

**EXTENT TO WHICH EFFECTIVE TALENT MANAGEMENT
IMPACTS ORGANIZATIONAL COMPETITIVENESS
A CASE OF AN AGRIBUSINESS ORGANIZATION HEREAFTER
REFERRED TO AS COMPANY X**

**BY
DIANA GATHIGA**

UNITED STATES INTERNATIONAL UNIVERSITY

SUMMER 2014

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**A Project Report Submitted to the Chandaria School of Business in Partial
Fulfilment of the Requirement for the Degree of Masters in Business
Administration (MBA)**

UNITED STATES INTERNATIONAL UNIVERSITY

SUMMER 2014

STUDENT’S DECLARATION

I, the undersigned declare that this is my original work and has not been submitted to any other college, Institution or University other than the United States International University in Nairobi for Academic Credit.

Signed:_____ Date:_____

Diana Gathiga (256572)

This project paper has been presented for examination with my approval as the appointed supervisor.

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Dean, Chandaria School of Business

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Deputy Vice Chancellor, Academic Affairs

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ABSTRACT

The general objective of this study was to analyze the extent to which effective talent management impacts organizational competitiveness. This study was guided by the following three specific objectives: (i) To determine the extent to which selection and recruitment process impacts talent management for organizational competitiveness (ii), To determine the extent to which reward system and recognition impacts talent management for organizational competitiveness, and (iii) To determine the extent to which human capital development impacts talent management for organizational competitiveness.

The research design was descriptive in nature focusing on an international agribusiness company hereafter referred to as Company X. Stratified sampling technique was used to select the sample in which thirty (30) respondents from a population of eighty five (85) staff working at the Nairobi Office were chosen. The staff included both Management and non-management categorized into three levels; managers, middle level and juniors. Information was collected using a questionnaire developed by the researcher and administered through the drop-and-pick method. Data was analyzed using SPSS and results presented in tables and bar graphs.

The study had the following major findings: first on selection and recruitment, the study revealed that most of the employees felt that, the manner in which it was done was free and fair and that they were given an opportunity to apply for vacancies when they fell vacant. However, although majority of them reported that promotions to supervisory positions were fair and also results oriented, a small number did not totally agree. Majority of the employees agreed that their jobs were secure based on performance.

On reward and recognition, a significant number, though not in the majority, felt that the benefit package that they received was not equitable. Employees expressed that the working conditions were good, and the organization was concerned with their long-term welfare. Majority further expressed that creative thinking and innovation were encouraged.

Finally, on human capital development, the majority of the employees expressed that the level of training and development was good, they were rewarded for learning, provided for career growth, and they were happy with their career advancement prospects. Most of them

agreed that they were adequately motivated and thus their overall job satisfaction was good. Employees overwhelmingly indicated that the level of team work in the organization was very good. However, a significant number of them expressed that mistakes were not discussed openly to enhance learning and also, they were not rewarded when they took initiative to learn.

This study recommends the following; first Company X should design and implement recruitment, selection, retention and workforce planning strategies which support the goal of achieving organizational competitiveness by employing high quality staff capable of contributing to organization's growth, reputation and effectiveness. The HR should carry out regular staff surveys and act on the results; support development and embedding of an integrated approach to performance management starting with a review of recruitment and selection. Secondly, Company X should conduct a survey to identify point of inequality in the salaries and benefits package, which would give the management a clear picture of what is considered fair and equitable by the employees so that the management could pay attention to the disparities. Further, managers should develop a streamlined and modernized suite of reward and employment strategies and policies linked to the achievement of corporate objectives, which recognize staff performance and contribution to promote equity, engage and motivate staff, and provide a fair and coherent framework across the organization based on market rates, equal pay and good practice. Thirdly, Company X must offer a wide range of development provision, enabling employees to gain the skills, competencies and experience necessary to contribute to the attainment of individual, team and organizational goals and expectations. Further, they should implement a performance management system which goes beyond the annual appraisal ratings and interviews and incorporates employee goal setting, coaching, rewards, and individual development. It should be an ongoing process, rather than primarily emphasizing an annual performance. Finally, further research should be done on the impact of talent management on not-for-profit and social entrepreneur organizations.

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DEDICATION

This study is dedicated to the Almighty God for the strength, provision, and courage through it all.

My wonderful father Mr. Ezekiel Gathiga who consistently reminded me that I needed to complete the project and graduate. You are a remarkable dad - thanks for your support materially, emotionally and spiritually.

My amazing sisters for material and emotional support and the encouragement through it all.

To my dear late mother Rahab Waihiga and sister Naomi Wangari. Had both of you lived long enough you would have seen the realization of your dreams through me. Till we meet again – your dreams and aspirations live on.

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CHAPTER I

1.0 INTRODUCTION

1.1 Background of the Study

More and more organizations today face a complex, competitive, dynamic and changing environment that requires organizations to adapt. Robins (2003) identifies six forces that act as stimulants for change. These include nature of the workforce, technological advancements, economic shocks, competition, economic trends, and general world politics. Organizations must be able to change continuously and positively while searching continuously for new ideas and opportunities.

Human capital consists of the knowledge, skills and abilities of the people in the organization that gives it a distinctive character (Armstrong, 2009), and are capable of learning, changing, innovating and providing the creative thrust which if properly motivated can ensure the long term survival of the organization (Broadhurst, 2012). Armstrong and Baron (2002) agree when they assert that people and their collective skills, abilities and experience, coupled with their ability to deploy these in the interest of the employing organization, are now recognized as making a significant contribution to organizational success and as constituting a major source of competitive advantage.

Talent management is the process of identifying, recruiting, developing, retaining and deploying those talented people (Armstrong, 2009). As a process of ensuring that the organization has the talented people it needs, Armstrong posits that the concept of talent management only emerged in the 1990s and has since been recognized as a major resourcing activity. The concept of talent management has attracted considerable attention from leading human resource scholars and practitioners. This attention in scholarly literature is due to the fact that effective talent management has been heralded as a source of competitive advantage (Berger and Berger, 2003; Burbach and Royle, 2010; Capelli, 2008). Since 1997, when the consultancy firm McKinsey suggested that the global war for talent is becoming a critical driving force in organizational competitiveness and performance, the notion of talent management has become increasingly popular (Axelrod et al., 2002; Michaels et al., 2001).

Numerous empirical studies on talent management contain the central notion that talent management is associated with different human resource department practices, such as the strategic recruitment, retention, development, and training of talented high-performing or high-potential employees (Lewis and Heckman, 2006; Armstrong and Baron, 2008) . These studies assert that the allocation of the appropriately selected person to the appropriate position and the development and training of the relevant competence based on strategic business objectives is associated with higher productivity and organizational competitiveness and is regarded as crucial to an organization's success (Collings and Mellahi, 2009; Lewis and Heckman, 2006; Tarique and Schuler, 2010).

Attracting and retaining “high potential” individuals is identified as a strategic imperative (Lutbish and Smith, 2007) by both private and public sector employers as a result of skills shortages, the changing demographics of the work force, its greater diversity and pursuit of the work-life balance (Hyman and Summers, 2004). Recruitment is a form of business context and it is fiercely competitive, and just as corporations strategize to develop, manufacture, and market the best product or service, they must also identify, attract and hire the most qualified people (Overman, 2008). Organizations face several strategic choices in recruiting, selecting and socializing employees, all part of the staffing process, which is critical not only for sustained competitive advantage but also for basic organizational survival (Taylor and Collins, 2000). Srivastava and Bhatnagar (2008) suggest that organizations should make efforts to build effective, practical and holistic talent strategies that are not only able to attract, develop, and retain talented and productive employees but also address employee engagement and retention of key skills thus boosting productivity and business performance.

Winning organizations get their competitive edge from a talent management system that helps them hire talented people, place them in the right position, align their individual performance with the organization's vision and strategic objectives, develop their abilities, and reward performance commensurate with contributions to the organization's success (Chartered Institute of Personnel and Development, CIPD, 2009). Organizations today depend on implementing a performance management system and appraisal process to obtain data relevant to decisions concerning merit pay, promotions, pay increases and demotions. Top

performing organizations have performance management systems in place that evaluate employee performance against the organization's strategic objectives and the goals set for the job which provides the basis for self development but more importantly, ensuring that the support and guidance people need to develop and improve is readily available (Armstrong, 2010).

Cardy (1998) argues that appraisals are linked with future performance, and Hanson and Borman (2006) demonstrate the connection of appraisals with motivation and performance improvement, showing that certain behaviors translate the core performance into organizational effectiveness. Glen (2006) argues that it is possible to retain key skills within highly cash-strapped, extremely lean organizations; by focusing, as a necessity, on broader predictors of retention and motivation.

Talent management refers to the broad spectrum of HR activities involved in obtaining and managing the organization's human resources, which include everything from crafting a job advertisement to tracking an employee's progress up the career ladder to separation of the employee from the organization (Byars & Rue, 2008). Alan Price (2007) agrees and defines talent management as a strategic and integrated approach to developing a skilled and competent workforce, involving targeted recruitment, development and retention. According to Cascio & Boudreau (2008), talent refers to the potential and realized capacities of individuals and groups and how they are organized, including those within the organization and those who might join the organization. Thus products and services can be copied and hence the ability of a workforce to innovate, refine processes, solve problems, and form relationship becomes an organization's only sustainable advantage.

Rewards need to be effective in encouraging employees to work towards the needs and the objectives of the organization (Stredwick, 2002). To be effective, remuneration systems need to be based on a sound understanding of how people at work are motivated (Thorpe and Homan, 2000). Research has shown that rewarding employees will often lead to increased motivation and performance (Aamodt, 2007) and hence a successful incentives program will not only increase profits, but can also inspire staff loyalty and raise morale. Most people

seem to go to work to do a reasonable job, but not an exceptional one and yet the same people will devote many hours to hobbies and charities without monetary reward and do an exceptional job due to the recognition they get (Denny 2002).

Development of human capital is a base for providing the competitive edge because it offers long-lasting benefits (Chaudhry & Roomi, 2010). It explains why training and development activities become an essential feature for the survival of the organization in a fast paced era (Kirkpatrick, 2004; Stout, 2005). Wan (2007) holds that companies seek to optimize their workforce through comprehensive development programmes not only to achieve business goals, but also most importantly, survive and thrive for years to come. Human capital development policies and programs are essential components in the process of talent management – ensuring that people acquire and enhance the skills and competencies they need (Armstrong, 2009). According to (Walton, 1999), people in organizations add value and there is a case for assessing this value to provide a basis for human resource planning and for monitoring the effectiveness and impact of human resource policies and practices. He continues to posit that strategic human development involves introducing, eliminating, modifying, directing and guiding processes in such a way that all individuals and teams are equipped with skills, knowledge and competencies they require to undertake current and future tasks required by the organization.

In 2000, two international firms merged their agribusiness to form Company X, the first global group focusing exclusively on agribusiness. Company X is one of the world's leading companies with more than 26,000 employees in some 90 countries dedicated to bringing plant potential to life. Through world-class science, the organization delivers integrated solutions that transform the way crops are grown around the globe, and to extend their contribution beyond yield. Company X strategy is to integrate, outperform, and innovate; integrating technologies in order to grow more from less and thus presenting a single face to the customer; outperforming both on the farmer's field and in financial terms, creating shareholder value by first creating customer value; and innovations in crop protection and seeds to generate combined genetic and chemical solutions.

Restructuring has resulted in many employees taking on different roles and responsibilities that require changes in capabilities and new ways of collaborating and working together. A key part of integration has been to ensure that employees share experiences and expertise. This leads to development of innovative solutions for customers, and also to equip sales organization to develop new ways of selling products and solutions to customers and thus improve organizational competitiveness.

Company X invests in the employees focusing on building the skills required for the future, while providing them with an opportunity to “grow with a business where their work matters” – within a culture that empowers people to make a real contribution that is both recognized and rewarded. Company X has consistently reported strong profitability with very high return on investment.

1.2 Problem Statement

Talent management systems have proven to be quite difficult to implement, even when careful attention is paid to involving upper management and key stakeholders in the design and implementation process. According to Ferguson & Reio Jr, (2009) human resource inputs and processes place greater emphasis on cooperation and team effort than individual goal attainment during implementation.

A study by Harris and Foster (2010) revealed a number of challenges for managers in the implementation of talent management that stemmed predominantly from their understanding and application of policies that govern the employment, development and well being of the people working in an organization. To provide an organizing framework for the discussion, the most frequently mentioned issues for line managers have been categorized into the following four interrelated and overlapping themes: the alignment of talent management with other HR policies; processes for selecting talent; the impact of resource constraints and; delivering performance targets.

When implemented and managed properly, talent management as a value-added service can give a company a competitive edge by helping it achieve its business strategies (Stivers and Joyce, 2000). They further assert that talent management systems have been associated with improved productivity, improved employee morale, and retention of top performers.

However, its implementation coupled with the costs associated with failed attempts like lost revenues and reduced employee confidence make effective implementation of talent management efforts vital. Although a number of factors have been suggested as important elements in impacting its success, the impact of human resource inputs and processes appear as a common thread. Unfortunately, very little attention has been given in literature to exactly define what constitutes the optimal human resource inputs and processes for an effective system and how to foster them. Harris and Foster (2010) assert that implementing talent management raises a number of questions, which organizations need to address regardless of the occupational sector but which their study's findings suggest become more challenging in a competitive talent marketplace. They pose the question regarding the type of talent management programme that should be developed; should it be made available to all levels of staff or restricted to certain grades or occupational groups; and how should individuals be selected? Critics of prescription of talent management argue that it promotes obtaining, identifying and nurturing high flyers, ignoring the fact that competitive advantage comes from having better talent at all levels (Armstrong, 2009).

This study was unique because it analyzed the extent to which Company X engages in talent management where few if any attempts had been undertaken to understand this aspect of agribusiness. By developing a deeper understanding of these phenomena, we draw more insightful inferences about the impact of deliberate and strategic talent management process on organizational competitiveness.

1.3 General Objective of the Study

The general objective of this study was to analyse the extent to which effective talent management impacts organizational competitiveness.

1.4 Specific Objectives

This study was guided by the following objectives:-

- 1.4.1 To determine the extent to which selection and recruitment process impacts talent management for organizational competitiveness.
- 1.4.2 To determine the extent to which reward system and recognition impacts talent management for organizational competitiveness.
- 1.4.3 To determine the extent to which human capital development impacts talent management for organizational competitiveness

1.5 Importance of Study

An organization that does not implement an appropriate talent management system will not be able to identify measure and manage human capital effectiveness in meeting individual and organizations goals. There are many benefits to be gained from implementing an effective talent management system in an organization. The results of this study will stand to benefit a myriad of users. These include:

1.5.1 Agribusiness institutions

This study will identify and recommend organizational, employees and environmental related strategies and policies that can be adapted to enhance and promote organizational competitiveness. It will help them understand the extent to which effective talent management systems contribute to organizational competitiveness. They will be able to correlate the individual contribution of each of the various variables namely: selection and recruitment process; reward system and recognition and human capital development and measure the role played by each towards firm's performance.

1.5.2 Employees

Employees constitute an important component of a solid talent management strategy because they are responsible for developing and executing performance goals that are aligned with company objectives. They are expected to participate in performance and development plans and discussions, and are often times asked to provide insightful feedback about processes, peers, and management. Employees who are aware and involved in talent management

processes are more likely to be engaged in their roles, which has a direct correlation to organizational success.

1.5.3 Management and other Stakeholders.

Talent management was traditionally a preserve of the HR with a distant and intermittent role on the part of management and other key stakeholders. The shift in focus towards intangible assets such as talent and increased stakeholders scrutiny in relation to business performance calls for keeping abreast of not only the latest development in the company's talent program but also strategize, own associated initiatives, and actively participate in events towards talent management. This research will help them appreciate and have a better understanding of the impact of effective talent management on organizational competitiveness.

Finally, the results will benefit other academicians, researchers and human resource practitioners to form the basis of future research.

