

**ORGANIZATIONAL LEARNING, EMPLOYEE SATISFACTION, LOYALTY  
AND EMPLOYEE PERFORMANCE IN THE BANKING SECTOR IN  
NAIROBI COUNTY, KENYA**

**BY**

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**A THESIS SUBMITTED TO THE SCHOOL OF BUSINESS AND  
ECONOMICS, DEPARTMENT OF MANAGEMENT SCIENCE IN PARTIAL  
FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF DEGREE  
OF DOCTOR OF PHILOSOPHY IN BUSINESS MANAGEMENT**

**MOI UNIVERSITY**

**2021**

**DECLARATION**

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**DEDICATION**

This thesis is dedicated to my God, husband and children for their moral support and encouragement.

## **ACKNOWLEDGEMENT**

I acknowledge the life, strength and ability given to me by God during this journey. I am grateful to my university supervisors, Dr. Patrick Limo and Dr. Joel Chepkwony for their professional advice in guiding me through the writing of this thesis. My supervisors' invaluable input and unwavering support during the entire process resulting to the development of this thesis is appreciated.

I am also grateful to Prof. Michael Korir, Prof. Boit and Dr. Kimeli for their lectures and instructions in regard to publications, Research methods and Statistics for researchers. The support of Dr. Bonuke in regards to Hayes Models and mediations is well appreciated. My sincere thanks also go to Dr. Gabriel Simiyu and my fellow student, Mr. Kimeli John for their input throughout the course of my thesis writing.

Finally, I thank God for my family for their encouragement and endurance during my study.

## ABSTRACT

In the contemporary working environment, insight into employee performance is of crucial importance. Previous empirical evidence has found mixed results regarding the relationship between organizational learning and employee performance suggesting for further research incorporating mediating variables into employee performance model. The purpose of this study was organizational learning, employee satisfaction, loyalty and employee performance in the banking sector in Nairobi County, Kenya. Specific objectives were to evaluate the effect of, organizational learning, employee satisfaction and employee loyalty on employee performance. Additionally, the study examined the effect of organizational learning on employee satisfaction, mediating effect of employee satisfaction on organizational learning and employee performance, the effect of employee satisfaction on employee loyalty, organizational learning and employee loyalty, mediating effect of employee loyalty on organizational learning and employee performance and lastly the mediating effect of employee satisfaction and loyalty on organizational learning and employee performance. The study was guided by Social Exchange Theory, Adaptive and General Learning Theory and Knowledge Management Theory. Positivism Philosophy, Explanatory research design and multistage sampling techniques were adopted in collecting data using a structured questionnaire from a sample size of 411 employees of commercial banks in Nairobi County with target population of 2433. Cronbach Alpha and factor analysis were used to test the instrument reliability and construct validity, respectively. Data was analyzed using Hierarchical and multiple regression models using Hayes model 6. Findings showed that organization learning ( $\beta = .671$ ,  $p < .05$ ,  $R^2 = .718$ ,  $\Delta R^2 = .347$ ), employee satisfaction ( $\beta = .244$ ,  $p < .05$ ,  $R^2 = .749$ ,  $\Delta R^2 = .045$ ), and employee loyalty ( $\beta = .199$ ,  $p < .05$ ,  $R^2 = .766$ ,  $\Delta R^2 = .026$ ) significantly affect employee performance. Additionally, results indicate that; organizational learning significantly affect employee satisfaction ( $\beta = .614$ ,  $p < .05$ ,  $R^2 = .618$ ,  $\Delta R^2 = .382$ ), employee satisfaction mediates the relationship between organizational learning and employee performance ( $\beta = .109$ ,  $CI = [.045, .185]$ ), employee satisfaction significantly affects employee loyalty ( $\beta = .337$ ,  $p < .05$ ,  $R^2 = .658$ ,  $\Delta R^2 = .433$ ), organizational learning positively and significantly affects employee loyalty ( $\beta = .298$ ,  $p < .05$ ). Further, findings show that employee loyalty mediates the relationship between organizational learning and employee performance ( $\beta = .059$ ,  $CI = [.021, .116]$ ). Finally, study findings reveal that employee satisfaction and employee loyalty significantly mediates the link between organization learning on employee performance ( $\beta = .041$ ,  $CI = [.018, .073]$ ). There is overwhelming evidence from the study indicating that organizational learning is key in improving employee performance, it also creates satisfied and loyal employees. The study recommends that commercial banks should improve on organization learning through enhancing knowledge awareness, intellectual cultivation and information sharing to ensure effective employee satisfaction and loyalty for increased performance. There is however need for further study to cover other financial institutions and service industry or other sectors.

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## OPERATIONALIZATION OF TERMS

- Employee Loyalty:** This is one's commitment to the success of the organization and believes that working for the organization is the best option through engagement and empowerment (Kaisiarz, 2011).
- Employee Performance:** Employee performance is a result of effort and mind of an employee toward the job and can be realized, visible, accountable, with efficiency and competency. (Christian *et al* 2014).
- Employee satisfaction:** Employee satisfaction is a measure of how happy workers are with their jobs, rewards, training and working environment (Heskett *et al*, 2008).
- Organizational Learning:** Organizational learning is an uninterrupted analysis of capability, understanding, skills as well as knowledge conversion towards realization of corporate goals and objectives (Senge 1990).

## ABBREVIATIONS AND ACRONYMS

The abbreviations shown below were used in the study:

ABC	African Banking Corporation
ABK	Absa Bank of Kenya
CBK	Central Bank of Kenya
CEOs	Chief Executive Officer(s)
DTB	Diamond Trust Bank
GLM	General Linear Model
HR	Human Resource
HRM	Human Resource Management
KBA	Kenya Bankers Association
KBV	Knowledge Based View
KCB	Kenya Commercial Bank
KM	Knowledge Management
NBK	National Bank of Kenya
RBV	Resource Based View
SCA	Suitable Competitive Advantage
SCB	Standard Chartered Bank
SEM	Structural Equation Modeling

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.0 Overview**

This chapter presents the background of the study, the statement of the problem, the objectives and research hypotheses, the significance and the scope of the study.

#### **1.1 Background of the study**

Employee performance is the expected work-related tasks of the employee and how those activities are carried out (Dugguh & Dennis, 2014). According to ul Hassan, Shaukat, Shakeel, and Imran (2012) high organizational performance is attained through enhanced employee Performance. Employee performance is a behavior that produces desired outcomes in an organization (Balouch & Hassan, 2014). Employee performance is also influenced by satisfaction as, employees are satisfied, they can work with greater commitment or effort which eventually increase results for the employee and the company as a whole (Azar & Shafighi, 2013). Globally, organizations in areas like Greece, Spain, Japan, Sri Lanka, Nigeria have realized the importance of enhanced employee performance as organizations goals cannot be achieved unless employees' performance is up to for sustainability (Anitha, 2014). Performing organizations have therefore embraced organizational learning which is multidimensional in approach (Odor, 2018).

Organizations require highly motivated, satisfied and right minded workers to enhance efficiency and productivity (Butler & Rose, 2011). Hence organizations strive to create, inspire and improve the efficiency of their workers in a range of human resources activities, including work-life balance, empowerment, appreciation and performance management (Güngör, 2011). According to M. B. Ahmad, Wasay, and



Jhandir (2012), companies make a great deal of effort to please and satisfy customers, but do not pay much attention to satisfying their workers. The truth is, however, that the customer will not be satisfied unless and until workers are happy or satisfied and, if employees are satisfied, they would do more work with a greatly increased level of loyalty and, eventually, clients will be happier and a firm's performance will rise (M. B. Ahmad et al., 2012).

According to Folami and Jacobs (2005), employee performance determinants are grouped into four categories which includes individual factors, task characteristics, economic factors, and organizational context. The determinants were also suggested by Trends (2016), while Campbell and Wiernik (2015) indicated the determinants as role-specific, knowledge, skill, behavior and effort. Sonnentag, Volmer, and Spychala (2008) confirms that performance is a dynamic construct and that performance fluctuates within individuals and changes over time. Further, organizational learning represents a knowledge-based view (KBV) of the firm that recognizes knowledge as a major determinant of sustainable competitive advantage (Hung, Yang, Lien, McLean, & Kuo, 2010). Again, this knowledge is an intangible and valuable resource (Wilkins, Menzel, & Pawlowsky, 2004). Organizational learning includes multiple concepts and it tends to include the creation and acquisition of knowledge as characteristic processes as indicated by Popova-Nowak and Cseh (2015). The common processes in the concept of organizational learning include knowledge creation and knowledge acquisition (Flores, Zheng, Rau, & Thomas, 2012). It also includes processes for the creation, retention and transfer of knowledge (Argote & Hora, 2017).

Organizational learning process is critical to creativity in the organization as learning is directly related with utilization of new ideas and information (P Senge, 2004).

Organizational learning is an institutional capacity for engaging in creative processes, experimenting, applying new approaches and techniques, and generating new ideas (Odoardi, Battistelli, & Montani, 2010). Knowledge has become crucial in the context of the modern economy, in times of rapid transition and hyper-competition (Broekel & Brenner, 2011; Cho & Pucik, 2005). Therefore, it is important to identify and stimulate factors determining its development and growth in organizations like financial institutions. In a hyper competitive environment, there is need to change the organization's ways of learning to be more supportive to technology, while, at the same time, finding ways of retaining talent.

The global environment and the concept of global village have brought tremendous changes in the organization learning. It has brought about a vast change in organizational learning (Argyris, 2004; Odor, 2018). According to Hart, Gilstrap, and Bolino (2016), organizational learning has become one of the most important strategic business topics globally. Organizational learning drives people's behavior, customer service and a potential competitive advantage. The authors further indicate that Learning determines success or failure of an organization during times of change. Mergers, acquisitions, growth, and even product cycles can either succeed or fail depending on the alignment of learning within the business.

Banking is the most significant business in today's economy that requires high performing employees as industry affects the growth of an economy (Khuong & Tien, 2013). Banks always plays a pivotal role in every business and the Kenyan financial sector has undergone tremendous changes in the last two decades and a lot of reforms have taken place in the sector that have led to increased activities including organizational learning (Aftab, Rana, & Sarwar, 2012). Businesses in the world are

highly competitive including banks and some businesses are unable to survive due to rapid environmental changes (Tripathi, Kapoor, & Tripathi, 2000). In order to sustain business in this competitive corporate world, organizations focus to change their ways of working, management style and relationship with their employees and try to change their internal environment.

Banks in Kenya play a vital role in the economy of the country and its stability and the growth of the economy is impacted by the performance levels of the financial institutions within the country which is contributed by employee performance (CBK report 2019). According to Hassan, Nawaz, Abbas, and Sajid (2013), banks have made a significant contribution to the economic development of many countries in the world. These institutions are facilitators for invention, entrepreneurship and finance business developments that provide job opportunities in society and enhances businesses to compete globally. A study by Wei and Lau (2010) found noticeable relationship between high employee performance and performance of the banking institution. The study also observed a relationship between high performance, organizational learning, the intentions of employees to stay and satisfaction. Gomes and Wojahn (2017) indicates that Organizational learning contributes to a higher level of competitiveness and it is considered a panacea for long term organizational success and growth. M. Marquardt and Banks (2010) established that there is a positive relationship between the degree of organizational turbulence and organizational learning. That means that the greater the changes in the external environment of a business organization, the greater the need for organizational learning. In the absence of organizational learning there will be stagnation and the organization will not be able to adjust to environmental changes. (Gomes & Wojahn, 2017).

According to Sutanto and Perdana (2016), even though people work for money, but they work for more than just money. Most workers desire to be proud of their organizations, to have a good relationship with other staff and supervisors, and to feel that they have a meaningful job. Many factors affect all persons and community members of organizations, but not all influences are weighed in attempting to explain the behavior of people at work. Among those that are most frequently overlooked are the environment and culture of the organizations with which individuals are associated. Knowledge gained through learning by doing so can lose value over time and the rate of depreciation is affected by the turnover of individuals and how knowledge is stored within the entire organization. Organizations with high turnover rate are affected by higher rates of depreciation (Peter Senge et al., 1999). According to Lam, Zhang, and Baum (2001), it is natural for employee satisfaction to be extremely important in the service sector because of the nature of the industry. Employees earning fair salaries and marginal compensation are more likely to report high job satisfaction than low-paid employees without compensation. Employee satisfaction is a situation where people are not only satisfied with their present roles but are also looking forward to a long-term relationship with the company. Employees are more committed and competitive because they are satisfied (Sageer, Rafat, & Agarwal, 2012). There is really no limit to full satisfaction for workers, and it can differ slightly from employee to employee. Sometimes, they need to change their behavior in order to fulfill their tasks more efficiently in order to obtain greater work satisfaction (Miller, 2006).

According to (Roxas, Ashill, & Chadee, 2017), employees' who are satisfied with their rewards, career development and work environment do not leave the organization but they are highly engaged, participate and ultimately loyal to the

employer and their performance is improved having gained knowledge through learning. This relationship between employee satisfaction, loyalty and employee performance has also been indicated by Bakotic and Babic (2013) though there is minimum mediation sighted in literature, hence the need to have employee satisfaction and employee loyalty as mediators in this study.

## **1.2 Statement of the Problem**

Employee performance is vital to the future growth and competitiveness of every business, and employees are the most precious resource to any organization because they can make or ruin the credibility of the company which can negatively impact productivity (Leonard & Thompson, 2019). It is crucial for banks to satisfy their employees, retain them and get high level of performance since individual performance has an effect on organizational performance (Gitongu, Kingi, & Uzel, 2016). The success of any business is directly affected by the performance of the employees within the organization whether or not those employees are dealing directly with customers. Employee performance can decrease or increase a company's competitive advantage in the business environment (Elnaga & Imran, 2013). It is important to understand that employee performance have an impact to the organizational goals either positively or negatively. Employee is a blood stream of any business and the accomplishment or disaster of a firm depends on employee performance ( Mankins & Garton, 2017).

Employees are perceived to be the foundation of the company and the effectiveness or loss of the business is attributed to the performance of the employees, it is therefore of utmost importance that workers remain committed to the company (Murali, Poddar, & Seema, 2017).Employee performance is among the critical factors that contribute

significantly in organizational success which positively affects the growth of the economy. Organizational learning plays an essential part in enhancing employee performance through providing trainings and developments for their employees (Gitongu et al., 2016).

Even though employees are perceived to be the cornerstone of an organization, poor work environment leads to dissatisfaction resulting to low productivity and affects employee performance negatively (Goerg, 2015). Employees, who are not motivated, will not get the job done as required and this can bring down an entire department and the organization as a whole. It is important to foster a positive, energetic work environment. Cultivate a positive work environment by rewarding high-performing employees with incentives and group recognition during meetings (Leonard & Thompson, 2019). Failure by organizations to train and empower their employees results to low productivity leading to lack of competitive advantage for the organization which ultimately reduce income to the organization (Dakhoul, 2018). Organizations are therefore mostly busy in finding out ways to attain highest possible levels of employees' performance (Liao, Fei, & Liu, 2008). High turnover is experienced by organizations due to lack of career development plans and growth which creates burn out and reduces employee loyalty levels (Gruman & Saks, 2011).

Past findings show a variety of factors that contribute to employee performance, for example; Bagyo (2014) found that employee engagement and empowerment had a substantial effect on employee performance. Lutwama (2011) suggests that there is a substantial positive association between job satisfaction and employee performance. Similarly, Elnaga and Imran (2013) have identified that training is one of the main human resource management activities that has a positive effect on the quality of

employees' expertise and skills and results in higher employee efficiency. Additionally, Kiweewa and Asiimwe (2014) argue that the satisfaction of employees results in considerable productivity and improved performance. Elnaga and Imran (2013) also found in their study that, when employees are properly trained, their depth of understanding and commitment improves, ultimately increasing their performance at work. As far as employee engagement is concerned, Ologbo and Sofian (2013) note that engaged employees are aware of the company context in which they work and collaborate with colleagues to boost job efficiency for the good of the enterprise. Similarly, Truss, Shantz, Soane, Alfes, and Delbridge (2013) also argue that loyal employees are characterized by energy, involvement, efficacy, dedication and enthusiasm which increase their productivity and satisfaction. The results of a study done by Yusuf (2012) and Del Giudice, Maggioni, Cheng, Niu, and Niu (2014) have shown empirically that organizational learning have a significant positive influence on employee performance. This means that as organizational learning is getting better, employee's performance tends to increase. In contrary, when organizational learning is not better then employee's performance tends to decrease.

According to Eketu and Ogbu Edeh (2015), Organizations that demonstrate learning tend to be at advantage over its competitors. However, recent studies found different results, such as Sadasa (2013) who found a weak relationship between organizational learning to employee performance, and Shahzad, Iqbal, and Gulzar (2013) found a moderate correlation between organizational learning with performance of employee. In addition, Dugguh and Dennis (2014) have found a close association between employee satisfaction and workplace efficiency or performance. Employee loyalty is however found to have a stronger relationship with employee performance than satisfaction and organizational learning (Tahir, Naeem, Sarfraz, Javed, & Ali, 2011).

In Kenya, organizational learning framework has been established by several banking organizations while some are still on the progress of implementation (Mwando 2013), however, based on the report by Gworo (2012), employees in those banks have recorded a below standard performance which was linked to lack of proper training, engagement and idea sharing which contributed to lack of growth strategy implementation. According to Mavunga & Cross (2017), banks such as Absa have reported losing many customers due to their underperforming employees which were linked to lack of employee training and continuous learning within the organization

While the relationship between organizational learning and employee performance has been highlighted in literature (Aftab et al., 2012; Basten & Haamann, 2018; Del Giudice et al., 2014; Sadasa, 2013; K. Wang & Lin, 2012), there is little known about the mediating mechanism underlying the relationship between organizational learning and employee performance. Based on the empirical findings above, organizational learning appears to affect employee performance through employee satisfaction and employee loyalty. Therefore, this study seeks to analyze the mediating effect of employee satisfaction and loyalty in the relationship between organizational learning and employee performance.

### **1.3 General Objectives of the Study**

The general objective of this study was to establish the effect of organizational learning, employee satisfaction and employee loyalty on employee performance in the banking sector in Nairobi County, Kenya.



### **1.3.1 Specific objectives**

- i. To determine the effect of organizational learning on employee performance
- ii. To establish the effect of employee satisfaction on employee performance
- iii. To examine the effect of employee loyalty on employee performance
- iv. To establish the effect of organizational learning on employee satisfaction
- v. To determine the mediating effect of employee satisfaction on the relationship between organizational learning and employee performance
- vi. To examine the effect of employee satisfaction on employee loyalty
- vii. To establish the effect of organizational learning on employee loyalty
- viii. To determine the mediating effect of employee loyalty on the relationship between organizational learning and employee performance
- ix. To examine the mediating effect of employee satisfaction and employee loyalty on the link between organizational learning and employee performance.

### **1.4 Research Hypotheses**

- H<sub>01</sub>:** Organizational learning does not significantly affect employee performance.
- H<sub>02</sub>:** Employee satisfaction does not significantly affect employee performance
- H<sub>03</sub>:** Employee loyalty does not significantly affect employee performance.
- H<sub>04</sub>:** Organizational learning does not significantly affect employee satisfaction
- H<sub>05</sub>:** Employee satisfaction does not significantly mediate the relationship between organizational learning and employee performance.
- H<sub>06</sub>:** Employee satisfaction does not significantly affect employee loyalty.

**H07:** Organizational learning does not significantly affect employee loyalty

**H08:** Employee loyalty does not significantly mediate the relationship between organizational learning and employee performance

**H09:** Employee satisfaction and employee loyalty does not significantly mediate the link between organizational learning and employee performance.

### **1.5 Significance of the Study**

The study is helpful to organizations by having competitive advantage in the market having embraced organizational learning. Other businesses will also work towards achieving employee performance not only through satisfaction but also loyalty as well. The policies governing areas will be able to incorporate all areas that affect employee performance like reward and working conditions. The findings of the study will benefit and guide change makers in regards to ways of working in the organization. This will also help to put in place revamped risk assessment models for the organization. This may affect employee loyalty and satisfaction even with learning experiences. It enables commercial banks appreciate the need of having loyal and satisfied employees in a hyper-competitive environment.

The study is useful and beneficial to the organization, customers and employees. The findings help the organization to understand the direct and indirect effect of organizational learning on employee performance. This facilitates workable strategies that are in line with business objectives, a well-balanced approach in managing employees 'satisfaction while considering internal and external factors. Rewards help to motivate and retain competent staff for performance (Jerez-Gomez, Cespedes-Lorente, & Valle-Cabrera, 2005).

### **1.6 Scope of the Study**

The study on organizational learning, employee satisfaction, loyalty and employee performance were conducted in Nairobi county to find out the direct and indirect effect of organizational learning and employee performance through mediation. The study was conducted in head office branches of 40 commercial banks which are operational in Nairobi County and a sample size of 411 commercial bank employees were targeted. This was done between the month of March 2019 and the month of August 2019 in Nairobi County.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

Presented in this chapter are the reviews of relevant literature pertaining to the concepts of employee performance, organizational learning, employee satisfaction and employee loyalty, and theories underpinning the study, empirical literature review, summary of literature and research gaps and then presents a conceptual framework to fill the identified gaps.

#### **2.1 The Concept of Employee Performance**

Employee performance is multidimensional and critical for organizational success (Van Dyne, Jehn, & Cummings, 2002) and effectiveness (Ohly & Fritz, 2010). Employee performance is described as synonymous with behavior, it is what people do that can be observed and measured in terms of each individual's experience or level of contribution (Pulakos, Arad, Donovan, & Plamondon, 2000). According to Jones and Zsidisin (2008), performance can be seen as an assessment of the behavioral outcomes of a person, including the determination of how well or poorly a task has been completed.

In today's competitive business environment, high employee performance is the key objective of most organizations and performance does not just happen in workplaces but it is motivated by series of factors (Hobel, 2006). Performing employees are those that are physically energized, socially linked, mentally focused and feel committed to the mission of the company (Loehr & Schwartz, 2003). Individual performance can be called job performance, work outcome, or task performance and it also depends on combination between capability, effort and opportunity achieved (Inuwa, 2016).

Performance appraisal and ratings are sometimes used to assess employee performance and it is based on individuals because each employee has different level of competence to perform a task (Chin & Swift, 2019). Christopher further indicates that measuring employee performance through self-evaluation is most effective. Making a request for employees to evaluate their own performance has been embraced in many organizations while according to Toban, Gani, Gani, and Zakaria (2014) feedback tool is used by other organizations to measure performance where either 360- or 180-degrees feedback is used. This has been embraced by the many metrics used by organizations around the world since employee performance is a result of an individual employee's effort and mind to work and can be realized, noticeable, accountable, efficient and competent (Toban et al., 2014).

Campbell, McHenry, and Wise (1990) argued that workplace success consists of measurable actions of individuals in their jobs that are important to the goals and objectives of the company. Dugguh and Dennis (2014) also emphasize that employee performance focus on behaviors rather than outcomes. The factors that are used in performance ratings are varied but Campbell et al. (1990) suggest that studies should look at the dimensions separately because the general factor cannot possibly represent the best fit when rating employee performance. Several measures have been developed to measure employee performance though the measures vary in terms of how carefully and distinctively they are conceptualized with respect to job satisfaction. According to Conway, Campanini, Sartori, Dotti, and Costa (2008), employees who carry out the correct tasks in the right way are efficient and effective hence employee performance is improved leading to improved organizations performance. Efficiency of the company is formed by the efficiency of its employees and employee's efficiency is made up of a summary of individual employee

performance(Poláčková, 2016). The concept of employee performance is also applied to define the individual abilities, skills, behaviors and knowledge which results to competency a particular working environment(Bucur, 2013).

Employee efficiency is directly affected by motivation, and once workers are inspired, they can work more easily and eventually increase efficiency (Azar & Shafighi, 2013).There are many different opinions on explanation of employee performance. It's simply regarded as a record of achieved results according to Birknerová and Litavcová (2010), from an individual perspective it can be a record of a person's achievement (Blaskova & Grazulis, 2009). According to John Bernardin, Thomason, Ronald Buckley, and Kane (2016),employee performance is an outcome that an employee leaves behind from completed task and it is also affected by other factors. Additionally, Stephan P Robbins and Judge (2013)indicates that employee performance is a result of the work because it provides the strongest link to the strategic objectives of an organization. This study however considered employee performance as a result of what can be realized, visible, accountable with efficiency and competency (Toban et al., 2014).

## **2.2 The Concept of Organizational Learning**

Organizational learning is a concept for which several interpretations have been given and for which scholars have followed various approaches (Guță, 2013). Organizational learning is that type of organization where learning is accepted as completely necessary for organizational outcomes and learning is habitual as well as integrated part of all organizational activities (M. J. Marquardt, 2002).According to Basten and Haamann (2018), Organizational learning enables the company to transform individual knowledge into organizational knowledge, as well as a

mechanism through which organizations change or reconfigure their mental models, regulations, processes or knowledge while maintaining or enhancing the performance of its employees. Organizational learning is an organizational cultural shift that facilitates the development of knowledge, the dissemination and exchange of information, improves and encourages continuous learning and its application to organizational progress (Bates & Khasawneh, 2005). Organizational learning is under constant construction with focus on improved performance for employees and the organization as well (Graham & Nafukho, 2007). The purpose of organizational learning is to share useful information that contributes to increased efficiency and sustainable competitiveness (Perez Lopez, Montes Peon, & Vazquez Ordas, 2005).

Organizations that have low level of learning will not be able to adjust to environmental changes which are a consequence of hyper turbulent environment and will limit the ability of the organization to remain competitive leading to its demise (Montes, Moreno, & Morales, 2005; Ramírez, Morales, & Rojas, 2011). Organizational learning is more of a need than a choice at the present time (North & Kumta, 2018) and the start of organizations' demise is ignoring of organizational learning (Bamiatzi, Bozos, Cavusgil, & Hult, 2016; Montes et al., 2005). Organizational learning is considered by many a core capability of an effective organization and a key element of a strategy for achievement of organizational objectives (Spicer & Sadler-Smith, 2006). Organizational learning and learning organization have been used as alternatives and seen as the same concept or even synonyms (Örtenblad, 2010).

In today's unstable economic environment, organizations are continually under competitive pressure (Zhu, Liu, & Wang, 2019) which force them to reinvent the

behavior of their employees and improve their learning capabilities in order to achieve better results (Hung et al., 2010; P Senge, 2004). The processes of information acquisition, information distribution, and information interpretation, behavioral and cognitive changes are mostly valued in organizational learning (Wolff, Pett, & Ring, 2015). The acquired information needs to be distributed, interpreted and converted into action in order for organizational learning to be achieved (Škerlavaj et al., 2011). Organizational learning mechanisms are an infrastructure that provides a framework for improved learning opportunities and have aspects that facilitate the development and revision of the learning organization (Ambos, Nell, & Pedersen, 2013). Organizational learning successfully takes place in an atmosphere of mutual values, convictions, expectations, perceptions, tasks and behaviors. Organizational learning has structural dimensions that influence learning at various stages, including people, teams and organizations (Gilaninia, Rankouh, & Gildeh, 2013). The development of organizational learning from strategic point of view starts from individual employees as well as teams or groups and then to the organization as a whole and this becomes entrenched in the organizational hierarchical structure (Marsick & Watkins, 2003).

Organizational learning represents a knowledge-based view (KBV) of the firm that recognizes knowledge as a major determinant of sustainable competitive advantage (Hung et al., 2010) and this knowledge is an intangible and valuable resource. Wilkens et al. (2004) believe that organizational learning is indeed an important asset and a competitive capability of a firm; their empirical study provides a model that suggests how the social-technical process of knowledge management and organizational learning generates organizational dynamic capabilities and core competences. Organizational learning involves five stages; from the process of knowledge acquisition, knowledge sharing, knowledge interpretation, knowledge maintenance



and finally to knowledge utilization (Sheng & Chien, 2016). Organizational learning cycle involves 4 steps(Dixon, 2017)which are widespread generation of information, integrate new information into organizational context, collectively interpret information and take responsible action on interpreted information with authority. According to PM Senge (2010), it is not enough to have knowledge in the organizational learning process, behavior needs to be changed within the organization to make it effective, and managers need to be willing to use information relayed to employees. Senge also identified five disciplines crucial to the successful implementation of Organizational Learning and creating a Learning Organization (Senge, 2004).

According to Argyris (2010), organizational effectiveness must be experienced before one can claim that organizational learning has taken place. Su, Huang, and Contractor (2010) while citing Ramírez *et al.*, (2011) warned that organizations should not indiscriminately embrace a centralized structure or reject a decentralized structure of knowledge and learning networks. Centralization may entail efficiency and convenience for information seeking while decentralization may facilitate the distribution of critical information (Senge, 2003). Organizational learning is as normal as learning in individuals as they try to adapt and succeed in an unpredictable and challenging environment (Argyris, 2004). Factors that contribute to organizational learning are corporate strategy which shows how an organization is structured to learn from mistakes, resource allocation which includes exploration and exploitation and lastly, recognition for the employees' motivation for learning (Wilhelm, 2017).

