

**RELATIONSHIP BETWEEN TALENT MANAGEMENT AND EMPLOYEE  
RETENTION IN COMMERCIAL BANKS IN KENYA**

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**RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE  
REQUIREMENT FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS  
ADMINISTRATION (MBA), SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI.**

**NOVEMBER 2013**

## DECLARATION

This research project is my original work and has not been submitted for any award in any University.

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This research project has been submitted for Examination with my approval as the University Supervisor

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## **DEDICATION**

To my late mother Jannet Mukulu who taught me never to give up in life. I am forever grateful to you mum.

## **ACKNOWLEDGEMENT**

My special thanks go to Almighty God for giving me Grace, love and good health that I have been able to achieve this.

I am grateful to my Supervisor Prof Peter K'obonyo for his invaluable and insightful contributions that have enriched the results of this study. His uncompromising stance on the quality and attention to detail served to enrich quality, scope and contents of the study.

To Evans Obuya, who tirelessly devoted his time, pushed me when I wanted to give up and gave me all the support that I needed until this paper was structured. Evans, you warrant a special recognition. You were a true source of my inspiration and moral support. Your patience was a tremendous value and has borne worthy fruits. Thank you for your shared commitment to excellence in my research.

My deep gratitude goes to my Friends and Relatives thank you for your prayers and support that you gave me.

Thanks to the University for allowing me to carry out this research to fulfil the requirements for Masters in Business Administration.

I cannot forget my employer Youth Enterprise Development Fund for giving me the opportunity to study and allowing me to take time off to carry out my research.

The results represent a blend influenced by the inputs of people who made it be possible.

### **ABSTRACT**

This study was motivated by the need to fill this gap in knowledge as far as the relationship between talent management and employee retention in the banking industry is concerned. The objective of the study was to determine the relationship between Talent Management and Employee Retention in the Kenyan commercial banking industry. The target population was the 43 Commercial Banks operating in Kenya. The primary data was collected using self-administered questionnaires completed by the Human Resource Officers. A total of 25 respondents filled and returned the questionnaires out of the 43 distributed. From the findings most of the banks were locally owned with a staff population of more than 100. Most of the respondents were male with work experience of more than ten years. Using Pearson's correlation analysis, it was found that there is a strong positive relationship between Talent Management and Employee Retention and therefore management must give more attention to talented staff in order to retain their services in the long term.

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## **CHAPTER ONE**

### **INTRODUCTION**

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

In challenging times, organizations are under tremendous pressure to contain costs, at the same time, they must manage rapid change as globalized markets react so quickly and they must continue driving towards long-term business goals. Organizations that invest in committed employees are unlikely to lose them to competitors. Committed employees strive to achieve organizational ideals in circumstances that are sometimes extremely extra-ordinary. This may involve personal sacrifice among other factors. Since these attributes are both necessary and desirable, then firms will want to retain employees of this nature. On the other hand, some retained employees in the face of lay-offs will naturally be more committed as a 'pay-back' gesture to the management for sparing them while others will display their commitment to avoid being marked as candidates for subsequent retrenchment. Owing to the global downturn, Maluti et al., (2012) found that organizations that aspire to be ahead of their competitors need to constantly review and understand their employees' talents and manage them accordingly in order to retain the employees.

Talent is a critical success factor to any organization. Talent management is the most challenging area to any organization. The challenge of finding, attracting, developing and retaining the right talent is taking up a major part of management and once the right talent is found the next demanding job is to retain that talent. Retaining employees involves understanding their intrinsic motivators, which many organizations are unable to identify. The reason is individuals differ greatly in this regard. According to Isukapally, (2006) a company should exert some effort and undertake some analyses to determine the non-monetary interests and preferences of its key employees, and then attempt to meet these preferences in action. In this context organizations need to dig novel approaches to retain the most effective manpower. Looking carefully into many organizations retention strategies are very competitive. Companies try to provide their best to retain the best employees of their competitors.

One of the primary reasons that employees leave their current employer is better compensation from the new employer, however talent management in the form of personal development opportunities, opportunities for employees to use their skills and good career opportunities are important factors influencing an employee's decision to stay. Tanton, (2007) highlights some of the factors contributing to a cumulative process of job dissatisfaction which include perceptions of job inflexibility and control, employees feeling overworked, excessive workloads, concerns that existing management may not be able to effectively lead the organization, lack of challenging work and not enough recognition for work performed and a poor work/life balance.

### **1.1.1 Talent Management**

Cobb, (2008) states that talent management is a multi-faceted concept that has been championed by HR practitioners, fueled by the war for talent and built on the foundations of strategic HRM. It may be viewed as an organizational mindset or culture in which employees are truly valued; a source of competitive advantage; an effectively integrated and enterprise-wide set of sophisticated, technology enabled, evidence-based HRM policies and practices; and an opportunity to elevate the role of HR practitioners to one of strategic partner. In a very practical sense, talent management may be defined as the business process of identifying an individual's particular skills and developing them in the most optimal manner to help an organization attain its business objectives. Today, according to Cobb, (2008), a competitive market place continues to make talent the primary driver for organizational success. Indeed, the organization that established its core competence in talent attraction, development and retention becomes not just the envy of its rivals, but it also guarantees itself stability and commercial success.

Barlow, (2006) and Hughes, (2008) define talent management as both a philosophy and a practice. They state that it is both an espoused and enacted commitment shared at the highest levels and throughout the organization by all those in managerial and supervisory positions, to implement an integrated, strategic and technology enabled approach to HRM, with a particular focus on human resource planning, including employee recruitment, retention, development and succession practices, ideally for all employees but especially for those identified as having high potential or in key positions. This commitment stems in part, from the widely shared belief and

explicit recognition, that human resources are an organization's primary source of competitive advantage, an essential asset that is becoming increasingly in short supply.

Talent management is the career management from the employer's point of view. Effective talent management ensures that organizations can successfully acquire and retain essential talent. Talent management is the automated end to end process of planning, recruiting, developing, managing and compensating employees throughout the organization. According to Dessler, (2011) and Cobb, (2008), a talent management program that includes effective goal management enables organizations to create a true competitive advantage. It aligns the workforce so that employees understand how their goals connect to, and support, overall organizational goals, enabling the entire team to pull in the same direction. It's about getting every employee to use and develop their talent, skills and experience in a way that drives business results for the organization.

Effective talent management is essential to achieving organizational excellence and a driving force for business success. Recruiting the most talented employees may not be the best strategy for effective talent management as high fliers tend to leave organizations more quickly thereby generating significant employee turnover costs. Talent development is a more complex activity than many people responsible for HR in organizations realize (Tanton, 2007). Gandz (2006) suggests an approach to talent development through the use of a talent management system he refers to as 'Talent Development Architecture'. He states that the ultimate goal of HR professionals and executive management is to build talent-rich organizations through what he terms as (1) "Zero-Talent outages, (2) "succession not replacement", and (3) "becoming a talent magnet" (Gandz, 2006). Barlow (2006), like Gandz (2006) focuses on talent development in his study and specifically on development of talent (as opposed to recruitment of talent), retention and reward of talent. He concludes that talent development is a more complex activity than many people responsible for HR in organizations realize. One aspect of talent development mentioned by Barlow is "succession development" (Barlow, 2006).