1.6 Scope and Limitation of Study

Company X is a global agribusiness with its headquarters in Geneva and offices in ninety (90) countries across the world. The study focused on the Kenyan office based in Nairobi. The organization delivers integrated solutions to agribusiness by innovating and integrating technologies thus presenting a single face to the customer and also, creating shareholder value. The Nairobi office has 85 employees. The target population of interest was management and non-management staff based at the Nairobi Office.

1.7 Definition of Terms

1.7.1 Performance

Performance refers to the degree of accomplishment of the tasks that make up an employee's job. It reflects how well an employee is fulfilling the requirements of a job (Byars & Rue, 2008).

1.7.2 Management System

Management system refers to a set of processes and procedures that work with and through others to achieve organizational goals in a changing environment (Kreiner, 2004).

1.7.3 Talent

Talent refers to the potential and realized capacities of individuals and groups and how they are organized, including those within the organization and those who might join the organization (Cascio and Boudreau, 2008).

1.7.4 Talent Management

Talent management is a strategic and integrated approach adopted to develop a skilled and competent workforce, that involves targeted recruitment, development and retention (Price, 2007).

1.7.5 Organizational Competitiveness

Organizational competitiveness is the ability of a firm to implement a value creating strategy which cannot be duplicated by its competitors (Mathews, 2006).

1.7.6 Selection and recruitment

Selection and recruitment refers to human resources activities designed to secure the right employees at the right place at the right time and should be designed to ensure validity and reliability, thereby acting as a key strategic opportunity to gain competitive advantage (Ployhart, 2006).

1.7.7 Rewards

Rewards refer to all forms of financial returns and tangible services and benefits employees receive. (Milkovich and Newman, 2004: 3).

1.7.8 Motivation

Motivation refers to the force within a person that affects the direction, intensity and persistence of voluntary behavior (McShane and Von Glinow, 2011).

1.7.9 Compensation

Compensation is the set of rewards that organizations provide to individuals in return for their willingness to perform various jobs and tasks within the organization (Denisi and Griffin 2008).

1.7.8 Human Capital

Human capital refers to the sum of the attributes, life experiences, knowledge, skills, energy, and the enthusiasm that have economic value, that the company's employees invest in their work (Weatherly, 2003).

1.7.9 Human Resource Development

Human Resource Development (HRD) refers to the integrated use of training and development, organizational development, and career development to improve individual, group, and organizational effectiveness (Noe, 2008).

1.7.10 Performance Management

Performance management defines processes used to ensure that employees' activities and outcomes are congruent with the organization's objectives and entails specifying those activities and outcomes that will result in the firm's successfully implementing the strategy (Noe, 2008).

1.7.11 Performance Appraisal

Performance appraisal is the process of evaluation and communicating to an employee how she or he is performing the job and establishing a plan of improvement - it provides the forum for identifying development needs and serves as the mechanism for feeding back information to the manager about current levels of performance, seeking to identify and negotiate adjustments or further development needs (Beardwell, 2004.)

1.8 Summary

The chapter identified the purpose of the study which was crucial so as to highlight the importance of effective talent management for organizational competitiveness. The chapter has clearly outlined the general objective and the specific objectives that guided the study as well as the specific geographical and time scope. The chapter has also provided the definitions of the unusual terminologies and concepts in the context of this study, outlined the background of the problem as well as the justification of the study.

The next chapter reviews the literature available on talent management, particularly the theoretical framework and its implication on organizational competitiveness. It will also critique the available literature on selection and recruitment, rewards and recognition and human capital development and their impact on talent management.

Chapter three will deal with research methodology that will be applied to this particular study while chapter four will report on the results and findings. Lastly, chapter five will present the discussions, conclusion and recommendations based on the findings.

CHAPTER 2

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter will review available literature on talent management systems. It will discuss the variables (characteristics) of talent management systems based on the specific objectives. These include selection and recruitment process; reward system and recognition and human capital development. These variables have been derived from several documents comprising books and journals articles in reference to talent management systems.

2.2 Employee Selection and Recruitment

The appointment of suitable staff, their integration into the organization, their day-day management, and their retention is what determines the success and survival of any organization (Amos et al, 2008). Selection and recruitment is part of staffing (Lee and Chong, 2011) and encompasses the human resources activities designed to secure the right employees at the right place at the right time and should be designed to ensure validity and reliability, thereby acting as a key strategic opportunity to gain competitive advantage (Ployhart, 2006). Recruiting is the process of discovering potential candidates for actual or anticipated organizational vacancies (Decenzo and Robins, 2007) and forms a core part of the central activities underlying human resource management: namely, the acquisition, development and reward of workers (Rees and French (2010). According to Saks (2005) recruitment comprises all actions and activities taken by an organization in order to identify and attract individuals to the organization who have the capabilities to help the organization realize its strategic objectives. Selection comprises the activities in which an organization uses to assess individuals with a view of making a decision concerning their suitability to join the organization, to perform tasks which may or may not be specified (Lewis, 1985).

Competition and the lack of availability of highly talented and skilled employees make finding and retaining talented employees a major priority for organizations (Flegley, 2006). An effective recruitment and selection process commences with job analysis followed by human resource planning and finally the actual recruitment (Byars and Rue, 2008).

According to Amos et. al. (2008), the organization should realize that all its actions result in perception being developed that could influence the staffing process either positively or negatively. Longitudinal research indicates that delays in the timing of recruitment events are perceived very negatively by candidates, especially high-quality ones, and often cost job acceptances (Aswathappa, 2008).

2.2.1 Job Analysis

Job analysis is the process of determining and reporting pertinent information relating to the nature of a specific job (Byars and Rue 2008). Requirements are set out in the form of job descriptions or role profiles and person specifications which provide the information required to draft advertisements, post vacancies on the internet, brief agencies or recruitment consultants and assess candidates by means of interviews and selection tests (Armstrong, 2009). In other words, it is the determination of the tasks and comprise the job and the skills, knowledge, abilities, and responsibilities required of the holder for successful job performance (US Government Printing Office, 1944; Dessler 2008). The results of the analysis are normally presented in the form of job description, specification and profile; the pre-determined criteria are then derived primarily from the job specifications and thereby ensure that the organization knows in advance what it requires in a person for successful appointment to a post (Amos, et.al, 2008). Thus, if the employer does not know what he is looking for, he will definitely not know when he has found the right person.

Job Analysis is useful for overall management of HR activities and applicable specifically in HR planning; recruitment and selection; training and development; job evaluation; remuneration; performance appraisal; and safety and health (Aswathappa, 2009). According to Martin et.al (2010) a person specification, also known as recruitment or job specification defines the knowledge, skills and abilities (KSAs), and the education, training, qualifications and experience, personal qualities, and in some cases the motivation and expectations required to carry out the role. Roger (1952) identifies seven ingredients in a person specifications. These include: physical make up, attainments, general intelligence, special attitudes, interests, disposition and circumstances while Munro-Fraser (1954) observes that a person specification is comprised of a fivefold grading scheme which includes: impact on

others, acquired qualifications, innate abilities, motivation and adjustments. Martin et. al. (2010) conclude that the successful candidate is expected to possess all the essential requirements and to be capable of, or have the potential to be trained to an acceptable standard in line with organizational goals.

2.2.2 Human Resource Planning

2.2.2.1 Recruitment Planning

Recruitment and selection is one of the most performed function and is considered by most HR practitioners to be one of the most important functions currently, and continue to be so (Khasawneh, 2011). It is therefore appropriate to examine the various methods that have been adopted to identify and recruit the three major employee groups, namely the managers, supervisors, and the lower level officers. Khasawneh (2011) continues to argue that an effective recruitment plan covers four main areas mainly:- the number and types of employees required to cater for expansion or new development and make up for any deficits, the likely sources of candidates, plans for alternative sources and how the recruitment program will be conducted.

Human Resource planning is a systematic analysis of HR needs to ensure the availability of the correct numbers of employees with the necessary skills is available when they are required in the organizations (Vareta, 2010; Cherian, 2011). HR planning consists of forecasting, goals setting and strategic planning, and program implementation and evaluation (Noe et. al, 2008). According to Mello (2003), it is the responsibility of HR to inform top management team of the skills and capabilities of the firm's employees and how they might impact strategic plans for organizational competitiveness. The organization must design and implement recruitment, talent management, and workforce planning strategies which support the goal of achieving objectives by employing high-quality staff capable of contributing to organization's growth, reputation, effectiveness and making the organization the employer of choice (Cascio, 2010; Aswathappa, 2008).

2.2.2.2 Forecasting

Forecasting is an important component of HR planning that attempts to determine the supply of and demand for various types of human resources to predict areas within the organization prone to either labour shortages or surplus (Noe et. al., 2008). It is important that managers collect and analyze management information on recruitment and related issues to inform HR strategies and enable managers to make informed decisions about workforce planning linked to business needs (Bhatnagar, 2007). He continues to argue that by reflecting recruitment and culture need fit, an environment is created at the workplace where employees feel more passionate about their work and exhibit the behaviours that organizations need to drive better results thus giving them a continuous work experience that is difficult for competitors to replicate.

Cascio (2010) holds that it is imperative that human resource function carry out regular staff surveys and act on the results; support further development and embedding of an integrated approach to performance management, starting with a review of recruitment and selection. Thus recruitment policy must spell out clearly an organizations intention to evaluate and screen candidates without regard to factors such as race, gender, age, or disability. Further, HR practitioners must be knowledgeable about the wider issues involving recruitment and selection decisions, such as legislation and good practice, and the range of recruitment sources and selection methods, as well as being skilled in interviewing and assessing potential employees (Martin et. al, 2010).

2.2.2.3 Goal Setting and Strategic Planning

The purpose of setting specific quantitative goals is to focus attention on the problem and provide a benchmark for determining the relative success of any programs aimed at redress in labour shortages and surplus (Noe et. al. 2008). Bhatnagar (2007) asserts that organizations must implement policies to address any under-representation of particular groups in recruitment, retention, promotion and other strategies, contributing to making the organization an employer of choice.

All activities of human resource management including planning, hiring, training, remunerating and maintaining must be merged with the overall objectives of the organization (Aswathappa, 2008). At the beginning of strategic planning, HR planning provides a set of inputs into the strategic formulation process in terms of deciding whether the type and number of people are available to pursue a given strategy. Several HR practitioners and academicians concur that managers are important facilitators of strategic planning process and are viewed as important contributors to carve the organization's future (CIPD, 2010).

2.2.2.4 Program Implementation and Evaluation

A critical aspect of program implementation is to make sure that managers are held accountable for achieving the stated goals and have the necessary authority and resources to accomplish them (Noe et. al., 2008). Aswathappa (2008) concurs when he argues that implementation requires converting a HR plan into action and ensuring that all the components thereof such as recruitment; selection and placement; training and development; retraining and redeployment; the retention plan; the redundancy plan; and the succession plan are incorporated.

Decenzo and Robins (2007) support this when they assert that the effectiveness of past recruiting efforts will show itself in the organizational historical ability to locate and keep people who perform well. Price (2007) contends that effective resourcing strategies would help in anchoring the employees to the organization and reduce attrition. Managers should strive to create an environment which induces passion among the employees about their work and leads to the behaviour that organizations need to drive better results (Srivastava and Bhatnagar (2008).

Assessing potential when appointing or promoting staff; creating flexible organizational structures which will help all employees to achieve a better work-life balance; recognition of women's different career trajectories and developing intrinsic motivation in employees are all ways in which organizations can find and hold onto the treasure of human resources (Chartered Institute of Personnel and Development, CIPD, 2009a).

2.2.3 Sources of Recruitment

Recruitment problems require innovative solutions because employee prospects will not respond to traditional company invitations any more, due to the fact that there are enough job offers in the market. This is because the end of the labour shortage is nowhere in sight, and thus managers must rethink the strategies for finding and keeping good employees (Mazur and Kleiner, 2002). It is often claimed that selection of workers occurs not just to replace departing employees or add to a workforce but rather aims to put in place workers who can perform at a high level and demonstrate commitment (Ballantyne, 2009).

Prospective employees may either be sourced from within the company or externally which is guided by the recruitment policy Amos et. al.(2008). Recruiting refers to all activities involved in finding interested and qualified applications for a job opening (Aldag and Kuzuhara, 2001) and it is important to remember that it is a two way street; just as the organization is looking for qualified job applicants, those applicants are also likely to be looking at various potential employment opportunities (Denisi and Griffin, 2008). Demand and supply of specific skills, unemployment rate, labour- market conditions, legal and political considerations, and the company's image are the external factors while recruiting policy of the organization, decision to have temporary and part-time employees, HR planning, size of the organization, cost of recruitment and growth and expansion phase constitute the internal factors (Aswathappa, 2008).

Internal recruitment seeks applications for positions from those who are currently employed as well as former employees, former applicants and through employee referrals (Aswathappa, 2008). As an alternative to hiring new employees, managers should evaluate whether promoting from within the company is possible. Promoting from within improves morale and eliminates having to familiarise a new employee with company policies and procedures (Chew and Goh, 1998). External recruitment comprise of those external to a firm such as professional recruiters, advertisements, employment exchanges, institutions placements, walk ins and write ins, consultants, contractors, displaced persons, radio and televisions, acquisitions and mergers and competitors (Aswathappa, 2008).

The first step in attracting candidates is to analyze recruitment strengths and weaknesses and use the outcome to develop an employee value proposition and employer brand. This is according to Armstrong (2009) who asserts that attracting candidates is primarily a matter of identifying, evaluating and using the most appropriate sources of applicants. The process of attracting applicants should be systematic and methodical to ensure that an appropriate pool of candidates is targeted while promoting the job in a way that a small number of suitable candidates rather than a large number of less suitable ones Martin et al (2010). Armstrong (2009) continues to posit that in cases where difficulties in attracting and retaining candidates are being met or anticipated, it may be necessary to carry out a preliminary study of the factors that are likely to attract or repel candidates – the strengths and weakness of the organization as an employer.

2.2.4 Selection Methods and Criteria

According to Rees and French (2010) selection includes the choice of methods by which an employer reduces a short-listed group following the recruitment stage, leading to an employment decision. They observe that while recruitment can be perceived as a positive activity generating an optimum number of job-seekers, selection is inherently negative in that it will probably involve rejection of some applicants. They attribute this to the inherent need to assess the suitability of candidates by predicting the extent to which they will be able to carry out a role successfully, and it involves deciding on the degree to which the characteristics of applicants match the person specification and using this assessment to make a choice between candidates.

A survey carried out by the Japan Institute of Labor (2003a) shows that Japanese recruitment practices consider attitude, competency, fundamental ability and aptitude important for humanities-related jobs, while technique, skills, and knowledge important for science-related jobs (Hooi,2008). This is a shift from the western recruitment practices which emphasize on person-organization fit (Basset et al 2012).

2.2.4.1 Individual Interviews

The individual interview is the most familiar method of selection which involves face-to-face discussion and provides the best opportunity for the establishment of close contact between the interviewer and the candidate (Armstrong, 2009). Research shows that organisations are more than ever using competency-based interviews because they are a more meaningful way of underpinning recruitment and selection in the current fast-moving world of work and can accordingly contribute more effectively to securing high performance (CIPD,2007). Recruiters should evaluate the candidate's ability to solve problems, check references, and use interview questions that relate to how the candidate handled similar situations in the past (Perry and Kleiner, 2002).

Denisi and Griffin (2008) identify three types of interviews: structured; semi-structured and unstructured interviews. In a structured employment interview, the interviewer either prepares or given by others a list of standard questions to be asked during the interview. The interview consist of carefully planned, job related questions that can be systematically scored so as to reliably identify high-potential job candidates (Rosse and Levin (1997). According to Denisi and Griffin (2008), the semi-structured employee interview involves advance preparation of major key questions to be asked so that all applicants will be asked essentially the same questions. However, the interviewer is given the prerogative to ask additional follow-up questions to probe specific answers that the interviewee provides. Unstructured employment interview involves relatively little advance preparation and follow lines of inquiry that appear promising (Luecke, 2002). The interviewer may have a general idea about what he or she wants to learn about the job applicant but has few or no advance questions that are formally constructed and ready to be asked. According to Martin and Pope (2008) competency-based interviewing is a type of interview, growing in popularity, where the interviewee can describe specific situations where they have demonstrated or enacted the competency required.

