# THE EFFECTS OF TALENT RETENTION ON EMPLOYEE PERFORMANCE IN STATE CORPORATIONS IN KENYA

KIRINYET, Agnes Chemutai[1], Dr. KARANJA, Ngugi[2],
Prof. ODHIAMBO, Romanus PhD[3]

Jomo Kenyatta University of Agriculture and Technology, Kenya
College of Human Resource Development

*Abstract:* **The focus of this study was establishing the effect of talent retention on employee performance in state corporations in Kenya. Design adopted by the study was descriptive survey. A total of 162 state corporations were targeted where targeted respondents from the corporations were HR HODs. The study was a census survey, where all the 162 state corporations were used. Primary data collection tool was questionnaire. Permit for data collection was obtained from NACOSTI and a letter of introduction from the university. The study used descriptive statistics in analyzing quantitative data and for qualitative data content analysis will be used; SPSS was applied. The association between the response and the predictor variables was established by linear regressions analysis. Correlation analysis was applied in establishing the strength of relationship between this study variable. The study found out that talent retention has a positive and significant effect on the performance of employees of state corporations in Kenya. It further established that Human resource policy influences the association between talent retention and employee performance in state corporations in Kenya. The study recommends that the management should adopt training practices regularly and other practices that motivate employees to remain in the organization.**

*Keywords:* **Talent retention, employee performance, human resource policy.**

## 1. INTRODUCTION

**Background of the Study**

In the context of globalization, talent management is challenging to all institutions regardless of their location in the world (Gardner, 2012). Additionally, it is almost agreed universally that talent is scarce. Companies all over the world compete for the same talent; it is regarded as global market for talents. Due to the trend in integration globally, companies are trying to standardize recruitment, development and management of talent in order to ensure that they are able to attain competitive advantage and consistency. It is therefore important for companies to adapt best practices of managing talent and meet the requirements from the locals and those of the local market (Stahl *et al.,* 2013). Aberdeen Group and Human Capital Institute (2015) carried out a research study that covered a total of '170 professionals of human capital management and their executives and the following were established; majority of the firms stated that the main challenge they faced was lack of ability of getting talent that is required and addressing requirements of talent. Almost all the companies indicated that their main concern was on the challenges they were encountering during the implementation of succession planning. Majority of the companies were also found to have plans for retention of executives and others had plans for retaining middle level management employees.

Currently, companies cannot attain competitive advantage using resources such as land, fixed assets, and capital (Gardner, 2012). One of the major resources that can lead companies to compete globally is Human capital. Organizations are in constant competition with each other as they aim to acquire and retain for the purpose of attaining competitive advantage

and continuing to grow (Gardner, 2012). War on talent is more than just provision of talents, rewarding, and incentives it's more of strategy and approach development which will make sure that talented individuals with the will of learning, contributing and standing out are attracted (Lyria, Namusonge & Karanja, 2014). Therefore, every organization should consider management of talent as one of their key priorities. Poorhosseinzadeh and Subramaniam, (2012) established that each company has practices of managing talent. On the other hand, there exists overall comprehension on the steps taken by employer in improving the process of managing talent. The study was concerned on attraction, deployment, development, retention and plans for succession and established that majority of the multinational companies in Malaysia did implement in their organizations management of talent. The companies who had already implemented management of talent in their organization indicated that development and retention of talent significantly related with successful talent management in the organization (Lyria, *et al,* 2014).

Therefore, management of talent is crucial for an organization to develop talent. It transforms how a company organizes and applies the use of technology, measures optimum performance and allocates resources. Aside from that, progressive management of talent is very important to develop and discover new talent among the workforce. Advancement in system of managing talent like technology of managing human capital is important for leaders of HR when implementing strategies of global recruitment where they domicile develop insight which is required in driving hire quality, internal mobility and approach that is proactive in building talent channels (Oracle, 2013). Holistic approach was applied in identifying Oracle Talent Management Cloud and was meant to assist HR leaders in managing various aspects from recruitment, compensation and management of performance to learning of employees and reviewing of talent, in one cohesive system.

Several challenges that are faced by State corporations in Kenya and most of them relate with quality of service delivered. There is proof showing that poor quality of service delivered is as a result of lack of sufficient strategies for managing talent and therefore they fail to retain core talent in the institutions (Wambui, 2015). From studies conducted previously, effective talent management positively affects engagement of employees, morale, happiness, meaning, productivity and performance of services. Additionally poor use of practices of managing of talent results to an increase in rate of employee turnover which negatively affects delivery of service and performance of employees. The aim of this research study was to determine the role played by practices of managing talent on performance of employees in state corporations in Kenya.

In Kenya, the state corporations are created under a parliamentary Act Cap 446. Under these act, state corporations are explained to be bodies that are created under the act of parliament. These corporations could be established by the order of the presidents and are given the power needed to undertake a particular role (State Corporation Act Cap 446). In Kenya, these corporations are established so that they can meet social as well as commercial objectives of the country (ROK, 2016). State corporations face challenges that have included factors of HR that relate with insufficient manpower in regard to key competencies, numbers, lack of proper mindset and socio-psychological dispositions. Absenteeism, theft, lateness, high complaints rate, low work quality, high turnover rate, poor work quality and corruption are some of the factors that indicated the issue (Chepkilot, 2015).

Most of developing countries find Public sector to be necessary and is an ongoing policy objective. Kenya is doing this to overhaul administrative systems to provide better services to the government and its citizens which improves service delivery and in return lowers levels of poverty, improves livelihood and ensures sustainable governance (Kempe, 2012). The government of Kenya is committed to transforming public service from process oriented, unnecessary bureaucratic practices, empowering speedy delivery of services by risk management and reviewing procurement management systems.