Building on Barlow's focus on the succession aspect of talent management, there is a suggestion that effective succession planning integrates talent management with strategic planning of the organization and anticipates changes in management. According to the article, a huge benefit of this approach is that the entire organization benefits, not just talented performers as effective succession planning assists in employee retention and improving organizational performance. Achievement of the two last mentioned organizational goals is given impetus by employers identifying abilities and qualities required for employees to progress to more senior levels and communicating these requirements to the entire workforce of the organization.

### **1.1.2 Employee Retention**

Employee retention refers to the various policies and practices which let the employees stick to an organization for a longer period of time. Sandhya and Kumar, (2011) view employee retention (ER), as a process in which the employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project. An Employee Retention Program (ERP) is said to be effective when a systematic effort is made to create and foster an environment that encourages and supports employees to remain employed by maintaining strategies and practices in place that addresses their diverse needs.

Every organization invests time and money to groom a new employee, make him a corporate ready material and bring him at par with the existing employees. Buckingham and Vosbrgh (2001), state that an organization is completely at loss when the employees leave their job once they are fully trained. Employee retention takes into account the various measures taken so that an individual stays in an organization for the maximum period of time. According to the PWC (2005), organizations that wish to have continued and consistent growth will need to embrace retention of key workers as the most critical factor to plan for years ahead. The number one priority on the human resources department agenda of the 21<sup>st</sup> century organizations is to attract and retain key talent. In addition, Perrin (2004) state that among all the factors that could influence the effectiveness of organizations on the future, the foremost drier is talent.

According to Herman and Gioia-Herman (2001), losing employees costs a business directly and indirectly as it causes instability in the workforce, results in reduced productive efficiency, lower

effectiveness, which leads to a loss of customers and results in low employee morale. Direct costs could be as high as 50 to 60 percent of an employee's salary, while indirect costs are far more difficult to estimate as found by Clayton (2006). Curtis and Wright (2001) describe the implications of high employee turnover for organizations, such as damage to quality and customer service leading to erosion of competitive advantage and ultimately constriction of business growth or at the very least; decline in the level of business activity. Curtis and Wright, (2001), also define the nature of "commitment" and describe how retaining employees can be the fast track to commitment in an organization. Management of organizations, according to them, should possess an understanding of the value of employee retention and commitment and how the commitment can be achieved.

### **1.1.3 Talent Management and Employee Retention**

Retention is a critical element of an organization's more general approach to talent management. Lockwood (2006) defined it as the implementation of integrated strategies or systems designed to increase workplace productivity by developing improved processes for attracting, developing, retaining, and utilizing people with the required skills and aptitude to meet current and future business needs. Talent management programs should be tailored to those who are most responsible for the organization's success. High performers are most likely to possess the knowledge, skills, and experience necessary to contribute to the overall success of the organization. They therefore need to be developed and retained in the organization.

Talent management is meant to stimulate employee retention in organizations especially banks. The rationale is that employees who are provided the opportunity for professional development and career growth are much more likely to build long-term loyalty to the firm. Employee retention is particularly important to ensure that the company retains those workers who possess important knowledge, skills, and abilities. Those companies that fail to develop an effective talent management strategy are likely to experience significant employee recidivism, many times to competitor firms. This can then lead to operational inefficiencies resulting in loss of competitive advantage.

In order for an organization to remain competitive and continue building revenue, they must learn to leverage their top talent. The performance of talented employees directly affects company operations in several ways from innovation and new product development, to marketing and branding strategy, as well as client service. Today's business economy is very competitive with human capital being a driving force behind revenue growth. For this reason, top talent should be consistently sourced, developed and rewarded. Talent management requires that managers shift their focus from recruitment as a static process to one that becomes embedded in the entire culture of the organization and performed by all employees rather than delegated solely to the human resource department. With no career path in place it is quite easy for an organization to lose its best employees to competitors. Instead of spending money developing employees to the next level, organizations are simply back-filling, spending money and time recruiting and training a new employee. In specialist roles this can be a lengthy, expensive process and can damage business performance. As an employee, being recognized and nurtured to match your aspirations in your company is far more likely to encourage loyalty.

#### **1.1.4 Commercial Banks in Kenya**

In Kenya, as Njuguna and Wambui, (2009) stated, formal banking emerged in the late 19<sup>th</sup> century with Kenya Commercial Bank, then known as Grindlays Bank, opening its doors in 1896 in Mombasa. According to the Central Bank of Kenya's Bank Supervision Department (CBK/BSD, 2008), today, the banking sector consists of over forty three commercial banks, and although no one knows the number of banked individuals in Kenya, the number of deposit account holders has increased from one million in 1996 to over six million in 2009.

Banking industry in Kenya is divided into three categories: banks, micro-finance institutions, foreign exchange bureaus and non-banks financial institutions. According to Price Waterhouse Cooper (2005), there are forty-six banking and non-banking financial institutions, fifteen micro-finance institutions and forty-eight foreign exchange bureaus. Thirty-five of the banks, most of which are small to medium sized, are locally owned. A few large banks most of which are foreign-owned, though some are partially locally owned, dominate the industry. Six of the major banks are listed on the Nairobi Stock Exchange. According to the PWC (2007) report, the

commercial banks and non-banking financial institutions in Kenya offer corporate and retail banking services but a small number, mainly comprising the larger banks, offer other services including investment banking. Retail banks exist to service the financial needs of business and society. The deregulation of financial service markets in the 1980s, and in particular the growing focus of both consumers and producers on quality, has created a process of structural change in the banking industry. Llewellyn (2005) stated that retail banking is a commodity service and the effects of these changes are therefore experienced by most of the population.

In 2008, salaries and wages accounted for 30.9 percent of banks' total expenses, Njuguna and Wambui, (2009) attributed this to the need for staff to cater for the expansion of branch network and roll-out of new products. Information technology in the banking sector has improved efficiency and as a result, banks are now in a position to offer services using fewer human resources. In Kenya, banks are the largest employers of fresh graduates. From 1996 to 2008 there was growth of account holders in the various banks from 1,000,000 to 17,166, 796 and the numbers of staffs from 16,673 to 90,212. CBK/BSD, (2008).

Due to the large number of players in the banking industry, Omondi, (2008) found that there is intense competition which has put the labour market under intense pressure as commercial banks demand for more sophisticated employee skills. The demand for more skilled work force can be attributed to the fact that there is need to capture and retain clients with ever-increasing and ever-changing needs. The change in customer behavior is caused by increased access to information which has consequently led clients to be more sensitive to product quality and cost, and to the nature of delivery and cost of service. Since employees are the key to good service delivery and wide product offerings, CBK/BSD (2002) highlights that it is important for banks to employ adequately skilled individuals. Yet, while Kenya has a significant pool of educated personnel relative to the rest of East Africa, the level and quality of skills development and technical training in the economy is less than adequate.

In the banking industry, Phillips and Edwards, (2008) found that strictly enforced regulations, intense competition, demanding clients and a scarcity of skills; combine to create a situation where skilled staff can easily shop for the best offer by moving from one organization to another. From a business perspective, they also stated that employee retention is important because the execution of great Strategies, especially in the service industry, will fail without an effective staffing plan. In addition, gaining and retaining strategic advantage may be elusive without adequate human resource capability, especially where access to financial capital is no longer an advantage and where it is difficult to have technological advantage in an information technology society. Losing employees is expensive. As demonstrated in Kaye and Jordan-Evans, (2000), it costs between 70 to 200 percent of an employee's annual salary to replace them. Some of these costs include: advertising, selecting and recruitment expenses, orientation and training of new employees, separation costs of the departing employee, decreased productivity until the new employee is up to speed, loss of customers who were loyal to the departing employee, negative public relations and disruption of social networks. It would therefore be desirable if employees opted to stay in the bank since this saves on cost, enables it to gain competitive advantage and achieve its mission.

