INFLUENCE OF TALENT MANAGEMENT PRACTICES ON PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN CONSTRUCTION INDUSTRY IN NAIROBI CITY COUNTY, KENYA

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ABSTRACT
The purpose of this study was to establish the influence of talent management practices on performance of small and medium enterprises in construction industry in Nairobi City County, Kenya. The area targeted in this study was Nairobi City County. The study was limited to the 3330 registered construction SMEs with National Construction Authority in the construction industry which will give insights on the various performance related problems faced by the construction enterprises in the county. The design of this research was a descriptive survey research. The collected data was analyzed using both quantitative and qualitative data analysis methods. The quantitative method involved descriptive analysis such as the frequencies. Data from the questionnaire was coded and logged in the computer using Statistical Package for Social Science (SPSS). The study further adopted a regression analysis to determine the relationship among the variables at 5% level of significance. It was notable that there exists a strong positive relationship between the independent variables and dependent variable as shown by R value (0.854). The data showed that the high R squared value of 0.729. It showed that the independent variables in the study were able to explain 72.90% variation in the performance of SMEs in the construction industry in the study area while the remaining 27.10% was explained by the other variables or other aspects outside the model. This implied that the set of the independent variables played a significant role on the performance of SMEs in the construction industry in Kenya. The study recommended for the establishment of the research and development to enable the organization to develop adequate risk taking skills for uncertainty bearing and coordination the business activities. It was recommended that the SMEs in the construction industry should keep valuing and ensuring that talent retention strategies like competitive compensation system, effective leadership style and internal recruitment policy were in place because the study found a high influence of talent retention on the SMEs performance. The study suggested that career management methods like having career counselling facilities, career mentors, career planning and career development programs should be widely adopted by SMEs as doing so would lead to improved SMEs performance. It was recommended that SMEs management should maintain learning and development practices like learning need identification, coaching and in-house development programmes to improve their performance.

Key Words: career management, leadership and development, innovation management, talent attraction
INTRODUCTION

It is evident that in today’s competitive environment the objective of each firm is to be better than its rivals in terms of performance and ultimately create a competitive edge that will lead to sustainability of the firm. The current environment thrives on innovation which is driven by knowledge, employee creativity and the desire to constantly learn research and develop new ideas and process (Bartes, 2013). Small and medium enterprises have been considered one of the driving forces in the economy due to their numeral contributions in terms of technological innovations, employment generation, export promotion to list a few (Chege, Wachira & Mwenda 2015). Ver years men working in a business organization have differing values, they were once referred to as factor of production, they were called human recourse of the organisation.

Today more value has been accorded to them as they are regarded as talent working within the firm (Kehinde, 2012). This concept has been borrowed from the intellectual capital theory which is defined as stock of flows of knowledge available to an organisation. These can be regarded as the intangible resource associated with people which together with the tangible resources like money and physical assets comprise the market or total value of business (Armstrong, 2011).

Talent management has become top CEO agenda that is 85% said that they planned to focus on the strategies for managing talent over the next years and 75% said that a lack of available talent was a threat to growth (Price Water House Coopers, 2012). Also, many poor African countries have lost some of their highly skilled professionals to the United States, Canada, France, the United Kingdom, Australia and the Gulf States (Gara, 2007). The African Association for Public Administration and Management (AAPAM) found that African continent has not been able to recruit and retain well-trained and skilled personnel due to several challenges which include, among others, poor compensation, and an uncompetitive working environment (AAPAM, 2008). These factors hence lead to low organizational productivity and the migration of human resources. There is a huge demand in Egypt for skilled professionals of all types, particularly those with technical or quantitative skills such as telecommunications engineers, information technologists, financial planners and investment bankers. Gara (2007) further observed that since the oil boom began in the Gulf region, the temptation for Egypt’s best and brightest professionals to take up more lucrative positions abroad has been strong. The exodus of highly skilled professionals to Europe and the United States is a daily occurrence in many African countries such as Nigeria, Ghana, Kenya and Ethiopia, and is largely responsible for talent scarcity (Gara, 2007).

