

CAPACITY BUILDING BOOST EMPLOYEE PERFORMANCE IN BANKING SECTOR OF PAKISTAN

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Abstract

This study is conducted to investigate the factors that enhance employee's performance at workplace. To observe intrinsic feature Capacity Building and Extrinsic features such as Supervisory Support and Organizational Support for Career Development role in employee's productivity. Quantitative research approach was used; Middle level employees of banking industry were selected for analyzing this concept. Reliability and validity of 45 items were ensured and SPSS *version 20* was used for model testing by multiple regression analysis technique. Research outcomes depict that supervisory support and organizational support for career development doesn't impact significantly on Employees Performance of banking sector, Whereas Capacity Building of an individual employee leads to enhance his/her performance. Capacity Building of employee's leads to enhance performance as justified by this research, however, cannot be achieved without providing support for career development to their employees. Therefore, Impact of organizational support on capacity building of employee's may be interest corner for researchers. We observed capacity building positive has impact on employee's performance along with the external factors with statistically significant measures.

Key words: Employee Performance, Career development, Capacity Building, Supervisory Support.

Article type: Research Paper

Introduction

Organizational performance enhanced by aligning the performance management and HRM practices (Hartog, Boselie, & Paauwe, 2004). Employee performance leads to improve the overall efficiency and productivity of the organization processes. Employee performance refers to the activities and tasks performed by the employee efficiently and effectively. The performance can measure by managers through different mechanisms (Saleem & Ameen, 2013). There are various factors that affect the employee performance such as monetary benefits, training programs, non-monetary benefits, organizational support, organizational support for career development, supervisory support and capacity building programs etc. Employee performance also enhances the profitability of the organization (Gul, A., Akbar, Z., & Zeb, J., 2012).

Capacity building is an ongoing process, which encompasses Intellectual Capital, social capital and organizational capital for value addition in the gaining of maximum output from factors of production (Hargreaves, 2011). Multinationals are involved in capacity development of their employees for enhancing employee performance. Most of the organizations have their separate human resource development; however, the capacity-building programs and other training programs are fewer practiced among the public and private banks.



Hussain, Sardar, Usman and Ali (2013) studied the employee performance in banking sector of Pakistan with respect of gender and job involvement. Thus, this study is refined to investigate the multiple factors that influence positively the employee performance of banking sector employees in Pakistan. Moreover, we highlight the infrastructure, prudential policy and analyze the level of dedication of the employees by the help of capacity building parameters. We also investigate the relationship between supervisor's dedication and capacity building approach and level of perception/implementation of training strategies in banking sector and its impact on Employees Performance.

Literature Review

Employee performance

Employee's performance is ascertained through multipurpose capacities like human, technological, organizational and institutional level. It starts from top line management but outcomes are achieved from bottom line (employees). High performing companies show greater satisfaction level among their employees while companies indicating poor financial performances also have the same scenario of satisfaction among their employee population. According to many professionals and academics explanations, performance and results are dependent on the ways organizations adopt to manage their employees (Delaney, 1996). A business outcome can be improved in case businesses adopt special measures that include employee involvement, empowerment, job redesign, skill training and development programs, appraisal and reward system (Pfeffer, 1994).

Supervisory Support & Organizational Support for Career Development

Supervisor support is extent to where employees observe that supervisor's support, help and appreciate them (Burke, Borucki & Hurley, 1992). The supervisory support suggests the leading role played by an authoritative person for the promulgation of effectiveness and efficient fluency of work in organization through engaging best employees. With support, people can deal with adversity, prevail over challenges, and more willingly sustain a positive image of themselves as competent of learning, developing and proving them being successful (McCauley & Velsor, 2004).