### **1.2 Research Problem**

Employee retention and talent management therefore become some of the biggest issues for the Banking industry in Kenya, because people are the one who generate profits and considered as the capital or asset of the organization. In Kenya, few qualified bank employees have kept on moving from one bank to another in search of better employment terms. As such, human capital has turned out to be an important competitive tool in the banking sector which calls for proper management practices for these resources to ensure sustained bank competitive advantage.

Commercial banks in Kenya are faced with issues of productivity, competition for customers, efficiency in operation, pressure from trade unions and high staff turnover. Such issues must be dealt with in order to compete effectively and continually improve their performance, by reducing costs, innovating products, improving quality, increasing productivity of staff and efficiency in operation. Commercial banks must therefore implement motivational structures that will attract, retain and motivate employees thus the objective of this research is to determine

performance based compensation practices (other than money) among commercial banks in Kenya.

The biggest problem for successful businesses is how to make the most of the resources employed in order to fulfill as many of the requirements as possible in order to satisfy all the stakeholders' needs and wants. Researchers (e.g. Lawler, (2005); Farley, (2005); Rose & Kumar, (2006); Ordóñez de Pablos, (2004)) point out that, by capitalizing on human resource and integrating it into the strategy of the business, suggested by Talent Management theories, a source of competitive advantage can be provided at the same time as, and by, making employees satisfied. Berger and Berger (2004) pointed out that even after seventy years of human resource management growing in sophistication, no common approach, to meet the current and future needs, has been espoused for identifying, assessing and developing highly talented people. In the light of this, Talent Management has been conceived as another problem with HR research especially with different country specific laws and labour practices.

PWC (2010) while examining the careers and aspirations of their current and former employees found a need for a much more integrated approach to retaining mid-level professionals. The PWC (2010) recommended a rigorous research to drive change in large organizations. This research therefore is to bridge this gap by assessing the work life balance and career success in terms of talent management and its influence on employee retention in the Kenyan commercial banks. Deloitte (2007) also found that organizations need to take into consideration what kind of employees to be hired and the need to develop these employees in order to retain them. They recommended that a thorough research be done on employee retention strategies in organizations to avoid forced retentions and encourage voluntary retention. The researcher did not find any study that addressed what organizations do, if any, to retain their talented employees. This study was motivated by the need to fill this gap in knowledge.

### **1.3 Research Objective**

To determine the relationship between talent management and employee retention at the Kenya Commercial Banks

#### **1.4 Value of The Study**

For any organization to be sustainable there is need to attract, identify and keep those key employees that embody the core competences of the organization, who constantly achieve at the top tier and even surpass their cohorts while simultaneously acting as a motivation for their coworkers. Recruiting and retaining top talent remains a primary concern for many organizations today. This is important because we are in a context characterized by the business world that is highly competitive and rapidly changing.

This study will inform the Human Resource Specialists the importance of talent management. It will shed some light to various financial institutions on the importance of talent management on their employees within and without the organization.

The problem of employee retention is also an area of research concern terms of the response of local banks to the current scarcity of skills, competition for talent amongst current players and new entrants in the Kenyan financial industry, and a large unbanked market. This study will also add to the existing literature on talent management and employee retention in organizations, factors that are likely to cause employee turnover and other measures that can be taken to ensure employee satisfaction at the work place.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This section presents the previous research that is relevant to this study's focus. The discussion begins with the theoretical literature of talent management and retention, after which an empirical literature is reviewed in all topical aspects. The major approaches within each field are reviewed highlighting the important gaps in the literature and describing the aim and objectives in relation to those gaps.

#### **2.2 Theoretical Underpinnings of Talent Management**

Theory states that the human capital of an organization is vital for the survival and prosperity of any company. According to Schweyer (2004) and Collins (2001), the possibility for an employee to have a career, and advance in an organization, is a motivating factor. This creates a need for a framework that can help Talent Management to emerge. Attracting, identifying and keeping those key employees that embody the core competences of the organization constantly achieve at the top tier and even surpass their cohorts while simultaneously acting as a motivation for their coworkers, is identified by Berger & Berger (2004) as key for any sustainable organization. By finding and developing Talent, a company will beat the competition with regards to market shares, profit and long-term value as stated by Branham (2000).

One of the earliest models of turnover is March and Simon's (1958) theory of organizational equilibrium, in which the authors proposed that desirability of movement and ease of movement are the two main drivers of employee turnover. Desirability of movement is commonly defined by the individual's satisfaction with the job, whereas ease of movement generally reflects perceived or actual job alternatives in the external market. Viewed from the perspective of retention, the model suggests that employees will be more likely to stay when they are satisfied with their jobs and believe that there are few alternatives available.

#### **2.3 Theoretical Underpinnings of Employee Retention**

Porter and Steers (1973) asserted that a variety of work-related and personal factors are important precursors of turnover. From the standpoint of explaining why employees stay, they

cited five dimensions from their model. Two of these dimensions are: extrinsic rewards (e.g., pay, benefits) and advancement opportunities which are related to staying because employees are sensitive to receiving fair rewards for their efforts and thus may leave when opportunities to receive greater rewards exist elsewhere. The third factor is constituent attachments, in the form of effective supervision and positive peer group relations, which are also related to retention. Fourth, Porter and Steers suggested that employees are more likely to stay as they build longer tenure with the organization (because of seniority related perks or other valued outcomes). Finally, Mitchell et al. (2001) found non-work influences such as family responsibilities to be another factor that may be related to employee retention, which may include a variety of ties to one's community, family, and other life activities outside of work.

Mobley and colleagues also included several new dimensions that could influence retention. In terms of work attitudes, they viewed job satisfaction as the primary determinant of quit intentions in their model, and they discussed the role of organizational commitment in turnover decisions, which can be viewed as an individual's identification with and involvement in a particular organization. Mobley et al. (1979) also suggested that committed employees are expected to remain because they believe in the goals and values of the organization and are willing to exert effort on its behalf. Along with job satisfaction, organizational commitment represents one of the most widely studied antecedents of turnover. Price and Mueller (1981) introduced several new factors that enhance retention. Drawing from earlier perspectives, they considered job satisfaction and perceived alternatives as proximate causes of decisions to stay, whereas pay, promotional opportunities, constituent attachments, kinship, and organizational commitment were also included as distal influences. One important addition to the model was distributive justice. This draws from the developing literature on equity theory, suggesting that employees would be satisfied (and thus more likely to stay) if they felt that the outcomes they received reflected the effort and other inputs that they had invested. Organizational justice has been defined more broadly by Aquino et al., (1997) to include fairness perceptions related to outcomes, procedures, and interpersonal interactions, which may be related to employees' decisions to remain with their employer.

Muchinsky and Morrow (1980), introduced the notion of organizational prestige as a potentially important retention factor. This dimension is similar to definitions of company reputation by Fombrun & Shanley (1990), and also reflects the more recent effort by organizations to attract and retain talented employees by becoming an “employer of choice”, which often involves communicating and emphasizing the positive features of working for a particular organization to current and potential employees, according to Branham, (2005). Also, the location of the workplace has been investigated by Muchinsky (1977); Scott & McClellan, (1990), in relation to withdrawal behaviors such as absenteeism. Research reveals positive associations between distance to work and absence perhaps because longer commute times are a source of stress and limit the ability of employees to attend to non-work responsibilities. In the context of retention, Mitchell et al. (2001) suggests that living close to work can be viewed as an influence that promotes job embeddedness or perhaps continuance commitment as employees may have to relinquish a favorable commute if they were to leave the organization.

