

The Effect of Telecommuting on Employee Performance in Financial Institutions in Kericho Town, Kenya in the Context of COVID-19 Pandemic

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DOI: 10.29322/IJSRP.13.01.2023.p13316

<http://dx.doi.org/10.29322/IJSRP.13.01.2023.p13316>

Paper Received Date: 2nd December 2022

Paper Acceptance Date: 3rd January 2023

Paper Publication Date: 16th January 2023

Abstract

Telecommuting entails employees being allowed to work from their homes full time or even part time maintaining constant connection to the office through digitization. With regard to Job design, it is a well-thought-out as a suitable substitute of working from the normal offices in the modern world. With advancements in technology, wider operations competing with the need to cut down costs, organizations have increased their focus more on the components of teleworking. In the recent time of successive lockdown and imposed restrictions created by COVID pandemic intensified the use of telecommuting. The aim of the article is to analyze telecommuting implementation in face of the COVID-19 pandemic and its effect on employee performance in the financial institution in Kericho, Kenya. According to the literature, telecommuting had a moderate but positive effect on employee performance. Descriptive research design was used to survey a target population of 29 financial institutions. The study adopted stratified sampling approach to identify and classify the financial institutions into various categories. The key respondents within the different departments were identified using convenience and a study sample size of 116 respondents was obtained. Questionnaires were used as the main method to collect the data. The study findings $p = .006$ indicated that there was no significant relationship between telecommuting and employee performance in financial institutions in Kericho town. Relating the study findings with literature review, the study recommended that lack of significant relationship does not imply that telecommuting was not used during COVID-19 but rather telecommuting use is still ineffective in majority of the financial institutions in Kericho, Kenya.

Introduction

Globalization and technological advancements created wider operations and increased responsibilities for businesses. As a result, telecommuting is a critical aspect to defining employees' specific duties and responsibilities that will guide them to attain performance targets. It is therefore undisputed that telecommuting remains one of the most effective tools that organizations can use to maximize performance for the individual employees. Belzunegui-Eraso and Erro-Garcés (2020), noted that effective job designs requires that employees be involved in forecasting both employees target as well as the organizational success. On the other hand, research points to an imbalance in job demands and employees' abilities to attain their targets in many organizations and particularly the banking sector (Mihalca et al..2021). This is due to the fact that where work is designed based on classical management principles does not achieve on employee motivation but rather just works on increasing pressure.

Furthermore, Tavares et al. (2020) noted that the recent COVID-19 proved that most job designs in many organizations were inefficient as organization were rendered ineffective. With imposed lockdowns and restrictions carried out across the globe business closure was inevitable thus overall decline in organization's performance. This created for the need for organizations and specifically in the banking sector transformed their business operation by creating a new social behavior that substitute their regular working hours to working from home. Thus, telecommuting becomes the best job design strategy since these allowed employees to perform their tasks in any place of their convenience other than their traditional office (Tavares et al. 2020). According to Okubo et al..2021, telecommuting allowed to swap most of their official working hours to perform their allocated tasks and meet the set targets away from the office. To a greater extent, during the first few weeks of the crisis in Kenya, the country recorded highest level of layoffs as a

result of closures. Other organizations such as banks and financial institutions took the initial step and allowed their employees to work from home to ensure essential services are rendered to its customers.

Contreras et al. (2020), pointed that before COVID-19, telecommuting arrangement was not popular, organizations had slowly started to adopt the job design to increase performance. While telecommuting is not something new for many organizations in the developed countries, this is not the case in the developing economy considering its infrastructure and human capital needs. Just like any developing economies across the globe, Kenya is an example of how such economies have adopted telecommuting (Contreras et al., 2020). According to Karácsony (2021), during the pandemic and with the state of emergency declared in Kenya in mid-March 2020, non-essential operations were closed down and forcing most business to adopt telecommuting arrangement. The banking sector all of a sudden were forced to adopt the telecommuting strategy, however the sudden change in job design in banking sector is depicted to affect productivity. Various countries reported an increase in employee's productivity in the banking industry. It was however pointed that the banking sector needed to integrate the right personnel to enhance its profitability (Karácsony, 2021).

