# EFFECTS OF TALENT MANAGEMENT ON ORGANIZATIONS PERFORMANCE: A CASE STUDY OF SAFARICOM LIMITED.

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A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF MANAGEMENT AND LEADERSHIP IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF THE DEGREE OF MANAGEMENT AND LEADERSHIP OF THE MANAGEMENT UNIVERSITY OF AFRICA.

# **DECLARATION**

This proposal is my original work and has not been present	red for a degree in any other
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This proposal has been submitted for examination with my	approval as University Supervisor
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# **DEDICATION**

This proposal is dedicated to my husband: Peter Mwangi, my children: Jasmine, Lily and Ivy and my parents.

## ACKNOWLEDGEMENT

First and foremost, I want to thank the Almighty God for everything he has done for me during this journey. I also wish to register my gratitude to everybody who in their selfless way has given me immense support in one way or another when conducting this research: my family, my project supervisor, Mr. Daniel Komu and the school administration.

#### **ABSTRACT**

The purpose of this study was to determine the effects of talent management on organizational performance. The study came in as a response to the problem that organisations have failed to fully implement talent management due to high costs associated with talent management and as well as lack of tangible benefits. The study intended to look at effects of human resource planning, competency planning and performance appraisal on organizational performance. The study focused on descriptive research design where a target population of 627 respondents were retrieved from 427 clerical officers in human resource department and 200 middle managers. Sample size was formulated using stratified percentage method where 10% of the total population was targeted. Data collection was carried out using questionnaires where analysis involved descriptive statistics.

In study findings, it was identified that human resource planning, competency planning and also performance appraisal affect organizational performance. The study recommended that Safaricom Limited should focus more on human resource planning immediately employees join the organization. The study also recommended that competency planning should be conducted through effective employees training and as well as competency training. In the last objective of the study, the researcher recommended that performance appraisal should be conducted through effective techniques such as 360°. The study also recommended that integrated management should be enhanced towards effective talent management with planning and feasibility study in place.

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## **ACRONYMS AND ABBREVIATIONS**

**AGHCI**: Aberdeen Group and Human Capital Institute

**HRP**: Human Resource Planning

**RBV**: Resource Based View

## **OPERATIONAL DEFINITION OF TERMS**

**Competitive advantage -** Competitive advantage is the leverage that a business has over its competitors. This can be gained by offering clients better and greater value. Advertising products or services with lower prices or higher quality interests' consumers. Target markets recognize these unique products or services (Holton, *et al*, 2006).

**Multinational companies -** This are organisations operating in more than two countries and involved in provision of variety of products and services (Michael, 2008).

**Performance -** This is a measure of company's outputs in terms of products and services (Gara, 2007).

**Talent management -** This involves a set of integrated organizational HR processes designed to attract, develop, motivate and retain productive, engaged employees (Fang, 2008).

#### **CHAPTER ONE**

#### INTRODUCTION

#### 1.0 Introduction

This study sought to identify the effects of talent management on organizational performance. Factors under study are human resource planning, competency planning and as well as performance appraisal. The prevailing chapter also focused on background of the study where the researcher addressed how talent management has been conducted globally, regionally and also locally. Other areas which the chapter intends to address included statement of problem, objectives, research questions, justification and also scope of the study.

## 1.1 Background of Study

Talent management has been one of the most adopted strategies towards attraction and retention of the best strategies. Talent management is defined as the science of using strategic human resource planning to improve business value and to make it possible for companies and organizations to reach their goals. Everything done to recruit, retain, develop, reward and make people perform, forms a part of talent management as well as strategic workforce planning (Michael, 2001). Adoption of talent management practices has been greatly influenced by contemporary business environment such as technological, political, competitiveness and also economic aspects.

Fang (2008) argued that during the 1970s and 1980s, organization recruitment and employee development was handled at departmental levels. However, talent management was not into the human resource functions, as it was considered to be a technical departmental function hence

failure to link talent management as a component of human resource planning. This affected various activities such as human resource planning, competency performance and also performance appraisal. The importance of talent management was realised early in 2000s as a result of increased need by organisations to attract and retain the best employees with the aim of attracting competitive advantage in the industry (Kamotho, 2012).

A study conducted by the Abeerdeen Group and Human Capital Institute (AGHCI) (2005) stated that 79% of directors of the firms surveyed showed that they had a leadership problem and as a result, talent was not given first priority in their organizations. Further, the study also revealed that 71% of human resources managers had a difficult time in attracting and keeping talent. To be effective, human resource departments should be able to develop frameworks and mechanisms that ensure enough human capital for institutional growth and performance (Richard, Timothy & George, 2009).

In another study conducted by Poorhosseinzadeh and Subramaniam (2012) in Malaysia most global organizations in Malaysia had expanded and launched structures that enabled them to draw and keep talent. This was made possible through the highly developed recruitment, training and deployment programs. The study further recommended that corporate organizations in Malaysia should emulate and follow the example of multinational companies if they hope to attract or retain talent. Otherwise, the possibility that they will lose their competitive edge in the future to multinationals was a viable threat.

A study conducted by Gara, (2007) on challenges facing talent management for African organization revealed that capital flight to the developed nations was one of the key reasons for poor talent management frameworks. Conversely, in study conducted bv PricewaterhouseCoopers (2012), stipulated that talent management structures are well expanded in Africa. Nevertheless, leadership that is well structured has the ability to name, foster and keep talent that was missing. A study conducted by African Association for Public Administration and Management indicated that the African continent struggled in recruiting, developing and retaining talented personnel due to poverty, poor remuneration structures and poor leadership (AAPAM, 2008).

The Business Review Management (2013) indicates that Kenya is among the African nations that still struggle with recruitment and retaining talents. Kenani (2011) equally suggests that Kenya's talent management problem lies in the lack of frameworks for identifying, recruiting, developing, motivating and retaining talent. As such, the lack of talent management structure means that opportunities to name and foster talent are usually wasted. Kamotho (2012) argues that the idea of talent management in Kenya has been embraced particularly by global and high performing organizations, nevertheless, information on the effectiveness of the talent management structures is not known. Several institutions that apply talent management are not disposed to open up about procedures they have put in place to draw, coach and keep talent. Human resource management needed to put more importance on the fruitful evolution and employment of people in the company to inclusively achieve the aims of the organizational performance (Campion et al., 2011).

