WORKERS COMPENSATION, CAPACITY BUILDING, SAFETY AND HEALTH, AND EMPLOYEE SATISFACTION AMONG COMMERCIAL BANKS IN NAIROBI COUNTY IN KENYA

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ABSTRACT

Employee welfare programs are critical to employee satisfaction because this is what shows the commitment levels the organizations have towards their employees and hence improvement of competitive advantage among organizations. The purpose of this study was to establish the relationship between workers’ compensation, capacity-building, health and safety and employee satisfaction among commercial Banks in Nairobi County. The study adopted descriptive research survey design. The sample was derived from lower level, middle level and top-level managers of Commercial banks in Nairobi County. Structured questionnaires were used to collected data based on the independent variables. Both descriptive statistics and inferential statistics were used to analyze the data. The findings revealed that worker compensation was statistically significant with employee satisfaction. The findings on capacity building indicated that there was a significant positive relationship with employee satisfaction. The study findings of safety and health revealed a significant relationship with employee satisfaction. In conclusion, the study findings indicate that worker compensation programs, capacity building, health and safety in the workplace were all statistically significant and contributed positively to employee satisfaction. Recommendation for improvement on worker compensation included making sure that employees utilize their leave days and are paid their leave allowances and where the employees services are needed the company should pay in lieu of leave. For capacity building, the banks should put more emphasis on the job training, teamwork, and job rotation to enhance employee satisfaction. On safety and health, the study recommends that commercial banks in Nairobi should develop health and safety measures that will guarantee employee satisfaction and in line with occupational health and safety and WIBA requirements where group life insurance needs to be procured by the banks to cater for the safety of their employees.

Key Words: Workers Compensation, Capacity Building, Health and Safety, Employee Satisfaction.

1. Introduction

Employee welfare entails everything from services, facilities and benefits provided or done by an employer for the advantage or comfort of an employee. This is undertaken in order to motivate employees and raise the productivity levels (Martin, 2017). The argument for employee welfare services at work was well put by Martin (1967); “staff spend at least half of their waking time at work or in getting to it or leaving it. They know they contribute to the organization when they are reasonably free from worry, and they feel, perhaps inarticulately, that when they are in trouble, they are due to get something back from the organization. People are entitled to be treated as full
human beings with personal needs, hopes and anxieties; they are employed as people; they bring
themselves to work, not just their hands, and they cannot readily leave their troubles at home”
(Armstrong, 2006)

Employee welfare programs are critical to employee satisfaction because this is what shows the
commitment levels the organizations have towards caring for their employees and hence
improvement of competitive advantage among organizations. An employee benefits survey by the
Society for Human Resource Management in April 2019 assessed the prevalence of more than two
hundred and fifty benefits that organizations were directly or indirectly paying to their
employees. Human resource professionals were asked whether their organizations formally
offered each benefit. This report also provided data on the prevalence of benefits over the past five
years. The results revealed that employers were more likely to increase offerings in all benefits
categories than to decrease them. No more than 3% of organizations decreased benefits in any
category since 2018. The decrease was attributed to economic slump, though benefits changed
relatively little between 2018 and 2019, there were impacts on the benefits landscape from rising
health insurance costs, the competition for talent and the multi-generational workforce (Society of

This is a scenario to show that employee welfare program is very important to employee
satisfaction in any organization. When the employees are satisfied; they will pursue their duties
and responsibilities to the expectations of the organization and eventually achieve organizations
objectives. Banks in Kenya put a lot of emphasis on provision of quality service encumbered
through without taking a keen look at the challenge of creating a motivated and engaged employee.
Employees are essential to achievement of organizational goals and managers should consider
employee satisfaction as directly related to quality and work performance.

Heartfield, (2012), posits that to create an environment where employee feels satisfied, banks must
place themselves in the business of understanding elements of employee satisfaction within their
organizations. Organizations therefore have to spend resources such as money, time, and energy
on programs that promote the welfare of employees and their satisfaction. The performance of the
banks being a service business is highly dependent on the output of the employees. The
management of the banks has the responsibility of improving efficiency of the workers, which is
mostly done through welfare programs.