**Statement of the Problem**

Kenya's Stage corporations are faced with the challenge of poor performance of its employees (RoK, 2016). Poor employee performance in State Corporation in Kenya is characterized by Absenteeism, theft, lateness, high complaints rate, low work quality, high turnover rate, poor work quality and corruption (Chepkilot, 2013). According to a report by WB (2016) absenteeism cases in State Corporation in Kenya constitute up to 40% of all the disciplinary cases reported in the institutions. Operational department in the institution reported the highest number of disciplinary cases. Mbuvi (2016) indicated that for the financial year 2015/2016, the Man Hours lost in State Corporation and due to absenteeism and other factors were 10,206,976.57 which translated into Kshs. 3,867,996,698.19.

In Kenyan State Corporations, the domain for managing talent does not receive sufficient emphasis and this is evident by low employee performance witnessed in a total of sixty percent of the corporations (WB, 2016). It is approximated that every year, more than 38% employees exit State Corporations to join private institutions or be self-employed and therefore state corporations undergo a major loss of talent (WB, 2016). The high rates of employee turnover can be attributed to inappropriate strategies of managing talent which affects the performance of employees in the corporations in return affecting delivery of service (PWC, 2016). Price Waterhouse Copper (2013) mentioned that Kenya's State corporations lose 40% of its employees as a result of problems related with management of talent which leads to low rates of retention. The Presidential Taskforce on Parastatal Reforms on State Corporation (2015) pointed out that there was weak HR and Corporation's ability to attract and retain talent which would improve employees' performance (PTPR, 2015). This calls for the need to develop programs for managing talent in State Corporations in order to play a significant role in improving employee performance (Wario, 2012).

There are a number of scholars that have conducted research studies on areas pertaining management of talent and some of them are; Koranteng (2014) who researched on management of talent as a tool for retention of employees; a case of Procredit Savings and Loans Limited Kumasi. Koketso and Rust (2012) performed an exploratory research study on perceived challenges on management of talent in public service of South Africa; a case of Cape Town Municipality. Kambabazi (2012) did an examination on management of talent, culture of an organization and engagement of employee a case of Ugandan National Water and Sewerage Corporation. Wambui (2012) did a study on practices of managing talent in commercial state corporations.

Majority of the researches have been carried out in other countries such as Malaysia and Nigeria. These studies have also dealt with profit making organization whose operating environment is different from that of State Corporations. This current study, sought to fill the gap by conducting a study in state corporations in Kenya. Studies that have been conducted locally did not establish the effect of talent retention on performance of employees of state corporations in Kenya. It is against this backdrop that this study sought to determine the effect of talent retention on employee performance of State Corporations in Kenya.

**Objective of the Study**

The general objective of the study was to establish the effect of talent retention on employee performance in state corporations in Kenya.

**Research Hypothesis**

$H_{A2}$ Talent retention positively influences employee performance in state corporations in Kenya

**Justification of the Study**

The study findings might help the state corporation in evaluating the importance of practices of managing talent on performance of employees. Kenyan government and policy makers might understand the advantages of managing talent on performance of employees and therefore they might be able to come up with policies and regulations to promote talents in the organizations. The human resource practitioners might understand how essential talent management is on employee performance and therefore they might be able to come up with more ways of developing employee talents. Researchers and academicians who will want to undertake further research in this field might benefit since the findings of this study will provide them with foundational basis.

## 2. THEORETICAL REVIEW

**Social Exchange Theory**

This theory views the relationship of employment to consist of both social and economic exchange (Aryee, Budhwar & Chen, 2002: Cropanzano, Rupp & Bryne, 2003). Economic exchange relationship includes exchange of employees' efforts with economic benefits which is dependent of formal contract that can be enforced legally. Social exchanges, on the other hand are voluntary actions whose initiations can be seen in how the company treats its workforce while expecting the employees to return the favor (Aryee *et al*., 2002; Gould and Davies, 2005). This particular exchange approach in regard to commitment and engagement of the organization indicates that employees get attached to their company in return to some of the rewards from the organization.

This view indicate that employees are equipped with skills, have goals and desires when they enter into an organization and have the expectation that the company will provide them with an environment to use their skills in a way that fulfills their desires and attain their goals. From the perception of employees on exchange that is favorable, it is expected to lead to an increase in their engagement to the company. Also, if the company fails to provide satisfying rewards in return for commitment of employees, it will lead to decrease in commitment of employees to the organization. Regarding this perspective, the theory of social exchange suggest that employees respond to what they perceive as working environment that is favorable through their behavior benefiting the company and coworkers. On the other hand, if the conditions are not satisfying, employees tend to retaliate through their engagement in negative work attitude such as absenteeism and turnover (Haar, 2006; Crede *et al.,* 2007).

This theory has been applied in explaining the attitude of employees towards their engagement in the organization. The theory indicates that employees exchange their identification, attachment and loyalty in return for organizational incentives. The theory suggests that the decision of an individual to be part of an organization depends on how they perceive fairness in balance of inducement by the organization and contribution by employees. Meyer and Smith (2000) argued that if employees do not think that they are receiving fair treatment from the organization they will not be committed to it and therefore they will contemplate quitting. The organization will suffer loss of talent if their talented workforce contemplates quitting. The study applied this theory in establishing the effect of retention of talent on performance of employees in state corporations in Kenya.