#### **2.4 Talent Management**

There is little doubt that one of the most significant challenges facing leaders and managers today is attracting, retaining, and engaging the right people with the right skills and capabilities. The challenge is how to get the best people and keep them in the organization. Peter Cheese et.al (2008) suggest five Talent Imperatives to overcome this challenge. The first step in talent management according to Cook and Macaulay (2009), deals with planning and analyzing the talent gap in the organization. Talent management is about generating a talent pool for the future and, sooner or later, we will have an employee base that can be guided using the principles of retention. The talent that has been nurtured will then be relied upon to take the organization forward. Practically, in an organization, a skills audit needs to be conducted to determine where gaps exist. Talent development then will outline training programmes including mentoring and coaching that would be aimed at addressing the recognized gaps. The second step, acquiring talent, includes considerations within the organization, can the right kinds of people be found to fill the vacant positions or when will there be need for deployment. The organization should prepare to start developing those people so that there will be a pool of talented employees to

select from. Chikumbi (2011) suggests that the employee value proposition will attract the needed personnel to the company.

The third step in developing talent depends on what objectives and goals the organization is seeking to accomplish. If an organization has not conducted a skills audit successfully, it becomes difficult to design a programme to build a talent pool. The organization needs to set goals in relation to the principle of talent management programs because the goals will guide the identification of talent pools and so tailor recruitment in accordance to identified gaps. Garrow and Hirsh (2009) state that if an organization sets their target and fills senior positions from within their organization, then they should begin to develop their middle management with such a goal. This improves chances and equips them to perform better if they attain such a position. Organization's culture alignment, according to Smith (2008), is the fourth step that refers to the effective management of talent. Key employees should be understood in terms of three competing perspectives: Who are the current and future leaders that you need to retain and grow? Who are the current effective and high performers that you need to engage and develop? Who are the marginal and poor performers or incongruent performers from a values basis that you need to manage and resolve?

The importance of talent management practices stems from their assumed influence on whether an organization will be successful or not within a competitive business environment. It has been stated by Michaels, Hadfield-Jones & Axelrod (2001) that increasing the company's human talents will lead to the organization flourishing. Organizations therefore spend a vast amount of money trying to implement successful talent management strategies. Most companies first ask who, then what, and only when the right people are in the right positions the companies can take steps forward towards achieving beyond their competitors. Collins (2001) argues that to be really successful it is not only necessary to find the right people on the right position but you should identify the superior performers for every position. Hoogheimstra (1992) in fact suggests that not even the vision and strategy of a company are as important as the people that eventually will drive the company into the future.

Mucha (2004) states that talent is the driving force for business success, most important in times of economic downturns when businesses need to acquire and leverage talent differently in order to thrive in the best and worst of times. He also states that effective talent management is essential to achieving organizational excellence, and therefore a focus of successful talent management is aligning the performance appraisal process with creation of a means and process to identify the potential of employees to progress to more senior levels in an organization. Mucha (2004) held this view three years earlier stating that retaining performing employees in slow economic times is even more important than in better times. Mucha (2004) echoes this sentiment stating that to be effective, talent management strategies must cater for what matters most to employees and specifically mentions the following three things that employees desire to feel motivated and committed to their organizations; personal and professional development, deployment onto work assignments that demand use of their skills and fuel their passion, and connection to a greater group of other employees.

Kelser (2002) also supports talent development and cautions that careful attention needs to be paid to recruitment and development of executive management to ensure organizational success. Instead of focusing on planning for replacements, Kelser (2002) argues that succession planning needs to include a more comprehensive array of employee assessment and development practices that are able to support the pipeline of talent in an organization. Talent management in fact is one of the three elements of a comprehensive leadership management process, the other two elements being strategic planning and continuous correct deployment of employees. In this regard, talent management can be regarded as the development and maintenance plan for the leadership strategy.

Developing Talent, i.e. the learning and performance improvement of high performers, is an essential part of Talent Management according to Frank & Taylor (2004). Ordóñez de Pablos (2004) states that firms can protect their human capital from being eroded by making knowledge, skills and capabilities more unique and/or valuable by an internal system of HRM, which comprises of comprehensive training, promotion from within, developmental performance appraisal process, and skill based pay. Building on performance management systems, Frank and

Taylor (2004) predicts that in the future, employees will receive custom made responses which will task their skills and weaknesses continuously. Michaels et al. (2001) states that although everyone cannot become organizational superstars they can push the limits of what they can accomplish. Therefore, organizations that embed development into their very core can attract more Talent, retain it longer and have better performance over the long run. There is, however, a divergence from this academic truth. Most companies deliver poor development possibilities, but new approaches on development will simplify this by using already available tools i.e. job experience, coaching and mentoring.

## **2.5 Employee Retention**

Retaining top talent remains a primary concern for many organizations today. Employee retention is defined by Frank, Finnegan and Taylor (2004), as the efforts of the employer to keep its desirable employees and thereby reach company objectives. A retention plan according to Herman (2005) also helps with avoiding unwanted loss of human and intellectual capital, thus reducing the cost of employee turnover and improves the workforce stability and engagement. Critical analysis of workforce trends, as stated by Rappaport, Bancroft, & Okum (2003) points to an impending shortage of highly-skilled employees who possess the requisite knowledge and ability to perform at high levels, meaning that organizations failing to retain high performers will be left with an understaffed, less qualified workforce that ultimately hinders their ability to remain competitive.

According to Colvin (2006), selecting and recruiting talented performers using structured interviews is a successful strategy of employee retention. The structured interviews he refers to are based on studies of a number of talented performers employed in a wide variety of professions. These studies identify essential characteristics of these top performers and then use that data in structured interviews to seek out applicants displaying the essential characteristics identified by the studies. Lunn (1995) revealed that using these structured interviews could considerably reduce employee turnover and also concluded that management of organizations wishing to become 'talent-led' need to re-think their approach to learning and development. Colvin (2006) also suggested that management stop seeing learning and development as an

intervention to change personality characters of those hired and as a tool for solving organizational problems, and to rather using learning and development as a means to develop skills of talented performers. Beal (2005), on the other hand, contradicted Lunn (1995) and suggested that perhaps recruiting the most talented employees is not the best thing to do as high fliers tend to leave organizations more quickly thereby generating significant employee turnover costs. Beal (2005) concluded that only a few organizations tend to recruit bright people, develop them and then also do all they can possibly do to retain them. Most organizations perform only the first two activities and don't focus on retaining employees.

Benjamin (2003) noted that the reasons why people leave employment may include, cultural and communication issues such as the perceived feeling of the company culture or reputation, lack of encouragement and support from managers or a lack of feedback that makes employees feel unnecessary. This is also supported by Frank and Taylor (2004) who recognized poor management as the number one reason why employees leave. A study in China by Paine (2006) found that the average voluntary resignation rate of employees increased from about eight percent in 2001 to fourteen percent in 2005. The study found that the primary reason employees left their current employer was better compensation from the new employer. Lack of focus on talent management, in the form of personal development opportunities, was cited as the least important factor influencing the employee's decision to leave. However, in considering why employees stayed, Chikumbi (2011) found that talent management in the form of personal development opportunities, opportunities for employees to use their skills and good career opportunities were the three most important factors influencing an employee's decision to stay.