#### 1.1.1 About Safaricom Limited

Safaricom Limited is a leading telecommunication services company in Kenya with 25% held by local and international retail and institutional investors, 35% by Government of Kenya and 40% by Vodafone. Safaricom Limited has grown from normal telecommunication services to money transfer, insurance services and also currently launching real estate services. Safaricom Limited has employed over 1,500 people mainly stationed in Nairobi and other big cities like Mombasa, Kisumu, Nakuru, Eldoret and other places. Currently, it has nationwide dealerships to ensure customers across the country have access to its products and services. Safaricom Limited has been guided by already set mission and vision statements which are to transform the lives of customers every day through interaction, products and services (Safaricom Limited, 2017).

#### 1.2 Statement of the Problem

According to Alemu, Yosef, Lemma and Beyene (2011) stakeholders invest in business so that they can build wealth. It is the responsibility of management and organizational leadership to ensure that structures within the organization help in delivering this value for investors and stakeholders. To do this, organizations employ various strategies and tactics to ensure value is generated, created and delivered. Based on the study, the aspect of talent management has been ignored by most organizations globally. This has been associated with the notion that talent management is expensive and a tedious activity hence resulting in poor performance as a result of lack of talented employees (Lucia & Lepsinger, 2009).

A study conducted by Muli *et al* (2014) indicated that the concept of talent management has not been potentially appreciated in the Kenyan economy with a variety of companies avoiding talent

management due to inability to see tangible benefits associated with the activity. The prevailing study therefore realizes that Safaricom being part of Kenyan company has failed to potentially integrate talent management and organizational performance. The prevailing study therefore intended to investigate the existing problem through effective analysis of effects of talent management on organizational performance.

## 1.3 General Objective

The general objective of this study is to determine the effects of talent management on organizational performance.

## 1.3.1 Specific objectives

The study specific objectives are:-

- i. To determine the effects of human resource planning on organizational performance.
- ii. To examine the effects of competency planning on organizational performance.
- iii. To find out the effects of performance appraisal on organizational performance.

## **1.4 Research Questions**

The study intends to address the following research questions:-

- i. Does human resource planning affect organizational performance?
- ii. Does competency planning affect organizational performance?
- iii. Does performance appraisal affect organizational performance?

## 1.5 Significance of the Study

The study is significance to the private sector towards analysis and also understanding of talent management in general with the aim of enhancing organizational performance through presentation of effects to which talent management has.

The study is also significance to Safaricom Limited as it presents a well-researched paper which provides guidance towards analysis of organisation's talent management program and also how to improve on talent management.

The study is also of significance to future researchers as it provides relevant literature on talent management and also act as point of reference with respect to talent management.

## 1.6 Scope

The study was carried out at Safaricom head office in Nairobi and it involved target population of 627 clerical officers and middle managers in human resource where a sample size of 63 respondents was selected through stratified sampling techniques. The reason as to why the researcher intended to target human resource department is due to the fact that human resource and talent management have the capability of providing sufficient information with relevance to the study. The study was carried out in the month of March 2018.

#### 1.7 Chapter Summary

The prevailing chapter has clearly indicated international problems, regional and local problems with respect to talent management, where the researcher has noted that organizations have failed

to integrate talent management and organizational performance due to the fact that talent management is a costly activity and has no tangible benefits. With respect to various studies, the prevailing study has presented three effects of talent management which are; human resource planning, competencies planning and also performance appraisal. The study is of significance to Safaricom Limited, private sectors in general and also future researchers. The study was conducted in the month of March 2018 at Safaricom head office.

#### **CHAPTER TWO**

#### LITERATURE REVIEW

#### 2.0 Introduction

This chapter entails theoretical literature review, empirical review, summary and research gap, conceptual framework, operationalization of variables and also chapter summary.

#### 2.1 Theoretical Literature Review

## 2.1.1 Human Capital Theory

Human Capital Theory was developed in the 1960s formalized by Schultz (1961) and Becker (1962, 1964). Shultz emphasized on instructive outlay as venture while Becker emphasized on human asset formation as a firm's rate of return to venture in education and training to its employees. Becker further argued that human capital activities like offering education, training and capacity building to employees not only builds loyalty, but also enhances organizational performance (Schultz, 1993). In as much as human capital theory has gained prominence in HR circles, some authors argue that human capital over emphasis of formal education is the only way to create skills, is misleading. For instance, Arrow (1962) contends that talent development cannot be acquired merely by formal education. There are employees who learn by doing, or on job training and become valuable rare experts within organizations and should therefore not be discounted.

According to Sengupta (2011), the human capital theory can be divided into two main components; skill development and technical capability development. Under the skills development, industry-related and organizational related education and training are offered, both formal and informal. On

the other hand, technological capability development accounts for individual or institutional skills and knowledge that are derived from technological effort within the organization (Younger, Smallwood & Ulrich, 2007). These human capital ramifications to organizations highlight the intricate interdependencies that exist between human capital and skills concepts.

For instance, Sengupta (2011), highlights the interdependency further by noting that for an employee to acquire specific skills in a given field, educational skills will be required to place foundation and knowledge that enhances the actual performance of work. Therefore, when applying human capital theory, it should not be lost that the body of general knowledge and principles for students cannot be substituted for apprenticeship and work experience (Wagner & Karen, 2008). It is therefore essential that organizations develop talent recognition frameworks that could be adopted as part practices (Allen Wright, 2007).

According to Sengupta (2011), countries with heavy manufacturing, industrialization, and natural resources are facing challenges of being substituted with human capital and research and development (R&D). In developed countries, there is a high demand for qualified, credible and talented human capital. Human capital is not only considered as an essential component of organizational structure, but also for fulfilling organizational mandate, mission and performance objectives (Crook et al., 2011).

#### 2.1.2 Resource Based View

The Resource Based View (RBV) theory states that an organization acquires competitive advantage by developing both the human and other organizational resources in ways that add unique and sustainable value to an organization (Barney, 1991). Under the RBV theory, firms focus is internally for unique resources rather than external. This is for both physical and intellectual resources that can enhance talent, competitive advantage and performance (Newbert, 2008; Takeuchi et al., 2007). Wright et al., (2001); Wright et al., (1994) on the other hand refer to resources based theory as the attribution of resources internal to an organization that are rare, valuable, inimitable and non-substitutable. In the RBV context, value is defined as resources that exploit organizational opportunities and that is not currently available to other competitors in the market (Barney, 1991). Equally, when a resource is referred to as inimitable, it means that other firms will find it difficult to copy or reproduce the resources for their own benefit (Takeuchi et al., 2007). Finally, non-substitutability in RBV the resource the organization has is unique to the extent that there are no other similar resources on the market that can serve the same purpose (Allen, & Wright, 2007). Therefore, an organization that has valuable, inimitable, and non-substitutable resource is said to have met RBV theoretical and practical status and can utilize the status to gain sustainable competitive advantage and performance (Barney, 1991; Allen, & Wright, 2007).