Recent studies conducted by Škerlavaj, Su, and Huang (2013)showed that organizational learning outcome enhances a positive effect of knowledge

interpretation on behavioral and cognitive changes and performance. While other dimensions like individualism, masculine and uncertainty avoidance tend to weaken and result to adverse effect on the development of organizational learning (Škerlavaj et al., 2013). This study did not address the loyalty of employees in contributing to organizational performance which is important. Auernhammer and Hall (2014) proposed a framework for communicating and sharing of core values through learning and development for the enhancement of abilities, and creativities as antecedents of performance. Organizations are trying to survive in globalized and competitive environment and are facing ambiguity, challenging situations due to excessive economic pressure, external forces hence new skills are critical and organizational learning is key (Kanwal, Nawaz, Nisar, & Azeem, 2017).

Organizations with a view to achieving comparative edge are pursuing their key competencies in various ways to remain relevant on the market. Moreover, the demanding competitive environment is forcing organizations to keep updating themselves with enhanced learning capabilities (Abdullah, Rashid, & Umair, 2013). Organizational learning occurs when members of the organization act as a learning agent for the organization, responding to changes in the internal and external environment of the environment by detecting and correcting errors, the bridge between the individual and organizational learning becomes clear (Kanwal et al., 2017). All humans are born with the ability to learn and, through it, keep up with the changing and evolving environment (Liao et al., 2008).

Organizational learning is the ability to recognize the value of new idea or information and implement it commercially (Lencioni, 2002). Organizational learning process is critical to creativity in the organization as learning capability is directly

related with utilization of new ideas and information (Dodgson, 1993). Organizational learning is at the heart of company management and has become the essence of productive activity, requiring more than a choice in today's environmental conditions (Montes et al., 2005). Individual learning is the process whereby knowledge is created through the transformation of experience creating a change in that person's behavior (Argyris, 2010; Škerlavaj et al., 2011). Organizational learning also has many of the features of human learning; the learning is about changes that appear to persist and tracking these changes will indicate that progress has taken place (Spector & Davidsen, 2006). Nevertheless, for learning to reach an organizational degree it goes through two stages; individual and company learning thereafter it becomes organizational.

Individual learning takes place through acquiring or development of new ideas or information, collective learning takes place as this knowledge is shared and disseminated and ultimately organizational learning is accomplished by the incorporation and dissemination of this knowledge through the organization. Yet, organizational learning has a collective nature that goes beyond the individual learning of people (Jerez-Gomez et al., 2005). Most of the researchers describe the organizational learning process as the acquisition, interpretation, storage and implementation of new knowledge in order to improve problem solving capacities of the organization (Liao et al., 2008). Learning by an individual form the basis of organizational learning since organizations will learn through its members and because it results from an accumulation of individual learning (Calantone, Cavusgil, & Zhao, 2002; Liao et al., 2008).

Organizational learning literature focuses on a comprehensive selection and study of the mechanisms involved in individual and organizational learning within organizations; whereas the literature of learning organizations has an intervention focus and is oriented towards the use of unique diagnostic and evaluative analytical methods that can help to define, facilitate and assess the consistency of learning processes within organizations (Mark Easterby-Smith & Lyles, 2011). Organizational learning encourages teamwork, engagement, ready access to information and expertise, and positive organizational behavior. This concept of social capital implies sufficient organizational engagement, that is to say, allowing people room and time to communicate, displaying confidence, efficiently expressing goals and values, and providing equal incentives and rewards that promote real involvement, not pure presence (Cohen & Prusak, 2001).

Organizational learning is the process of creating, retaining, and transferring knowledge and additionally, knowledge creation, knowledge retention and knowledge transfer can be seen as adaptive process that are functions of experience (Gilaninia et al., 2013). Experience is the knowledge that contributes to the procedural understanding of a subject through involvement or exposure (Škerlavaj et al., 2013). Organizational learning primarily refers to the attributes and behavior of knowledge and how it can bring about improvements in the processes and activities of an entity and its persons (P. M. Senge, 2006). There are five operating principles that serve as requisite mindsets and practices for organizational learning which reflect a more dynamic business world (P. Senge, 2004). These include: the learning organization embodies new capabilities, learning organizations are built by servant leaders; learning arises through performance and practice, process and content are inseparable and learning is dangerous. Learning has an impact on performance of organizations.

Organizational learning has seven dimensions according to Alavi, Abd. Wahab, Muhamad, and Arbab Shirani (2014) and these are team learning, Systems connection, strategic leadership, shared vision or embedded system, empowerment, dialogue and inquiry and continuous learning. This has also been indicated by Watkins and Marsick (2010). Learning organization has been identified as an effect or result of organizational learning that is dynamic and multidimensional in approach. That's why Jones and Hendry see organizational learning as a process ongoing in the learning organization. Several challenges can be found during organizational learning process and Milway and Saxton (2011) have identified three problems related to expectations, motivation, productivity and procedures. In addition, generational issues, employee turnover, morale and motivational concerns are also challenges that companies will need to address (Sprinkle & Urick, 2018).

### **2.3 The Concept of Employee Satisfaction**

The idea of employee satisfaction has been a center of study for decades (Greasley, Bryman, Dainty, King, & Price, 2005) and is regarded as a serious issue for performance. In today's increasing competitive environment, organizations face a lot of challenges (Al-Hosam, Ahmed, Ahmad, & Joarder, 2016) and many organizations are struggling to be strong to achieve goals and objectives through satisfaction (Awan & Asghar, 2014). Employees are the key organizational success factor, which is why organizations have to put a lot of emphasis and effort into discovering the level of satisfaction of employees in order to improve their performance and achieve overall performance of organizations (Indermun & Saheedbayat, 2013).

Employee satisfaction can be defined as how happy the employee is with his or her employment conditions (Moyes, Shao, & Newsome, 2008). Employee satisfaction is

an indicator of how happy employees are with their careers, rewards, training and working environment (Heskett, Sasser, & Schlesinger, 1997). Employee satisfaction is defined as a pleasurable or favorable psychological response arising from an employee's appraisal of his or her working environment or company experience (Rollinson, 2005). Employee satisfaction is directly connected to employees' job satisfaction and to the decision to leave or stay with the company (Robbins & Judge, 2006). It is a comprehensive term that encompasses employee satisfaction at work and overall satisfaction with company policies and the environment (Spector, 1997).

According to P. Kumar, Khan, Inder, and Mehra (2014) employee satisfaction is a positive mental state synonymous with the recognition of one's work which contributes greatly to the organization's success, when employees work is not appreciated, then the level of satisfaction is reduced. There is convincing evidence that where job satisfaction is high labor turnover is reduced, however if job satisfaction is absent and there are other opportunities, turnover could well increase (Su et al., 2010). There is no limit to full satisfaction for employees and it can vary from employee to employee. Often employees need to change their behavior in order to accomplish their tasks more efficiently, so as to attain maximum work satisfaction (Miller, 2006). Employee engagement is among one of the major factors influencing employee performance in the organization. When employees are engaged towards their job, they contribute positively in attaining organizational goals, but it only happens when organizations are successful in attaining employees' satisfaction (Rich, Lepine, & Crawford, 2010).

Employees who have a sense of cohesion and a shared purpose, a healthy commitment to interaction and organizational empowerment are more satisfied and effective in achieving the possible results that consumers expect (Freeman, 2005). This will result to improved performance of individuals and the organization as a whole. Employee Satisfaction increases the sense of belonging to the company (Gil, Iddo, & Dana, 2015), making employees work both conscientiously and much more committed (Babalola, 2016; Pham, Pham, & Pham, 2016) that enables the business to continue to expand, evolve and compete (Huang, Ahlstrom, Lee, Chen, & Hsieh, 2016). Job satisfaction also relates to higher efficiency, productivity and lower absenteeism (Harter, Schmidt, & Hayes, 2002). Companies that do not promote employee satisfaction can on the other hand encounter deviant work behavior manifested as delays, absenteeism or turnover (Levin, 2006; Saari & Judge, 2004) as well as counterproductive behavior that damages the company and appears in the form of corruption, sabotage, theft, fraud or violence.

Employees can experience different levels of satisfaction with different dimensions (Saari & Judge, 2004). The dimensions of satisfaction can be expressed as the structure of the tree. Judging a certain aspect negatively does not mean that everything is taken into account negatively and satisfaction is often implied as a multidimensional concept. An employee may be unhappy with his or her pay but pleased with his or her working conditions and with his or her colleagues. If this person, knowingly or unconsciously, assigns more interest to working conditions and friends than to pay, then he will generally be happy. Employee happiness relies not just on the complexity of the work, but also on the working aspirations of the employee (Mahmoud, 2008). Employee satisfaction can be measured indirectly by observing employee turnover trends and directly by asking employees about their

level of satisfaction through surveys and interviews (Belias, Koustelios, Sdrolas, & Aspridis, 2015).

### **2.3.1 Service Profit Chain Model**

The service-profit chain model by Heskett et al. (1997) is a theoretical paradigm that provides linkages between employee variables, consumer variables and performance. Employee satisfaction relies on the welfare plan, training and development, relationships with managers, working environments, collaboration and cooperation, appreciation and incentives, empowerment and communication (Nabi, Foysool, & Adnan, 2017). Employee loyalty is the result of satisfaction that comes directly from satisfaction variables such as recognition and rewards, teamwork, working conditions and team leader relationships. Employee satisfaction is the terminology used to define how workers are delighted, fulfilled and satisfied with their desires and needs at work (Maylett & Wride, 2017).

Service organizations have increased tremendously in the last 20 years, most countries are moving towards service companies from manufacturing sector (Fitzsimmons, Fitzsimmons, & Bordoloi, 2008). As a result, the service sector has acquired a vital position in the subject of interest in academia. Heskett et al. (1997) offers a good framework for researchers to follow in this field, and part of this approach demonstrates a relationship of employee engagement and satisfaction. Most organizations have different training programs, such as worker training, their performance assessment system, working conditions, and different incentives according to their different company policies. The aim of these types of rules is to ensure that employees are satisfied with the organization and that their tenure with the organization is long and that, if the employee spends a long time with the



organization, he or she will have more value with the organization (Heskett et al., 1997). On the other hand, there are retail companies which would be focusing on employee satisfaction only without considering other variables. The service profit chain is a concept introduced by Heskett et al. (1997) and the model was created to answer why certain service organizations perform better than the others. The service profit chain model postulates that there are clear and strong networks of relationships between variables such as income, growth, consumer engagement, customer satisfaction, value of products, customer support, employee efficiency, quality, loyalty and productivity (Gelade & Young, 2005).

#### **2.4 The Concept of Employee Loyalty**

Employee loyalty refers to one's contribution to the success of the company and feels that working with the company is the right way to do so through involvement and empowerment. Employee loyalty is a conscious effort to advance the best interests of one's employer, particularly while doing so may entail sacrificing some part of one's self-interest above what one's moral duty requires (Elegido, 2013). Employees are considered the most important part of the organization and the performance or failure of the organization is directly linked to the performance of employees. It is therefore of paramount importance that employees are loyal to the organization and do not actively seek alternative opportunities (Murali et al., 2017). Employee loyalty is reflected by the willingness of employees to maintain and defend the organization inside and outside the work of undermining those who are not responsible (Hasibuan & Hasibuan, 2016). Loyalty is a psychological condition that binds the employee and the company. Employee loyalty contributes greatly to employee performance.

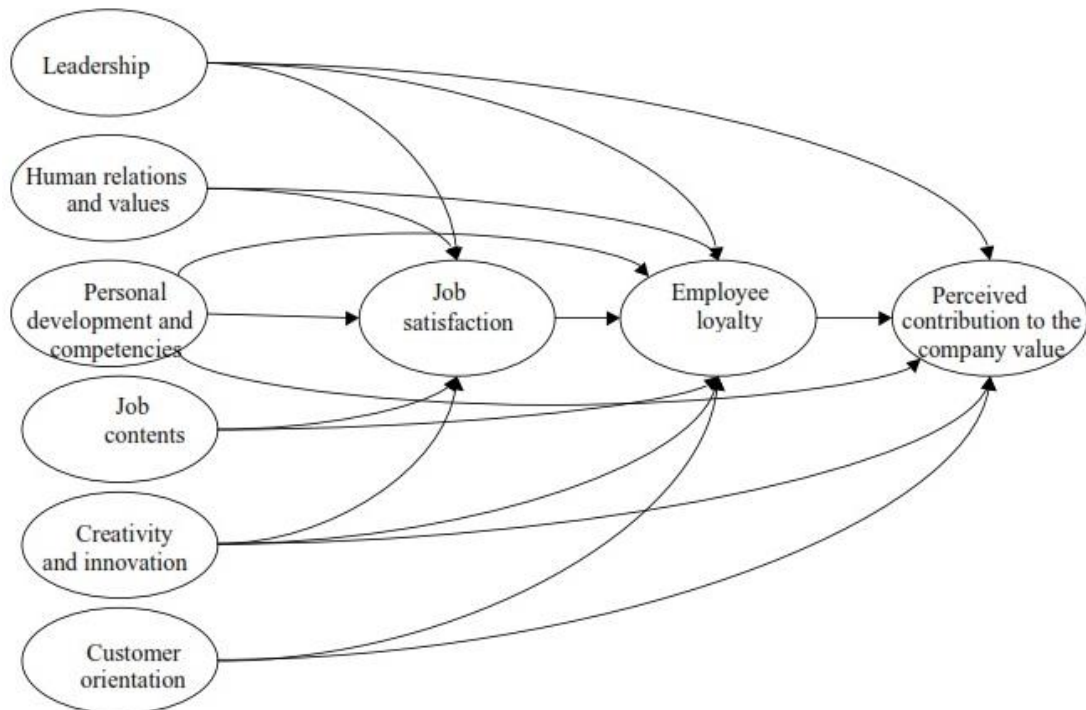
Employee loyalty is considered and acknowledged all over the world as a key factor that determines an organizations success in today's business which is known for its increased competition (Ibrahim & Al Falasi, 2014), the more the employees are loyal, the better the performance of the employee and the organization(Mohsan, Nawaz, Khan, Shaukat, & Aslam, 2011). There are several frameworks across the globe that help measure employee loyalty, however very few are holistic with some focusing only on the role of human resource while some frameworks are using questionnaires, some reflect on the past and a few predicts the future (Rathod & Bhatt, 2014). The concept of Tao of employee loyalty is somewhat complete and holistic. It understands the past and predicts the future which includes attrition however; every organization is unique and has its threshold level of loyalty (Rao, 2006). When the organizations loyalty level drops below the threshold, the behavioral scores drastically change and more employees will not consider recommending the organization as a great place to work and some employees will actively look for other opportunities outside the organization (Goodman, 2013; Rao, 2006).

Traditionally, employee loyalty meant the ability to stay with the organization in long term and it based on the premise that employee loyalty could be measure by the amount of time one work for the company or organization (Silvestro, 2002). However, the economy changes and cooperate restructuring has made the definition of employee loyalty different, like Waqas et al. (2014)state that an employee is committed to his or her organization when he or she displays dedication and feels that the company is the right choice. Organizations providing trainings to their employees are also successful in engaging their employees with their work as trainings help them improve on loyalty and in addition, the acquired skills improve employees' engagement level(Singh, Burgess, Heap, & Al Mehrzi, 2016).

Motivation of the employee, benefits followed by work environment and teamwork has the greatest influence on employee loyalty (Omar, Jusoff, & Hussin, 2010). Training, job enrichment, recognition, rewards, and promotions can motivate employees to improve individual performance and employee loyalty (Trivellas, Kakkos, & Reklitis, 2010). While according to Sutanto and Perdana (2016), the financial and non-financial compensation has no significant effect partially to the loyalty of employees, but the financial and non-financial compensation has significant effect partially to the loyalty of employees through employee satisfaction.

Employee loyalty cannot be measured by period of time employees' work for the company alone, it needs to include the amount of commitment employee makes when they are on the job (Khuong & Tien, 2013). Employee loyalty is also defined as the willingness of an employee to invest in or sacrifices for the organization to strengthen a relationship (Reichheld, 2003). Employee loyalty is characterized by the intention to engage with the organization in long term which plays a positive role in retention in the organization and today, the conditions under which a company is working are constantly changing (Martensen & Grønholdt, 2006). Hoekstra, Leeflang, and Wittink (1999) also emphasized on the importance of focusing on employees, every employee in a firm has his/her own responsibility for creating superior customer value which happens where loyalty is high.

According to Martensen and Grønholdt (2006) determinants of employee loyalty are identified as below:



**Figure 2.1 Determinants of Employee Loyalty**

**Source:** Anne *et al.*, (2006)

It is developed partly on the basis of the theories within the area and partly on the basis of experiences from practice (Eskildsen & Dahlgaard, 2000; Eskildsen & Nussler, 2000; P. E. Spector, 1997). Satisfaction and loyalty have perceived contribution to company value however; employee loyalty has stronger contribution than satisfaction according to Martensen and Grønholdt (2006). Some of the determinants of employee loyalty are creativity, job contents, personal development and competencies, human relations and values.

An ongoing heated discussion about what characterizes a loyal employee has been taking place for many years (McCusker & Wolfman, 1998; Meyer & Allen, 1997; Morgan & Hunt, 1994; Powers, 2000). The common denominators for this discussion appear as follows: A loyal employee is less likely to look for work elsewhere, expects to stay with the company both in the short and long-term, would recommend working for the company to others, proud to be working for the company, is interested in

doing her/his best, and make an extra effort when required – this relates to the individual employee's performance and contribution to the company value. Additionally, a loyal employee develops strong relations to the company, is interested in improving her/his own performance, give ideas, interested in participating in various training and educational activities, and has an attitude and behavior that match the company's values, visions and goals (S. Chang, Gong, & Shum, 2011).

Employee loyalty is defined by employees' identification with involvement in and commitment to the company and by being motivated to perform beyond expectations. When workers are granted incentives for flexibility, choice, responsibility and involvement in decision-making, they are said to be motivated and lead to more effective organizational performance (Marks, Findlay, Hine, Thompson, & McKinlay, 1998). Organizational principles founded on shared trust increase the level of information exchange and decisions reached by consensus contribute to growth and creativity (Erez, 1992).

## **2.5 Theoretical Review**

Organizational learning is the process of finding errors, mistakes and resolving and learning from the mistakes (Saadat & Saadat, 2016). It also consists of all method mechanisms and processes which are used to achieve learning. To boost productivity, companies rely on their workers by offering them training, support and improved working conditions (S. Chang et al., 2011). Jaskyte and Dressler (2005) argued that organizational learning would affect the innovation, actions and engagement of individuals and increase the organizational ability to achieve goals through a clear understanding of the organizational objectives by workers and their contribution to achieving those objectives (Odor, 2018).

Research shows that empowered employees promptly respond to clients' needs and use their professionalism to solve organizational problems, which can result in processes and behavior that benefits the organization (Fernandez & Moldogaziev, 2013; Zhang & Bartol, 2010). Yet, as noted by Denti and Hemlin (2012), acquired knowledge at all levels will add value to the organization with right leadership to ensure effective use of the knowledge within the team.

The relationship between satisfaction and performance is a debate that has continued until today, and is still difficult to prove which way the causal relationship is, and even by the researchers, the relationship between satisfaction and performance are considered as mythical management (Stephan P Robbins & Judge, 2013).

### **2.5.1 Theories of Organizational learning and employee performance**

Theories are formulated to explain, predict, and understand phenomena and, in many cases, to challenge and extend existing knowledge within the limits of critical bounding assumptions (Abend, 2008).

#### **2.5.1.1 Social Exchange Theory**

Social exchange theory was developed by sociologist Homans (1961). According to Homans, social behavior also involves social interactions where individuals are encouraged to attain some valued reward for which they will sacrifice something of value. Social behavior is seen as an exchange of activities, tangible or intangible, either more or less lucrative or expensive, between at least two people (Homans, 1961). An exchange begins with one individual offering a value to another. If the receiver reciprocates and, as a result, a sequence of advantageous interactions occurs, feelings of reciprocal responsibility are generated between the parties (Coyle-Shapiro & Shore, 2007). A broad notion of reciprocity includes a sense of duty to return

preferential treatment. According to Levine, Kim, Ferrara, and Levine (2010), people are satisfied with their relationships when benefits outweigh costs, and they remain in those relationships where commitment contributes to expected future profit. In ongoing relationships, our social exchanges do not automatically demand immediate payback from our partners (Mitchell, Cropanzano, & Quisenberry, 2012).

In this study, the element of social exchange is realized in the relationship between organizational learning and employee performance. In this relationship, effective organizational learning will lead to improved employees' commitment to work hence improved performance. The organization will have a competitive advantage in the market while the employees' needs will be met as well.

#### **2.5.1.2 Elements of Social Exchange Theory**

These include rewards and value of a reward, social rewards, costs, profit, equity and distributive justice. When contemplating incentives and the importance of incentives, Homans (1961) determined that some of the economic terms and conceptualizations did not extend to social behavior as well. He used the term "benefit of incentive" to illustrate the fact that any particular incentive may have different meaning for different people. In the case of social incentives, incentives can only be achieved by contact with another person, called social rewards.

In consideration to cost, Homans (1961) originally defined cost as anything of interest that has been given up; it can also be the revocation of a reward or penalty. Money is the most obvious "cost" that we can exchange for some product or service, even though we could also give friends money just to help them out. We also work in return for money, which means offering our time, resources and skills. Besides

costing time and energy, relationships necessitate forfeiting some of your freedom and independence (Levine et al., 2010).

Profit is Reward minus Cost. This basic economic model was introduced by Homans as applicable to social exchanges. The interpretation of this concept is that the higher the benefits and the lower the costs, the higher the profit an individual receives. Although such a model is suitable for economic activity, its implementation to social exchanges is more complicated and not as straightforward. Gaining a profit is desirable considering equity and distributive justice; one often finds him/herself dealing with simply achieving a fair trade, or an equitable trade. We are concerned with our reward being proportionate to our degree of cost: the more cost we incur, the more we expect the reward to be. Two additional factors influence our management of equity in a relationship. First, in ongoing relationships, our social exchanges don't necessarily require immediate payback from our partners (Mitchell et al., 2012).

### **2.5.1.3 Principles related to Social Exchange Theory**

Social behavior can be described in terms of costs, incentives and exchange. Another leading figure in the history of social exchange theory was sociologist Richard Emerson, who simply defined exchanges as an economic evaluation of non-economic social conditions (Emerson, 1976). This first principle loosely applies economic concepts to human decision making and interactions. People seek to maximize rewards and minimize costs in pursuit of the greatest profit. This theory illustrates the argument that people are driven by a relatively good sense of self-orientation. People act in ways that increase positively valued resources and decrease negatively valued resources (Mitchell et al., 2012). These actions result in the most rewarding outcomes. Potentially, this general principle extends to every decision you make. When choosing



between possible relationships, where incentives are equal, we are likely to choose a relationship with less cost. Communication scholars Levine et al. (2010) described the process as applied to relationships.

Human interaction involves two people, each sharing the benefit that the other party wants. We depend on other people for valued resources, but to gain such resources involves an exchange of something we value (Burns, 1973). In so doing, we create interdependent relationships. If an interaction does not provide you with a reward or the reward does not match (equity) or exceed your cost (profit), you are likely to end it. We might continue the social interaction and build a relationship as long as we are being rewarded.

The theory of social exchange can be used to describe the development and management of interpersonal relationships. While economic principles provide a framework for understanding social behavior, our behavior in interpersonal relationships requires some specific adaptation of those principles. Altman and Taylor (1973) created the theory of social penetration to demonstrate relational development by using the theory of social exchange to explain self-disclosure in escalating relationships. Social exchanges have an effect on relations between members of communities and organizations. Blau (1964) discussed how the need for advice or assistance leads to exchanges between members in groups and organizations. The person providing assistance (cost) shall be rewarded with respect, esteem or some reciprocal action on the part of the adviser. Repeated consultation interactions can be the building blocks of a relationship even when assistance is no longer needed (Redmond, 2015).

The theory of social exchange is also applicable to the workplace. In reality, according to a recent study, it is one of the most prominent philosophical paradigms of organizational behavior (Trudeau & Shobeiri, 2016). This makes sense since employees spend most of their time and lives at the work place. When employees work hard and achieve more, they expect to be recognized, organizations should embrace recognition programs. This will have a positive effective to motivation and satisfaction.

### **2.5.2 Adaptive and Generative Learning Theory**

Adaptive learning involves any improvement or development of the explicate order through a process of self-organization(Škerlavaj et al., 2011). Self-organization is a self-referential process characterized by logical deductive reasoning, concentration, discussion and improvement. Generative learning involves any approach to the order involved through a process of self-transcendence. Adaptive learning focuses on building on existing knowledge and modifying it with new thinking in order to achieve an objective (Oh, Yang, & El Naqa, 2010).

This style of learning is especially applicable to companies pursuing quality improvement. For example, recognizing the differences between the efficiency, output, expense or business competitiveness of one's own company and that of competition allows the development of new ideas to bridge those differences. On the other hand, where new approaches, product lines, services or other tools are desperately needed, a particular kind of thinking is required to generate innovative new concepts and a discontinuous transition, which is the essence of generative learning (Harrison, 2000). This was reinforced by the scholar March (1991), who built on this principle to describe two types of organizational learning: exploitation or

utilization of established knowledge and resources to obtain benefit from what is already known; and exploration or thinking in previously unknown or unexpected ways.

### **2.5.3 Knowledge Management Theory**

Knowledge Management (KM) has been recognized as one of the core aspects of corporate performance and of sustainability in both local and global contexts (Behringer & Sassenberg, 2015; Pawlowski & Bick, 2015). KM is related to the application of methods, tools, techniques and values of the organization that encourage the flow of knowledge between individuals and the retrieval, processing and use of knowledge in the improvement and innovation of activities (Gonzalez, Claro, & Palmatier, 2014). Knowledge management means learning from each other and developing new knowledge and exploring a range of fields that can be put together to concentrate on meta-knowledge and its relevance to person and organizational success. Bennett and Bennett (2014) also indicates that Knowledge management theories are learning tools.

Knowledge management does not have a single leader as evident in earlier management initiatives such as total quality management (TQM). Knowledge Management (KM) is unique in not being a single person / group, but originated from multiple backgrounds and disciplines. Being agile and resilient, the field has evolved and tackled problems and challenges without being limited by static procedures or unquestioned edicts (Bennet, 2005). According to Nowacki and Bachnik (2016), Knowledge management comprises a range of management practices to create, identify, store, diffuse, replicate and apply knowledge within organizations. Knowledge management comprises a range of practices through which

organizations generate and apply knowledge. Knowledge management has become an important concept in management theory, as knowledge management techniques are put into effect as managers are expected to manage intellectual property. Knowledge management (KM) continues to be a fundamental ingredient in creating sustainable competitive advantage (Paulsen & Hernes, 2003). Like any other organizations, banks are highly dependent on KM behavior among their employees for their overall successful performance (Kashim, Mat Kasim, & Abd Rahman, 2018; Ramachandran, Chong, & Wong, 2013).

#### **2.5.4 Dimensions of Organizational learning theory by Peter Senge**

Senge's five disciplines of learning organizations illustrate how to manage the achievement and effectiveness of the company and how employees provide the extra mile that goes beyond the company's expectations. According to Odor (2018), Organizational learning involves five stages and these are from the process of knowledge acquisition to knowledge sharing, knowledge interpretation to knowledge maintenance and finally to knowledge utilization.

##### **2.5.4.1 Building a Shared vision**

In organizational learning, the vision can be developed through interaction with employees. Many leaders have personal visions, but they lack the ability to transfer them to a shared vision. The potential impact of sharing the same vision is that employees perform tasks because they want to do so. This changes the relationship with the company and transforms its performance into a learning mechanism. (P Senge, 2004). Shared vision is an important aspect that helps to identify and measure common identities, and this helps an organization to focus its attention on learning together with energy (Imants, 2003). The common vision is always to win against a

rival, but Senge believes that these are transitory goals and proposes that there can always be long-term objectives; a dream must be generated by interaction with people within the organization.

#### **2.5.4.2 Systems Thinking**

Systems' thinking refers to a conceptual framework that allows people to study businesses as bounded objects; it is a framework for seeing patterns and interrelationships. Systems thinking reflects the observational process of an entire system. Managers have to understand that every action and consequence is correlated with another. When the correlation is understood, it enables managers to see interrelationships and patterns of change in particular situations (P Senge, 2004).

#### **2.5.4.3 Mental Models**

Mental models refer to assumptions held by individuals and organizations, it is a framework for the cognitive processes of our mind and determines how we think and act. It is where individuals act in a certain way to avoid embarrassment or threat, remain in unilateral control, maximize winning and minimize losing. According to P Senge (2004), employees must recognize the company's values and what the business is all about. The company will be agile in welcoming changes to modern behavioral frameworks and a new organizational identity. The most successful companies are those who can learn and adapt to new models to become faster than its competitors.

#### **2.5.4.4 Team Learning**

Team learning is a discipline that brings together personal mastery and shared vision. It is important for the workforce to take into account fellow colleagues as team members rather than rivals. The working environment should be safe where honest mistakes are forgiven (P Senge, 2004) and this will contribute to high motivation. In

team learning, each member is committed to continuous improvement, each has a vision of greatness and the collective competence of the team is far greater than any individual. Team members also recognize and understand the system in which they operate and how they can influence it.

