# RELATIONSHIP BETWEEN TALENT MANAGEMENT PRACTICES AND ORGANIZATIONAL PERFORMANCE IN ISLAMIC BANKS IN KENYA

#### **MOZA ABDALLAH SOUD**

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MASTER OF BUSINESS ADMINISTRATION (HUMAN RESOURCE

MANAGEMENT)

# **DECLARATION**

I declare that this research thesis is my original work and has not been presented in any other

university.	
Signature	Date
MOZA ABDALLAH SOUD	
BUS-3-1455-2/2017	
This research thesis has been submitted for evening	ation with our approval as university
This research thesis has been submitted for examin supervisors.	ation with our approvar as university
Super (18018)	
Signature	Date
Dr. Douglas Ogolla Awino	
Kenya Methodist University	
Signature	Date
Simon Mureithi	
Kenya Methodist University	

# **DEDICATION**

I dedicate this Thesis to my lovely parents Mr. Abdallah Soud Sheikh Bin Ali Alamy and Mrs. Mgeni Mahfudh Awadh Bamume Tawile El-Shehry for instilling the values of hard work and integrity. To my sisters, brothers, nephews and nieces for their utmost patience and support.

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#### **ABSTRACT**

Stringent business environment, shareholders expectations on financial returns and the realization of companies' goals are some of the factors that led to team leaders' embracing talent management initiatives at various places of work. Innovation, demographic changes, competition and the advancement in technology have made leaders lose highly abled and skilled staff to their competitors. To minimize losing competent staff, organizations must set aside sufficient resources and time to embed talent management initiatives across their firms. The purpose of this study was to examine the relationship between talent management practices and organizational performance in Islamic banks in Kenya. The researcher considered the following factors: recruitment, selection, learning & development, and employee retention to examine their influence on organizational performance. The study targeted 100 respondents from the three Islamic banks in Kenya and used multivariate regression analysis to examine the relationships between the study variables. Both recruitment and selection had significant influences on organizational performance. Learning & development also presented a strong positive influence while employee retention had a negative relationship with organizational performance. Based on these results, the researcher concluded that the three independent variables; recruitment, selection, and learning & development strongly influence organizational performance. However, employee retention had no statistical significance on organizational performance. Hence, if these organizations are to achieve their desired objectives, they must address the factors identified in this research. It is recommended that the three Islamic banks in Kenya should strive to build their staff capacities internally through various avenues available to them and put in place welldefined succession plans that would help them retain their high potential employees.

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#### ABBREVIATIONS AND ACRONYMS

**BCG** Boston Consulting Group

**BIMB** Bank Islam Malaysia Berhad

**C.E.O** Chief Executive Officer

**CBK** Central Bank of Kenya

**CIPD** Chartered Institute of Personnel Development

**COMCEC** Committee for Economic and Commercial Cooperation of the Organization of

**Islamic Cooperation** 

**DIB** Dubai Islamic Bank

**FAA-IFN** Finance Accreditation Agency-Islamic Finance News

**FCB** First Community Bank

**GAB** Gulf African Bank

**HALAL** Conform with Islamic Law

**HIPOS** High Potentials

**HR** Human Resources

**HRIS** Human Resource Information System

**PWC** Pricewaterhouse coopers

**ROE** Return on Equity

**ROI** Return on Investment

**ROS** Return on Sales

**SHARIAH** Islamic Law

**SHRM** Society for Human Resource Management

**WFPMA** World Federation of People Management Association

#### **CHAPTER ONE**

#### INTRODUCTION

# 1.1 Background of the Study

Talent management can be defined as a set of inter related workforce-management activities concerned with identifying, attracting, integrating, developing, motivating and retaining key people. Talent management activities can include performance management, succession planning, talent reviews, development planning and support, career development, workforce planning and recruiting (Owen et al., 2001). Research shows that organizations increasingly focus on talent management. Moving from reactive to proactive, companies is working hard to harness talent (Kaliannana & Adjovub, 2014).

According to Society for Human Resource Management (2006), Talent Management Survey Report, 53% of organizations have specific talent management initiatives in place. Of these companies, 76% consider talent management a top priority. In addition, 85% of HR professionals in these companies work directly with management to implement talent management strategies. Yet different companies may not define talent the same way. The belief in talent and its impact on the bottom line are at the heart of talent management.

Stevens (2008) argued that talent management aims at ensuring companies have a broader pool of candidates ready to take up senior roles when the need arises. Additionally, conducting periodic talent audits and the use of measurable, predictable and actionable skills are some of the components that management employed to ensure the overall success of an organization.

For an organization to be successful, it must have competent employees, an increase in revenue, the quality of services offered, and the increase in market shares are some of the indicators companies attribute their successes to (Skoludova & Brodsky, 2015). Identifying, selecting, developing, and retaining the best employees in the organization who performed well in the past years by building their capacities for future roles is what talent management is all about (Thunnissen & Hogeschool, 2013).

To have an effective talent management, firms must link their organizations' strategy with their talent management strategy. This will enable all stakeholders to have a clear understanding of the organization's position in the market environment. Ideally, the business strategy must emphasize more on the product's overall goal and the firm's competitive advantage such that talent management traces the strategy through attracting, selecting, and finally engaging qualified personnel for the identified gaps (Cameron & Pierce, 1996).

Moreover, it is the process used to manage the supply/demand and flow of human capital (Devi, 2017). Again, it is the execution of racially balanced plans and structures whose overall goal is to promote the Company's productivity index. It is paramount to note that Management should strive to use a scientific approach in acquiring, developing, retaining and finally utilizing staff to cater to current and future organizational needs (Kehinde, 2012).

The lack of a highly talented and skilled workforce and competition make the process of attracting and retaining talents remains one of the biggest distress managers have worldwide (Bateman & Snell, 2019). Human capital, on the other hand, is made up of acquired skills and knowledge solely expressed through talents and aptitudes which must be utilized fully to achieve both the individual and organizational needs. This is to say, organizational

productivity is dependent on the quality and quantity of its workforce (Bateman & Snell, 2019).

Company's which strive to gain a competitive advantage over competition must prioritize on talent management initiatives as these drive organizational growth (Bateman & Snell, 2019). Furthermore, talented employees who make a positive impact on the overall organizational performance through their contribution (Tansley et al., 2007). In other words, Organizations that strive to gain a competitive advantage over their rivals must have talent management initiatives that would drive organizational growth. HR leaders must, therefore, align their talent management initiatives with the overall business goals (Bateman & Snell, 2019). Sareen and Mishra (2016) argued that Organizational performance depends on how well companies manage and retain human resources.

Additionally, the widespread belief that expensive efforts to address the problem have largely failed compounds the frustration of many senior executives. In the past decade, organizations have invested heavily to implement human-resources (HR) systems and processes, and talent issues have unquestionably moved up the boardroom agenda. Although these moves are laudable and necessary, they have been insufficient at best, superficial and wasteful at worst. Too many organizations still dismiss talent management as a short-term, tactical problem rather integral part of a long-term business strategy, requiring the attention of top-level management and substantial resources. Everyone spends time on today's business we attribute very little value to doing anything else, one European COO lamented recently. Talent management puts you under strain because it stops you from doing what you are rewarded for (Owen et al., 2001).

Research done on top management strategic capabilities to organizational performance deduced that Firms' executives play major roles especially on building and sustaining talent. Needless to say; strategy, structure, culture, and execution were found critical (Zaied, 2012). Despite all the efforts done and made, companies across the globe define talent management differently. Needless to say, having a strong belief in talent is what impacts an Organization's bottom line (Tansley et al., 2007).

As research revealed, Companies whose main focus on learning and development spend half of their total budget on talent management initiatives, while 75 percent of corporate officers channel their energy on talent shortages (Hewitt, 2008). 53 percent of organizations are managed to put in place distinct talent management practices. Out of these companies, 76 percent consider talent management as a top priority. Moreover, 85 percent of human resource practitioners (HRP's) in these companies work hand in hand with unit heads to execute talent management initiatives. 85percent of HR heads assert that the hardest task in managing any workforce is the creation and maintenance of the organization's ability to compete for talent. This has, with no doubt, proven to be a critical avenue for strategic leverage (Appelbaum et al., 2015).

Good talent management practices play an important role, especially when used to differentiate an organization's core competence and when its talent improves its strategy execution and operational excellence (Ashton & Morton, 2005). Talent issues have undoubtedly been the most discussed agenda in meetings with organizations spending millions on the implementation of human resource information systems by revamping their HR processes. Talent management leaders still view talent management as a tactical problem instead of an integral part that requires top management support.

Needless to say, in the next 10 years, there would be at most a half a billion people working out of their country due to better remuneration package. Furthermore, the trends for talent, the talent wars that emanated from the scarcity of competent staff have put retention strategies to spearhead issues faced by organizations globally (Clark, 2009).

Devi (2017), in Jammu Kashmir, on the impact of talent management on organizational performance, concluded that there is a strong relationship between talent management and organizational performance. The research was successfully done through cross-sectional time-series statistics with fixed effects modeling to examine the relationship between variables. The most recent research conducted by Uddin and Arif (2016) on the relationship between talent management and organizational performance concerning the retail sector in Bangladesh, concluded that there was a positive correlation between retail sector performance and the employee attraction, selection, engagement, and retention. The researchers used a qualitative method to collect data.

Kehinde (2012) researched talent management and its effects on organizational performance within the Nigerian business environment. The study agreed with both local and multinational organizations practice on talent management in various organizations. This is because talent management facilitates efficiency and effectiveness.

Mangusho et al. (2015) examined the evaluation of talent management on employees' performance in the Beverage Industry at Delmonte Kenya Limited. They found that job retention strategy, attractive compensation packages, well-articulated career management practices, well-defined plans tailor-made to suit an individual career growth had a positive relationship with employee performance. The study adopted a descriptive research design

with a target population of 2,500 staff and used a stratified sampling technique to select 83 employees according to their job classifications. The researchers concluded that job retention strategies were a crucial factor that motivated staff. The proponents, therefore, recommended that management should have a conducive working environment that will facilitate improving the overall performance of the organization.

Nzewi et al. (2015) investigated the relationship between talent management and employee performance in selected commercial banks in Asaba Delta State, Nigeria. They employed a descriptive survey design and used a questionnaire to collect data. The hypothesis was tested with the Pearson Product Moment Correlation coefficient and the regression analysis to examine data attained. The findings show a positive relationship between talent management and employee performance. The study concluded that talent management was significantly correlated to employee performance. The study recommended that financial institutions and organizations should augment job content and provide growth opportunities for employees.

Despite this, most firms are yet to learn how to differentiate between talent management styles and the general HR programs with a great percentage of both local and multinational firms unable to come up with basic talent management strategies, which lay more emphasis on enhancing skills and competencies required for current and future gaps. As talent becomes more complex in this day and age, the capacity of an organization's ability to attract, develop, motivate and retain talent is projected to be a strategic issue for the 21st century's knowledge economies. Moreover, global demographics and economic forces have unanimously increased the mobility of people across. As a result, it has led to a much wider diversity of Culture, gender, working generations, and various modes of employment like the introduction of flexible working hours, which was not practiced before.

Khan and Watson (2003) studied the capital market and conveyed that the regulator reported a discrepancy of experts in Islamic Finance Practice. The Islamic capital market topped the list with 88 percent, legal and takaful with 63 percent, and lastly the banking sector with 50 percent. Past studies were done by Arif and Uddin (2016); Kehinde et al. (2018); Khor (2017); Mishra and Sareen (2016) indicated a positive relationship between talent management and organizational performance.

Mishra and Sareen (2016) examined talent management and organizational performance in the department of Youth and Sport in Iran's West Azerbaijan Province. To establish the relationship between variables, the study used a descriptive correlation approach, Pearson correlation test to determine the relationship between the elements of talent management and organizational success at a 95% significant level hence used SPSS (Version 16) to analyze data. Results deduced that all elements used had a significant relationship to organizational success.

