751). This shows that if the HR is enhanced can lead to job satisfaction and commitment in commercial banks.

Information on the quality of service offered by commercial banks is a pointer of an effective HR performance showed that commercial banks is an indicator of an efficient HR performance (mean of 1.77 and SD of 0.908). This implies that efficiency of HR performance to a large extent can be measured through the quality of service offered by commercial banks. Since the quality of service in the commercial banks in Migori County is satisfactory means that the HR performance is also below expectation or just satisfactory.

Statement	Mean	SD	Skewness	Kurtosis
Level of Productivity and Net profit of the Bank	1.72	.775	1.346	3.016
HR Performance enhances the job Satisfaction and Commitment in Banks	1.59	.751	1.183	.980
The quality is an indicator of an efficient HR Performance	1.77	.908	1.683	3.227
HR Performance Enhances Sales Growth and Growth in market Shares	1.78	.932	1.478	2.329
Human Resource Performance	1.702	0.828	1.3724	2.1408

Table 1: Human Resource Performance  
N=243

HR performance in the banks may improve sales growth and market shares (mean of 1.78 and SD of 0.932). Therefore, the rating of HR performance summed up to a mean of 1.702, SD of 0.828, skewness of 1.3724 and kurtosis of 2.1408.

#### 4.2. Relationship between Strategic Objectives and Human Resource Performance

Findings showed that HR performance is measured based on the strategic objectives of the commercial bank (mean of 1.79 and SD of 0.734). Findings indicated that HR performance is measured based on the financial objectives of the bank (mean of 1.88 and SD of 0.761) table 2.

Statement	Mean	SD	Skewness	Kurtosis
HR Performance is Based on the Strategic Objectives	1.79	.734	.921	1.162
HR Performance is Based on the Financial Objectives	1.88	.761	.891	1.017
HR Performance is Rated alongside the Objectives	1.70	.712	.708	.033
HR in the Bank can be Rated as being Excellent	1.90	.899	.918	.682
HR Performance in the Banks can be Rated as being below Expectations	3.68	1.398	-.620	-1.076
Mean	2.19	0.9008	0.5636	0.3636

Table 2: Effect of Strategic Objectives on Human Resource Performance  
N=243

The findings further showed that HR performance is rated alongside the achieving of the objectives of the bank (a mean of 1.70 and SD of 0.712). The Information on the fact that HR in the bank can be rated as being excellent showed that

HR in the bank can be rated as being excellent (a mean of 1.90 and SD of 0.899). The findings further revealed that HR performance in the banks can be rated as being below expectations (a mean of 3.68 and SD of 1.398). Therefore, the effect of strategic objectives on HR performance was summed up to a mean of 2.19, SD of 0.9008, skewness of 0.5636 and kurtosis of 0.3636.

#### 4.3. Correlation Statistics

Pearson's Correlations results indicated that strategic objectives had a positively significant relation with HR performance ( $r = 0.575$ ,  $\alpha < 0.01$ ), Table 3. Strategic objectives had a positive relationship with HR performance in commercial banks.

	HR Performance in the Bank	Strategic Objectives of the Commercial Bank
HR Performance in the Bank	1	
Strategic Objectives of the Commercial Bank	.575**	1

Table 3: Correlation Statistics

\*\* Significant at the 0.01 level

#### 4.4. Regression Model

$R^2$  was 0.978787, which implies that the strategic objectives account for 98% of HR performance. Hypothesis ( $H_0$ ) stated that there is no significant effect of the strategic objectives on human resource performance in commercial banks in Migori County. The findings were presented in Table 4. Findings showed that strategic objectives ( $\beta_1 = 0.013192$ ,  $p = 0.883158$ ) had no significant influence on human resource performance in commercial banks. Since,  $p > 0.05$  the null hypothesis accepted; there is no significant effect of the strategic objectives on human resource performance in commercial banks in Migori County. This indicates that increase in strategic objectives leads to an increase in HR performance.

	Unstandardized Coefficients		Sig.
	B	Std. Error	
(Constant)	-0.02955	3.440383	0.993213
Strategic Objectives	0.013192	0.088885	0.883158
Multiple R	0.989337		
$R^2$	0.978787		
Adjusted $R^2$	0.976339		
Standard Error	13.32221		
Observation	30		
F	399.8832		
Sig.	0.00000		

Table 4: Multiple Regression Model

Dependent Variable: HR Performance  $\alpha = 0.05$

The HR performance in the commercial banks was below expectation and satisfactory due to failure by most of commercial banks in embracing strategic planning. HR performance is measured based on the strategic objectives of the bank, most of the banks have not fully embraced the idea. The productivity of the commercial banks in Migori County was low. This is in line with Lorenzen (2006) that strategic planning mechanisms increase performance.

## 5. Conclusion

The strategic objectives in commercial banks if enhanced enable HR to improve quality of service of the banks as well as the level of productivity and net profit of the bank. A larger extent if enhanced HR performance can be a measure of the level of productivity and net profit of the commercial banks. The strategic objectives can enable the HR to be satisfied with their job and be committed in the bank.

Strategic objectives of the commercial banks had a positive relationship with HR performance and account for its 98%. The management of the commercial banks to fully implement their strategic objectives as this will have a bearing on HR performance.

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