The human resources practitioners mentioned over the years that talented employees are a significant resource to an organization, not only in increasing organizational performance, but also competitive advantage (Colbert, 2004). To this end, most organizations are striving to put in place frameworks that will ensure that their organization gains leverage over other players in the market by ensuring that they recruit talented employees (Wagner, & Karen 2008). Wright et al., (1994)

distinguished between an organization's human resources (as the organizational personnel) and HR practices (HR instruments the firm utilized to manage human capital). RBV notion of value, scarcity, inimitability and compatibility, they argued that HR practices as an independent creature could not form feasible competitive advantage or performance for firms, but rather the human capital consisting of significantly skilled and brilliant employees.

According to Wagner and Karen (2008), RBV theory underpins the High-Performance Work Systems (HPWS) as it necessitates the pulling of talented human capital comprising of employees' motivation, knowledge, skills and behaviours. According to Younger, Smallwood and Ulrich (2007) firms that correctly construct HR practices that use and develop employee's skills and understanding perform better than firms that do not. Breakthrough, innovation and production are a result of how employees are free to develop their ability in the course of their work (Wright et al., 2001).

## 2.2 Empirical Literature Review

#### 2.2.1 Human Resource Planning

According to Oke, Burke and Myers (2007), Human Resource Planning (HRP) is a process through which human resource organizational departments or management plan organization needs and resources in order of organizational objectives. In Human Resources Planning people are the most valuable assets to an organization (Meyrowitz et al., 2012).

For an organization to build talent that propagates performance, it is necessary that human resource planning recruits, trains and retains employees that are talented with special skills that can enhance

competitive advantage (Klett, 2010). On the other hand, Alemu et al., (2011), argued that human resource planning is essential to talent development, organizational development and performance it carters to an organizational short term and long term staffing needs both in terms of quality and quantity. Further, they note that human resource planning answers two fundamental questions in an organization: how many people are required and how should we plan for the respective employees. Therefore, through these two questions, human resource planning enables management to structure recruitment processes, training needs and capacity needs that would elevate employees into most valuable organizational assets.

A study conducted by Meyrowitzet al., (2012) concluded that Human Resource Planning (HRP) is an important and integral part of organizational business planning. For instance, HRP feeds into organizational strategic planning processes, which informs how an organization is to model its business services. The assertion by Meyrowitzet al., (2012) is in line with findings by Alemu et al., (2011), which indicated that in as much as organizational strategic plans are articulated to drive organizational objectives, human resource planning helps interpret and actualize the strategies in terms of people requirements. However, Klett (2010) notes organization need to exercise caution when dealing with HRP as it has the tendency to draw attention ways from organizational development plans to people development, which can be counterproductive if the two are not done with balance.

According to Campion et al., (2011) and Teodorescu (2006), HRP also involves the processes of developing policies that produce forecasts on the future needs of people for an organization, future availability of human capital for the organization, and forecasts on the evolving plans to suit supply

and demand of the market place. Campion *et al.*, (2011), further suggests that HRP helps an organization's monitoring activity internal operational activities by matching them to business needs, and how they will be understood, assessed and controlled so as to maximize organizational performance.

Lucia and Lepsinger (2009) on the other hand note that HRP helps organizations develop staffing and talent development frameworks with spurious precision to avoid turn over troubles that are usually part of organizational challenges for performance. Conversely, Tzafrir, (2006) contends that Human Resource Planning is not effective in organizational development as it is built to appear. For instance, HRP is heavily dependent on external events to plan internally. In an environment where trends and business requirements keep changing, it is difficult for an organization to say they have developed the ultimate HRP for sustainable competitive advantage.

## 2.2.2 Competency Planning

According by Klent (2010), competency planning is one of the ways through which organizations can develop talent within organizations that can enhance performance. This can be done by aligning of the organizational strategy to speak to competency requirement for competitive advantage and performance. Going by this assumption, Holton et al., (2006) argues that in order for organizations to succeed in long term development, a concerted effort must be done to align skills, ability, competencies within the organization.

Competency planning is a procedure that firms utilize in order to attract, develop and keep significant competencies that the organization needs in order to fulfil its objectives (O'Nell & Hewitt, 2012). For instance, by filling knowledge or skills gap within the organization, or predict

future needs of the organization. Thus, closer alignment between available competencies and desired competencies can lead employees in an organization to become more competent (Holton et al., 2006).

Competency planning is therefore critical to organizational performance (O'Nell & Hewitt, 2012). The first step in creating a competency is identifying the needs that the organization has in securing not only the short term goals but also the long term goals of the organization. Competency planning helps organizations analyze the current potential viz a viz the future aspirations (Holton et al., 2006). The HR managers have to have an understanding on the nature and kind of skills their organizations need to enhance performance. Once this is done, organization can therefore build a database that articulates the overall resources in human capital talent, skills and knowledge and competencies portfolio (Meyrowitz, et al., 2012). The findings of gap analysis within an organization are used to identify competencies that employees need to improve on. The gap analysis findings are essential in determining competencies organizations are in deficit and in need of recruitment. Thus, it is important that organizations ensure that there exists adequate compositions in terms of competency frameworks that guide organizational objectives for talent recruitment and training (Armstrong, 2009). Implementation process of the competency framework determines the extent to which organizations enhance both financial and non-financial performance.

Meyrowitz, et al., (2012) states that for a significant competency structure and for the capacity of the structure to produce organizational goals about performance, it is key that managers include employees in the creation of the structure. A well-constructed competency framework includes not

only skill sets required to enhance performance, but also behaviours, attributes, and attitudes. Involving employees in setting competency frameworks ensures that organizational values and culture are understood by all, a precept critical to performance (Spencer & Spencer, 2009).

Competency planning also involves how an organization structures communication, training and education (Green, 2010). If an organization has members within its ranks that are not competent, while other members are competent, in the long run, the non-competent members jeopardize the competency initiative for performance enhancement within the organization. O'Nell and Hewitt (2012) contend that training and capacity building are not the only mechanisms for developing organizational competencies. They argue that most organizations that don't have competency planning processes end up abusing the use of organizational trainings as a way of developing or enhancing performance.