2.2.4.2 Assessment centre

Assessment centre is used to describe a wide variety of specific programs that employ multiple selection methods to rate either applications or job incumbents on their managerial

potential (Noe et. al 2008). The centre assembles a group of candidates and uses a range of assessment techniques over a concentrated period with the aim of providing a more comprehensive and balanced view of the suitability of individual members of the group. Thus the centre is able to tap a number of different characteristics which includes problem solving ability, which is a critical aspect of performance (Arthur et. al 2003). According to Decenzo and Robins (2007) applicants go through a series of procedures that incorporate group and individual exercises and are appraised by line executives, practicing supervisors, and/or trained psychologists as to how well they perform.

According to Armstrong (2009), the assessment centres provide for opportunities for indicating the extent to which candidates match the culture of the organization, which is established by the assessment of their behavior in different but typical situations, and the range of the tests and structured interviews that are part of the proceedings. Assessment centres also give candidates a better view of the organization and its values so that they can decide for themselves whether or not they are likely to fit (Armstrong, 2009). These individuals may undergo experiential exercises; group decision making tasks; case analysis; individual employment tests such as personality inventory and so forth; role playing exercises; and other methods for assessing their potential skills and abilities (Denisi and Griffin, 2008).

The case for assessment centres is that they obtain much more information about candidates than conventional interviews, even when these are supplemented by tests. But research by Schmidt and Hunter (1998) has shown that, on their own, the ability of assessment centres to predict how well someone will perform is lower than that one of intelligence tests combined with structured interviews. Assessment centres are expensive and time consuming and their use tends to be restricted to large organizations for managerial positions or for graduates. However, the range of observations, interviews, scenarios tasks and assessments provides for a truly rigorous assessment of a candidate's capabilities (Barnett, 2008).

2.2.5 Screening and Selection

Selection is concerned with selecting the best candidate or candidates for jobs from among the pool of qualified applicants developed during the recruitment process. This is according to Denisi and Griffin (2008) who describe the process as involving gathering information about pools of qualified applications; evaluating qualifications of individual applicant; and making decisions about employment offers.

The most important criterion is the predictive validity of the method or combination of methods as measured by its predictive validity coefficient. Schmidt and Hunter (1998) established that the reason why intelligence is such a good predictor of job performance is because more intelligent people acquire job knowledge more rapidly and acquire more of it and it is this knowledge of how to perform the job that causes their job performance to be higher. This research clearly indicates that the combination of structured interviews and intelligence is the most effective in terms of predictive validity bearing in mind that the ultimate objective is to get a perfect fit between the candidate's capabilities, expectations and aspirations, and the current and future requirements of the organization (Barnett, 2008).

The basic selection criteria that most organization use in deciding whom to hire are education, experience, skills and abilities, and personal characteristics (Denisi and Griffin , 2008). After all the candidates have been interviewed, the panel must conduct an objective evaluation to reduce the chances of making an appointment without consultation and provide opportunities for consensus among those recruiting staff. This is according to Basset et. al (2012) who asserts that they should reflect the organization's nature and work and those in the organization who have a significant stake holding in the appointment. If a unit is staffed by less than competent or unmotivated individuals, Laferla (2008) argues that it will have a profound and direct impact on a department's ability to achieve objectives and meet organizational competitiveness.

The final stage in the selection process is to confirm the offer of employment after satisfactory references have been obtained, the candidate has passed tests required for

pension and life assurance purposes or because a certain standard of physical fitness is required for the job (Armstrong, 2009).

Luecke (2002) posits that the goal of hiring process is not simply to choose the most qualified of the applicants, but to hire a person who can help the organization meet its objectives. Thus once the best qualified candidate is identified, a verbal offer is extended followed by a written confirmation and at this point the candidate signs a contract which must have important facts such as starting date, job title, expected responsibilities, compensation, benefits summary as well as the time limit for responding to the offer.

Successful organizations will ensure that every new employee will go through an effective induction program because research shows that those who go through such a process are likely to be competent performers at their jobs more quickly than those whose induction was scanty or non-existence (Martin et. al, 2010).

2.3 Reward Systems and Recognition

The main objectives of reward and recognition programs are: (1) to attract qualified people to join the organization, (2) to keep employees coming to work, and (3) to motivate employees to achieve high levels of performance for organizational competitiveness (Ivancevich and Matteson, 2002). It is the task of management to integrate the individual and the organization and provide a working environment that permits the satisfaction of individual needs as well as the attainment of organizational goals (Mullins, 2008). Several reward and recognition models are adopted by organizations including traditional compensation packages, executive compensation, flexible compensation, perks, and informal and formal recognition (Debowski, 2006; Inskeep and Hall, 2008). For some employees, recognition may take the form of providing career development programs that match the individual's career aspirations (Lazarova and Tarique, 2005).

The term reward can mean different things to different people. For the purpose of this paper, however, rewards, compensation and remuneration will be used interchangeably. Rewards refer to all forms of 'financial returns and tangible services and benefits employees receive'. (Milkovich and Newman, 2004: 3). This is similar to the definition offered by American compensation Association's (1995) which states that rewards refer to cash and non-cash remuneration provided by an employer for services rendered (ACA, p. 9).

Reward should be at the heart of affairs, reflecting the business direction of an organization and acting as a strategic lever for change in employee behavior. Thus HR managers need to determine a new strategic approach to pay and reward for the organization, which underpins transparent, equitable and flexible pay arrangements for all employees, in line with organization's needs, market rates, equal pay and good practice (Reilly, 2003). Reilly continues to posit that reward must also be adaptable to the changing business climate, and employees must be encouraged to be flexible in the work they do. Good contingent reward management should be in place in order to build high-performance systems utilizing transformational leadership competencies (Troittier *et al*, 2008). To ensure that the talent pool supports the company's overall strategy, the abilities of promising individuals should be shaped to correspond with the emerging leadership needs of the future (Fulmer et al 2009).

2.3.1 The Reward System

A reward system consists of a number of interrelated processes and activities which combine to ensure that reward management is carried out effectively to the benefit of the organization and the people who work there (Armstrong, 2009). Employee reward therefore is concerned with both financial and non financial rewards and embraces the philosophies, strategies, policies, plans and processes used by organizations to develop and maintain reward systems Armstrong (1991), and should aim to reward and retain good employees, motivate them to perform at their best and attract the right candidates to the job (Tan and Torrington, 2004; Lim and Ling, 2012). According to Milkovich and Newmann (2004) rewards present all the tangible benefits an employee obtains as part of employment contract while Maljhotra et al (2007) illustrate that rewards indicate the benefits workers receive from their workplace and are considered the determinants of job commitment and satisfaction.

Employees often interpret the design and use of the organizational reward system as a reflection of management attitudes, intentions and the entire organizational climate (Byars & Rue, 2008). An effective and good reward system is very important, because an effective pay system can increase an individual motivation to perform, which then increases productivity and subsequently, increasing competitiveness of the organization (Lawler, 1990). A Watson Wyatt (2005) study asserts that a company with highly engaged employees achieves a financial performance four times greater than a company with poor employee attitudes. The rewards for high engagement are considerable, with several recent studies having shown indisputable links between engagement and various measures of success.

Reward philosophy provides the guiding principles and sets out the beliefs and values upon which reward strategies policies and procedures are based; and it is concerned with such issues as the role rewards plays in achieving performance goals and ensuring continuous improvement, and in underpinning the organization's values regarding innovation, teamwork, flexibility and quality (Armstrong, 2009). Zobel (1998) argues that the effectiveness of a reward system is contingent upon its relationship with other systems and practices. Thus

these relationships constitute the link between compensation and organizational structure, business strategy, performance management systems, and the compensation system itself, and only through this focus on strategy, will organizations determine the most effective way to reward their employees.

2.3.1.1 Reward Management

Reward management refers to the combined actions organizations take to specify at what levels employee reward will be offered, based on what criteria and data, how the offer will be regulated over time, and how both the intended links between organizational goals and values should be understood and acted on by the parties to the employment relationship (Perkins and White, 2011).

According to Armstrong (2010) reward management is concerned with the development, implementation, communication and evolution of processes which deal with the assessment of relative job values, the design and management of pay structures, performance management, paying for performance, competence, skill or contribution, providing employee benefits and pensions, and managing reward procedures. This can be achieved by harmonizing, simplifying and streamlining HR policies and procedures to provide clear and user-friendly arrangements that will keep employees motivated, thus encouraging a performance culture that links the efforts of staff to business goals (Reilly, 2003). It is imperative to develop capability amongst managers in the development and support of local reward strategies and implementing the new arrangements effectively and fairly and ensuring that there are organization-wide arrangements for monitoring and evaluating the impact of reward strategies, to ensure fairness and reduce risk (Galagan, 2008).

2.3.1.2 Reward Strategy

Reward strategy sets what the organization intends to do in the longer term to develop and implement reward policies, practices and processes which will further the achievement of the business goals (Armstrong, 1999). Hiles (2009) defines rewards strategy as a plan of action that clarifies the resources organizations usually allocate in order to achieve the desired outcomes efficiently and effectively within a specified time frame. The strategic context of

human resource management plays an important role in determining the effectiveness of not only the HR function but the entire organization as well (Denisi and Griffin, 2009). A reward strategy should be formulated through the conscientious, explicit and judicious use of various sources of information: practitioner expertise and judgment, evidence from the local context, a critical evaluation of the best research evidence and the perspectives of those people who might be affected by the decision (Briner et. al. 2009). Datta (2012) asserts that an effective reward distribution mechanism is a system that is data-driven, equitable, and objective rather than built on biases, prejudices, stereotypes, and conjecture.

Before implementing any reward and recognition program, it is imperative to recognize that these are communication and motivation devices in themselves. A recurrent theme is that reward programs must be explained and administered in such a way employees understand their underlying rationale and believe that they are fair (Noe et.al. (2008). Pegg (2009) posits that regular communication of benefits is essential to ensure that employees are aware of the benefits on offer. He further asserts that by communicating proactively, organizations can begin to build employee engagement and trust which in turn can impact on talent retention, motivation and productivity levels. Various studies suggest that there is an optimistic relationship between effective communication of rewards and employee commitment that aligns corporate results (Rowley, 2009; Pegg 2009).

Reward policy sets guidelines for decision making and action which include statements of guiding principles or common purposes. This is according to Armstrong (1999) who observes that rewards policies provide a positive indication of what the organization and its management may be expected to do and how they will behave in given circumstances, and indicate the amount of discretion line managers can exercise. Armstrong (1999) further points out seven interrelated areas that inform reward policies: level of rewards in comparison with market rates; achieving equal pay; external competitiveness and internal equity, contingent rewards related to performance, competence or skill; and finally transparency on reward structures and processes.

Rewards distribution policies should not be relegated to subjectivity leading to dissatisfaction, biases, and, at the worst, resentment, conflict, turnover, and attrition (Datta ,

2012). Cantrell and Benton (2007) observe that to engage the hearts and minds of employees, an organization needs to establish trust, and fair and consistent policies and processes, and as many have noted, foster trust. Thus, instituting clear, consistent, and fair people policies for all employees may have the greatest impact on financial success resulting to organizational competitiveness.

2.3.2 Motivation and Rewards

Rewards provide social as well as economic value and play a key role within several motivational models, blending with expectancy, behavior modification, and need-based approaches (Newstrom, 2011). Motivation is the degree to which an individual wants and chooses to engage in certain specified behaviours (Mitchell, 1982) while McShane and Von Glinow (2011) refer to motivation as the force within a person that affects the direction, intensity and persistence of voluntary behavior. According to Lawler (1996), it is extremely critical for an organization to comprehend the impact of its reward system because if not carefully designed and implemented, reward system can unintentionally fail to motivate the desired behavior or worse, motivate the undesired behaviour. The underlying concept of motivation is some driving force within individuals by which they attempt to achieve some goals in order to fulfill some needs or expectation. People's behaviour is determined by what motivates them - their performance is a product of both ability level and motivation (Mullins, 2008).

According to Aswathappa (2008), motivation is an important concept that has received considerable attention from academicians, researchers, and practising HR managers. Thus in its essence, motivation comprises important elements such as the need or content, search and choice of strategies, goal directed behaviour, social comparison of rewards reinforcement and performance satisfaction.

Pegg (2009) asserts that managers should review promotion processes and implement new arrangements in line with organizational priorities and objectives and also promoting initiatives which support and encourage staff to achieve a reasonable work/life balance. He continues to say that although employers use a wide range of channels to communicate the information employees need about company benefits schemes, there seems to be some

inconsistencies between which channels employers and employees consider being the most effective at communicating benefits. Armstrong (2009) asserts that management and individual managers need to communicate to employees about terms and conditions of employment, what they are expected to do, learning and development opportunities, the objectives, strategies, policies and the performance of the organization, and any proposed changes to conditions of employment, working arrangements and requirements, or the structure and policies of the organization. Effective communication of information relating to benefits information to employee benefits is critical if employers are to realize sufficient returns on their investments (Noe et. al , 2008; Armstrong, 2009).

2.3.2.1 Motivation Theories

Motivation represents those psychological processes that cause the arousal, direction, and persistence of voluntary actions that are goal oriented (Mitchel, 1982). Process theories of motivation focus on explaining the process by which internal factors and cognitions influence employee motivation (Steers et. al, 2004; Kreitner and Kinicki, 2008). Kreitner and Kinicki assert that the process of motivation is broadly based on a number of theories which attempt to consider what incentives can be given to motivate individuals and teams resulting in behavior change and specifically identify the role of human resource to formulate a combination of proper mechanisms to motivate. The main motivational theories include instrumentality theory, behavioural theory, needs or content theory, Hertzberg's two factor theory, and cognitive or process theory.

Aamodt (2007) observes that the basis for rewards systems are operand conditioning principles, which state that employees will engage in behavior for which they are rewarded and avoid behavior for which they are punished. Thus, if employees are rewarded for not making errors, they are more likely to produce high-quality work but on the other hand, if rewarded for the amount of work done; they will place less emphasis on quality and try to increase the quantity. Finally, if employees are not rewarded for any behavior, they will search for behaviors which will be rewarded, which might include absenteeism and carelessness which result in low performance. Therefore, rewards systems in organizations are at the disposal of managers in order to attract, retain, and motivate employees in the desired direction (Denny 2002).

2.3.2.2 Reinforcement and Expectancy Theory

Reinforcement theory is probably the most basic process theory, but its simplicity as well as effectiveness and applicability to work settings makes it worthwhile Denisi & Griffin (2008). Among the underlying foundations of compensation theory is that compensation influences behavior. The basic premise originates from behaviour psychologists such as Skinner (1974) who emphasized that behaviour is learned from experience and that all behavior is a function of its consequences. Mullins (2008) contends that motivation, job satisfaction, and work performance will be determined by the comparative strength of these sets of needs and expectations and the extent to which they are fulfilled. Kinicki and Kreitner (2008) contend that employees are motivated by having specific goals to work for, and they perform better when they are aiming at difficult goals which they have accepted, and when they receive feedback of performance and hence a difficult goal that is important to an individual is a constant reminder to keep exerting effort in the appropriate direction.

Luthans and Kreitner (2008) highlight the importance of expectations by contending that the degree to which people are motivated will depend not only upon the perceived value of the outcome of their action – the goal or reward – but also upon their perceptions of the likelihood of obtaining a worthwhile reward – ie their expectations. They continue to assert that employees will be highly motivated if they can control the means of attaining their goals. They conclude that contingent pay schemes – that is, those in which pay is related to performance, skill and/or competence – are effective as motivators only if (1) people know what they are going to get in return for certain efforts or achievements, (2) they feel that what they may get is worth having, and (3) they expect to get it.

2.3.2.3 Equity Theory

The equity theory states that if a person perceives an inequity, a tension or drive will develop in his mind, and thus be motivated to reduce or eliminate the tension and perceived inequity (Dessler, 2008). Thus fairness demands that there is transparency – everyone should know how the various parts of the system operate and how they are personally affected by them.