**Conceptual Framework**

A conceptual framework refers to logical development, description and elaboration of networks of interrelationships between variables integrated in explaining dynamics of a situation that is under investigation. The theory underlining the relationship is explained and also the nature and directions of their association is explained. A variable refers to characteristics that can be measures and it assumes various values for different subjects. Therefore, it is a logical manner in which particular attributes of a subject can be expressed (Mugenda & Mugenda, 2008). The conceptual framework shows the interrelationships among the predictor variable; talent retention and employee performance. The conceptual also shows the operationalization of the study variables and explains the literature related to the study variables. This is illustrated in Figure 1.
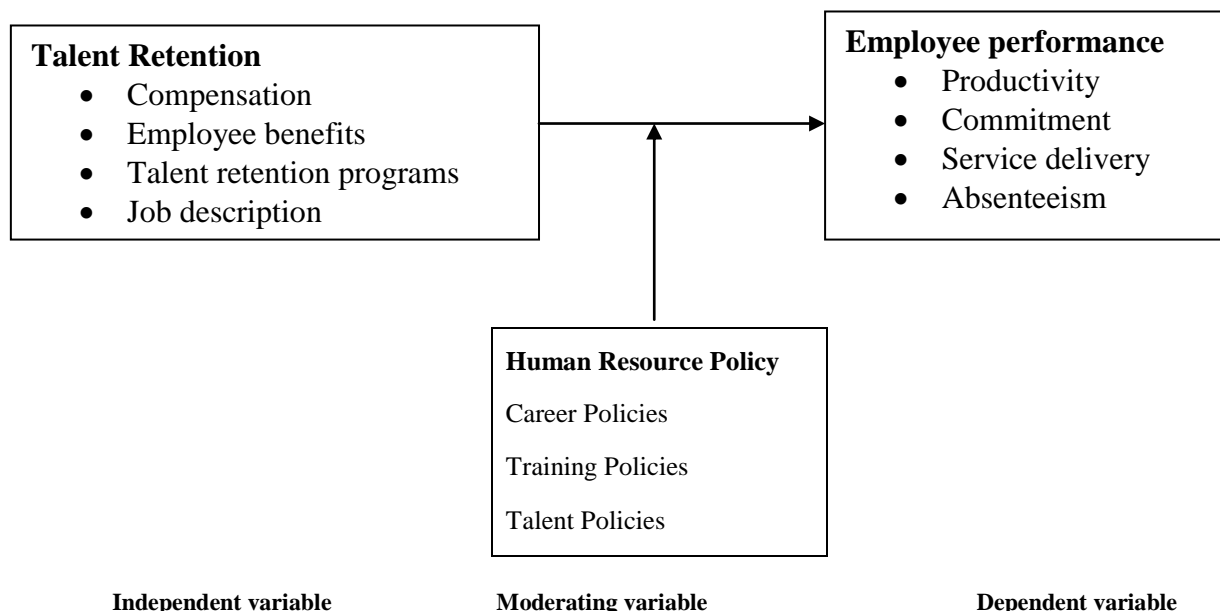


| Independent variable | Moderating variable | Dependent variable |
| --- | --- | --- |

**Figure 1: Conceptual framework**

**Talent Retention**

Compensation refers to provision of monetary value to employees because of the work they have performed. Application of compensation can be in hiring of skilled individuals, rewarding performance, encouraging loyalty in the company through reduction in rates of turnover. Based on a study that was conducted recently by Hay 20% of employees have

plans of switching their present positions in not less than 5 years. Retention turnover of employees has gained prominence as an aspect in the life of an organization. Implementation of strategies of retention compensation has grown significantly over the past many years. Based on a research study that was carried out by Frye (2014) compensation and performance of an organization were found to be positively related. Frye (2014) indicated that the role that is played by compensation is very crucial in recruitment and retention of skilled workforce.

Majority of the companies apply the use of compensation that id based on performance in rewarding employees (Collins & Clark, 2013). Compensation that is based on performance positively affects the way employees perform (Brown *et al*., 2013). A study that was conducted by Huselid (2015) stated that performance of employees and compensation are significantly associated. HRM strategy that is effective integrates systems of performance and compensation which enhances the will of employees to perform their duties in an effective and efficient manner (Wright, 2013). Teseema and Soeters (2016) did indicate that compensation and performance of employees were significantly correlated. It is therefore important for the employer to view the practice of compensation in a favorable light since recruitment, productivity and turnover of employees is greatly influenced by practices of compensation.

Retention of employees is one of the major concerns of companies today. Retention is considered to be a strategic opportunity that enables most of the companies to maintain employees that are competitive (De Long & Davenport, 2013; Schramm, 2016). Retention of talented employees makes most of the vice presidents of HR to consider opportunities as well as possibilities (Kaliprasad, 2016). There is better retention when the workforce is offered competitive remuneration and benefits such as welfare service and medical allowances, work culture that is supportive, which can develop and advance and provide a balance in work life (Messmer, 2016). Retention of talents encompasses all the activities, practices, systems, and strategies likely adopted by an organization geared toward preventing talented employees from voluntary resignation or redundancy and/or leaving an organization prematurely .Growth opportunities are offered to employees to lower turnover intentions (Allen, Shore & Griffeth, 2013). Silbert (2015) argued that individuals who are skilled and better positioned, may find similar job opportunities elsewhere but to retain these ones, organizations may need to formulate socially supportive policies.