In Kenya, to maintain employee performance and the organization's productivity, the banking sector's management had to pay attention to telecommuting. During the time, most banks in the country worked remotely under the telecommuting job design arrangement (Belostecinic et al., 2022). Although telecommuting relevance increased drastically, its role in attaining effective and efficient job design is visible. Vasic, (2020), pointed that majority of shareholders within the banking sector and across other industries have started becoming comfortable with the strategy and over 83% of employees from different banks across the globe have a strong preference for the arrangement. Further, 68% of employees from the banking sector in the developed economies pointed to a successful shift to telecommuting. However, Mihalca et al. (2021), noted that despite the huge steps made in the developed economies, in developing economies telecommuting is regarded to be ineffective and its effect on performance remains unclear. For instance, in developing nations, attitude, working conditions and infrastructure remains unclear in aiding an effective understanding to telecommuting. The argument is true in Kenya and particularly in the banking sector as most of the banks and financial institutions are yet to adjust to the new working structure and the technology required to support telecommuting (Karácsony, 2021).

Okubo et al. (2021) noted that before COVID-19 pandemic, businesses implemented telecommuting as a job design to improve work balance for its employees and increase productivity. As a result, telecommuting concept aimed at improving the employee wellbeing by enabling them fulfil their work targets and personal life responsibilities. With the COVID-19, companies were forced to establish new rules which are priority for the adoption success regarding telecommuting. In many developing countries and specifically Kenya, these rules created uncertainty on performance (Mihalca et al. 2021). Although research points that telecommuting should relate to employee wellbeing to increase productivity, in the recent COVID-19 pandemic break out there is little known on how telecommuting characteristics influence employee performance in the fact of the long periods of social isolation and COVID-19 imposed restrictions.

Statement of the Problem

With the rapid changes in business environment characterized by globalization phenomenon and change in customer needs, telecommuting has become intensive in the recent times. Before COVID-19 period, organizations offered employees telecommuting option for different reasons including attempt to decrease rental costs, to balance work life and allow for employees to save time yet its impact to improving performance was noted to be insignificant (Belostecinic et al. 2021). However, with the hit of COVID-19 pandemic, telecommuting gained importance as organizations applied the social distancing strategy. As the main factor influencing organization's productivity, it is crucial to evaluate on how telecommuting influenced employee performance in the context of COVID-19. Many organizations embraced telecommuting in the peak of COVID-19 pandemic as a model to maintain its performance during the period. Despite the fact that financial institutions in Kenya and specifically in Kericho town adopted telecommuting for competitive advantage, little literature exist on its effect on employee performance in the institution. It is on this context that the research sought to establish the relationship between telecommunicating and employee performance in the context of COVID-19 pandemic.

The Theory of Conventions and Telecommuting

The theory of conventions developed in 1989 as pointed by Salais et al. (2020), provide an interesting framework to understanding and adoption of telecommuting by organization. Salais et al. (2020), pointed out four properties that characterizes convention, that convention results from a situation of radical uncertainty. The author pointed that telecommuting was imposed by social distancing created by COVID-19 pandemic therefore telecommuting became the conventional response which companies adopted during the confinement period as an approach to preserve employee performance and operations continuity. Also, rational mimicry is the second

characteristic of convention that telecommuting is widely used however its use by the organization is a reflection of rationalization. Salais et al. (2020), concluded that telecommuting is seen as a solution that preserves the continuity of the business and protect employees. Finally, telecommuting being a conventional practice enabled management of an organization to make decision thus provide an alternative for continued operations despite the COVID-19 restrictions.

Empirical Review

Empirical Review

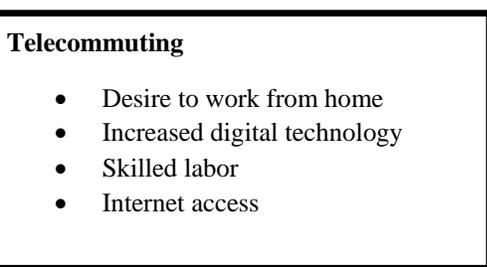
Study by Shipman et al. (2021) defined teleworking is a job design where employees are allowed to undertake their roles away from the traditional working offices whether part-time or full time while ensuring the they are connected to the office through technology. The study further pointed that telecommuting is a well though arrangement that allows organizations to substitute normal working hours office hours to working from home in order for organizations to be relevant in the modern world. Thus, the creation of the modern office commonly known as a virtual office which has achieved more approval and convenience with technological advancements (Shipman et al. 2021).