In Canada, Hughes and Rog (2014) conducted a study on strategy for improving employee recruitment, retention, and engagement within the hospitality industry. The proponents sought to ascertain whether recruitment, retention, and employee impacted an organization's overall goal. The study showed that top management buy-ins and their commitments are some of the strategies that help organizations control costs relating to searching for employees to fill vacant positions and engage staff considered competent. The study recommended that management should define talent management based on context. Top management supports and the linking of talent management initiatives are also critical.

Zakuan and Saian (2020), researched the managerial selection practices in the Malaysian business environment using sample data from 62 small, medium and large business organizations. The researcher found that job application forms, individual's bio-data referrals and recommendations were some of the selection practices most companies used to identify the right candidates. The study further showed that the cultural dimension had no impact on selection practices while assessment centers were greatly used across the Malaysian business environment.

Ndibe (2017), in Nigeria, investigated the effect of staff learning and development with an emphasis on Nigeria's top bottling companies. The study adopted a survey as the research design and a questionnaire to collect data from 120 respondents. The information collected was analyzed and represented in the form of tables. From the results obtained, it was found that employee training and development had a strong positive relationship with organizational goal attainment. The researcher concluded that the management team with the help of the human resources must adopt timely payments of salary. As it will help focus more on deliverables than having to worry about unpaid bills.

On the subject employee retention, Gicho (2015) studied Eagle Africa Insurance Bookers in Kenya. The researcher adopted a descriptive research design with a sample consisting of 85 employees using questions derived from the objectives used in her study. Data were analyzed using descriptive and inferential statistics and presented the results using charts and bar graphs. The study concluded that the inability for management to pay sufficient bonus which matches the work done, unrealistic work schedules are some of the reasons that make staff leave their places of work for better packages and flexible work environment.

#### **1.1.1 Organizational Performance**

Recent research by Boston Consulting Group (2012) indicates that effective human resource practices can make a significant impact on the organization's bottom line. Thus organizations that abide by the industry best practices in human asset management are in the position to make 3.5 growth in revenues and 2.1 profit margins compared to those companies that do exactly the opposite with the competitors. Organizations strive to make decisions that improve employee participation by cascading it down to junior staff to make them own the decision-making process which is geared towards enhancing employee well-being. Recent studies have shown that employers want more flexibility while those from Generation X have career goals that aim to maintain a balance between work and personal life (Myers & Sadaghiani, 2010).

Marr and Adams (2004) argue that employee participation helps in developing a systematic framework of companies' overall goal. The dimensions to measure performance under the balanced Score-card that they introduced include; financial soundness, customer satisfaction, and internal business processes which have control as well as people and culture incorporating skills and attitudes of employees and organizational learning abilities.

## 1.1.2 History of Islamic Banking

Aldohni (2012) revealed that interest-based loans were the major source of funds for the businessmen and agricultural farmers of both Mecca and Medina respectively. Moreover, the revelation of Islam to the Holy Prophet Mohammad (May the Blessing of Allah be upon him and his family), the prohibition of interest, consumption of items that Islam deems non-permissible and the various methods of trade brought about the birth of Islamic finance has made a major turnaround in the cities financial set-up.

The Baitul Mal (Central Islam Treasury), whose major role was to cater to the needy Muslims brought about a breakthrough on the birth of the Islamic financial modes which had its roots from the regime of the Holy Prophet (Peace be upon Him). After the successful launch in the two cities, it spread to the better part of the world. During the Islamic civilization period, most people wanted to get access to interest-free based loans which led to the incorporation of the first Islamic Bank in 1963 known as Mit Ghamr in Egypt by Ahmedal-Najjar, which gained popularity for centuries.

To cater for the growing population of Muslims intending to perform Hajj(which forms the fifth pillar of Islam) Tabung Haji a scheme inaugurated to help Muslims willing to go for Hajj save money to settle bills relating to accommodation, transport food, and other miscellaneous costs (El, 2000). Due to the increased demand in the Islamic Banking model, specialized research centers were established in Jeddah at King Abdul-Aziz University in 1978. Before Egypt established Nasir Social Bank in 1971, Islamic Development Bank and Dubai Islamic Bank was both established in 1975 respectively (Gafoor, 2006).

The Islamic banking model gained its popularity in the '80s on three major Islamic Nations including Sudan, Pakistan, and Iran. Additionally, in 1985 Al Rajhi Banking investment cooperation was given the mandate to operate in the Islamic Banking concept while (BIMB) aligned its banking operations to Islamic banking on 01st July 1983 respectively (Mansoor & Ishaq, 2008).

#### 1.1.3 Islamic Banking in Kenya

The Islamic Banking concept in Kenya emerged due to global demand for Islamic banking concept in general. Return on investments and the urgent need for Islamic Financial services

from the Muslims community on the coast and the various parts of the country paved the way for the sudden eruption of Islamic financial services in Kenya. The Central Bank of Kenya (CBK) licensed three Islamic banks; the First Community Bank (FCB) was the first to be formally approved on 29<sup>th</sup> May 2007 and commenced operations in 1st June 2008; Gulf African Bank (GAB) commenced operation in 2008; and Dubai Islamic Bank (DIB) which was instituted in 2017. These banks offer different and distinct products as compared to those provided by conventional banking institutions.

There has been a misconception about Islamic Banking with a huge number associating it to people who practice the Islamic faith. However, this is not the case; Islamic Banking Services tend to offer solutions to all regardless of one's religious affiliations. The model in the Islamic banking system allows its clients to transact in ways that conform to Islamic principles emanated from the Holy Book (Al Quran), and the Holy prophet sayings (Hadiths). This is to say, all business transactions between the client and the Islamic financial service provider must at all times adhere to the principles of the Islamic Law (Shari'ah), should be free from Interest, usury, and Gharar. The additional money charge on cash lent (Interest/Riba) is considered as one of the key sins in Islam. The majority of people presume that Interest is only on cash lent, this is not the case, neither be felt, nor seen could be during the period of delay, determining the period of delay during the time of contract (Shabbir et al., 2015). The Islamic Banking concept in Kenya emerged due to global demand for Islamic banking concept in general. Return on investments and the urgent need for Islamic Financial services from the Muslims community on the coast and the various parts of the country paved the way for the sudden eruption of Islamic financial services in Kenya.

Iqbal (2001) argued that Gharar refers to a lack of expertise on issues relating to transactions and which may have an effect on quality, price, quantity, or degree of consent from the consented people to a contract. This he adds could be brought about by a genuine mistake, misrepresentation, a need to commit fraud or lack of proper knowledge to understand the Jargon used. Lastly, the games of chance or speculations are also forbidden.

Islamic banks must put in place stringent measures to address the principles that touch on the Islamic banking model. Again, departments that advise the banks on proper Islamic banking, for instance, Shari'ah supervisory board, Shari'ah audit, and compliance practices must work hand in hand with the management to enable staff to follow the laid procedure and code of business ethics. Needless to say, the Islamic bank is a financial institution which aims at providing Shari'ah compliant products to fill the market gap. These banks offer various classes of products such as asset financing, mortgages, agribusiness financing, LPO's and many others like their counterpart (the conventional banks), like their products and services are modified to conform with the Islamic principles of Law (Shari'ah). Moreover, HR personnel and line managers must collaborate to ensure that all staff are equipped with proper knowledge and skills on Islamic finance and economics. Despite Islamic Banks doing well in the market, some loopholes call for improvements (Ahmed et al., 2016).

#### 1.2 Statement of the Problem

Losing talented staff earmarked as high potential who are well conversant with Islamic law, finance, economics and who have been identified as successors to take up leadership roles when need arises to competition, has seen Islamic Banks in Kenya invest their capital by directing resources to persons identified as talent, only for them to leave to other organizations in search of fulfilling work opportunities, career progression and substantial

pay. As a result, finding people who have the right competencies and capabilities to fill the gap has proven to be more costly, especially on total time spent during the recruitment process and for the new staff to blend into the new culture, work environment and be trained because Islamic Banking model requires employees to have specialized skills on Islamic law, finance and economics. Ghoul (2016) opined that utmost 50 percent are of the idea that their firms human capital lacks crucial competencies while 80 percent of the players in the global Islamic finance industry is of the idea that the total number of staff working in the Islamic financial institutions are not sufficient enough to cater for the accelerating demand for the industry.

The researcher sought to examine the relationship between talent management practices and organizational performance in Islamic Banks in Kenya. Furthermore, Past literature review established that, there is scarcity to the contribution of talent management practices and organizational performance in Islamic Banks in Kenya given their unique needs which call for more specialized staff who are skilled and have the right competencies to tackle Islamic Finance.

In a research conducted by Kamil and Salleh (2013) on the urgency for effective talent management practices in Malaysia's Islamic Financial Institutions concluded that, there was need for financial institutions to develop their human capital so as to ensure industry sustainability in the future.

In another study done by Aziz et al. (2016) on talent development model for career in Islamic Institutions in Malaysia, the study deduced that, learning institutions must provide lecturers

with adequate exposure, skills and competencies relevant to current trends, technology and stock libraries with current books and journals to improve performance.

Due to the gap identified herein, this study sought to find out, the relationship between talent Management practices and organizational performance in Islamic Banks in Kenya.

## 1.3 Objectives of the Study

## 1.3.1 General Objective

The general objective of this study was to examine the relationship between talent management practices and organizational performance in Islamic Banks in Kenya.

## 1.3.2 Specific Objectives

The research was guided by the following specific objectives:

- To assess the influence of recruitment on organizational performance in Islamic banks in Kenya.
- ii. To examine the influence of selection on organizational performance in Islamic banks in Kenya.
- iii. To investigate the influence of learning and development on organizational performance in Islamic banks in Kenya.
- iv. To determine the influence of employee retention on organizational performance in Islamic banks in Kenya.

#### 1.4 Research Hypothesis

The following hypotheses were tested.

 $\mathbf{H}_{01}$ There is no significant relationship between recruitment and organizational performance in Islamic banks in Kenya

 $\mathbf{H}_{02}$  There is no significant relationship between selection and organizational performance in Islamic banks in Kenya

 $H_{03}$ There is no significant relationship between learning & development and organizational performance in Islamic banks in Kenya

 $\mathbf{H}_{04}$  There is no significant relationship between employee retention and organizational performance in Islamic banks in Kenya

**1.6** Significance of the Study

The research study would be important to the following stakeholders:

#### **1.6.1 Banking Industry**

This study aims at assisting managers in the entire banking industry by creating healthy competition hence create a pool of high potential leaders who will help them execute their strategic goals. As we all know, the banking sector is the section of the economy which aims at circulating money through the Prudential Guidance set by the CBK, as leverage to create more wealth, sustain more businesses which will help in the creation of employment.

#### 1.6.2 Management of Islamic Banks

Most organizations have created a competency dictionary (a tool used to illustrate or pinpoint the knowledge, skills, and attitudes required to carry out various assigned tasks or roles). The competency dictionary function is to assist individuals to carve out their individual career aspirations by allowing each one of them to work on their various gaps identified in the performance management tool (performance appraisal). Consequently, Top Management with the help of line managers can carry out periodic competency mapping to enable them to keep abreast of the type of skill inventories they currently have in the organization. This

would help in placing staff in their right roles hence enable employees to perform effectively and efficiently on assigned roles.

#### 1.6.3 Human Resource Practitioners

The study would help HR Practitioners fully understand the relationship between talent management practices across all industries hence come up with talent management best practices that aim at creating staff who are multi skilled and are able to work across industries. Again, this study will help them embed talent management initiatives within their HR policies and practices hence form a basis for enhanced productivity and organizational performance.

# 1.6.4 Academicians and Learning Institutions

The findings of this study will not only enrich existing knowledge but also form the basis for both researchers and academicians who seek to explore and carry out further investigations by providing a basis for further research.