Business Review Management, (2013) reports that Kenya faces the challenge of shortage of talent. These challenges include hiring, retaining, training and motivating professional talent. Moreover, shortage of talent management is felt in both professional and non-professional management in Kenya. For example, early retirement leads to shortage of staff as there are no qualified personnel to fill these positions. Kenani (2011) established that there seemed to be an urgent need for increasing scientific knowledge and skills of the employees at geothermal companies in Kenya. Human resource management needed to put more emphasis on the productive development and use of people in the company to collectively achieve the organization’s strategic business objectives. Generally, it was found that geothermal companies were challenged to strive to work towards improved balance between labour supply and demand, a better trained workforce and increased employability of the workforce (Kenani, 2011).
The impact of SMEs has been significant especially in job creation. An economic survey carried out in 2008 showed that the SMEs were responsible for 89.9% of new jobs created which are approximately 426.9 out of 474.5 jobs (Republic of Kenya, 2008). In 2009 the SMEs accounted for Ksh. 806, 170 million of the country’s GDP which is approximately 59% of the total GDP. The rate of employment and job creation in this sector rose by 5.1% in the year 2011 owing to the increase in the number of registered SMEs from 437,300 to 445, 900. A further analysis showed that Nairobi County achieved a 5.4% increase in the number of SMEs (Republic of Kenya, 2012). Nairobi County is made up of seventeen sub-counties. These include Dagoretti North, Dagoretti South, Embakasi Central, Embakasi East, Embakasi North, Embakasi South, Embakasi West, Kamukunji, Kasarani, Kibra, Langata, Makadara, Mathare, Roysambu, Ruaraka, Starehe, and Westlands. Sub-Counties are the decentralized units through which County governments of Kenya provides functions and services. They are the former districts existing as of 2013 and they are headed by a Deputy Commissioners. According to Kenya Economic Report, Nairobi County has over 30,000 registered MSEs (NCC, 2014).

Statement of the Problem

Talent shortage is being experienced and this impact every organization without regard to industry, and that this comes from the fact that the skills set possessed by available workers may not match the advanced, more complex skills required by businesses (Buhler, 2008). Nana(2013) suggeststhat organizations should ensure that they are better positioned to meet the problems of the talent shortage. Study by the Human Capital Practice of Deloitte (2005), found that the approaching Baby Boomer retirements, widening skills gap due to reducing educational standards and outdated and inefficient strategies to talent management are contributing to challenges that threatens the global business economy. Citing a survey involving Human Resource senior managers, the research reveals that incoming workers with poor skills (70%); Baby Boomer retirements (61%); and inability to retain key talent (51%) combine to pose the greatest threats to business performance (Nana, 2013).

According to IUS 2016 the rate of talent performance in Kenya SMEs was only 0.8%, the lowest among moderate innovators. These trends are not satisfactory. More needs to be done in order to catch up with the EU average, especially knowing that the gap in talent management is increasing (European Commission, 2016). As the absence of talent management generally are damaging for SMEs in the construction industry and consequently for the entire economy, it is important to explore whether innovation management practices can enhance performance of SMEs in the construction industry. Identifying and understanding how talent management practices what limits potential to innovate, or even make it impossible to innovate, help to explain low performance of the SMEs. This implies that, in spite of the legal, policy and institutional reforms so far undertaken in the SMEs sector in Kenya, SMEs in the construction industry are still unable to effectively increase their performance as expected. This is a serious problem given that these SMEs are the engine of economic growth and development needed to move the country to a middle level economy as envisaged in the development blue print of Vision 2030 (ACEPD, 2015). This presented a gap for research on talent management to establish the reasons behind such a lackluster performance of SMEs on the construction industry in Nairobi City County, Kenya.

Objectives of the Study

The purpose of this study was to establish the influence of talent management practices on performance of small and medium enterprises in construction industry in Nairobi City County, Kenya. The specific objectives were:-
- To assess the influence of career management on performance of small and medium enterprises in construction industry in Nairobi City County, Kenya
- To examine the influence of leadership and development on performance of small and medium enterprises in construction industry in Nairobi City County, Kenya.
- To determine the influence of innovation management on performance of small and medium enterprises in construction industry in Nairobi City County, Kenya.
- To establish the influence of talent attraction on performance of small and medium enterprises in construction industry in Nairobi City County, Kenya.

LITERATURE REVIEW

Theoretical Review

Economic Theory of Entrepreneurship

Economic Theory of Entrepreneurship: Mark Casson’s economic theory holds that entrepreneurship is a result of conducive economic conditions which include tax policy, industrial policy, easy availability of products, easy access to finance on favorable terms, access to information about market conditions, availability of technology and infrastructure (Plummer & Acs, 2014). According to Naudé, W. (2013), entrepreneurship and economic growth will take place in situations where particular economic conditions are most favorable. Entrepreneurship is therefore viewed as the fourth factor of production alongside land, labor, and capital. Economic incentives include taxation policy, industrial policy, sources of finance and raw material, infrastructure availability, investment and marketing opportunities are viewed as the main motivators for entrepreneurial activities. Further, Entrepreneurship and economic growth take place when the economic conditions are favorable. Mainstream economists view the supply of entrepreneurship as highly elastic.

The concept of entrepreneurial individuals with distinguishing characteristics is central to entrepreneurial theory. Early research found that the need to achieve was the principal determinant of entrepreneurial behavioral orientation. Subsequent research has shown that it is related to independence orientation, risk-taking propensities, perception of control and entrepreneurship education (Plummer & Acs, 2014). The need to achieve reflects individuals’ orientation, willingness, and drive for satisfaction or a sense of accomplishment. This is demonstrated by the exertion of intense, prolonged, and repeated efforts to accomplish something difficult, whether by skill, practice, or perseverance. This is accomplished by a future-oriented dedication to the task, involving prioritization of accomplishing the task and frequently sacrificing other activities and personal time.