Through competitive remuneration and compensation most organization are able to retain talented workforce and has become a key priority in organizations and key differentiator in management of human capital (Glen, 2016). Most of the companies worldwide are being faced with the challenge of talent management this is because of the increase in competitiveness in the market (Schuler, 2011; Scullion *et al.,* 2010; Tarique & Schuler, 2010). In many past years, companies have developed key interests in management of talent and through survey it has been established that at least 75% of CEOs acknowledge that management of talent is not the key agenda (CIPD, 2011; Veredus, 2016).

**Employee Performance**

Armstrong (2010) indicated that performance is behaviours and also results. Performer emanates behavior and transforms performance from abstraction to action. It is not only and instrument for results but are also results in their own way, the outcome of both mental and physical effort that is applied on a task. The performance of an employee is inclusive of the actual outcome of the employees whose measure is determined against the goals that had been set (Cheruiyot & Kwasira, 2013). Kenney (2012) indicated that the performance of an employee is determined against standards set by an organization. Every company has some expectation from their employees in regard to their performance. When performance of employees meet the goals set by the organization then the employees are said to have met the expectations of the organization, and are considered to be good performers. This suggests that effective presentation and administration of tasks by employees, reflecting the organizational desired quality can be referred to as performance as well. Dessler (2011) defined performance of an employee as a personal measurable behavior that is of relevance towards the achievement organizational objectives. There is more to performance of employees other than individual aspects and are inclusive of external factors like working environment and motivation (rewards). Four dimensions are used in determining performance of employees and they are; quantity, quality, work knowledge, and dependability (Mazin 2010).

Cole (2014) indicated that performance of employees is measured against performance standards that have been set by the company. Performance is defined as achievement of particular task whose measures are against some standards that have already been set in regard to accuracy, cost, completeness and speed. Apiah *et al*, (2010) indicated that the performance of an employee is established when job performance reviewed. Contextual performance is the activity that doesn't contribute to the technical core, but it provides support to social, organizational, and psychological environment whereby

the goals of the company are being pursued (Lovell, 2011). Prediction of contextual performance is with the use of other individual variables. They are inclusive of behaviours establishing organizational social and psychological context and assist employees in performing their key activities (Buchman *et al*, 2013).

# 3. RESEARCH METHODOLOGY

This study employed the use of descriptive survey. This technique also allows provision of tools that describe collection of statistical observations and reduces the information to a form that can be understood with ease. The study used descriptive research design because this design assists in understanding the character traits of a group under particular situations, offering ideas for further research and probe and aid in decision making (Sekaram, 2003).

Targeted population is the population from which information is sought with the aim of making generalization of the research findings. In this study, targeted population comprised of head of departments (HR) in state corporations in Kenya which totals to 162 (ISC Report, 2016). The corporations are divided further into various categories which are: financial (20), regulatory (30), commercial/manufacturing (30), learning institutions (32) and service (50). The study was interested in this population because of the fact that they have weak governance and therefore their vulnerability to loss of talented employees by them exiting the corporation is high (Mbuvi, 2016).

**Table 1: Target Population**

| Category | Frequency |
|---|---|
| Financial | 20 |
| Regulatory | 30 |
| Commercial/manufacturing | 30 |
| Learning institutions | 32 |
| Service | 50 |
| **Total** | **162** |

**Source, ISC Report (2019)**

The sampling frame for this study was the list of 162 state corporations that the researcher obtained from the ISC Report 2016. The heads of departments (HR) were picked as the respondents for this study. The study adopted census survey of 162 state corporations. When selecting a census survey, practicality, cost, representativeness and also the nature of the population and the survey are put into consideration. All the state corporations formed the unit of analysis while the unit of observation consisted of 162 Head of department (HR) of each State Corporation, thus forming a sample size of 162 respondents. These individuals were considered to have the relevant information relating to the role of practices of managing talent on performance of employees in state corporations in Kenya.

Collection of primary data was done with the use of questionnaires as the main data collection instruments. The questionnaires were developed in a manner that addressed study's objectives, research questions and test hypothesis (Mugenda & Mugenda, 2008). The questionnaire that the study adopted contained both open and close ended questions. Open ended questions comprised of 5-point Likert scale questions and nominal questions. Permission to conduct the study was sought from NACOSTI. The researcher also obtained a letter of introduction from her institution of study, JKUAT. Researcher then recruited research assistants who assisted in collecting data. The study collected primary and also secondary data.

Primary information was gathered from the respondents using self-administered questionnaires while secondary data was collected from publications including journals. Before real data collection was done, pilot test was done using 16 respondents selected from the targeted population but were excluded from the final study. Pre-testing of the questionnaire was conducted on a total of 16 employees selected from 4 state corporations. The process assisted the researcher in assessing clarity of the questions and prepared for actual data collection. Parties involved in pilot test were excluded from the actual study. Construct validity was applied in determining validity. Cronbach's alpha was used in determining the reliability of research instrument testing reliability. This technique is responsible for measuring internal consistency and was computed using SPSS. This method provides the measures of average for the items that are measurable and their correlations. Field (2009) indicated that an acceptable threshold value for Cronbach's alpha is 0.7 and above. The study therefore adopted 0.7 as the acceptable threshold value for reliability of the measures.

Mixed methods technique of analyzing data was used where both descriptive and inferential analysis were used. Quantitative data collected was analyzed using descriptive statistics techniques. Qualitative data was analyzed using content analysis which was performed in SPSS. Before the data was analyzed, it was first coded, cleaned, and grouped as per their variables. Pearson R correlation was used to measure strength and the direction of linear relationship between variables. The information provided initial achievement of the study objective. Linear regression model was fitted to the data in order to determine how the predictor variables affect the response variable. Linear regressions Analysis was used in this study because it uses the predictor variables in predicting the response variable.