## **2.6 Talent Management and Employee Retention**

According to Davis et al. (2007), the most important step of talent management is the retention of the talented employees inside the organization. These talented employees are believed to be key investments of the organization and that gives the reason as to why the company needs to retain them in the organization. The retention should not be enforced through forceful contracts but through talent management strategies. It has to be voluntary, otherwise the employee will be

in the organization but he or she will not exploit all the potential in accomplishing the organizational goal.

In addition, Davis et al. (2007), view talented people as very ambitious and they expect a high development of their career thus they demand the help of the organization to achieve that development. Hence for them to be retained in the organization, the employer needs to give them every opportunity to develop their talent/potential. In this case, retention needs motivation, commitment, career/talent development, career project and also rewarding, which does not necessarily mean only money/salary. The career investment programme of a company shows that it is ready to invest in its staff to help them achieve their entire development and to acquire new skills and knowledge. If the staff sees that effort of the company, they will answer with a superior performance. It is like an implicit contract between organization and the talented employee. The corporate investment that the enterprise can do to attract and retain talented employees are the training, the recruitment process, internal communication, HR infrastructures and in a talent management strategy. If a firm does this investment, Davis et al. (2007) suggests that it takes care of their employees and it will become in a magnet for talented people who will want to work for that company.

In addition PWC (2010) advocates for promotions of talented employees as one of the talent management strategies that can retain talented employees. When the promotion process is based on employee achievements and on the potential that he or she shows, it can increase the employee's commitment and also his or her self-confidence and motivation. This is because they see that their effort is taken into account by the organization and it can be rewarded if they show a superior performance. Hence, a formal promotion panel or board can build the trust of the workforce. The career plans are also much related with the promotion processes and it can be also a great tool to retain the talent pool. The career plans show to the employee that this firm can give the development that he or she is looking for in the talent. The findings by PWC (2010) demonstrated the need for a much more integrated approach to retaining mid-level professionals through making broader changes to address job assignments, careers and work-life balance in the firm. They saw the need to address work-life balance and career growth and making serious

changes in the culture and staffing practices. They also suggested the importance of taking a broad view of total rewards that includes aspects of talent management in the job beyond compensation and benefits. The nature of the work itself, and what that means for professional development, work-life balance and career success can exert equally strong, if not stronger, influences on motivation and retention of employees, including those with the highest productivity and potential.

According to Chikumbi (2011), the most important aspect for retaining top talent is through motivation. This is the key for the success in the talent management strategy because the level of effort the employee will do is equivalent to the reward, which is not necessarily money. The motivation can also be achieved through realistic objective setting, culture of continual learning, paying attention to the ideas that the employee presents and fostering creativity. Deloitte (2007) advocates four factors which foster the motivation and can be ordered in base on the importance that talented employees attach to them; recognition, the opportunity, the job satisfaction and lastly money. Therefore, we can say that the key motivator of talented employees is recognition, which shows the necessity of all people to gain a reputation and to feel valuable because it reaffirm to them what they are.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

The research design, study population, data collection, data analysis and reporting are covered in this chapter.

### **3.2 Research design**

Research design is the plan and structure of investigation so conceived, so as to facilitate answers to research question. Descriptive research design was used. This is because it permits data collection from a cross section of firms at one point in time.

### **3.3 Target Population**

The population was from all the 43 Commercial Banks in Kenya <http://www.centralbank.go.ke>, (2013). This was a census study because the data was collected from all the commercial banks in Kenya.

### **3.4 Data Collection**

The researcher used primary sources to collect data. In this case, the primary data was collected using self –administered questionnaires. The questionnaire was completed by the Human Resource Officers of the Banks. The questionnaires consisted largely of closed ended questions. The questionnaire is divided into three parts. Part A focuses on biographic data, part two address talent management while part three targets employee retention.

### **3.5 Data Analysis**

The data was checked for completeness and comprehensibility. Descriptive statistics especially, frequencies, mean scores, standard deviations and percentages has been applied to establish patterns and trends to make it easier for the researcher to understand and interpret implications of the findings. Presentation and reporting is in form of frequency tables. Pearson’s correlation analysis is used to establish relationship between talent management and employee retention.

**CHAPTER FOUR:  
DATA ANALYSIS, RESULTS AND DISCUSSION**

**4.1 Introduction**

This chapter provides and discusses the results of the study. It provides the research findings and results from the respondents based on the questionnaire that they filled.

**4.2 Response Rate**

A total of 25 respondents filled and returned the questionnaires out of the distributed 43 questionnaires. The collected data was analyzed using the Statistical Package for Social Scientists (SPSS v19) to generate descriptive statistics and correlation values. This analysis is presented below:

**4.3 Research Findings and Discussions**

**4.3.1 Gender**

From the findings, 68% of the respondents were male while 32% being female. This is a reflection of the general domination of the male gender in the banking industry.

**Table 4.1 Gender**

	Frequency	Percent	Cumulative Percent
Male	17	68.0	68.0
Female	8	32.0	100.0
Total	25	100.0	

Source: Research Data (2013)

**4.3.2 Experience**

Most of the respondents (79.2%) have worked for less than 10 years as shown in the table 2 below. This may be a reflection of high turnover in the banking industry.

**Table 4.2 Experience**

	Frequency	Percent	Cumulative Percent
Less than 1 year	3	12.0	12.5
1-4 years	7	28.0	41.7
4-7 years	5	20.0	62.5
7-10 years	4	16.0	79.2
above 10 years	5	20.0	100.0
Total	24	96.0	
Missing System	1	4.0	
Total	25	100.0	

Source: Research Data (2013)

### **4.3.3 Ownership**

The ownership of most banks is local as indicated by the respondents (48%) with 20% foreign owned and 32% jointly owned.

**Table 4.3 Ownership**

	Frequency	Percent	Cumulative Percent
Locally owned	12	48.0	48.0
Foreign owned	5	20.0	68.0
Jointly owned	8	32.0	100.0
Total	25	100.0	

Source: Research Data (2013)

#### 4.3.4 Number of Staff

The number of employees in most banks was reported to be more than 100 (76%) whereas 8% indicated less than 50 and between 50 and 100 employees in each case. Such a large number of employees call for better strategies of ensuring employee satisfaction.