On the other hand, Organizational support for career development (OSCD) is also known as "organizational career management" or "organizational sponsorship" and leads to the programs, procedures and assistance given by organization to retain and increase their employees' career success (Ng, T.W.H., Eby, L.T., Sorensen, K.L. and Feldman, D.C. 2005; Orpen, 1994). According to Lent and Brown (2006), OSCD belongs to the group of resources and environmental support provided, which are particularly related to enhance the employee's career goals. Organizational support for career development included formal policies (like career planning, assessment centers and training programs) and informal policies are such as education providing mentoring and networking opportunities (Hall, 2002, London, 1988, Sturges, Guest, Conway, & Davey, 2002).

Both supervisory support and Organizational Support for Career development produce positive impact on employee individual as well as collaborative performance, therefore the following hypothesis has been developed and tested in this study.

H1: Supervisory Support and Organizational support for career development has positive impact on employee performance.

Capacity building

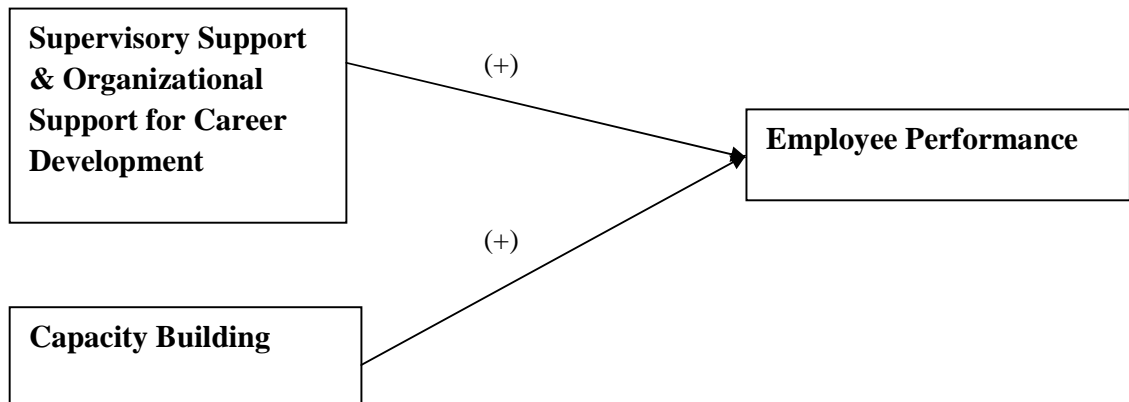
According to Hughes (2005), capacity building refers to the factors that act as requisites for the emergence of a learning society for employees. Fullan (2007a, p. 58) defines the “capacity building in collective aspects in terms of strategic steps adopted to enhance the group efficiency showing high improvements in performances, expansion of resources and more motivation among working persons”. The results of the studies done by these researchers explains capacity building as not merely a simple concept incorporating strategic actions taken to enhance human and technical resources in order to develop learning skills.

Gull, Akbar, and Jan (2012), suggested that organizations should provide capacity development programs for employees to increase new and improved business knowledge and for enhancement of organizational growth. They have also suggested that in dynamic nature business environment capacity development programs plays important role to retain and enhance employee performance. Roubaie (2010), have also suggested that impact of capacity building boost up human capital, physical infrastructure and new dimensions for Research and development as value addition to local economy, we hence hypothesized that:

H2: Capacity building has positive impact on employee’s performance.

Research Model

Based on prior studies the following theoretical model have been developed to illustrate the positive impact of supervisory support, organizational support for career development, and capacity building on employee performance.



Methods

Quantitative research design was followed. A field survey was conducted to create statistically testable sample with the help of that significance of relations among variables were measured and hypothesis testing design was followed with the measure of association. Constructs such as organizational support for career development and supervisory support, employee performance



and capacity building were tested with the help of SPSS Version 20. Items used in the testing were tested in preliminary pilot test phase in order to ensure validity of measures before going for data collection and testing.

Sample and Population

This study was conducted in banking industry of Pakistan. Two public sector banks and three private sector banks were considered as respondents. Among various sampling techniques we use convenient sampling technique that is renowned type of non-probability sampling. For this purpose, we route the questionnaire after pilot testing in the various banks branches of two cities of Pakistan i.e Rawalpindi and Islamabad.