To determine any causal relationship, multiple linear regression analysis was conducted. The study obtained linear regression results

Objective: $Y = \beta o + \beta_1 X_1 + \varepsilon$ ……. for talent retention ……………………........ (i)

**Y** = Employee performance

**X$_1$**= talent retention

**ε**= Error term

β = the beta coefficients of independent variables

**Testing Multiple Linear Regression Assumptions**

**Multicollinearity**

In this study, tolerance and VIF was applied in testing multicollinearity. The tolerance provides measures of the effect caused by a single predictor variable on other predictor variables. For the first step regression analysis, Tolerance is; $T = 1 – R^2$. If the value of T is less than 0.01 then it is certain that multicollinearity is present. VIF in linear regression is defined as $VIF = 1/T$. therefore, if VIF is greater than 10 then multicollinearity might be present and if the value of VIF is greater than 100 there is certainly that multicollinearity is present, which leads to a complication. In multiple regression analysis, when there is correlation between two variables, there is an increase in the standard error of the two variables which is more than what could be found if equal uncorrelated variables were applied. Daniel and Wood (1971) discussed it and indicated that the standard error is increased by a factor of: $VIF = 1 / (1 – R^2)$ when the variables are correlated, where R is a representation of the correlation coefficient between the variables and there are instances where VIF is used to refer to Variance Inflation Factor. Therefore it was important to use variables that are not correlated.

**Linearity Test**

Linearity assumption requires that the relationship between the variables be linear. It's important that the study checks for outliers because linear regression is sensitive to the effects of outlier (Creswell, 2006). The best way to test if the assumption is met is by use of scatter plots. When drawing a scatter plot, the residual values are used and are plotted on the x-axis and also Y values are used which are plotted on the y-axis. It can be concluded that the linear assumption is met if the plot follows a linear pattern.

**Autocorrelation Test**

Autocorrelation can be checked using scatterplot but also it can be tested in linear regression model using Durbin-Watson test. The null hypothesis for the Durbin-Watson's d tests is that the residuals aren't linearly autocorrelated. The d value ranges from 0 and 4, if the value is found to be within 2 then it implies absence of autocorrelation. If the d values are; 1.5 < d < 2.5 it implies absence of autocorrelation in the data. Durbin-Watson test do analyse for linear autocorrelation for only direct neighbors being the effects of 1$^{st}$ order.

**Heteroscedasticity**

This study used VIF to ascertain heteroscedasticity. Skewness and kurtosis were used to examine the normality of the variables. Kline (2011) indicated that if skewness statistic lies between (-3.0, 3.0) and the kurtosis statistic lies in the interval (-10.0, 10.0) then it can be assumed that the variables are univariate normal. When carrying out linear regression it is important that the data doesn't show any signs of heteroscedasticity because the outcome will be ruined i.e. the coefficients will be biased (Creswell, 2006). The best way to measure homoscedasticity is by use of scatter plot. If there is presence of heteroscedasticity then the graph will be a rough cone shape.

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**Normality Assumption**

This study used Shapiro Wilk test to test for normality (Cooper & Schindler, 2006). The null-hypothesis for Shapiro Wilk test was that the population is normally distributed; thus, if the selected alpha value is greater than the p-value, we accept the alternative hypothesis since there is enough evidence that the data is not normally distributed.

**Tests of Hypotheses**

The hypotheses of the study were tested by performing ANOVA and F-test. The association existing between the variables was established using t-test, while the fit of the entire model was established using F-test (Cohen & West, 2003; Cooper & Shindler, 2011) where the significance level of $R^2$ was 5%. If the F- statistic was less than F-critical then we accept the alternative hypothesis and reject the null and vice versa (Gathenya, 2012; Mugenda and Mugenda, 2003; Cooper and Shindler, 2011).

**Presentation and Discussions of Findings**

162 Head of department (Head of Human Resource) of each State Corporation were targeted. 148 questionnaires were filled and returned which translated 91.4% rate of response. If the arte of response is 50% it can be said to be adequate, if it is 60% it is considered good if it is 70% and above then it is excellent for analysis and making inference (Mugenda & Mugenda, 2008). Therefore our rate of response was considered excellent because it was above 70%.

**Table 2: Response rate**

| Response | Frequency | Percent |
|---|---|---|
| **Returned** | 148 | 91.4 |
| **Unreturned** | 14 | 8.6 |
| **Total** | **162** | **100.0** |

Reliability of data collection tool was determined by performing reliability analysis. Cronbach's Alpha was used. According to Gliem and Gliem (2003) acceptable threshold alpha value is 0.7 and was therefore used as a benchmark in this study. From the findings presented in Table 3 indicate that talent retention has an alpha of 0.873, and employee performance has an alpha of 0.849. The results on reliability indicate that the Cronbach reliability alpha of all the questions was greater than 0.7 and hence there was no need to change the measures and indicators in the questions; they were all reliable.

**Table 3: Reliability analysis**

| Scale | Cronbach's Alpha | Number of Items |
|---|---|---|
| **Talent retention** | 0.873 | 13 |
| **Employee performance** | 0.849 | 6 |

**Descriptive Statistics Results**

The objective of the study was to determine the effect of talent retention on employee performance in state corporations in Kenya. The factors that were given attention to under talent retention were inclusive of compensation, employee benefits, talent retention programs and job description. Means and standard deviations were applied in explaining the study's findings. The means were interpreted as follows; a mean of 0-1 implied that the respondents strongly disagreed, a mean of 1.1-2 implied they disagreed, 2.1-3 suggest that they were neutral, a mean of 3.1-4 suggest they agreed, and a mean of 4.1-5 implies the respondents strongly agreed.