#### 1.7 Limitations of the Study

Due to time constraints and insufficient funds, the study focused more on talent management practices in Islamic banks in Kenya. Ideally, the model would have been used for all commercial Banks in Nairobi to get a broader picture of talent management practices in all banks in Kenya (conventional and Islamic). To curb the misfortunes mentioned herein, a comparison of findings of the study to existing literature helped overcome the limitations. On costs relating to transport, printing and binding the researcher sought funding from friends and use own savings to address the issue. A personal time plan was developed to ensure that sufficient time was allocated on research.

## **1.8 Operational Definition of Terms**

Employee Retention: This research study defines retention as an ongoing process aimed at

creating an environment that engages its employees for a long period.

**Gharar:** Uncertainty, anything whose outcome is unknown.

**Halal:** Anything which is permitted by the Islamic Law.

**Haram:** Anything that is prohibited by Islamic Law.

**Islamic Banking:** This study defines Islamic Banking as the mode of Finance that

prohibits the use of Riba, the consumption of certain commodities and

other sources of transaction which are considered non-permissible by

Islamic law.

Learning and Development: This research defines learning as the acquisition of

competencies relating to a particular role/job whilst development is a

incessant training program aimed at enhancing employees' skills and

capabilities.

**Maysir:** Means gambling or game of chance.

**Organizational Performance:** This study defines organizational performance as a process

of ensuring that the organization fully utilizes its human capital to

attain a Company's overall goal which can be measured through

financial or Non-Financial goals.

**Recruitment:** This research study defines recruitment as a process through which an

organization looks for qualified and competent staff either internally or

externally and engages them to fill gaps.

**Riba:** Riba is defined as any stipulated additional amount over the principal

charged in a transaction of loan or debt.

**Selection:** This study defines selection as the series of steps successful candidates

are screened to enable an organization to choose the most legible

persons to fill vacant positions.

**Shari'ah:** it is a religious prophecy consisting of morals and religious laws as

opposed to individuals' legislation.

Talent Management: This research defines talent management as method of identifying

selecting, developing and retaining the organizational best employees

who displayed consistent good performance in the past years by

building their capacities for future roles that aim at enhancing the

overall organizational goal.

**Talent:** This study defines talent as a skill, aptitude or special gifts that enable

employees to perform effectively and exceptionally well on job/tasks

assigned to them by their line managers.

#### **CHAPTER TWO**

#### LITERATURE REVIEW

#### 2.1 Introduction

Chapter two highlights related theories linked to this study. Information obtained was retrieved from journals, Newspapers, libraries, academic publications, magazines, books, government statistics and any other relevant sources to examine the relationship between talent management practices and organizational performance in Islamic banks in Kenya. This section also reviewed literature on the previous related studies relevant to the study topic. It is organized into the following sections: theoretical orientation, theoretical context, empirical review on each objective, the conceptual framework, literature summary and the operational framework of the study.

#### 2.2 Theoretical Background

This research was fortified by the subsequent theories as summarized below.

#### 2.2.1 The Herzberg Two Factor Theory of Motivation

This theory was developed by Herzberg in 1959. Herzberg argued that for organizations to achieve employees' well-being as far as the role being carried out is concerned, job satisfaction is intrinsic and can be only be obtained from an individual assigned role or task. This is because the inability of a firm to provide individuals with an enabling work environment may be a result of unfulfilled job desires (Sharpe et al., 2011).

Wall et al. (2004) revealed that job enrichment enables individual's play their strengths in the assigned roles. The proponents assert that job satisfaction is central and could only be obtained from an individual's workload. Failure for organizations to provide a conducive

work environment may ultimately be a cause for unfulfilled job desires. Thus, job enrichment aims to enhance an individual skill variety, responsibility span hence minimize dissatisfaction, work rigidity, tediousness which may be a result of doing repetitive work. Whereas empowerment allows staff to have a say or input on matters pertaining their day to day assignments. The reason Job fulfillment enables individual play their strengths.

## 2.2.2 Resource Based-View Theory

The Resource-Based View was proposed by Barney (2003). He asserts that resources form an integral part of an organization, especially when business owners want to create a competitive advantage over their rivals. According to Helfat and Peteraf (2003), a resource refers to as an asset or input that assist in production, while a firm's capability refers to an organization's ability to carry out assigned roles and responsibilities – this could be the result of the utilization of the firms' resources aimed at achieving particular goals. Rivard et al. (1997) argued that any organization that waits to build or create an organization's competitive edge may do so by increasing its company's capacity to charge more for goods or services produced or offered to clients which in the long run will resonate to achieving the company's bottom line. The conceptual framework of the RBV helps establish important components of the theory that aid the understanding and application of the RBV. The foremost among the five components are the Resources. The resources here comprise assets, capabilities, organizational processes, available resources, communication and understanding of the organization's performance and commitment.

The Resource-Based View (RBV) was postulated by Barney (2003). He asserts that resources form an integral part of an organization, especially when business owners want to create a competitive advantage over their rivals. A resource refers to as an asset or input that assist in production whilst a firm's capability refers to an organization's ability to carry out assigned roles and responsibilities; this could be the result of the utilization of the firms' resources aimed at achieving particular goals (Helfat & Peteraf, 2003).

Resources must conform to certain criteria if they want to be deemed competent. For example, they must be rare; that is, resources be in the hands of one or a few companies only, be difficult to imitate and substituted (Barney, 1991). Additionally, resources may add value by creating a competitive advantage when used together in a cluster than used alone. This implies that the greater the linkage of an input to an organization's degree of an inputs' specificity the greater the input's rent potential to that firm (Conner, 1991).

Rivard et al. (1997) on their research which focused on resource-based approach to performance and competition, argued that any organization that waits to build or create an organization's competitive edge may do so by increasing its company's capacity to charge more for goods or services produced or offered to clients which in the long run will resonate to achieving the company's bottom line. The conceptual framework of the RBV helps establish important components of the theory that aid the understanding and application of the RBV. The foremost among the five components are the Resources. The resources here comprise assets, capabilities, organizational processes, available resources, communication and understanding of the organization's performance and commitment.

Porter (2008) studied the five forces of industry analysis came up with the following criterion which is known to all: Bargaining power of supplier, this refers to the scarcity of goods, hiking of prices and lowering the quality of produced goods to instill pressure on business globally whilst the provision for high-quality goods, offering best customer service, giving out ideal prices refers to the bargaining power consumers have over businesses. A substitute product provides easy access to alternative products buyers would purchase rather than those offered on a specific period an ideal example would be margarine and butter, coffee and tea and whiteboard and blackboard, is a product made from another industry which offers similar benefits to the consumer as the product produced by the firms within the industry whilst rivalry refers to the extent to which firms that operate within an industry compete against each other hence limit each other profits' potential.

Thirdly, strategies and competitive behavior could either be in the form of defensive or offensive strategies depending on the environment and available resources at hand. Lastly is competitive advantage. Competitive advantage refers to traits which an organization poses to have whilst others don't have, for instance having staff with more specialized skills. Lastly is performance, it can be viewed in two dimensions; positive or negative. It is said to be positive when the inflows of cash supersede the outflows.

The opposite is also true. The implication of the Resource-Based View (RBV) theory simply analyses the internal resources of the organization and tries to match with the desired future strategies; making emphasis on what it is capable of maintaining a sustainable competitive advantage over time (Priem & Swink, 2012).

#### 2.2.3 Supers Theory on Individuals Learning and Development.

Super's theory on career development was promulgated in the 1950s. This theory does not only lay great emphasis on an individual's longevity to his choice on career and adaptations but also provides gradual transformation that the majority of individuals go through on various stages of their career lives. The Supers' theory put forward some distinct phases of an individual's career lifecycle that are drawn from the exertion of sociologist and developmental psychologist who examined the various phases of a person's work and life respectively. Osipow et al. (1985) argued that the Super theory pays little attention to social and economic factors which play an important role in an individuals' decision-making regarding life in general and career choices. Salomone (1996) on his review on supers' theory, showed that it is almost impossible to match Supers theory simply because of the continuous amendments Supers made over the years.

The growth stage emanates from the ages of 4 to 13 where children learn to recognize there general understanding of work by capacity building, work on their individual well-being and through their attitudes. Stage two, also known as the exploration phase consists of the age's between 14-24; this period focuses on individuals working towards understanding themselves hence create space in the working environment.

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This stage may push individuals to try to identify their interests and capabilities and hence work on various roles and positions by enrolling themselves in classes, gaining more work experience, and hobbies. What's more, it involves an individual making tentative occupational choices and eventually obtains an occupation of his or her choice. The establishment stage falls between 25-44, talks of individual gaining experience or exposure in his or her work hence urges one to put more effort into career advancements either horizontally or vertically.

As individuals move to the maintenance stage, which is the age between 45 and 65, the focus changes to sharpening his/her competencies and skills by striving to do well on assigned tasks or roles, and an individual tries more challenging assignments, despite his/her efforts, there is no major milestone found here. The last phase which is known as the disengagement stage or retirement stage marks the individual final stage according to supers. This phase is categorized by an individual having down slope energy on work, occupation and focus more on retirement plans for instance, life outside work, (Lockett et al., 2009).

Despite all the positives denoted in super's theory, Osipow et al. (1985) felt that the theory did not pay attention to social and economic factors that play a vital role especially on an individual's decisions on the career. Salomone (1996) on his review on supers' theory argued that it is difficult to match, that is, Supers theory simply because of the amendments Supers made over some time.

#### 2.3 Empirical Review

### 2.3.1 Recruitment, Selection and Organizational Performance

When you look at the growth of any company, most of us look at the numbers that the company produces, but we forget the most important factor behind those numbers and that is the company's staff. The employees work hard in order to achieve those numbers and how successful your company will be depends on how you look at recruitment. The companies which want to grow fast but steady knows that it can only be achieved when they have the perfect combination of employees and for that recruitment is of utmost importance (Kibui, 2015).

Further, sourcing for the right people with the right type of skills could be tedious, costly and time- consuming, however, getting the right person to fill a vacant position is equally fulfilling and advantageous to the company. Recruitment as most people call it forms an integral process used by managers to look for and attract competent people (Opatha, 2010). Additionally, the selection is the series of steps through which successful candidates are screened to enable an organization to pick the most legible persons to fill gaps. Also, recruitment aims at providing leaders with access to readily available skilled and competent staff (Gelazanskas & Gamage, 2014).

Previous research indicates that large companies with large amounts of capital have an added advantage over their juniors (Smaller Organizations) when it comes to the implementation of highly complex yet effective recruitment processes. Smaller Organizations, on the other hand, focused more on cost-effective methods such as referrals and advertising through various means as their best alternative (Rynes & Barber, 1990).

Ezeali and Esiagu (2010) defined recruitment as a procedure organizations use to identify and employ competent staff to fill vacant positions aimed at driving the organization's strategic objective. On the same note, a study done by Ekwoaba et al. (2015) on recruitment and selection methods on companies performance, at Fidelity Bank, Nigeria, were of the idea that, despite the Bank having policy that governs and guides the recruitment process, the researchers deduced that both recruitment & selection criteria had a strong significant relationship on organizational performance.

It is very important to note, organizations perform their task with the help of resources such as men, machines, materials, and money. Additionally, Line Managers, as well as the HR Personnel, must realize that manpower supersedes the rest of the resources as far as productivity and quality are concerned. Not having the right people on the roles could lead to poor performance organization, (Fisher et al., 2010).

It is estimated that seven in ten organizations, focused their recruitment and talent practices on recruiting for key talents on niche areas, Moreover, 50 percent developed more talent in house and used new mode of technology to recruit. Also, in 2017 most Organizations anticipated a greater focus on developing more talent in house, shifting the focus on retaining rather than recruiting talents and investing more time and effort in the quality of candidates (Rees & Smith, 2017).

Ideally, Managers must strive to align their goals, procedures, and policies used for selection to match their overall strategy (Bohlander et al., 2001). More importantly, personnel in charge of concluding the selection process must have relevant information and competencies

required to make viable decisions. As Osemeke (2012) asserts, HR Policies and Practices from the basis of streamlining employees' behavior and attitudes.