Equity is achieved when people are rewarded appropriately in relation to others within the organization and in accordance with their worth and the value of their contribution.

Adams equity theory posits that an employee, who perceives inequity in his or her rewards, seeks to restore equity (Aswathappa, 2005). An equitable reward system ensures that relative worth is measured as objectively as possible, that the measurement processes are analytical, thus providing a framework for making defensible judgments about job value and grading (Aswathappa, 1999). Employees are not only interested in their own efforts and rewards balance, but also in how that balance compares with the rewards received by others for their efforts (Newstrom, 2007). Amos et. al (2008) concludes that each person should be rewarded fairly, in line with the job requirements and his or her efforts, abilities, and skills as well as in relation to other jobs in the organization and the external job market.

No matter how much intrinsically people like their work, equity and justice theories predict that they will become dissatisfied if rewards, punishments, and social interactions are not given equitably (Aamodt, 2007). Beside the fact that employees' satisfaction with their jobs has important implications for organizational productivity and performance, it is also an issue of consequence for society as a whole, as satisfaction at work significantly affects overall levels of well-being (Long, 2005).

Motivation strategies should be fair, equitable and consistence in accordance with equity theory which postulates that people are strongly motivated to maintain a balance between what they perceive as their inputs or contributions and their rewards (Newstron, 2011).

2.2.2.4 Agency Theory

Agency theory provides insights into what reward mix best aligns organizational and individual objectives (Jensen and Meckling, 1976; Chapman and Kelloher, 2011). According to Armstrong (2009) agency theory focuses on the divergent interests and goals of the organization's stakeholders and the way that employee remuneration can be used to align these interests and goals. He continues to observe that the owners of a firm (principals) are separate from the employers (agents) which can create agency costs because the agents may not be as productive as the principles. According to Philpott (2008), offering salaries and benefits that are competitive and motivate staff yet are also affordable is a real challenge for

employers. Armstrong (2009) therefore posits that a system of rewards is needed to motivate and reward acceptable behavior which consists of paying for measurable results that are deemed to be in the best interests of the owner.

According to motivation theories (Robbins and DeCenzo, 2008), compensation and reward reinforce the motivation for improved individual performance by employees and therefore, rewards philosophies of an organization can be no better than the motivation theories upon which they are based. Motivation explains why people at work behave in the way they do in terms of their effort and the directions they are taking, and also describes what organizations can do to encourage people to apply their efforts and abilities in ways which will help to achieve the organization's goals as well as satisfying their own needs (Colquitt, Lepine and Wesson, 2009).

Mullins (2008) contends that extrinsic motivation is related to tangible rewards such as salary and fringe benefits security, promotion, contract of service and the working environment. Extrinsic rewards provided by the employer, including pay will be important in attracting and retaining employees and, for limited periods, increasing effort and minimizing dissatisfaction, while intrinsic rewards related to responsibility, achievement and the work itself may have a long-term and deeper impact on motivation (Luthans and Kreitner, 2008).

The system should allow consistent decisions to be made about reward levels and individual rates of pay, with policy guidelines made available to line managers to ensure that they avoid making decisions which deviate irrationally from what would be generally regarded as fair and equitable (Armstrong, 1999). Thus, there has to be flexibility in dealing with reward issues in the light of the current situation and its particular demands, but such decisions should be consistent with the organization's reward philosophies, strategies, policies, and guiding principles and should have constancy towards ends but flexibility about means.

2.3.3 Components of a Rewards System

An effective reward system must be adequate, equitable, balanced, cost effective, performance related and acceptable to the employee (Amos et al, 2008). Thus compensation should never be based on a random decision but instead the result of a careful and systematic

strategic process. Kreitner and Kinicki, (2008) identify and interrelate three components of rewards system: (1) types of rewards, (2) distribution criteria and (3) desired outcomes. Various theories of job satisfaction developed by psychologists and management scholars, tend to assign different degrees of importance to sources of satisfaction, which can be classified as either intrinsic or extrinsic (Argyle 1989; Petrescu and Simmons, 2008). Simons (2008) further asserts that intrinsic sources depend on the individual characteristics of the person, such as attitudes while extrinsic sources are situational, and depend on the environment, such as workplace climate. Theories which rely on extrinsic sources are more typically adopted by economists, albeit by reference to a different terminology, whereas intrinsic sources are more commonly associated with other social sciences (Luchak, 2003).

2.3.3.1 Types of Rewards

2.3.3.1.1 Wages and Salary

Wages represent hourly rates of pay, and salary refers to the monthly rate of pay, irrespective of the number of hours put in by an employee (Aswathappa 2009; Bryars and Rue, 2008). Bryars and Rue further assert that the primary objective of any base wage and salary system is to establish a structure for the equitable payment of employees based on their jobs and their levels of performance. The pay system is one of the most important mechanisms that firms and managers can use to attract, retain, and motivate competent employees to perform in ways that support desired outcomes (Aswathappa, 2008). Mullins (2008) argues that the work organization, and the design and content of jobs, can have a significant effect on the satisfaction of staff and their levels of performance. He continues to assert that the manager needs to know how best to elicit the co-operation of staff and direct their efforts to achieving the goals and objectives of the organization.

2.3.3.1.2 Incentives

Incentives are paid in addition to wages and salaries and are usually tied to productivity, sales, profit, or cost reduction efforts (Aswathappa, 2008). Managerial efforts should be devoted at developing systems that isolate poor performers, these recognition programs can ensure that employees who remain loyal and stick with the organization are rewarded for their ongoing efforts (Jorgensen, 1999). The organization must develop a streamlined and modernized suite of reward and employment strategies and policies linked to the achievement of corporate objectives, which recognize staff performance and contribution, promote a diverse workforce, engage and motivate staff, and provide a fair and coherent strategic framework across the organization (Briars and Rue, 2008). Dessler (2008) asserts that incentive packages work best when employees can control output, when the effort-reward relationship is clear, when work delays are under employees control, when quality is not paramount, and when the organization knows the precise cost of labour.

2.3.3.1.3Fringe benefits

Fringe benefits are incentives that employees receive in addition to their wages and salaries during active job duty and in addition after retirement (OECD, 2007). These include such employee benefits as provident fund, gratuity, medical care, hospitalization, accident relief, health and group insurance, recreation facilities amongst others (Aswathappa, 2008). Fringe benefits often meet demands of employees and are usually seen as reasonable additions and are of great value for employees' private life with regard to social security (Dale –Olsen 2003). Fringe benefits as an instrument of management policy can influence commitment, loyalty, motivation, and performance of the workforce (Edrain, 2008; Kasper et.al., 2012).

2.3.3.1.4Perquisites

These are benefits allowed to executives and include company car, club membership, paid holidays, furnished house, stock option schemes amongst others. The logic in offering perks, from the organization's perspective is to keep good managers and motivate them to work hard in the organization's interest (Decenzo and Robbins, 2007).

2.3.3.1.5Non-Monetary Benefits

Non –membership benefits include challenging job responsibilities, recognition of merit, growth prospects, competent supervision, comfortable working conditions, job sharing and flextime. Although money is the most obvious organizational reward, non financial rewards are receiving increased attention (Luthan, 2005). Luthans makes reference to a comprehensive research (Nelson, 1996) and asserts that a comprehensive review of surveys that ask the value employees place on various rewards found that non-financial rewards were ranked much higher than the financial ones.

2.3.3.2 Reward Distribution Criteria

Compensation is the set of rewards that organizations provide to individuals in return for their willingness to perform various jobs and tasks within the organization while benefits are the various rewards, incentives and other items of value that an organization provides to its employees beyond wages, salaries, and other forms of financial compensation (Denisi and Griffin 2008). Compensation is a critical component of the employment relationship and

refers to all forms of financial returns and tangible benefits that employee receive (Bernardin, 2003) whose primary objective is to meet the needs of employers and employee alike (Amos, et.al., 2008). The relationship between the organization and its members is influenced by what motivates them to work and the rewards and fulfilment they derive from it (Mullins, 2008). It includes direct cash payments, indirect payments in the form of employee benefits and incentives to motivate employees to strive for higher levels of productivity (Cascio, 2010; Price 2007). Research on high performance work systems indicates that characteristics of a firm's compensation system are strongly related to corporate financial performance (Bernardin, 2003; Becker et. al., 2001; Lawler 2002). Rewards are an ever present and always controversial feature of the organization (Kreitner and Kinicki, 2008). The existence of sectoral differences in reward preferences is not just a matter of purely academic interest; rather, it is assumed that these differences have a practical influence on organizational competitiveness (Wright, 2007).

2.3.3.2.1 Performance Based Rewards

According to Peach and Wren (1992) performance based rewards have existed since Babylonian days 4000 years ago, but their popularity has increased dramatically over the last few decades. Job analysis and wage surveys rate jobs, comparing one job with another to determine base pay while performance appraisal rate employees on their performance and reward their contribution (Newstrom, 2011) and thus expect individual rewards for accomplishing a specific task or exceeding annual performance goals (McShane and Von Glinow 2011). Powis (2012) asserts that organizations should introduce a performance-management and performance related pay process which is fair, endorses organization values, encourages exceptional performance and provides recognition to both individuals and teams for exceeding the agreed performance expectation.

In the 21st century, many organizations have shifted their focus from individuals to teams and consequently, employees realize that their individual rewards are determined by team performance (McShane and Von Glinow ,2011). Although countless studies have shown that money alone does not drive engagement or performance, if employees' compensation is not comparable to that found in other organizations, they may feel the company is not being fair

and harbor resentment or look for work elsewhere Cantrell and Benton (2007). Thus, along with individual and team based rewards, many organizations rely on organizational-level rewards to motivate employees and also reward staff members for achieving challenging sales goals or other indicators of organizational performance.

2.3.3.2 Job Based Status

Almost every organization rewards employees to some extent on the basis of the status or worth of the jobs they occupy. Job evaluation is widely used to assess the worth or status of a job. Most job evaluation methods give higher value to jobs that require more skill and effort, have more responsibility, and have more difficult working conditions (Figart, 2000). Aside from receiving higher pay, employees with more valued jobs sometimes have larger offices, company –paid vehicles and other perks.

According to Armstrong (2010) jobs status- based rewards try to improve feelings of fairness by assigning higher pay to people working in jobs with higher value to the organization. However at a time when companies are trying to be cost effective and responsive to the external environment, job status–based rewards potentially do the opposite by encouraging bureaucratic hierarchy. Furthermore, status-based pay potentially motivates employees to compete with each other for higher-status jobs and to raise the value of their own jobs by exaggerating job duties and hoarding resources. It is therefore imperative that reward programs be part of an integrative and comprehensive performance management system that is strategically aligned with the organization’s mission and vision statement (Mujtaba and Shuaib (2010).

2.3.3.3 Competency-Based Rewards

Over the past two decades, many companies have shifted reward priorities from job status to skills, knowledge, and other competencies that lead to superior performance (McShane and Von Glinow, 2011). The most common competency-based reward practices identify a set of competencies (adaptability, team orientation, technical expertise, leadership, etc.) relevant to all jobs within a broad pay group and give employees within each group higher

pay rates as they improve those competencies (Zingheim and Schuster, 2003). Employees with strong sense of competence have a sense of pride and mastery that is itself intrinsically motivating and they believe they can execute particular behaviours needed to achieve success at work (Colquitt et al., 2009). They argue that, rather than paying people for the specific job that they perform, competency –based plans pay people on the basis of their assessed skills and knowledge, whether or not they actually use those competencies in their current job duties.

Empirical research suggests that competency- based rewards motivate people to learn new skills which tends to increase organizational effectiveness by creating a more flexible workforce; multi-skilled for performing a variety of jobs, more adaptive to adopting new practices in a dynamic environment (McShane and Von Glinow, 2011; Newstrom, 2011). Thus product or service quality also tends to improve because employees with multiple skills are more likely to understand the work process and how to improve it. Cascio (2010) argues that competency based plans can become increasingly expensive as the majority of employees become certified at the highest pay levels.

2.3.3.2.4 Membership-and Seniority-Based Rewards

Membership- based and seniority –based rewards represent the largest part of most paychecks and include employee benefits, such as free or discounted meals in the company cafeteria, remain the same for everyone, whereas others increase with seniority (McShane and Von Glinow, 2011). These membership-and seniority based rewards potentially emphasize incentives more than do other employees’ pay plans since organizational results are likely to reflect their contribution more directly than non-seniority based rewards (Dessler, 2008).

2.3.3.2.5 Desired outcomes of Reward System

A good reward system should attract talented people and motivate and satisfy; achieve internal, external, and individual equity; and maintain a balance in relationships between direct and indirect forms of compensation and between the pay rates of senior, middle and

junior employees, with the aim of fostering personal growth and development, and retention of talent (Cascio, 2012; Kreitner and Kinicki, 2008).

2.3.4 Non Financial Rewards and Recognition schemes

Latham and Locke (1979) noted that money is obviously the primary incentive, since without it is unlikely that employees would come to work, but they go on to say that money alone is not always enough to motivate high performance. Newstrom (2011) posits that financial rewards provide social as well as economic value as they play a key role within several motivational models blending with expectancy, equity, behavior modification and need based approaches. Thus reward systems should therefore be designed and managed in such a way as to provide the best mix of all types of motivators according to the needs of the organization and its members.

Recognition is a non-financial reward given to employees in appreciation of a high level of behaviour or accomplishment that is not dependent on achievement against a given target. This is according to Milne (2007), who asserts that incentives such as recognition programs are used in the belief that they will reinforce an organization's values, promote outstanding performance and foster continuous learning by openly acknowledging role model behavior and ongoing achievement. According to Armstrong (2010), recognition is one of the most powerful motivators and requires that people know not only how well they have achieved their objectives or done their work but also that their achievements are appreciated. Recognition needs are linked with the esteem needs in Maslow's (1954) hierarchy of needs that states that only unsatisfied needs motivate for further action as it creates disequilibrium. Needs theory suggests that to motivate a person to contribute valuable inputs to a job and perform at a high level, a manager must determine what needs the person is trying to satisfy at work and ensure that the person receives the outcomes that help to satisfy those needs when the person performs at a high level and help the organization to achieve its goals (Jones and George, 2007).

Employees may be motivated by numerous factors such as a pleasant work environment where they can apply all their capacities and collaborate with interesting people, working in an atmosphere of mutual respect, the possibility of experiencing feelings of accomplishment

and self-respect when they perform well, the provisions for adequate leisure time, feelings of power and prestige, a low-stress, slower pace of work, or involvement with an organization that has values and goals similar to their own (Cruz, Pe´rez and Cantero, 2009).

Dahm (2007) highlights four different groups of employees: job starts, professionally experienced employees, returners to employment and professionals with different requirements and interests. Job starters seek to create identification with the brand and the company they need educational objectives as well as success and to carve out a career. Professionally experienced employees, however, focus on promotion, a higher salary, and the wish for responsibility and specialization. Returners can be characterized as flexible workers in search of a new challenge and financial protection. Lastly, professionals seek to undertake a great responsibility and aim to reach a leading position in order to gain self realization and involvement at the company. According to Townsend and Gebhardt (2008) recognition can also be provided by managers who simply listen to employees, value their contributions and at the same time value them as individuals with unique strengths and needs. Thus showing employees they are valued by affording them a real voice in the decision-making process of the organization is the best starting point in motivation and retention of staff.

Armstrong (2010) highlights other actions deemed to accord recognition that includes promotion, allocation to a high profile project, enlargement of the job to encompass more interesting and rewarding work, and various forms of status symbols, because they can be divisive.

Wyland (2011) observes that the benefits of appointing people who are in sync with organizational culture are apparent, both for the company and for the individual because good performance, commitment, longevity and loyalty from employees all make for a high-performing business. She continues to say that stimulated, confident, happy employees who feel a strong allegiance to their company will not only provide optimum performance but also be the greatest advocates of the business to the customers and, in today’s socially connected era, to the wider world. Luthans (2005) concludes that there is little doubt that the non financials can be very powerful, but are often overlooked as a reinforce in behavioral performance management.