## 2.2.3 Performance Appraisal

Performance appraisal is a structured evaluation or assessment of employees' performance that occurs between a supervisor and an employee (Randal et al, 2005). This is usually in the form of periodic interview, online assessments, written submissions, among others (Armstrong, 2009). In the increasingly globalized world, organizations use appraisals to identify exemplary performance and reward the performance. Conversely, organizations use appraisals to determine employee's competency needs that warrant training or capacity building as a way of enhancing organizational performance (Archer North Associate, 2001).

Over the years, performance appraisal has changed from objectives to employee abilities and skills (Draganidis & Mentzas, 2009). Competencies entail not only employees' know-how, but

preferably the total cooperation between firm environment, job expectations and goals, the abilities and skills of the individual and how it reinforces the organizational team, objectives, and performance goals.

Draganidis and Mentzas (2009) highlight that most organizations use performance evaluation as a way of measuring whether an employee is contributing towards organizational objectives, and if he/she is adhering to the set performance requirements or not. The inherent objective in this performance appraisal is to get to determine performance needs of an employee and how these needs can be enhanced (Meyer & Semark 2013). Edgar and Lockwood (2011) do contend that most organizations use performance appraisal to determine evaluation parameters for employees. As such, in order to achieve employee performance that is in line with organizational performance objectives, it is important that organizations develop appraisal structure that measures both competency and performance objectives. This will ensure implementation consistency with the values of the organization (Meyer & Semark 2013). In most cases, as argued by Elkin (2009), performance appraisals do not only measure job execution goals, but also aptitude, personal characteristics such as habits, motives and team roles within the organization.

According to Edgar and Lockwood (2011), performance appraisal that focuses on job performance usually result in job task micro-competencies that at times can be difficult to measure. Ozcelik and Ferman (2010), contend that competency profiles appraisal is more articulate in offering consistent and concise indicators for measuring individual employee and organizational performance. Using right parameters to conduct performance appraisal is important in identifying competency gaps

within a team or organization. Consequentially, initiatives can be developed for each employee with precision, rather than blanket trainings for every employee.

Ozcelik and Ferman (2010), posits that performance appraisal are usually effective when employees are appraised to known objectives tagged to performance indicators. Muli, Muathe and Muchiri (2014) further note that for an organization to be able to assess how effective an employee has been in the past and how they are able to perform in the future, performance statistics have to be collected on a consistent basis so as to analyse trends and enable forecasts. However, according to Meyer and Semark (2013), caution should be exercised in using performance appraisals as they have the tendencies of becoming subjective particurlarly if the relationship of the appraiser and appraisee is frosty. Therefore, frameworks for objective performance appraisal are essential and should be in place to measure realistic performance that will be tagged to employee training hence contributing to organizational peformance.

## 2.3 Summary and Research gaps

Although the prevailing studies have clearly provided relevant information with respect to talent mamnagement and organizational performance, the review of empirical studies revealed that studies conducted on effects of talent on organizational performance did not focus at all on the telecommunication industry. Further, the study conducted by Klent (2010) UK; D'Annunzio (2008) UK; Baheshtiffar (2011) US and UK; and Campion et al., (2011) UK did not provide targetible effects on talent management on organizational performance in the African and further Kenyan context. This study therefore, seeks to establish the effects of talent management on organizational performance that will bridge the existing knowledge gap.

## 2.4 Conceptual framework

According to Miles and Huberman (1994), a conceptual framework is a representation of ideas that explain a descriptive or concrete form, showing the main components that are to be studied in research work. This includes study variables and factors and their presumed relationships. For this study, the conceptual framework is presented in Figure 1.1.

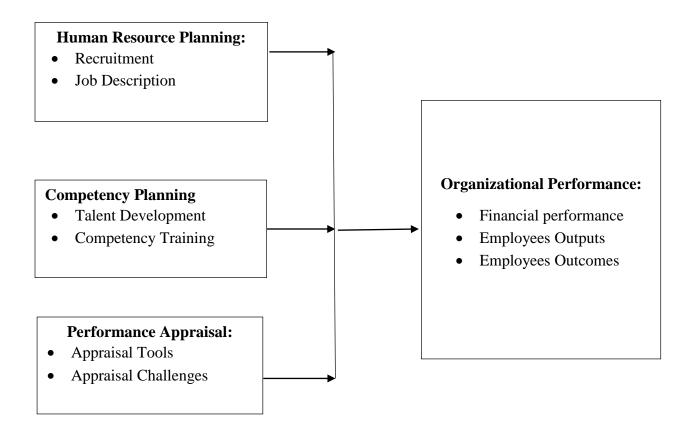


Figure 1.1: Conceptual Framework

Source: Author, (2017)

## 2.5 Operationalization of Variables

**Human resources planning** is a process that identifies current and future human resources needs for an organization to achieve its goals. Human resources planning should serve as a link between human resources management and the overall strategic plan of an organization such as talent

management. Without sufficient talent management structure, human resource planning can be greatly affected. For example, organisations depend on the nature of the talents they have to determine the future of the organization and this influences organizational performance.

Competency planning is a procedure that firms utilize in order to attract, develop and keep significant competencies that the organization needs in order to fulfil its objectives (O'Nell & Hewitt, 2012). For instance, by filling knowledge or skills gap within the organization or predict future needs of the organization. Thus, closer alignment between available competencies and desired competencies can lead employees in an organization to become more competent hence affecting organizational performance.

**Performance appraisal** is one of the effects of talent management. Performance appraisal also referred to as a performance review, performance evaluation, (career) development discussion, or employee appraisal is a method by which the job performance of an employee is documented and evaluated. Performance appraisal enhances the ability of employees to work harder and also grow skills-wise hence affecting organizational performance.

## 2.6 Chapter Summary

This chapter has clearly presented out theoretical literature review were relevant theories such as human capital theory and resource-based view have been presented with respect to talent management on organizational performance. Studies have also provided literature with respect to empirical review where the effects of human resource planning, competencies' planning and also performance appraisal have been discussed. The chapter has also stipulated well the conceptual

framework where the three variables have been directly linked with organizational performance hence indicating their relationship. The chapter also focused on the knowledge gap to which the researcher intends to fill.