Sourcing for qualified and competent candidates forms an integral part of the talent management process worldwide. Most organizations have a dedicated person or team and a budget that is pegged for talent acquisition. This will ensure that the entire process is well articulated and managed by qualified and trained personnel. Needless to say, there are various costs associated with recruitment for instance advertising, consultation, training and calling people for interviews especially those out of town or country. Due to this, leaders and business owners have realized that breeding staff internally on roles that are considered critical is more cost-effective. This, on the other hand, is prone to enhance staff morale, staff loyalty and improve on employer brand (Rees & Smith, 2017).

Due to the high cost involved in facilitating the recruitment process, management and HR leaders have unanimously concluded that the attraction, development, and retention of individuals identified as high performers was more difficult compared to replacing those who do their normal work without exceeding any expectations on assigned roles.

Research is done by SHRM (2008), argue that companies that excel with a profit margin of 2.1 and revenue growth of 3.5 were found to prosper in 22 key HR areas, this report was done by Boston Consulting Group, World Federation of People Management Association.HR Heads must, therefore, lay great emphasis on their HR Planning, by providing a clear vision of an organization overall growth prospects through careful forecasting of the company's labor needs, this will assist the management in coming up with the best alternative obtained from outsourcing contingent workforce instead of hiring regular employees.

As technology continues to shape up the business environment, companies must strive to align their recruitment and retention processes to attract the market best. Also, HR leaders must proactively put in more efforts on employee brand and reputation, develop integrated talent strategies and by creating leverages through which staff can upgrade their career advancement. Therefore, HR leaders must come up with policies that touch on an individual's career growth. Such policies must incorporate a well thought of a pool of top talent identified by their line managers (Muogbo, 2013).

On recruitment and selection of persons with disabilities, HR specialists have a bigger role to play as stipulated in the persons with disabilities bill of 2015, which calls for equalization of opportunities. The Bill further states that All person's regardless of their disability have a right to employment and should be accorded fairness and equity when applying for a job, procedures (disclaimer should be highlighted stating clearly that organization all applicants will be treated with fairness) regardless of a person's current condition that is- disability.

The entire management team must, therefore, strive to strike a balance between the two extremes. A great example of a company that laid great emphasis on persons with disabilities would be International Business Machines. Panwar and Gupta (2012) argued that IBM's current staff stood at 42 percent with staff having pertinent skills in information technology, marketing, architecture, and software engineering. This would mean, leaders from across the organizations must align well thought of strategies on recruitment and selection to organizational plans.

Organizations must refrain from using recruitment channels practiced by their colleagues this is because various industries require a unique set of skills. Therefore, they must strive to come up with metrics that best resonates with them. In conclusion, organizations must strive to use a combination of the following, to source for their preferred candidate. Some of the methods include headhunting from the institution of higher learning, tertiary colleges, recruitment agencies, consultants, career portals, company websites, professional bodies and social platforms (Sinha & Thaly, 2013).

Rahmany (2018) researched on the effect of recruiting and selecting process on the performance of employees deduced that both independent administrative reform and civil service commission, to achieve better employee performance, organizations should strive to enforce and improve recruitment and selection process. He adopted a deductive research approach hence collected data using closed-ended questionnaires. Descriptive and interferential statistics used in analyzing data using SPSS.

One conducted by Abomeh, (2013), on the Hospitality industry in Nigeria (Abuja) on the impact of recruitment practices organizational performance concluded that hospitality industries should adopt appropriate recruitment methods that will facilitate attracting the right candidates for the job. The researcher collected data from Directors, Managers and supervisors using questionnaires in twelve hospitality industries thus used the weighted mean factor, for analysis.

Harky (2018), on how organizational performance impacted recruitment on private enterprise. Harky concluded that recruitment and selection strategies positively influenced

performance and companies should strive to include fairness and equity when selecting successful candidates and also be taken through all policies relating to assigned job/role.

Machogu et al. (2017) researched the effect of human resource outsourcing on organizational performance concerning Post Bank Kenya Limited. He used descriptive research design on 200 employees, collected data using questionnaires, analyzed and presented information obtained in form of flow charts and tabulation and concluded that Human resource outsourcing which included: training, payroll, human resource information systems all have positive significant to organization performance the researchers further recommended that, for organization to improve their overall performance, then, outsourcing non-core functions like payroll, human resource information systems, training, recruitment, and selection is key (Machogu et al., 2017).

# 2.3.2 Learning and Development on Organizational Performance

Training is the systematic process of altering the behaviors and attitudes of staff aimed at enhancing both individual and organizational performance. According to Fanibuyan (2001), it can also be an organized activity aimed at the importation of knowledge which will help individuals attain the required level of knowledge or skill (Dabale et al., 2014), whilst development involves preparing employees to cater for future roles (Obi & Ekwe, 2014).

For long term sustainability, Hameed and Waheed (2011), argued that organizations are investing so much on employee development which leads to employees focusing on working hard utilizing their full potential geared towards the attainment of the organizational overall goal. Additionally, Hafeez and Akbar (2015) stated that every single industry must deal with activities that successfully attain their standard. In the words of Antonacopoulou (2000),

employee development must be recognized by the employees who want to learn or are willing to learn and must show interest to learn.

Samwel (2018), on his study conducted in Tanzania (Shinyanga and Mara regions) on selected companies majoring in drilling in Geita on how training plays a major role in organizational performance. He later used 219 respondents and used a simple random & purposive sampling method. Again, questionnaires were used in the actual collection of data. Also, the results obtained were presented using tables. The researcher concluded that, for improved organizational performance, drilling companies must put in place a training and development policy and persons in charge of training should lay their great emphasis on management training.

Shareholders and the entire management team must strive to allocate a substantial amount of money and other resources to ensure that it retains its top talent. Moreover, HR Practitioners with the help of line managers must use metrics to help them identify persons ready to take up positions of higher authority and responsibility. Based on this, staff training and development were given priority simply because it touched on an organization's success (Panwar et al., 2015). Learning & growth is an ongoing activity aimed at enhancing employee's efficiency and effectiveness, therefore, it plays a vital role in HR function as they both equate to organization success. Consequently, as most strive to outperform their colleagues, the majority opt to "upskill" and remain relevant in the global market. The high potential staff plays a critical role which is dependent on organizational success and has been further categorized as 'Hippos' by most organizations. Lastly, an increase in organizational performance is re-cognizant to companies spearheading learning and development practices (Tella et al., 2007).

People's positions, job skills, policy procedures, and colleagues are what the creation of a learning culture focused on. Besides, it helps the individual have pertinent information on a colleague's power and influence, whether leaders are trustworthy if risk-taking was rewarded and finally if any sort of harassment was tolerated. Britt further defined transformative learning as the expansion of consciousness through which a person changes how they see or do things.

Authors globally have come up with three dimensions of transformative learning and they include the following: psychological, this aims at changing one's comprehension, behavioral gives more emphasis on changing a person's actions and convectional focuses more on revising a person's belief system culture through enhancement in employee engagement which directly reflects to productivity, staff retention, and customer satisfaction respectively. Having a growth mindset helps an organization achieve higher levels of performance, boost creativity and innovation which commensurate to individuals and group success, helps organizations benefit more on trans-formative culture through enhancement of employee engagement (Britt, 2018).

Senior managers and departmental heads are putting more emphasis on employee needs, through their talent developers who ordinarily depend widely on the E-Learning platforms that cater to all age or culture. A report done in 2017 on the link between talent development in the growing labor market vis a vis and the rise and responsibility of talent development found out that, 58 percent of employees were in agreement that learning at their own pace proved to be more practical while 49 percent preferred learning at the point of need.

Ibidunn et al. (2015) indicated that for an organization to perform and attain success, knowledge must be transferred from one person to another. This is possible through training and has unanimously metamorphosed to being a well thought out paraphernalia used by organizations to enhance an individual's knowledge, skills and attitudes which is geared towards organizational overall performance. This can be perceived as an ongoing process aimed at constantly upgrading staff competencies aimed at enhancing firms' strategic goals. The training referred herein could either be used to enhance an individual's creativity and innovation, boost them in idea generation and finally be resource-oriented (Ottong & Ottong, 2014).

Previous research was done by Sanyal and Hisam (2018), on how training and development impact an individual performance in selected banks at the Sultanate of Oman opined that the variables used had a positive relationship on employee performance. The researcher gathered information on 300 employees. Thus used regression analysis & ANOVA then used descriptive design respectively.

Raja et al. (2011) examined various aspects of training & development which include: on the job training and its deliverance both played a major role in enhancing companies goals, whilst Tahir et al. (2014) concluded that staff training and individual development both had a strong impact on staff overall productivity. This research was strictly done on Banks (Pakistan) using 150 employees and lastly, information was gathered by the use of questionnaires.

Kareem (2019) attempted to examine the impact of HRD on the effectiveness of organizations on government-owned institutes of higher learning. The researcher used a

survey, Data collected was examined using CFA (Confirmatory factor analysis) and SEM (Structured equation modeling). Thus the researcher deduced that all variables used strongly impacted organizational performance human resource development and organizational development on 342 staff.

#### 2.3.3 Employee Retention Strategies on Organizational Performance

Talent Retention aims at achieving companies bottom line, also, Organizations have unanimously concluded that correct placement will help companies bring their strategy to life, as a result, this will enable the team to create a talent pool aimed at achieving both the existing and future organization's needs (Ibidunn et al., 2015).

Peoples issues have been presumed to be more important now than they were three years ago, consequently, 68 percent of the leaders are of the idea that, breeding staff internally was cheaper and saved timed when compared to hiring externally, (Falola et al., 2018). Additionally, Sandhya and Kumar (2011), defined employee retention as a process of engaging staff to stay committed to an organization for his/her work life period.

A report on talent retention conducted by SHRM (2018), found that Employee turnover was arguably costly to an Organization, with direct replacements costs ranging from 50 percent to 60 percent of an average employee annual salary. In addition, total costs associated with turnover ranged from 90 percent to 200 percent annual salary. Needless to say, it is estimated that turnover related costs represents more than 12 percent pretax income for the average company and nearly 40 percent for Company's at the 75<sup>th</sup> percentile for turnover rate (Price Water Coopers, 2006).

Employee recognition report done by SHRM (2018) on HR Practitioners deduced that, at most 40% of HR practitioners were of the idea that cited staff turnover was their highest structural challenge tailed closely by staff engagement which stood at 39 percent Whilst 29 percent said they were most worried about finding replacement talent, over and above that, lastly was managing culture which was at 24 percent respectively. Acquiring and retaining staff who poses the right competencies are some of the factors that give birth to talent scarcity. Labor shortage which is as a result of insufficient learning programs, demographic shifts are what Manpower Inc, (2006) equate it to lack of sufficient talent to cater for the growing needs of business globally.

Some of the common ways leaders may use to manage their staff expectation could either be internal or external rewards. External rewards focus more on an individual material needs for instance food, shelter, clothes whilst internal rewards mainly focus on an individual emotional wellbeing (Vaiman et al., 2012). A study conducted by Rana and Abbasi (2013), on managing talent on staff turnover on Pakistanis largest communication sector concluded that all variables are positive correlated and have a direct impact on each other moreover one conducted on the Information Technology industry, India's NCR area concluded that out of 206 respondents, male respondents who were equivalent to 123 proved to be more satisfied with talent management practices which included, recruitment, learning and development compensation, reward and recognition, retention and planning which all had positive relationship to organizations performance.

Research done by El Dahshan et al. (2018) on their study about employee retention and firms competence deduced that by acknowledging good performance, line managers support and the creation of win -win solutions between work and life are some of the factors that not

only influence employee retention but also enhance overall organizations performance. Again, employee involvement / participation which included workers supervisor and the ability to unions affiliation both had a strong relationship to employee retention (Khalid & Nawab, 2018). Biswakarma and Sharma (2015), examined the impact of motivational factors on employees' efficiency and retention on the selected hotels of Kolkata. The researchers concluded that motivational factors adversely impacted employee's efficiency and retention. Thus, the study was conducted on selected hotels in Kolkata. Data collected was analyzed using version 16 of the SPSS. Lastly, reliability test was used to determine its viability.