**Compensation**

Respondents provided their extent of agreement with statements on Compensation. From the findings the respondents were in agreement that their organization offers attractive non-monetary rewards to employees (M=4.189, SD=1.009), organization makes sure that at all time their employees are motivated and satisfied (M=4.162, SD=1.000) and they apply the use of leadership styles that are effective and are always caution on ways of handling issues by employees (M=4.081, SD=0.946).

The findings show that in order for state corporations in Kenya to ensure that their workforce remain motivated at all times and satisfied, they should apply the use of leadership styles that are effective and also be careful when handling issues that are raised by employees and also offer them attractive non-monetary rewards. The findings concur with Glen (2016) who indicated that through competitive remuneration and compensation most organization are able to retain talented employees.

**Table 4: Compensation**

|  | N | Mean | Std. Dev. |
|---|---|---|---|
| We apply the use of leadership styles that are effective and are always caution on ways of handling issues by employees | 148 | 4.081 | 0.946 |
| My organization makes sure that at all time their employees are motivated and satisfied | 148 | 4.162 | 1.000 |
| My organization offers attractive non-monetary rewards to employees | 148 | 4.189 | 1.009 |

### Employee benefits

Respondents provided their extent of agreement with statements on Employee benefits. The findings indicate that the respondents agreed that the organization provides incentives to employees to boost their motivation (M=3.959, SD=0.887), the organization uses a system for compensation that is competitive as compared to systems used by other organizations in the same sector and this acts as a motivator to its employees (M=3.912, SD=0.866) and there are policies on internal recruitment that assist in raising loyalty levels of employees and also their morale (M=3.885, SD=0.834).

The findings show that state corporations in Kenya motivate their employees by having compensation system and providing them with incentives. In addition, there are policies on internal recruitment that assist in raising loyalty levels of employees and also their morale. The findings are in agreement with Messmer (2016) who indicated that there is better retention when the workforce is offered competitive remuneration and benefits such as welfare service and medical allowances, work culture that is supportive, which can develop and advance and provide a balance in work life.

**Table 5: Employee benefits**

|  | N | Mean | Std. Dev. |
|---|---|---|---|
| My organization uses a system for compensation that is competitive as compared to systems used by other organizations in the same sector and this acts as a motivator to employees | 148 | 3.912 | 0.866 |
| The organization provides incentives to employees to boost their motivation. | 148 | 3.959 | 0.887 |
| There are policies on internal recruitment that assist in raising loyalty levels of employees and also their morale | 148 | 3.885 | 0.834 |

### Talent retention programs

Respondents provided their extent of agreement with statements on Talent retention programs. The results show the respondents were in agreement that the organization ensures that the image of the company remains good at all time with the aim of retaining employees with talent (M=4.027, SD=0.952), assessment of performance is conducted effectively to boost the confidence of employees (M=4.020, SD=0.937), employees in the organization are provided with flexible time to work which acts as a motivating factor (M=4.007, SD=0.930) and the company provides opportunities for training to improve growth in employees career and therefore increase retention rate of talented employees (M=3.980, SD=0.936).

The findings show that in order for state corporations in Kenya to retain their employees, they ensure the company image remains good and also offer training opportunities to enhance career growth of its employees. In addition, the organization has flexible working hours which motivates employees. Furthermore, the organization boosts employees' confidence by having effective performance assessment. The findings agree with Gardner (2012) who established that a program is considered to be good if it includes task training and tools that are crucial for a particular role and also covers culture and

values of the organization, informs on programs for managing talent, opportunities for networking, initial setting of goals, and interim reviews. Upfront setting of parameters is important for employees because it helps them to be prepared better for the new tasks they will be performing and assists them in becoming productive from the beginning

**Table 6: Talent retention programs**

| | N | Mean | Std. Dev. |
|---|---|---|---|
| Employees in my organization are provided with flexible time to work which acts as a motivating factor | 62 | 4.007 | 0.930 |
| The organization ensures that the image of the company remains good at all time with the aim of retaining employees with talent | 65 | 4.027 | 0.952 |
| The company provides opportunities for training to improve growth in employees career and therefore increase retention rate of talented employees | 66 | 3.980 | 0.936 |
| Assessment of performance is conducted effectively in the organization to boost the confidence of employees | 62 | 4.020 | 0.937 |

**Job description**

Respondents provided their extent of agreement with statements on Job description. From the findings the respondents agreed that the organization reviews the employees' job description to help improve their performance (M=4.101, SD=0.958), the organization ensures that the employees are oriented on their job descriptions (M=4.101, SD=0.996) and the organization trains the employees on their job descriptions (M=4.054, SD=0.965).

The findings show that state corporations in Kenya train their employees on their job descriptions and review the job description to help improve their performance. Additionally, they orient their employees on their job descriptions. The findings are in agreement with Vance (2016) who indicated that culture and values of the organization can assist in attracting and retaining talent that the company desires. Additionally, though job description, the culture can be reinforced to make sure that the team has the appropriate.

