



# The Influence of Employee Delegation on the Performance in Commercial Banks in Nairobi County, Kenya

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**Abstract:** The more autocratic management is threatened by employee involvement in decision-making. Furthermore, failing to respond to employee compliments is an example of how failure to do so decreases employee involvement in decision-making. Commercial banks in Kenya still lack the required structures to properly conduct their businesses, owing to a lack of involvement of bank employees, or at the very least their employee representatives, in decision-making processes. Therefore, the present study aimed at determining how employee delegation affects employee performance in commercial banks in Nairobi County, Kenya. The descriptive survey research design was used in this investigation. The commercial banks in Kenya were the study's target population, and three banks were involved that included; Kenya Commercial bank, Cooperative Bank and Barclays bank in Nairobi City County. The respondents were employees from these selected banks who were 569 in total number. To ensure that all instances are represented, a stratified sampling method was employed to sample respondents as per their departments. The respondents were chosen using a simple random selection procedure. A total of 235 respondents were sampled. For the objective of gathering primary data, questionnaires were employed. The questionnaires were piloted to 14 respondents. The validity and reliability of the questionnaires were tested by conducting a pilot study. Analysis of data in quantitative form was done using descriptive analysis. In addition, inferential analysis constituting of analysis of multiple regressions was done to assess how one variable influences the other. The study established that employee delegation had a positive and significant influence on employee performance in commercial banks in Nairobi County, Kenya. The study concluded that delegation enables managers to focus on more important tasks or tasks for which they are better suited and encourages managers to learn how to trust their subordinates and once subordinates successfully complete a task, they have more trust in the future in their capabilities. The study recommended that the managers of the commercial banks should choose tasks to delegate based on employee's skills, preferences and availability and let the employee know why this task is important.

**Keywords:** Employee Delegation, Employee Participation, Organizational Performance, Commercial Banks

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## 1. Introduction

### 1.1. Literature Review

An organization's success is determined by its ability to generate money using present capabilities but also embracing and adapting to the fact that what works now may not work tomorrow. Business executives must work hard to engage

employees in order to increase or retain profitability [13]. Employee involvement in decision-making provides a sense of connection among the workforce as well as a suitable atmosphere for leaders and managers are prepared to impart to a stable industrial relationship [24]. As a result, managers should allow for a high level of involvement in determining employee contact and contextualize their workplaces so as to enhance performance in organizations.

Organizational practices are shifting from traditional to employee-driven competitive policies as a result of global trends. Organizations strengthen their foundation and competences by implementing policies that empower their people by distributing authority to them. For example, in Pakistan, firms that enhance their employees' skills and knowledge outperform those that do not [8]. Organizations must also involve their employees in decision-making processes at all levels by distributing powers and authority, adapting team-based structures, and developing employee competencies to perform successfully and compete with market trends [9].

The institutionalization of worker involvement in Nigerian industrial relations, according to this argument involvement of workers in management decision-making will reduce labor disputes, increase worker productivity, and provide a fast-track grievance procedure, and thrill workers [4]. The Nigerian commercial bank employees are generally prepared in accepting the responsibility of taking part in executive decision-making when the opportunity arises. As a result, management should build extra internal communication channels, particularly those that promote participatory decision-making, to ensure a free flow of information [2].

Improving employee involvement is a long-term process that necessitates management attention and employee commitment of Kenya's government healthcare institutions [14]. The management of these health institutions should encourage increased worker involvement in work-related decisions, in order to develop a sense of belonging and ownership among employees, employee perspectives should be incorporated into organizational policy. Participative management should also be redefined and implemented appropriately so that employees' attitudes and understanding of the organization improve [14].

When employees are willing and devoted to the organization's goals, they have the potential to boost productivity [17]. Employees' willingness and commitment to their jobs can be exhibited if they take part in making of decisions and the affairs of the firms. Individual employees should not be handled in isolation and must participate in matters affecting them and the business in order for management to acquire their commitment to get their job done properly. Employee absenteeism is reduced when they are engaged in formulating decisions; employees gain greater organizational commitment, better performance, fewer turnover, and more work satisfaction when they are involved in decision-making [16].