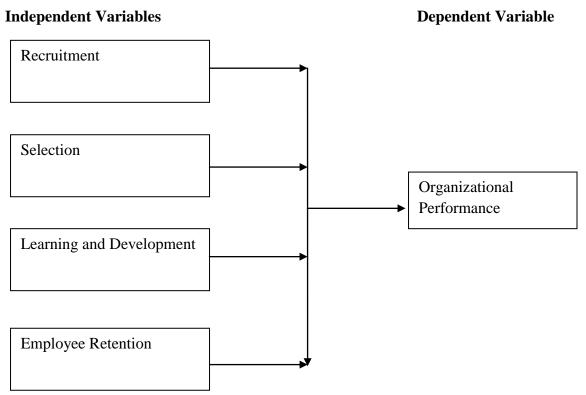
Study conducted by Aborisade (2013) whose data collection was done through questionnaires administered in two hospitals namely: Shebin El-Kom hospital Menoufia University. The researchers further used descriptive correlation research design random sampling on 272 nurses. Lastly, the study concluded that there was a highly significant positive correlation between independent and dependent variables used by the study.

# 2.4 Conceptual Framework

The conceptual framework of this study consists of the following dependent variables: Recruitment, Selection, Learning & Development, and Employee Retention which have an impact on Organizational performance in Islamic Banks in Kenya.

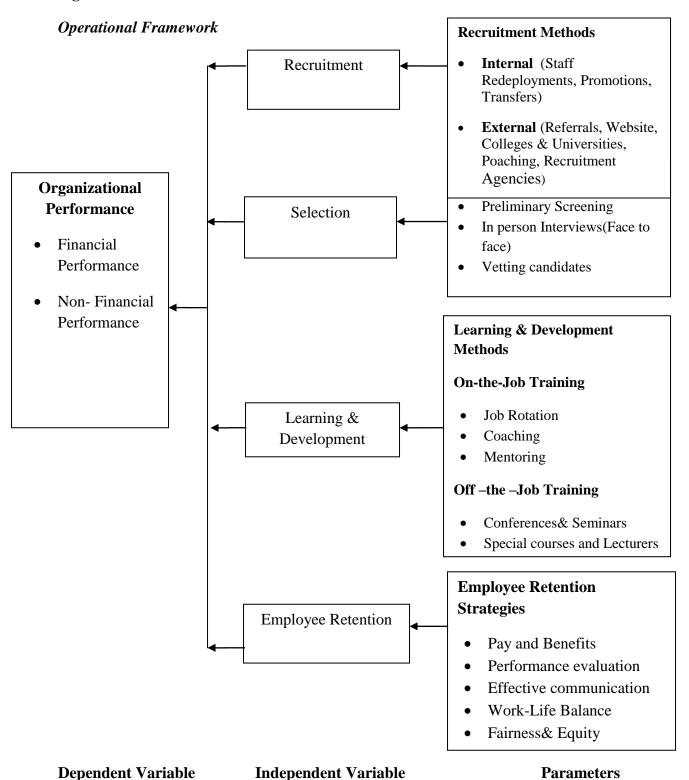
Figure 2.1

Conceptual Framework



Source: Researcher (2019)

Figure 2.1



Source: Researcher (2019

#### **CHAPTER THREE**

#### RESEARCH METHODOLOGY

#### 3.1 Introduction

Research methodology highlights the various methods used to conduct the study. It simply guides the research and the procedures used to conduct the study. It offers the guidelines for planning, merging, adjusting, and finally implementing the study (Kumar, 2011). In this research, the techniques employed included the following: the research design, the study area, the target population, the sampling technique, the method of data collection, method of data analysis, and validity and reliability test.

# 3.2 Research Design

Mugenda (1999), describes research design as a set of structures and procedures a researcher uses to describe traits of a given population. For the researcher to test hypothesis, which ultimately involved the collection of data aimed at giving illustrations on events by organizing, tabulating, depicting and describing all the information gathered herein, this is what Mugenda calls descriptive research design.

In this study, the researcher used the descriptive research design to gather the research data. This design was convenient because this method is cost effective compared to other designs and is suitable for statistical analysis and presentation. Therefore, the descriptive research design was employed to examine the relationship between talent management practices and organizational performance in Islamic banks in Kenya.

### **3.4 Target Population**

Mugenda and Mugenda (2003), define target population as a group of items or households, services, events or persons under investigation. It can also be defined as the total number of elements about which one wishes to conduct inferences with the basic idea of selecting some elements to draw conclusions about the entire population.

The target population in this study included the three Islamic Banks in Kenya. The study targeted 100 staff who work in the following sections; product development and Shariah Compliance (PDSC), retail banking, small & medium-size enterprises (SME's), corporate banking, credit (which constitute, risk, administration, and recoveries), treasury, human resources, and operations. Moreover, the researcher targeted various categories of staff in the three levels management positions which include; heads of departments, line managers, and junior staff as summarized in the table below.

Table 3.1

Distribution of the Target Population

	FCB	GAB	DIB	TOTAL
Shari'ah	2	3	4	9
Retail	8	7	6	21
Corporate	4	6	5	15
Small & Medium	7	5	5	17
Enterprise				
Credit	2	3	5	7
Treasury	2	4	3	9
Human Resources	2	1	1	4
Operations	7	5	6	18
	34	34	35	100

Source: Researcher (2019)

# 3.5 Sampling Technique

Kothari (2004) defined sampling technique as the process used by researchers to collate a segment of the total population as a representative to conclude the entire population. Sampling is also a survey frame of the accessible persons, events, and existing records that can be used in a particular survey from which research data can be collected from. This study used the stratified sampling technique.

# 3.6 Sample Size

Sample size is a group of quantities gathered from well-known inhabitants (Kolbe et al., 2003). This study sampled one hundred (100) employees working in the first Community Bank, Gulf African Bank, and Dubai Islamic Bank using the Sloven's formula. The Sloven's equation was used to eliminate the sample size denoted by ("n") from a known population ("N") and a coefficient of variation represented by ("C") as illustrated below.

$$n=N/(1+Ne^2)$$

Where:

**n**= Population size, which according to this study is 100.

e = error of margin which is the constant value of 0.05 according to the Sloven's equation

$$\mathbf{n} = 100/(1 + (100 * 0.05^2))$$

=100/1.25

=80

Table 3.2
Sampling Frame for Respondents

Category of Sample	Target Population	Sample Size	Percentage
Shari'ah	9	7	8.75
Retail	21	15	18.75
Corporate	15	9	11.25
Small & Medium			
Enterprises	17	14	17.5
Credit	7	6	7.5
Treasury	9	8	10
Human Resources	4	4	5
Operations	18	17	21.25
Total	100	80	100

Source: Researcher (2019)

# 3.7 Data Collection Method

Data collection consists of facts collected from the study respondents, while data collection method is a procedure, technique, and tools used to collect data from the sampled participants (Kothari, 2004). In this study, the researcher used questionnaires as an instrument to collect data, which is a set of systematically structured questions used by researchers to gather the desired information from the respondents (Ong'anya & Ododa, 2009). The questionnaires constituted both closed and open-ended questions to enable the responding managers to give detailed information.

### 3.8 Methods of Data Analysis

#### 3.8.1 Validity and Reliability Tests

### Validity

Kothari (2004) defines validity as the ability of a tool to give accurate information that would facilitate the accuracy of the study results. To establish the validity of this study, questionnaires were designed in ways that questions asked were congruent to the conceptual framework. The researcher administered pilot testing to establish the study feasibility. The appropriate random sample size was used to represent the study population. Biases and manipulation of data to influence the research findings were avoided at all times. And lastly, questionnaires were re-examined to ensure that questions were not offensive and unclear to the respondents. This led to more reliable and valid results of the research.

#### Reliability

Reliability means getting consistent results by using an instrument to measure something on multiple occasions. For this research to be reliable, the researcher administered pilot testing to measure any shortfalls or gaps prior to launching an official rollout. Subsequently, the completeness, precision, accuracy, and clarity of the questionnaires were also examined hence the research instruments were amended according to the observations made through a pilot study and a final questionnaire prepared for data collection.

An introductory letter was drafted to seek permission from the management of GAB, FCB, and DIB, through their human resource office for collection of data. Upon approval, the questionnaires were then administered to respective persons and follow up on the filling of the questionnaires was done to ensure a high response rate. Lastly, to test for consistency, Cronbach's alpha which had a threshold of 0.7 was ultimately used.

#### 3.9 Ethical Consideration

The researcher sought a letter of authorization from Kenya Methodist University before the commencement of the fieldwork. Thereafter, the researcher sought permission from NACOSTI (National Commission for Science Technology and innovation) to enable the collection of data from First Community Bank, Gulf African Bank, and the Dubai International Bank. The study addressed the following concerns; anonymity, right of withdrawal and information attained from the respondents were handled with the utmost confidentiality.

# 3.10 Data Analysis Method

The researcher used both inferential and descriptive statistics to analyse data obtained. For the quantitative presentation of results, SPSS version 22 was employed to analyse the responses gathered in questionnaires. For accuracy, consistency, and completeness of the data collection tool, questionnaires were edited to align with all the five objectives used in the study. For ease of presentation, all data collected was first classified, coded and then edited to showcase it in a more clearer and understandable way.

For the researcher to obtain meaningful instructions, the Pearson correlations were used to link the dependent and the independent variables. This is to say, a positive coefficient ranged between zeros to negative zero whereas one represented a strong correlation. Inferential statistics (such as correlation, ANOVA, and regression) on the other hand were used because this method facilitates smooth data handling and enables the researcher to draw inferences from the population using the selected sample. The research data were summarized using mean and standard deviation and presented using tables.

Below is the formula of the regression analysis as indicted.

$$Y = \beta_0 + \beta_1 X_{1+} \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_{4+} \epsilon$$

Where:

**Y** = Organization performance

 $(\beta)$  = Beta coefficients of the regression model

 $X_1$  = Represents recruitment

 $X_2$  = Represents selection

 $X_{3}$  = Represents learning and development

 $X_{4}$  = Represents employee retention

 $\varepsilon_{=}$  Represents error term.

#### **CHAPTER FOUR**

#### RESULTS AND DISCUSSION

#### 4.1 Introduction

This chapter summarizes the findings attained from the primary data. It highlights features of the target participants based on the objective of the study which was to examine the relationship between talent management practices and organizational performance in Islamic banks in Kenya. The researcher adopted mean and standard deviation to summarize the data obtained and presented using tables.

# **4.2 Response Rate**

This study targeted all staff that work in various departments and occupy the three management positions across the three Islamic Banks in Kenya. Emphasis was put on the heads of departments, line managers and junior staff who work in the Product Development and Shariah Compliance (PDSC), Retail Banking, Small & Medium Size enterprises (SME's), Corporate Banking, Credit(which constitute, Risk, Administration, and Recoveries), Treasury, Human Resources and Operations. A total of 80 questionnaires were administered to the mentioned staff who work in the three Islamic Banks in Kenya. The response rate was 56 out of 80 questionnaires administered, which was sufficient for analysis and to conclude.

# 4.3 Reliability Test

For the study to be reliable, Alpha Cronbach's was adopted to determine the consistency of the research variables. Therefore, the test unanimously concluded that all variables were reliable as they exceeded the 0.7 marks hence proved that if it were to be used again in future it would yield similar results (Bland & Altman, 1997).

Table 4.1

Reliability Analysis

Variable	Cronbach's alpha	No of items	Verdict
Recruitment	0.821	6	Reliable
Selection	0.712	6	Reliable
Learning and development	0.782	7	Reliable
Employee Retention	0.701	6	Reliable
Organization performance	0.832	5	Reliable

Source: Research Data (2019)

# 4.4 Demographic Characteristics of Respondents

This study sought to find out general information such as gender, age, education level, years of experience and designation in the Islamic Banks in Kenya.