Adaptive Structuration Theory

Based on structuration theory, the study intends to determine the effects of information technology on procurement performance. Anthony Giddens in his Constitution of Society in 1984 addresses issues of human behavior in the context of technology based on social structure. In other words, the theory looks into the process of human usage of computer systems and at the nature of group-computer interaction (Rains & Bonito, 2017). With the main focus of communication using information technology, the theory highlights the concepts of appropriation and structuration. In addition, the AST can be considered as a prime starting point to draw links between individuals and organizational learning. This is due to the core concept in AST that address issues of group interaction with technology as the basis of human activity (Schmitz, et al., 2016). AST is a viable approach in studying how information technology affects procurement performance in oil industry as it examines the change from distinct perspectives.
Adaptive Structuration Theory (AST) is relevant in today’s procurement management practice due to the expanding influence that advancing technologies have had with regard to the human computer interaction aspect of AST and its implications on socio-biologically inspired structuration in security software application (Ramakrishna 2005). AST theory presents specific advances in information technology (IT) that are driving organization changes in the areas of business alignment, IT planning and development that show how AST is being used as a driving force of effective management within organization. The study will use the theory to investigate the effect of the use of information technology on procurement management. According to Widyarini & Simatupang, (2015). AST is a viable approach for studying the effect of the use of information technology on procurement management. In conclusion AST’s appropriation process is a good model to analyze the utilization and penetration of new technologies in organizations.

Diffusion of Innovation Theory (DOI)
The Diffusion of Innovation Theory (DOI) approach has its primary focus on how potential adopters perceive an innovation in terms of relative advantage/disadvantage; hence some of the factors of the DOI approach help form a framework: innovativeness, complexity, compatibility and relative advantage. Furthermore, firms that intensely use a particular technology are often prime candidates for early adoption of the next generation of that technology. The diffusion of innovations approach in this study is important to understanding the dynamics at play in relation to adoption and use of innovations in SMEs. There are discourses focusing on adoption by organizations and also by individuals. These two types of adoption both play a role when investigating the diffusion and adoption of innovations by SMEs. After all, in SMEs many of the primary decisions are made by the owner-manager. The organizational decision to adopt technology becomes intertwined with personal perceptions and attitudes of the owner-manager towards that technology. Diffusion in SMEs is largely by way of interpersonal/inter-firm networks

Conceptual Framework

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Dependent Variable</th>
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<tr>
<td>Career Management</td>
<td>Performance of SMEs in Construction Industry</td>
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<td>Leadership and Development</td>
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<td>Innovation Management</td>
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<td>Talent Attraction</td>
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Career Management

Career pathing involves creating established career paths and families of jobs within a given area and allowing employees a vision of progression as well as goals and expectations; employee development consisting of programs and initiatives; learning and development initiatives; management coaching; competitive reward systems; career centres; succession planning; performance management/feedback an effective appraisal system can provide an objective assessment of current performance and future potentials of employees performance feedback helps employees in understanding and developing their potentials ; and cross-functional development programs (Allen ,2005). Career management consists of both formal and informal activities including employee workshops, career mentors, job rotation, job enrichment and career
progression ladders, for example organizationally planned programs or developmental stage theories. Organizations may also contribute to career identity by providing abundant opportunities for self-development and opportunities for advancement (Daraghm, 2013).

**Leadership and Development**

Learning and development has become an important talent management initiative in many companies around the world. For some companies, learning and development is a strategic process that minimizes leadership gaps for critical positions and provides opportunities for top talent to develop the skills necessary for future roles. With other companies, learning and development is a constant struggle, viewed as an administrative exercise rather than as a competitive advantage. In strong economic times, it is easier to ignore deficiencies in the career management process, but in the current economic downturn around the world, the need to identify and develop top talent for critical roles has never been more important (Davis et al., 2007). Learning and development is an approach of an organization ensuring that people with the right qualifications and experience are available when needed (Zheng & Kleiner, 2001). Human resource department is involved in attraction and evaluation of talented people with high potential in the organization, they also have to develop the talent pool meaning they train them in skills that the company needs at that time and in future to exploit their full potential and direct it to improve the organization (Ballesteros et al., 2010).

**Innovation Management**

Technological innovation is a key factor in a firm’s competitiveness. Technological innovation is unavoidable for firms which want to develop and maintain a competitive advantage and gain entry in to new markets (Kogan, et al., 2017). Technology is important to support and promote SMEs development as it is responsive to local economies and results in distinctive products and services. Initiatives to support indigenous technology should therefore aim to link SMEs with technology specialists in order to generate an enabling environment that develops technology capacity. This is likely to result in a great performance of SMEs as it provides differentiated products, services and technical services in accordance with the resources available and the market needs in the context of these SMEs. It is generally recognized that SMEs face unique challenges, which affect their growth and profitability and hence, diminish their ability to contribute effectively to sustainable development (Baden-Fuller & Haefliger, 2013).