The President of the Republic of Kenya signed the Kenyan Banking Amendment Bill, 2015 into
law on 24 August 2016. This act effectively reduced interest rates by capping them at 4% above
central banks benchmark rate. Of particular interest to the banks, the interest rates were a major
source of income for them. However, capped interest rates on bank loans were likely to bring major
benefits in the employment sector as employers, employees and job seekers were affected. For the
employees of the banks, more innovative products were initiated in order to remain afloat in the
market otherwise many banking institutions had to reorganize their operations that affected their
welfare programs (Brighter Monday, 2016).

Moreover, the bill was amended to remove the ambiguity in 2019 and indicated that even though
the interest rate caps were removed, the maximum annual interest changeable for a loan in Kenyan
banks should not exceed 4% above the central bank rate set and published by central bank of Kenya
under section (36) 4 of the central Bank Act (Banking Amendment bill, 2019). This therefore, has
not had a reverse effect to the expectation of welfare programs in Kenyan Banks.
2. Statement of the problem

Banks management in years 2014 did not concentrate on employee welfare problems such as competitive packages, poor health and safety at workplace, lack of capacity building and career development opportunities (Ernst & Young, 2014). Lack of such employee welfare benefits not only de-motivated employees but also resulted in high rate of employee turnover as employees sought organizations that would bridge their needs, low workplace productivity and affected the overall efficiency and performance of organizations (Gary, 2015). The study contributes to the body of knowledge on welfare programs initiated by organizations and sheds insights on workers compensation, capacity building, safety and health as constructs that aid in improving employee satisfaction in commercial banks. This study results should be replicated in other sectors to test whether there would be any relationship or variability in the results.

3. Objectives of the study

The objective of this study was to establish the relationship between workers compensation, capacity building, safety and health and employee satisfaction among commercial banks in Nairobi. Specifically, the study sought:

1. Determine the relationship between workers compensation and employee satisfaction among commercial banks in Nairobi
2. Establish the relationship between capacity building and employee satisfaction among commercial banks in Nairobi
3. Determine the relationship between safety and health and employee satisfaction among commercial banks in Nairobi

4. Research Methodology

This research sought to find out the relationship between employee welfare programs (employee compensation, capacity building and safety and health) and employee satisfaction among commercial banks in Nairobi. Information was sought from the senior managers, middle level managers and lower level managers of banks in Nairobi. A total of 20 senior managers, 76 of middle level and 150 of lower level managers were sampled however, only 150 managers were able to respond to the questionnaires.

5. Analysis and Results

The analysis below presents the findings of the study by evaluating the three variables of employee welfare programs (worker compensation, capacity building, safety and health) against employee satisfaction.

5.1 Workers Compensation Program

The results below show that Transport benefits and Educational fees benefit aspects influence employee satisfaction largely as shown by means of 4.86 and 4.724 respectively. Financial assistance (4.321), annual leave (4.210), family leave (4.136), and Child Care program (3.862) influence employee satisfaction largely as indicated on Table 1. This therefore, indicated that
workers’ compensation goes a long way in enhancing employee’s satisfaction. This corroborates with the work of Okumbe (2010, SHRM, 2016) who states benefits ease movement among the employees leading to job satisfaction and better job performance. Job satisfaction contributors supports the theory that although employees do place importance on financial features of a job such as pay and benefits, they consider culture and connection to be of utmost importance. Feeling appreciated for their time and efforts creates a bond between employees, management and their organization. Workers of all career levels and generations place high value on compensation and benefit-related factors when determining job satisfaction, but nonfinancial factors also weigh heavily in employees’ satisfaction with their careers. At least half of respondents to this survey found a variety of these factors to be very important, including trust between employees and senior management, relationship with immediate supervisor, and feeling safe in the work environment (SHRM 2015).