2.4 Human Capital Development

Human capital refers to the sum of the attributes, life experiences, knowledge, skills, energy, and the enthusiasm that have economic value, that the company's employees invest in their work (Snell and Dean, 1992; Weatherly, 2003), while development relates to the growth of realization of a person's ability, through conscious or unconscious learning (Wan, 2007). Noe et.al (2008) assert that development involves acquiring knowledge, skills and behavior that improve employees' ability to meet the challenges of a variety of existing jobs or jobs that do not yet exist. According to Price (2007) Human Capital Development (HCD) draws from other human resource processes including resourcing and performance assessment to identify actual and potential talent - it provides a framework for self development, training programs and career progression to meet an organization's future skills development. In general terms, HCD is the process of helping employees become better at their tasks, their knowledge, their experiences, and their lives (Wan, 2007).

Human Resource Development (HRD) is a more contemporary term used interchangeably with HCD. HRD encompasses activities and processes intended to have an impact on organizational and individual learning (Beardwell, Holden and Claydon, 2004) , while Noe (2008) refers to HRD as the integrated use of training and development, organizational development, and career development to improve individual, group, and organizational effectiveness. Various scholars have defined HRD as the process of orienting and training employees; designing and implementing management and organizational development programs; building effective teams within the organizational structure; designing systems for appraising the performance of individual employees and assisting employees in developing career plans (Beardwell et. al 2004, Byars and Rue, 2008).

It is important to recognize that it is not just people, but the 'right people' – talented people – who are the most important asset (Crain, 2009). In the economics literature, human capital has been termed as a key element in improving an organization's assets and employees in order to increase productivity as well as sustain competitive advantage (Becker, 1964; Schultz, 1971; Snell and Bohlander, 2007). Skills, experience and knowledge have economic value to organizations because they contribute to their productivity and adaptability thus,

people constitute the organization human capital, and that like other assets, human capital has value in the market place, but unlike other assets, this potential value of human capital can be fully realized only with the cooperation of the person (Becker, 1964). Therefore, all costs related to eliciting productive behaviours from employees – including those related to motivating, monitoring, and retaining them, constitute human capital investments made in anticipation of future returns (Flamholtz & Lacey 1981). Organizations can use human resources in a variety of ways to increase their human capital (Cascio 1991; Flamholtz & Lacey 1981). For example, they can ‘buy’ human capital in the market (e.g. by offering desirable compensation package) or ‘make’ it internally (e.g. by offering extensive training and development opportunities). Investments of either type have associated costs, which are justifiable only to the extent the organization is able to productively utilize the accumulated capital (Tsang et al., 1991). In human capital theory, contextual factors such as market conditions, unions, business strategies, and technology are important because they can affect the costs associated with alternative approaches to using development to increase the value of the organization’s human and the value of the anticipated returns, such as productive gains (Boudreau & Berger 1995; Russell et. al., 1993; Snell and Bohlander, 2010).

2.4.1 Training and Development

Aswathappa, (2008) attempts to draw a distinction among training, education and development and argues that training is the process of imparting specific skills, while education on the other hand is confined to theoretical learning in the classroom. He further defines development as the learning opportunities designed to help employees grow. According to Noe (2008), training refers to a planned effort by an organization to facilitate employees learning of job related competencies designed to improve performance at the individual, group, and/or organizational level (Cascio, 2010). Anthony et. al (2006), define training and development as the total structure of on-the-job and off-the-job programs used by organizations in developing employee skills and knowledge necessary for proficient job performance and career advancement.

Staff development and training activities are designed to help an organization meet its skills requirement and to help its employees realize their maximum potential with the overall aim of implementing its strategy and ensuring the success of the organization (Anthony et. al. 2006). Aswathappa (2008) posits that training and development is any attempt to improve current or future employee performance by improving an employee's ability to perform through learning, usually by changing attitudes or increasing skills and knowledge. He continues to argue that the organization must offer a wide range of development provision, enabling staff to gain the skills, competences and experience necessary to contribute to the attainment of individual, team, and organizational goals and expectations. Kreitner and Kinicki (2007) argue that employees at any level in an organization can be trained to be more transactional and transformational. They posit that this reinforces the organizational value of developing and rolling out a combination of transactional and transformational leadership training for all employees.

Training is a learning process that involves the acquisition of skills, concepts, rules, or attitudes to increase employee performance (Byars and Rue, 2008). It is a key strategy for generating skills in people, since it enables them to both learn and unlearn skills – in other words, to acquire new skills and change inappropriate skills (Pineda, 2010). Cascio (2010) observes that to promote efficient learning, long term retention and application of the skills or factual information learnt, in training to the job situation, training programs should incorporate principles of learning developed over the years.

According to Noe, Hollenbeck, Gerhart and Wright (2008), creating a culture of continuous learning with staff enabled to take responsibility for their own development, and ensuring training is clearly linked to quality service delivery and emerging customer needs are key. They assert that continuous learning refers to a system that requires employees to understand the entire work process and expects them to acquire new skills, apply them on the job, and share what they have learned with other employees. To improve performance at the organizational level it is essential to create a culture and situation of continuous learning of employees and of the organization (van der Sluis, 2007). Employees can and must become strategic assets but it does not 'just happen' - they have to know the firm's strategic goals and

how their own performance fits in with them (Crain, 2009). This can be achieved by implementing staff development provision, appraisal, competence/behavioral frameworks, coaching and other support to enhance staff performance, equip staff to fulfill current responsibilities, and enable them to adapt to future change. Companies are now competing on the basis of the skills and talents of their employees and are discovering that, by attracting and retaining the best and the brightest employees, the company can achieve higher than average market share and elevated profits (Smith, 2007).

Cappelli (2008) argues that managers must ensure that staff development provision is aligned with the delivery of excellent learning and teaching provision, working closely with colleagues across the organization to develop, deliver and monitor impact. He posits that the telltale signs of successful talent management are that it is inclusive and that it can address and resolve any incongruity between the supply and demand of talent. Human development policies should be designed such that they improve leadership and management capability, recognizing the different roles of managers and needs at different levels and support excellence in staff performance by ensuring close integration with strategies that link development, reward and career progression (Clayton, 2006). He argues that taking a holistic view of the business and its impact on employee engagement is very often the most appropriate way to manage the key elements which need to be actively managed by organizations in order to enhance employee retention, motivation and attendance.

2.4.2 Needs Assessment

Training and development can be an extremely powerful and cost effective investment by an organization, but only if it is implemented to match and complement the business's needs and objectives (Denby, 2010). It must be directed towards accomplishment of some organizational objectives, such as more efficient production methods, improved quality of products or services, or reduced operating costs (Byars and Rue 2008). Needs assessment refers to the process used to determine whether training is necessary (Noe, 2008). According to Byars and Rue (2008), needs assessment refers to a systematic analysis of the specific training and development activities the organization requires to achieve its objectives. The purpose of needs analysis is to identify the specific job performance skills needed, to analyze

the skills and needs of the prospective trainees, and to develop specific, measurable knowledge and performance objectives (Dessler, 2000). Needs assessment involves organizational analysis, employee analysis and task analysis (Noe, 2008). Organization analysis involves determining whether the goals of the training programs align with and support the mission, goals and strategies of the organization, and whether top management fully supports the proposed training (Anthony et. al. 2006). Employee analysis involves (1) determining whether performance deficiencies result from a lack of knowledge, skill or ability or from a motivational or work-design problem, (2) identifying who needs training, and (3) determining employees' readiness for training (Noe, et.al, 2008). Tasks analysis includes identifying job contents, the knowledge, skills and aptitudes required, and behaviors that need to be emphasized in training for employees to complete their tasks, and also the conditions under which they must be performed (Gupta, 2008; Henderson, 2003).

2.4.3 Evaluation

Training programs are costly and therefore, should be evaluated carefully to determine their effects, and to decide whether they should be improved or discontinued (Steensma and Groeneveld, 2010). Training evaluation refers to the process of collecting the outcomes needed to determine whether training is effective (Noe, 2008). Pineda (2010) concurs and argues that for training to be considered an investment, it must be held accountable like other investments made by the organization, and must demonstrate that the decisions and actions taken are relevant and profitable. Measures of training effectiveness might include participants' reactions to the training, learning of the content of the training, and use of new skills and knowledge on the job (Aldag and Kuzuhara, 2001).

Ronn (2007) acknowledges that, managers must implement robust mechanisms to evaluate and assess the impact of staff development provision on institutional performance and calculate the return on investment, benchmarking against other organizations as well as the industry. Ronn further argues that, reviewing the nature and content of staff development provision on an ongoing basis ensures that it is aligned to meet evolving corporate priorities. Thus, evaluation focuses on determining the extent to which training has responded to the needs of the organization and its translation in terms of impact and profitability (Pineda,

2010). Therefore, evaluating training involves detecting and analyzing the results obtained from a specific perspective: the perspective of the contribution of training to organizational performance and the return on the investment made (Holton, 1996; Kirkpatrick, 1998).

2.4.4 Performance Management System

Performance management is used to ensure that employees' activities and outcomes are congruent with the organization's objectives and entails specifying those activities and outcomes that will result in the firm's successfully implementing the strategy (Noe et.al, 2008). Performance management systems that are directly tied to an organization's reward system provide a powerful incentive for employees to work diligently and creatively toward achieving organizational objectives (Byars and Rue, 2008). Rao (2004) defines performance as the output directed by the individual in relation to a given role during a particular period of time under the set of circumstances operating at that point in time.

Russell and Russell (2010) propose a performance review cycle based on the concept of "greatness". They argue that focusing on great performance, and being able to clearly define and measure this, can assist employees to set and achieve clear goals for success. They further explain that, "great performance management" (GPM) cycle measures performance in three areas: customer outcomes, team outcomes and organizational outcomes. Corkindale, (2010) asserts that combined with positive and negative reinforcement and organizational support, the cycle can help employees to develop their own potential while making a substantial contribution to corporate goals and objectives. Performance management can be conceptualized in the form of a cycle consisting of five elements (Mabey and Salaman, 1995). These include: setting performance objective; measuring outcomes; feedback of results; rewards linked to outcomes; and amendments to objectives and activities. Within the performance management cycle, performance related pay and appraisal are key components: the former to produce the extrinsic financial rewards in the form of shares, income differentials, profit sharing schemes and bonuses and the later to provide the essential mechanism for setting objectives and feeding back performance criteria (Hendry, 1995).

Performance appraisal is the process of evaluation and communicating to an employee how she or he is performing the job and establishing a plan of improvement - it provides the

forum for identifying development needs and serves as the mechanism for feeding back information to the manager about current levels of performance, seeking to identify and negotiate adjustments or further development needs (Beardwell et. al , 2004.) Performance management systems with an appraisal component built into them should mean improved performance, more motivated people, and more competent people (Rao, 2004). It should have a built in mechanism to ensure that employees receive performance feedback and are actively involved in the performance improvement process (Noe et. al 2008).

The process of performance management involves a continuous judgement on the behaviour and activities of staff which necessitates that they know exactly what is expected of them and the yardsticks by which their performance and results will be measured (Mullins, 2007). Mullins continues to argue that a formalized and systematic performance management scheme will enable regular reviews of the individual's performance, highlight potential and identify training and development needs. He concludes that performance management is a crucial activity of the management of human resource, which can provide the basis for key managerial decisions such as those relating to allocations of duties and responsibilities, pay, empowerment and levels of supervision, promotions, training and development needs and career progression.

2.4.5 Career Development

Career development is an ongoing process, formalized effort by an organization that focuses on developing and enriching the organization's human capital in light of both the employee's and organization's needs (Byars and Rue, 2008). According to Aswathappa, (2008), career development refers to a formal approach by a firm to ensure that people with proper qualifications and experiences are available when needed. He further asserts that it focuses on providing the analysis necessary to identify the individual interests, values, competencies, activities and assignments needed to develop skills for future development and includes both individual and organizational activities. To ensure that the talent pool supports the company's overall strategy, the abilities of promising individuals should be shaped to correspond with the emerging leadership needs of the future (Fulmer, Stumpf and Bleak, 2009).

2.5 Chapter Summary

The chapter has discussed the variables (characteristics) of talent management based on specific objectives. They include selection and recruitment process; reward system and recognition and human capital development. The next chapter will discuss the research methodology.

CHAPTER 3

3.0 RESEARCH METHODOLOGY

3.1 Introduction

The main aim of this chapter is to describe the methods and procedures that will be used to carry out the research. It will cover the research methodology, specifically describing the research design, the population and sampling design, and finally the data collection methods. Additionally, the sampling design and sample size will be discussed and a detailed description of the sampling method and actual size will be provided. Methodology refers to the way one approaches a research problem and seeks answers. The term denotes how research is to be conducted. The choice of methodology is dependent on the researcher's assumptions, interest and purposes (Taylor and Bogden, 1998).

3.2 Research Design

The research design employed in this was descriptive in nature. Descriptive studies describe characteristics associated with the subject population. According to Cooper and Schindler (2000), descriptive statistics discover and measure cause and effect relationships among variables. The study was guided by three independent variables; selection and recruitment, rewards and recognition and human capital development and their impact in talent management for organization competitiveness. The study used design because it enabled the researcher to collect in-depth information about the population being studied. The descriptive design gives proper and succinct recommendations to the management of Company X and other related organizations. A case study focuses on one organization selected from the total population of other organizations in the same industry. The purpose of this study is to investigate a certain aspect intensively and comprehensively and the focus is usually on an item.

The design will be appropriate, as it will help investigate the objectives of the study and generate information required to answer the research questions. The case approach will assist

in analysing the relevant variables and also provide descriptions of phenomena and associated characteristics.

3.3 Population and Sampling Design

3.3.1 Population

According to Cooper and Schindler (2000), a population is the total collection of elements about which we wish to make inferences. The target population of interest was management and non-management staff of the Company X in Nairobi office. It was cheaper to carry out the research from a sample rather than from the entire population due to logistical aspects. The population was grouped into two categories to differentiate management from other employees. This classification was adopted for this study to segment the population and aid in the investigation process.

3.3.2 Sampling Design

3.3.2.1 Sampling Frame

A sampling frame is an objective list of the population from which the researcher can make a selection (Descombe, 1998). Cooper and Schindler (2000) add that a sampling frame should be a complete and a correct list of population members only. The sampling frame for this study was a list of all employees provided by the Human resource department; the list constituted a total of 85 employees. The employees were categorized into senior level management, middle level and junior level. The Sampling frame was obtained from 50 employees working for Company X. A total of 30 employees were randomly selected from the total population comprising of 85 employees.

3.3.2.2 Sampling Technique

To ensure fair representation and generalization of the findings to the general population, proportional stratified random sample was used. According to Walimann (2005), proportional stratified sampling is used when the cases in a population fall into distinctly different categories of a known sample of that population. When proportions of the different strata in a population are known, then each stratum must be represented in the same

proportion within the overall sample. Coopers and Schindler (2000) support this when he contends that stratified sampling gives statistical efficiency increase on a sample, provides adequate data for analysing the various sub-population and enables difference research methods and procedures to be used in different strata.

3.3.2.3 Sample Size

Descombe (1998) observed that, the sample must be carefully selected to be representative of the population and the researcher also need to ensure that the subdivisions entailed in the analysis are accurately catered for. A sample size of 30 (thirty) was selected from a population of 85 (eighty five) employees. The sample selected was to be representative of each level based on the availability of some staff especially the general staff who are mostly out in the field. A sample size was determined using proportional stratified sampling from the list of all the employees.

Table 4.1: Sample Size

Category	Sampling Frame	Percentage	Sample Size
Managers	15	12%	5
Middle Level	30	35%	10
Junior Level	45	53%	15
Total	85	100	30

3.4 Data Collection Methods

Primary data collection method was used in this study. The main instrument used was a questionnaire that was developed by the researcher and organized on the basis of the research objectives to insure relevance to the problem. The choice of the method is on the premise that data collected using a questionnaire is easily understood and therefore perceived as

authoritative. Additionally, using questionnaire will provide greater control over the research process.