# 4.4.1 Gender Distribution of the Respondents

The researcher wanted to gauge the gender proportion of the target participants. The results were analyzed and presented in table 4.2 below.

Table 4.2

Gender of the Respondents

Gender	Frequency	Percentage
Male	37	66
Female	19	34
Total	56	100

Source: Research Data (2019)

From the table, the researcher conclusively deduced that the three Islamic banks had gender disparity with a ratio of 2:1 that is to say 66% of the total population were men whilst females were at 34% respectively.

### 4.4.2 Age Brackets of the Respondents

The researcher wanted to establish the age distribution of all the participants who took part in this study, hence help stakeholders by identifying avenues that would be aimed to retain staff by instilling a sense of cohesiveness in their daily assigned roles. The outcomes are summarized below.

Table 4.3

Age brackets of the Respondents

Age brackets	Frequency	Percentage	
21-25 years	1	1.78	
26-30 years	10	17.88	
31- 36 years	24	42.85	
37-42 years	16	28.57	
Above 42 years	5	8.92	
Total	56	100.00	

Source: Research Data (2019)

The majority of the respondents were in the age bracket of between 31-36 years, which amounted to 42.85%. Those in the age bracket of 37 and 42 years were 28.57%, while 42 above years was 8.92%. Age brackets between 26 and 30 years were 17.88%, while 21-25 years was 1.78%. The implication is that those in the Islamic Banks in Kenya were aged above twenty-five years.

# 4.4.3 Education Level

Different roles require some magnitude of educational level, while others require a diploma in any field for senior roles, a degree is a must. This was necessitated due to the technicality of factors relating to the study variables as shown below.

Table 4.4

Education Level

<b>Education level</b>	Frequency	Percentage	
Diploma	14	24.98	
Bachelors	30	53.57	
Masters	10	17.88	
PhD	2	3.57	
Total	56	100.00	

Source: Research Data (2019)

Findings indicate that 53.57% of the respondents had bachelor's degree, 24.98% had diploma, and 17.88% had master's degree while 3.57% of the respondents had doctorate degree. This is to say, all participants who took active roles were well conversant with the jargon used hence were able to give viable information that conforms to their initiatives done at their respective banks.

# **4.4.4** Working Experience in the Company

Participants were asked to indicate the total number of years each one of them served while working for their employers. The below table summarized the responses of the participants.

Table 4.5

Working Experience in the Company

Duration	Frequency	Percentage	
Below 2 years	4	7.14	
2-6 years	30	53.58	
7-10 years	18	32.14.	
Above 10 years	4	7.14	
Total	56	100	

Source: Research Data (2019)

The results shown above indicate that at most 53.58% of the respondents have worked in their respective companies between 2 and 6 years, 32.14% have worked for their respective companies between 7 – 10 years while 7.14% have worked for their respective companies below 2 years as well as those who have worked for their respective companies above 10 years. These findings are in agreement with the notion that gives a clear dispensation that all participants have a vast amount of experience and exposure enough and were conversant with the relationship between talent management practices and organizational performance in Islamic Banks in Kenya: therefore, they gave invaluable information for the study.

#### 4.4.5 Level of Management

To precisely place the participants in their respective categories, the researcher asked the participating individual to specify their levels of management. The results were analyzed and summarized in the below table.

Table 4.6

Level of Management

Age brackets	Frequency	Percentage	
Lower	27	43	
Middle	13	27	
Senior	16	30	
Total	56	100	

Source: Researcher Data (2019)

The results in the table above imply that the lower-level management was at 43%, middle at 27%, and senior roles at 30%. Therefore, it can be concluded that the lower level management was in the majority, followed by the senior level management.

### 4.4.6 Working Experience in the Current Position

All selected participants were asked to state their work experience in their current positions (in terms of years spent in their current roles) these were the responses they gave as shown below.

Table 4.7

Working Experience in the Current Position

Age brackets	Frequency	Percentage	
Below 5 years	13	23	
5-10 years	27	49	
11-15 years	11	20	
Over 15 years	5	8	
Total	56	100	

Source: Researcher Data (2019)

The table above clearly shows that at most 49% of the participating individuals have been in their current roles between 5 and 10 years, 23% have operated in their current positions below 5 years, 20% have worked for their respective positions between 11-15years, while 8% have worked for their relevant companies between over 15 years. The implications of these findings show that the respondents have worked for a long time enough in their respective positions and were up-to-date with the relationship between talent management practices and organizational performance in Islamic Banks in Kenya; therefore, they gave invaluable information for the study.

# 4.5 Descriptive Analysis

Descriptive analysis solely displays and discusses findings on all the study variables which include: recruitment, selection, learning & development, employee retention and dependent variables (Organization performance).

# **4.5.1 Organization Performance**

Participants selected for this research were asked to give their views and sentiments relating to organizational performance. The outcomes based on their responses are summarized in the below table.

Table 4.8

Descriptive Statistics for Organization Performance

	N	Mean	Std. Deviation
The Corporation's Management has established	56	3.80	1.566
effective policies and procedures that ensure			
competitiveness in the institute.			
Our Corporation's Management has	56	4.28	.783
established procedures that ensure improved			
employees' service delivery on all operations			
The Corporation's management embraces	56	4.51	1.067
practices that ensure overall employee			
effectiveness.			
Our Corporation has sufficient finance to	56	4.29	1.246
undertake its processes while ensuring			
continuous employee productivity.			
Our Corporation's management undertakes	56	4.62	.477
appropriate measures to ensure employee			
stability.			
Valid N (list wise)	56		
Total		21.5	5.139

Source: Researcher Data (2019)

The results above indicate that at a mean of 4.62, the majority of the respondents were in agreement that their organizations have put in place well-defined career plans which are congruent to both individual and organizational goals. This was closely followed by participants who agreed that they too have a well-defined articulated reward system aimed at awarding the best performers with an average score of 4.51. Those who sentiment about their organizations setting aside budget to automate most of their processes while ensuring continuous employee productivity had a mean of 4.29.

# **4.6 Employee Recruitment**

Individuals taking part in this research were asked to give comments on the following statements relating to employee recruitment. Their responses were analyzed in the table below.

Table 4.9

Influence of Employee Recruitment on Organization Performance

	N	Mean	Standard
			deviation
The Organization redeploys its staff to various roles when need arises.	56	4.39	.867
The Organization strives to promote its staff internally through Internal Job adverts.	56	4.30	1.094
The organization has a robust graduate & management trainee programs which forms part of its talent pool.	56	4.68	.543
The Organization fosters fairness and equal opportunities during recruitment exercise.	56	3.93	1.319
The Organization has set aside budget to cater for cost relating to recruiting candidates from agencies.	56	4.45	.971
The Organization has successors who have been Earmarked to take up critical roles when need arises.	56	4.12	.896
Total		21.5	5.139

Source: Researcher Data (2019)

The results infer that most respondents agreed that their organizations have a robust graduate or management trainee programs that form part of their talent pool having a mean of 4.68, and a standard deviation of 0.543. This was followed closely by those who agreed that their organizations have set aside a substantial budget to cater for all the costs relating to external recruitments that include agencies with an average of 4.45. Redeployment scored the mean of 4.39, while promotion had the mean at 4.3 respectively.

The research findings agreed with the study done by Panwar and Gupta (2012), who argued that IBM's current staff stood at 42 percent with staff having pertinent skills in information technology, marketing, architecture, and software engineering. This would mean, leaders from across the organizations must align well thought of strategies on recruitment and selection to organizational plans.

These findings further agreed with Sinha and Thaly (2013), who showed that Organizations must avoid using recruitment channels practiced by their colleagues. This is because various industries require a unique set of skills. Therefore, they must strive to come up with metrics that best resonates with them. In conclusion, organizations must strive to use a combination of the following, to source for their preferred candidate. Some of the methods include: headhunting from the institution of higher learning, tertiary colleges, recruitment agencies, consultants, career portals, company websites, professional bodies, and social platforms.

### 4.7 Employee Selection

The target respondents were asked to give their views and opinions on matters relating to employee selection. Their responses were analyzed and summarized in table 4.10, as indicated below.

Table 4.10

Influence of Selection on Organization Performance

	N	Mean	Standard deviation
The organization conducts preliminary screening	56	4.39	.867
prior to selecting appropriate candidates.			
The organization conducts face-to-face interviews to	56	4.30	1.094
shortlisted candidates who match the job profile.			
The Organization uses Job Knowledge test to gauge	56	4.68	.543
an individual's understanding about the various			
aspects of a particular job.			
The organization conducts Aptitude tests for roles	56	3.93	1.319
that require technical skills.			
The Organization conducts Personality test for	56	4.45	.971
senior roles.			
The organization has policies relating to selection	56	4.12	.896
which are reviewed periodically.		15 OF	<b>5</b> (0
Total		25.87	5.69

Source: Researcher Data (2019)

The majority of participants agreed that their organizations use knowledge-based tests to examine an individual understanding about the various aspects of a particular job with an average score of 4.68, followed by personality test which had the mean of 4.45, and preliminary screening before selecting appropriate candidates at an average of 4.39 respectively.

These results agreed with research done by Rees and Smith (2017), who argued that Sourcing for qualified and competent candidates forms an integral part of the talent management process worldwide. Most organizations have a dedicated person or team and a budget that is pegged for talent acquisition. This will ensure that the entire process is well articulated and

managed by qualified and trained personnel. Needless to say, there are various costs associated with recruitment for instance advertising, consultation, training and calling people for interviews especially those out of town or country. Due to this, leaders and business owners have realized that breeding staff internally on roles that are considered critical is more cost-effective. This, on the other hand, is prone to enhance staff morale, staff loyalty and improve on employer brand (Rees & Smith, 2017).

# 4.8 Learning and Development

All the participating candidates were asked to give their comments and opinions on the following statements relating to individual learning and development as illustrated below.

Table 4.11

Influence of Learning and Development on Organization Performance

	N	Mean	Standard deviation
The Organization has a competent Learning and	56	4.04	.852
Organizational Development Manager			
The Organization has a robust training calendar in place	56	3.80	1.052
The Organization does job rotation for its junior staff	56	3.95	1.034
The Organization through its line managers conducts	56	3.27	1.342
coaching periodically for its junior staff.			
The organization through its Top leaders conducts	56	4.02	1.136
mentoring for top performers.			
The organization sponsors staff for conferences and	56	2.88	1.363
seminars both locally and internationally.			
The organization sponsors its staff to various	56	2.86	1.495
developmental courses			
Total		24.82	8.274

Source: Researcher Data (2019)

Learning and developments form an integral part as far as having competent staff is concerned. When asked, respondents were positive to note that having a competent Manager whose main focus is on Learning and Organizational development to solely dwell on plan, monitor and manage companies training budget and programs was key with an average mean of 4.04 followed by mentorship at an average of 4.02 and job rotation for junior staff which had an average of 3.95.

These outcomes agreed with Raja et al. (2011), who revealed the idea that the various aspects of training & development include: on the job training and its deliverance both played a major role in enhancing companies goals, whilst Tahir et al. (2014), concluded that staff training and individual development both had a strong impact on staff overall productivity. This research was strictly done on Banks (Pakistan) using 150 employees and lastly, information was gathered by the use of questionnaires.

The study also agreed with Kareem (2019), who attempted to examine the impact of HRD on the effectiveness of organizations on government-owned institutes of higher learning. The researcher used a survey, Data collected was examined using CFA (Confirmatory factor analysis) and SEM (Structured equation modeling). Thus the researcher deduced that all variables used strongly impacted organizational performance human resource development and organizational development on 342 staff.

#### 4.9 Employee Retention Strategies

Participants were asked to share their sentiments on the following statements relating to employee retention as illustrated below.