**Table 4.4 Number of Staff**

	Frequency	Percent	Cumulative Percent
Less than 50	2	8.7	8.7
Between 50 and 100	2	8.7	17.4
More than 100	19	82.6	100.0
Total	23	100.0	
Missing System	2		
Total	25		

Source: Research Data (2013)

#### 4.4 Employee retention

The respondents were asked to rate different variables relating to employee retention and the findings are summarized in the table below:

**Table 4.5 Means and Standard Deviations for measures of Employee Retention**

<b>Statement</b>	<b>Mean</b>	<b>Standard Deviation</b>	<b>Rank</b>
Supervisors have skill to coach, motivate, communicate and represent the company	4.2400	.72342	2
Staff appraisal conducted at least once a year	4.3200	.90000	1
Staff feel appraisal process is fair	3.4000	.91287	10
Junior staff have opportunity to appraise performance of managers	3.0000	1.41421	13
Salary structure do exist	3.3200	1.06927	11
Employees are rewarded according to performance	3.6400	1.03602	7
Outstanding employees receive financial rewards periodically	3.6800	1.18040	6
Outstanding employees receive special mention	3.9200	1.03763	3
The organization has clear policies and procedures	3.7600	1.01160	5
The organization has flexible work system	3.6000	1.04083	8
There exist good work life balance	3.2000	1.00000	12
Extended work hours compensated	3.5600	1.26095	9

Jobs clearly spelt out to avoid confusion	3.8800	1.05357	4
Total Mean	47.52		
Overall Mean	3.66		

Source: Research Data (2013)

Research findings in the table 4.5 show that employees in the organizations, supervisors have skill to coach, motivate, communicate and represent the company with a mean of 4.24. If the supervisors are able to impart the knowledge they have to their staffs and have effective communication, ensuring that there is feedback at all times and in case there is any vital information that they need to know, it will be communicated to them. This way the employees will feel appreciated and it will motivate them. Appraisals need to be done at least once per year. The correspondents agreed that the appraisals are done and in a fair way mean of 4.32. Appraisals are done to establish how the employees are performing and to enable them improve their performance through feedback in case any gaps have been identified. At the beginning of every year targets are set and in some organizations appraisals are done after either 6months to determine whether the new employees will be absorbed into the company and the annual appraisals is done at the end of the year to gauge the performance.

From the research findings, respondents with a mean of 3.92 agreed that employees with outstanding performance receive special mention. Employees get motivated and encouraged if their efforts are recognized because they will have the urge to work harder towards the success of the organization. Some respondents stated that they have measures to ensure employee retention such as an effective reward system and investment in employers through training and oversees managerial exposure, especially for those who have performed well. It came out clearly that banks are trying to retain their employees through compensation, rewarding and recognizing the employees that are performing well.

A large number of respondents with a mean of 3.88 stated that jobs are clearly spelt out to avoid confusion. It is important for the employees to know what their duties and responsibilities are. Situations where staffs come in and have no idea of what is expected to them they feel

demoralized, and because of the confusion they are likely to leave the organization because of the disorganization.

In every organization it is important to have salary structures in place for transparency and fair compensation to every employee. A good number of respondents with a mean of 3.32 noted that banks are not sure if they have salary structures in place or not. It could be the structures are in place but they do not have an idea or they have not been sensitized. This was a clear indication to the researcher that it would be difficult to retain employees if they do not know what they have in place and how they are being compensated. Work life balance is very important for the employees, they work well if they know their other side of life is also taken care of. From the research carried out mean of 3.2 agreed that there exist good work life balance. It's important for banks to consider Employees social life, like involving them in recreational activities and also taking care of their welfare.

#### **4.5 Talent Management**

The respondents were required to rate the following statements that relate to talent management. Their responses are summarized in the table below:

**Table 4.6 Means and Standard Deviations for measures of Talent management**

<b>Statement</b>	<b>Mean</b>	<b>Standard Deviation</b>	<b>Rank</b>
The bank has a way to identify employee career goals and help achieve them	3.6000	1.15470	7
Employees receive constant feedback on their career progress	3.3200	.94516	10
Employees receive both internal and external training	3.6800	.94516	5
Job rotation is employed to ensure	3.7200	1.06145	3

employee development			
Job enrichment is one way of ensuring employee development	3.2800	1.13725	11
No employee stays on a job for more than 3 years	2.4800	1.04563	13
Promotions are based solely on employee's ability	3.0400	1.09848	12
Internal employees are considered first for any vacancies	3.5600	1.12101	8
Training is based on training needs analysis	3.7200	.97980	3
Organization endeavors to respond to identified training needs	3.7600	1.12842	1
Employees with special needs are duly considered	3.5600	1.15758	8
Selection of training programmes is based on well-established criteria	3.7600	.92556	1
A forum exists for sharing information between employees	3.6800	1.14455	5
Grand Mean	45.16		
Overall Mean	3.47		

Source: Research Data (2013)

As shown in the table 4.6, respondents with a mean of 3.76 agreed that selection of training programmes is based on well-established criteria, and that organization endeavors to respond to identified training needs. It is important to develop employees because it enhances their performance and also makes them feel appreciated. In some organizations, every employee is expected to always develop their own individual development plan which is then discussed with the manager to agree on development priorities. In other organizations to identify training needs, employee completes the training needs analysis (TNA) form at the beginning of every year which forms the basis for training allocation. All employees can also access the online training portal which gives room for personal development at ones convenience with certain mandatory trainings administered via the same link.

There is job rotation employed to ensure employee development. This was suggested by a reasonably large number of employees with a mean response of 3.72 of the bank correspondents. Job rotation is important for the banks because employees are able to work anywhere at a given particular time. It is a common practice within the bank. Promotion is important for employees development at large number of mean 3.04 of respondents agreed that promotions are solely based on employee's ability. Without promotions , employees will not stay in the organization longer because will keep on looking for better jobs which matches their skills that they keep on up grading by going back to school.

A good number of respondents with Mean of 2.48 response rate agreed that no employee stays on job for more than 3 years. From the correspondents they have worked in their organizations between 1-4 years. It is a clear indication that without talent in place it is very difficult to retain the employees in the organization.

#### **4.6 Correlation Analysis for the link between Talent management and Employee Retention**

Correlation between variables is a measure of how well the variables are related. The most common measure of correlation in statistics is the Pearson's Correlation technique which shows the linear relationship between two variables. Results range from -1 to 1. A result of -1 means

that there is a perfect negative correlation between the two variables, while a result of 1 means that there is a perfect positive correlation between the two variables. Result of 0 means that there is no linear relationship between the two variables.

If the Sig (2-Tailed) value is greater than 0.05 it can be concluded that there is no statistically significant correlation between the two variables. That means, increases or decreases in one variable do not significantly relate to increases or decreases in the second variable. If the level of significance (2-Tailed) is less than or equal to 0 .05 it is concluded that there is a statistically significant correlation between the two variables. That means, increases or decreases in one variable do significantly relate to increases or decreases in your second variable.

The results of correlation analysis presented in the table 4.7 show a strong positive relationship between talent management and employee retention ( $r=0.829$ ,  $P>0.05$ ).

**Table 4.7 Results of Pearson’s correlation analysis for the relationship between Talent Management and Employee Retention**

**Correlations**

		Employee Retention	Talent Management
Employee Retention	Pearson Correlation	1	.829**
	Sig. (2-tailed)		.000
	N	25	25
Talent Management	Pearson Correlation	.829**	1
	Sig. (2-tailed)	.000	
	N	25	25

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

Source: Research Data (2013)

## **CHAPTER FIVE**

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

#### **5.1 Introduction**

The chapter presents summary of the research findings of the study, conclusions and recommendations for further research and finally contributions to the study knowledge.

#### **5.2 Summary of the Findings**

From the research and analysis made of thereof in chapter four, the researcher provides summary of the major findings in the study. The respondents were not high because in Banks, they don't give information easily to especially outsiders and it was difficult to get the correspondents fill in the questionnaire. From the research done, 58% respondent well to the questionnaires, 23% took the questionnaires but did not return them and 19% they didn't complete the questionnaires well and some would send you away.

The researcher found that in some banks, every employee is allowed to go for their own chosen training program in accordance with their career paths. They valued this as one way of improving the talents of the employees in the organization and it is a commitment of the organization to hire, manage and retain the talented employees. In some banks each person is expected to develop their own individual development plan which is the n discussed with the manager and agree on development priorities. In addition the bank leverages its global presence to provide employee with oversees assignment when they are identified as required development.