The questionnaire had four parts; the first part had questions on the general information about the respondent in relation to the case organization. The second part had questions on the selection and recruitment in the organization, while the third and fourth parts had questions on rewards and recognitions and human capital development aspects respectively. The questionnaire was mainly structured the Likert Scale of 1 to 5 (1-Never, 2-Rarely, 3-Occasionally, 4-Frequently, 5-Always). Likert scale is an attitude measurement used in research.

The questionnaires were distributed to the employees mainly through drop-and-pick method, and clarification was given and collected after one week.

3.5 Research Procedures

The questionnaire designed by the researcher based on the research questions was pre-tested to ascertain the suitability of the tool before the actual administration. Pretesting was done by administering the questionnaire to 3 respondents who were selected randomly from the sample size. This enabled the researcher to fine tune the questionnaire for objectivity and efficiency of the process. The questionnaire was estimated to take about 10 minutes to complete. The researcher used the drop-and pick method to administer the questionnaire.

A covering letter highlighting the purpose of the study was sent together with the questionnaire. The purpose of the study was explained to the respondents, and any questions arising responded to.

3.6 Data Analysis Methods

The study used quantitative method of data analysis. To ensure effective analysis, the questionnaire was coded according to each variable of the study to ensure the margin of error is minimized as to assure accuracy during analysis. The quantitative analysis was applied

using descriptive statistics. According to Denscombe (1998), descriptive statistics involves a process of transforming a mass of raw data into tables, charts, with frequency distribution and percentages which are a vital part of making sense of the data. Data was analysed using Statistical Package for Social Sciences (SPSS) program and presented using tables and pie charts to give a clear picture of the research findings at a glance.

3.7 Chapter Summary

This chapter describes the methodology that was used in carrying out the study. The research design is descriptive in nature focusing on Company X. The population was all the employees of the Company X based in Nairobi. The sample size, sampling techniques and questionnaire as a primary data collection instrument have all been described. The questionnaire developed was pilot tested before a refined one was administered to the respondents. This chapter has also indicated that, data was analyzed using SPSS and presented in form of charts and tables. The next chapter will devote to presentation, analysis and discussions of findings.

CHAPTER 4

4.0 RESULTS AND FINDINGS

4.1 Introduction

The purpose of the study was to analyze the extent to which effective talent management impacts organizational competitiveness. This chapter presents the findings of the data collected using the questionnaire distributed through the drop and pick method. The questionnaire was developed to address the following specific objectives (i) To determine the extent to which selection and recruitment process impacts talent management for organizational competitiveness; (ii) To determine the extent to which rewards and recognition impacts talent management for organizational competitiveness and (iii) To determine the extent to which human capital development impacts on talent management for organizational competitiveness. A total of 30 questionnaires were returned from the 50 distributed. The returned questionnaires were analyzed and the results presented in tables and bar charts.

4.2 General characteristics of the respondents

Part one of the questionnaire gives the general information of the respondents according to the group level they belong, duration of service to the organization, perception regarding importance of Human Resource Department, existence of an appraisal system within the organization, and how they rated their individual performance.

Table 4.1: Position in the Organization

Group Level	Frequency	Percentage
Managers	6	20%
Middle Level	13	43.3%
Junior Level	11	36.7%
Total	30	100%

As shown in Table 4.1, 20% of the respondents represented senior management, 43.3% were from middle level managers and 36.7% from junior level employees.

Table 4.2: Number of Years Worked

Question	Scale	Distribution	
		f	%
How long have you worked with the organization?	Less than 2 years	10	33.3%
	3 to 5 years	7	23.3%
	6 to 8 years	10	33%
	9 years and above	3	10%
	Total	30	100%

Table 4.2 above shows that 33.3% of the respondents had worked for less than 2 years in the organization while 23.3% had worked between 3 and 5 years. 33.3% had worked between 6-8 years. Only 10% had worked for over nine years in the organization.

All respondents agreed that the human resource department is an important function of the organization and that each and every one of them had been appraised every year. Also, respondents were asked to rate their performance on a scale of 1-6 (1-Excellent, 2-Very good, 3-Good, 4-Room for improvement, 5-Not to my satisfaction, and 6-Poor). Eleven percent rated their performance as excellent while 63% felt that theirs was very good. Eighteen percent felt that their performance was good while the rest at 7.4% were of the opinion that there was room for improvement.

4.3 Recruitment and Selection

Part two of the questionnaire had 5 questions formulated to determine the role of recruitment and selection on effective talent management. The statements were focused on various aspects of recruitment and selection such as; nature of how people are promoted to supervisory positions, opportunities to apply for vacant positions when they fell vacant, fairness in selection and recruitment procedures, whether promotions were fair and results oriented , and job security. The respondents were asked to give their personal opinion of the statements relating to recruitment and selection on a scale of 1-5 (1-Never, 2-Rarely, 3-Occasionally, 4-Frequently, and 5-Always).

Table 4.3 Summary of the Recruitment and Selection Variable Results

	Never	Rarely	Occasionally	Frequently	Always
	%	%	%	%	%
Promotions to supervisory positions are fair		3.3	16.7	43.3	36.7
Employees given opportunity to apply for vacant positions			16.7	50	33.3
Selection and recruitment is free and fair			10	50	40
Promotions free and results oriented		6.7	16.7	33.3	43.3
Job security assured based on good performance			16.7	16.7	66.7

Table 4.3 above is a summary of recruitment and selection variable results. Majority of the respondents were happy with various aspects of recruitment and selection. Each characteristic is discussed separately below.

4.3.1 Promotions to Supervisory Positions

The question sought to find out whether in their opinion, promotion to supervisory level was free and fair. The results are displayed on the table below.

Table 4.4: Promotions to Supervisory Positions

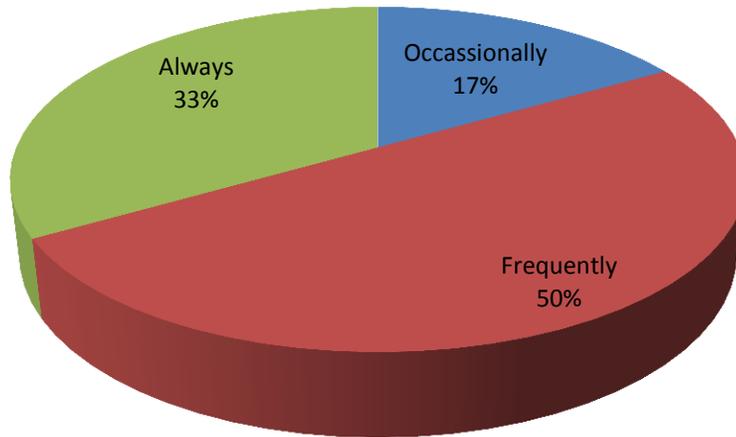
Question	Scale	Distribution	
		f	%
Are promotions to supervisory positions free and fair?	Rarely	1	3.3%
	Occasionally	5	16.7%
	Frequently	13	43.3%
	Always	11	36.7%
	Total	30	100%

As shown on table 4.4 above, 36.7 % of the respondents agreed with the statement that promotions to supervisory position were always free and fair; an additional 43.3% agreed that they are frequently free and fair. Sixteen (16) percent agreed that it happened occasionally while 3.3% agreed it happened rarely.

4.3.2 Opportunities to Apply for Vacant Positions

The question sought to find out whether the respondents felt they were given an opportunity to apply for positions when they fell vacant. The results are displayed in the figure below.

Figure 4.1: Employees given opportunity to apply for vacant positions

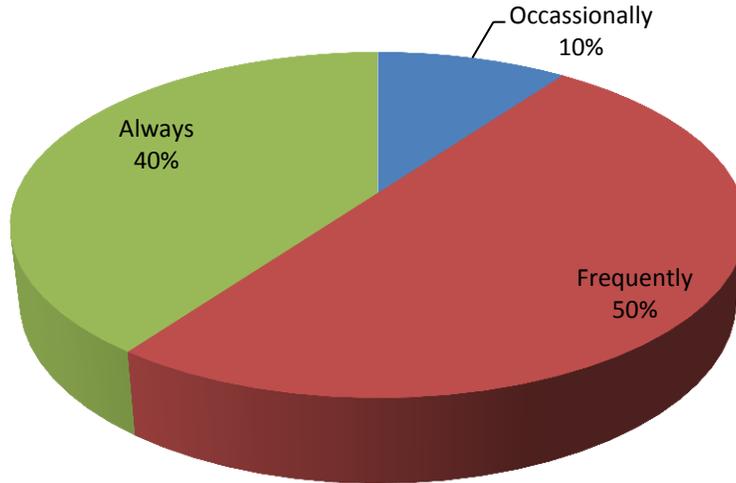


As is depicted by Figure 4.1 above, a good number of respondents at 33.3% agreed that employees are always given an opportunity to apply for vacant positions while a slightly higher percentage at 50% agreed that it happened frequently. About 16.7 % agreed that it happened occasionally.

4.3.3 Fairness in Selection and Recruitment

The question sought to find out whether the respondent perception regarding the selection and recruitment process was free and fair. The results are displayed in the figure below.

Figure 4.2 Selection and Recruitment is Free and Fair



As shown in Figure 4.2, the selection and recruitment is deemed to be free and fair always by 40% of the respondents while the majorities representing a 50% were of the opinion that it was a frequent occurrence. Out of the total number of respondents, 10 % said that selection and recruitment was occasionally free and fair.

4.3.4 Promotions are Free and Results Oriented

The question sought to find out whether the respondent thought promotions were free and results oriented. The results are displayed in the figure below.

Table 4.5: Promotions Free and Results Oriented

Question	Scale	Distribution	
		f	%
Are promotions free and results oriented?	Rarely	2	6.7%
	Occasionally	5	16.7%
	Frequently	10	33.3%
	Always	13	43.3%
	Total	30	100%

As depicted on Table 4.5, a good number of respondents 43.3%, agreed that promotions were always free and results oriented while 33.3% agreed that it happened frequently. Those who

asserted that it happened occasionally represent a 16.7% of the respondents while the rest, accounting for 6.7% said it rarely happened.

4.3.5 Job Security

The question sought to find out whether the respondent thought promotions were free and results oriented. The results are displayed on the figure below.

Figure 4.3: Job Security Based on Performance

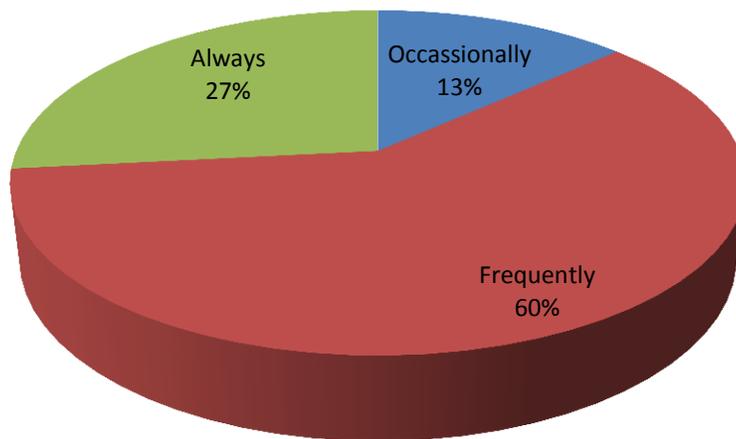


Figure 4.3 above shows that 66.7% of the respondents agreed that they always had job security so long as they did a good job while 16.7 % agreed but asserted that it happened frequently. Just above 16.% were of the opinion that this only happened occasionally.

4.4 Rewards and Recognition

The section of the questionnaire tackled the extent to which rewards and recognition impact talent management. Specifically it addressed the extent to which the benefits and salary were fair, working conditions, whether the organization was concerned with employees' long term welfare, supervisory aspects as enforced by the management, whether employees were treated equally and finally whether creative thinking and innovation were encouraged within the organization

Table 4.6: Summary of the Rewards and Recognition variable results.

	Never	Rarely	Occasionally	Frequently	Always
	%	%	%	%	%
My benefits are fair compared to others at my level.	6.7	6.7	26.7	33.3	26.7
My salary is fair compared to others at my level	3.3	6.7	30.3	40	20
Working conditions are good			13.3	60.0	26.7
Organization concerned with long-term welfare of employees			6.7	46.7	46.7
Supervisory aspect fairly enforced		3.3	20	46.7	30
Creative thinking and innovation encouraged		3.3	10	50	36.7
Employees are treated as equal irrespective of difference		3.3	20	40	36.7

Table 4.6 above indicates that the majority of the respondents were happy with both salary and benefits aspects of reward and recognition. However, a small group at about 13% did not think that salaries and benefits were distributed equitably amongst their peers. Regarding working conditions and welfare, all employees agreed that the organization had discharged its responsibilities thereof to their satisfaction. Regarding supervisory aspects, fair treatment and creative thinking and innovation, majority of the respondents were happy with the way these aspects were undertaken. However about 3% asserted that it rarely happened. Each variable is discussed at length below.

4.4.1 Fairness in Distribution of Benefits

The question sought to find out the employees perceptions regarding the distribution of benefits amongst their peers. The results are as displayed below.

Table 4.7: Frequency Distribution of Benefits

Question	Scale	Distribution	
		f	%
Are my benefits fair compared to others at my level?	Never	2	6.7%
	Rarely	2	6.7%
	Occasionally	8	26.7%
	Frequently	10	33.3%
	Always	8	26.7%
	Total	30	100%

As illustrated in Table 4.7 a good number of respondents at 26.7%, agreed that their benefits were always fair compared to those at their level while 33.3% agreed that it was a frequent occurrence. A significant number agreed that it happened occasionally at 26.6% while 6.7% agreed that it happened rarely tying with those who agreed that it never happened at 6.7%.

4.4.2 Fairness in Salaries Scales amongst Peers

The question sought to find out whether the respondents felt promotions were free and results oriented. The results are displayed on the table below.

Table 4.8: Frequency Distribution of Benefits

Question	Scale	Distribution	
		f	%
Is my salary fair compared to others at my level?	Never	1	3.3%
	Rarely	2	6.7%
	Occasionally	9	30.3%
	Frequently	12	40%
	Always	6	20%
	Total	30	100%

As illustrated in Table 4.8 above, a number of respondents at 20%, agreed that their salary was always fair compared to those at their level while 40% agreed that it was a frequent occurrence. A significant number agreed that it happened occasionally at 30% while 6.7% agreed that it happened rarely. Lastly, 3.3% of the respondents asserted that their salary scale was never fair compared to their peers.

4.4. 3 Working Conditions

The question was formulated to find out whether in their opinion, the working conditions were good. The results are displayed in the figure below.

Figure 4.4: Working Conditions

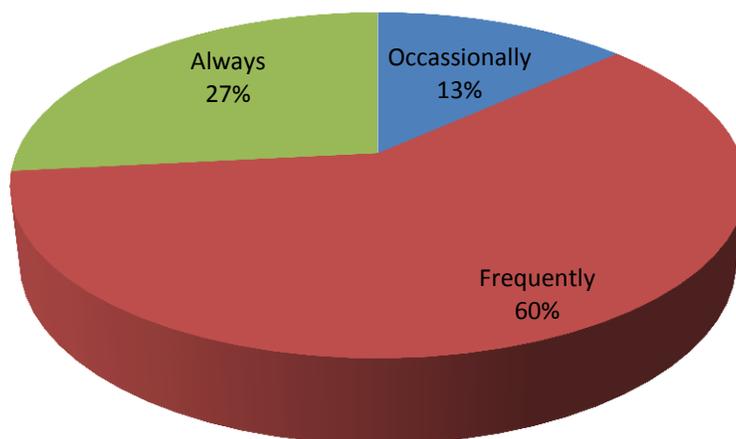


Figure 4.4 indicates that on working conditions, some employees at 26.7% felt that they were always good while 60% agreed that the working environment is frequently good. A sizable number at 13.3% though in the minority, asserted that the working conditions are only good occasionally.

4.4.4 Long Term Employees Welfare

The question was formulated to find out whether in their opinion, the organization was concerned with their long-term welfare. The results are displayed in the Table below.