Table 4.12

Influence of Employee Retention Strategies on Organization Performance

	N	Mean	Standard
			deviation
The organization treats all staff fairly and justly.	56	3.57	1.386
The organization has put in place mechanisms to	56	4.07	1.248
promote employees work life balance.			
The organization offers competitive remuneration	56	3.23	1.584
and benefits within the market structures.			
The organization has put in place avenues where	56	4.11	.824
employees can air out their grievances.			
The organization has put in place clear channels of	56	3.66	1.210
communication.			
The organization believes in fair work practices.	56	3.57	1.463
Total		22.21	7.715

Source: Researcher Data (2019)

Employee retention has been a major hurdle for most organizations worldwide. With some spending so much on staff, they consider talent. Therefore, this study wanted to find out how individuals participants were in agreement with the above statements. The majority were in agreement that their organizations have put in place avenues where all staff can air out their grievances with an average score of 4.11, followed by 4.07 who agreed that their respective organizations have put in place mechanisms that promote work-life balance among employees having clear channels of communications, fairness, and equity with an average score of 3.66 and 3.57 respectively.

These results are compatible with research previously done by Nasir and Mahmood (2018), on their study on employee retention and firms' competence deduced that by acknowledging good performance, line managers' support and the creation of win -win solutions between

work and life are some of the factors that not only influence employee retention but also enhance overall organizations performance. Again, employee involvement / participation which included workers supervisor and the ability to union's affiliation both had a strong relationship to employee retention (Khalid & Nawab, 2018).

### 4.10 Inferential Statistics

The study applied inferential statistics as a basis of establishing the generalizability of the results to the entire population. The descriptive statistics were applied to draw trends and patterns of data using the mean and SD (Standard deviations). Inferential statistics help to establish the statistical relationship among variables. Inferential statistics applied in this section include multiple linear regression analysis, reliability analysis, and correlation analysis.

# 4.10.1 Correlation Analysis

The researcher used Pearson correlation analysis to show a linear association between the anticipated and the result variables. Thus, correlation analysis helped in determining the strengths of association in the model between the predictor variables and outcome variable.

Table 4.13

Relationship between Independent Variables

		Organization performance	Employee Recruitment		Employee Selection	Employee Retention
Organization	Pearson					
performance	Correlation					
	Sig. (2- tailed)					
	N					
Employee Recruitment	Pearson Correlation	.812**				
	Sig. (2- tailed)	.000				
	N	56	56			
Learning and development	Pearson Correlation	.771**	.106**			
1	Sig. (2-tailed)	.000	.000			
	N	56	56	56		
Employee Selection	Pearson Correlation	.649**	.104**	.127**		
	Sig. (2-tailed)	.000	.000	.000		
	N	56	56	56	56	
Employee Retention	Pearson Correlation	.681**	.112**	.131**	.112**	
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	56	56	56	56	56

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

The findings in table 4.13 indicate that there is a positive correlation between recruitment and organization performance in Islamic Banks in Kenya at a significance level of 0.05, the strength is average at 81.2 %. The same findings showed were of the idea that there was a relatively positive relationship between learning & development to organization performance in Islamic Banks at significant 0.05 levels, the strength is strong, at 77.1%. Therefore, the results obtained signify that there is a positive correlation between employee retention and

organization performance in the Islamic Banks at a significance of 0.05, the strength is at 68.1%.

# **4.10.2** Relationship between Dependent and Independent Variables

Table 4.14

Model Summary

Model Summary <sup>b</sup>						
Model	R	R Square	Adjusted Square	R Std. Error of the Estimate		
1	.887 <sup>a</sup>	.787	.766	.230		

a. Predictors: (Constant), Recruitment, Selection, Learning and development, Employee Retention

Source: Research Data (2019)

As shown in table 4.14, 78.8% of the variation in organizational performance can be explained by changes in Recruitment, Selection, Learning and development, and Employee Retention, leaving only 21.3% unexplained (error term).

Table 4.15

Relationship between Independent Variables

ANOVA <sup>a</sup>						
Mod	lel	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	9.845	4	2.461	46.433	.000 <sup>b</sup>
	Residual	2.655	50	.053		
	Total	12.500	55			

a. Dependent Variable: Organization performance

Source: Research Data (2019).

The likelihood value of p<0.00 shows that the model was completely significant. Specifically, Recruitment, Selection, Learning and development, and Employee Retention combined significantly influence organization performance in the Islamic banks in Kenya.

b. Dependent Variable: Organization performance

b. Predictors: (Constant), Recruitment, Selection, Learning and development, Employee Retention

The F calculated at 5% level of significance was 46.433 since F calculated value is greater than the F critical value, this shows that the overall model was significant.

Table 4.16

Relationship between dependent and independent variables

	Coefficients <sup>a</sup>							
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.		
		В	Std. Error	Beta	_			
1	(Constant)	2.728	1.188		.176	.176		
	Recruitment	.302	.095	.176	.065	.005		
	Selection	.131	.074	.065	.276	.021		
	Learning and development	.274	.101	.276	.095	.000		
	Employee Retention	.159	.255	.095	.176	.106		

**Dependent variable: Organization performance** 

Source: Researcher Data (2019)

Using the bête coefficient, the established regression model was as follows:

$$Y = 2.728 + 0.302X_1 + 0.131X_2 + 0.274X_3 + 0.159X_4$$

Where;

Y= Organizational Performance, 2.728= Constant term,  $X_1=$  Recruitment,  $X_2=$  Selection,  $X_3=$  Learning and development,  $X_4=$  Employee Retention.

The results of the regression analysis showed that recruitment had the maximum positive influence on organization performance, second was learning and development, employee Retention, and Selection. The distinct sign of the predictor variables was verified using a t-test. The finding revealed that recruitment, selection, learning, and development, were statistically and significantly related to organization performance at a p-value>0.05. While

employee retention was not statistically and significantly related to the performance of Islamic banks in Kenya with p-value .106 < 0.05.

The coefficients further showed that for every one unit rise in Recruitment, organization performance increases by 0.302 units other factors held constant; every one unit increase in selection, organization performance increases by 0.131 units other factors held constant; every one unit increase in Learning and development, organization performance increases by 0.274 units other factors held constant; every one unit increase in Employee Retention organization performance increases by 0.159 units other factors held constant.

### **4.6 Hypotheses Testing Results**

The following hypotheses were tested and different results were derived as follows:

 $H_{01}$  There is no significant relationship between Employee recruitment and organizational performance in Islamic banks in Kenya.

The regression results found a significant relationship between employee recruitment and performance of Islamic banks in Kenya. The null hypothesis was rejected as Employee recruitment significantly influences performance in Islamic banks in Kenya.

 $H_{02}$  There is no significant relationship between employee selection and organizational performance in Islamic banks in Kenya.

The regression results found a significant relationship between employee selection and performance of Islamic banks in Kenya. The null hypothesis was rejected as Employee selection significantly influences performance in Islamic banks in Kenya.

 $H_{03}$  There is no significant relationship between learning and development and organizational performance in Islamic banks in Kenya.

The regression results found a significant relationship between learning and development and performance of Islamic banks in Kenya. The null hypothesis was rejected as learning and development significantly influence performance in Islamic banks in Kenya.

 $H_{04}$  There is no significant relationship between employee retention and organizational performance in Islamic banks in Kenya.

The regression results did not find a significant relationship between employee retention and performance of Islamic banks in Kenya. The null hypothesis was accepted as Employee retention does not have a significant influence on the performance of Islamic banks in Kenya.

#### **CHAPTER FIVE**

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Introduction

This chapter sought to summarize all the research findings by making sound conclusions hence pin point practical recommendations aimed at enhancing organizations performance not in Kenya but also to other organizations across various industries globally.

### 5.2 Summary of the Findings

The researcher sought to examine the relationship between talent management practices and organizational performance in Islamic In Kenya adopting the following objectives which were to assess the effects of recruitment on organizational performance in Islamic banks in Kenya; to examine the influence of selection on organizational performance in Islamic banks in Kenya; to investigate the influence of learning and development on organizational performance in Islamic banks in Kenya, and to determine the effect of employee retention on organizational performance in Islamic banks in Kenya.

This research will benefit the various stakeholders, for instance, the banking industry to enable them enhance their overall success by encouraging healthy competition between banks as a result create a pool of high potential leaders who will move the Banks to their desirable heights, management of Islamic banks through their various heads of departments to come up with competency dictionary that will enable individual fast track their career paths hence minimize individual boredom and unrest, to all human resources practitioners, to enable them align talent management initiatives with their HR Policies thus strive to get a buy-in from top management to facilitate the smooth transitioning of talent management

culture, lastly to all academicians, to carry out further research to help close the gaps and address any hurdle by finding lasting solutions to some of the organizations predicaments.

For successful interpretation of data, the descriptive research design was used on 100 staff working in various departments across the three banks. Questionnaires were administered (they had both closed and open-ended questions). Using Sloven's equation, a sample of 80 was obtained. Cronbach's alpha which had a threshold of 0.7 was used to determine reliability. Thus for ethical consideration, the researcher obtained a letter of authorization from Kenya Methodist University thereafter sought approval from NACOSTI to enable her to gather information from the three Islamic Banks in Kenya.

Finally, for ease of interpretation, the researcher used SPSS version 22, and Pearson moment correlation to analyze the data and thereafter presented it using tables.

#### **5.3 Conclusions**

Based on the account of the study, the researcher concludes the following:

### 5.3.1 Recruitment and Organizational Performance

The results of the first objective (recruitment) was found to have strong positive influence on organizational performance. This implies that if Islamic banks are to succeed in attracting competent employees, they must put in place appropriate strategies that would help in the achievement of organizational objectives.

Therefore, organizations must strive to put in place programs (graduate and management trainee) which would form part of their talent pool (this is where an organization takes individuals through rigorous trainings aimed at enhancing their competencies). Secondly, Management should set aside budget that will cater for cost relating to hiring from agencies

or poaching from competitors (this is normally pegged to 30% increase from an individual current gross pay). Lastly, well-thought-of succession plans which are constantly reviewed and updated and close monitoring of staff have been identified as "hipos" will help the Islamic Banks have successors to fill vacant positions when need arises.

This study agrees with Abomeh (2013), who conducted a study on the hospitality industry in Nigeria (Abuja). Abomey was linking recruitment practices on organizational performance. He argued that the hospitality industry as a whole should adopt appropriate recruitment methods that will facilitate attracting the right candidates for the job. Data was collected from Directors, Managers and supervisors using questionnaires in twelve hospitality industries thereafter used the weighted mean factor for analysis.

### **5.3.2 Selection and Organizational Performance**

The outcomes of the second objective (selection) was observed to have the strongest positive influence on organizational performance. Thus the adoption of an appropriate selection processes, for example, Job knowledge test (used to gauge individuals level of understanding of the job), Personality tests, screening of the candidates (some call it individual vetting) would help the recruitment panelist avoid biases which is brought about by first impressions syndrome.

The research findings were consistent with the study done by Rahman (2018) who was of the idea that recruitment and selection process had an impact on employee performance. He further argued that organizations should strive to enforce and improve recruitment and selection processes. Thus adopted a deductive research approach, collected data using closed-

ended questionnaires, lastly, he used descriptive and interferential statistics to analyze data collected.

### 5.3.3 Learning and Development and Organizational Performance

Based on the conclusions of the third objective (Learning & Organizational development) it was observed to have a strong positive impact on organizational performance in Islamic banks in Kenya. Therefore, the alignment of various learning programs (on-the –job or off-the-job) would help Islamic banks achieve their set goals by helping individuals any skills gaps that they may have and which may hinder them from accomplishing assigned roles. Moreover, having a designated learning & Organizational performance Manager (who is well versed with the learning adversity), whose major role would be to plan, organize and do close monitoring of individuals' development plans (pdp's) will also aid the Islamic banks in creating competitive advantage over their peers.