Findings by Liu et al. (2021) revealed that, prior to COVID-19 pandemic, telecommuting was an important strategy which was used by businesses to undertake outsourcing effectively. The strategy was effective where the organization to require to source for a new talent from employees who may not be able to operate within the traditional offices of the organization, thus was unpopular in many institutions. However, Vasic (2020), concluded that COVID pandemic resulted to more technological advancements thus cheap internet access in many organizations to aid telecommuting. As such to the organization's benefit to adopting telecommuting strategy include reduction of rental costs for office space as a result of economic turn down which resulted to higher costs to the organization. Study by Abdel Hadi et al. (2021) revealed that literature on how organizations benefit from telecommuting is unclear despite increased adoption noted in companies. The analysis pointed that increasing adoption is as a result of increased productivity since the strategy allows the organization's employees to work under a flexible arrangement. Further, telecommuting strategy reduces employee stress while increasing morale thus increased employee motivation and satisfaction (Abdel Hadi et al. 2021)

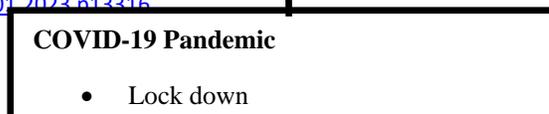
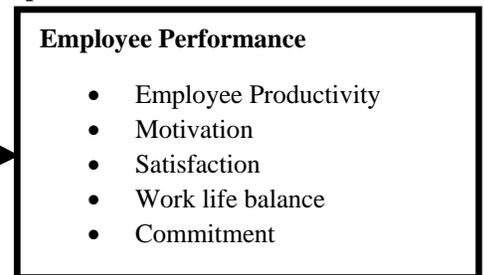
Petcu et al. (2021) review on 32 correlation analysis pointed to positive and moderate effect of telecommuting on employee performance. In 2020 and 2021, statistics from American Telecommuting Association revealed performance increase between 10-15% with adoption of telecommuting in America. Camacho and Barrios (2022), pointed to a positive relationship between telecommuting and employee performance. The study concluded that high implementation of telecommuting would result to substantial increase in performance. The study however noted to unclear literature in adoption of the strategy in developing nations. This makes study on telecommuting effect on employee performance in context of COVID-19 pandemic an area of interest to investigate (Camacho and Barrios, 2022).

Conceptual Framework

Independent variable



Dependent Variable



Moderating Variable

Research Design

The study adopted descriptive research design that applied both quantitative and qualitative analysis. According to Oso and Onen, (2009), descriptive research design allows for the identification of certain feature and particular phenomenon and its examination using correlation between the phenomena. The research design is appropriate where explanation of events or opinion is sought in research. Thus, the design was found flexible enough to provide opportunity for different aspect in the study (Creswell, 2003).

Validity and Reliable of Instruments

To assess validity of the instruments used in the construction of data, the researcher sought experts' opinion in the construction of the questioner. To evaluate internal consistency, a Cronbach alpha coefficient value of 0.87 was found was is considered adequate according to Mugenda and Mugenda (2003).

Results and Discussion

The data analysis employed both descriptive and inferential analysis and the results presented

Descriptive analysis

The descriptive research sought by the research are as presented in the table below:

Descriptive analysis of telecommuting on employee performance

Variable	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Performing office duties from home during the COVID-19 pandemic was the best alternative	0.20%	18.80%	11.80%	48.00%	21.20%	100.00%
Lockdown and Imposed restrictions increase the desire to work from home	0.32%	10.1%	19.23%	55.03%	15.32%	100%
Increased digital technology has made work easy	0.00%	28.20%	21.20%	41.20%	9.40%	100.00%
Telecommuting improves employee productivity	0.0%	9.40%	9.40%	81.20%	0.00%	100.00%
Working away from office enhances staff motivation	9.40%	0.00%	30.60%	60.00%	0.00%	100.00%
Telecommuting enhances	9.40%	21.20%	30.60%	38.80%	0.00%	100.00%

employee commitment

Employees who work away from the office are satisfied	9.40%	11.80%	51.80%	17.60%	9.40%	100.00%
Telecommuting improves employee work-life balance	0.00%	9.40%	30.60%	50.60%	9.40%	100.00%
Good time management benefits overall performance	0.00%	0.00%	28.20%	48.30%	23.50%	100.00%
Access to cheap internet services has increased practice of telecommuting	0.00%	9.40%	18.80%	30.60%	41.20%	100.00%
Telecommuting is an efficient way	9.40%	0.00%	18.80%	33.00%	38.80%	100.00%