Among firms of different sizes, SMEs are generally more flexible, adapt themselves better, and are better placed to develop and implement new ideas. The flexibility of SMEs, their simple organizational structure, their low risk and receptivity are the essential features facilitating them to be innovative (De Massis & Lichtenthaler, 2013). Therefore, SMEs across industries have the unrealized innovation potential (Binz, & Coenen, 2014). Through empirical research one can generate new and creative ideas about products and processes. Some researchers observe that increasing profit of organization is because of change in technology (Bergek, et al., 2015).

**Talent Attraction**

The components of talent attraction are recruitment and selection, employer branding, employee value proposition and employer of choice (Armstrong, 2011). Recruitment and selection requires that organizations use various methods or techniques of selecting the right talent that reflects the culture and value of that particular organization (Armstrong, 2011). The recruitment of members of talent pool is the first task of talent management strategy. The talent pools is a group of employees with special traits and a resource of future senior executives (Ballesteros & Immaculate, 2010). The sources of talented employees can be internal or
external. The best way to create a talent pool is from the internal sources since the employees have already the knowledge of how business processes work and can be incorporated directly into the new position and the morale of workforce uplifted (Davis et al., 2007). However, if the organization want to introduce radical changes or to renew the culture, externalsources are the best (Ballesteros et al., 2010). Managers should realize that recruiting and developing talented staff is of importance to the success of their business objectives and hence implied that it is important for the managers to seek employees with competences and abilities that will contribute significantly to their teams (Coetzee, 2004).

Performance of SMEs
Hughes (2017) asserted that SMEs that succeeded in growing were more likely to have introduced product or process innovation. They were also more likely to have developed networks of collaborative partnerships and faced up to management development and reorganization needs as growth proceeded. Several studies have been conducted that show SMEs which adopt innovations in their operations recorded improved performance. This is because by adopting innovations resulted to improved products, reduction of cost and increase in market share.

Empirical Review
This study has systematically reviewed empirical studies conducted under the independent variables of career management, leadership and development, innovation management and talent attraction and their effects on performance of small and medium enterprises in the construction industry. Lockwood (2006) found talent development as an important component in the maintenance of competitive advantage in an organization. The study identified that developing manager capability, retaining high performers, developing succession pool depth and addressing shortages of management or leadership talent were among the challenges facing human resource managers and business leaders. Blackman & Kennedy, (2013) sought to investigate the relationship between talent management and succession planning processes. The study, which was carried out using descriptive and inferential statistics revealed that talent management and succession planning within government organizations met the requirements and therefore impacted on talent absorption, talent retention and talent development which gave the organizations a competitive edge. This study provided useful insights as to the relationship between career development and talent management. Though the study did not discuss that aspect in depth, it was evident that the existence of one depends on the other. That study therefore acted as a good base for further exploration of the relationship between career development and organization performance in the companies listed in the NSE. Companies with formal succession plan for the top managerial post enjoy a higher return of investment than those that do not have (Heinen et al., 2004).

According Kogan, et al., (2017) incorporating new technology and product design will lead to product innovations and a competitive edge in the products firms have in their portfolio. In order for firms to have greater mileage in technological capability than their competitors they need to invest in better competences as well as resources. This will enable the firms to be more technical and economically efficient thus leading to better performance (Camisón & Villar-López, 2015). A firm’s technological capability however does not develop overnight however it takes time and accumulated experience from past interactions in the external and internal environment and it is a reflection of the firms’ abilities to use various technical resources (Kogan, et al., 2017).

Slater, (2014) in their study established that product innovation was important for an
organization to be able to create a competitive edge in the changing environment. Berends, & Stultiëns (2014) argued that through product innovation the organization was able to introduce new products into the market and the quality of the products was also improved and therefore in the organization gains competitive advantage over the competitors in the same industry. In agreement to this argument Hult, Chatterji, & Fabrizio (2014) stated that product innovation enabled the organization to protect itself against threats from the competitors. Studies have also proved that there is positive correlation between the performance of the organization and positive product innovation (Kogan, et al., 2017).

**METHODOLOGY**

The study adopted a descriptive survey design which according to Kimani, et al., (2017) is appropriate where the study seeks to describe the characteristics of certain groups, estimate the proportion of people who have certain characteristics and make predictions. The population of a study is the total number of all the individuals which the researcher wishes to include in the study with the aim of drawing inferences (Coopers & Schindler, 2014). In this study the population was 3330 SMEs in construction industry in Nairobi County that are registered and licensed by National Construction Authority. Multiple Regression model that aid the analysis of the variable relationships which was as follows:

\[ Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon, \]

Where; \( Y \) = Performance of SMEs (dependent variable);
\( \beta_0 \) = constant (coefficient of intercept);
\( X_1 \) = Career management (independent variable);
\( X_2 \) = Leadership & development (independent variable);
\( X_3 \) = Innovation management (independent variable);
\( X_4 \) = Talent attraction (independent variable);
\( \varepsilon \) = Error term;
\( \beta_1...\beta_4 \) = Regression coefficient of four variables.