**Table 7: Job description**

| | N | Mean | Std. Dev. |
|---|---|---|---|
| The organization reviews the employees' job description to help improve their performance. | 148 | 4.101 | 0.958 |
| The organization trains the employees on their job descriptions. | 148 | 4.054 | 0.965 |
| The organization ensures that the employees are oriented on their job descriptions. | 148 | 4.101 | 0.996 |

**Employee Performance**

Respondents were requested to indicate the extent to which each of the statements in the matrix represented below influences employee performance in their organization. Means and standard deviations were applied in explaining study's findings. The means were interpreted as follows; a mean of 0-1 implied that the respondents strongly disagreed, a mean of 1.1-2 implied they disagreed, 2.1-3 suggest that they were neutral, a mean of 3.1-4 suggest they agreed, and a mean of 4.1-5 implies the respondents strongly agreed.

The results show that the respondents agreed that career development enhances employee performance (M=3.831, SD=0.784), success planning strategy enhances employee performance (M=3.818, SD=0.778), training enhances employee performance (M=3.811, SD=0.781), employee motivation enhances employee performance (M=3.797, SD=0.802), employee engagement enhances employee performance (M=3.757, SD=0.751) and feedback mechanisms from supervisors enhances employee performance (M=3.777, SD=0.757). The findings show that state corporations in Kenya enhance the performance of their employees by: training, career development, employee motivation, employee engagement and feedback mechanisms from supervisors.

**Table 8: Employee Performance**

|  | N | Mean | Std. Dev. |
|---|---|---|---|
| Performance of employees is enhanced with training | 148 | 3.811 | 0.781 |
| Performance of employees is enhanced through Career development | 148 | 3.831 | 0.784 |
| Performance of employees is enhanced through strategies of Success planning | 148 | 3.818 | 0.778 |
| Performance of employees is enhanced by motivating them | 148 | 3.797 | 0.802 |
| Performance of employees is enhanced through engaging them | 148 | 3.757 | 0.751 |
| Feedback mechanisms from supervisors enhances employee performance | 148 | 3.777 | 0.757 |

**Correlation Analysis**

The study conducted Pearson moment correlation analysis. Using the correlation coefficient, the study tested whether interdependency existed between the predictor variable and also whether there was any relationship between the response variable (employee performance) and predictor variables. The results reveal that talent retention and employee and performance in state corporations in Kenya were also found to be positively associated (r=0.813, p-value=0.000).

**Table 9: Correlations Coefficient**

|  |  | Employee performance | Talent retention |
|---|---|---|---|
| **Employee performance** | Pearson Correlation | 1 |  |
|  | Sig. (2-tailed) |  |  |
|  | N | 148 |  |
| **Talent retention** | Pearson Correlation | .813[**] | 1 |
|  | Sig. (2-tailed) | .000 |  |
|  | N | 148 | 148 |

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

These results show that the independent variable (talent retention) influence employee performance in state corporations in Kenya.

**Hypothesis Testing**

Hypothesis testing was conducted to establish the effect of talent retention on employee performance in state corporations in Kenya. Testing was conducted using multivariate analysis. The null hypothesis was as follows; Talent retention positively influences employee performance in state corporations in Kenya.

$H_{A1}$ *Talent retention positively influences employee performance in state corporations in Kenya*

The findings show that Talent retention had coefficients ($\beta$ =0.523, *t*= 6.647, *p*=0.003). The significance value obtained was less than 0.05 which was set by the study and the t-value was greater than 1.96 at 5% significance level. The findings therefore imply that Talent retention significantly and positively influence employee performance in state corporations in Kenya. Based on the findings, the null hypothesis was accepted that Talent retention positively influences employee performance in state corporations in Kenya.

**Diagnostic Tests**

Shapiro Wilk test for normality, Durbin-Watson test for autocorrelation and multi Collinearity test were diagnostics tests performed in this study.

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## Multicollinearity

Variance Inflation Factor (VIF) was applied in assessing multicollinearity in the model. The rule is that if the value of VIF exceeds 4 then there is need to conduct further investigation and if there are more than one variables that have a VIF value of about 5 or greater than 5 then one of the variables should be excluded from the model (Bryman & Cramer, 2012). From the VIF findings presented in Table 10, the independent variables did not show any signs of multicolinearity because the VIF values were less than 5. It suggests that the findings of the findings of the regression equation aren't misleading; this is because the predictor variables in the regression equations do not have high correlation values among themselves.

**Table 10: Multicollinearity Test Statistics**

|  | Tolerance | VIF |
|---|---|---|
| Talent retention | .415 | 1.514 |

## Heteroscedasticity Test

Heteroscedasticity is a situation whereby there is equal variability across range of values of the second factor predicting it (Vinod, 2008). The study performed Breuch-pagan / cook-weisberg test with the aim of testing Heteroscedasticity. The null hypothesis for the test was that variances or error terms are equal (Vinod, 2008). If the value of "Prob > Chi-squared" is greater than 0.05 then it is evident that homoscedasticity exists (Park, 2008). From the findings presented in Table 11 p-value is greater that the selected level of significance which was 0.05. This implies that the constant variance ($Chi^2$ = 2.6874) is insignificant.

**Table 11: Breusch-Pagan / Cook-Weisberg test for heteroscedasticity**

| Ho: Constant variance | | | |
|---|---|---|---|
| Statistics | df | Stat value | p-value |
| Chi-squared | 5 | 2.6874 | 0.5412 |

## Normality Test

The null hypothesis for this test is that the variables are from a population that follows normal distribution/they are normally distributed. When the level of significance selected for the test is greater that the p-value obtained, the null hypothesis is rejected since there is enough proof that the data is not from a normally distributed population. If the p-value obtained exceeds the selected level of significance then the null hypothesis is accepted that the data in use is from a population that follows a normal distribution.