The participatory workers oversee themselves, eliminating the need for managers and thereby lowering labor expenses. Workers learn new skills as a result of involvement, and it also aids in the training and identification of leaders. People's sense of power and dignity is enhanced by involvement, which reduces the urge to demonstrate power by opposing management and restricting production [3]. Providing opportunities for employees to attain their objectives, soliciting employee ideas, and assigning duties are all examples of involvement. Employee involvement programs

aim to make it easier for employees to participate in the company.

Employee involvement is a method that gives them some control over their jobs and work environments, or more tentatively, a process in which hierarchical leaders and subordinates share influence on decision-making [23]. Employee involvement is a management initiative in which employees are given the opportunity to discuss work-related concerns and influence managerial decisions, but management retains control. In this study employee involvement will be measured in terms of employee delegation, employee consultation, collective bargaining employee and collective decision making.

Delegation is the practice of assigning key duties to subordinates, providing subordinates responsibility for management's formal decisions and providing subordinates more work-related discretion, such as the authority to make decisions without consulting the management first [22]. Delegation places decisions at levels where people with more knowledge of specific issues than the supervisor, resulting in additional information processing benefits for the company and perhaps more efficient and better quality judgments [6]. When junior employees are involved in participatory decision making, their performance and that of the organization will improve [26].

Delegation is a way of igniting innovation among employees by provoking their innovation capability. Innovation is about creative problem solving, and finding a novel solution. That no one else has thought of. Sometimes, the solution comes in a moment of inspiration [25]. Delegation is a way of nurturing performance management practice which is a strategic action towards getting competitive advantage [27]. When organizations want to establish a learning culture that ultimately makes it a learning organization to nurture their innovation capability, delegation is a way to engage [28].

Kenyan commercial banks have faced increased competition in recent years resulting from increasing innovation within enterprises and presence of new player in the industry. Changing from dispersed banking to banking within a single branch, which is made possible through integrating a diverse corporate operations, is one of these developments. Commercial banks in Kenya use a variety of techniques to preserve brand leadership and client loyalty, including introducing new items, and a strong focus on client relationship management.

## **1.2. Research Problem**

Because the banking industry is a service-based enterprise with workers who play critical roles in the service exchange should gain knowledge of the presence of decisions that could be of any positive influence on their performance. Employees must be permitted in making decisions if they are ready to lay commitment in making a change on the behavior in work in a unique and best way [10]. As a result, when employees participate in decision-making, they feel like they are a part of the organization which contributes to a positive working

environment in which the managers and the employees work towards creating a healthy labour relationship.

Management's aversion to change stifles employee participation in decision-making. Managers create a company culture that reflects their own management views and practices while also supporting their strategy and control [9]. The more autocratic management is threatened by employee involvement in decision-making. Furthermore, failing to respond to employee compliments is an example of how failure to do so decreases employee involvement in decision-making. Kenyan commercial banks still lack the required frameworks to properly operate their businesses, and this is owing to a lack of involvement of employees working with the bank, or at least representativeness of employees, in decision-making. Furthermore, management's resistance to change is a major barrier to employee involvement within the organization [15]. A number of managers are resistant to involvement because it goes against their habitual ways of thinking and behaving. Furthermore, failure to respond to employee compliments is an example of how employee involvement in decision making is reduced. This necessitates the requirement for this research. The current study determined how employee delegation affected the performance of employees in commercial banks in Nairobi County, Kenya.

## 2. Literature Review

Literature was reviewed on Leader-Member Exchange Theory and empirical studies that relate to this study.

### 2.1. Theoretical Underpinning the Study

The vision of the Leader-Member Exchange (LMX) theory is about violence and the quality of the relationship between the leader and the follower. A successful leader in this style is defined by high-level LMX, which refers to high-quality relationships where members feel part of the team. As a result, they have increased responsibility, decision-making power, higher levels of satisfaction, and access to essential resources. When members feel like they are in an outside group, their relationship has a lower LMX. In this case, the leader provides little support to the member, and the person has less responsibility and less influence in the decisions [20].