**FINDINGS AND DISCUSSIONS**

**Career Management**

The first objective of the study was to establish the influence of career management on performance of SMEs in the construction industry in Kenya. Respondents were thus asked to indicate the extent to which they agreed with various statements relating to technological innovation on performance of SMEs in the construction industry in Kenya. Responses were given on a five-point scale where: 1= Very small extent; 2= Small extent 3= Moderate extent; 4 = Great extent; 5= Very great extent. The scores of ‘Very small extent’ and ‘Small extent’ have been taken to represent a statement not agreed upon, equivalent to mean score of 0 to 2.5. The score of ‘Moderate extent’ has been taken to represent a statement agreed upon moderately, equivalent to a mean score of 2.6 to 3.4 the score of ‘Great extent’ and ‘Very great extent’ have been taken to represent a statement great extent upon equivalent to a mean score of 3.5 to 5.0.

Table 1 below presents the findings. With a grand mean of 2.742, a majority of respondents can be said to have highly agreed to moderate extent with most statements posed as regards influence of caree management on performance of SMEs. Majority particularly highly agreed to a moderate extent that the career track that is focused on the purpose of the organization exists for the employees \((M=2.898)\); Diversity in careers and work arrangements is standard in the business \((M=3.124)\); The research and development helps in decision making that support and promote in distinctive products and services for the increase in annual profits \((M=3.908)\); Career diversity at the business caters for individual differences in respect to work-life balance preference \((M=3.116)\); Career track for upwardly mobile executives through promotions exists at the business \((M=2.886)\); Career management that allows all employees to have equal opportunity for talent training exists at the business\((2.998)\).
The second objective of the study was to establish the influence of leadership and development on performance of SMEs in the construction industry in Kenya. Respondents were thus asked to indicate the extent to which they agreed with various statements relating to leadership and development on performance of SMEs in the construction industry in Kenya. Responses were given on a five-point scale where: 1 = Very small extent; 2 = Small extent 3 = Moderate extent; 4 = Great extent; 5 = Very great extent. The scores of ‘Very small extent’ and ‘Small extent’ have been taken to represent a statement not agreed upon, equivalent to mean score of 0 to 2.5. The score of ‘Moderate extent’ has been taken to represent a statement agreed upon moderately, equivalent to a mean score of 2.6 to 3.4 the score of ‘Great extent’ and ‘Very great extent’ have been taken to represent a statement great extent upon equivalent to a mean score of 3.5 to 5.0.

The findings show that most of the respondents strongly agreed with the fact that: they understood their job description (66.5%), 1.1% were strongly disagreed on this question, 2% of the respondents disagreed, 3.1% were neutral while 29.1% of the respondents agreed. On the statement on whether they had know how on how to utilize resources at work, 0.4% of the respondents strongly disagreed, 2.0% strongly disagreed, 5.7% were neutral, 51.1% agreed only 40.6% strongly agreed. On the statement on whether the respondents were able improvise to substitute for missing resources, 2.2% of the respondents strongly disagreed, 2.9% strongly disagreed, 16.3% were neutral, 52.0% agreed only 26.6% strongly agreed. On the statement they usually allocate task to others, a majority of 33.8% of the respondents strongly agreed, 5.0% strongly disagreed, 12.0% agreed while a paltry and 32.0% agreed. Further, the study findings indicated that the work becomes easier when they encourage their colleagues show that most of the respondents strongly agreed (73.1%), 1.5% were strongly disagreed on this question, 1.5% of the respondents disagreed, 1.8% were neutral while 22.1% of the respondents agreed. The study findings indicated that on whether the respondents went through job orientation most of the respondents strongly agreed (41.2%), 6.7% were strongly disagreed on this statement, 12.0% of the respondents disagreed, 7.1% were neutral while 33.0% of the respondents agreed. Finally, on the statement whether they followed standard working procedures always, most of the respondents strongly agreed (47.0%), 2.6% were strongly disagreed on this statement, 6.80% of the respondents agreed. 2.742
respondents disagreed, 42.6% were neutral while 47.0% of the respondents agreed.

This implies that the employees understood their job description and that they had know how on how to utilize resources at work. Further, the employees were able to improvise and to substitute for missing resources as well as allocate tasks to others which make the staff more effective in their performance. In addition, the employees were of the view that the work became easier when they encourage their colleagues and follow standard working procedures. These findings are consistent with Dipak (2011) who argues that training make employee more effective in their work because it increases staff morale and offer other multiple benefits including performance improvement through incremental steps or steady progress which increases the opportunities to individual employee to be promoted, a team to be recognized and be rewarded and improve quality service delivery of the organization.