Table 4.9: Long Term Welfare

Question	Scale	Distribution	
		f	%
Is the organization concerned with long-term welfare of employees?	Occasionally	2	6.7%
	Frequently	14	46.7%
	Always	14	46.7%
	Total	30	100%

Table 4.9 depicts the extent to which the organization is concerned with long term welfare of employees. To this end, 46.7 % agreed that this statement holds true always while 46.7% of the respondents agreed that the organization is concerned with their welfare frequently. Few of the respondents at 6.7% agreed that it happened occasionally.

4.4.5 Fair Enforcements of Supervisory Aspects

The question was formulated to find out whether in their opinion, the supervisory aspects within the organization were enforced with fairness. The results are displayed in the Table below.

Table 4.10: Supervisory Aspects

Question	Scale	Distribution	
		f	%
Are supervisory aspects fairly enforced?	Rarely	1	3.3%
	Occasionally	6	20%
	Frequently	14	46.7%
	Always	9	30%
	Total	30	100%

As shown in Table 4.10, 30% agreed that supervisory aspects were always fairly enforced while 46.7% are of the opinion that the same happened albeit frequently. Twenty percent of the respondents agreed that these aspects of supervision were enforced fairly only occasionally while 3.3% asserted that this was a rare occurrence.

4.4.6 Creative Thinking and Innovation

The question was formulated to find out whether in their opinion, the organization provided for creative thinking and innovation. The results are displayed in the Table below.

Table 4.11: Creative Thinking and Innovation

Question	Scale	Distribution	
		f	%
Is creative thinking and innovation entertained?	Rarely	1	3.3%
	Occasionally	3	10%
	Frequently	15	50%
	Always	11	36.7%
	Total	30	100%

As is depicted in Table 4.11, 36.7% of the respondents felt that creative thinking and innovation are encouraged always while 50% agreed that it was frequently the case. Ten (10) percent agreed that the statement is true albeit occasionally while 3.3 agreed that it is the case only on rare occasions.

4.4.7 Equal Treatment of Employees

The question was formulated to find out whether in their opinion, the organization treated all employees equally without any form of discrimination. The results are displayed in the Table below.

Table 4.12: Equal Treatment

Question	Scale	Distribution	
		f	%
Are employees treated equally irrespective of differences?	Rarely	1	3.3%
	Occasionally	6	20%
	Frequently	12	40%
	Always	11	36.7%
	Total	30	100%

Table 4.12 above depicts that 36.7% of the respondents agreed that they were always treated as equals irrespective of their differences, while 40% held the view that it happened frequently. However, 20% agreed with the statement albeit occasionally while the rest at 3.3% agreed that it happened rarely.

4.5 Human Capital Development

The section of the questionnaire tackled the extent to which human capital development impact talent management. Specifically it addressed the aspects such as job satisfaction, motivation, career advancement, training and development, team work and group participation, extent to which mistakes are discussed openly so that people could learn from them, whether employees are rewarded for learning and finally the extent to which the organization provided for opportunities for career growth.

Table 4.13: Human Capital Development variable results.

	Never	Rarely	Occasionally	Frequently	Always
	%	%	%	%	%
My overall job satisfaction in this organization is good.			23.3	56.7	20
Career advancements are fairly conducted		3.3	6.7	53.3	36.7
Level of training and development is good		3.3	3.3	56.7	36.7
The level of teamwork is good			20	63	16.7
Mistakes are discussed openly so that people can learn		26.7	20	40	13.3
I am adequately motivated		3.3	23.3	53.3	20
People are rewarded for learning		16.7	33.3	40	10
Organization provided opportunity for career growth		6.7	26.7	46.7	20

Table 4.13 indicates that a 20.2% of the respondents agreed that their overall job satisfaction was always good while 56.7% agreed that this happened frequently and the rest at 23.39% agreed that it happened occasionally. Also the majority were happy with the level of team work within the organization.

4.5.1 Job Satisfaction

The question was formulated to find out the employees perception regarding job satisfaction. The results are displayed in the Figure below.

Figure 4.5: My Overall job satisfaction is good

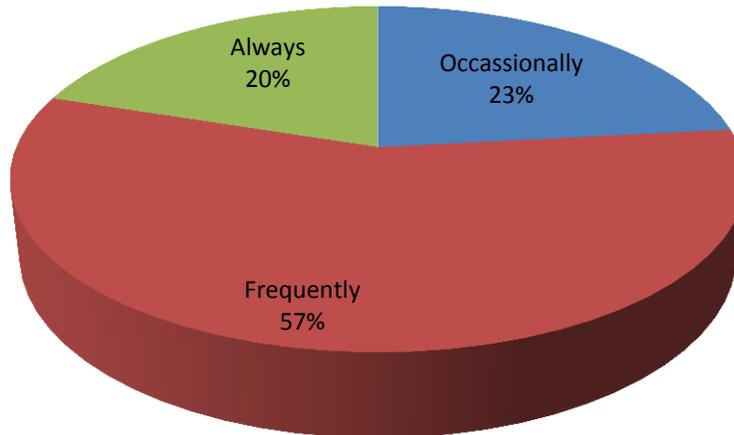


Figure 4.5 above indicates that 20% of the respondents agreed that their overall job satisfaction was always good. Those who agreed with the statement and asserted that it was a frequent occurrence accounted for 56% of the total respondents while the rest, at 23% agreed that their overall job satisfaction was good albeit occasionally.

4.5.2 Career Advancement

The question was formulated to find out the employees perception regarding career advancement and promotion. The results are displayed in the Table below.

Table 4.14: Career Advancement and Promotion

Question	Scale	Distribution	
		f	%
Is career advancement and promotion conducted fairly?	Rarely	1	3.3%
	Occasionally	2	6.7%
	Frequently	16	53.3%
	Always	11	36.7%
	Total	30	100%

Figure 4.15 shows that 37.7% of respondents agreed with the statement that career advancement and promotion were conducted fairly always while 53.3% were of the opinion that it happened albeit frequently. A smaller group of respondents at 6.7% agreed that the statements were true occasionally while 3.3% agreed that it was rarely the case.

4.5.3 Training and Development

The question was formulated to find out the employees perception regarding training and development. The results are displayed in the Table below.

Table 4.15: Training and Development

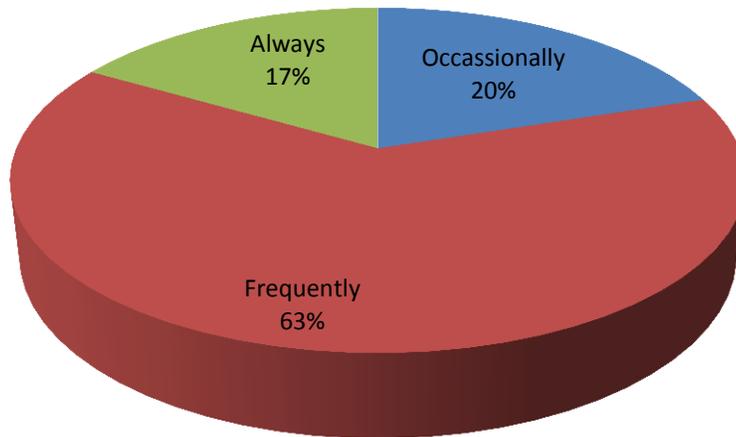
Question	Scale	Distribution	
		f	%
Is the level of training and development good?	Rarely	1	3.3%
	Occasionally	1	3.3%
	Frequently	17	56.7%
	Always	11	36.7%
	Total	30	100%

As shown in figure 4.15 above, 36.7% felt that the level of training and development was always good while 56.7% agreed that it was the case on frequent basis. Over 3% agreed that the statement was true occasionally tying with those who agreed that it was a rare occurrence at 3.3 per cent.

4.5.4 Teamwork

The question was formulated to find out the employees perception regarding teamwork within the organization. The results are displayed in the figure below.

Figure 4.17: Teamwork



According to Figure 4.6, 16.7% of the respondents agreed that the level of teamwork participation was good always while the majority at 63.3% were of the opinion that this statement held true frequently. However, 20% agreed that level of teamwork participation was only good occasionally.

4.5.5 Learning through Mistakes

The question was formulated to find out whether in their opinion, mistakes were discussed openly to enhance learning. The results are displayed in the Table below.

Table 4.16: Mistakes are Discussed Openly

Question	Scale	Distribution	
		f	%
Are mistakes discussed openly so that people can learn from them?	Rarely	8	26.7%
	Occasionally	6	20%
	Frequently	12	40%
	Always	4	13.3%
	Total	30	100%

Table 4.16 indicates that 13.3% agreed that mistakes are always discussed openly so that people can learn from them, while 40% agreed that it was the case frequently. A 20% were of the opinion that this statement was true occasionally while a good 26.7% of the respondents agreed that it rarely was the case.

4.5.6 Motivation

The question was formulated to find out whether in their opinion, they felt adequately motivated to work. The results are displayed in the Table below.

Table 4.17: Motivation

Question	Scale	Distribution	
		f	%
Are you adequately motivated to work?	Rarely	5	16.7%
	Occasionally	10	33.3%
	Frequently	12	40%
	Always	3	10%
	Total	30	100%

As is depicted in Table 4.17, 20% of the respondents agreed that they are always adequately motivated to work while the majority at 40% answered that it happened frequently. Those who agreed that it was the case on occasional basis accounted for 33.3% while the rest at 16.7% answered that they were only rarely adequately motivated to work.

4.5.7 Reward for Learning

The question was formulated to find out whether in their opinion, they were rewarded for learning. The results are displayed in the Table below.

Table 4.18: Rewards for Learning

Question	Scale	Distribution	
		f	%
Are employees rewarded for learning?	Rarely	5	16.7%
	Occasionally	10	33.3%
	Frequently	12	40%
	Always	3	10%
	Total	30	100%

As depicted in Table 4.18 above , 10% of the respondents felt that they are always rewarded for learning always while 40% answered that the case was true on frequent basis. A good percentage of the respondents at 33.3% agreed that the rewards for learning came in occasionally while 16.7% agreed that they were rarely rewarded for learning.

4.5.8 Opportunity for Career Growth

The question was formulated to find out whether in their opinion, they felt there was an opportunity for career growth. The results are displayed in the Table below.

Table 4.19: Career Growth

Question	Scale	Distribution	
		f	%
Are you provided with opportunity for career growth?	Rarely	2	6.7%
	Occasionally	8	26.7%
	Frequently	14	46.7%
	Always	6	20%
	Total	30	100%

As indicated on Table 4.19, 20% agreed that they were always provided with an opportunity for career growth while 46.7 % held the opinion that the same happened frequently. Just above 26% agreed that they were provided with an opportunity for career growth occasionally while the rest at 6.7% agreed that it happened rarely.

4.6 Chapter Summary

The chapter concentrated on the analysis of the information collected on the basis of the research questions. The data was analyzed using SPSS computer application software. The analysis used descriptive statistics which included frequencies and percentages. The results were presented in tables and charts. The next chapter will discuss the findings and give conclusions and recommendations for practice and further research.

CHAPTER 5

5.0 DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter comprises four main sections namely: summary, discussions, conclusions and lastly recommendations. The first section recapitulates the salient points of the study particularly specific objectives, the methodology used and its findings. The second section elucidates the major findings of the study based on the specific objectives. In the third section, the findings and results of chapter four are used as the basis for drawing conclusions and making inferences in regards to the specific objectives. It also gives recommendations for further studies in the area of talent management. It outlines the purpose of the study, the research questions, and the methodology used in the study. This chapter also provides a discussion of the major findings of the study according to the research questions, outlines major conclusions, and gives recommendations in terms of both practice and further research.

5.2 Summary

The general objective of this study was to analyze the extent to which effective talent management impacts organizational effectiveness. The specific objectives set out to guide the study were to determine: (i) The extent to which selection and recruitment process impacts talent management; (ii) The extent to which rewards and recognition impacts talent management and (iii) The extent to which human capital development impacts talent management.

To achieve the above objectives, a descriptive research design was employed in the study. The population of study was all employees of Company X working in Nairobi regional office from which a sample of 50 was selected from a total population of 85. The data collection tools were questionnaires designed according to the research questions. The questionnaire was distributed through the pick-and-drop method where 30 out of the total 50 questionnaires distributed were returned. The data was analyzed using statistical package for social sciences (SPSS) software and results presented using tables and bar charts.

The study revealed the following findings: first on selection and recruitment, the study revealed that majority of the employees felt that, the manner in which it was done was free and fair and that they were given an opportunity to apply for jobs when they fell vacant. However, although majority of them reported that promotions to supervisory positions were fair and results oriented, a small number was not in agreement. Majority of the employees felt that their jobs were secure so long as they did a good job.

On reward and recognition, employees expressed that the working conditions were good, and the organization was concerned with their long-term welfare. Majority further expressed that creative thinking and innovation were encouraged. However, a few employees felt that the benefit package that they received was not equitable.

Finally, on human capital development, the majority of the employees expressed that the level of training and development was good, they were rewarded for learning, provided for career growth, and they were happy with their career advancement prospects. Most of them agreed that they were adequately motivated and thus their overall job satisfaction was good. Employees overwhelmingly indicated that the level of team work in the organization was very good. However, a significant number of them expressed that mistakes were not discussed openly to enhance learning.

5.3 Discussion

This section discusses major findings of the study. The discussion is organized according to the general objectives.

5.3.1 Selection and Recruitment

The study revealed that the majority of the employees felt they were given an opportunity to apply for positions when they fell vacant. This concurs with Chew and Gow (1998) who argued that managers should evaluate whether vacant positions can be filled from within the organization because it not only increases the morale but also improves employee relations. Regarding fairness in selection and recruitment generally, majority were satisfied with the process. This concurs with Srivastava and Bhatnagar (2008) who contend that managers

should strive to create an environment which induces passion among the employees about their work and leads to the behavior that organizations need to drive better results. Organizations should make efforts to build effective, practical, and holistic strategies that are not only able to attract talent but also address employee engagement and retention of key skills thus boosting productivity and business performance (Srivastava 2008). However, the minority who seem to be disgruntled with the way some aspects of promotion are carried out, cannot be ignored because it can lead to low morale according to Lawler (1996) who asserts that it is extremely critical for an organization to comprehend the impact of its policies because if not carefully executed, they can unintentionally fail to motivate the desired behavior or worse encourage the undesired behavior.

Majority of employees agreed that promotion to supervisory level was conducted fairly and was results oriented. This is consistent with Chew and Goh (1998) proposition that promoting from within improves morale and eliminates having to familiarise a new employee with company policies and procedures. According to Amos et al (2008), organizations should be alive to the fact that all their actions result in perceptions being developed that could influence the employees either positively or negatively. Employees perceive promotion as a reward for good performance and is usually accompanied with advancements in terms of designation, salary and benefits and in some organizations the type of job activities may change a great deal.

Although most of the employees were satisfied with the process, the minority cannot be ignored because promotions are associated with rewards for past employee efforts, promote investments in specific human capital and lower job turnover (Savych, 2005) and contradicts Galagan (2008) who posits that it is imperative to develop capability amongst managers in the development and support of local reward strategies and implementing the new arrangements effectively and fairly and ensuring that there are organization-wide provisions for monitoring and evaluating the impact of these reward policies to ensure fairness and reduce risk.

From the findings, it is revealed that majority of the employees agreed that their jobs were secure based on performance. This is consistent with Stumpf (2010) who maintains that retaining a job and getting ahead in an organization depends on job performance and demonstrating key performance competencies and hence career success is determined by individual abilities and accomplishments as people compete with each other in an open and fair market for advancement. Moreover, it is consistent with Danish and Usman (2010) view that when employees have sufficient promotional opportunities, equal pay for equal work policies implemented, and jobs are secure with a friendly work environment, then they are motivated leading to improved productivity.