#### **2.5.4.5 Personal Mastery**

Personal mastery refers to individual learning, and organizations cannot learn until their members begin to learn (Goh, 2001). Personal mastery occurs when an individual has a clear vision of the goal, combined with an accurate perception of reality, a gap between vision and reality leads the employee to carry out all the related activities necessary to realize the vision (P Senge, 2004). This will make employee to be system thinkers, imaginative and see the interconnectedness of everything around them and, as a result, become more connected to the company. It is precisely this sort of person that one wants at any level of an organization (Yadav & Pathak, 2016). In addition, individuals within an organization must be committed to learn and such commitment is crucial since organizations whose people learn faster end up possessing better competitive advantage (P Senge, 2004). Personal mastery also refers to an individual's commitment to the process of learning. A competitive advantage exists for an organization whose workforce can learn faster than the workforce of other organizations.

#### **2.6 Empirical Literature Review**

Empirical literature review highlights what has been done so far in the field of interest and how findings would relate to earlier research. The review provides in-depth understanding and explanation of findings on previous studies in similar field (Green & Macauley, 2007).

### **2.6.1 Organizational Learning and Employee Performance**

Organizational learning has positive effect on employee performance (Chung, Lee, & Choi, 2015) which ultimately affects organizational performance. However, the mechanism of how organizational learning improves employee performance requires additional parameters according to Popova-Nowak and Cseh (2015). In addition, the findings of a study done by R. C. Rose, Kumar, and Pak (2009) indicates that organizational learning has a positive moderate linear relationship with employee performance. Improving the organizational learning practices of public service managers in the study enhances awareness, develops expertise and skills and boosts their efficiency at work (Hakala, 2011). The result supports the findings of earlier studies (Ellinger, Ellinger, Yang, & Howton, 2003; Jiménez-Jiménez & Cegarra-Navarro, 2007; Khandekar & Sharma, 2006; Spicer & Sadler-Smith, 2006). This research further affirms the belief of most managers that organizational learning is a powerful tool for improving performance (Gonzales, 2001). Other studies such as Shahzad *et al.* (2013) suggest that the organizational learning has a substantial positive effect on workplace performance. However, Sadasa (2013) found a weak relationship between organizational learning to individual performance.

Performance provides a comprehensive picture of workplace behavior (Kacmar, Collins, Harris, & Judge, 2009), therefore several researchers have carried out studies on job performance behaviors with regard to supervisor rated task performance, organizational citizenship behavior (Andrews, Kacmar, & Harris, 2009; Johari & Yahya, 2009; Kacmar *et al.*, 2009) and contextual performance (Johari & Yahya, 2009). However, minimal studies have been conducted between organizational learning and the performance of employees. Employees who are open to learning are more pleased with their work and eventually display more better results than

others (Tsai, Yen, Huang, & Huang, 2007). In line with Tsai et al. (2007) and Harrison (2000), it has been established that learning that is driven by training has a positive impact on employee performance and is a key element in the achievement of organizational objectives.

Organizational learning is a strategic variable for companies seeking to introduce new products or to create new markets because of the need to innovate continuously in order to survive intense competition (Cefis & Marsili, 2005). It is therefore necessary to stimulate the development of factors that lead to creativity and to allow new innovations, goods, services and systems to be implemented before other competitors in the same industry (Montes et al., 2005). Organizational learning supports creativity, inspires new knowledge and ideas and increases the potential to understand and apply them, favors organizational intelligence and (with the culture) forms a background for orientation to organizational innovation (García-Morales, Ruiz-Moreno, & Llorens-Montes, 2007).

The key to the survival of organizations is learning, not individual learning itself, but emerging learning in the organization. Organization learning is different from learning organization (Dymock & McCarthy, 2006). Thus, researchers have focused on applicability of organization learning theory in practice and many researchers study its application in private organizations and the factors for promoting it (S. C. Chang & Lee, 2007; Dymock & McCarthy, 2006) but few studies have been conducted about how organizational learning impacts employee performance, most of the researchers believe that learning increases the performance of organizations.

Learning is the power of growth, and individual learning is the resource of business growth (S. C. Chang & Lee, 2007). Based on the organization metaphor in



organization theory, PM Senge (1990) introduced learning organization theory. The academic definition of the organization covers individual, group and organizational learning with the effort for organizational and individual learning (Simpson, Sigauw, & Enz, 2006; Small & Irvine, 2006). Financial innovations are seen by banks as powerful competitive factors to withstand competition and have become a crucial way for the financial institutions to boost overall efficiency and preserve the market effectiveness (Bátiz-Lazo & Woldesenbet, 2006).

Gaynor (2002) argues that innovation is portrayed as a cultural element of an organization to be instilled by managers in order to communicate the mission of the organization to employees, to encourage them to seek unique opportunities, and to ensure that these opportunities are aligned with the strategic direction of the organization, and both define the measurements necessary to determine the success of those opportunities and continually reassess that opportunity in the future in order to ensure that it remains relevant and beneficial (Angel, 2006).

The relationship of organizational learning with employee performance is still relatively limited in studies. Some recent scholars found different results, such as Sadasa (2013) found a weak relationship between organizational learning to individual performance, but Shahzad et al. (2013) found a moderate correlation between organizational learning with performance of employees. Continuity in creative efforts is also the concept put forward by Kenny and Reedy (2006) who contend that 'innovative organizational culture is one whereby continuous development throughout the organization is the norm. Innovation is not only derived from a small number of employees who perform a specific task (such as research &

development), but it is a philosophy which is embedded throughout the organization and is present amongst all employees (Wang & Ahmed, 2004).

Conceptually, companies with who have embraced learning are those who Properly use the rewards and tolerate failure, and in which members share values such as openness to new ideas, creativity, change, continuous learning, collaboration, flexibility and informal communication (Amabile, 1998; Hurley & Hult, 1998). A study by Chandler, Keller, and Lyon (2000) revealed that learning is where employees perceive that workloads are not excessive and that the support of management and reward systems of the organization are consistent with a commitment and excessive work pressure inhibits creativity(Turock, 2001).

### **2.6.2 Relationship between Employee Satisfaction and Employee Performance**

More recent research conducted by Maharani, Troena, and Noermijati (2013) found that job satisfaction directly affects employee performance.Fu and Deshpande (2014) found that work satisfaction had a significant direct effect on organizational commitment, which also had a positive significant effect on employee performance. Employees who are committed to learning are far more satisfied with their jobs and ultimately show more positive performance than others(Tsai et al., 2007) and according to P Senge (2004), learning is a continuous process.

Farndale, Beijer, Van Veldhoven, Kelliher, and Hope-Hailey (2014) stated that organization commitment was not substantially related to the continuing engagement nor one of the elements of the organizational commitment. Reijseger, Peeters, Taris, and Schaufeli (2017) observed that employee engagement was not related with a counterproductive behavior (negative relationship). M.-S. Kim and Koo (2017) concluded that workplace commitment was not substantially related to loyalty and

behavior. In the study of Shuck, Zigarmi, and Owen (2015), the relationship between employee engagement and behavioral outcomes depended on the scale used to measure engagement.

Naharuddin and Sadegi (2013) found in their research that the workplace environment significantly impacts the performance of the employees. They used survey-based data collection method from 139 employees and revealed that supervisor behavior is not enough for the improvement physical and Behavioral Environment. Environment has been defined in two main categories, which is Physical and Behavioral Environment. Gunaseelan and Ollukkaran (2012) worked on manufacturing sector and found that components of working environment affect employee performance. They took employee performance as the dependent variable and other factors like an interpersonal relationship, monetary benefits, employee welfare, safety, security and training and development, formalization and standardization, Participative management, objective and rationality, supervision, and scope of advancement as independent variables. They used a random method of sampling for selecting of target respondent. From 100 employees, primary data was collected using 5 points Likert scale questionnaires, and percentage analysis was applied. The analysis concluded that employees are less attracted to place more efforts for enhancing productivity without the appropriate prospect of promotion in the organization. Further, the results revealed that other factors like a safe working environment, monetary packages, and the impact of rewards, training facility, recognitions, and job security have positively influenced to employee's performance (K. Bhatti, 2018).

According to Baldwin, Bommer, and Rubin (2012), nothing is likely to burn out your star performer as much as equal rewards, whereby everyone receives the same

irrespective of performance. Ultimately, it is employees' perceptions of whether rewards are contingent on performance that drives them to exert more or less effort (Trevor, Reilly, & Gerhart, 2012). To enhance this understanding, organizations should not only implement a performance-contingent monetary incentive program, but should also clearly express the performance-contingent nature of the incentives. It is important to take cultural norms into account (Aguinis, Joo, & Gottfredson, 2012). The idea that a happy worker is a productive employee is inconclusive because empirical studies have produced a number of conflicting viewpoints on the relationship between employee satisfaction and employee performance (Hoppmann & Klumb, 2012). It was on this basis that some researchers opined that employee performance may lead to job satisfaction but not the reverse and so job satisfaction is non-significantly correlated with employee performance in organizations. Retention, productivity and a higher level of quality service are created and found among satisfied employees according to the study done by Abiyev, Saner, Eyupoglu, and Sadikoglu (2016).

A study done by Fogaça and Junior (2016) found that happy employees whose needs are satisfied at workplace have greater performance than unhappy employees, however it does not explain why happiness lead to better performance. Baker (2017) indicates that despite years of research, support for the happy and productive worker remains a debate and there is inconclusive evidence of a link between employee satisfaction and employee performance. Warr (2011) suggested that significant associations between employee satisfaction and employee performance are likely to arise from a third variable in the work environment such that certain features of the work environment may increase the relationship. In addition, happy employees can be unproductive while unhappy employees can also remain productive (Ayala, Silla,

Tordera, Lorente, & Yeves, 2017; Peiró, Kozusznik, Rodríguez-Molina, & Tordera, 2019). The relationship between satisfaction and performance is a debate that has continued until today, and is still difficult to prove which way the causal relationship is, and even by the researchers, the relationship between satisfaction and performance are considered as mythical management (Stephan P Robbins & Judge, 2013). Employee efficiency is highest among satisfied and motivated staff, and management finds it easier to encourage best performers to achieve firm targets (Kreitner & Kinicki, 2007).

### **2.6.3 Employee loyalty and employee performance**

In a study done by Preko and Adjetey (2013), where a sample of 50 sales executives from Fidelity Bank, Eco Bank and Standard Chartered Bank in Ghana were taken and the findings revealed that there are significant linear correlations between employee loyalty, engagement and employee performance. Employee engagement and employee loyalty are regarded to be independent factors perceived to have a significant degree of correlation with employee performance. The findings of a study conducted by W. G. Kim, Leong, and Lee (2005) reported a strong positive association between workplace success and employee loyalty. Employee engagement is an important method for improving success. When employees are recruited and are not given the necessary task, facilities and working environment then employees are not fully engaged.

The litmus test is to study turnover and average service length, and if the turnover is on the rise, the degree of loyalty is poor and vice versa. Comparing them to market averages provides a clear understanding of the likelihood of turnover. Staff attendance, policy compliance and leadership confidence are other indirect indicators

of allegiance, while excessive theft and sabotage are obvious lack of commitment. According to Heskett et al. (1997), more satisfied employees, stimulate a chain of positive actions which end in an improved performance. The corporate landscape has undergone a transition since the 1990s, with the growing strategic advantages arising from the ongoing accumulation of knowledge. As such, numerous scholars say that this time period reflects the emergence of the "knowledge economy"(Gibbert, Leibold, & Probst, 2002; Voelpel, Leibold, & Streb, 2005). In order to create continuous and sustained value creation firms, must devise and implement a way of learning allows them to build the capabilities necessary to compete successfully both now and, in the future,(Voelpel et al., 2005), hence learning is key for sustainability of organizational performance.

An organization's norms have strong impact on all who are involved in the organization. These norms are almost invisible, but if we want to enhance performance and loyalty, norms are one of the first places to be examined(Stewart, 2010). Maximizing the value of employees as intellectual assets requires a way that advances their intellectual participation and facilitates both individual and organizational learning, new knowledge creation and application, and the willingness to share knowledge with others and this will improve performance (Dasanayake & Mahakalanda, 2008).

There is a significant relationship between employees' loyalty and employee performance from a study by Flory, Bonet, Guillon, and Cezanne (2014), and organizations achieve their major goals like profit maximization, employee loyalty is a value addition concept for organizations and an indicator through which the outcomes such as employee performance is improved (Anitha, 2014). However,

findings of a study done by M. T. Khan (2013) observed that employee loyalty as an immense concept has additional factors that contributes to its significant relationship to employee performance. This study has considered employee loyalty as a mediator to the relationship between organizational learning and employee performance.

Employee loyalty is in fact the intellectual commitment and affiliation for the organization where people are emotionally and physically attached to the job (Bedarkar & Pandita, 2014). Three levels of employee loyalty were identified (Roy, 2013) and these are loyal, not loyal and disloyal. The loyal employees are engaged and own their performance; additionally, they support in implementing organizations strategies (Welch, 2011). As a result, performance will be strengthened by empowering employees on the basis that they are more accountable for the way in which they perform their work, and therefore productivity will be increased (Tomic, Tesic, Kuzmanovic, & Tomic, 2018). Various factors influencing employee loyalty includes assigning appropriate task, facilities and work environment that fully engage them in the work and opportunities for personal development (Ssegawa, 2014).

#### **2.6.4 Relationship between Organizational Learning and Employee Satisfaction**

The relationship between organizational learning and employee satisfaction are also supported by several studies (Bellou, 2010; Lok & Crawford, 2004; San Park & Kim, 2009). Silverthorne (2004) found that the organizational learning resulted in the lowest levels of job satisfaction hence the need to consider organizational learning. It is crucial for banks to satisfy their employees, retain them and get high level of performance for sustainability (Leonard & Thompson, 2019). Banks plays an important role in the economic system of different countries. Therefore, the experienced employees are essentials for the banks in order to increase their

productivity as well as employee performance and motivational levels (A. H. Khan, Nawaz, Aleem, & Hamed, 2012).

Globally, employee performance management landscape has evolved like never before. However, there's much more to the relationship between managers and employees which includes performance. Global employee engagement remains low, and productivity is at a standstill. More and more organizations are adopting best human resource practices of ongoing conversations, employee recognition, and reforming their annual performance review process (Rumeser & Emsley, 2018). According to research by Bain and company, the way companies construct their teams has a major impact on productivity (Harris & Fleming, 2017), although most employees want to be productive and improve their performance, the organization too often gets in their way. A research done by M. Mankins (2017) points out that the average organization sacrifices more than 20% of its productive capacity, more than a day per week due to an "Organizational Drag" that can be described as systems and processes that waste precious resources and discourage people from doing work (M. Mankins, 2017). Organizational learning can also determine success or failure of an organization during times of change like Mergers, acquisitions, and growth. Organizational learning determines employee performance which affects the organizational performance (Trends, 2016).

It is important for companies to know how to retain competent employees, creates satisfied employees through learning, an intensive discussion on this has been going on for years. (Eskildsen & Dahlgaard, 2000; Eskildsen & Nussler, 2000). Many studies have been conducted about the impact of organizational learning on different variables in the organizational setting, for example, the impact of organizational



learning on employee satisfaction (Lund, 2003), individual learning (Aksu & Özdemir, 2005), organizational effectiveness (Denison & Mishra, 1995), loyalty (S. C. Chang & Lee, 2007), organizational performance (Nikpour, 2017), TQM (Pool, 2000), communication and information (Brown & Starkey, 1994). The summary of findings showed that organizational learning has a significant positive influence on employee satisfaction.

In the competitive environment, organizations must maintain high learning levels and enhance the level of employee satisfaction (Allouzi, Suifan, & Alnuaimi, 2018) in addition, workplace satisfaction is a significant aspect influencing the efficiency and competitive advantage of companies (Kiarie, Maru, & Cheruiyot, 2017). Organizations with a solid learning framework are in a good position to transform their processes as needed in the current aggressive and competitive environment as indicated by Bhaskar and Mishra (2017). The findings of a study done by Varshney (2020) also shows that employees' satisfaction level increases when supported with learning capabilities which implies that a learning organization significantly affects employee satisfaction.

#### **2.6.5 Relationship between Employee Satisfaction and Employee Loyalty**

According to a survey done by Turkeyilmaz, Akman, Ozkan, and Pastuszak (2011) covering 220 employees within the Istanbul Branch of a Social Security Institution, a model was developed by including the impact of employee satisfaction factors, their relationship and the impact of employee satisfaction on employee loyalty. There was a clear correlation between workplace satisfaction and employee loyalty. However, the study indicated that measuring employee satisfaction, performance development and loyalty are widely used in private sectors while in developing countries; the

applications are rarely used in the public sector. Additionally, employees are more loyal and productive when they are satisfied (Sageer et al., 2012).

Rewards basically deals with the employee's satisfaction with his or her employment, arising from the enjoyment of working that he or she enjoys with a successful company that rewards him with his or her efforts. Rewards are very important to staff, whether they are extrinsic or intrinsic, which further influences loyalty (Cotterell, 2013). Intrinsic reward occurs in an individual after the achievement of a certain task or function that brings happiness, fulfillment and confidence, whereas extrinsic motivation comes from other influences or factors such as income, resources or promotions (Scott & Bruce, 1994).

Rewards are essential to change the dissatisfaction of employees into satisfaction. When employees are satisfied then they will do task with more interest and will do work hard which will lead to good performance (Azar & Shafiqhi, 2013). A study was conducted in which it was found that employee' performance is directly influenced by intrinsic rewards. Because when intrinsic rewards are given to them, they came to know about their performance and do more work hard to gain appreciation (Edirisooriya, 2014).

Satisfaction depends basically upon what an individual wants from the world, and what he gets. Employee satisfaction is a measure of how happy workers are with their job's rewards, training and working environment (Ferri-Reed, 2011). This is clear that there are several factors impacting the success of the company and that one of them is employee satisfaction. Successful organizations should have a culture that enhances workplace satisfaction (Bhatti & Qureshi, 2007).

Employee satisfaction studies have established areas that tend to be critical for employee satisfaction. These includes, a well-managed, supportive and stable work climate, continuing professional advancement, job growth opportunities, challenging and exciting job opportunities, collaborative effort, recognition or acknowledgement work well done, work-life balance and work culture (Tarasco & Damato, 2006). This result appears to agree with the model of the service profit chain developed by Heskett et al. (1997). The model shows that there is a relationship between employee satisfaction and employee loyalty. In addition to that, the findings of this study appear to agree with (Mehta, Singh, Bhakar, & Sinha, 2010) that workplace conditions, job design/decision making latitude, rewards & recognition, information & communication, and adequate tools to serve customers and are factors that lead to employee satisfaction.

Employee satisfaction and employee loyalty in this study does corroborate the linkage proposed by Vince (2005), in which, it is claimed that there is a strong correlation between employee satisfaction and employee loyalty. Odunlami (2014) postulates that satisfied and inspired workers are efficient and result in improved customer satisfaction, which has a positive impact on organizational performance. Based on the empirical findings, improvement and development suggestions to banking organizations will be provided as practical guidelines to enhance employees' satisfaction and their loyalty which contributes to high level of performance and sustainability (Khuong & Tien, 2013). Employee satisfaction alone, though, does not affect loyalty, but there are also several other key determinants that assist in this process. According to Prabhakar (2016), employee satisfaction is indeed an influential factor for many employees but it does not necessarily always lead to increase in the level of employee's loyalty towards their organizations.

### **2.6.6 Relationship between Organizational Learning and Employee Loyalty.**

Waqas et al. (2014) suggest that an employee is loyal to his or her organization because he or she shows commitment and feels that it is the right choice for him or her to work for the company. Nongo and Ikyanyon (2012) note that organizational learning enhances the sense of commitment of workers, provides a sense of organizational belonging and helps to minimize turnover. According to Mayangsari, Irianto, and Eliyana (2015) organizational learning influence and foster attitudes of employee loyalty, while Wibawa, Troena, Armanu, and Lumpkin (2014) indicates that organizational learning has no significant effect on employee loyalty. Organizational learning also in the interests of external stakeholders like customers, and it has effect to the loyalty of employees as internal stakeholders (Chou & Ramser, 2019).

Organizational learning is a source of sustained competitive advantage (Barney, 1991), it is also an important factor to enforce innovation (Avanti, 2009) and empirical research shows that it is a key factor to organizational effectiveness (Gordon & DiTomaso, 1992) and loyalty. The complete knowledge and awareness of organizational learning should help to improve the ability to analyze the behavior of organization which aids to manage and lead (Brooks, 2009).

Today, the conditions under which employees are working are constantly changing, customers' demands more than simply the core product hence organizations ensure that employees use their different expertise from group and individual learnings to improve on loyalty and performance (de Souza Bispo & Cavalcante, 2019). When organizational learning is higher, employee engagement, participation and commitment is strengthened leading to improved employee loyalty which was

empirically confirmed through a study done by (Rupcic, 2019). Employee participation in the decision-making process can increase organizational cohesion and contribute to greater motivation leading to improved loyalty and this process should be accompanied by efforts towards increasing organizational learning (Tran & Pham, 2019). Employees have very high expectations to their jobs, and their demands are increasing, the loss of key employees, however, can have serious consequences for the companies (Stroh & Reilly, 1997).

According to the U.S. Department of Labor, it costs a company one-third of a new employee's annual salary to replace an employee (Iarrobino, 2006). Organizations therefore put in place mechanisms that will contribute to employee loyalty and performance as well (Iarrobino, 2006). Management of many companies have designed their training programs compensation packages, success evaluation and job structure based on their company policy and these policies are geared at developing committed workers, as this leads to a lengthier tenure. The longer employees work for an organization the more valuable they become. Loyalty is the kind of faithfulness and trueness (Zameer, Tara, Kausar, & Mohsin, 2015). Loyal employees result in low turnover rate and reduce absence rate while at the same time increases the individual commitment due to high organizational learning.

According to M. B. Ahmad et al. (2012) there are three dimensions of employee loyalty and these are emotional, moral and continued loyalty and they are used to find out how organizational learning can enhance employee loyalty. One of the findings in a study done by Eketu and Ogbu Edeh (2015), is a positive significant relationship between organizational learning and employee loyalty. Loyalty among workers is deeply rooted in organizational learning and experience through awareness,

intellectual cultivation and information exchange. Mehta et al. (2010) acknowledged that loyalty can be influenced by a variety of factors, including incentives, wages, working climate, job satisfaction and customers, especially among those who expect to remain with the company for at least two years.

### **2.6.7 Relationship between Organizational Learning, Employee Performance Employee Satisfaction and Loyalty**

In a study done by Yusuf (2012), 85 employees in a mining company were sampled and the findings indicated that organizational learning have a significant positive influence on employee performance. This means that as organizational learning is improved, employee's performance tends to increase. In addition, organizational learning has an indirect influence towards employee performance through organizational citizenship behavior. While the relationship between organizational learning and employee performance has been highlighted in literature (Aftab et al., 2012; Ogbonna & Harris, 2000; C. Wang & Abdul-Rahman, 2010), there is little known about the mediating mechanism underlying the relationship. Employees who are satisfied with their rewards and work environment do not leave the company or their employer, they are loyal and their performance is improved (Roxas, Ashill, & Chadee, 2017). This relationship between employee satisfaction, loyalty and employee performance has also been indicated by Bakotic and Babic (2013). The company needs to pay attention to creating a work environment that enhance the satisfaction and motivation of employees in order to increase corporate sustainability (Chandrasekhar, 2011; R.-D. Chang et al., 2018).

Research shows that empowered employees promptly respond to clients' needs and use their professionalism to solve organizational problems, which results to improved

employee performance, loyalty and behavior that benefits the organizations performance(Fernandez & Moldogaziev, 2013). It is becoming more difficult for businesses to retain employees who have strong aspirations about their employment, and their demands are growing. According to Denti and Hemlin (2012), the loss of key employees, however, can have serious consequences for the companies. In these situations, it is important for businesses to know how to maintain professional workers and to know what produces satisfaction and committed to the organization. An intensive discussion on this question has been going on for years as indicated by Chatzopoulou, Vlachvei, and Monovasilis (2015). According to Mochklas and Mahardhika (2018) employee loyalty depends on the employee's own self, but organizations need to make efforts to motivate its employees.

Today, the dimension of organizational learning is much more critical because it is perceived to be the guiding force behind the organization's success and sustainability(R. C. Rose et al., 2009). Interest in the work related commitment was triggered by its potential benefits to individuals and organizations(Somers & Birnbaum, 2000), it is also an important variable in explaining work-related behavior and its impact on performance. It is not sufficient to look at employee loyalty from a human resource management perspective but a more holistic and general company perspective is required (Zhang & Bartol, 2010). This study seeks to consider learning and employee satisfaction that are key to loyalty and value to organizations.

Various studies have also discovered positive relationship between organizational commitment and employee satisfaction and organization's competitiveness.Liou (1995) conducted a study to investigate the effect of organizational and individual learning on workplace satisfaction and commitment. The findings found that

workplace satisfaction and commitment are highly affected by organizational learning. Yeo (2002) suggested that single-loop, double-loop and deuterio-loop learning eventually result in a healthy mindset and willingness to work between people, thereby allowing companies to do well in the long run. Since employee satisfaction has a positive effect on workplace loyalty and confidence, it increases the consistency of outcomes and also enhances productivity and performance (Yee, Yeung, & Cheng, 2008). Organizations could gain various advantages through loyal employees which includes optimistic representatives for their organizations, as well as going beyond doing the regular work as they are doing modest actions that may effectively assist the function of the organization.

Fitz-enz (1997) estimated that the average company is losing nearly \$ 1 million to every 10 managerial and professional workers that quit the organization. The combined direct and indirect costs associated with one employee ranges from a minimum of one year's pay and benefits to a maximum of two years pay and benefits. There is also a considerable economic effect when an organization loses all of its essential workers, particularly considering the information that is lost when the employee leaves. Niehoff, Moorman, Blakely, and Fuller (2001) have described loyalty as active behaviors that show confidence in and respect for the organization as well as protecting the organization against criticism, reinforcing the positive aspects of the organization and refraining from complaining about the organization.

It will become even more critical in the years ahead to consider the dedication of people to the organization as well as the desire for the organization to build an environment in which it will be able to survive (Harrison, 2000). Harris continues to say that organization will need to either create an intellectual capital environment



where the transmission of knowledge takes place throughout the structure, or continue to lose important individual knowledge that has been developed during the length of service. (Chatterjee, DuttaGupta, & Upadhyay, 2018).

Employees' satisfaction is attached to employees' loyalty and will increase productivity (Heskett et al., 1997). The management of several companies design their training programs, compensation benefits, success evaluation and work system on the basis of their corporate strategy. Typically, these strategies are directed at cultivating committed workers, as this leads to longer tenure. The longer an employee works for a company the more valuable they become, especially in the service industry which leads to sustainability in high performance in the organizations.

## **2.7 Summary of Literature and Research Gaps**

Employee performance can be measured through the combination of expected behavior and task-related aspects in the organizations (Klimoski, Ilgen, & Borman, 2003), even though performance is often determined by financial figures, in reality performance that is based on an absolute value or relative judgment may reflect overall organizational performance (Gomez-Mejia, Balkin, & Cardy, 2007; Wall et al., 2004). However, Johari and Yahya (2009) asserted that performance measurement that is based on the performance appraisal of items by employees' offers higher reliability in evaluating performance. Organizational learning is a key to success of any business in the current competitive environment, and learning has a significant relationship to employee performance. Some scholars have argued that the relationship between organizational learning and employee performance may be indirect (Altinay, Madanoglu, De Vita, Arasli, & Ekinici, 2016). It is important to identify the mediating variables between these two factors in order to better promote

the effects of organizational learning. Most organizations still fail to satisfy their employees and to receive their loyalty because they have minimum knowledge about the factors that help in having improved employee loyalty which results to reduced turnover. This study will therefore assist organizations to identify their short comings in organizational learning and also the factors that are considered in gaining the loyalty and satisfaction of their employees. They can easily then judge the association of satisfaction and loyalty of the employees (Behery, Paton, & Hussain, 2012).

However, only few studies have deliberated these kinds of relations and the effect of such variables on the performance (Kirkman, Rosen, Tesluk, & Gibson, 2004; Tsai et al., 2007). While, Wong and Laschinger (2013) attempted to examine the mediating role of loyalty on the relationship between job satisfaction and performance. Yee, Yeung, and Cheng (2010) provided an empirical study of employee loyalty, service quality and performance on the service industry. The study deliberated on three issues: first, the relationship between empowerment and performance. Second, the relationship between empowerment and employee's loyalty. Third, the mediating role of employees' loyalty in the relationship between empowerment and performance (Al-edenat & Alhawamdeh, 2018).