### Table 2: Leadership and Development

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>I understand my job description</td>
<td>1.1</td>
<td>.2</td>
<td>3.1</td>
<td>29.1</td>
<td>66.5</td>
</tr>
<tr>
<td>I know how to utilize all the resources at my workplace</td>
<td>.4</td>
<td>2.0</td>
<td>5.7</td>
<td>51.3</td>
<td>40.6</td>
</tr>
<tr>
<td>I am able to improvise to substitute for missing resources</td>
<td>2.2</td>
<td>2.9</td>
<td>16.3</td>
<td>52.0</td>
<td>26.6</td>
</tr>
<tr>
<td>I usually allocate task to others</td>
<td>5.4</td>
<td>12.0</td>
<td>16.8</td>
<td>32.0</td>
<td>33.8</td>
</tr>
<tr>
<td>Work becomes easier when I encourage my colleagues</td>
<td>1.5</td>
<td>1.5</td>
<td>1.8</td>
<td>22.1</td>
<td>73.1</td>
</tr>
<tr>
<td>I never went through job orientation</td>
<td>6.7</td>
<td>12.0</td>
<td>7.1</td>
<td>33.0</td>
<td>41.2</td>
</tr>
<tr>
<td>I follow standard working procedures always</td>
<td>.9</td>
<td>2.6</td>
<td>6.8</td>
<td>42.6</td>
<td>47.0</td>
</tr>
</tbody>
</table>

### Innovation Management

The third objective of the study was to establish the influence of innovation management on performance of SMEs in the construction industry in Kenya. Respondents were thus asked to indicate the extent to which they agreed with various statements relating to innovation management on performance of SMEs in the construction industry in Kenya. Responses were given on a five-point scale where: 1= Very small extent; 2= Small extent 3= Moderate extent; 4 = Great extent; 5= Very great extent. The scores of ‘Very small extent’ and ‘Small extent’ have been taken to represent a statement not agreed upon, equivalent to mean score of 0 to 2.5. The score of ‘Moderate extent’ has been taken to represent a statement agreed upon moderately, equivalent to a mean score of 2.6 to 3.4 the score of ‘Great extent’ and ‘Very great extent’ have been taken to represent a statement great extent upon equivalent to a mean score of 3.5 to 5.0.

Table 3 below presented the findings. With a grand mean of 2.888, a majority of respondents can be said to have highly agreed to moderate extent with most statements posed as regards influence of innovation management on performance of SMEs. Majority particularly highly agreed to a moderate extent that the research and development helps the organization to develop adequate risk taking skills for uncertainty bearing and coordination for establishment of new branches of the business (M=2.876); The organization encourage research and development to enhance competitive advantage and gain entry into new markets (M=3.909); The research and development helps in decision...
making that support and promote in distinctive products and services for the increase in annual profits (M=2.990); The design of new products enables the organization to be more flexible and better placed to develop and implement new innovative ideas (M=3.187); Through research the organization has generated new and creative ideas about products and processes to increase annual profits (M=2.878); The study findings are in agreement with literature review by Wonglimpiyarat, (2014) who stated that technology is important to support and promote SMEs development as it is responsive to local economies and results in distinctive products and services. Initiatives to support indigenous technology should therefore aim to link SMEs with technology specialists in order to generate an enabling environment that develops technology capacity. This is likely to result in a great performance of SMEs as it provides differentiated products, services and technical services in accordance with the resources available and the market needs in the context of these SMEs.

Table 3: Innovation Management

<table>
<thead>
<tr>
<th>Statements</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>The research and development enables the organization to develop</td>
<td>2.876</td>
<td>.067</td>
</tr>
<tr>
<td>adequate risk taking skills for uncertainty bearing and coordination for</td>
<td></td>
<td></td>
</tr>
<tr>
<td>establishment of new branches of the business</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organization encourage research and development to enhance</td>
<td>3.265</td>
<td>.098</td>
</tr>
<tr>
<td>competitive advantage and gain entry into new markets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The research and development helps in decision making that support and</td>
<td>3.909</td>
<td>.090</td>
</tr>
<tr>
<td>promote in distinctive products and services for the increase of annual</td>
<td></td>
<td></td>
</tr>
<tr>
<td>profits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The design of new products enables the organization to be more flexible and</td>
<td>2.990</td>
<td>.087</td>
</tr>
<tr>
<td>better placed to develop and implement new innovative ideas</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Through research the organization has generated new and creative ideas</td>
<td>2.878</td>
<td>.143</td>
</tr>
<tr>
<td>about products and processes to increase annual profits</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Average mean</strong></td>
<td><strong>2.888</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Talent Attraction**
The fourth objective of the study was to establish the influence of talent attraction on performance of SMEs in the construction industry in Kenya. Respondents were thus asked to indicate the extent to which they agreed with various statements relating to talent attraction on performance of SMEs in the construction industry in Kenya. Responses were given on a five-point scale where: 1= Very small extent; 2= Small extent 3= Moderate extent; 4 = Great extent; 5= Very great extent. The scores of ‘Very small extent’ and ‘Small extent’ have been taken to represent a statement not agreed upon, equivalent to mean score of 0 to 2.5. The score of ‘Moderate extent’ has been taken to represent a statement agreed upon moderately, equivalent to a mean score of 2.6 to 3.4 the score of ‘Great extent’ and ‘Very great extent’ have been taken to represent a statement great extent upon equivalent to a mean score of 3.5 to 5.0.