Source: (Author, 2022)

The findings in the table shows that 48.2% of the respondents agreed that performing office duties from home during COVID-19 period was the best alternative to normal work environment 21.2% strongly agreed, 18.8% disagree, 11.8% were neutral while 0.20% strongly disagreed. The analysis assessed whether Lockdown and imposed restrictions increase the desire to work from home and based on the findings, 55.03% agreed, 19.23% were neutral, 15.32% strongly agreed, 10.1% disagreed while only 0.32% strongly disagreed. On whether increased digital technology effected telecommuting during COVID pandemic, 41.2% of the respondents agreed, 28.2% disagreed, 21.2% were neutral while 9.4% strongly agreed. Regarding on whether practicing telecommuting improves employee productivity 81.2% agreed, an equal number of 9.4% disagree and neutral. On whether working away from office enhances staff motivation, 60% of the respondents agreed, 30.6% were neutral, while 9.4% strongly disagree 9.4%. On whether, telecommuting enhances employee commitment to organizational goals 38.8% agreed, 30.6% were neutral, 21.2% disagreed while 9.4% strongly disagreed, 51.8% of the respondents were neutral on the fact that employees who work away from their normal office environments are more satisfied with their jobs, 17.6% agreed, 11.8% disagreed while there was an equal number of the respondents who strongly disagree and those who strongly agree 9.4%.

Regarding on whether telecommuting improves employee work-life balance 50.6% of the respondents agreed, 30.6% were neutral, 9.4% disagree and strongly agree each. Approximately 48.2% of the respondents agreed that good time management derived from telecommuting benefits the overall performance of the organization, 28.2% were neutral while 23.5% strongly agree. Regarding whether increased access to cheap internet services increased the practice of telecommuting 41.2% of the respondents strongly agreed, 30.6% agreed, 18.8% were neutral and 9.4% disagreed. 38.8% of the respondents indicated that they strongly agree with the fact that telecommuting is an efficient way of reducing organization’s costs, 32.9% agreed, 18.8% were neutral while only 9.4% strongly disagreed.

Inferential statistics

Telecommuting Goodness-of-fit model findings

The findings from telecommuting model summary indicated that telecommuting accounted for almost 10% of the variations in employee performance with other factors accounting to 90% of the variation. Tavares, *et al.* (2020), pointed to a 10-15% increase in employee performance with adoption of telecommuting. The results are in line with the study findings that there is weak evidence that points to telecommuting influencing employee performance in the organizations.

Telecommuting model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.051 ^a	.01	-.01	.591

b. Predictors: (Constant), Telecommuting

Telecommuting Regression coefficients

According to regression analysis results, it can be noted that indicated that telecommuting increased employee performance by 2.69% and that there is no significant relationship between the two variables that is telecommuting and employee performance ($p = 0.006$).

Telecommuting regression coefficients

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients Beta		
1	(Constant)	3.500	.193		19.001	.000
	Telecommuting	.0269	.056	.053	.501	.006

Summary

The results indicated that telecommuting does to affect employee performance significant ($p = 0.006$) which is greater than 0.05%. The study findings are consistent with findings by Liu et al. (2021), who pointed telecommuting insignificance in employee performance may be as a result of its current development and thus not fully implemented in organizations. Further findings by Camacho and Barrios (2022), pointed that telecommuting use varied from one country depending on technological development. Further, considering that most countries had not prepared for the pandemic, implies with developments in telecommuting and efficiencies, it is likely that telecommuting will be a norm in future.

Conclusion

Based on the results, the study concluded that there is no significant relationship between the two variables that is telecommuting and employee performance ($p = 0.006$) in financial institutions in Kericho town, Kenya.

Recommendations

The study highly recommends on the importance of telecommuting not only in financial institutions but also across organizations. Lack of significant relationship does not imply that telecommuting was not used during COVID-19 but rather telecommuting use is still ineffective in majority of the financial institutions in Kericho town. Although Kenya have embraced the new trend, telecommuting is still developing with better results expected overtime. An effective development of telecommuting proves to increase productivity even where there is imposed restrictions in the economy like for the case of COVID-19 pandemic. Telecommuting can also serve as motivational factor to employees through reduced stress and increased morale, reduce organization’s operation costs and also reduce staff turnover whereby the employees can will work overtime due to better work-life balance thus the need that the developing countries such as Kenya to adopt the practice.

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