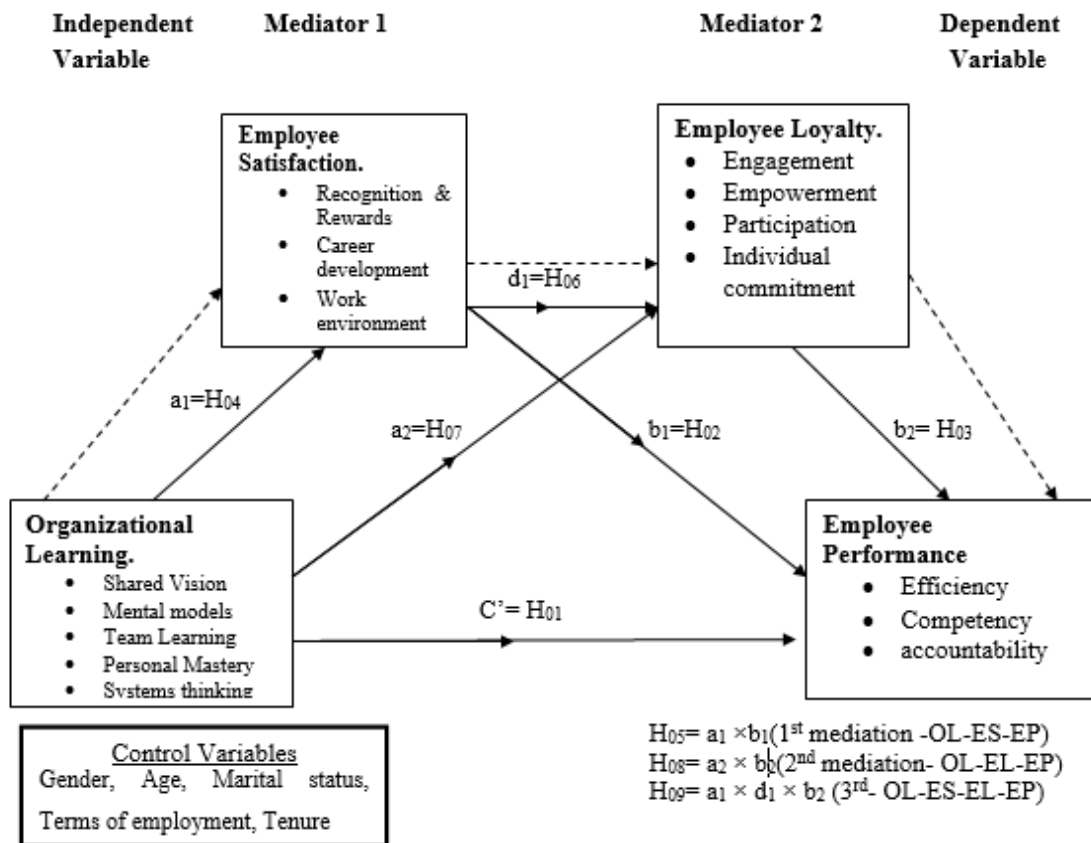
Even though performance is a key focus for researchers, there is minimum research on mediating roles of loyalty and satisfaction in the relationship between organizational learning and employee performance.

<b>Author</b>	<b>Topic</b>	<b>Methodology</b>	<b>Findings</b>	<b>Knowledge Gap</b>
Wall et al., 2004	Empowerment and Performance	Analysis of scientific literature	Psychological empowerment is determined by personality and other individual difference factors, such as locus of control and self-esteem	Reviewed study did Literature review analysis in UK focusing on manufacturing companies, service organizations and politics. Current study was done in Kenya focusing on commercial banks and primary data obtained, analyzed and findings interpreted
Johari and Yahya (2009)	Linking Organizational Structure, Job Characteristics, and Job Performance Constructs: a Proposed Framework	Analysis of scientific literature	This study proposes that organizational structure, namely formalization and centralization, have direct effects on employee task performance and organizational citizenship behavior (OCB).	Reviewed study did a literature review analysis and the study was done in Malaysia while the current study collected primary data, analyzed and inferred the findings. There are content, contextual and methodology gaps to be filled.
(Altinay, Madanoglu, De Vita, Arasli, & Ekinci, 2016).	Integrating organizational learning with high-performance work system and entrepreneurial orientation: a moderated mediation framework	Survey design used in the study with 450 questionnaires distributed among 181 firms operating in the manufacturing and service industries in China. Random sampling used.	the relationship between organizational learning and entrepreneurial orientation is strengthened when firms employ a higher level of high-performance work system	The study was done in China with sample size of 450 in 181 firms operating in the manufacturing and service industries. This study proposes a moderated mediation model to investigate the relationship between organizational learning and firm performance.  Current study done in Kenya with sample size of 411 in 40 operating commercial banks in Nairobi County. The study focused on Organizational learning and employee performance mediated by employee satisfaction and loyalty. Multistage sampling technique used
Behery, Paton, & Hussain, 2012	The Antecedent and Consequence of Organizational Commitment and Job Satisfaction	Survey design used in the study, stratified random sampling technique used and questionnaires adopted for data collection. SEM model used for hypotheses testing	Results of the study provide evidence that transformational leadership significantly affect the increase organizational commitment and job satisfaction. Organizational commitment and job satisfaction act as complete mediation in explaining the effect of transformational leadership on servant's performance.	The reviewed study was done in Indonesia with sample size of 197 servants. This study aims to examine and analyze the effect of transformational leadership on organizational commitment, job satisfaction and performance of servants. SEM used and stratified random sampling  Current study done in Kenya with focus on employee performance and two mediators which are employee satisfaction and employee loyalty. The study used hierarchical and Hayes models, multistage and random sampling techniques used.

Kirkman, Rosen, Tesluk, & Gibson, 2004	The Impact of Team Empowerment on Virtual Team Performance: The Moderating Role of Face-to-Face Interaction	Analysis of literature	Findings indicate that team empowerment is positively related to both constructs of virtual team performance, which are process improvement and customer satisfaction. Empowerment makes the team member trust the leader	Reviewed study did Literature review analysis in US focusing on team performance moderated by role of face-to-face interaction. Current study focused on employee performance with two mediators
Wong and Laschinger (2013)	Authentic leadership, performance, and job satisfaction: The mediating role of empowerment	Survey method used and random sampling of 600 registered nurses done. Structural Equation Modelling (SEM) used for testing. Questionnaires used for data collection.	The results suggest that the more managers are seen as authentic, by emphasizing transparency, balanced processing, self-awareness and high ethical standards, the more nurses perceive they have access to workplace empowerment structures, are satisfied with their work, and report higher performance.	The reviewed study was done in Canada, Ontario. The study was done among 600 Registered Nurses. The focus was on the effect of authentic leadership, employee satisfaction on Employee performance mediated by empowerment. SEM used in the study  The current study was done in Kenya among employees of commercial banks having focus on the effect of employee satisfaction as a mediator on employee performance. Hayes and Hierarchical regression models used
Yee, Yeung, and Cheng (2010)	An empirical study of employee loyalty, service quality and firm performance in the service industry	Survey was conducted of 210 high-contact service shops in Hong Kong and Structural Equation Modelling (SEM) used in the Study	Findings show that employee loyalty is significantly related to service quality, which in turn impacts customer satisfaction and customer loyalty, ultimately leading to firm profitability in high-contact service industries	The reviewed study was done in Hong Kong with 210 high-contact service shops and Structural Equation Modelling (SEM) used.  Current study was done in Kenya, Nairobi County focusing on all Commercial Banks in Nairobi County with sample size of 411 employees. Hayes model used.
Al-edenat & Alhawamdeh, 2018	The Mediating Effect of Employee's Loyalty in the Relationship Between Empowerment and Employees' Performance: A Case from Jordanian SMEs	This was a Quantitative study, conducted by surveying, Structural Equation Modelling (SEM) was used, questionnaires used for data collection - sample size of 350 employees, 66 direct supervisors	The results indicate that empowerment is linked to performance. Additionally, employees' loyalty positively and significantly affects performance. The results have also shown that employees' loyalty partially mediates the relationship between empowerment and performance.	The reviewed study was done in Jordan, investigating the relationship between empowerment and performance. The study examined the mediating effect of employees' loyalty in this relationship and was conducted by surveying 350 employees as well as 66 direct supervisors through 31 companies (SMEs) within IT industry in Jordan. The study used SEM  Current study was done in Kenya focusing on Commercial banks with a sample size of 411 employees using multistage and random sampling technique with two mediations, Hayes model used as well

## 2.8 Conceptual Framework

The researcher used process macro, model 6 by Hayes (2013) to conceptualize the relations between the study variables. Figure 2.1 shows the conceptual framework of mediating effect of employee satisfaction and employee loyalty on the relationship between organizational learning and employee performance. Organizational learning is the independent variable while employee performance is the dependent variable. There are two mediations as follows; M1 is Employee satisfaction and mediator 2 is employee loyalty.



**Figure 2.2 Conceptual Frame work**

Source: Researcher, (2019)

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0 Introduction**

This chapter presents the research Philosophy, research design, study area, target population, sample size and sampling techniques, the type and sources of data collected. It highlights the area of study, the target population, sampling procedure, and data collection instruments and procedures, measurements of variables, reliability and validity of the research instruments, data processing, analysis, presentation and ethical issues.

#### **3.1 Research Philosophy**

Research philosophy refers to systems of beliefs and assumptions about the development of knowledge (Elkjaer & Simpson, 2011). Research philosophy contains assumptions about the way in which researcher views the world. All research philosophies make three major types of assumption: ontological, epistemological and axiological. Ontological is an assumption about the nature of the world and reality, epistemological is about knowledge what constitutes acceptable, valid and legitimate knowledge and axiological refers to the role of values and ethics within the research process (Fleetwood, 2005).

Positivism philosophy was used in the study. Positivism relates to the philosophical stance of the natural scientist and entails working with an observable social reality to produce law-like generalizations. It promises unambiguous and accurate knowledge. A positivist remains neutral and detached from the research and data in order to avoid influencing the findings (Crotty, 1998). This research embraced positivism paradigm as it emphasizes the idea of observation and operationalization of issues that are

studied which should be measured as the essence of any scientific study (J. W. Creswell, 2009). In addition, positivist position is characterized by the testing of hypothesis (M Easterby-Smith, Thorpe, Jackson, & Lowe, 2008) which is key to this study.

### **3.2 Research Design.**

Research design refers to the overall strategy that you choose to integrate the different components of the study in a coherent and logical way, thereby, ensuring you effectively address the research problem; it constitutes the blueprint for the collection, measurement, and analysis of data (Trochim, 2006).

Explanatory design was used in this study. Explanatory design minimizes bias and provides an opportunity for probability sampling which maximizes reliability of data collected. Joseph F Hair, Black, Babin, Anderson, and Tatham (2006) argues that explanatory design allows the use of questionnaire and inferential statistics. It is an attempt to connect ideas to understand the cause and effect look at how things come together and interact.

### **3.3 Study Area**

The study was conducted in Nairobi County which is one of the 47 counties in Kenya. The County is one of the most populous counties, it is coterminous with the city of Nairobi, which is also the capital and largest city of Kenya. Nairobi County is within Greater Nairobi which consists of 5 out of 47 counties in Kenya but the area generates about 60% of the nation's wealth. The other 4 neighboring counties are Kiambu, Muranga, Kajiado and Machakos. Nairobi County within an area of 694.9 km<sup>2</sup>.

There are 40 operating commercial banks in Nairobi County which contributes to 100% of the total number of operating banks in Kenya (CBK annual report for 2017). The headquarters of the 40 commercial banks are in Nairobi County, and the head office branches are also situated in Nairobi County. This gave a good representation for the researcher in the area of study.

### 3.4 Target Population

Population is the entire group under study as specified by the objective of the research. (Pedhazur & Schmelkin, 2013). The total population for the study was 2433 employees from operating commercial banks in Nairobi County who are based in head office branches. The total numbers of operating commercial banks in Kenya are 40 as per the latest CBK report (CBK annual report, 2017). The banks are categorized into 3 peers as per CBK annual report 2017 which are large, medium and small and are also referred to as tier one, two and three respectively as indicated in table 3.1: -

**Table 3.1: Summary of Target Population**

Bank Tier	Peer categories	No. of Banks on each tier/peer	Target Population
1 Tier one	Large	6	687
2 Tier two	Medium	13	729
3 Tier three	Small	21	1017
Totals		40	2433

**Source:** Research data (2019)

### 3.5 Sampling frame and Sample size

According to Blumberg, Cooper, and Schindler (2005), a sampling frame is a list of elements from which the sample is actually drawn. Ideally it is a complete and correct list of population members only, while Sample size is the number of individual



samples measured or observations used in an experiment which is generally represented by the variable "n".

The study was based on a sample size of 411 employees of head office branches for commercial Banks in Nairobi County. The researcher used multistage and systematic sampling technique. The sample size was obtained by calculating the number based on Yamane (1967) formula .

$$n = \frac{N}{1 + N(e)^2}$$

Where N = the total population size

n = the sample size

e = the level of precision (0.045)

Yamane (1967:886) provided a simplified formula to calculate sample size which is:

$$n = \frac{N}{1 + Ne^2} , \text{ with a confidence of 95\%}$$

$$n = \frac{2433}{1 + 2433(0.045)^2}$$

$$n = \frac{2433}{1 + 4.926825}$$

$$n = 410.5$$

Approximately n = 411

This sample size was determined by pre assigned 'degree of precision' of 0. 045. The 'degree of precision' is the margin of permissible error between the estimated value and the population value. The level of precision may be termed as sampling error (Cochran, 1977).

**Table 3.2: Summary of Sample Size**

	Bank Tier	Peer categories	No. of Banks on each tier/peer	Target Population	Sample size
1	Tier one	Large	6	687	116
2	Tier two	Medium	13	729	123
3	Tier three	Small	21	1017	172
Totals			40	2433	411

**Source:** Research data (2019)

### 3.6 Sampling Design and Procedure.

Sampling is a procedure that uses small number of a given population as a basis for drawing conclusion about the whole population (Pedhazur & Schmelkin, 2013). The research used multi-stage sampling design. It is a sampling technique where two or more probability techniques are combined (Alvi, 2016).

The researcher randomly selected elements from each cluster, constructing the clusters is the first stage. Deciding what elements within the cluster to use is the second stage and this was done using systematic random sampling technique which is a type of probability sampling technique. Systematic sampling is spread more evenly over the population. According to Alvi (2014), systematic sampling ensures the extension of sample to the whole population and provides the way to get a random and representative sample.

Sampling procedure is the process of deriving a sample from a given population according to sample design. While selecting a sampling procedure, researcher must ensure that the procedure carries a relatively small sampling error and help control the systematic bias in a better way. The researcher obtained a list of bank employees from human resource departments of each of the 40 banks in Nairobi County.

The researcher obtained  $K^{\text{th}}$  number '6' then randomly selected the first respondent between the first and the sixth employee from each list provided by human resource department of each bank, thereafter select every 6<sup>th</sup> systematically from the list. Random selection of the first employee was done for each bank using table of random numbers followed by a selection interval for each employee and was carried out systematically. To arrive at the  $K^{\text{th}}$  number (the sampling interval) the researcher divided the population (N) by the sample size (n) that ( $K^{\text{th}} = N/n$ ) based on the recommendation of Bajpai (2010).  $K^{\text{th}}$  is 6 where  $N = 2433$  and n is 411.

### **3.7 Data Collection Instruments and Procedures**

Data collection is the process of gathering and measuring information on variables of interest, in an established systematic fashion that enables one to answer stated research questions, test hypotheses, and evaluate outcomes (Weimer, 1995).

#### **3.7.1 Type of Data.**

The study used structured questionnaires as the main instruments for collecting primary data from respondents using a 5-point Likert scale ranging from strongly agree to strongly disagree, where 1 is strongly disagree and 5 is strongly agree were used in the study. Likert scale transforms data to quantitative. The study collected primary data from the respondents. According to Rabianski (2003), primary data are information collected by a researcher specifically for a research assignment. In other words, primary data are information that a researcher must gather because no one has compiled and published the information in a forum accessible to the public.

### **3.7.2 Data Collection Instrument**

The researcher used questionnaires. The selection of these tools was guided by the nature of data to be collected, the population as well as the objectives of the study. The target population is largely literate and is unlikely to have difficulties responding to questionnaires. Structured questionnaires were used and the questionnaires were self-administered.

Feedback from respondents' by use of questionnaire can be made more dependable and reliable. According to Likert, questions used are usually easy to understand, thus leads to consistent answers (Likert, 1932). According to Bissonnette as cited by Bertram (2007), 5-point Likert scale is used widely and it's faster and quick to collect feedbacks within a short period of time and business organizations can make informed decisions. Nominal scale was used for background information.

### **3.7.3 Data Collection Procedure.**

The researcher, with the support of research assistants visited all the 40 banks and have questionnaires administered, the questionnaires were self-administered. The researcher sought support of the branch managers in engaging the employees in an organized manner that minimized business interruption during working hours. The samples size for each bank was adhered to by the researcher. The questionnaires were distributed and collected once filled. Each bank was visited and data collected from the respondents' after completion of the questionnaires.

### **3.8 Reliability and Validity of instrument.**

A measuring instrument is reliable if it provides consistent results after repeated trials. Reliability is concerned with questions of stability and consistency. Reliability of a measure indicates the extent to which it is without bias and hence ensures consistent

measurement across time and across the various items in the instrument. It is a condition where a measurement process yields consistent scores over repeat measurements. Validity refers to the extent we are measuring what we hope to measure.

### **3.8.1 Reliability of the Instrument.**

Scientifically, reliability is described as the rate of the disparities in the feedback to the questionnaires that is the outcome of disparities in the participants. This suggests that responses to a steady survey will be different due to participants various opinions, not because the survey aspects are intricate or contradictory. Reliability could be measured arithmetically or through tools pre-tests. Survey items may also be taken up from past enquiries and customized to fit the banks' service conditions, as such it would be essential to carry out an experimental trial to sharpen the tool. Cronbach's alpha was employed to estimate the reliability of instrument in this study. A reliability values of 0.6 to 0.7 and above are considered by many researchers (Malina & Selto, 2001; Malmi, 2001).

### **3.8.2 Validity of the Instrument**

Validity is the extent to which differences found with a measuring instrument reflects true differences among those being tested. Validity refers to the extent we are measuring what we hope to measure. Types of validity measurements include content, construct and face validity. The researcher used construct validity which is measured using confirmatory factor analysis. Factor analysis is a method for investigating whether a number of variables of interest  $Y_1, Y_2, \dots, Y_l$ , are linearly related to a smaller number of unobservable factors  $F_1, F_2, \dots, F_k$  (D. Kumar, Sharma, Bailwal, Nizami, & Asthana, 2018). The rotated component matrix was used to extract the

factors that measure all study variables using the principal component analysis and Varimax rotation methods. Suitability of the respondents' data for factor analysis were assessed using Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy. The KMO index is recommended when the cases to variable ratio are less than 1:5. The KMO index ranges from 0 to 1, with 0.50 considered suitable for factor analysis.

### **3.9 Measurement of Variables**

All items used in this study were adopted from previous studies as discussed below.

#### **3.9.1 Measurement of Employee performance**

Employee performance was measured using three dimensions which are accountability, efficiency and competency with items adopted from Toban et al. (2014). The items were eleven items in number that were used to measure employee performance.

#### **3.9.2 Measurement of Organizational Learning**

The study measured the construct Organizational learning (OL) using fifteen items on the questionnaire which were adopted from P Senge (2004). A 5-Point Likert-type rating scale ranging from (1) strongly disagree to (5) strongly agree were used. The fifteen items came from five dimensions that measure organizational learning (P Senge, 2004). These dimensions include; shared vision, mental models, team learning, personal mastery and systems thinking.

#### **3.9.3 Measurement of Employee Satisfaction**

Employee satisfaction was measured using 14 items that measure three dimensions of employee satisfaction which are; recognition and rewards, career development and

work environment adopted from Heskett, Jones, Loveman, Sasser, and Schlesinger (2008).

### **3.9.4 Measurement of Employee Loyalty**

Employee loyalty was measured using four dimensions namely: engagement, empowerment, participation and individual commitment adopted from Preko and Adjetey (2013). The number of items in the measurement instrument were eleven.

## **3.10 Data Processing and Presentation**

### **3.10.1 Data Cleaning and Screening**

Inspection and editing for completeness, coding and inspection of missing data was done before the analysis. Data coding was done numerically to facilitate faster data entry and reduce errors. Missing values were checked using running descriptive analysis and frequencies. Missing values occur due to none responses or during data entry. In statistical surveys often the data analysts do not have the information of what may have caused the data to be missing. However, for analysis purpose assumptions are made about the reason for missing data. If the assumptions are good then similar conclusions follows from a variety of realistic alternative assumptions (Rubin 1976).

### **3.10.2 Descriptive and Inferential Statistics**

Both descriptive and inferential statistics were used in data analysis. Descriptive statistics after data collection; the questionnaires were systematically organized to facilitate analysis.

The data was converted into numerical codes in order to achieve consistency. Classification was done to reduce the volume of data. Descriptive statistics like tables,

and percentages were used. Under descriptive statistics, the study also used mean, mode, standard deviation and variance to analyze the data.

Bivariate correlations were calculated to examine the direction and magnitude of inter-variable associations.

### 3.11 Model Specification

This study had six direct effect and three mediation hypotheses; thus, two different models were adopted in testing the hypotheses.

#### 3.11.1 Hierarchical Regression Model

Hierarchical regression was used to test the effect of control variables and first three the direct effect hypotheses ( $H_{01}$ ,  $H_{02}$ ,  $H_{03}$ ). The model was adopted to help us understand how much any additional variable in the model contributes to the variance in the employee performance before testing a mediation model. The following statistical equations were applied;

- i. The first model was used to examine the effect of the control variables on employee performance and how much they account for the variance in employee performance ( $R^2$ ). The following equation was applied;  $Y = \beta_0 + \beta_1 \text{Gender} + \beta_2 \text{Age} + \beta_3 \text{Marital status} + \beta_4 \text{Terms of employment} + \beta_5 \text{Tenure} + \beta_6 \text{Education} + \epsilon$
- ii. To examine the effect of Organizational learning (X) on employee performance (Y) while holding constant all the control variables (C). The value of this variable (organizational learning) in the model was explained in terms of the additional amount of variance ( $\Delta R^2$ ) in explaining employee performance. The model was used to test hypothesis  $H_{01}$ . The equation used was  $Y = \beta_0 + C + \beta_1 X + \epsilon$



- iii.  $Y = \beta_0 + C + \beta_1 X + \beta_2 M1 + \epsilon$ ... was used to test hypothesis **H02**, to determine the effect of the first mediator, employee satisfaction (M1) on employee performance (Y) while holding constant the controls (C) and organizational learning (X). The additional value or variance accounted for by this variable (employee satisfaction) was explained in terms of change in R-square ( $\Delta R^2$ ).
- iv. To test the effect of the second mediator, employee loyalty (M2) on employee performance (Y) while holding constant the control variables (C), organizational learning (X) and the first mediator employee satisfaction (M1) as illustrated in **H03**, the following equation  $Y = \beta_0 + C + \beta_1 X + \beta_2 M + \beta_3 W + \epsilon$  was applied. This model also revealed the additional variance contributed by the variable in explaining employee performance in terms of  $\Delta R^2$ .

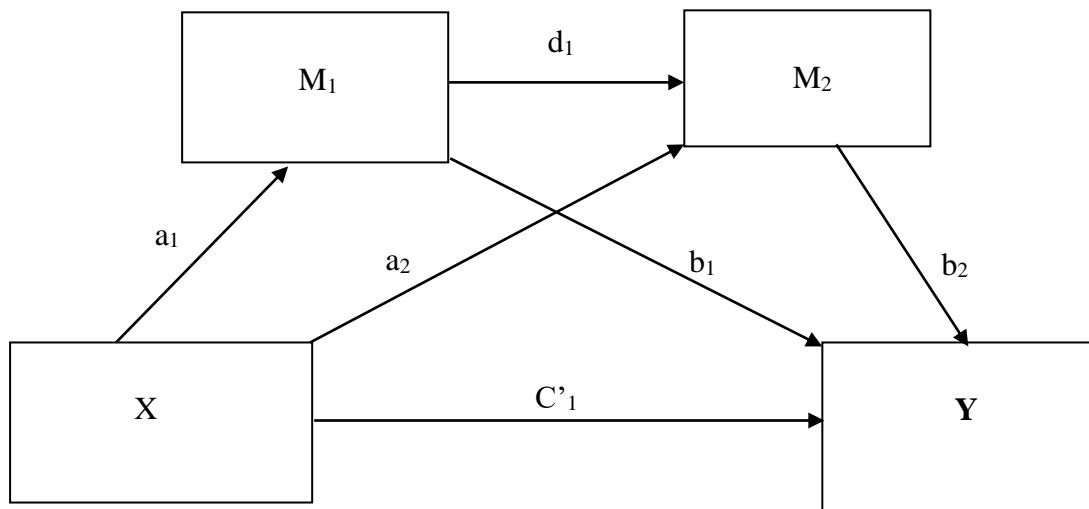
### 3.11.2 Mediation Effect Model

Hayes (2013) Model 6 was used to test for mediation hypotheses. The model produced three direct, two mediations and one mediated mediation hypotheses as discussed below. MacKinnon (2012)'s four step procedure was followed which involved:

- i. The independent variable, organizational learning (X) must have a significant relationship with the first mediator, employee satisfaction (M1). This is path  $a_1$  of statistical diagram of figure 3.1. The equation used..... $M = a_0 + C + a_1 X + \epsilon$  (**H04**)
- ii. The first mediator, employee satisfaction (M1) must have a significant relationship with employee performance (Y) with the equation  $Y = b_0 + C + b_1 M1 + \epsilon$  used to determine the effect

- iii. Testing the effect of organizational learning (X) on the employee performance (Y) while controlling for employee satisfaction (M1). The equation took the form of;  $Y = C'_0 + C + b_1M1 + C'X + \varepsilon$
- iv. Mediation effect for hypothesis **H05** was then calculated if equation i and ii were both found to be significant by multiplying the coefficients of path =  $a_1 \times b_1$ . The significance effect of this hypothesis is determined by both confidence intervals having none zeros.
- v. The statistical diagram figure 3.1 also indicated a direct effect of employee satisfaction (M1) on employee loyalty (M2) while holding constant the controls variables, path  $d_1$  which was used to test for hypothesis **H06**. The equation for testing this was..... $M2 = d_0 + C + d_1M1 + \varepsilon$ .
- vi. To test hypothesis **H07**, effect of organizational learning (X) on employee loyalty (M2) path  $a_2$  of Figure 3.1 the study used equation;  $M2 = a_0 + C + a_2X + \varepsilon$
- vii. Testing the mediating effect of employee loyalty (M2) on the relationship between organizational learning (X) and employee performance (Y) hypothesis **H08**, the study multiplied the coefficients of  $a_2 \times b_2$  of figure 3.1. This was done after confirming that path  $a_2$  and path  $b_2$  were significant based on the assumptions of mediation. Significance effect of this hypothesis was then determined by both the lower limit and upper limit confidence intervals having none zeros.
- viii. Finally, to test for mediated mediation (serial mediation) hypothesis **H09**, it requires a significant path  $a_1$ ,  $d_1$  and  $b_2$ . If the three paths are significant, then the serial mediation is arrived at multiplying the coefficients of  $a_1 \times d_1 \times b_2$ .

The significance level is confirmed by both confidence intervals having none zeros.



**Figure 3.1: Statistical diagram model**

Source: Hayes (2013)

Where: -

Direct effect of X on Y -  $C'1$

Indirect effect of X on Y through  $M_1$  -  $a_1b_1$

Indirect effect of X on Y through  $M_1$  and  $M_2$  -  $a_1d_1b_2$

### 3.12 Assumptions of Regression

Regression analysis is a set of statistical processes for estimating the relationships between a dependent variable and one or more independent variables. Regression is a parametric approach. 'Parametric' means it makes assumptions about data for the purpose of analysis. Due to its parametric side, regression is restrictive in nature. It fails to deliver good results with data sets which doesn't fulfill its assumptions. Therefore, for a successful regression analysis, it is essential to validate these assumptions.

The underlying assumptions are normality which indicates that residuals are normally distributed. Normality can be checked with a normality P-P Plot, Skewness and Kurtosis, a goodness of fit test using Kolmogorov-Smirnov and the Shapiro-Wilk test. The researcher used analysis of the regression standardized residual on histogram, linear residual regression, skewness & Kurtosis and process macro.

Other assumptions include Linearity (Joe F Hair, Ringle, & Sarstedt, 2011) which can be tested using correlation analysis. The variables in question should have a linear relationship (Hair et al 2010). It is crucial to test the relationship of the variables to ascertain any departure that may impact the correlation. Correlation results and linearity plot was used to test linearity in this study

Homoscedasticity assumption can be checked by scatter plot or Levene's test which states that the variance of error terms is similar across the values of the independent variables. This study used residual scatter plot to test homoscedasticity.

Multicollinearity is an assumption where the independent variables are not highly correlated with each other. This phenomenon exists when the independent variables are found to be moderately or highly correlated. This assumption can be tested using Variance Inflation Factor (VIF) values which is defined as  $VIF = 1/T$ . Similarly, with  $VIF > 10$  there is an indication for multicollinearity to be present; while  $VIF > 100$  there is certainly multicollinearity in the sample. Correlation matrix can also be used to test multicollinearity by computing the matrix of Pearson's Bivariate Correlation among all independent variables the correlation coefficients need to be smaller than 1 (J. Creswell, 2014). Multicollinearity assumption was tested using multicollinearity test and Variance inflation factor (VIF).

Linear regression analysis requires that there is little or no autocorrelation in the data. Autocorrelation occurs when the residuals are not independent from each other and this can be tested using Durbin-Watson's d tests, d can assume values between 0 and 4, values around 2 indicate no autocorrelation.