Table 4 below presented the findings. With a grand mean of 3.212, a majority of respondents can be said to have highly agreed to moderate extent with most statements posed as regards influence of talent attraction on performance of
SMEs. Majority particularly highly agreed to a moderate extent that they ensure employee Job security in order to attract the right talents (M=3.328); the organization is actively involved; in communication and implementation of employer branding (M=3.216); Work-life balance as well as social networking facilities in this organization is a motivating factor to our employees (M=2.890); The organization good working conditions and fair wages has enabled it to attract the right talents (M=3.889); The business values talent search matrix during selection inorder to get experienced, qualified, expertise, potential and qualified employees (3.128).

Laff (2006) states that talent Management is about attracting, identifying, recruiting, developing, motivating, promoting and retaining people that have a strong potential to succeed within an organization. The study findings implied that there could be other components of talent attraction influencing organization performance. The findings are consistent with those of Snell(2007) who asserted that if a firm wanted to be successful, it must have invested in talent management of their workers to obtain some conditions in the company like good business environment. The finding also concurs with those of Armstrong, (2011),who asserted that recruitment and selection required that organizations use various methods or techniques of selecting the right talent that reflects the culture and value of an organization.

Table 4: Talent Attraction

<table>
<thead>
<tr>
<th>Statements</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>We ensure employee Job security in order to attract the right talents</td>
<td>3.328</td>
<td>1.346</td>
</tr>
<tr>
<td>My company is actively involved; in communication and implementation of employer branding</td>
<td>3.216</td>
<td>1.765</td>
</tr>
<tr>
<td>Work-life balance as well as social networking facilities in this company is a motivating factor to our employees</td>
<td>2.890</td>
<td>1.263</td>
</tr>
<tr>
<td>This company's good working conditions and fair wages has enabled it to attract the right talents</td>
<td>3.889</td>
<td>1.220</td>
</tr>
<tr>
<td>This company values talent search matrix during selection inorder to get experienced, qualified, expertise, potential and qualified employees</td>
<td>3.128</td>
<td>1.121</td>
</tr>
<tr>
<td><strong>Average Mean</strong></td>
<td><strong>3.212</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Performance of SMEs**

On the extent to which performance of SMEs in the study area in terms of amount of profits, customer base, number of new markets, number of new employees' added and new branches established. The data was collected from the different indicators of the variable performance of SMEs which was ordinal categorical. The data was therefore presented in frequency tables with the mode being used as the appropriate measure of central tendency. The results were presented in Table 5. The first indicator for the dependent variable required to know what the performance of SMEs in terms of amount of profits was, 10% of the respondents had 0-10% , 30% had 10-20% , 20% had 21-30% , 15% had 31-40% , 20% had 41-50% and 5% had stated over 50% The mode was found to be 2 which imply that on average the performance of SMEs in amount of profits was between 10%-20%.

The next indicator required the respondents to state level of the performance of SMEs in terms of increase of customer base was, 15% of the respondents had 0-10% , 40% had 10-20% , 10%
had 21-30%, 15% had 31-40%, 15% had 41-50% and 5% had stated over 50% The mode was found to be 2 which imply that on average the performance of SMEs in the increase of customer base was between 10%-20%. When the respondents were asked what the state level of the performance of SMEs in terms of increase of customer base was, 15% of the respondents had 0-10%, 10% had 10-20%, 10% had 21-30%, 15% had 31-40%, 15% had 41-50% and 5% had stated over 50% The mode was found to be 2 which imply that on average the performance of SMEs in the increase of customer base was between 10%-20%.

In terms of rate of increase of new employees as the measurement for performance of SMEs, 55% of the respondents had 0-10%, 10% had 10-20%, 5% had 21-30%, 10% had 31-40%, 10% had 41-50% and 10% had stated over 50% The mode was found to be 1 which imply that on average the performance of SMEs in the increase of number of new employees added was between 0%-10%. When the respondents were asked what the state level of the performance of SMEs in terms of increase of new markets established was, 75% of the respondents had 0-10%, 4% had 10-20%, 4% had 21-30%, 9% had 31-40%, 8% had 41-50% and 0% had stated over 50% The mode was found to be 1 which imply that on average the performance of SMEs in terms of increase of new markets established was between 0%-10%.

Finally, when the respondents were asked to indicate the state level of the performance of SMEs in terms of increase of new branches established was, 85% of the respondents had 0-10%, 5% had 10-20%, 2% had 21-30%, 2% had 31-40%, 6% had 41-50% and 0% had stated over 50% The mode was found to be 1 which imply that on average the performance of SMEs in terms of increase of new branches established was between 0%-10%.