**Table 1: Relationship between Workers Compensation and Employee Satisfaction**

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual leave</td>
<td>4.136</td>
</tr>
<tr>
<td>Family leave</td>
<td>4.210</td>
</tr>
<tr>
<td>Child care program</td>
<td>3.862</td>
</tr>
<tr>
<td>Transport benefits</td>
<td>4.826</td>
</tr>
<tr>
<td>Educational fees benefit</td>
<td>4.724</td>
</tr>
<tr>
<td>Financial assistance</td>
<td>4.321</td>
</tr>
</tbody>
</table>

5.2 Relationship between Capacity Building and Employee Satisfaction

The results in Table 2 indicate that type of training, career development, training quality and training methods influences employee satisfaction to a great extent as indicated by means of 4.523, 4.345, 4.346 and 3.962 respectively. The aspect of coaching and mentoring, promotions and training needs analysis influences employees’ job satisfaction largely as shown by a mean of 4.214, 3.684 and 3.672 respectively. Furthermore, taping and developing talents, workshops and seminars have a moderate influence to employees’ job satisfaction which is 2.965, 3.371 and respectively. This shows that training and development influence employee satisfaction through type of training, career development, training quality and training methods.

This concurs with Armstrong (2006) who states that effective training can: reduce learning costs, improve individual, quality and overall productivity, can attract people by providing training and development opportunities, develop a positive culture in the organization and can increase employees' level of satisfaction. Emmanuel (2014) further adds that some firms also provide coaching for development, which is a process of building a working environment, which enhances the development of skills and the performance of employees. Abay (2008) reported that significant relationship was found between the employees training and their resultant performance in accomplishing different tasks. It was found that those employees who have taken trainings were more capable in performing different task & vice versa. Training has direct relationship with the
employees’ job performance. He further adds that in order to equip their employees with the skills necessary to do their job, companies train them, in an effort to optimize their workforce's potential. Quality training is also essential in the motivation of the employees.

Table 2: Capacity building and employee satisfaction

<table>
<thead>
<tr>
<th>Training methods</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training quality</td>
<td>4.346</td>
</tr>
<tr>
<td>Type of training</td>
<td>4.523</td>
</tr>
<tr>
<td>Career development</td>
<td>4.345</td>
</tr>
<tr>
<td>Promotions</td>
<td>3.684</td>
</tr>
<tr>
<td>Workshops and seminars</td>
<td>3.371</td>
</tr>
<tr>
<td>Coaching and mentoring</td>
<td>4.214</td>
</tr>
<tr>
<td>Taping and developing talents</td>
<td>2.965</td>
</tr>
<tr>
<td>Training needs analysis</td>
<td>3.672</td>
</tr>
</tbody>
</table>

5.3 Relationship between Safety and Health in the Work Place

Table 3. Shows that, wellness program and disability insurance influence job satisfaction largely as shown by means of 4.8385 and 4.6354 respectively. Safety and health management and Medical insurance had a great extent influence as represented by means of 4.2500 and 4.0208 respectively while Life insurance influences satisfaction of employees to a moderate extent as shown by a mean of 2.9844. The aspects of environmental protection and Risk factor detection both have moderate effect on employee satisfaction according to the respondents, which is shown by means of 3.3694 and 3.2568 respectively. This shows that various aspects of safety and health influence on job satisfaction. This is in line with Allender, Colquhoun and Kelley (2011) who found that workplace health leads to job satisfaction despite providing health benefits to the employees. Several studies conducted in the United States ascertain that the health and safety practices are positively related to employee job satisfaction in terms of turnover intentions.

According to Society Human Resource Management research, to uphold the overall well-being of their staff, organizations must assess their safety needs on a regular basis to maximize the efforts in preventing harmful acts. Although unfortunate events may occur anywhere, even in the workplace, it is reasonable for employees to expect a certain level of security and protection at work. Fifty percent of employees reported that feeling safe in the work environment was very important to their job satisfaction. Female employees were more likely than male employees to report this aspect as an important job satisfaction contributor. Eighty-three percent of employees were satisfied with their level of safety in the workplace (SHRM, 2015)
Table 3: Relationship between Safety and Health and Employee Satisfaction

