

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

**Philip Kibwage Ondiba¹, Prof. Thomas Kimeli Cheruiyot²
and Prof. Timothy Sulo³**

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. 267 employees 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.