#### **CHAPTER THREE**

#### RESEARCH DESIGN AND METHODOLOGY

#### 3.0 Introduction

This chapter entailed research design, target population, sample and sampling techniques, instruments, pilot study, data collection procedures, data analysis and presentation, ethical consideration and chapter summary

## 3.1 Research Design

Research design is the strategy, the plan and the structure of conducting a research project. (Michael, 2000) in this applied research, the researcher used descriptive research design, where questionnaires were used to collect the data which enabled the research to describe the findings. Questionnaires were handed out to respondents, for measurements and analysis of figures (Fisher, 2007).

## 3.2 Target Population

Burns and Grove (2003) describe population as all the elements that meet the criteria for inclusion in a study. In the prevailing study, the researcher targeted 627 employees in human resource department who include 200 middle managers and 427 clerical officers.

**Table 3.1 Target Population** 

Category	Population
Middle managers in human resource department	200
Clerical officers in human resource department	427
Totals	627

## 3.3 Sample and Sampling Techniques

Burns and Grove (2003) refer to sampling as a process of selecting a group of people, events or behaviour with which to conduct a study. The researcher focused on stratified random sampling which is a technique that attempts to restrict the possible samples to those which are "less extreme" by ensuring that all parts of the population are represented in the sample in order to increase the efficiency (that is to decrease the error in the estimation). In stratified sampling the population of \$N\$ units is first divided into disjoint groups of \$1, \$2,...,\$h,...\$L, units, respectively. These subgroups, called Strata, together they compromise the whole population, so that \$1+\$2+...\$L=N (Zikmund, 2007). The reason why the researcher decided to use this technique is to make sure that there is little or no bias at all. The study focused on 10% of the population as Mugenda and Mugenda 2010 stipulated that sample size of 10-30% of the total population is appropriate for data collection hence having a sample size of 63 individuals.

**Table 3.2 Sample size construction** 

Category	Population	Percentage used	Sample size
Middle managers in human resource	200	10%	20
department			
Clerical officers in human resource	427	10%	43
department			
Totals	627	10%	63

#### 3.4 Instruments

The researcher used well-defined structured questionnaire which were distributed at Safaricom main branch in Nairobi. Questionnaires were used to yield quantitative data. Mugenda (2008) indicates that questionnaires are relatively effective due to costs associated with other data collection tools because they only required construction, printing and disseminating them to the community or target group. The researcher found it appropriate to use questionnaires since questionnaire grant anonymity to respondents and eliminates researcher's obtrusiveness, it is also cheap to administer them and significantly easier to analyse (Appendix 1 questionnaires).

#### 3.5 Pilot study

## 3.5.1 Validity

Validity encompasses the entire experimental concept and establishes whether the results obtained meet all of the requirements of the scientific research method, and this was enhanced by the researcher through seeking expertise judgement, that is assistance from the supervisor and other experts in research.

#### 3.5.2 Reliability test

A reliable instrument is believed to produce the same results when used more than once. The researcher used test and retest method to ensure reliability of research instrument.

#### 3.6 Data Collection Procedures

The data for this study was obtained from primary sources using the drop and pick procedure. The researcher administered instruments in person. An allowance of one week was given to the

respondents to give them enough time to fill it up. The researcher was guided by a research assistance through application of drop and pick procedure.

## 3.7 Data analysis and Presentation

Data analysis was conducted using Microsoft excel where appropriate. Data collected from the questionnaires was cross-checked to ensure reliability of the information provided. Data analysed was presented using table and figures, where frequencies and percentages were used to present information as collected from the field. This was accompanied by description of figures and findings to acquire qualitative data which is easy and understandable. Data collected was presented using frequency tables and figures.

## 3.8 Ethical Consideration

## 3.8.1 Informed Consent

The researcher sought permission from the university management and also from Safaricom Limited. The researcher also sought consent from the targeted population by explaining to them the relevance of the study

## 3.8.2 Voluntary Participation

The study was based on a free will and no respondent was enticed or forced towards participation in the prevailing study.

### 3.8.3 Confidentiality

The researcher ensured that information provided by the respondents was accessible by the researcher only to ensure maximum privacy.

## **3.8.4** *Privacy*

The researcher didn't allow respondents to fill personal information such as names or their department.

## 3.8.5 Anonymity

The researcher accorded the respondents their due respect while at the same time ensuring that they answer the questions to the expectations of the study, interjecting questions, intelligibly.

The researcher picked respondents without any discrimination. This helped the researcher to receive truly anonymized responses even to the researcher herself.

## 3.9 Chapter Summary

The prevailing chapter has clearly presented research design where the researcher proposes to use descriptive research design. The target population for the study was retrieved from middle and clerical officers in human resource department where the study focused on 10% of the population as the sample size. The study also clearly indicated that questionnaires were used as data collection tool where presentation was carried out with respect to descriptive statistics. The chapter also presented study pilot where validity and reliability were considered with respect to ethical considerations.

#### **CHAPTER FOUR**

#### RESEARCH FINDINGS AND DISCUSSION

#### 4.0 Introduction

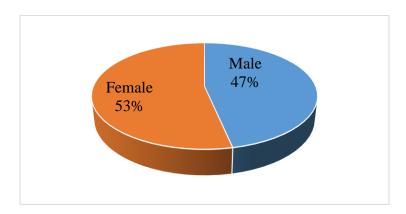
This chapter clearly presents data collected from the study in relation to effects of talent management on organizational performances. The chapter presents frequency and percentage tables where a total of 63 respondents were targeted from Safaricom Limited. The chapter presents clearly nature of responses in relation to the effects of human resource planning, corporate planning and also performance appraisal on organizational performances. The study response rate was at 83% where a total of 60 respondents participated in the study out of proposed 63 respondents. Response distribution was based on 20 middle managers in human resources department and also 40 clerical officers in human resource department. Mugenda and Mugenda indicated that response rate that surpasses 50% is quite enough for data analysis hence making 83% sufficient.

## 4.1 Presentation of Research Findings

#### **4.1.1 Gender**

This subsection presents respondents gender as indicated in Figure 4.1

Figure 4.1 Gender



According to findings in Figure 4.1, it is clear that out of a total of 60 respondents, 28 (47%) were male respondents while 32 (53%) were female respondents. This indicated that Safaricom Limited has attracted more of female employees in human resource department than male employees.