Non-managerial level employees were approached to observe the point of view of juniors towards top management and supervisor. Approximately, 150 questionnaires were distributed in two phases entirely take 02 months for the whole process. From these 33 items were dropped as they were not properly filled and found not suitable for interpretation of results, remaining 117 were used in statistical tests.

Instrument

Questionnaire containing 45 items were distributed, all the constructs were measured on five point-lickert scale inspite of demographics such as employee age, gender and job level. Capacity Building items were obtained from the research paper of Gul, Akbar, and Jan (2012). For analyzing impact of supervisory support on employee performance items were adopted from work of Graen and Scandura, (1987). Rest of items for these Constructs, OSCD and Employee Performance were taken from Saleem and Amin (2013). These items validity and reliability were tested in pilot study phase as well as in actual findings.

Reliability and Validity

After filtering responses reliability of items were evaluated by Cronbach's alpha and all the values are >0.7 threshold and the overall alpha value of the measure is 0.86 which is highly reliable and even more as we observed in pilot testing. These results show that our respondent deeply understand the meaning of items that we use in this research. In addition, construct validity of items were measured by factor analysis Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy value is 0.782 which is more than average (Kaiser,1974), Bartlett's Test of Sphericity shows P-value is less than 0.0001 significant level that demonstrate overall highly significant validation.

Results & Discussion

Firstly, we hypothesized that Supervisory Support and Organizational Support for Career Development positively correlate with employee performance. Table 4.1 highlight positive beta value 0.175, which means 17% influence on criterion variable, slightly less impact. The t-value indicates the significant impact of independent variables on dependent variable. The t-value of this independent variable is 1.574 that reflects less involvement of Supervisory and Organizational Support for Career Development on employee performance in Pakistani banking sector. Similarly, it is less significant, as result indicates that P value is 0.1 levels, which are above than standard value of 0.05 acceptable in social science research. Barnett and Bradle

(2007) have also found the positive relation between organizational support for career development and employee performance; however having results of ($\beta = .028$, $p < 0.01$).

Table- 4.1: Coefficients^a

Model	Standardized Coefficients	
	Beta	T Sig.
(Constant)		10.095.000
Organizational Support for Career development.175		1.574 .118

DV= Employee Performance

Subsequently, we hypothesized that capacity building of employees within banking industry has positive impact on employee performance. Table -4.2 highlight positive beta value 0.284, which means 28% influence on criterion variable. The t-value indicates the significant impact of independent variables on dependent variable. The t-value of capacity building is 2.588 that reflect high influence of capacity building on employee performance. This independent variable has significant (P) value up to 0.01 levels that indicates that hypothesis (H1) is accepted.

As (Gull, *et al.*, 2012) have previously conducted study on capacity building in private banking sector of Pakistan so they found the 56.2% effects of capacity development on employee performance. On the other hand, (Wanyama & Mutsotso, 2010) have done worked on relationship between capacity building and employee productivity in commercials banks of Kenya, results shows that there is positive relation between capacity building and employee productivity with ($\beta = .52$, $p < 0.05$). In contrast, we found 28% effects of capacity building on employee performance to having participants from Public and Private sectors both.

Table- 4.2: Coefficients^a

Model	Standardized Coefficients	
	Beta	T Sig.
(Constant)		10.095.000
Capacity Building .284		2.588 .011

DV= Employee Performance



Conclusion

Efficiency and effectiveness in employee performance leads to overall banking growth. In this study, we highlighted prior contribution in which factors that influence employee performance were discussed. Specifically we spotlight on capacity building because skill development of employees contribute to increase productivity. Moreover, this research argued about the role of supervisor support towards his or her team members doesn't increase employee performance. Research outcomes depict that supervisory support and organizational support for career development doesn't impact significantly on Employees Performance of banking sector of Pakistan. Lack of awareness and deficiency is observed in banks about contributions in career development support. This indicates disinterest of banking top management in creating and providing career growth opportunities in their organization.

Capacity Building of employee's leads to enhance performance as justified by this research, however, cannot be achieved without providing support for career development to their employees.

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