### **3.13 Ethical Issues**

The study was undertaken in consideration of ethical issues. The researcher considered high level of professionalism while in the field and all details treated with high level of confidentiality, respecting the rights of participants. Prior to collection of data, the researcher obtained research license from National Commission of science and technology and innovation and this was shared with the research assistance. This was done to meet the expectation of respondents during data collection. The participants were assured of confidentiality and that the main aim of the study was purely for academic purposes only.

**Table 3.3: Statistical Tools for Hypotheses Testing**

<b>Hypothesis</b>	<b>Tools</b>	<b>Decision rule</b>
<b>H01:</b> Organizational learning does not significantly affect employee performance	$\beta$ -coefficient, $R^2$ , $\Delta R^2$ , p-value, t-value, F-statistics	Reject $H_{01}$ if $p\text{-}v \leq .05$
<b>H02:</b> Employee satisfaction does not significantly affect employee performance	$\beta$ -coefficient, $R^2$ , $\Delta R^2$ , p-v, t-value, F-statistics	Reject $H_{02}$ if $p\text{-}v \leq .05$
<b>H03:</b> Employee loyalty does not significantly affect employee performance	$\beta$ -coefficient, $R^2$ , $\Delta R^2$ , p-v, t-value, F-statistics	Reject $H_{03}$ if $p\text{-}v \leq .05$
<b>H04:</b> Organizational learning does not significantly affect employee satisfaction	$\beta$ -coefficient, $R^2$ , $\Delta R^2$ , p-v, t-value, F-statistics	Reject $H_{04}$ if $p\text{-}v \leq .05$
<b>H05:</b> Employee satisfaction does not significantly mediate the relationship between organizational learning and employee performance	LLCI-ULCI	Reject $H_{05}$ if there are none zeros in the confident intervals
<b>H06:</b> Employee satisfaction does not significantly affect employee loyalty	$\beta$ -coefficient, $R^2$ , $\Delta R^2$ , p-v, t-value, F-statistics,	Reject $H_{06}$ if $p\text{-}v \leq .05$
<b>H07:</b> Organizational learning does not significantly affect employee loyalty	$\beta$ -coefficient, $R^2$ , $\Delta R^2$ , p-v, t-v, F-v	Reject $H_{07}$ if $p\text{-}v \leq 0.05$
<b>H08:</b> Employee loyalty does not significantly mediate the relationship between organizational learning and employee performance	LLCI-ULCI	Reject $H_{08}$ if there are none zeros in the confident intervals.
<b>H09:</b> Employee satisfaction and employee loyalty does not significantly mediate the relationship between organizational learning and employee performance	LLCI-ULCI	Reject $H_{09}$ if there are none zeros in the confident intervals.

## **CHAPTER FOUR**

### **DATA ANALYSIS, PRESENTATION AND INTERPRETATION**

#### **4.0 Introduction**

This chapter presents data analysis, with initial step being data examination, cleaning, preparation and screening, missing, outliers, response rate, demographic characteristics, categorical data, descriptive, reliability, factor analysis, Data transformation, correlation analysis, assumptions of regression model and hypotheses testing and discussion of results.

#### **4.1 Initial Data Examination, Screening and Preparation**

Screening, editing and transforming raw data are rudimentary requisites for multivariate analysis. It is prudent to screen data to identify potential breach of underlying principles of multivariate strategies (Joseph F Hair, Anderson, Babin, & Black, 2010). Raw data gathered requires clean up before analysis in preparation of the multivariate data analysis. This is achieved by objectively treating outliers, errors and missing data. Outliers are caused erroneous measurement techniques or presence of hard tailed distributions. Presence of outliers can be managed by dropping them off, capping outlier values, imputing mean value in place of outliers or transforming the outlier value.

#### **4.2 Analysis of Missing Data**

Based on the negative impacts of missing data in the analysis, the researcher utilized a protective technique at the data collection time to diminish their occurrence. When the completed questionnaires were received, the researcher immediately checked by guaranteeing that all questions were addressed suitably. Consideration of the respondents was drawn if a question(s) were overlooked and kindly requested to fill

the questionnaire accurately. Joseph F Hair, Ringle, and Sarstedt (2013) notes that missing values should be replaced using mean when there are less than 5% missing values per item. In this study missing value analysis indicated none of them had 5% or more of missing values; they ranged from 0.2% to 1.5%. Hence, missing values were replaced using mean.

### **4.3 Analysis of Outliers**

An outlier is a point that is far from other observations. Outlier may be due to variation in the measurement or an omission or commission error (Churchill & Iacobucci, 2006). Presence of outliers and errors can render the data inaccurate producing inconclusive results (Joseph F Hair et al., 2010) which cannot be generalized to the population (Tabachnick & Fidell, 2013). This study adopted Mahalanobis D2 to identify and transform multivariate and univariate outliers. However, treating univariate outliers will not necessarily take care of multivariate outliers (Joseph F Hair et al., 2010). Hence, Mahalanobis D2 were incorporated in linear regression and chi-square to address all outliers. Using chi square, the four items generated three degree of freedom with  $p < 0.001$ , which was indicative of a multivariate outlier (Tabachnick & Fidell, 2013). Hence, cases with a value of less than 0.001 were excluded from further analysis.

### **4.4 Response Rate**

The use of survey questionnaires to collect first-hand information is common in social sciences studies because it is a financially viable option if the researcher is interested to collect data from large and geographically isolated populations. Therefore, in this regard, the response rate is an imperative yardstick of survey quality as it ensures accurate and valid results of the survey (Joseph F Hair et al., 2010). Hence, response



rate refers to the proportion of individuals in a sample population that participates in a survey and is perceived as a significant component for the quality of survey-based research.

The study distributed 411 questionnaires respondents in 40 commercial banks in Kenya. The researcher received a total of three hundred forty-two (342) questionnaires which were filled and returned (342). This represents 83% of the total questionnaires administered. However, only 331 questionnaires were used in the analysis as eleven (11) questionnaires representing 3% were incomplete thus could not be used in the data analysis (Table 4.1). Therefore, 331 questionnaires were sufficiently completed. Thus, the response rate of this study was approximately 83% way above the conventionally accepted rate of 50% (U Sekaran & Bougie, 2013).

**Table 4.1: Response Rate**

Item	No. of questionnaires	Percentage (%)
Distributed questionnaires	411	100
Returned questionnaires	342	83%
Returned but Defective	11	3%
Complete questionnaires	331	80%

**Source:** Research data (2019)

#### **4.5 Employee Demographic Characteristics**

The study deemed it important to highlight the employee characteristics since their attributes has a bearing on their overall performance. Their characteristic focused on their gender, age, marital status, period employed (tenure), education and employment level as presented in table 4.2.

#### **4.5.1 Respondents Gender**

The findings of the study on gender distribution shows that majority of the respondents were female with  $n = 201$  representing 60.7% while male respondents were only 39.3% ( $n = 130$ ). This indicated gender inequality of employees in the banking sector as most banks have more female workers compared to male.

Gender diversity is key in performance of organizations and there is a positive significance on gender diversity on employee performance according to a study by Hewlett, Marshall, and Sherbin (2013) who also observed that when female employees are not valued, they do not feel psychologically safe speaking up in their organizations and hence their ideas are locked.

Therefore, the global business community is becoming more supportive of women and of women's importance in economy. A report by the McKinsey Global Institute (2015) suggests that having women's labor force participation equal to that of men worldwide could increase the overall global economic output by 26%, compared with current employment patterns. Gender diversity in the workplace has a positive influence on employee performance and ultimately organizational performance (Darmadi, 2013). However, some researchers have shown evidence of a negative relationship between gender diversity and employee performance (Chapple & Humphrey, 2014; Holgersson, 2013).

#### **4.5.2 Respondents Age**

Age plays a role in describing how an individual change over time and subsequently may affect their performance over time. The findings on age indicated that the bulk (51.1%) of the employees are within the 21 to 30 years age bracket followed by those in the 31 to 40 years bracket while the least comprising employees over 51 years of

age (2.1%). On average, majority (86%) of the employees are between 21 to 40 years. This is a clear indication that employees in the banking sector in Kenya comprise of a youthful workforce. There is a possibility that the rapid adoption of technology in the banking sector could be attributed to this age set because most of them are perceived to be tech-savvy.

The study by Sarraf, Abzari, Isfahani, and Fathi (2017) proves that there are significant inequalities in employee engagement and performance levels between generations based on employees' age. Work engagement and performance of today's 30-year-old employees are significantly different from employees who are above 40 years of age. In a study done by Oswald, Proto, and Sgroi (2015) increases in wellbeing were strongly associated with increases in performance of up to 12% in an incentivized real effort task having an age group of up to 30 years. In another study, De Neve and Oswald (2012) found that individuals who reported higher levels of life satisfaction were at ages between 16 and 22 and have significantly higher levels of earnings later in life with improved loyalty. This holds even when comparing between education, intelligence, physical health, and self-esteem(Edmans, 2012).

#### **4.5.3 Respondents Marital status**

Furthermore, a study conducted by Olatunji and Mokuolu (2014)suggested that the productivity of employees is influenced by their marital status. There is also notion that unmarried employees tend to perform more efficiently compared to their married counterparts since they are less committed toward family issues. The study thus found it necessary to ascertain the impact of marital status of the employees on their performance. Findings on the respondent's marital status reveals that74.6% (n= 247)

of the employees are married, 23.9% (n= 79) are single while the remaining 1.5% (n= 5) were divorced, separated or widowed.

Employee satisfaction is rather a complex phenomenon as a person may be relatively satisfied with one aspect of his or her job while he/she may be dissatisfied with other aspect(s). Therefore, many researchers do not view it as a unitary concept, rather they consider it as a construct with multiple facets (Cranny, Smith, & Stone, 1992). However, there are not enough studies to draw any conclusion about the effect of marital status on employee satisfaction but the limited research conducted on this area consistently indicates that married employees are more satisfied with their jobs than unmarried employees (Evans, Phua, Lim, & Jun, 2017) and they are loyal to the organization (Azim, Haque, & Chowdhury, 2013).

#### **4.5.4 Respondents terms of employment**

In relation to the nature of employment of the study respondents, the findings show that 55.9% (n=185) are on contract while 44.1% (n=146) are permanently employed.

When employees are hired on contract base their duration seem short at initial stage, in this situation they are in search of better job which results decrease in loyalty but increased performance unlike permanent employees who are more loyal toward and happy according to a study by Leininger (2004). Other findings also indicate that contract employees have less loyalty as compared to permanent employees as they consider looking for the next employer and this reduces their performance (Anwar, Aslam, & Tariq, 2011).

#### **4.5.5 Respondents Tenure**

Moreover, it is important to establish employee job tenure since the longer an employee works for an organization the more valuable, they become hence leading to superior performance. The findings indicated that 57.4% (n= 190) of the employees have worked with the bank for a period ranging from 6 to 10 years, 23.6% (n=78) for 11 to 15 years, 16.9% (n =56) for less than 5 years while 2.1% (n = 7) for 16 to 20 years. On average, the bulk of the employees (80%) have worked for a period ranging from 6 to 15 years. Evidently, the employees have been with the bank long enough to give reliable information on the study problem.

In a study done by Oyomo (2016), the findings showed that employee tenure has significant effects on organizational performance and individual performance. Employee engagement is highest for the newest employees but this decreases at some level, then finally increases for the old timers (Harris 2017).

#### **4.5.6 Respondents Education**

The education level of the employees is also a key determinant for their performance. From the analysis, majority 95.8% (n= 317) of the employees have university level of education which is a key requirement for employment in the banking sector. This also indicates that they were able to understand the questions relating to the measurements of the study variables.

Findings of a study confirmed that educational qualifications have a significant bearing on employee performance, the higher the education level, higher performance of the employee and skills (Shaffril & Uli, 2010). The educated workers tend to be more responsive in receiving instructions and doing new tasks and easily adopt new technology which increases their ability to innovate and improve job performance

however there are factors limits the positive effect of educational qualifications on job performance at the workplace which include work environment, organizational structure and processes(Odhiambo, Gachoka, & Rambo, 2018).

#### 4.5.7 Respondents Employment level

Finally, the findings of the study reveal that majority of the respondents 85.5% (n= 283) of the employees are at management level and 14.5% (n=48) of them are the clerical level. This is because the study focused on employees who operate in commercial banks who are based in head office branches.

**Table 4.2: Demographic Characteristics of Employee**

Demographic factor		Frequency	Percent
Gender	Male	130	39.3
	Female	201	60.7
	<b>Total</b>	<b>331</b>	<b>100</b>
Age	below 20 yrs	11	3.3
	21-30yrs	169	51.1
	31-40yrs	115	34.7
	41-50yrs	29	8.8
	Above 51 yrs	7	2.1
	<b>Total</b>	<b>331</b>	<b>100</b>
Marital status	Married	247	74.6
	Single	79	23.9
	divorced/separated/widow/widower	5	1.5
	<b>Total</b>	<b>331</b>	<b>100</b>
Terms of employment	permanent	146	44.1
	Contract	185	55.9
	<b>Total</b>	<b>331</b>	<b>100</b>
Period with employer	below 5yrs	56	16.9
	6-10yrs	190	57.4
	11-15yrs	78	23.6
	16-20yrs	7	2.1
	<b>Total</b>	<b>331</b>	<b>100</b>
Education level:	secondary level	1	0.3
	professional certificate-Diploma	5	1.5
	University	317	95.8
	others	8	2.4
	<b>Total</b>	<b>331</b>	<b>100</b>
Employment level	clerical level	48	14.5
	management level	283	85.5
	<b>Total</b>	<b>331</b>	<b>100</b>

Field data (2019)

## **4.6 Comparison of Study Variables Means against Employee Characteristics**

### **4.6.1 Organizational Learning, Employee Satisfaction, Loyalty and Employee**

#### **Performance means against Employee Gender**

The study used ANOVA to show the statistical differences between the study variables and employee gender in the banking sector in Kenya. The results are highlighted in table 4.3. From the results, organization learning was exhibited more from male employees (mean = 4.35) compared to their female counterparts (mean = 4.19). As such, there was a significant difference between organizational learning and employee gender ( $F= 13.69, \rho=0.00$ ).

However, there is no significant difference between employee satisfaction and employee gender ( $F= 0.66, \rho= 0.42$ ). There is therefore no difference in employee satisfaction among the male (mean = 4.00) and female (mean = 3.96). Consequently, there is no difference in employee satisfaction with the change in gender.

In addition, there is a statistically significant difference between employee loyalty and gender ( $F= 15.68, \rho = 0.00$ ). Further on the same, there are higher levels of employee loyalty among the male employees (mean = 4.20) compared to the female employees (mean = 3.91). Finally, employee performance tended to be higher with male employees (mean = 4.32) compared to the female employees (mean = 4.08). Moreover, there was a statistically significant difference between employee performance and gender ( $F= 10.49, \rho = 0.00$ ).

The results of a study done by Dobbin and Jung (2011) indicates that gender diversity influence employee performance positively, age and marital status also greatly impact on performance and loyalty. However, a study conducted in 120 financial firms in the US, concluded that gender diversity has no effect on employee performance and

organisational performance. Similarly, C. Rose (2007) in his study conducted in Danish firms found no significant link between gender diversity and employee performance while Erhardt, Werbel, and Shrader (2003) found that gender diversity was positively related to employee and organisational performance.

**Table 4.3: Organizational Learning, Employee Satisfaction, Loyalty and Employee Performance against employee gender**

Variable		Descriptive			ANOVA	
		N	Mean	Std. Deviation	F	Sig.
Organization Learning	Male	130	4.35	0.41	13.69	0.00
	Female	201	4.19	0.36		
	<b>Total</b>	<b>331</b>	<b>4.25</b>	<b>0.38</b>		
Employee Satisfaction	Male	130	4.00	0.53	0.66	0.42
	Female	201	3.96	0.47		
	<b>Total</b>	<b>331</b>	<b>3.98</b>	<b>0.49</b>		
Employee Loyalty	Male	130	4.20	0.45	15.68	0.00
	Female	201	3.91	0.75		
	<b>Total</b>	<b>331</b>	<b>4.03</b>	<b>0.66</b>		
Employee Performance	Male	130	4.32	0.44	10.49	0.00
	Female	201	4.08	0.78		
	<b>Total</b>	<b>331</b>	<b>4.18</b>	<b>0.68</b>		

Field data (2019)

#### **4.6.2 Organizational Learning, Employee Satisfaction, Loyalty and Employee Performance against employee age**

From Table 4.4 results shows that the ANOVA test yielded a statistically significant difference between the employee performance and their age ( $F= 5.709$ ,  $\rho=0.00$ ). Specifically, there is an improvement in employee performance with an increase in age. This could be attributed to the fact that, as employees age, they also gain experience in bank operations which contributes to their overall performance.

The result of the study is not too different from that of Shaffril and Uli (2010) who found that age and working experience are correlated with work performance. The empirical findings of Tillou and Liarte (2008) in their study confirm the positive



impact work experience on performance of the employee and their analysis shows a strong positive impact of age on group performance.

Similarly, a one-way analysis of variance (ANOVA) was performed to find out if there is significant difference between organization learning and employee age. From the findings in Table 4.4, there was a statistically significant difference between organization learning and employee's age ( $F= 9.001$ ,  $\rho= 0.00$ ). Organizational learning increased with employee age with employees below 20 years having the lowest levels of organizational learning (mean = 4.018) while those in the 41 to 50 years age bracket exhibited the highest levels of organizational learning (mean = 4.467).

Furthermore, the findings indicate that there was a statistically significant difference between employee satisfaction and employee's age ( $F= 15.68$ ,  $\rho=0.00$ ). Specifically, the older employees tend to be more satisfied with their job compared to the younger employees in the banking sector in Kenya. Finally, the study results indicate that there is a statistically significant difference between employee loyalty and their age ( $F= 5.742$ ,  $\rho=0.00$ ). In fact, employees within the 41 to 50-year age bracket are perceived to be more loyal to the bank compared to those between 21 to 30 years.

**Table 4.4: Organizational Learning, Employee Satisfaction, Loyalty and Employee Performance against employee age**

Variable Name		N	Mean	Std. Deviation	F	Sig.
Employee Performance	Below 20 yrs	11	4.09	0.30	5.71	0.00
	21-30yrs	169	4.02	0.81		
	31-40yrs	115	4.35	0.49		
	41-50ys	29	4.43	0.36		
	Above 50yrs	7	4.36	0.00		
	<b>Total</b>	<b>331</b>	<b>4.18</b>	<b>0.68</b>		
Organizational Learning	Below 20 yrs	11	4.02	0.06	7.39	0.00
	21-30yrs	169	4.02	0.75		
	31-40yrs	115	4.40	0.44		
	41-50ys	29	4.23	0.34		
	Above 50yrs	7	4.47	0.00		
	<b>Total</b>	<b>331</b>	<b>4.18</b>	<b>0.63</b>		
Employee Satisfaction	Below 20 yrs	11	3.51	0.18	6.20	0.00
	21-30yrs	169	3.79	0.79		
	31-40yrs	115	4.07	0.54		
	41-50ys	29	4.21	0.37		
	Above 50yrs	7	3.57	0.00		
	<b>Total</b>	<b>331</b>	<b>3.91</b>	<b>0.68</b>		
Employee Loyalty	Below 20 yrs	11	3.92	0.03	5.74	0.00
	21-30yrs	169	3.89	0.79		
	31-40yrs	115	4.13	0.47		
	41-50ys	29	4.40	0.40		
	above 50yrs	7	4.36	0.00		
	<b>Total</b>	<b>331</b>	<b>4.03</b>	<b>0.66</b>		

Field data (2019)

#### **4.6.3 Organizational Learning, Employee Satisfaction, Loyalty and Employee Performance against employee marital status**

ANOVA test was performed to examine if there is a significant difference between the study variables and the marital status of employees. The findings are illustrated in table 4.5. Basing on the findings in the table, there was no statistically significant difference between organization learning and the marital status ( $F= 2.49$ ,  $\rho=0.08$ ). The implication is that employees' marital status has no influence on organization learning. However, there was a statistically significant difference between employee satisfaction and employees' marital status ( $F= 2.69$ ,  $\rho=0.04$ ). Evidently, employees

that are married are more satisfied with their job (mean = 4.01) compared to the employees that are single (mean = 3.86).

In addition, there was no statistically significant difference between employee loyalty and marital status ( $F= 0.04$ ,  $p=0.97$ ). As such, the marital status was not a factor in determining employee loyalty at the bank. Finally, there is a statistically significant difference between employee performance and their marital status ( $F= 2.76$ ,  $p=0.04$ ). Employees that were not married had performed relatively better compared to those that are married.

Some studies have found that women who held both work and family roles reported better physical and mental health and consequently better job performance than was reported by women who stayed at home or single (Jordan & Zitek, 2012).

**Table 4.5: Organizational Learning, Employee Satisfaction, Loyalty and Employee Performance against employee marital status**

Variable			Descriptive			ANOVA	
Name		N	Mean	Std. Dev	F	Sig.	
Organizational Learning	Married	247	4.23	0.37	2.49	0.08	
	Single	79	4.33	0.44			
	divorced/separated/widow/widower	5	4.05	0.07			
	<b>Total</b>	<b>331</b>	<b>4.25</b>	<b>0.39</b>			
Employee Satisfaction	Married	247	4.01	0.46	2.69	0.04	
	single	79	3.86	0.59			
	divorced/separated/widow/widower	5	4.03	0.37			
	<b>Total</b>	<b>331</b>	<b>3.98</b>	<b>0.49</b>			
Employee Loyalty	married	247	4.02	0.72	0.04	0.96	
	single	79	4.04	0.47			
	divorced/separated/widow/widower	5	3.98	0.26			
	<b>Total</b>	<b>331</b>	<b>4.03</b>	<b>0.66</b>			
Employee Performance	married	247	4.13	0.75	2.76	0.04	
	single	79	4.33	0.37			
	divorced/separated/widow/widower	5	4.33	0.42			
	<b>Total</b>	<b>331</b>	<b>4.18</b>	<b>0.68</b>			

#### **4.6.4 Organizational Learning, Employee Satisfaction, Loyalty and Employee Performance against employee terms of employment**

To establish whether there was a significant difference between the study variables and the terms of employment, a one-way analysis of variance (ANOVA) was performed. Table 4.6 highlights the results. ANOVA yielded a statistically significant difference between organizational learning and the terms of employment ( $F= 22.74$ ,  $\rho=0.00$ ). Employees on contract had higher organizational learning (mean = 4.34) compared to those on permanent basis (mean = 4.14).

Additionally, the study shows that there was a statistically significant difference between employee satisfaction and the terms of employment ( $F= 39.27$ ,  $\rho=0.00$ ). Employees on contract are more satisfied with their job compared to those employed on a permanent basis. In the same way, there was a statistically significant difference between employee loyalty and terms of employment ( $F= 36.06$ ,  $\rho=0.00$ ). Employees on contract were more loyal (mean = 4.21) compared to those on permanent basis (mean = 3.79). Finally, there is a statistically significant difference between employee performance and the terms of employment ( $F= 13.34$ ,  $\rho=0.00$ ). Specifically, employees on contract basis (mean = 4.29) outperformed those permanently employed in the bank.

**Table 4.6: Organizational Learning, Employee Satisfaction, Loyalty and Employee Performance against employee Nature of employment**

Name of variable		N	Descriptive		ANOVA	
			Mean	Std. Dev.	F	Sig.
Organization Learning	permanent	146	4.14	0.34	22.74	0.00
	contract	185	4.34	0.39		
	<b>Total</b>	<b>331</b>	<b>4.25</b>	<b>0.39</b>		
Employee Satisfaction	permanent	146	3.79	0.33	39.27	0.00
	contract	185	4.12	0.56		
	<b>Total</b>	<b>331</b>	<b>3.98</b>	<b>0.49</b>		
Employee Loyalty	permanent	146	3.79	0.71	36.06	0.00
	contract	185	4.21	0.56		
	<b>Total</b>	<b>331</b>	<b>4.03</b>	<b>0.66</b>		
Employee Performance	permanent	146	4.03	0.81	13.34	0.00
	contract	185	4.29	0.53		
	<b>Total</b>	<b>331</b>	<b>4.18</b>	<b>0.68</b>		

Field data (2019)

#### **4.6.5 Organizational Learning, Employee Satisfaction, Loyalty and Employee Performance against employee tenure**

To establish whether there is a significant difference between the study variables and employee tenure, a one-way analysis of variance (ANOVA) was performed with results shown in Table 4.7. The findings show that there was no statistically significant difference between organizational learning and employee's tenure ( $F=2.13$ ,  $\rho=0.09$ ). The results mean that employee tenure has no influence on organizational learning.

However, there is a statistically significant difference between employee satisfaction and employee tenure ( $F=5.59$ ,  $\rho=0.00$ ). Particularly, the longer the employees work with the bank, the more the decline in employee satisfaction.

Further, the independence between-groups ANOVA yielded no statistically significant difference between employee loyalty and employee tenure ( $F=0.96$ ,

$\rho=0.41$ ). The implication is that employee tenure has no influence on their loyalty in the bank. Finally, there was no statistically significant difference between employee performance and employee tenure ( $F= 0.73$ ,  $\rho=0.54$ ). The results suggest that employees experience has no influence on the performance of employees in banks.

**Table 4.7: Organizational Learning, Employee Satisfaction, Loyalty and Employee Performance against employee tenure**

Name of variable		Descriptive			ANOVA	
		N	Mean	Std. Deviation	F	Sig.
Organizational Learning	below 5yrs	56	4.28	0.44	2.13	0.09
	6-10yrs	190	4.27	0.38		
	11-15yrs	78	4.17	0.37		
	16-20yrs	7	4.47	0.00		
	<b>Total</b>	<b>331</b>	<b>4.25</b>	<b>0.39</b>		
Employee Satisfaction	below 5yrs	56	4.00	0.57	5.59	0.00
	6-10yrs	190	4.05	0.47		
	11-15yrs	78	3.82	0.47		
	16-20yrs	7	3.57	0.00		
	<b>Total</b>	<b>331</b>	<b>3.98</b>	<b>0.49</b>		
Employee Loyalty	below 5yrs	56	4.08	0.52	0.96	0.41
	6-10yrs	190	3.99	0.79		
	11-15yrs	78	4.06	0.36		
	16-20yrs	7	4.36	0.00		
	<b>Total</b>	<b>331</b>	<b>4.03</b>	<b>0.66</b>		
Employee Performance	below 5yrs	56	4.24	0.46	0.73	0.54
	6-10yrs	190	4.13	0.82		
	11-15yrs	78	4.23	0.38		
	16-20yrs	7	4.36	0.00		
	<b>Total</b>	<b>331</b>	<b>4.18</b>	<b>0.68</b>		

Field data (2019)

#### 4.6.6 Organizational Learning, Employee Satisfaction, Loyalty and Employee Performance against employee education level

The results highlighted in table 4.8 shows the ANOVA test the study variables and education level. From the results, there was no statistically significant difference

between organization learning and education level ( $F= 0.76, \rho=0.52$ ). The implication is that the education level of employees has no influence on organization learning.

Similarly, there was no statistically significant difference between employee satisfaction and education level ( $F= 1.27, \rho=0.29$ ). This implies that the education level of employees has no influence on employee satisfaction. Also, there is no significant difference between employee loyalty and education level ( $F= 0.62, \rho=0.60$ ). Thus, the education level of employees has no influence on employee loyalty. Finally, there was no statistically significant difference between employee performance and education level of employees ( $F= 2.18, \rho=0.09$ ).

**Table 4.8: Organizational Learning, Employee Satisfaction, Loyalty and Employee Performance against employee education level**

		N	Descriptive		ANOVA	
			Mean	Std. Deviation	F	Sig.
Organizational Learning	Secondary level	1	4.27	.	0.76	0.52
	Profess. certificate/Diploma	5	4.51	0.30		
	University	317	4.25	0.39		
	Others	8	4.27	0.26		
	Total	331	4.25	0.39		
Employee Satisfaction	Secondary level	1	3.79	.	1.27	0.29
	Profess. certificate/Diploma	5	3.59	0.42		
	University	317	3.99	0.50		
	Others	8	3.87	0.14		
	Total	331	3.98	0.49		
Employee Loyalty	Secondary level	1	3.64	.	0.62	0.60
	Profess. certificate/Diploma	5	4.26	0.37		
	University	317	4.02	0.67		
	Others	8	4.25	0.40		
	Total	331	4.03	0.66		
Employee Performance	Secondary level	1	4.09	.	2.18	0.09
	Profess. certificate/Diploma	5	4.26	0.43		
	University	317	4.16	0.68		
	Others	8	4.77	0.27		
	Total	331	4.18	0.68		

Field data (2019)

## **4.7 Descriptive Statistics of the Study Variables**

### **4.7.1 Descriptive Statistics of Employee performance**

In the organizational context, employee performance is defined as the extent to which an organizational member contributes to achieving the goals of the organization. This section of the analysis highlights the findings on employee performance. Table 4.9 illustrates the findings. From the findings in the table, the employees exceed the objectives set by their employer (mean = 4.02, SD = 1.01). In fact, they are confident to deliver good performance if supported by their employer (mean = 4.24, SD = 0.89). Besides, their performance gets better when trained (mean = 4.12, SD = 1.00). Moreover, it is the employees' priority to produce quality work regardless of number of tasks assigned (mean = 4.15, SD = 0.91).