It was noted from the findings that 40% of the employees were not sure if they are able to stay in an organization for more than 3 years , this is because of they can easily get motivating packages from the competitor they easily leave and they know they will come back at any given time. In the banking sector they ensure that many employees have benefits aside from the salaries they earn, this includes Medical cover, Group life cover, loans (personal, car, education, mortgage) that is lower than the market rates. Depending on the level of the employee some get the benefits of joining clubs.

### **5.3 Conclusion**

From the responses and summary of the findings, some of the ways in which employees are retained in banks include: mean of 4.24 banks agreed employing supervisors who have skills to coach, motivate and represent the company. Appraisals are also taken serious in the banks. Many banks confirmed at least they carry out appraisals at least once in a year. Through appraisal they are able to track the performance of the employees and identify the gaps where they are not performing well. Human Resource Managers also realize that it important for jobs to be clearly spelt out to avoid confusion. They ensure that every employee at the time of hiring is given a job description.

It is important for the Human Resource Managers to ensure that they have clear salary structures in place for transparency. It will be difficult to retain employees who are not satisfied and always feel that there are people who are paid more than them and yet they don't deserve it. When you have clear policies and structures in place and it's well communicated to the staffs it will be easy for the Human Resource. Most of the foreign banks don't have salary structures in place, an employee can be paid any amount of money depending on how well they negotiate for themselves.

Talent management cannot be separated from Employee retention. Organizations need to develop their employees for them to perform well. Every employee in the bank is set for targets at the beginning of the year, and appraisals are done to rate how the employees have performed. At that point they will up with training needs of the employees to enable them fill in the training gaps. Banks need frequent trainings both internal and external as a way of motivating the employees and also empowering them with knowledge.

Promotions are not based on employee's ability according mean 3.04, which is demotivating to an employee. Human Resource Managers need to encourage the employees to be updating them whenever they have acquired more certificates. When an employee has improved his skills and knowledge, whenever an opportunity arises within the organizations, internal candidates are considered first before sourcing from outside. With this transparency many staff will be motivated. Training calendars become very useful at this point because every employee training need will be taken care of. It is easier to retain staffs who feel adequately utilized in terms of their skills /talent and vice versa. One of the things that employees value a great deal is career

development. Human Resource Policy is very important in every organization. It gives the Human Resource Manager and also the employee guide on particular issues and also in order to maintain order. In case of any issues that could arise in the organization, they can quickly make reference to the policy.

#### **5.4 Recommendations**

From the summary of the findings and conclusions thereof, the researcher recommends that:

Banks consider rewarding employees according to their performance. This will motivate the employees to work harder to achieve their targets. Banks consider using a 360 degree appraisal system, as it will be one way in which employees will be able to give feedback to their supervisors and in return the supervisors would also know areas in which they go wrong. All banks should ensure that salary structures are in place for transparency purposes.

Banks should be a form of system in place for promotions, especially based on ability. It will be very de motivating to the employees if they find out an employee is just promoted without any justification. Banks should also consider having forums or town hall meetings, where information is shared. At the same time the management will be able to get feedback from the employees. Human Resource Managers should carry out annual salary surveys, to enable them benchmark and thus improve on how they compensate their staffs well and avoid losing them to their competitors after they have invested much in them. Every organization should have a Human Resource Policy.

#### **5.5 Recommendation for Further Studies**

There is need for research to determine the relationship between reward systems, training and employee retention.

Similar research could be replicated in a different sector to find out whether the conclusions are similar

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## APPENDICES

### APPENDIX 1: DIRECTORY OF COMMERCIAL BANKS

(<http://www.centralbank.go.ke>)

1. African Banking Corporation Ltd.

Physical Address: ABC Bank House, Mezzanine Floor, Koinange Street.

Date Licensed: 5/1/1984

Branches: 10

2. Bank of Africa Kenya Ltd.

Physical Address: Re-Insurance Plaza, Ground Floor, Taifa Rd.

Date Licensed: 1980

Branches: 18

3. Bank of Baroda (K) Ltd.

Physical Address: Baroda House, Koinange Street

Date Licensed: 7/1/1953

Branches: 11

4. Bank of India

Physical Address: Bank of India Building, Kenyatta Avenue.

Date Licensed: 6/5/1953

Branches: 52

5. Barclays Bank of Kenya Ltd.

Physical Address: Barclays Plaza, Loita Street.

Date Licensed: 6/5/1953

Branches: 103, Sales Centers - 12

6. CFC Stanbic Bank Ltd.

Physical Address: CFC Centre, Chiromo Road, Westlands

Date Licensed: 5/14/1955

Branches: 20

7. Charterhouse Bank Ltd

Physical Address: Longonot Place, 6th Floor, Kijabe Street.

Date Licensed: 11/11/1996

Branches: 10

8. Chase Bank (K) Ltd.

Physical Address: Riverside Mews, Riverside Drive.

Date Licensed: 4/1/1991

Branches: 18

9. Citibank N.A Kenya

Physical Address: Citibank House, Upper Hill Road.

Date Licensed: 7/1/1974

Branches: 4

10. Commercial Bank of Africa Ltd.

Physical Address: CBA Building, Mara/Ragati Road, Upper Hill

Date Licensed: 1/1/1967

Branches: 20

11. Consolidated Bank of Kenya Ltd.

Physical Address: Consolidated Bank House, 6th Floor, Koinange Street.

Date Licensed: 12/18/1989

Branches: 14

12. Co-operative Bank of Kenya Ltd.

Physical Address: Co-operative House, 4th Floor Annex, Haile Selassie Avenue.

Date Licensed: 1/1/1965

Branches: 87

13. Credit Bank Ltd.

Physical Address: Mercantile House, Ground Floor, Koinange Street

Date Licensed: 5/14/1986

Branches: 7

14. Development Bank of Kenya Ltd.

Physical Address: Finance House, 16th Floor, Loita Street.

Date Licensed: 1/1/1973

Branches: 3

15. Diamond Trust Bank Kenya Ltd.

Physical Address: Nation Centre, 8th Floor, Kimathi Street.

Date Licensed: 1/1/1946

Branches: 36

16. Dubai Bank Kenya Ltd.

Physical Address: I.C.E.A. Building, Ground Floor, Kenyatta Avenue.

Date Licensed: 1/1/1982

Branches: 5

17. Ecobank Kenya Ltd

Physical Address: Ecobank Towers, Muindi Mbingu Street. 5

Date Licensed: 01/11/2005

Branches: 20

18. Equatorial Commercial Bank Ltd.

Physical Address: Equatorial Commercial Bank Centre, Nyerere Road.

Date Licensed: 12/20/1995

Branches: 12

19. Equity Bank Ltd.

Physical Address: Equity Centre, 9th Floor, Hospital Road, Upper Hill

Date Licensed: 28/12/2004

Branches: 123

20. Family Bank Limited

Physical Address: Four Ways Towers. 6th Floor, Muindi Mbingu Street

Date Licensed: 1984

Branches: 52

21. Fidelity Commercial Bank Ltd

Physical Address: I.P.S Building, 7th Floor, Kimathi Street.

Date Licensed: 6/1/1992

Branches: 7

22. Fina Bank Ltd

Physical Address: Fina House. Kimathi Street.