The relationship between leaders and members grows as a result of a series of exchanges and collaborations in which these roles are defined [5]. The LMX Theory promotes the formation of privileged groups in the workplace, which seem unfair and discriminatory. The LMX concept does not explain how you can build trust or how members can join a group. However, while this view may lead to discrimination, it allows employees to participate in organizational decision-making.

### 2.2. Empirical Literature Review

At the Great Irbit municipality, [1] conducted a case study on the impact of delegation of authority on employee performance. Using a random sampling procedure, the

study's sample was made up of individuals who are embedded in central and senior management. The T-test and the Cronbach Alpha test were all used, as were means, standard deviations, percentages, and the T-test. According to the study's findings, delegation of authority has a statistically significant impact on employee performance in the great Irbit municipality in terms of efficiency, effectiveness, and empowerment.

A study by [21] examined the relationship between effective delegation and its impact on organizational performance. The study, which used an exploratory research approach, included 90 participants, and the results demonstrated a favorable association between successful delegation and organizational performance. To promote psychological empowerment, feedback, and power distance, it was advocated that the evaluation process be made an element of effective delegation [19].

Thomas, O. O., et al. (2017) [20] study examined the influence of delegation of authority and employee performance. As part of the survey design technique, the sampled respondents were given a structured questionnaire. A total of 300 surveys were distributed, with 211 being returned and useable. Descriptive statistics and regression analysis were used to analyze the data collected from the respondents. Delegation of authority has a considerable impact on employee performance, according to the study's findings.

Sev, J. T. (2017) [18] conducted an empirical study of Nigeria plc's flour mills in Lagos, Nigeria, to assess the effectiveness of delegation of power as a method for job completion and performance improvement in corporate organizations. For this investigation, data was gathered from both primary and secondary sources. To determine whether the variable's classification into specific factors was correct, confirmatory factor analysis with Varimax rotation was used. The study found that the Flour Mills of Nigeria Plc's correct application of delegation principles will result in higher performance output.

Kimolo, K. (2013) [11] study explored how employee empowerment is related to the performance of Kenyan regional development agencies. The survey was designed in a descriptive manner. Sampling of every employee working with the six Regional Development Authorities was done, with a total sample size of 173 employees selected at random. The major data gathering approach was used in this research. Most of the analysis was carried out with descriptive statistics. It was discovered that employee empowerment techniques had affected performance of employees.

A study done by [7] focused on how delegation of authority affects performance of employees at Twiga Chemical Industries Ltd. The study's target population was 200 permanent Twiga chemical industries ltd employees in Nairobi. In order to obtain a suitable sample, this study employed a stratified sampling strategy. Collection of data was done using questionnaires. The findings of the regression of coefficients revealed a favorable and substantial relationship between legislative delegation and employee performance.

Kombo, B. W., et al. (2014) [12] investigated how delegation affected employee performance in savings and credit cooperative societies in Kisii County, Kenya. Kisii County's 13 SACCOS were the target demographic, with a total of 1040 respondents. The study sampled four (4) SACCOS that had been in operation for at least ten years utilizing descriptive and explanatory research, using a randomly obtained sample of 24 employees from each SACCO. A questionnaire was used to obtain primary data. The research found that effective delegation in firms boosts overall employee performance.

### 3. Methodology

A descriptive survey research design was used in this investigation. The commercial banks in Kenya were the study's target population, and three banks were involved that included; Kenya Commercial bank, Cooperative Bank and Barclays bank in Nairobi City County. The respondents were employees from these selected banks who were 569 in

total number. To ensure that all instances are represented, a stratified sampling method was employed to sample respondents as per their departments. The respondents were chosen using a simple random selection procedure. A total of 235 respondents were sampled. For the objective of gathering primary data, a semi-structured questionnaire was employed which was designed in likert scale. The questionnaires were piloted to 14 respondents. The validity and reliability of the questionnaires were tested by conducting a pilot study. Analysis of data in quantitative form was done using descriptive analysis. In addition, inferential analysis constituting of analysis of multiple regressions was done to assess how one variable influences the other.