For that reason, this study is consistent to one done by Tahir et al. (2014). The proponents concluded that staff training and individual development both had a strong impact on staff overall productivity. This research was strictly done on Banks (Pakistan) using 150 employees and lastly, information was gathered by the use of questionnaires.

### **5.3.4** Employee Retention and Organizational Performance

The end results of the last objective (employee retention) were observed not to have a strong positive influence on organizational performance. Thus Islamic Banks ought to put in place policies that will promote employee involvement in matters that touch on staff welfare (provisions of safe working conditions, job security, provision of statutory amenities like clean water to drink, safe tools and equipment's, protective gears etc.), employee relations

(this aims at building constructive affiliations between the organization, its staff and the Union-Tripartite).

Therefore, this study agrees with one done by Nasir and Mahmood (2018), on their study about employee retention and firms' competence which they unanimously deduced that by acknowledging good performance, line managers' support and the creation of win-win solutions between work and life are some of the factors that not only influence employee retention but also enhance overall organizations performance.

#### **5.4 Recommendations**

Recruitment forms an integral part of organizations' co-existence, for organizations to curb recruitment shortages/overages, companies must strive to put in place policies and procedures that touch on multi-skilling or preparing staff to tackle senior roles when the need arises by giving them acting appointments or through job shadowing. Additionally, HR must work together with line managers to ensure that each staff has a well-defined career plan aimed at providing the rights competencies for each individual current or future role. Job rotations, coaching, mentoring are some of the avenues line managers may use to prepare staff for bigger roles when the need arises. Putting in place practical succession plans for roles management consider critical is also key, especially when dealing with an aging workforce scheduled for retirement in the next four or five years' time. Finally, HR must set aside sufficient budget to cater to costs relating to external recruitments and graduate /management trainee programs which ideally will form part of an organization's talent pool.

Again, the selection of staff to take up vacant or newly designed roles in an organization calls for very stringent actions. Companies that endeavor to onboard employees with the right set of skills, knowledge, and attitude have a higher rate of staff retention and also save on cost associated with poor selection practices which may include; staff costs like (salary, medical, allowances, training cost). Organizations can avoid picking wrong people for the role by incorporating competency-based questions that touch on role-specific competencies tailor-made for a particular position. For supervisory roles such as heads of departments, the panelist may decide to use International based practice that touches on strategic perspective, leadership, delegation, people development, and organizational sensitivity. In order to come up with the best, companies must learn how to incorporate competency-based interviews which will help in picking the best by allowing the panelist to be as objective as possible and to avoid chances of over influence of first impressions(which most line managers have fallen prey), the error of leniency, stereotype effect logical error. Organizations may decide to use work-based simulations, cognitive ability tests, and personality questionnaires.

On establishing learning and organizational development Culture, Companies must hire a competent and dedicated person with relevant skills, attitude, and knowledge to tackle the organizational learning and development. The identified Learning and Organizational Development Manager must provide scalable business education learning programs that will enhance the Islamic Bank's competitive advantage with the sole purpose of enhancing productivity through training. Also, he /she may be mandated to come up with a training budget, training schedule templates that touch on personal development, coaching and mentoring, job rotations for junior roles and well-planned succession programs for all roles that are considered critical.

Finally, for organizations to curb staff turnover which has been a major setback for companies globally, with businesses losing millions of shillings in search of replacements of persons in critical roles (which are hard to find). Business owners, management teams and line managers are yet to come up with best strategies that will ensure organizations engage its high performers for a longer period. Better pay, managing staff expectations, Offering clear career paths, flexible working environment, frequent discussions with line managers, clear lines of communications and creating an environment where staff can freely air out their grievances can help minimize staff exits which are costly especially when looking for individuals with a unique set of skills is concerned.

### **5.5 Suggestion for Further Studies**

Future researchers should consider replicating this study to the entire banking industry including the conventional banks, micro finances, money transfers not forgetting other sectors like insurance, oil, and gas, manufacturing and hotel industries to have comparative findings which will give a holistic picture on the relationship suggested by the study variables used herein.

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#### **APPENDICES**

### APPENDIX I: LETTER OF INTRODUCTION

Moza Abdallah Soud,
Kenya Methodist University,
P.O. Box 45240 - 00100, Nairobi, Kenya
Date: .....

Dear Sir/Madam:

### RE: REQUEST FOR COLLECTION OF RESERCH DATA

My name is Moza Abdallah Soud, a student from the Kenya Methodist University (KeMU), pursuing a master's degree in Business Administration with an emphasis on Human Resources. I am currently conducting research on the "Relationship between Talent Management Practices and Organizational Performance in Islamic Banks in Kenya". Your firm was chosen to participate in this study through your staff who will kindly be requested to voluntarily fill the attached questionnaire.

I would like to assure you that any information provided will only be used for the purpose of this academic research thesis. The identity of the respondents will remain anonymous and confidential and will not be mentioned anywhere in this study. The findings and conclusions will only reflect the general view of the participants. The study might be beneficial to the participant firms and the researcher would therefore, be happy to share the findings and recommendations with the firms should they wish to read the final report.

Your cooperation in this regard will be highly appreciated.

Yours faithfully,

Moza Abdallah Soud

# APPENDIX II: QUESTIONNAIRE

# **Section A: Personal Information**

1. Please indicate your gender
Male [ ] Female [ ]
2. Please specify your age range
21-25 [ ] 26-30 [ ] 31- 36 [ ] 37-42 [ ] Above 42 [ ]
3. Please stipulate your highest level of education
PhD [ ] Masters [ ] Bachelors [ ] Diploma [ ]
4. How long have you worked in this bank?
Below 2 years [ ] 2-6 years [ ] 7-10 years [ ] Above 10 years [ ]
5. What level of management position do you occupy?
Lower level [ ] Middle level [ ] senior level [ ]
6. How long have you worked in this current position?
Below 5 years [ ] 5-10 years [ ] 11-15 years [ ] Over 15 years [ ]

# **Section B: Recruitment**

7. What is your level of agreement with the following statements relating to recruitment in Islamic banks in Kenya?

1	2	3	4	5
Strongly disagree	Disagree	Neutral	Agree	Strongly Agree

	Opinion	1	2	3	4	5
a)	The Organization redeploys its staff to various roles when					
	need arises					
b)	The Organization strives to promote its staff internally through					
	Internal Job adverts.					
c)	The organization has a robust graduate & management trainee					
	programs which forms part of its talent pool.					
d)	The Organization fosters fairness and equal opportunities					
	during recruitment exercise.					
e)	The Organization has set aside budget to cater for cost relating					
	to recruiting candidates from agencies.					
f)	The Organization has successors who have been earmarked to					
	take up critical roles when need arises.					

# **Section C: Selection**

8. What is your level of agreement with the following statements relating to employee selection in Islamic banks in Kenya?

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly agree

Opinion	1	2	3	4	5
The organization conducts preliminary screening prior to					
selecting appropriate candidates.					
The organization conducts face-to-face interviews to					
shortlisted candidates who match the job profile.					
The Organization uses Job Knowledge test to gauge an					
individual's understanding about the various aspects of a					
particular job.					
The organization conducts Aptitude tests for roles that require					
technical skills.					
The Organization conducts Personality test for senior roles.					
The organization has policies relating to selection which are					
reviewed periodically.					

# **Section D: Learning and development**

- 9. Do you think that employee learning and development influence organizational
- 10. What is your level of agreement with the following statements relating to employee learning and development in Islamic banks in Kenya?

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

	Opinion	1	2	3	4	5
g)	The Organization has a competent Learning and					
	Organizational Development Manager					
h)	The Organization has a robust training calendar in place					
i)	The Organization does job rotation for its junior staff					
j)	The Organization through its line managers conducts coaching periodically for its junior staff.					
k)	The organization through its Top leaders conducts mentoring for top performers.					
1)	The organization sponsors staff for conferences and seminars both locally and internationally.					
m)	The organization sponsors its staff to various developmental courses					

# **Section E: Employee Retention**

11. What is your level of agreement with the following statements relating to employee retention in Islamic banks in Kenya?

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

Opinion	1	2	3	4	5
The organization treats all staff fairly and justly					
The organization has put in place mechanisms to promote					
employees work life balance					
The organization offers competitive remuneration and benefits					
within the market structures					
The organization has put in place avenues where employees					
can air out their grievances					
The organization has put in place clear channels of					
communication					
The organization believes in fair work practices.					

# **Section F: Organizational Performance Measures**

# 12. What does your bank use to gauge performance?

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

Opinion	1	2	3	4	5
The Organizations Management has established effective					
performance management processes to plan, monitor and					
evaluate employee performance.					
Our Organization has established procedures that ensure					
improved' service delivery on all operations (SLA's)					
The Organization has well defined reward systems that are					
used to award best performers.					
Our organization has set aside budget to automate most of its					
processes while ensuring continuous employee productivity.					
Our organization has well defined career growths/Plans which					
are linked to individual and organizational strategy.					

Thank You!

# APPENDIX III: LIST OF ISLAMIC BANKS

Bank	Address
Gulf African Bank	Geminia Insurance Plaza P.O Box 43683-00100 Nairobi
First Community Bank	Prudential Building,1st Floor Wing A,Wabera Street P.O.
	Box 26219-00100 Nairobi
Dubai Islamic Bank	Lower Hill Road, P.O Box 6450-00200 Nairobi Kenya

Source: Central Bank of Kenya (CBK)

### APPENDIX IV: KEMU APPROVAL LETTER



# **KENYA METHODIST UNIVERSITY**

P. O. Box 267 Meru - 60200, Kenya Tel: 254-064-30301/31229/30367/31171

Fax: 254-64-30162 Email: info@kemu.ac.ke

Our ref: NAC/MBA/1/2019/8

26th JUNE, 2019

Commission Secretary, National Commission for Science, Technology and Innovations, P.O. Box 30623-00100, NAIROBI.

Dear Sir/ Madam,

RE: MOZA ABDALLAH SOUD (BUS-3-1455-2/2017)

This is to confirm that the above named is a bona fide student of Kenya Methodist University, undertaking Masters in Business Administration. She is conducting a research titled RELATIONSHIP BETWEEN TALENT MANAGEMENT PRACTICES AND ORGANIZATIONAL PERFOMANCE IN ISLAMIC BANKS IN KENYA.

We confirm that her thesis proposal has been defended and approved by the university.

In this regard, we are requesting your office to issue a permit to enable her collect data for her Masters dissertation.

Any assistance accorded to him will be appreciated.

Yours faithfully,

DR. Evangeline Gichunge, PhD.

ASS DIRECTOR POSTGRADUATE STUDIES

Encl.

### APPENDIX V: AUTHORIZATION LETTER FROM NACOSTI



## NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone:+254-20-2213471, 2241349,3310571,2219420 Fax:+254-20-318245,318249 Email: dg@nacosti.go.ke Website: www.nacosti.go.ke When replying please quote NACOSTI, Upper Kabete Off Waiyaki Way P.O. Box 30623-00100 NAIROBI-KENYA

Ref: No. NACOSTI/P/19/60814/31889

Date: 26th July, 2019

Moza Abdallah Soud Kenya Methodist University P.O. Box 267 – 60200 **MERU** 

#### **RE: RESEARCH AUTHORIZATION**

Following your application for authority to carry out research on "Relationship between talent management practices and organizational performance in islamic Banks in Kenya" I am pleased to inform you that you have been authorized to undertake research in Nairobi County for the period ending 25<sup>th</sup> July, 2020.

You are advised to report to the County Commissioner and the County Director of Education, Nairobi County before embarking on the research project.

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit **a copy** of the final research report to the Commission within **one year** of completion. The soft copy of the same should be submitted through the Online Research Information System.

GODFREY P. KALERWA MSc., MBA, MKIM FOR: DIRECTOR-GENERAL/CEO

Copy to:

Chalang

The County Commissioner Nairobi County.

The County Directors of Education Nairobi County.

National Commission for Science, Technology and Innovation is ISO9001:2008 Certified

### APPENDIX VI: NACOSTI RESEARCH PERMIT