Date Licensed: 1/1/1986

Branches: 15

23. First community Bank Limited

Physical Address: Prudential Assurance Building, 1st Floor, Wabera Street

Date Licensed: 29.04.2008

Branches: 18

24. Giro Commercial Bank Ltd.

Physical Address: Giro House, Kimathi Street.

Date Licensed: 12/17/1992

Branches: 7

25. Guardian Bank Ltd

Physical Address: Guardian Centre, Biashara Street

Date Licensed: 12/17/1992

Branches: 77

26. Gulf African Bank Limited

Physical Address: Gemina Insurance Plaza, Kilimanjaro Avenue, Upper Hill

Date Licensed: 1/11/2007

Branches: 15

27. Habib Bank A.G Zurich

Physical Address: Habib House, Koinange Street.

Date Licensed: 1/7/1978

Branches: 5

28. Habib Bank Ltd.

Physical Address: Exchange Building, Koinange Street.

Date Licensed: 2/3/1956

Branches: 4

29. Imperial Bank Ltd

Physical Address: Imperial Bank House, Bunyala Road, Upper Hill

Date Licensed: 1/11/1992

Branches: 16

30. I & M Bank Ltd<sup>8</sup>

Physical Address: I & M Bank House, 2nd Ngong Avenue.

Date Licensed: 1/1/1974

Branches: 19

31. Jamii Bora Bank Limited.

Physical Address: Jamii Bora House, Koinange Street.

Date Licensed: 9/10/1984

Branches: 1

32. Kenya Commercial Bank Ltd

Physical Address: Kencom House, 8th Floor, Moi Avenue.

Date Licensed: 1/1/1896

Branches: 165

33. K-Rep Bank Ltd

Physical Address: K-Rep Centre, Wood Avenue, Kilimani

Date Licensed: 3/25/1999

Branches: 31

34. Middle East Bank (K) Ltd

Physical Address: Mebank Tower, Milimani Road.

Date Licensed: 10/1/1980

Branches: 3

35. National Bank of Kenya Ltd

Physical Address: National Bank Building, 2nd Floor, Harambee Avenue.

Date Licensed: 1/1/1968

Branches: 54

36. NIC Bank Ltd

Physical Address: N.I.C House, Masaba Road, Upper Hill

Date Licensed: 9/17/1959

Branches: 16

37. Oriental Commercial Bank Ltd

Physical Address: Apollo Centre, 2nd Floor, Ring Road, Westlands.

Date Licensed: 8/2/1991

Branches: 6

38. Paramount Universal Bank Ltd

Physical Address: Sound Plaza Building, 4th Floor, Woodvale Grove, Westlands

Date Licensed: 10/1/1993

Branches: 610

39. Prime Bank Ltd

Physical Address: Prime Bank Building, Chiromo Lane/Riverside Drive Junction,  
Westlands

Date Licensed: 3/1/1992

Branches: 14

40. Standard Chartered Bank Kenya Ltd

Physical Address: Standard Chartered Building, Westlands Road, Chiromo Lane,  
Westlands

Date Licensed: 10/1/1910

Branches: 33

41. Trans-National Bank Ltd

Physical Address: Transnational Plaza, City Hall Way.

Date Licensed: 8/1/1985

Branches: 18

42. UBA Kenya Bank Limited

Physical Address: Apollo Centre, 1st Floor, Ring Road/Vale Close, Westlands

Date Licensed: 24/09/2009

Branches: 411

43. Victoria Commercial Bank Ltd

Physical Address: Victoria Towers, Mezzanine Floor, Kilimanjaro Avenue, Upper Hill

Date Licensed: 6/1/1987

Branches: 3

**APPENDIX 2: LETTER OF INTRODUCTION**

To:

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Dear Sir / Madam,

**RE: REQUEST FOR RESEARCH DATA**

I am a student at the University of Nairobi, pursuing a postgraduate degree in business administration (MBA). I am undertaking a research project entitled '**RELATIONSHIP BETWEEN TALENT MANAGEMENT AND EMPLOYEE RETENTION AT KENYAN COMMERCIAL BANKS**' as part of the academic requirements towards completion of the course. To assist me accomplish this, I am humbly requesting that you complete the questionnaire herewith attached.

All the information you volunteer will be treated with utmost confidence and at no time will your name, title or that of the firm be mentioned in the report whatsoever. However, the findings of the research can be availed to you upon completion.

Your cooperation will be highly appreciated. Thank you.

Yours faithfully,

Silvia Kataike

**MBA STUDENT**

**APPENDIX 3: QUESTIONNAIRE**

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**PART 1**

GENERAL INFORMATION

Name of Financial Institution: \_\_\_\_\_

Title of Respondent: \_\_\_\_\_

MALE     FEMALE

Respondent has been with the Institution for the last:

<b>1 Year or less</b>	<b>1 – 4 Years</b>	<b>4 – 7 Years</b>	<b>7 – 10 Years</b>	<b>10 Years or more</b>

The Financial Institution is:

Wholly Locally owned

Wholly Foreign owned

Jointly owned

No. of Staff in the Institution:

Less than 50

Between 50 – 100

More than 100

Annual Turnover for the last Financial Year (KSh): \_\_\_\_\_

Profitability for the last Financial Year (KSh): \_\_\_\_\_

**PART 2**

**TALENT MANAGEMENT AND EMPLOYEE RETENTION**

To what extent do you agree with the following statements relating to employee talent management

- Key:** Strongly Agree [5]  
Agree [4]  
Undecided [3]  
Disagree [2]  
Strongly Disagree [1]

**a) Employee Retention**

STATEMENT	1	2	3	4	5
The supervisors have the skills to effectively coach, motivate, empower, communicate, delegate and represent the company in the right way					
Staff appraisals are conducted at least once a year					
Overall , staff feel that the appraisal process and					

procedures are fair					
Junior staff have a chance to appraise the performance of their managers / supervisors or at least give feedback on the same, in a constructive manner					
Salary structures do exist, are clearly spelt out and all staff do know them					
Employees are rewarded based on their performance					
Outstanding employees receive financial rewards periodically					
Outstanding employees receive special mention					
The organization has clear cut policies and procedures that are applied fairly and consistently across the organization					
My organization has flexible work system					
There exists fairly good work-life balance in the institution					
Extended working hours are duly compensated by the institution by way of transport home, meals, leave days earned or monetarily, whichever is applicable					
Jobs are clearly spelt out to avoid confusion and duplication of duties					

**b) Talent Management**

STATEMENT	1	2	3	4	5
The bank has a way to help identify employee's career goals and help them meet those goals within the organization through training and on job experiences					
Employees receive constant feedback on how they are progressing on their career path					
There is training, both internal and external, to develop and/or motivate staff					
Job rotation is employed to ensure employee development.					
Job enrichment is one way employed to ensure development					
No employee stays at a job for more than 3 years without a change					
Promotions are based solely on employees ability					
Vacancies are filled by first considering internal staff, and only outsource if there is no suitable person in the organization					
Trainings are based on training needs analysis					
The institution endeavors to respond to training needs that have been identified.					
Employees in need of specialized training are duly					

considered					
Selection for training programmes is based on a well established criteria					
There are forums where employees can receive information on what the institution is doing to make things better at the work place, and can in return, give feedback without fear of reprisals from management					

Comment on Talent Management: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Comment on Employee Retention: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Comment on the Relationship between Talent Management and Employees Retention: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**THANK YOU FOR YOUR VALUABLE TIME**