## 4.1.2 Age group

This subsection presents respondents age group as presented in Table 4.1 of the study

Table 4.1 Age group

Category	Frequency	Percentage
18-20 years	4	6.7
21-25 years	12	20
26-30 years	23	38.3
31-35 years	15	25
Over 35 years	6	10
Totals	60	100

Results in Table 4.1 indicated that out of 60 respondents who turned up for the study, 23 (38.3%) were aged between 26-30 years old while 15 (25%) of the respondents were aged between 31-35 years old. Results indicated that 12 (20%) of the respondents were aged between 21-25 years old with minority being represented by over 35 years and 18-20 years old at a frequency of 6 (10%) and 4 (6.7%) respectively.

## 4.1.3 Period of work with Safaricom Limited

This section presents period in years respondents have been working with Safaricom Limited.

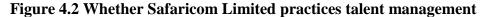
**Table 4.2 Period of work with Safaricom Limited** 

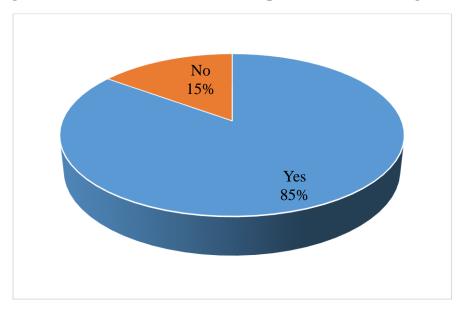
Category	Frequency	Percentage
0-5 years	31	51.7
6-10 years	14	23.3
11-15 years	11	18.3
Over 15 years	4	6.7
Totals	60	100

Results in Table 4.2 indicated that 31 (51.7%) of the respondents have worked with Safaricom for a period of 0-5 years while 14 (23.3%) of the respondents have worked with Safaricom for a period of 6-10 years. Results indicated that 11 (18.3%) of the respondents have worked with Safaricom for a period of 11-15 years with 4 (6.7%) of respondents indicating that they have worked with Safaricom Limited for over 15 years.

## 4.1.3 Whether Safaricom Limited practices Talent Management

This section presents results on whether Safaricom Limited practices talents management as presented in Figure 4.2.





According to results in Figure 4.2, it is clear that 51 (85%) of the respondents agreed that Safaricom Limited practices talent management while 9 (15%) refuted that Safaricom Limited practices talent management.

## **4.1.4 Human Resource Planning**

This section presents results on the first objective of the study which was to determine the effects of human resource planning on organizational performance where 1=Strongly disagree, 2= Disagree, 3= Neutral, 4=Agree, and 5=Strongly Agree.

**Table 4.3 Human Resource Planning** 

<b>Human Resources Planning</b>	1	2	3	4	5
Human resource planning affects organizational performance				48	12
Through effective human resource planning, organization is able			5	37	18
to attract and keep the best talents					
Through identification of organizational objective, Safaricom		9	11	30	10
has been able to instil required HRP					
Identification of human resource strategies and plans contributed			15	26	19
to organizational performance					
Human resource planning has limited effects on organizational	22	18	13	7	
performance					

Results in the first statement of Table 4.3 indicated that 48 and 12 respondents agreed and strongly agreed respectively that human resource planning affects organizational performance. Results indicated that there was no response on the disagreement side.

Results in the second statement indicated that 37 and 18 respondents agreed and strongly agreed respectively that through effective human resource planning, organization is able to attract and keep best talents. Results indicated that at least 5 respondents were undecided with the statement.

Results in the third statement of Table 4.3 indicated that 30 and 10 respondents agreed that through identification of organizational objective, Safaricom Limited has been able to instil required HRP while 11 respondents were undecided with the statement. Results indicated that at least 9 respondents disagreed with the statement.

Results in the fourth statement of Table 4.3 of the study also indicated that 26 and 19 respondents respectively agreed and strongly agreed respectively that identification if human resource strategies and plans contributes to organizational performance while 15 respondents were undecided with the statement. According to the findings, there was no response on the disagreement side.

Results in the last statement indicated that 18 and 22 respondents disagreed and strongly disagreed with the statement that human resource planning has limited effects on organizational performance while 13 respondents were undecided with the statement. According to the findings, 7 respondents agreed with the statement.

## 4.1.5 Competency planning

This section presents results in relation to the second objective of the study which was to determine the effects of competency planning on organizational performance where 1=Strongly disagree, 2= Disagree, 3= Neutral, 4=Agree, and 5=Strongly Agree.

**Table 4.4 Competency planning** 

Competency planning	1	2	3	4	5
Competency planning affects organizational performance			2	33	25
Identification and maintaining the most competent employees is		8	5	26	21
significant towards talent management and organizational					
performance					
Through conducting exchange program, organization is able to			10	19	31
identify the best competencies hence resulting to organizational					
performance.					
Training and development needs are some of the aspects of				39	21
competency planning which enhances talent management					
There is no relationship between competency planning and	28	13	19		
organizational performance					

Results in the first statement of Table 4.4 indicated that 33 and 25 respondents agreed and strongly agreed that competency planning affects organizational performance while 2 respondents were undecided with the statement with no response on the disagreement side.

Results in the second statement indicated that 26 and 21 respondents agreed and strongly agreed respectively that identification and maintaining the most competent employees is significant towards talent management and organizational performance. Results indicated that 8 respondents disagreed with the statement while 5 respondents were undecided with the statement.

Results in the third statement of Table 4.4 indicated that 19 and 31 respondents agreed and strongly agreed with the statement respectively that through conducting exchange programme, organization is able to identify the best competencies hence resulting to organizational performance while 10 respondents were undecided with the statement with no response on the disagreement side.

Results in the fourth statement of Table 4.4 indicated that 39 and 21 respondents agreed and strongly agreed respectively that training and development needs are some of the aspects of competency planning which enhances talent management with no response on the disagreement side.

Results in the last statement indicated that 13 and 28 respondents disagreed and strongly disagreed with the statement that there is no relationship between competency planning and organisational performance while 19 respondents were undecided with the statement with no response on the agreement side.

## 4.1.6 Performance appraisal

This section presents results in relation to the last objective of the study which was to determine the effects of performance appraisal on organizational performance where 1=Strongly disagree, 2= Disagree, 3= Neutral, 4=Agree, and 5=Strongly Agree.

**Table 4.5 Performance appraisal** 

Performance appraisal	1	2	3	4	5
Performance appraisal affects organizational performance				32	28
Establishing and communicating performance standards is quite				27	33
significant towards organizational performance					
Through effective compensation and remuneration, employees			7	16	37
feel motivated hence affecting organizational performance					
positively					
Application of 360 <sup>0</sup> performance appraisal techniques is quite				41	19
significant towards enhancing talent management					
There is no relationship between performance appraisal and	12	25	14	9	
organizational performance					

Results in first statement of Table 4.5 indicated that 32 and 28 respondents agreed and strongly agreed with the statement that performance appraisal affects organizational performance with no response on the disagreement side.