Furthermore, they have knowledge of what they should deliver in their job (mean = 4.24, SD = 0.79). Besides, they efficiently deliver their tasks on schedule (mean = 4.27, SD = 0.77) and accurately deliver on tasks assigned to them by their employer (mean = 4.15, SD = 0.95). As well, they take accountability and ownership of their work (mean = 4.23, SD = 0.88). Also, the quality of their job is appreciated by their employer (mean = 4.09, SD = 0.97). Finally, employees can use their potential fully in their work (mean = 4.15, SD = 0.94) and can learn new things while doing their work at the bank (mean = 4.29, SD = 0.86). Generally, the findings on employee performance summed up to a mean of 4.18, standard deviation of 0.68. The results indicate that the employees exceed the objectives set by their employer, are aware of what they should deliver in their job, perform better when trained, are confident to deliver good performance, take accountability and ownership of their work, prioritize on quality work, accurately deliver on tasks assigned, learn new things while doing their work and can use their potential fully in the work.



**Table 4.9 Employee Performance**

n=331	Min	Max	Mean	Std. Deviation
I often exceed the objectives set by my employer	1	5	4.02	1.01
I have knowledge of what I should deliver in my job	1	5	4.24	0.79
The quality of my job is appreciated by my employer	1	5	4.09	0.97
My performance gets better when am trained.	1	5	4.12	1.00
I am confident to deliver good performance. if supported by my employer	1	5	4.24	0.89
I take accountability and ownership of my work.	1	5	4.23	0.88
It's my priority to produce quality work regardless of number of tasks assigned	1	5	4.15	0.91
I efficiently deliver my tasks on schedule.	1	5	4.27	0.77
I accurately deliver on tasks assigned to me by my employer	1	5	4.15	0.95
I can use my potential fully in my work.	1	5	4.15	0.94
I can learn new things while doing my work at bank	1	5	4.29	0.86
<b>Employee Performance</b>	1	5	4.18	0.68

#### 4.7.2 Descriptive Statistics of Organization learning

Organizational learning occurs where managers try to maximize the ability of individuals and groups to think and be creative and thus maximize the potential for organizational learning to take place (Devine, Jones, & George, 2006). Organizational culture within the banking is utmost necessary because of the high levels of financial innovation thereby requiring banks to increase their capacity to adapt and change. In light of this, the study sought to establish the status of organization learning in the banking sector in Kenya. The results are presented in table 4.10. It is evident from the results that knowledge sharing through work experience is encouraged by the employer (mean = 3.99, SD = 1.11). As well, there are reward policies for new ideas and innovations proposed by employees (mean = 4.27, SD = 0.71). In fact, the suggestions made by employees are valued by the employer (mean = 4.29, SD = 0.66). Consequently, the employees continually expand their capacity to create the

results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspirations are set free, and where they continually learning how to learn together.

Besides that, team work is encouraged by the employer (mean = 4.36, SD = 0.56). It is therefore easier for all employees to work together towards meeting organizational goals. Moreover, a culture of learning is embraced at the work place (mean = 4.27, SD = 0.69). As such employees' desire and ability to understand and manage their organization and its task environment is improved. Other than that, the employer offers adequate training and development opportunities (mean = 4.23, SD = 0.67). As well, in the organization, people help each other learn (mean = 4.27, SD = 0.69) and are given time to support learning (mean = 4.27, SD = 0.76). There is therefore a culture of learning which makes it possible for best performing employees to assist those that are performing below par to improve on their productivity. Moreover, the organization recognizes people for taking initiative (mean = 4.29, SD = 0.56) and encourages people to think from a global perspective (mean = 4.32, SD = 0.54). Consequently, employees take pride in taking initiatives since they will be recognized and applauded by the management. Also, the focus of the bank employees is not only eliciting better performance within the Kenyan context but also from a global perspective.

In addition, the organization measures the results of the time and resources spent on training (mean = 4.38, SD = 0.53). The implication is that the banks ensure that the cost incurred in the training of employees does not out way the benefits. There is thus evaluation of employee performance before after training to assess the improvements made and highlight the areas that need to be focused on more in the training package.

Besides, in the organization, people view problems in their work as an opportunity to learn (mean = 4.27, SD = 0.58). This implies that problems in the organization are not viewed as obstacles but an opportunity of learning better ways of delivering services.

As well, people give open and honest feedback to each other (mean = 4.24, SD = 0.59). Furthermore, the employer encourages investment in workers' skills and professional development (mean = 4.11, SD = 0.74). Finally, the management continually ensures that new knowledge is disseminated to all parts of the organization (mean = 4.19, SD = 0.73). In general, the results on organization learning summed up to a mean of 4.25 and standard deviation of 0.38. The implication is that there is an organization learning within the banking sector in Kenya.

**Table 4.10: Organization Learning**

<b>n=331</b>	<b>Min</b>	<b>Max</b>	<b>Mean</b>	<b>Std. Deviation</b>
Knowledge sharing through work experience is encouraged by my employer	1	5	3.99	1.11
My employer has reward policies for new ideas and innovations proposed by employees	1	5	4.27	0.71
My suggestions are valued by my employer.	2	5	4.29	0.66
Team work is encouraged by my employer	2	5	4.36	0.56
There is a culture of learning embraced at my work place	1	5	4.27	0.69
My employer offers adequate training and development opportunities	1	5	4.23	0.67
In my organization, people help each other learn	1	5	4.27	0.69
In my organization, people are given time to support learning.	1	5	4.27	0.76
My organization recognizes people for taking initiative.	2	5	4.29	0.56
My organization encourages people to think from a global perspective.	3	5	4.32	0.54
My organization measures the results of the time and resources spent on training	2	5	4.38	0.53
In my organization, people view problems in their work as an opportunity to learn	3	5	4.27	0.58
In my organization, people give open and honest feedback to each other	1	5	4.24	0.59
My employer encourages investment in workers' skills and professional development	1	5	4.11	0.74
Management continually ensures that new knowledge Is disseminated to all parts of the organization	1	5	4.19	0.73
<b>Organizational Learning</b>	<b>3.27</b>	<b>4.93</b>	<b>4.25</b>	<b>0.38</b>

### 4.7.3 Descriptive Statistics of Employee Satisfaction

Employee satisfaction refers to the extent that a person's job fulfils his dominant need and is consistent with his expectations and values. The results on employee satisfaction in the banking sector in Kenya are illustrated in table 4.11. Basing on the findings in the table, the employees are satisfied with the salary package they are offered by their employer (mean = 3.60, SD = 0.93). Also, they find their compensation to be fair and equitable to their performance (mean = 3.86, SD = 0.95). This implies that employees will be encouraged to perform at their optimum level since they will be compensated fairly and equitably.

Besides, they have a good working relationship with their team members (mean = 4.10, SD = 0.86) and are often recognized when they do well in their job (mean = 3.84, SD = 1.04). Recognizing employees for a job well done motivates them to perform exemplarily and increases the likelihood of the employers retaining the employees. Moreover, the employees are satisfied with the bonus paid by their employer (mean = 3.77, SD = 1.03). Also, they have a good working environment which gives them morale (mean = 4.31, SD = 0.56).

Furthermore, the employer is concerned about their wellbeing (mean = 4.08, SD = 0.73) together with their career development (mean = 3.92, 0.86). As such, the employees are confident that their wellbeing is catered for by their employer. In fact, the employees confirmed that their employer has the best medical benefit in the market (mean = 4.03, SD = 0.81). Further, the benefits the employees receive are as good as most other organizations offer (mean = 4.05, SD = 0.72). Therefore, such employees are likely to exhibit dedication and commitment with the job. Also, since there is opportunity for career development, employees are motivated to have a career growth within the organization hence declined employee turnover.

In addition, the employees are always informed about changes in the organization (mean = 4.00 SD = 0.86). Moreover, whenever the employees do a good job, they receive the recognition for it (mean = 4.05, SD = 0.91). Finally, the employees feel satisfied with their chances for salary increases and promotion (mean = 4.00, SD = 1.01). On average, employee satisfaction had a mean of 3.98, standard deviation of 0.49. Overall, the employees are satisfied with the salary and promotion packages, work environment, opportunities for career development, medical benefits and the guidance offered by supervisors.

**Table 4.11: Employee Satisfaction**

N=331	Min	Max	Mean	Std. Deviation
I am satisfied with salary package offered by my employer	1	5	3.60	0.93
My compensation is fair and equitable to my performance	1	5	3.86	0.95
I have a good working relationship with my team members	1	5	4.10	0.86
I am often recognized when I do well in my job	1	5	3.84	1.04
I am satisfied with the bonus paid by my employer	1	5	3.77	1.03
Good working environment gives me morale	3	5	4.31	0.56
My employer is concerned about my well being	2	5	4.08	0.73
I am always informed about changes in the organization	1	5	4.00	0.86
My employer is concerned about my career development	1	5	3.92	0.86
My employer has the best medical benefit in the market	1	5	4.03	0.81
I receive sufficient support and guidance from my supervisor	1	5	4.03	0.84
The benefits I receive are as good as most other organizations offer.	1	5	4.05	0.72
When I do a good job, I receive the recognition	1	5	4.05	0.91
I feel satisfied with my chances for salary increases and promotion	1	5	4.00	1.01
<b>Employee Satisfaction</b>	2.86	5	3.98	0.49

#### 4.7.4 Descriptive Statistics of Employee loyalty

Waqas et al. (2014) say that an employee is loyal to his or her organization when he shows commitment and believes that it is the best option for him or her to work for the organization. On the other hand, Seema, et al. (2010) argued that employee loyalty can be best described in terms of a process, where certain attitudes give rise to certain behaviors (intended or actual). Seema, et al. (2010) reported that loyalty, for those who plan to stay with an employer at least two years, can be affected by several factors, including benefits and pay, working environment, job satisfaction and

customers. The study there sought to establish employee loyalty in the banking sector in Kenya. The findings are as presented in table 4.12.

Evidently from the results, employees participate in decision making and idea generation (mean = 4.21, SD = 0.84). As well, the employees' suggestions to decision making are valued by their employer (mean = 3.80, SD = 1.00). Specifically, their input to the organization is of high value (mean = 4.20, SD = 0.77). As such, they feel empowered to make decisions on matters affecting their job (mean = 4.07, SD = 0.85). This implies that employees' input in decision making is valued and appreciated by the employer. In addition, the employees work environment allows their active participation in the course of decision-making in terms of work. Besides, the employees have the tools they require to perform their duties (mean = 3.87, SD = 1.09).

Furthermore, the employees feel engaged by their employer in giving ideas (mean = 3.97, SD = 0.90) and have high level of commitment on their job (mean = 4.19, SD = 0.93). Besides, they are self-driven in doing their job (mean = 4.31, SD = 0.80) and are prepared to go an extra mile for the company (mean = 4.21, SD = 0.84). Moreover, they have a sense of belonging in the organization (mean = 3.95, SD = 1.06). Therefore, they have no plan of looking for another employer (mean = 3.52, SD = 1.19). Overall, employee loyalty had a mean of 4.03, standard deviation of 0.66. Overall, the employees are actively involved in the decision making process, idea generation, they are actively engaged by the employer, self-driven, ready to go an extra mile for the organization and feel a sense of belonging in the organization.

**Table 4.12: Employee loyalty**

n=331	Min	Max	Mean	Std. Dev
My suggestions to decision making are valued by my employer.	1	5	3.80	1.00
I have the tools I require to perform my duties.	1	5	3.87	1.09
My input to the organization is of high value.	1	5	4.20	0.77
I feel empowered to make decisions on matters affecting my job	1	5	4.07	0.85
I feel engaged by my employer in giving ideas.	1	5	3.97	0.90
I have high level of commitment on my job	1	5	4.19	0.93
I am a self-driven person in doing my job	1	5	4.31	0.80
I participate in decision making and idea generation.	1	5	4.21	0.84
I am prepared to go an extra mile for the company	1	5	4.22	0.84
I have sense of belonging in the organization	1	5	3.95	1.06
I have no plan of looking for another employer	1	5	3.52	1.19
<b>Employee Loyalty</b>	1	5	4.03	0.66

#### 4.8 Reliability Tests of the Instrument

Reliability is a measure of how much instruments yield predictable outcomes or data after repeated preliminaries (Mugenda, Mugenda, & Mugenda). It finds out if the measure can yield same outcomes on different events. The study takes into account the argument that, it is important that the measurement instrument is reliable for it to measure consistently (Cooper, 2011; Saunders, 2007). Nunnally (1978) suggested that Cronbach Alpha value of not less than 0.7 to be acceptable while Uma Sekaran (2003) posits that any values between 0.5 and 0.8 are adequate to accept internal consistency. Table 4.13 presents the alpha values of the questionnaire items.

The results of the reliability tests carried out in Table 4.13 show that employee satisfaction had the lowest coefficient ( $\alpha = 0.837$ ). Employee performance had the highest reliability coefficient ( $\alpha = 0.921$ ) followed by customer loyalty ( $\alpha = 0.909$ ).



Employee satisfaction had a reliability coefficient score of 0.837. The results for all the variables are above the 0.7. This was confirmation of reliability and validity of the data used to draw conclusions from theoretical concepts.

**Table 4.13: Reliability**

	<b>Cronbach's Alpha</b>	<b>Cronbach's Alpha Standardized Items</b>	<b>N of Items</b>
Organization learning	0.844	0.864	15
Employee satisfaction	0.836	0.837	14
Employee loyalty	0.898	0.909	11
Employee performance	0.919	0.921	11

#### **4.9 Factor Analysis**

Factor analysis is a statistical method used to describe variability among observed, correlated variables in terms of a potentially lower number of unobserved variables called factors. For example, it is possible that variations in six observed variables mainly reflect the variations in two unobserved (underlying) variables.

##### **4.9.1 Factor analysis for Employee Performance**

Eleven (11) items of employee performance were examined by principal components extraction with varimax rotation. The KMO measure of sample adequacy was 0.748. Bartlett's test of Sphericity was significant 3805.66,  $df = 55$  which had a significant Chi-square at  $p = 0.000$ . Table 4.14 shows the results of the factor loading for each of the 11 items that measured this dependent variable. However, one the items "I efficiently deliver my tasks on schedule" was removed because of cross loading. The table shows that the ten (10) remaining items were clustered into three components with component one (1) showing eigenvalue of 3.32, explaining a percentage variance of 29.35%, component two (2) had an eigenvalue of 2.95 which explained 26.78% of

the variance and component three (3) showed an eigenvalue of 2.60 , explaining a percentage variance of 23.61% in employee performance. Results shows that the three dimensions account for more than 79% of the variance in employee performance shared by the 10 items.

**Table 4.14: Factor analysis for Employee Performance**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.748	
Bartlett's Test of Sphericity	Chi-Square	3805.66	
	df	55	
	Significance	0.000	
Items of Employee Performance (n = 331)	Eigen Values	% Variance	Cumulative %
Component 1	3.23	29.35	29.35
Component 2	2.95	26.78	56.13
Component 3	2.60	23.61	79.74
Items and their Factor Loadings	Comp. 1	Comp.2	Comp.3
I efficiently deliver my tasks on schedule			
I accurately deliver on tasks assigned to me by my employer	0.909		
I can use my potential fully in my work.	0.901		
I can learn new things while doing my work at bank	0.795		
I am confident to deliver good perf. if supported by my employer		0.895	
I take accountability and ownership of my work.		0.939	
It's my priority to produce quality work regardless of tasks assigned		0.740	
I often exceed the objectives set by my employer			0.779
I have knowledge of what I should deliver in my job			0.631
The quality of my job is appreciated by my employer			0.792
My performance gets better when am trained.			0.766

**Source:** Research Data (2019)

#### 4.9.2 Factor Analysis for Organization learning

Factor analysis was carried out on organization learning. Fifteen (15) items of this variable were again examined by principal components extraction with varimax rotation. The KMO measure of sample adequacy was 0.604 above the recommended 0.5. Findings shows Bartlett's test for Sphericity was significant ( $\chi^2=3235.396$ ,  $p =$

0.000 with  $df = 105$ . The study as indicated in Table 4.15 shows that three items namely; “My organization measures the results of the time and resources spent on training, and Management continually ensures that new knowledge is disseminated to all parts of the organization”, were removed because of cross loading. However, factor loadings of the remaining twelve (13) were clustered into five components with component one having an eigenvalue of 5.410, explaining a percentage variance of 36.07%. The second dimension indicated an eigenvalue of 2.015, explaining a percentage variance of 13.43%. Additionally, components 3, 4 and 5 had eigenvalues 1.444, 1.408, and 1.002 which explained variance of 9.6%, 9.4% and 6.7% respectively. Results indicate that more than 75% % of total variance in organization learning is explained or shared by the 13 items that loaded on these five dimensions.

**Table 4.15: Factor analysis for Organization Learning**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.				0.604		
Bartlett's Test of Sphericity	Chi-Square			3235.396		
	df			105		
	Significance	0.000				
Items of Organizational learning (n = 331)		Eigen	%	Total		
		Value	Variance	%		
Component 1		5.410	36.065	36.065		
Component 2		2.015	13.434	49.499		
Component 3		1.444	9.624	59.123		
Component 4		1.408	9.384	68.507		
Component 5		1.002	6.682	75.189		
Items and their Factor Loadings		1	2	3	4	5
Know. sharing thru wrk experience is encouraged by my employer					.788	
My employer has reward policies for new ideas and innovations proposed by employees					.603	
My suggestions are valued by my employer.		.628				
Team work is encouraged by my employer						.610
There is a culture of learning embraced at my work place		.903				
My employer offers adequate training and develop. opportunities		.787				
My organ. encourages people to think from a global perspective.		.524				
My org. measures result of the time & resources spent on training		.501				.526
In my org, people view problems in their wrk as an oppor. to learn		.615				
In my organization, people help each other learn				.808		
In my organization, people are given time to support learning.				.906		
My organization recognizes people for taking initiative.				.523		
In my org., people give open and honest feedback to each other			.813			
My employer encourages invest. in workers' skills and professional development			.947			
Mgt continually ensures that new knowlis disseminated to all parts of the organization			.532			.686

**Source:** Research Data (2019)

### 4.9.3 Factor Analysis for Employee Satisfaction

Fourteen items which were initially identified to measure employee satisfaction were factor analyzed using principal component analysis using varimax rotation method. Sampling adequacy was tested using the Kaiser–Meyer–Olkin (KMO) measure of sampling adequacy which indicated 0.705, with Bartlett's Test of Sphericity showing a significant Chi-Square ( $\chi^2$ ) of 3042.521,  $df = 91$ ,  $p = 0.000$ . Table 4.16 indicates the

items loadings. Findings show that thirteen items were clustered into four (4) components with one item, “My employer is concerned about my well-being” excluded from the study as it did not load. Results show that component one (1) had an eigenvalue of 3.49, explaining variance of 24.91%. The second component indicated eigenvalue of 2.66, with a percentage variance of 18.97%. Furthermore, component three (3) and four (4) showed eigenvalues of 2.26 and 1.99 with a percentage variance of 16.17% and 14.28 respectively. The study findings indicate that more than 74% % of total variance in employee satisfaction is explained by the thirteen items.

**Table 4.16: Factor analysis for Employee Satisfaction**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.705		
Bartlett's Test of Sphericity	Chi-Square	3042.521		
	df	91		
		0.000		
<b>Significance</b>				
Items of Employee Satisfaction (n = 331)		Eigen Values	% Variance	Total %
Component 1		3.49	24.91	24.91
Component 2		2.66	18.97	43.88
Component 3		2.26	16.17	60.05
Component 4		1.99	14.28	74.33
Items and their Factor Loadings		1	2	3
				4
My employer is concerned about my well being				
I am always informed about changes in the organization	0.550			
My employer is concerned about my career development	0.751			
My employer has the best medical benefit in the market	0.903			
I receive sufficient support and guidance from my supervisor	0.808			
The benefits I receive are as good as most other organization offer.	0.847			
I have a good working relationship with my team members		0.895		
I am often recognized when I do well in my job		0.893		
I am satisfied with the bonus paid by my employer		0.849		
I am satisfied with salary package offered by my employer			0.896	
My compensation is fair and equitable to my performance			0.860	
Good working environment gives me morale				0.553
When I do a good job, I receive the recognition				0.863
I feel satisfied with salary increases and promotion				0.847

**Source:** Research Data (2019)

#### 4.9.4 Factor Analysis for Employee Loyalty

Eleven (11) items of employee loyalty were also examined by principal components extraction with varimax rotation. The KMO measure of sample adequacy was 0.786. Bartlett's test of Sphericity was significant 3096.102,  $df = 55$  which had a significant Chi-square at  $p = 0.000$ . Table 4.17 shows the findings of the factor loading for the

11 items that measured this variable. The study indicates that one item, “My input to the organization is of high value”, did not load hence was removed from the study. Results show that the remaining ten (10) items were clustered into three components with component one (1) showing eigenvalue of 3.54, with a percentage variance of 32.54%, component two (2) had an eigenvalue of 2.84 which explained 25.80% of the variance and component three (3) showed an eigenvalue of 2.14, with a percentage variance of 19.47%. Findings shows that the three dimensions with the 10 items account for more than 77% of the variance in employee performance.

**Table 4.17: Factor analysis for Employee Loyalty**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.				0.786
Bartlett's Test of Sphericity	Chi-Square	3096.102		
	df	55		
	Significance			0.000
Items of Employee Loyalty (n = 331)		Eigen Values	% Variance	Cumulativ e %
Component 1		3.54	32.17	32.17
Component 2		2.84	25.80	57.97
Component 3		2.14	19.47	77.44
Items and their Factor Loadings		Comp. 1	Comp.2	Comp.3
I am a self-driven person in doing my job		0.723		
I participate in decision making and idea generation.		0.752		
I am prepared to go an extra mile for the company		0.859		
I have sense of belonging in the organization		0.751		
I have no plan of looking for another employer		0.787		
I feel empowered to make decisions on matters affecting my job			0.722	
I feel engaged by my employer in giving ideas.			0.916	
I have high level of commitment on my job			0.901	
My suggestions to decision making are valued by my employer.				0.915
I have the tools I require to perform my duties.				0.830
My input to the organization is of high value				

**Source:** Research Data (2019)

#### 4.10 Data Transformation

After factor analysis was done, data was transformed prior to final data analysis using only the items that loaded on specific variables. This is the process of converting raw data from original form of the Likert scale to form or creation of specific variables of the study. This was done by getting the summative score of the loaded items on each variable and then dividing by the number of items. As shown in the summary of descriptive, table 4.18, employee performance was computed using 10 items that loaded, (M = 4.1,SD= .379), organizational learning 13 items (M = 4.3, SD=.356), employee satisfaction computed using 13 items (M= 4.1,SD=.416) and employee loyalty computed using 10 items (M=4.1,SD=.406). This was done to enhance further



analysis such as correlation analysis, testing assumptions of regression and hypotheses testing.

**Table 4.18 Summary of Descriptive Statistics for the Constructs**

<b>Variables (n=326)</b>	<b>items</b>	<b>Mean</b>	<b>Std. Dev</b>	<b>Skewness</b>	<b>Kurtosis</b>
Employee Performance	10	4.0624	.37904	-.610	2.551
Organizational Learning	13	4.3181	.35600	-.232	-.200
Employee Satisfaction	13	4.0924	.41664	-.515	.898
Employee Loyalty	10	4.0577	.40605	-.242	.138

Source: Research data (2019)

#### **4.11 Analysis of outliers**

It was appropriate to check for any outliers in the data prior to final analysis. Outliers are unusual values for one variable or an odd mix of scores for more than two variables that can statistically skew the results leading to wrong inferences (Aguinis, Gottfredson, & Joo, 2013). Five (5) cases of outliers were identified in this study through Mahalanobis distance with  $p < .001$ . Hence were deleted from the study, reducing the final sample from 331 to 326.

#### **4.12 Correlation Analysis Results**

Correlation analysis is carried out in this study to ascertain the level to which two factors converge or diverge together depending on the case so as to establish the significance of the relationship. A positive value of the correlation coefficient shows that the two variables move together in the same trend, and when there is a negative value, it shows that the variables move in opposite direction or trend. Essentially, correlation analysis depicts to a given degree, the aspect of how one factor influences another although correlations do not imply a cause-effect relationship. The study thus carried out correlation analysis of the independent factors and the dependent factor and the findings were summarized and presented in Table 4.19.

From the findings in the table, employee loyalty has the strongest, positive and significant relationship with the employee performance ( $r = 0.687$ ) at 0.01 level of significance. This was followed by the relationship between organization learning and employee performance with  $r = 0.630$ ,  $p < .01$ , while employee satisfaction had the least but significant relationship with employee performance with  $r = 0.610$ ,  $p < .01$ .

**Table 4.19: Correlation Results**

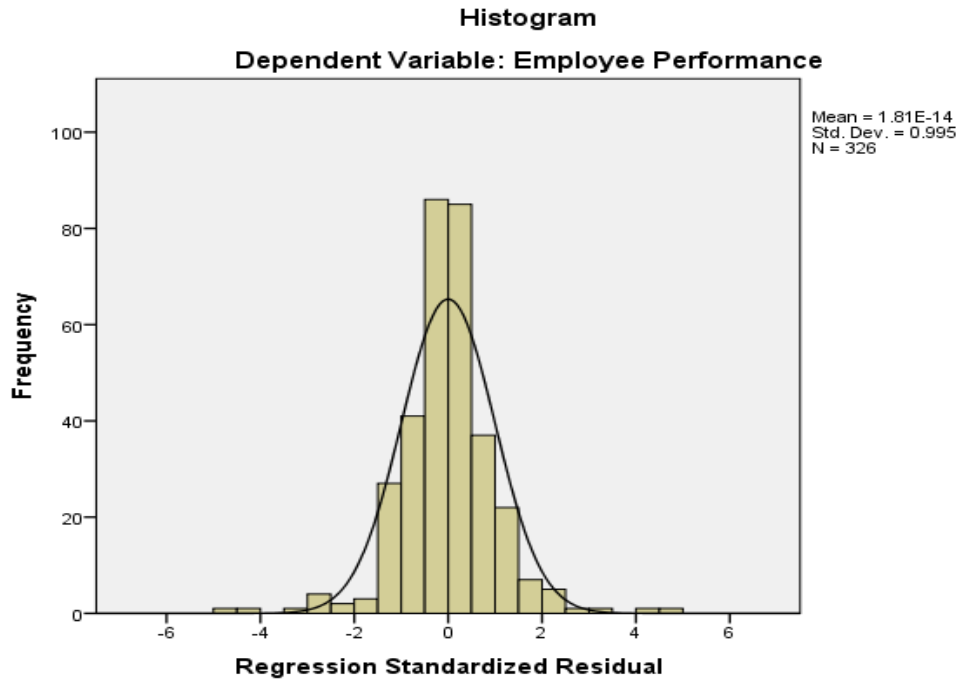
	<b>Employee Performance</b>	<b>Organizational Learning</b>	<b>Employee Satisfaction</b>	<b>Employee Loyalty</b>
Employee Performance	1			
Organizational Learning	.630**	1		
Employee Satisfaction	.610**	.688**	1	
Employee Loyalty	.687**	.691**	.672**	1

\*\* Correlation is significant at the 0.01 level (2-tailed).

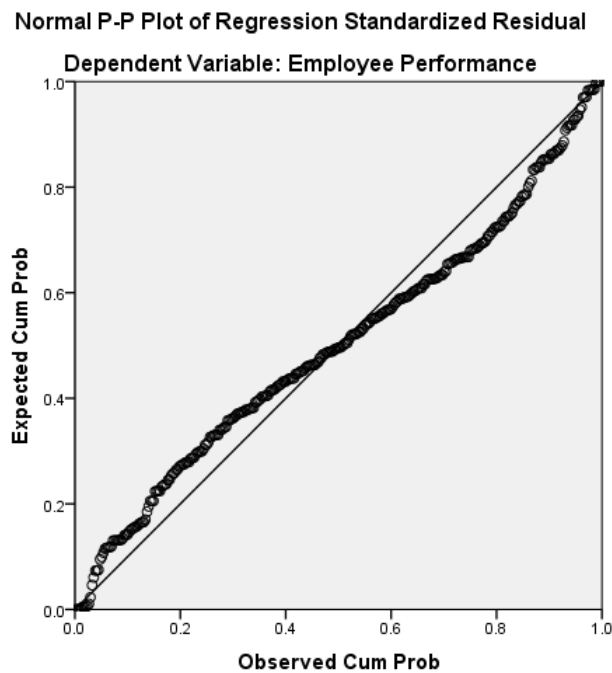
### 4.13 Assumption of Regression Model

#### 4.13.1 Normality

Normality check and analysis of the regression standardized residual on histogram (Figure 4.1) showed that the data were normally distributed. Additionally, linear residual regression (Figure 4.2) was also used to show that the data was normally distributed, where the observed and predicted values were located along the axis, without any major deviations from them. Additionally, results of skewness and kurtosis in table 4.18 shows that the scores are within the accepted range of  $\pm 3$  for both statistics with skewness ranging from  $-0.610$  to  $-0.232$  and kurtosis ranging from  $+2.551$  to  $-0.200$ . Finally, the study used Process Macro to analyze the data which uses bootstrapping component that resampled the data 5000 times, hence the normality assumption has been met (Hayes 2018).