5.3.2 Reward and Recognition

The study revealed that the employees have a clear understanding about the roles of rewards and recognition. Majority of the employees agreed that they were adequately compensated compared to their peers. This concurs with Amos et. al (2008) who assert that every employee should be rewarded fairly, based on job requirements and his or her efforts, abilities, and skills compared to their colleagues in the organization and the external job market. However, a significant minority expressed dissatisfaction in consistence with Aamodt (2007) who asserts that no matter how much intrinsically people like their work, equity and justice theory predicts that they will become dissatisfied if rewards, punishments and social interactions are not given equitably.

From the findings, it is revealed that the majority of the employees agreed that their working conditions are good, creativity and innovation is encouraged, and they are treated equally irrespective of their differences. This concurs with Cruz, Perez and Canterro, (2009) who posit that employees may be motivated by various factors such as a conducive work environment, where they can utilize all their capacities and collaborate with interesting people working in an atmosphere of mutual respect, the possibility of experiencing feelings of accomplishment and self respect when they perform well, the provision of adequate leisure time feelings of power and prestige, low stress, or involvement with an organization that has goals similar to their own.

Mullins (2008) concurs when he argues that the relation between the organization and its members is influenced by what motivates them to work and the rewards and fulfillment they derive from it. As such, it is critical to make sure that rewards are equitably distributed to all employees. Furthermore, it is consistent with Yoo et. al (2006) assertion that employees' perceptions of managerial rewarding practices are linked to their satisfaction and thus fair rewarding practices can serve as a signal to that they are valued and respected members of the organization.

From the findings, it is revealed that employees are convinced that the organization is concerned with their long term welfare. This concurs with Slatten (2009) who is of the view that employees who perceive that they are valued and respected and that the organization is concerned with their long-term welfare would in all likelihood experience a strong and positive feeling as a consequence of such a managerial practice. Consequently, the presence of an appropriate and fair rewarding system would be perceived by the employee as a positive and a motivating factor that is closely linked to a higher level of the employee's feelings of joy and happiness.

Majority of the employees are satisfied with the way supervisory aspects are enforced which is consistent with Yeo and Li (2011) proposition that ability to accomplish a task well, and manage tangible outcomes such as increasing productivity and mitigate task-related errors, particularly with minimal supervision but with a fundamental level of autonomy has contributed to employees' sense of control and empowerment. Thus employees' understanding of their performance as determined by clarity in goal setting and a realistic appreciation of their competence has been associated with intangible responses such as greater level of commitment, less absenteeism and lateness, and lower employee turnover.

Although a small percentage felt that supervisory aspects are not fairly enforced; that creative and innovation are not encouraged and that employees are not treated as equal, this minority cannot be ignored because it contradicts the requirements of fairness as observed by Dessler (2008) equity theory which states that if a person perceives an inequity, a tension of drive will develop in the person's mind, and the person will be motivated to reduce or eliminate the tension or perceived inequity.

Reward and recognition play a key role in attracting qualified people to the organization; keeping them coming to work; and motivating them to achieve high levels of performance. The study found that the majority are happy with the reward and recognition policies. However, the small minority cannot be ignored because it goes against the importance of reward and recognition which provides a powerful incentive for employees to work diligently and creatively towards achieving organizational objectives as pointed out by Byars and Rue (2008).

5.3.3 Human Capital Development

The study revealed that employees have job satisfaction and are motivated. According to Ayub and Rafif (2011) there is positive relationship between work motivation and job satisfaction which is consistent with previous researchers such as (Capelli, 2000) who reported that motivating and retaining human capital has been often associated with high performance organizations. Furthermore, this concurs with Armstrong (2009) who observed that high performance is achieved by well-motivated people who are prepared to exercise discretionary effort.

Majority of the respondents felt that the level of training and development provided by the organization is good. They were also in agreement that career advancements were fairly conducted. This concurs with Pineda (2010) that , training and development is a key strategy for generating skills in people, since it enables them to both learn and unlearn skills which results in acquisition of new skills and changing inappropriate skills for organization competitiveness. It is also consistence with Latif (2012) who asserts that training and development is not only linked to improved business results but it is also a powerful factor in shaping employee attitudes which creates a motivation for increased discretionary and a satisfaction with career growth that ultimately leads to increased job satisfaction.

The majority of the respondents reported that they were happy with the culture of teamwork inculcated within the organization. This concurs with Morley and Heraty (1995) who suggest that teamwork approach can be an effective mechanism for improving job characteristics and general satisfaction and bringing about the flexibility and responsiveness required to deal with ever-increasing turbulent competitive and economic circumstances. This is also

consistent with Yeo and Li (2011) who assert that teamwork promotes shared expectations, complementary member competence and a task-interdependence system, while collaboration taps employees' socialization, communication and negotiation skills, offering them an enriching work experience.

The findings revealed that majority of the respondents felt that mistakes were not discussed openly and that they are not rewarded for learning. This contradicts the essence of a performance appraisal system which is a process of evaluating and communicating to an employee how he or she is performing and establishing a plan for improvement (Beardwell et al, 2004). Also, it contradicts the concept of developmental feedback which according to (Zhou, 2003) refers to the extent to which supervisors provide employees with useful information that enables the later to learn, develop, and improve their performance. In addition, it is consistent with Self et. al. (2010) who assert that an organization culture that acknowledges the freedom to fail without fear of punishment and enables trust and collaboration from top to bottom will yield an open and truly empowered environment. Furthermore, developmental feedback provides information about how well employees meet organizational expectations and work requirements for the purpose of future improvement (Joo and Park 2010).

The study further revealed that the majority felt that the organization provided opportunity for career growth. This concurs with Judge (1995) who posits that career satisfaction is commonly assessed as a subjective career success that is defined by the individual's satisfaction with their career accomplishments. Significant predictors of career satisfaction include goal-specific and conducive environments, which provide social and material supports for employee's personal goals (Barnett and Bradley, 2007). Although this accounts for majority, the minority should also be given guidance, support and encouragement they need to fulfill their potential and achieve successful career with the organization in tune with their talents and ambitions. According to Joo and Park (2010), employees demonstrate the highest career satisfaction, when they have higher performance goal orientation and when they realize that their organization provides a better learning culture.

5.4 Conclusions

The conclusions are drawn from the research findings and presented on the basis of the general objectives.

5.4.1 Selection and Recruitment

This study concluded that effective selection and recruitment practices impacts talent management for organizational effectiveness. Majority of the employees are happy with selection and recruitment policies. However, some employees though in the minority expressed their dissatisfaction with the way promotions to supervisory positions are conducted and also asserted that promotions are not fair and results oriented which is in contrast with the need for fair, equitable and consistent motivation strategies in accordance with equity theory which postulates that people are strongly motivated to maintain a balance between what they perceive as their inputs or contributions and their rewards.

5.4.2 Reward and Recognition

On rewards and recognition, respondents overwhelmingly agreed reward contributes positively to the motivation of employees in the organization. However, a few expressed dissatisfaction with the benefits package compared to their peers, which they did not consider equitable, this is in contrast with the requirement that the pay system and promotion policies should be seen to be just unambiguous and in line with the employee expectations. Further, another group, though still in the minority, felt that supervisory aspects were not enforced fairly. However, employees overwhelmingly felt that the working conditions were good, and also, the organization was concerned about their long-term welfare.

5.4.3 Human Capital Development

Regarding human capital development, majority were adequately motivated, satisfied with their jobs, and happy with the level of team work within the organization. Although majority agreed that the organization provided for career growth, happy with the level of training and development and also career advancement, a small percentage felt that this was not the case. Further, some employees, though the minority, expressed their dissatisfaction with the fact that mistakes were not discussed openly denying them the opportunity to learn from them. This contrasts the culture of continuous learning with staff enabled to take responsibility for acquiring new skills, applying them on the job, and sharing what they have learned with other employees resulting to their own development. In the same measure, a small percentage asserted that they were not rewarded for learning.

This study similarly concludes, most of the employees' believe in the organization's efforts to create an exciting working environment which improves their working conditions. This statement sends a clear message that the employees are concerned with the work environment in which they work for both personal comfort and facilitating doing a good job. Employees also expressed their general satisfaction with their job. Finally, talent management is therefore, certainly very important for organizational competitiveness and thus identifying other HR practices, along with skill training and development may lead to better talent attraction and retention in organizations. However, although organizations are trying to differentiate key people (talent) from everyone else, this can be counterproductive if not managed well. The task of human resources manager is to put in place strategies for those employees labeled as talent so that they do direct all the resources to this group at the expense of all other employees. The onus is on them to determine how to attract, select, motivate and retain the majority efficiently and effectively to make sure talent exist across the board. The general satisfaction and the pride to work with the organization indicates that despite the few above mentioned unjust organizational procedures, the management of Company X has largely been fair to its employees hence winning the trust of most of them who expressed job satisfaction and motivation.

5.5 Recommendations

5.5.1 Recommendations for Practice

5.5.1.1 Selection and Recruitment

As mentioned at the beginning of this document, organizations today face a complex, competitive, dynamic and changing environment that requires them to adapt. Talent management is concerned with the roles people carry out in an organization – treating individual employees fairly, recognizing their value, giving them a voice and providing opportunities for growth. This study therefore recommends that leaders in general and human resource managers in particular should use selection and recruitment procedures that ensure that good quality people are recruited who are likely to thrive in the organization and stay with it as long as possible. The management should introduce succession planning procedures that identify the talent available to meet future requirements and indicate what management development activities are required. This could be done through a deliberate and continuous coaching and mentorship program.

As it was observed in this study, when leaders use empowerment and or delegation, employees begin believing that they are competent and valued, that their jobs have meaning and impact, and they have opportunities to use their talents thereby increasing chances of both personal satisfaction and achieving organization objectives values. This study recommends that the Company X leadership should develop employees into self-leaders through a carefully planned delegation and empowerment program.

5.5.1.2 Reward and Recognition

Concerning rewards and recognition, the study found that some employees felt the benefits package available to them was not equitable. This observation emphasized how beliefs and attitudes affect job performance and the reason for which Company X should formulate and implement strategies and policies in order to reward and recognize people fairly, equitably and consistently in accordance with their value to the organization. This study recommends that a survey should be conducted in order to identify the points of inequity in the benefits

and salaries package, the survey should also give the management a clear picture of what is considered fair and equitable by the employees so that they can pay attention to the same.

5.5.1.3 Human Capital Development

Employees also expressed that they did not receive adequate rewards for learning and also, mistakes are not discussed openly so that people can learn. This is both demoralizing to the employees and dangerous to the organization performance considering the fact that expectancy plays a key role in the employee motivation to work and performance. This study recommends that Company X should design through a participatory process a comprehensive recognition scheme that includes both non-financial and financial recognition strategies, the scheme should factor in the long-term effects of the financial aspects of the scheme to the organization. The scheme should be publicized, implementation monitored to maintain impetus, and evaluated regularly to accommodate creativity and changes. However, although firms increasingly are trying to differentiate key people (talent) from everyone else, this can be counterproductive if not managed well. The task of human resource executives is to put in place strategies for those employees labeled as talent so that they do not direct all the resources to this group at the expense of all other employees. The onus is on them to work out modalities that attract, select, motivate and retain the majority efficiently and effectively to make sure talent exists across the board.

5.5.2 Recommendations for further research

This study sought to analyze the extent to which talent management impacts organizational effectiveness in Company X.

Further research should be done on the impact of talent management for organizational competitiveness on not-for-profit and social entrepreneur organizations and results compared to determine effective talent management strategies for the later.

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APPENDICES

APPENDIX I: BUDGET

	Item	Cost Ksh	Total Cost KSh
1	Proposal development		
	Material	1,000.00	
	Printing	1,500.00	
	Photocopying	2,000.00	4,500.00
2	Pilot testing		
	Material	1,000.00	
	Printing	1,500.00	
	Photocopying	3,000.00	
	Distribution	2,000.00	
	Travelling Costs	5,000.00	12,500.00
3	Data Collection		
	Printing	3,000.00	
	Photocopying	5,000.00	
	Travelling Costs	5,000.00	13,000.00
4	Data analysis		
	Material	1,000.00	
	Printing	1,500.00	7,000.00
5	Report Compilation		
	Printing	4,000.00	
	Photocopying	4,000.00	
	Travelling Costs	3,000.00	
	Distribution	2,000.00	13,000.00
	Total Costs		50,000.00

APPENDIX II: WORKPLAN

ACTIVITIES	TIME FRAME	END	DURATION
Proposal	12 January 2012	22 nd February2012	40 days
Pilot Testing	20 th April	30 th April	10 days
Data Collection	1 st May	20 th May	20 days
Data Analysis	21 st May 2012	31 st May 2012	10 days
Report Compilation	15 th June 2012	20 th June 2012	5 days
Total Number of days			85 days

APPENDIX III QUESTIONNAIRE

Questionnaire

For

Talent Management System for Organizational competitiveness

Dear respondent,

Attached is a questionnaire that collects data on Talent Management for organizational competitiveness. You are kindly requested to provide the required information in the questionnaire. The instructions on how to fill the questionnaire are below.

The questionnaire is for study purposes and any information and opinions obtained in connection are important and will be treated with utmost confidentiality and will be used only for this research.

Results from this study will be of importance to organizations, as it will inform them on the extent to which talent management system impacts on organizational effectiveness. It will also help scholars and researchers interested in understanding the concept of talent management.

Should you wish, we shall be happy to share the research findings with you and your organization at the conclusion of the study.

Thank you for participating in the research.

Diana Gathiga

Research Student

Email:diana_gathiga@yahoo.com

This questionnaire is being used as part of fulfilment of the requirements of the degree of Masters in Business Administration from the United States International University.

The questionnaire consists of both structured and unstructured questions. Please fill in the answers to the questions below as concisely and accurately as possible.

Section A

1. What is your Title/Position in the Organization? _____

2. How long have you worked for this organization?

Less than 2 years _____

3-5 years _____

6-8 years _____

9 years and over _____

3. Do you have an appraisal system in your organization?

Yes _____ No _____

4. How do you rate your performance?

Excellent _____

Very Good _____

Good _____

Room for improvement _____

Not to my satisfaction _____

Poor _____

5. Do you think that the HR department is relevant to this organization?

Yes _____ No _____

Section B

Directions: For each of the statements below, please tick the choice that best represents your opinion.

Selection and Recruitment

6. The nature of how people are promoted to supervisory positions is open and fair
 Never Rarely Occasionally Frequently Always
7. Employees are given an opportunity to apply for vacant positions before they can be sourced externally
 Never Rarely Occasionally Frequently Always
8. The selection and recruitment process is free and fair
 Never Rarely Occasionally Frequently Always
9. The promotions in the department I work in have been fair and result-oriented
 Never Rarely Occasionally Frequently Always
10. I feel secure that I will be able to work for the company as long as I do a good job.
 Never Rarely Occasionally Frequently Always

Reward and Recognition

11. My benefits are fair compared to other staff at my level.
 Never Rarely Occasionally Frequently Always
12. My salary is fair compared to other staff at my level.
 Never Rarely Occasionally Frequently Always
13. The working conditions in this organization are good
 Never Rarely Occasionally Frequently Always
14. Promotions are given based on merit

- Never Rarely Occasionally Frequently Always
15. The supervisory aspects as enforced by my superiors at work are good.
- Never Rarely Occasionally Frequently Always
16. Creative thinking and innovation is encouraged in the organization
- Never Rarely Occasionally Frequently Always
17. Employees are treated as equals regardless of rank, culture or other differences
- Never Rarely Occasionally Frequently Always

Human Capital Development

18. My overall job satisfaction in this organization is good
- Never Rarely Occasionally Frequently Always
19. Career advancement or promotions are fairly conducted in this organization.
- Never Rarely Occasionally Frequently Always
20. The level of training and development is good
- Never Rarely Occasionally Frequently Always
21. The level of team work and group work participation in this organization is good
- Never Rarely Occasionally Frequently Always
22. Mistakes are discussed openly so that people can learn from them
- Never Rarely Occasionally Frequently Always
23. I am adequately motivated for my work

__Never __Rarely __Occasionally __Frequently __Always

24. People are rewarded for learning

__Never __Rarely __Occasionally __Frequently __Always

25. The organization works (as much as possible) to provide me with opportunities for career growth.

__Never __Rarely __Occasionally __Frequently __Always