### 4. Findings

The study sought to find out the effect of employee delegation on the performance in commercial banks in Nairobi County, Kenya.

**Table 1.** Employee Delegation.

	M	SD
Employees' capabilities will be developed and new skills will be taught by involving them in specific tasks.	3.98	1.02
When delegating tasks to employees a culture of trust is established	4.05	0.95
By delegating tasks to employees a better use of everybody's time is achieved	4.50	0.50
Delegation increases flexibility of employees and everybody will improve their skills which is great for the company.	4.14	0.86
Delegation stimulates creativity and develops employee skills	4.61	0.39
Average Score	4.26	0.74

Source: Research Data (2022).

Table 1 show that respondents in Nairobi County, Kenya agreed that employee delegation influences performance in commercial banks, with an aggregate mean score of 4.26 and a standard deviation of 0.74. This finding agrees with the findings of a study by [21] that examined the relationship between effective delegation and its impact on organizational performance and the results demonstrated a favorable association between successful delegation and organizational performance. To promote psychological empowerment, feedback, and power distance, it was advocated that the evaluation process be made an element of effective delegation.

The statements that were strongly agreed by the respondents were that delegation stimulates creativity and develops employee skills and (M=4.61, SD= 0.39) and that by delegating tasks to employees a better use of everybody's time is achieved (M=4.50, SD= 0.50). These findings are

based on findings from a study conducted by [20], which investigated the impact of delegation on staff performance and found that delegation of authority had a significant impact on employee performance.

Respondents agreed with the statements that delegation increases flexibility of employees and everybody will improve their skills which is great for the company (M=4.14, SD=0.86), when delegating tasks to employees a culture of trust is established (M=4.05, SD=0.95) and that employees' capabilities will be developed and new skills will be taught by involving them in specific tasks (M=3.98, SD=1.02). [7] study focused on how delegation of authority affects performance of employees at Twiga Chemical Industries Ltd and the findings of the regression of coefficients revealed a favorable and substantial relationship between legislative delegation and employee performance.

#### *Results of Regression Analysis*

**Table 2.** Model Summary.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.836 <sup>a</sup>	.805	.801	.454

Source: Research Data (2022).

A model summary is shown in Table 2, including information about the line strength of the response to the full variation of the dependent variables. The adjusted  $R^2$ , also known as the

coefficient of multiple determinations, is the percentage of the variance in the dependent variable that can be explained uniquely or jointly by the independent variables. According to

the adjusted  $R^2$  results, the independent variables studied explain a factor of 0.805 of employee performance in commercial banks

in Nairobi County, Kenya. This means that unstudied variables contribute to a factor of 0.195 of employee performance.

*Table 3. Coefficients.*

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.539	.490		6.610	.000
	Employee delegation	0.729	.046	0.066	2.781	.001

Source: Research Data, (2022).

The findings in Table 3 reveal that the constant value at 0.539 represents the value of the dependent variable (employee performance) when independent variable (employee delegation) studied is kept at constant. In addition, a unit increase in employee delegation would lead to an increase in employee performance in commercial banks in Nairobi County, Kenya by a factor of 0.729. Therefore, the resulting equation was as follows:

$$Y = 0.539 + 0.729X_1 + \varepsilon$$

Y = Organizational Performance;

$X_1$  = Employee delegation;

E = Error margin.

## 5. Conclusions and Recommendations

The study concluded that delegation enables managers to focus on more important tasks or tasks for which they are better suited. The increase in time reduces pressure and stress. This allows them to concentrate on your remaining tasks and allocate more time for other tasks. Delegation encourages managers to learn how to trust their subordinates and once subordinates successfully complete a task, they have more trust in the future in their capabilities.

The study recommended that the managers of the commercial banks should choose tasks to delegate based on employee's skills, preferences and availability and let the employee know why this task is important. Coach the employee through it, making sure he or she has the resources and knowledge needed to complete the task and communicate openly with the employees.

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