**Figure 4.1 Normality Histogram**

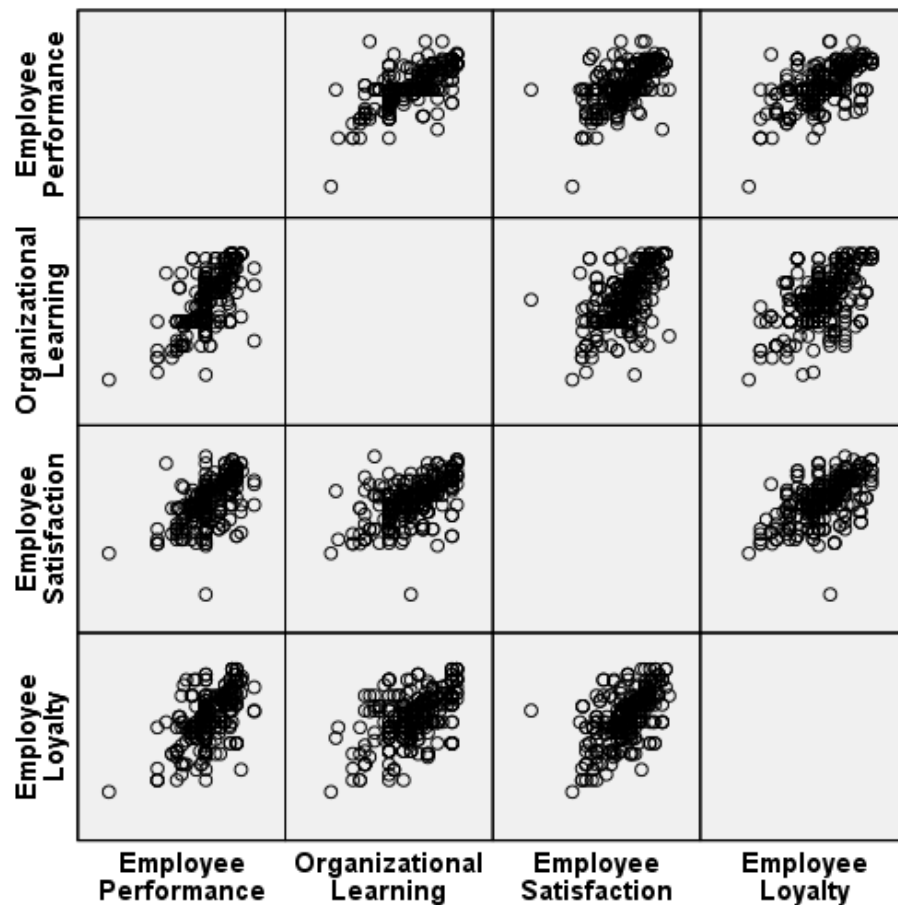


**Figure 4.2: Normal P-P Regression Residual Plot**

#### 4.13.2 Linearity

Hair et al., (2010) argue that linearity is an assumption of all multivariate techniques based on co-relational measures of association, including regression, multiple regression and factor analysis. Therefore, it is crucial to test the relationship of the

variables to identify any departure that may impact the correlation. Linearity was checked using correlation results indicated in **Table 4.19** which shows that all the variables of the study are lineally related with the dependent variable. This relationship can be further illustrated by **Figure4.3**, thus, there is no violation of the linearity assumption.

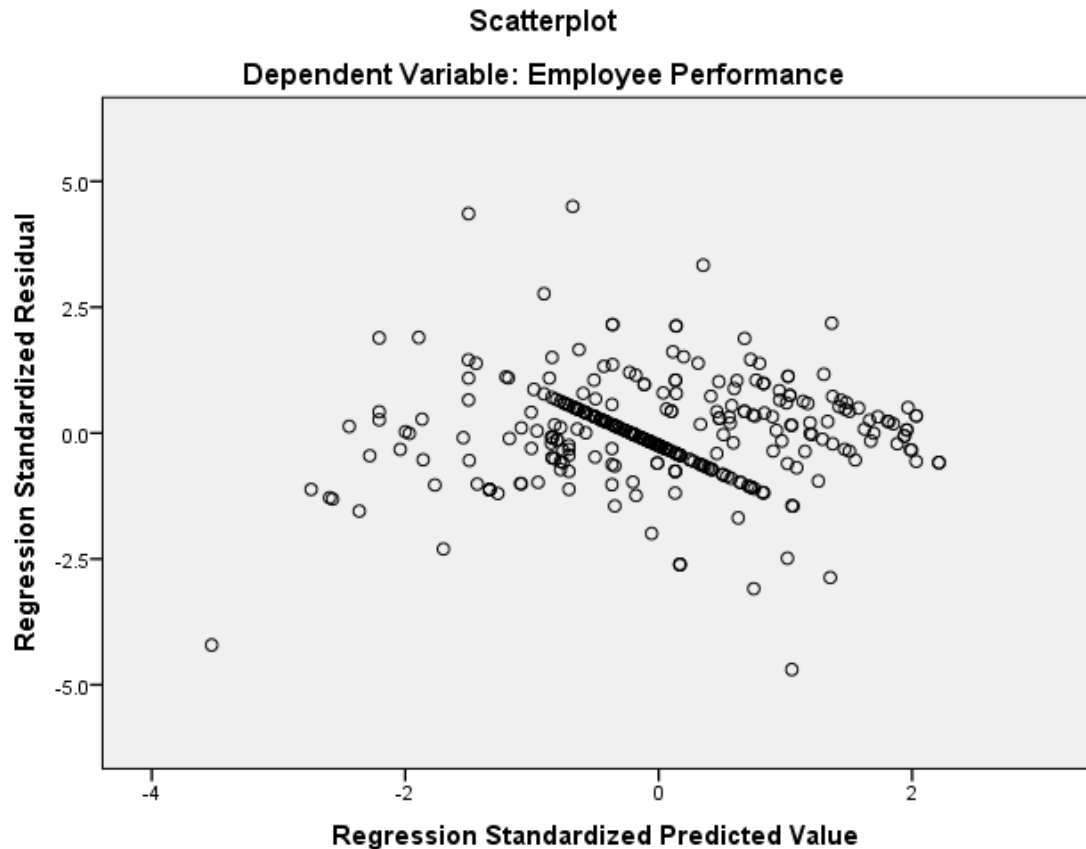


**Figure 4.3: Linearity Plot**

#### 4.13.3 Test of Homoscedasticity

Homoscedasticity was checked by the use of **Figure 4.4**. This examined whether or not the variance between independent and dependent variables is equal. As shown in the residual scatter plot (Figure 4.4), the residual variance is assumed to be the same for all the expected value of the dependent variable that provided support for

homoscedasticity. Residuals are uniformly distributed around 0 (horizontal line) creating a fairly equal distribution. Heteroscedasticity is demonstrated where the residues are not uniformly distributed along the axis.



**Figure 4.4: Homoscedasticity Scatter Plot**

#### **4.13.4 Multicollinearity**

Multicollinearity is a phenomenon whereby high correlation exists between the independent variables. It occurs in a multiple regression model when high correlation exists between these predictor variables prompting questionable assessments of regression coefficients. This leads to strange outcomes when attempts are made to decide the degree to which the independent variables explain the changes in the outcome variable (Creswell, 2014).

The outcomes of Multicollinearity are expanded standard errors of evaluations of the Betas, which means diminished reliability quality and misleading results. Multicollinearity test was used to check whether high correlation existed between one or more variables in the study with one or more of the other independent variables. Variance inflation factor (VIF) measured correlation level between the predictor variables and estimated the inflated variances due to linear dependence with other explanatory variables. A common rule of thumb is that VIFs of 10 or higher (conservatively over 5) points to severe multi-collinearity that affects the study (Newbert, 2008). A tolerance threshold value of below 0.2 indicates that collinearity is present (Schwarze et al., 2000). Table 4.20 presents the result of tests for Multicollinearity. As shown in the table, the results revealed no problem with multicollinearity. The values of tolerance lie between 0.565 and 0.615. On the other hand, the variables indicated VIF values of between 1.626 and 1.770 which is less than the figure recommended by the rule of thumb of 10. This indicated that the data set displayed no multicollinearity.

**Table 4.20: Multicollinearity**

Name of variable	Collinearity Statistics	
	Tolerance	VIF
Organizational Learning	.603	1.660
Employee Satisfaction	.565	1.770
Employee Loyalty	.615	1.626

#### **4.13.5 Autocorrelation /independence of errors**

A key assumption in regression is that the error terms are independent of each other. This section presents a simple test to determine whether there is autocorrelation or serial correlation. The Durbin-Watson test was used to test autocorrelation. Findings in table 4.21 show a Durbin-Watson for organizational learning, employee satisfaction

and employee loyalty to be 1.918 which lies between 1.5-2.5 indicating minimal autocorrelation which does not influence the outcome of regression results. Hence, the assumption was met.

**Table 4.21: Autocorrelation /independence of errors**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.752 <sup>a</sup>	.565	.561	.25121	1.918

#### 4.14 Hypotheses Testing of the Study

Hierarchical regression model was used to test the effect control variables and all the variables of the study (Organization learning, employee satisfaction and loyalty) on the dependent variable (Employee performance).

##### 4.14.1 Testing Effect of Controls on Employee Performance

As indicated in table 4.22, six control variables were tested to identify how much they affect employee performance. Results of the study in table 4.22, model 1, reveal that Gender ( $\beta = -.165$ ,  $p = 0.001$ ); Age ( $\beta = 0.156$ ,  $p = 0.000$ ) and Marital status ( $\beta = 0.113$ ,  $p = 0.007$ ), all have an influence on employee performance.

However, findings indicate that terms of employment ( $\beta = 0.068$ ,  $p = 0.103$ ), employee tenure ( $\beta = -0.052$ ,  $p = 0.132$ ) and their education ( $\beta = 0.00$ ,  $p = 0.996$ ) are all insignificant. The findings further indicate  $R^2 = 0.169$ , with significant F-value of 10.817,  $p = 0.000$ . This implies that 16.9% of the total variance in employee performance is accounted for by all these control variables.

##### 4.14.2 Effect of Organizational Learning on Employee Performance

Hypothesis  $H_{01}$  sought to determine the effect of organizational learning on employee's performance while holding constant the control variables. The findings in

table 4.22 (model 2) shows that gender ( $\beta = -0.072$ ,  $p = .031$ ), age ( $\beta = 0.078$ ,  $p = 0.001$ ) and marital status ( $\beta = 0.094$ ,  $p = 0.001$ ) control variables were found to be significant in this model. However, terms of employment ( $\beta = 0.013$ ,  $p = 0.690$ ), tenure ( $\beta = -0.022$ ,  $p = 0.398$ ) and individual's education ( $\beta = 0.036$ ,  $p = 0.582$ ) were insignificant. Additionally, results show that organization learning has a positive and significant effect on employee performance as indicated by  $\beta = 0.671$ ,  $p = 0.000$ . The findings further indicate  $R^2 = 0.516$ , with change in  $R^2$  of 0.347,  $F = 228.180$ ,  $p = 0.000$ . The change in R-Square of 0.347 implies that 34.7% of the total variance in employee performance is accounted for by the organizational learning. Based on these findings, hypothesis  $H_{01}$  was rejected by the study.

The findings of this study are in line with the results of R. C. Rose *et al.* (2009) who confirmed that organization learning has a positive moderate linear relationship with employee performance. Specifically, with an improvement in organizational learning, there is an increase in knowledge, improved capabilities and skills which in turn enhances employee performance. Moreover, the findings corroborate that of Gonzales, (2001) which suggested that organizational learning is key in improving performance.

Further support to the study findings is by Shahzad *et al.*, (2013) who gave the conclusion that organizational learning has a significant positive impact on employee performance. However, Sadasa (2013) concluded that there is a weak relationship between organizational learning and individual performance.

#### **4.14.3 Effect of Employee Satisfaction on Employee Performance**

Model 3 of table 4.22 indicates results for testing Hypothesis  $H_{02}$  which was done to test the effect of employee satisfaction (the first mediator) on employee performance



while holding constant organizational learning and the control variables. Results of this model shows that employee's gender ( $\beta = -0.065$ ,  $p = 0.040$ ), age ( $\beta = 0.059$ ,  $p = 0.012$ ) and marital status ( $\beta = 0.089$ ,  $p = 0.004$ ) remained significant in this model. On the other hand, employees' terms of employment ( $\beta = -0.008$ ,  $p = 0.796$ ), tenure ( $\beta = -0.011$ ,  $p = 0.667$ ) and education ( $\beta = -0.006$ ,  $p = 0.929$ ) were found to be insignificant. The findings also show that organizational learning was significant with  $\beta = 0.521$ ,  $p = 0.000$ . Most importantly results reveals that employee satisfaction (first mediator) was found to have a positive and significant effect on employee performance as shown by  $\beta = 0.244$ ,  $p = 0.000$ . Finally, results of this model indicate an improved  $R^2$  of 0.561, with change in  $R^2$  of 0.045,  $F = 32.187$ ,  $p = 0.000$ . This means that holding control variables and organizational learning constant, employee satisfaction explains 4.5% of variation in employee performance. Since employee satisfaction has a  $\beta = 0.233$ ,  $p < 0.5$ , hypothesis **H<sub>02</sub>** was also **rejected**.

The study findings support the work of Maharani *et al.*, (2013) who found that job satisfaction directly affects employee performance. Similarly, Fu and Deshpande (2014) established that employee job satisfaction directly influences organization commitment which in turn indirectly impacts on employee performance. Besides, Kreitner and Kinicki (2007) noted that happy and satisfied workers elicit better performance. Not much has been done in the empirical literature on the link between employee satisfaction and employee performance though the available studies have indicated that employees that are satisfied with their job tend to perform better. There is also the notion that employee performance brings about job satisfaction.

#### 4.14.4 Effect of Employee Loyalty on Employee Performance

Finally, in Model 4 (table 4.22), we sought to examine the effect of employee loyalty on their performance. All control variables, organization learning and employee satisfaction (first mediator) were controlled. The study findings reveal that employee's age ( $\beta = 0.056$ ,  $p = 0.013$ ) and marital status ( $\beta = 0.089$ ,  $p = 0.003$ ) were both found to have a significant effect on their performance as the rest showed insignificance coefficient values of  $p > 0.05$ . Additionally, findings indicate that organizational learning ( $\beta = 0.461$ ,  $p = 0.000$ ) and employee satisfaction ( $\beta = 0.177$ ,  $p = 0.000$ ) were both found to be significant. Finally, the study reveals that employee loyalty has a positive and significant effect on their performance as shown by  $\beta = 0.199$ ,  $p = 0.000$ .

Results of this model shows an increased  $R^2$  of 0.587, with change in  $R^2$  0.026, and a significant  $F = 19.769$ ,  $p = 0.000$  implying that employee loyalty accounts 2.6% in their performance. Based on this finding hypothesis **H<sub>03</sub>** is **rejected** and conclusion made that employee loyalty influences their performance.

Cognate to the findings, Prekoet *et al.*, (2013) established that there are significant linear correlations among employee loyalty, engagement and employee performance in the case of Fidelity Bank, Eco Bank and Standard Chartered Bank in Ghana. The findings also corroborate that of K. Z. Ahmad and Bakar (2003) which indicated that employee loyalty is key in enhancing employee performance. However, Prabhakar (2016) espoused that job satisfaction is an influential factor for many employees though it does not necessarily lead to increased employee's loyalty towards the organization.

**Table 4.22: Results for Control variables and Direct Effects on Customer satisfaction**

Variable	Model 1		Model 2		Model 3		Model 4	
	$\beta$	p-v	$\beta$	p-v	$\beta$	p-v	$\beta$	p-v
Gender	-.165***	.000	-.072*	.031	-.065*	.040	-.038	.224
Age	.156***	.000	.078***	.001	.059*	.012	.056*	.013
MaritalSt.	.113**	.007	.094**	.004	.089**	.004	.089**	.003
TermEmp	.068	.103	.013	.690	-.008	.796	-.036	.240
Tenure	-.052	.132	-.022	.398	-.011	.667	-.017	.495
Education	.000	.996	.036	.582	-.006	.929	-.019	.749
OrgLearn	-	-	.671***	.000	.521***	.000	.461***	.000
EmpSatisf	-	-	-	-	.244***	.000	.177***	.000
EmpLolty	-	-	-	-	-	-	.199***	.000
R <sup>2</sup>	.169		.516		.561		.587	
$\Delta R^2$	.169		.347		.045		.026	
F	10.817***		228.180***		32.187***		19.769***	

Note: \*p<.05, \*\*p<.01, \*\*\*p<.001, Dependent Variable = Employee performance, Marital St = Marital status, Term Emp = Terms of employment, Org Learn=Organizational learning, Emp Satisf= Employee Satisfaction, Emp Loyty= Employee Loyalty

#### 4.15 Testing for Mediation Effect

Mediation hypotheses testing was done using multiple regression analysis by the aid of Hayes (2013) PROCESS macro vs3.2 (Model 6) using SPSS v23. This test produced three direct effect (H<sub>04</sub>, H<sub>06</sub>, H<sub>07</sub>) and three (H<sub>05</sub>, H<sub>08</sub>, H<sub>09</sub>) mediated hypotheses. In all these analyses, all control variables were included.

##### 4.15.1 Effect of Organizational Learning on Employee Satisfaction

Table 4.23 model 1 indicates the results for testing the effect of organizational learning on employee satisfaction (H<sub>04</sub>). Findings of the control variables in this model show that individuals age ( $\beta = 0.077$ ,  $p = 0.010$ ), terms of employment ( $\beta = 0.086$ ,  $p = 0.034$ ) and employees' education ( $\beta = 0.170$ ,  $p = 0.037$ ) were found to have an influence on employee satisfaction in this model. However, gender ( $\beta = -0.026$ ,  $p = 0.533$ ), marital status ( $\beta = 0.019$ ,  $p = 0.637$ ) and employee tenure ( $\beta = -0.047$ ,  $p = 0.153$ ) were found to be insignificant. Additionally, the findings indicate that

organizational learning has a positive and significant effect on employee satisfaction as shown by  $\beta = 0.614$ ,  $p = 0.000$ ). Results further reveals that this model has  $R^2 = 0.382$ , with significant F-value of 28.046,  $p = 0.000$ . This implies that 38.2% of the variance in employee satisfaction are accounted for by all the variables in this model. Based on the above findings,  $H_{04}$  is rejected.

These results are in line with the findings, Tsai *et al.*, (2007) who argues that employees who commit to learn are more satisfied with their jobs and ultimately exhibit more positive performance compared to others. Similarly, Chang and Lee, (2007) indicated that organizational learning has a significant positive influence on job satisfaction.

#### **4.15.2 Mediating Effect of Employee Satisfaction on the Relationship between Organizational Learning and Employee Performance**

Table 4.23 the mediation effect model reveals the results of  $H_{05}$ . To test this hypothesis, the procedure recommended by MacKinnon (2012) as discussed in the previous chapter was followed. This involved checking whether;

- i. Organizational learning (X) significantly affects employee satisfaction (M1), path  $a_1$  of the conceptual framework. Results of this test confirms the association by indicating a  $\beta = 0.614$ ,  $p = 0.000$ .
- ii. Employee satisfaction (M1) significantly affects employee performance (Y), path  $b_1$  of the conceptual framework. The findings of the study also confirmed this relationship with  $\beta = 0.177$ ,  $p = 0.000$ .
- iii. Testing the effect of organizational learning (X) on employee performance (Y) while controlling for employee satisfaction (M1), path C' as shown on the

conceptual framework. Results of the study indicates a significant effect of this relationship with  $\beta = 0.461$ ,  $p = 0.000$ .

- iv. Finally, to test for first mediation, we multiplied the coefficient of  $a_1 \times b_1 = .614 \times .177 = .109$ . Confidence intervals were used to check for mediation effect. As evidenced by table 4.23, both the confidence intervals were none zero,  $CI = .045, .185$ . Based on these findings, **H<sub>05</sub>** was rejected by the study and since all paths of the conceptual framework were significant, the results revealed a partial mediation.

#### **4.15.3 Effect of Employee Satisfaction on Employee Loyalty**

This Hypothesis **H<sub>06</sub>** was tested in the same model 2 of table 4.23. Findings indicate that employee satisfaction positively and significantly influences their loyalty as shown by  $\beta = 0.337$ ,  $p = 0.000$ . Based on the findings, **H<sub>06</sub>** is rejected by the study. Consistent with the findings of Turkyilmaz *et al.* (2011) who indicated that there is a strong relationship between employee satisfaction and employee loyalty within the Istanbul Branch of a Social Security Institution.

This is further supported by Hunter and Tietyen (1997) who elucidated that employees are more loyal and productive when they are satisfied. Moreover, the service profit chain model by Heskett *et al.* (1997) showed that there is a relationship between employee satisfaction and employee loyalty. Additionally, Kim *et al.* (2005) indicated a significant positive relationship between job satisfaction and employee loyalty.

#### 4.15.4 Effect of Organization learning on Employee Loyalty

Model 2 of table 4.23 reveals the results for testing the effect of organization learning on their loyalty which holding constant control variables and employee satisfaction. Findings show that gender ( $\beta = -0.136$ ,  $p = 0.000$ ) and terms of employment ( $\beta = 0.142$ ,  $p = 0.000$ ) were found to have a significant effect on employee loyalty as age, marital status, employees' tenure and education found insignificant with  $p > .05$ . Findings further reveals that organizational learning has an impact on employee's loyalty as shown by  $\beta = 0.298$ ,  $p = 0.000$ . Results show that this model has  $R^2 = 0.433$ , with significant F-value of 30.316,  $p = 0.000$ . This implies that 43.3% of the variance in employee loyalty is accounted for by all the variables in this model. Based on the above findings, **H<sub>07</sub>** is rejected.

The above results are consistent with the findings, Nongo and Ikyanyon (2012) and Malik (2014) state that organizational learning affects the sense of loyalty of employees. However, Wibawa et al. (2014) indicated that organizational learning has no significant effect on employee loyalty.

#### 4.15.5 Mediating Effect of Employee Loyalty on the Relationship between Organizational Learning and Employee Performance.

The mediation effect of this hypothesis, **H<sub>08</sub>**, the same procedure discussed in section 4.15.2 was followed, which involved;

- i. Testing the effect of Organizational learning (X) on employee loyalty (M2), path **a<sub>2</sub>** of the conceptual framework. Results shows a significant effect by indicating a  $\beta = 0.298$ ,  $p = 0.000$ .

- ii. Testing the effect of Employee loyalty (M2) on employee performance (Y), path  $b_2$  of the conceptual framework. The study also confirmed this effect by showing  $\beta = 0.199$ ,  $p = 0.000$ .
- iii. Testing the effect of organizational learning (X) on employee performance (Y) while controlling for employee loyalty (M2), path C' gave same results of  $\beta = 0.461$ ,  $p = 0.000$ .
- iv. Finally, mediation results were achieved by multiplying  $a_2 \times b_2 = .298 \times .199 = .059$  which was proved by both none zero confidence intervals  $CI = .021, .116$  shown in table 4.23. Based on the above results  $H_{08}$  was also rejected. These findings also show a partial mediation.

#### **4.15.6 Mediating Effect of Employee Satisfaction and Employee Loyalty on the Relationship between Organizational Learning and Employee Performance**

Finally, we tested the serial mediation of employee satisfaction and their loyalty on the link between organizational learning and employee performance. This involves a significant effect of organizational learning (X) on employee satisfaction (M1, path  $a_1 = \beta = 0.614$ ,  $p < .05$ ), a significant effect of employee satisfaction (M1) on employee loyalty (M2, path  $d_1 = \beta = 0.337$ ,  $p < .05$ ) and a significant effect of employee loyalty (M2) on employee performance (Y, path  $b_2 = \beta = 0.199$ ,  $p < .05$ ). The coefficient effect was achieved by multiplying  $a_1 \times d_1 \times b_2 = .614 \times .337 \times .199 = 0.041$ . The significance of the serial mediation was confirmed by checking the confidence intervals which were both none zeros as shown in table 4.23,  $CI = 0.126, .309$ . Based on these findings,  $H_{09}$  was also rejected.

**Table 4.23: Organizational Learning, Employee satisfaction, Loyalty and Performance**

Variables	Model 1 (ES)		Model 2 (EL)		Model 3 (EP)	
	$\beta$	p-v	$\beta$	p-v	$\beta$	p-v
Gender	-.026	.533	-.136***	.000	-.038	.224
Age	.077**	.010	.013	.644	.056*	.013
MaritalSt	.019	.637	.001	.976	.089**	.003
TermEmp	.086*	.034	.142***	.000	-.036	.240
Tenure	-.047	.153	.030	.335	-.017	.495
Education	.170*	.037	.070	.362	-.019	.749
OrgLearn	.614***	.000	.298***	.000	.461***	.000
EmpSatisf	-	-	.337***	.000	.177***	.000
EmplLolty	-	-	-	-	.199***	.000
R <sup>2</sup>	.382		.433		.587	
F	28.046***		30.316***		49.833***	
<b>Mediation</b>	<b>Effects</b>		<b>EFFECT</b>	<b>SE</b>	<b>LLCI</b>	<b>ULCI</b>
Indirect 1 -H <sub>05</sub> = a <sub>1</sub> × b <sub>1</sub> = OL → ES → EP	<b>.614 × .177 = .109</b>		.109	.036	.045	.185
Indirect 2- H <sub>08</sub> = a <sub>2</sub> × b <sub>2</sub> = OL → EL → EP	<b>.298 × .199 = .059</b>		.059	.024	.021	.116
Indirect 3 - H <sub>09</sub> = a <sub>1</sub> × d <sub>1</sub> × b <sub>2</sub> = OL → ES → EL → EP	<b>.614 × .337 × .199 = .041</b>		.041	.014	.018	.073
Total Indirect Effects			.209	.046	.126	.309

Note: \*p <.05, \*\*p <.01, \*\*\*p <.001, OL= Organizational Learning, ES = Employee satisfaction, EL= Employee Loyalty, EP = Employee performance



**Table 4.24: Summary of Results of Hypotheses Testing**

	<b>Hypotheses Statement</b>				<b>B</b>	<b>p-v</b>	<b>LLCI</b>	<b>ULCI</b>	<b>Results</b>
H <sub>01</sub>	Organizational learning does not significantly affect employee Performance.				.671	.000	-	-	Rejected
H <sub>02</sub>	Employee satisfaction does not significantly affect employee performance				.244	.000	-	-	Rejected
H <sub>03</sub>	Employee loyalty does not significantly affect employee performance				.199	.000	-	-	Rejected
H <sub>04</sub>	Organizational learning does not significantly affect employee satisfaction				.614	.000	-	-	Rejected
H <sub>05</sub>	Employee satisfaction does not significantly mediate the relationship between organizational learning employee performance				.109	-	.045	.185	Rejected
H <sub>06</sub>	Employee satisfaction does not significantly affect employee loyalty				.337	.000	-	-	Rejected
H <sub>07</sub>	Organizational learning does not significantly affect employee loyalty				.298	.000	-	-	Rejected
H <sub>08</sub>	Employee loyalty does not significantly mediate the relationship between organizational learning and employee performance				.059	-	.021	.116	Rejected
H <sub>09</sub>	Employee satisfaction and employee loyalty does not significantly mediate the relationship between organizational learning and employee performance				.041	-	.018	.073	Rejected

**Source:** Research Data, (2019)

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

#### **5.0 Introduction**

This chapter presents the summary of findings, conclusion, recommendations and further research recommendations that are deemed important for the extension of the research. The study established a number of findings, the summary of the findings is outlined hereunder;

#### **5.1 Summary on Study Objectives**

Findings on employee performance indicated that the employees exceed the objectives set by their employer and have knowledge of what they should deliver in their job. Also, the quality of their job is appreciated by their employer. Besides, their performance gets better when trained and are confident to deliver good performance if supported by their employer. As well, they take accountability and ownership of their work. Moreover, it is the employees' priority to produce quality work regardless of number of tasks assigned. Other than that, employees' efficiently deliver their tasks on schedule and accurately deliver on tasks assigned to them by their employer. Further they can use their potential fully in their work and can learn new things while doing their work at the bank.

With regard to organization learning, knowledge sharing through work experience is encouraged. Other than that, there are reward policies for new ideas and innovations proposed by employees. Specifically, the suggestions made by employees are valued by the employer. Also, team work is encouraged by the employer. Moreover, a culture of learning is embraced at the work place and the employer offers adequate training and development opportunities. Further, in the organization, people help each other

learn and are given time to support learning. Besides, the organization recognizes people for taking initiative and encourages people to think from a global perspective. In addition, the organization measures the results of the time and resources spent on training and problems at the workplace are viewed as an opportunity to learn. As well, people give open and honest feedback to each other. Further, the employer encourages investment in workers' skills and professional development. Other than that, the management continually ensures that new knowledge is disseminated to all parts of the organization.