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Safety and health management</td>
<td>4.2500</td>
</tr>
<tr>
<td>Wellness program</td>
<td>4.8385</td>
</tr>
<tr>
<td>Disability insurance</td>
<td>4.6354</td>
</tr>
<tr>
<td>Medical insurance</td>
<td>4.0208</td>
</tr>
<tr>
<td>Life insurance</td>
<td>2.9844</td>
</tr>
<tr>
<td>Environmental protection</td>
<td>3.3694</td>
</tr>
<tr>
<td>Risk factor detection</td>
<td>3.2568</td>
</tr>
</tbody>
</table>

5.4 Regression Analysis

In this study, a multiple regression analysis was conducted to test the relationship between independent and dependent variables. The coefficient of determination indicated that the dependent variables explained a variance of 61.1% and the remaining 38.9% was explained by other variables that were not considered in this study.

Table 4: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.7872</td>
<td>0.611</td>
<td>0.581</td>
<td>0.6125</td>
</tr>
</tbody>
</table>

Table 5 shows the analysis of variance and the results indicated that the model was significant at P=0.016 against the precision level of 0.05 meaning it met the threshold. On the other hand, the F calculated at 0.05 level of significance was 3.424 since F calculated was greater than the F critical (value = 2.624), this shows that the overall model was significant.
### Table 5: Analysis of Variance

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>9.223</td>
<td>4</td>
<td>2.306</td>
<td>3.424</td>
<td>0.016</td>
</tr>
<tr>
<td>Residual</td>
<td>42.876</td>
<td>146</td>
<td>0.692</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>52.099</td>
<td>150</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 6 shows that the three independent variables (workers compensation, capacity building and safety and health) had a positive and significant relationship between employee satisfaction and all of them met the threshold of P<0.05, where workers compensation had a coefficient of 0.041, capacity building 0.000 and safety and health 0.027 respectively. Therefore, this is an indication that workers compensation can be ranked as the least variable that influence employee satisfaction.

### Table 6: Regression Coefficients Workers Compensation, Safety and Health and Employee Satisfaction

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>(Constant)</td>
<td>1.049</td>
<td>0.219</td>
</tr>
<tr>
<td>Workers compen</td>
<td>0.452</td>
<td>0.087</td>
</tr>
<tr>
<td>Capacity Building</td>
<td>0.723</td>
<td>0.179</td>
</tr>
<tr>
<td>Safety and health</td>
<td>0.689</td>
<td>0.127</td>
</tr>
</tbody>
</table>

### 6. Conclusion and Recommendations

The study concludes that the three independent variables that were studied had a positive and significant relationship with the employee satisfaction and therefore the management of the banking institutions needs to consider improving the employee welfare programs so that employee satisfaction improves and hence improvement of business performance.

The study concludes that workers compensation program influenced employee satisfaction to a little extent as compared to the other two variables. Under capacity, building the results indicated that it provides opportunities of personal growth and development for employees. Employees are able to grow, appreciate new skill sets, increases employee's involvement in decision-making and provide greater visibility. Capacity building has a positive influence on both motivation and commitment of employee to work beyond the call of duty. The capacity building methods applied, quality of training and career development all contribute positively further to the performance of the employees.
Workplace health leads to employee job satisfaction despite providing health benefits to the employees. Health and safety practices are positively related to employee satisfaction and hence decreases the turnover intentions of employees and hence many organizations are striving to provide the best health package for their employees including provision of compliance policies such as workers injury benefits act programs (WIBA). The Act requires that all employees are insured for the under noted benefits should the injury arise while the staff is at work: The study therefore recommends that organizations should emphasize on capacity building of their employees as it improves their satisfaction levels in the workplace. Organizations should organize more seminars, workshops, coaching and mentorship and as well analyze the training need analysis in order to improve the weak areas of the employees and consequently give then more confidence at work. The study further recommends that institutions should develop more safety and health programs in the workplace and extend to focus on areas such as gym membership, psychosocial counselling since the employee of today is facing many challenges as compared to the traditional employees, and all this greatly influence employee satisfaction.

REFERENCES


Kenya Gazette Supplement (July, 2019) The Banking Amendment Bill