Results in the second statement of Table 4.5 indicated that 27 and 33 respondents agreed and strongly agreed with the statement that establishing and communicating performance standards is quite significant towards organizational performance with no response on the disagreement side.

Results in the third statement indicated that 16 and 37 respondents agreed and strongly agreed respectively that through effective compensation and remuneration, employees feel motivated

hence affecting organizational performance while 7 respondents were undecided with the statement. Results indicated that there was no response on the disagreement side.

Results in the fourth statement of Table 4.5 indicated that 41 and 19 respondents agreed and strongly respectively that application of 360° performance appraisal technique is quite significant towards enhancing talent management. According to the results, there was no response on the disagreement side.

Results in the last statement of Table 4.5 indicated that 25 and 12 respondents disagreed and strongly disagreed respectively that there is no relationship between performance appraisal and organisational performance while 14 respondents were undecided with the statement. Results indicated that only 9 respondents agreed with the statement.

#### **4.2 Limitations of the Study**

The following are the limitations the researcher encountered during the study

- I. Getting permission to access Safaricom Limited- The researcher strained before being granted permission to access Safaricom offices. This administration was quite concerned with the nature of information the student required. This was encountered through provision of letter from the school which indicated that the study was merely made for academic purposes.
- II. Confidentiality- employees especially in human resource department were concerned that the nature of information they provide might jeopardize their job hence providing less

- concerning and demanding information. This was encountered through providing privacy such as avoiding personal details.
- III. Time constrain- the study was limited to only few months and the researcher was quite concerned that activities may exceed the expected time hence delaying completion of the project. This was encountered through proper prioritization and overworking.
- IV. Biasness- some of the respondents were biased and they favoured their organization (Safaricom Limited) hence providing one sided information. This was encountered through proper scrutiny of information provided.

## **4.3 Chapter Summary**

The chapter clearly highlighted findings both background information and also research variables. The chapter highlighted that majority of the respondents in Safaricom limited were female employees while the minority were male employees. According to the findings, it was identified that majority of the employees were youth aged between 20-35 years old, where Safaricom Limited was considered to attract more employees than retaining the existing one. Based on the chapter, it was identified that respondents agreed majorly with statement which supported the effects of human resource planning, competency planning and performance appraisal on organisational performance.

#### **CHAPTER FIVE**

## SUMMARY, RECOMMENDATIONS AND CONCLUSIONS

#### 5.0 Introduction

This chapter highlights summary of the findings, majorly focusing on major findings such as the study objectives. The chapter also focuses on recommendations of the study and finally conclusion of the study.

#### **5.1 Summary**

In relation to the first objective of the study which was to determine the effects of human resource planning on organizational performance, findings indicated that through effective human resource planning, organizations are able to keep and retain best talents. Findings also indicated that identification of organisational objective has helped Safaricom to instil required HRP. Findings identified that identification of human resource plans and strategies contribute to organisational performance. Findings supported that indeed human resource planning affects organisational performance.

In relation to the second objective of the study which was meant to determine the effects of competency planning on organisational performance, findings indicated that identification and maintaining the most competent employees is significant towards organisational performance. Findings also indicated that through conducting exchange program, organization is able to identify the best competencies hence resulting to organizational performance. Training and development needs were considered to be significant aspects of competency planning which enhances talent management which supports organisational performance.

In relation to the last objective of the study which was meant to determine the effects of performance appraisal on organizational performance, findings indicated that establishing and communicating performance standards is quite significant towards organizational performance. According to the findings, it was identified that through effective compensation schemes and remuneration, employees feel motivated hence resulting to enhanced performance. Another aspect considered to fuel organisational performance was application of 360° performance appraisal technique which affects employees and organizational performance.

#### **5.2 Recommendations**

## **Recommendations based on the findings**

In relation to the first objective of the study which was to determine the effects of human resource planning on organizational performance, the study recommends that organizations should consider implementing human resources planning once they check with the organization. Employees feel bored if their future with the organization is uncertain and they are very prone to leaving the organization.

In the second objective of the study which was to determine the effects of competency planning on organizational performance, the study recommends that organizations should consider talent development through employee training and development where competency training should be treated as significant factor towards organisational performance. Conceptual, interpersonal and also technical skills should be featured in competency planning where employees' skills improvement enhances efficiency in operations hence resulting to organizational performance.

In the third objective of the study which was to determine the effects of performance appraisal on organizational performance, the study recommends that performance appraisal although considered tiresome, it should not be neglected at any level within an organization and that effective performance appraisal tools should be implemented towards enhancing employees' performance. Appraisal challenges such as cost and time consuming should not be considered when conducting performance appraisal since appraisal benefits are later realised.

### Specific activities in achieving recommendations

One of the major common and important activity in achieving desired recommendations is enhancing organisational planning. It is quite significant for Safaricom Limited and other organizations to take time and plan on effective human resource planning, employees competency planning and also performance appraisal.

Another activity to be considered towards achievement of this recommendations is the need for feasibility study. Identification on whether the organization has the capability and also sufficient resources should be a key aspect before implementing the recommendations. Most organizations' have neglected talent management due to insufficient capabilities.

Another significant activity to be put in place is management and stakeholders support. Support from the management and stakeholders is quite significant towards organisational performance. Implementation of talent management required integrated support.

### Persons responsible for implementing the recommendations

Implementation of talent management and achievement of specified recommendations shouldn't be left for the specified department such as the human resource department, but everyone within the organization must take part in enhancing effective implementation. This involves integral activities of the managers, employees, shareholders and equity holders.

#### **Strategies for monitoring and evaluation**

One of the best recommended monitoring technique is record taking and also program screening Record taking is quite significant because it stipulates out how activities have been achieved throughout the period such as talent attraction and talent retention activities in human resources planning. Recording also employees' competency and ability to perform certain task is quite significant towards understanding employees need for talent development.

Outcome evaluation strategy should be one of the best technique Safaricom Limited and other companies should adopt towards enhancing effectiveness of talent management. Organisational management should compare between the expected results and actual outcome hence identifying variance and how to bridge the gap.