The results on employee satisfaction indicated that the employees are satisfied with the salary package they are offered by their employer. They also find the compensation to be fair and equitable to their performance. Besides, they have a good working relationship with their team members and are often recognized when they do well in their job. Further, the employees are satisfied with the bonus paid by their employer. As well, they have a good working environment which gives them morale. Moreover, the employers are concerned about their wellbeing and are always informed about changes in the organization. Also, it was confirmed that the employer has the best medical benefit in the market. Further, the benefits the employees receive are as good as most other organizations offer and whenever the employees do a good job, they receive the recognition for it. As such, the employees feel satisfied with their chances for salary increases and promotion.

In relation to employee loyalty, employees' suggestions to decision making are valued by their employer. Besides, the employees have the tools they require to perform their duties and their input to the organization is of high value. Consequently, they feel empowered to make decisions on matters affecting their job. Further, the employees

feel engaged by their employer in giving ideas and have high level of commitment on their job. Moreover, they are self-driven in doing their job and participate in decision making and idea generation. As well, they are prepared to go an extra mile for the company and have a sense of belonging in the organization. Finally, they have no plan of looking for another employer.

## **5.2 Conclusion of the Study**

There is overwhelming evidence from the study indicating that organizational learning is key in improving employee performance. Not only does organization learning improve the performance of employees but it also creates satisfied and loyal employees. The reason for this is that, whenever there is an improvement in organizational learning, there is increased knowledge, improved capabilities and skills among the employees which in turn enhance their overall performance. Moreover, the employees that commit to learn tend to be more satisfied with their job thereby resulting in improved employee performance. As well, organization learning improves the productivity, efficiency and effectiveness of the employees which in turn improves the employees' loyalty. Therefore, organization learning improves employees' performance, their satisfaction with the job and contributes to high retention.

Also, the study has established that employees who are satisfied with their job perform better. The reason for this is that satisfied employees tend to be more concerned about assigned tasks, work speedily, work free of errors and omissions, and are always willing to accept more responsibility. As such, in the event that the conditions at work are favorable to an employees' expectation, such an employee would put in his best and ensure that goals of the bank are merged with his personal

goals. In addition, employee satisfaction positively influences employee loyalty. The implication is that, whenever employees are satisfied with their benefits and pay and the working environment, there is a higher likelihood of the organization retaining such employees.

In addition, employee loyalty facilitates employee performance. The findings imply that the bank employees are given the necessary task, facilities and conducive working environment that enhances their overall performance. In fact, employees play a pivotal role in decision making in the organization and have the required tools to perform their duties optimally. Besides, loyalty has been enhanced through engaging employees in giving ideas and making it a priority for them to be actively involved in idea generation. The resulting outcome is that the employees are committed to the organization since their input is value hence, they exhibit exemplary performance.

Finally, employee satisfaction mediates the relationship between organizational learning and employee performance. Also, employee loyalty mediates the relationship between organization learning and employee performance. Finally, employee satisfaction and employee loyalty mediate the relationship between organizational learning and employee performance. Therefore, with an increase in employee satisfaction and loyalty, the more organization learning will influence employee performance.

### **5.3 Theoretical Implications of the Study**

In connection with the findings, this study makes a number of possible contributions to literature and theory. First, the study brings some insight into how organizational learning, employee satisfaction and employee loyalty influences employee performance, thus expanding on the existing literature. Results show that if managed

properly, these concepts can give an organization a competitive edge as they inspire employees to perform well in their assigned duties or roles in an organization.

Theoretically, the mediation and serial mediation hypotheses provides new knowledge that employee satisfaction and employee loyalty mediates the relationship between organizational learning and employee performance. Hence, these findings contribute to theory and literature on the study variables and their interrelationships which influence the development of not only the financial institutions but other industries in a developing country context like Kenya.

The findings support the Social Exchange Theory which indicates that individuals are encouraged to attain some valued reward for which they will sacrifice something of value. This is due to the concept of reciprocity. Findings indicate that effective organizational learning leads to improved employees' commitment to work hence improved performance, thus supporting Adaptive and Generative Learning Theory plus the Knowledge management Theory. Further research of this concepts and the nature of their interactions are however recommended in this field to ascertain the results of this study.

#### **5.4 Policy Makers and Managerial Implications of the Study**

The study findings indicate that organization learning contributes to improved employee satisfaction, loyalty and performance. Drawing from the conclusion, the study recommends that policy makers should come up with strategies and policies that can improve on organization learning through enhancing knowledge awareness, intellectual cultivation and information sharing to ensure effective employee loyalty. Moreover, the management needs to make it a priority to incorporate organization learning in the vision and mission of the banks as this will improve the productivity,

efficiency and effectiveness of the employees. Additionally, policies and strategies should be put in place to promote a culture that contributes to high retention of employees. Specifically, there should be reward policies for new ideas and innovations that are proposed employees. This will encourage innovativeness and at the same time enhance employee loyalty and satisfaction. In addition, the bank management needs to make it their priority that new knowledge is disseminated to all part of the organization and the employees are offered adequate training and development opportunities.

Also, employee satisfaction with their work motivates them to perform optimally and remain loyal to the organization. Therefore, the management of the banks should focus on providing both intrinsic and extrinsic reward to boost employee satisfaction and consequently higher performance. Particularly, compensation needs to be fair and equitable to their performance. Also, it is important to recognize employees that have done well in their job and foster a good working environment which gives them morale. In addition, it is utmost necessary for employers to be concerned about the wellbeing of employees and ensure that they have the best medical benefit in the market. In so doing, employees will be satisfied with their job, put in their best and remain committed to the organization.

Finally, employee loyalty is a key ingredient in enhancing employee performance. It is therefore important for organization to focus on the aspects that create satisfied and loyal employees. For instance, it is necessary for the employer to value employees' suggestions to decision making and equip them with the tools required to perform their duties effectively. Moreover, employees need to be engaged by their employer in giving ideas and participate actively in idea generation. Further, employers should

strive at fostering a sense of belonging in the organization so as to enhance employee loyalty.

### **5.5 Research Limitations and Recommendations**

This study was done in Nairobi County with 40 operating banks and target population of 2433. Due to the scope and the target population, the researcher used research assistants in support of data collection from 40 operational banks in Nairobi County.

This study has highlighted the key role played by employee satisfaction and employee loyalty in mediating the relationship between organizational learning and employee performance. One direction of future research would be a replication study in other sectors like public and private universities, insurance companies and Cooperative societies which are key in economic growth of the country.

Furthermore, in terms of methodology, future scholars can conduct a longitudinal study as well as appreciate both the quantitative and qualitative aspects of research. The study has also utilized Hayes model in testing the hypotheses future studies may incorporate the structural equation model in ascertaining the mediating effect of employee satisfaction and employee loyalty.



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## APPENDICES

### Appendix I: Questionnaire

#### **Research on Organizational Learning, Employee satisfaction, loyalty and Employee performance in the banking sector in Kenya.**

Dear Respondent,

I am a student at Moi University undertaking a Doctor of Philosophy Degree in Business Management. This questionnaire is a research tool designed to assess the effect of Organizational learning, employee satisfaction and loyalty on employee performance.

Findings obtained from this questionnaire will be used to make recommendation on the organizational learning and loyalty that contributes to employee performance. It will also be used to make recommendation on employee satisfaction.

The information that you will provide will be treated with utmost confidentiality and will be for academic purposes only. Your assistance towards achieving this objective will be highly appreciated.

Thank you for your co-operation.

Yours faithfully,

**Grace Orinda**

## **Appendix II: Questionnaire**

Organizational Learning, Employee satisfaction, loyalty and Employee performance in the banking sector in Kenya. The purpose of this comparative study is to assess the direct and indirect effect of organizational learning and employee performance.

**PLEASE TICK () WHERE APPLICABLE**

### **SECTION A: BACKGROUND INFORMATION**

1. Gender:  Male  Female
2. Age:  Below 20 years  21-30 years  31-40 years  41-50 years  Above 51 years
3. Marital status:  Married  Single  Divorced / Separated (Widow/Widower)
- 4 Nature of employment:  Permanent  Contract
- 5 Period with employer:  Below 5 years  6-10 years  11-15 years  16-20 years  
 21 years and above
6. Education level:  Secondary level  Professional certificate–Diploma  
 University  
 Others (Specify) .....
7. Employment level  Clerical level  Management level

**SECTION B:****Organizational Learning.**

Indicate the extent in which you agree or disagree with the following statements using a tick (✓) (SD-1) Strongly disagree (DA-2) Disagree (NS-3) Not Sure (A-4) Agree (SA-5) strongly agree

	<b>Statements</b>	SD 1	DA 2	NS 3	A 4	SA 5
OL1	Knowledge sharing through work experience is encouraged by my employer					
OL2	My employer has reward policies for new ideas and innovations proposed by employees					
OL3	My suggestions are valued by my employer.					
OL4	Team work is encouraged by my employer					
OL5	There is a culture of learning embraced at my work place					
OL6	My employer offers adequate training and development opportunities					
OL7	In my organization, people help each other learn					
OL8	In my organization, people are given time to support learning.					
OL9	My organization recognizes people for taking initiative.					
OL10	My organization encourages people to think from a global perspective.					
OL11	My organization measures the results of the time and resources spent on training					
OL12	In my organization, people view problems in their work as an opportunity to learn					
OL13	In my organization, people give open and honest feedback to each other					
OL14	My employer encourages investment in workers' skills and professional development					
OL15	Management continually ensures that new knowledge Is disseminated to all parts of the organization					

### Employee Satisfaction

To what extent do you agree or disagree with each of the statements below. Please indicate your response in the appropriate space.

	Statements	SD 1	DA 2	NS 3	A 4	SA 5
ES1	I am satisfied with salary package offered by my employer					
ES2	My compensation is fair and equitable to my performance					
ES3	I have a good working relationship with my team members					
ES4	I am often recognized when I do well in my job					
ES5	I am satisfied with the bonus paid by my employer					
ES6	Good working environment gives me morale					
ES7	My employer is concerned about my well being					
ES8	I am always informed about changes in the organization					
ES9	My employer is concerned about my career development					
ES10	My employer has the best medical benefit in the market					
ES11	I receive sufficient support and guidance form my supervisor					
ES12	The benefits I receive are good as most other organ. offer.					
ES13	When I do a good job, I receive recognition that I should receive					
ES14	I feel satisfied when I receive salary increases and promotion					

### Employee Loyalty

To what extent do you agree or disagree with each of the statements below. Please Indicate your response in the appropriate space

	Statements	SD 1	DA 2	NS 3	A 4	SA 5
EL1	My suggestions to decision making are valued by my employer.					
EL2	I have the tools I require to perform my duties.					
EL3	My input to the organization is of high value.					
EL4	I feel empowered to make decisions on matters affecting my job					
EL5	I feel engaged by my employer in giving ideas					
EL6	I have high level of commitment on my job					
EL7	I am a self-driven person in doing my job					
EL8	I participate in decision making and idea generation.					
EL9	I am prepared to go an extra mile for the company					
EL10	I have sense of belonging in the organization					
EL11	I have no plan of looking for another employer					



### Employee Performance

To what extent do you agree or disagree with each of the statements below. Please indicate your response in the appropriate space

	Statements	SD 1	DA 2	NS 3	A 4	SA 5
EP1	I often exceed the objectives set by my employer					
EP2	I have knowledge of what I should deliver in my job					
EP3	The quality of my job is appreciated by my employer					
EP4.	My performance gets better when am trained.					
EP5.	I am confident to deliver good performance. if supported by my employer					
EP6	I take accountability and ownership of my work.					
EP7	It's my priority to produce quality work regardless of number of tasks assigned					
EP8	I efficiently deliver my tasks on schedule.					
EP9	I accurately deliver on tasks assigned to me by my employer					
EP10	I can use my potential fully in my work					
EP11	I can learn new things while doing my work at bank					

### Appendix III: List of Banks

Below shows the figures

Name of Bank	Total population	Sample
KCB	156	27
Co-operative Bank of Kenya Ltd	102	17
Equity Bank Kenya Ltd	144	24
Absa Bank Kenya Ltd	152	26
Standard Chartered Bank (K) Ltd	80	14
Commercial Bank of Africa Ltd	53	9
Diamond Trust Bank (K) Ltd	35	6
Stanbic Bank Kenya Ltd	44	7
NIC Bank Kenya	60	10
I & M Bank Ltd	54	9
National Bank of Kenya Ltd	75	13
Citi Bank N.A Kenya	52	9
Family Bank	98	17
Bank of Baroda	43	7
Bank of Africa Kenya Ltd	61	10
Prime Bank Ltd	56	9
HFC Ltd	62	10
Ecobank Kenya Ltd	59	10
Bank of India	30	5
Guaranty Trust Bank Kenya Ltd	44	7
Gulf African Bank Ltd	42	7
African Banking Cooperation Ltd	43	7
Victoria Commercial Bank Ltd	47	8
Mayfair Bank Ltd	30	5
Sidian Bank Ltd	39	7
SBM Bank Ltd	52	9
Development Bank of Kenya Ltd	61	10
Jamii Bora Bank Ltd	57	10
Spire Bank Ltd	71	12
First Community Bank Ltd	49	8
DIB Bank Kenya Ltd	53	9
Guardian Bank Ltd	67	11
Consolidated Bank of Kenya Ltd	53	9
Habib Bank A.G Zurich	39	7
Transnational Bank Ltd	74	13
Paramount Bank Ltd	42	7
M-Oriental Commercial Bank Ltd	43	7
Credit Bank Ltd	40	7
Middle East Bank Kenya Ltd	34	6
UBA Kenya Bank Ltd	37	5
Total	2433	411

## Appendix IV - Factor Analysis

### Employee Performance

#### KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.748
Bartlett's Test of Sphericity	3805.660
df	55
Sig.	.000

#### Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.195	56.317	56.317	6.195	56.317	56.317	3.228	29.347	29.347
2	1.490	13.546	69.863	1.490	13.546	69.863	2.946	26.778	56.125
3	1.086	9.874	79.737	1.086	9.874	79.737	2.597	23.612	79.737
4	.813	7.391	87.129						
5	.520	4.724	91.853						
6	.337	3.067	94.920						
7	.222	2.016	96.936						
8	.176	1.596	98.532						
9	.064	.584	99.116						
10	.053	.486	99.602						
11	.044	.398	100.000						

Extraction Method: Principal Component Analysis.

#### Rotated Component Matrix<sup>a</sup>

	Component		
	1	2	3
I often exceed the objectives set by my employer			.779
I have knowledge of what I should deliver in my job			.631
The quality of my job is appreciated by my employer			.792
My performance gets better when am trained.			.766
I am confident to deliver good performance if supported by my employer		.895	
I take accountability and ownership of my work.		.939	
It's my priority to produce quality work regardless of number of tasks assigned		.740	
I efficiently deliver my tasks on schedule.	.594	.508	
I accurately deliver on tasks assigned to me by my employer	.909		
I can use my potential fully in my work.	.901		
I can learn new things while doing my work at bank	.795		

## Organizational Learning

### KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.604
Bartlett's Test of Sphericity	Approx. Chi-Square
	3235.396
	df
	105
	Sig.
	.000

### Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.410	36.065	36.065	5.410	36.065	36.065	3.243	21.619	21.619
2	2.015	13.434	49.499	2.015	13.434	49.499	2.478	16.520	38.140
3	1.444	9.624	59.123	1.444	9.624	59.123	2.258	15.050	53.190
4	1.408	9.384	68.507	1.408	9.384	68.507	1.862	12.411	65.601
5	1.002	6.682	75.189	1.002	6.682	75.189	1.438	9.588	75.189
6	.763	5.084	80.273						
7	.680	4.535	84.808						
8	.624	4.160	88.968						
9	.592	3.947	92.916						
10	.309	2.062	94.978						
11	.278	1.851	96.829						
12	.208	1.388	98.217						
13	.124	.828	99.045						
14	.087	.579	99.624						
15	.056	.376	100.000						

Extraction Method: Principal Component Analysis.

**Rotated Component Matrix<sup>a</sup>**

	Component				
	1	2	3	4	5
Knowledge sharing through work experience is encouraged by my employer				.788	
My employer has reward policies for new ideas and innovations proposed by employees				.603	
My suggestions are valued by my employer.	.628				
Team work is encouraged by my employer					.610
There is a culture of learning embraced at my work place	.903				
My employer offer adequate training and development opportunities	.787				
In my organization, people help each other learn			.808		
In my organization, people are given time to support learning.			.906		
My organization recognizes people for taking initiative.			.523		
My organization encourages people to think from a global perspective.	.524				
My organization measures the results of the time and resources spent on training	.501				.526
In my organization, people view problems in their work as an opportunity to learn	.615				
In my organization, people give open and honest feedback to each other		.813			
My employer encourages investment in workers' skills and professional development		.947			
Management continually ensures that new knowledge is disseminated to all parts of the organization		.532			.686

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.<sup>a</sup>

a. Rotation converged in 20 iterations.

### **Employee Satisfaction**

#### **KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.705
Bartlett's Test of Sphericity	Approx. Chi-Square
	3042.521
	df
	91
	Sig.
	.000

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.808	34.342	34.342	4.808	34.342	34.342	3.488	24.912	24.912
2	2.240	16.001	50.343	2.240	16.001	50.343	2.655	18.966	43.878
3	1.877	13.411	63.753	1.877	13.411	63.753	2.263	16.167	60.045
4	1.480	10.574	74.327	1.480	10.574	74.327	1.999	14.282	74.327
5	.938	6.700	81.027						
6	.698	4.985	86.012						
7	.511	3.652	89.664						
8	.368	2.627	92.291						
9	.300	2.142	94.433						
10	.215	1.537	95.970						
11	.184	1.316	97.285						
12	.156	1.114	98.399						
13	.124	.887	99.286						
14	.100	.714	100.000						

Extraction Method: Principal Component Analysis.

#### Rotated Component Matrix<sup>a</sup>

	Component			
	1	2	3	4
I am satisfied with salary package offered by my employer			.896	
My compensation is fair and equitable to my performance			.860	
I have a good working relationship with my team members		.895		
I am often recognized when I do well in my job		.893		
I am satisfied with the bonus paid by my employer		.849		
Good working environment gives me morale				.553
My employer is concerned about my well being	.548		.583	
I am always informed about changes in the organization	.550			
My employer is concerned about my career development	.751			
My employer has the best medical benefit in the market	.903			
I receive sufficient support and guidance from my supervisor	.808			
The benefits I receive are as good as most other organizations offer.	.847			
When I do a good job, I receive the recognition for it that I should receive				.863
I feel satisfied with my chances for salary increases and promotion				.847

**Employee Loyalty****KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.786
Bartlett's Test of Sphericity	Approx. Chi-Square	3096.102
	df	55
	Sig.	.000

**Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.895	53.593	53.593	5.895	53.593	53.593	3.539	32.171	32.171
2	1.525	13.859	67.453	1.525	13.859	67.453	2.838	25.803	57.974
3	1.099	9.991	77.444	1.099	9.991	77.444	2.142	19.470	77.444
4	.714	6.487	83.930						
5	.673	6.120	90.050						
6	.338	3.075	93.126						
7	.256	2.326	95.451						
8	.204	1.852	97.303						
9	.130	1.178	98.481						
10	.096	.872	99.353						
11	.071	.647	100.000						

Extraction Method: Principal Component Analysis.

**Rotated Component Matrix<sup>a</sup>**

	Component		
	1	2	3
My suggestions to decision making are valued by my employer.			.915
I have the tools I require to perform my duties.			.830
My input to the organization is of high value.	.515		.544
I feel empowered to make decisions on matters affecting my job		.722	
I feel engaged by my employer in giving ideas.		.916	
I have high level of commitment on my job		.901	
I am a self driven person in doing my job	.723		
I participate in decision making and idea generation.	.752		
I am prepared to go an extra mile for the company	.859		
I have sense of belonging in the organization	.751		
I have no plan of looking for another employer	.787		

### Appendix V: Correlation Analysis Results

		<b>Correlations</b>			
		Employee Performance	Organizational Learning	Employee Satisfaction	Employee Loyalty
Employee Performance	Pearson Correlation	1	.691**	.597**	.580**
	Sig. (2-tailed)		.000	.000	.000
	N	326	326	326	326
Organizational Learning	Pearson Correlation	.691**	1	.583**	.530**
	Sig. (2-tailed)	.000		.000	.000
	N	326	326	326	326
Employee Satisfaction	Pearson Correlation	.597**	.583**	1	.571**
	Sig. (2-tailed)	.000	.000		.000
	N	326	326	326	326
Employee Loyalty	Pearson Correlation	.580**	.530**	.571**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	326	326	326	326

\*\* . Correlation is significant at the 0.01 level (2-tailed).



## Appendix VI: SPSS Original Regression Analysis Results

### Hierarchical Regression Results

#### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.411 <sup>a</sup>	.169	.153	.34875	.169	10.817	6	319	.000
2	.718 <sup>b</sup>	.516	.506	.26653	.347	228.180	1	318	.000
3	.749 <sup>c</sup>	.561	.550	.25435	.045	32.187	1	317	.000
4	.766 <sup>d</sup>	.587	.575	.24714	.026	19.769	1	316	.000

Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	3.788	.278		13.626	.000
Gender	-.165	.043	-.213	-3.863	.000
Age	.156	.031	.324	5.074	.000
Marital status	.113	.042	.143	2.719	.007
Terms of employment	.068	.042	.090	1.633	.103
Tenure	-.052	.035	-.096	-1.509	.132
Education level:	.000	.085	.000	-.005	.996
2 (Constant)	.884	.287		3.084	.002
Gender	-.072	.033	-.093	-2.163	.031
Age	.078	.024	.162	3.228	.001
Marital status	.094	.032	.118	2.939	.004
Terms of employment	.013	.032	.017	.399	.690
Tenure	-.022	.026	-.041	-.847	.398
Education level:	.036	.065	.022	.551	.582
Organizational Learning	.671	.044	.630	15.106	.000
3 (Constant)	.709	.275		2.575	.010
Gender	-.065	.032	-.085	-2.066	.040
Age	.059	.023	.122	2.533	.012
Marital status	.089	.030	.113	2.929	.004
Terms of employment	-.008	.031	-.011	-.259	.796
Tenure	-.011	.025	-.020	-.431	.667
Education level:	-.006	.063	-.003	-.090	.929
Organizational Learning	.521	.050	.489	10.426	.000
Employee Satisfaction	.244	.043	.269	5.673	.000
4 (Constant)	.493	.272		1.815	.070
Gender	-.038	.031	-.050	-1.219	.224
Age	.056	.023	.117	2.490	.013
Marital status	.089	.030	.112	3.006	.003
Terms of employment	-.036	.031	-.048	-1.178	.240
Tenure	-.017	.025	-.031	-.684	.495
Education level:	-.019	.061	-.012	-.320	.749
Organizational Learning	.461	.050	.433	9.162	.000
Employee Satisfaction	.177	.044	.195	3.979	.000
Employee Loyalty	.199	.045	.214	4.446	.000

a. Dependent Variable: Employee Performance

Mediation Regression Analysis Model

Model : 6  
 Y : EP  
 X : OL  
 M1 : ES  
 M2 : EL

Covariates:

Gender Age Maritals TermsEmp Tenure Educatio

Sample  
 Size: 326

\*\*\*\*\*  
 OUTCOME VARIABLE:  
 ES

Model Summary

R	R-sq	MSE	F	df1	df2	p
.618	.382	.110	28.046	7.000	318.000	.000

Model

	coeff	se	t	p	LLCI	ULCI
constant	.717	.356	2.014	.045	.017	1.418
OL	.614	.055	11.127	.000	.505	.722
Gender	-.026	.041	-.625	.533	-.107	.055
Age	.077	.030	2.588	.010	.019	.136
Maritals	.019	.040	.472	.637	-.059	.097
TermsEmp	.086	.040	2.135	.034	.007	.164
Tenure	-.047	.033	-1.432	.153	-.112	.018
Educatio	.170	.081	2.100	.037	.011	.329

\*\*\*\*\*  
 OUTCOME VARIABLE:  
 EL

Model Summary

R	R-sq	MSE	F	df1	df2	p
.658	.433	.096	30.316	8.000	317.000	.000

Model

	coeff	se	t	p	LLCI	ULCI
constant	1.080	.335	3.225	.001	.421	1.738
OL	.298	.061	4.911	.000	.179	.418
ES	.337	.052	6.437	.000	.234	.440
Gender	-.136	.039	-3.539	.000	-.212	-.061
Age	.013	.028	.463	.644	-.042	.069
Maritals	.001	.037	.031	.976	-.072	.074
TermsEmp	.142	.038	3.751	.000	.067	.216
Tenure	.030	.031	.966	.335	-.031	.091
Educatio	.070	.076	.913	.362	-.080	.219

\*\*\*\*\*

OUTCOME VARIABLE:

EP

Model Summary

	R	R-sq	MSE	F	df1	df2	p
Model	.766	.587	.061	49.833	9.000	316.000	.000

Model

	coeff	se	t	p	LLCI	ULCI
constant	.493	.272	1.815	.070	-.041	1.028
OL	.461	.050	9.162	.000	.362	.560
ES	.177	.044	3.979	.000	.090	.265
EL	.199	.045	4.446	.000	.111	.288
Gender	-.038	.031	-1.219	.224	-.100	.024
Age	.056	.023	2.490	.013	.012	.100
Maritals	.089	.030	3.006	.003	.031	.147
TermsEmp	-.036	.031	-1.178	.240	-.097	.024
Tenure	-.017	.025	-.684	.495	-.065	.032
Educatio	-.019	.061	-.320	.749	-.139	.100

\*\*\*\*\* TOTAL EFFECT MODEL \*\*\*\*\*

OUTCOME VARIABLE:

EP

Model Summary

	R	R-sq	MSE	F	df1	df2	p
Model	.718	.516	.071	48.471	7.000	318.000	.000

Model

	coeff	se	t	p	LLCI	ULCI
constant	.884	.287	3.084	.002	.320	1.447
OL	.671	.044	15.106	.000	.583	.758
Gender	-.072	.033	-2.163	.031	-.137	-.006
Age	.078	.024	3.228	.001	.030	.125
Maritals	.094	.032	2.939	.004	.031	.156
TermsEmp	.013	.032	.399	.690	-.051	.076
Tenure	-.022	.026	-.847	.398	-.075	.030
Educatio	.036	.065	.551	.582	-.092	.164

\*\*\*\*\* TOTAL, DIRECT, AND INDIRECT EFFECTS OF X ON Y \*\*\*\*\*

Total effect of X on Y

Effect	se	t	p	LLCI	ULCI
.671	.044	15.106	.000	.583	.758

Direct effect of X on Y

Effect	se	t	p	LLCI	ULCI
.461	.050	9.162	.000	.362	.560

Indirect effect(s) of X on Y:

	Effect	BootSE	BootLLCI	BootULCI
TOTAL	.209	.046	.126	.309
Ind1	.109	.036	.045	.185
Ind2	.059	.024	.021	.116
Ind3	.041	.014	.018	.073

Indirect effect key:

Ind1 OL	->	ES	->	EP
Ind2 OL	->	EL	->	EP
Ind3 OL	->	ES	->	EL
				-> EP

\*\*\*\*\* ANALYSIS NOTES AND ERRORS \*\*\*\*\*


Level of confidence for all confidence intervals in output:

95.0000

Number of bootstrap samples for percentile bootstrap confidence intervals:

5000

## Appendix VII: Research Authorization



MOI UNIVERSITY  
POST GRADUATE OFFICE  
SCHOOL OF BUSINESS AND ECONOMICS

Tel: (0321) 43620  
Fax No: (0321) 43360  
Telex No. 35047.MOIVARSITY
Box 3900  
Eldoret  
KENYA

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RE: SBE/DPHIL/BM/018/13 DATE: 5<sup>th</sup> August, 2018

**TO WHOM IT MAY CONCERN**

Dear Sir/Madam,

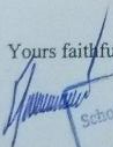
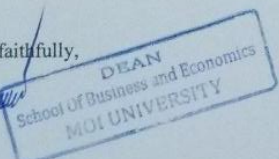
**RE: GRACE A. ORINDA – SBE/DPHIL/BM/018/13**

The above named is a bonafide student of Moi University School of Business and Economics, undertaking a Doctor of Philosophy degree programme in Business Management , specializing in Strategic Management.

She has completed coursework, defended her proposal, and she is proceeding to the field to collect data for her research. Her research topic is "*Organizational Learning, Employee Satisfaction, Loyalty and Employee Performance in the Banking Sector in Kenya*".

Any assistance accorded to her will be highly appreciated.

Yours faithfully,

*h* **DR. JOEL K.TENAI**  
**Ag. DEAN SCHOOL OF BUSINESS & ECONOMICS**

### Appendix VIII: Research license



REPUBLIC OF KENYA



NATIONAL COMMISSION FOR  
SCIENCE, TECHNOLOGY & INNOVATION

Ref No: 812927

Date of Issue: 19/September/2019

#### RESEARCH LICENSE



This is to Certify that Ms.. GRACE WANJALA of Moi University, has been licensed to conduct research in Nairobi on the topic: Organisational learning, Employee satisfaction, Loyalty and employee performance in the banking sector in kenya for the period ending : 19/September/2020.

License No: NACOSTI/P/19/1565

812927

Applicant Identification Number



Director General  
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