**Table 12: Shapiro-Wilk Test**

|  | Statistic | Df | Sig. |
|---|---|---|---|
| Employee performance in state corporations in Kenya | .894 | 148 | .098 |

From the findings employee performance in state corporations in Kenya (p-value=0.098) followed a normal distribution since the p-value obtained was greater than 0.05. The data therefore meets the normality assumption for regression analysis.

## Regression Results

### Effect of Talent Retention on Employee Performance

The study conducted regression analysis between Talent retention and employee performance in state corporations in Kenya. The study computed coefficient of determination which was used to show the variability of employee performance as a result of change in Talent retention. ANOVA was applied to show model's significance while coefficients were used in testing study's hypothesis. The results were as shown in Table 13.

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$R^2$ value for the association between Talent Retention and employee performance was found to be 0.245. This suggests existence of 24.5% change in performance of employees in state corporations in Kenya, due to changes of Talent Retention. Therefore, other factors not studied in this study contributed to 75.5% variation of employee performance. ANOVA was computed to test reliability of the regression model. The study found a significance value of 0.009 which was less than 0.05 at 95% confidence interval. The F value was 7.070 which was significant because its p-value was 0.009. This implies that the model was reliable in predicting employee performance in state corporations in Kenya.

From the coefficients, the regression model obtained was $Y= 18.9 + 0.074 X_2 + \varepsilon$. This suggests that increasing Talent Retention by a single unit results to an increase in performance of employee in state corporations in Kenya by 0.074 units. The findings concur with the findings of the study by Pam (2012) which established that implementing a process of managing talent that is proper will have a significant influence on productivity of employees.

**Table 13: Regression Analysis for Talent Retention**

| Model Summary | | | | |
|---|---|---|---|---|
| **Model** | **R** | **R Square** | **Adjusted R Square** | **Std. Error of the Estimate** |
| 1 | .495[a] | .245 | .221 | 4.17688 |

a. Predictors: (Constant), Talent Retention

| ANOVA[a] | | | | | | |
|---|---|---|---|---|---|---|
| **Model** | | **Sum of Squares** | **df** | **Mean Square** | **F** | **Sig.** |
| 1 | Regression | 23.345 | 1 | 23.345 | 7.070 | .009[b] |
| | Residual | 2547.162 | 146 | 17.446 | | |
| | Total | 2570.507 | 147 | | | |

a. Dependent Variable: Employee Performance

b. Predictors: (Constant), Talent Retention

| Coefficients[a] | | | | | | |
|---|---|---|---|---|---|---|
| **Model** | | **Unstandardized Coefficients** | | **Standardized Coefficients** | **t** | **Sig.** |
| | | **B** | **Std. Error** | **Beta** | | |
| 1 | (Constant) | 18.900 | 3.381 | | 5.590 | .000 |
| | Talent Retention | .074 | .064 | .095 | 1.157 | .009 |

a. Dependent Variable: Employee Performance

## 4. SUMMARY OF MAJOR FINDINGS

Talent retention practices include compensation, employee benefits, talent retention programs and job description. Under Compensation the study found out that in order for state corporations in Kenya to ensure that their workforce remain motivated at all times and satisfied, they apply the use of leadership styles that are effective and also be careful when handling issues that are raised by employees and also offer them attractive non-monetary rewards. In relation to employee benefits the study established that the organization provides incentives to employees to boost their motivation, the organization uses a system for compensation that is competitive as compared to systems used by other organizations in the same sector and this acts as a motivator to its employees and there are policies on internal recruitment that assist in raising loyalty levels of employees and also their morale.

In regard to talent retention programs the study found out that: the organization ensures that the image of the company remains good at all time with the aim of retaining employees with talent, assessment of performance is conducted effectively to boost the confidence of employees, employees in the organization are provided with flexible time to work which acts as a motivating factor and the company provides opportunities for training to improve growth in employees career and therefore increase retention rate of talented employees. In relation to job description the study revealed that: the organization reviews the employees' job description to help improve their performance, the organization ensures that the employees are oriented on their job descriptions and the organization trains the employees on their job descriptions.

The findings on correlation analysis revealed talent retention and employee performance were positively associated. The $R^2$ value of relationship between Talent Retention and employee performance was found to be 0.245. This implied that 24.5% variation of employee performance could be attributed to Talent Retention. The regression analysis results indicated that talent retention positively and significantly influenced performance of employees. Results indicated that a unit improvement in talent retention would lead to improvement in employee performance.

## 5. CONCLUSION

In regard to talent retention, the study found that in order for state corporations in Kenya to ensure that their employees continue to be motivated and satisfied they apply the use of leadership styles that are effective and are always cautious when handling issues that are raised by the employees and also offer them attractive non-monetary rewards. Additionally, in order to retain their employees, they ensure the company image remains good and also they offer training opportunities to enhance career growth of its employees. Also, they train their employees on their job descriptions and review the job description to help improve their performance and orient them on their job descriptions. The study concludes that talent retention practices positively and significantly influence the employee performance in state corporations in Kenya.

## 6. RECOMMENDATIONS

The study found out that organization training opportunities enhance career growth which leads to retaining of talented employees. The study recommends that state corporations in Kenya should adopt training practices regularly and other practices that motivate employees to be satisfied in the organization which will result to them remaining in the organization.

**Suggestions for Further Studies**

The findings of the study showed that talent retention are responsible for explaining 24.5% change in performance of employees in Kenya's state corporations. There is need for further studies to be conducted on other factors that contribute of performance of employees of Kenya's state corporations. The study recommends further studies to be carried out on factors that affect adoption of talent retention in Kenya's state corporations.

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