#### **Training and education**

Employees should be trained on how to conduct themselves once implementation of this recommendations take place. Training should be conducted for at least 6 months before implementation where employees should be familiarised with the need for implementing specified

recommendations. Various aspects of training should be geared towards improving technical, conceptual and also interpersonal skills.

#### 5.3 Conclusion

The purpose of this study was to determine the effects of talent management on organisational performance. The study intended to determine the stated general objective through looking at the effects of human resource planning, competency planning and also performance appraisal on organisational performance. In literature review, the study focused on two theories which are human capital theory and resource-based view which are in line with talent management. The study also identified various literature studies which supported the prevailing study. In research methodology the study focused on descriptive research design where a target population of 627 employees were identified from Safaricom Limited in middle level management and also clerical officers in human resource department. The study adopted stratified sampling design where a sample of 63 respondents was constructed. In identification of data collection instrument, the study focused on questionnaire where analysis was based on descriptive statistics.

In research findings, it was identified that respondents agreed with statements that human resource planning affects organisational performance. Respondents also agreed with statement which were meant to support the idea that competency planning affects organizational performance. In study recommendations, the researcher recommended that for effective implementation of talent management program, human resource planning should be implemented once employee steps in the organization and that every individual within the organization (Safaricom) must be directly involved towards organisational performance. In relation to competency planning, the study

recommended for Safaricom and other organizations to focus on employee training and development and also competency training. In the last objective of the study, the researcher recommended that effective performance appraisal technique such as 360° should be implemented toward monitoring and maintaining employee performance. Other recommendations made were in relation to monitoring and evaluation of implemented recommendations.

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**APPENDICES** 

APPENDIX I: LETTER OF INTRODUCTION

Dear Sir/Madam,

**RE: REQUEST FOR RESEARCH DATA** 

I am a student at Management University of Africa, in partial fulfilment of the award of degree in

Management and Leadership, I am conducting a study on "EFFECTS OF TALENT

MANAGEMENT ON ORGANIZATIONS PEFORMANCE."

To enhance credibility and also significance of the work, I intend to collect data through

application of questionnaire. I would like to seek your consent towards participation in the

prevailing study. The study is purely academic and will only be accessed by the researcher. Once

completed, a copy of the research will be availed to you upon request.

Yours Faithfully,

Rachael Wanjiku Karanu

ODL-BML/9/00403/2/2016

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## APPENDIX II: RESEARCH STUDY QUESTIONNAIRE

I would like to take this opportunity to welcome you in open mind and thank you in advance as you are going to help in filling the questionnaire below. I would like to kindly request you to fill all the questions if possible, give your full honesty to the questionnaires as your answers will be of high value to this research.

Please put a tick ( $\sqrt{\ }$ ) in the appropriate box or write your answer in the space provided

PA	ART A: DE	MOGRAPH	IC DATA			
1.	Gender:	Female		Male		
2.	Please indi	icate your age	group.			
	18-20 year	rs .				
	21-25 year	rs .				
	26-30 year	rs .				
	31-35 year	rs .				
	Over 35 ye	ears				
3.	Period of v	work with Saf	aricom Limited			
	0-5 years					
	6-10 years					
	11-15 year	rs				
	Over 15 ye	ears				
4.	Does Safar	ricom practice	e talent Manage	ment activiti	es?	
	Yes					
	No					
	Explain					

## PART B: HUMAN RESOURCE PLANNING

This section presents questions with respect to the first objective of the study which is to determine the effects of human resource planning on organizational performance. Kindly answer the following question by ticking ( $\checkmark$ ) appropriate box using the following Likert scale. (Strongly disagree =1, Disagree = 2, Neutral =3, Agree = 4, and Strongly Agree =5)

Human Resources Planning	1	2	3	4	5
5. Human resource planning affects organizational					
performance					
6. Through effective human resource planning,					
organization is able to attract and keep the best					
talents					
7. Through identification of organizational objective,					
Safaricom has been able to instil required HRP					
8. Identification of human resource strategies and					
plans contributed to organizational performance					
9. Human resource planning has limited effects on					
organizational performance					

10. Please indicate any other comment on human resource planning

## PART C: COMPETENCY PLANNING

This section presents questions with respect to the second objective of the study which is to determine the effects of competency planning on organizational performance. Kindly answer the following question by ticking ( $\checkmark$ ) appropriate box using the following Likert scale. (Strongly disagree =1, Disagree = 2, Neutral =3, Agree = 4, and Strongly Agree =5)

Competency planning	1	2	3	4	5
11. Competency planning affects organizational					
performance					
12. Identification and maintaining the most competent					
employees is significant towards talent management					
and organizational performance					
13. Through conducting exchange program,					
organization is able to identify the best					
competencies hence resulting to organizational					
performance.					
14. Training and development needs are some of the					
aspects of competency planning which enhances					
talent management					
15. There is no relationship between competency					
planning and organizational performance					

16. Please	indicate an	y other comn	nent on compete	ency planning	 
				• • • • • • • • • • • • • • • • • • • •	 

## PART D: PERFORMANCE APPRAISAL

This section presents questions with respect to the third objective of the study which is to determine the effects of performance appraisal on organizational performance. Kindly answer the following question by ticking  $(\checkmark)$  appropriate box using the following Likert scale. (Strongly disagree =1, Disagree = 2, Neutral =3, Agree = 4, and Strongly Agree =5)

Performance appraisal	1	2	3	4	5
17. Performance appraisal affects organizational					
performance					
18. Establishing and communicating performance					
standards is quite significant towards organizational					
performance					
19. Through effective compensation and remuneration,					
employees feel motivated hence affecting					
organizational performance positively					
20. Application of 360 <sup>0</sup> performance appraisal					
techniques is quite significant towards enhancing					
talent management					
21. There is no relationship between performance					
appraisal and organizational performance					

22. Please indicate any other comment on performance appraisal

## APPENDIX III: RESEARCH STUDY WORKPLAN

# ACTIVITY **MONTHS, 2018** JAN FEB MARCH MARCH Topic identification 1 2 Proposal writing chapter 1 Literature review 3 Methodology 4 5 Submission of proposal Data collection and analysis 6 Presentation of final project 7

## APPENDIX IV: RESEARCH STUDY BUDGET

ACTIVITY	Cost per week
Topic identification	2,000 Ksh
Literature collection	5,000 Ksh
Research methodology	4,000 Ksh
Final proposal	2,000 Ksh
Data collection and analysis	4,000 Ksh
Presentation of final project	8,000 Ksh
Total cost	25,000 Ksh