The study findings corroborate with literature review by Hughes (2017) asserted that SMEs that succeeded in growing were more likely to have introduced product or process innovation. They were also more likely to have developed networks of collaborative partnerships and faced up to management development and reorganization needs as growth proceeded. Several studies have been conducted that show SMEs which adopt innovations in their operations recorded improved performance. This is because by adopting innovations resulted to improved products, reduction of cost and increase in market share and new branches.

<table>
<thead>
<tr>
<th>Table 5: Performance of SMEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description</td>
</tr>
<tr>
<td>-------------------------------</td>
</tr>
<tr>
<td>Amount of profits</td>
</tr>
<tr>
<td>Customer base</td>
</tr>
<tr>
<td>Number of markets established</td>
</tr>
<tr>
<td>Number of employees</td>
</tr>
<tr>
<td>Number of branches established</td>
</tr>
</tbody>
</table>
Multiple Regression Analysis

Table 6: Multiple Regression(Combined Effect)

Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R²</th>
<th>Adjusted R²</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.854</td>
<td>.729</td>
<td>.689</td>
<td>.000</td>
</tr>
</tbody>
</table>

ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>d.f</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>40.876</td>
<td>4</td>
<td>10.219</td>
<td>22.583</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>24.890</td>
<td>55</td>
<td>.4525</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>65.766</td>
<td>59</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

NB: F-critical value = 13.875;

Regression Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>β</td>
<td>Std. Error</td>
<td>β</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>8.890</td>
<td>.009</td>
<td>5.309</td>
<td>.000</td>
</tr>
<tr>
<td>X₁-CM</td>
<td>.798</td>
<td>.021</td>
<td>.702</td>
<td>6.755</td>
</tr>
<tr>
<td>X₂-LD</td>
<td>.784</td>
<td>.149</td>
<td>.655</td>
<td>4.432</td>
</tr>
<tr>
<td>X₃-IM</td>
<td>.661</td>
<td>.202</td>
<td>.505</td>
<td>4.109</td>
</tr>
<tr>
<td>X₄-TA</td>
<td>.587</td>
<td>.256</td>
<td>.409</td>
<td>3.923</td>
</tr>
</tbody>
</table>

CONCLUSION AND RECOMMENDATIONS

From the descriptive statistics, a majority of respondents can be said to moderate extent posed as regards influence of career management on performance of SMEs. Majority particularly indicated that the career track that is focused on the purpose of the organization exists for the employees. Diversity in careers and work arrangements is standard in the business. The research and development helps in decision making that support and promote in distinctive products and services for the increase in annual profits. Career diversity at the business caters for individual differences in respect to work-life balance preference. Career track for upwardly mobile executives through promotions exists at the business.

From the descriptive statistics the respondents indicated that to moderate extent with most statements posed as regards influence of leadership and development on performance of SMEs. Majority particularly indicated to a moderate extent that the employees understood their job description and that they had know how on how to utilize resources at work. Further, the employees were able improvise to substitute for missing resources and were able to allocate tasks to others. In addition, the employees were of the view that the work became easier when they encourage their colleagues and follow standard working procedures.

From the descriptive statistics the study established that a majority of respondents stated to a moderate extent that the research and development enables the organization to develop...
adequate risk taking skills for uncertainty bearing and coordination for establishment of new branches of the business. The businesses encourage research and development to enhance competitive advantage and gain entry into new markets. The research and development helps in decision making that support and promote in distinctive products and services for the increase of annual profits. The design of new products enables the organization to be more flexible and better placed to develop and implement new innovative ideas.

From the study results it was established that a majority of respondents can be said to a moderate extent that they ensure employee Job security in order to attract the right talents. The organization is actively involved in communication and implementation of employer branding. Work-life balance as well as social networking facilities in this organization is a motivating factor to our employees. The organization good working conditions and fair wages has enabled it to attract the right talents. The business values talent search matrix during selection inorder to get experienced, qualified, expertise, potential and qualified employees.

**Conclusion of the Study**

The study established that career management influence performance of SMEs in the construction industry. The study revealed that the variable statistically, strongly and significantly correlated to performance of SMEs in the construction industry as it had a positive relationship with the dependent variable. Therefore, from these quantitative results it can be deduced that the study which sought to establish the influence of career management on performance of SMEs in the construction industry was achieved because it established that it influences performance of SMEs in the construction industry.

From the study results it was established that innovation management influence performance of SMEs in the construction industry. The study revealed that the variable statistically, strongly and significantly correlated to performance of SMEs in the construction industry as it had a positive relationship with the dependent variable. This reveals that innovation management is an important factor that can enhance performance of SMEs in the construction industry.

According to the study results to establish whether leadership and development influence performance of SMEs in the construction industry, it was revealed that the variable statistically, strongly and significantly correlated to performance of SMEs in the construction industry as it had a positive relationship with the dependent variable. This reveals that leadership and development is an important factor that can enhance performance of SMEs in the construction industry.

Finally, the study established that talent attraction influence performance of SMEs in the construction industry. The study revealed that the variable statistically, moderately and significantly correlated to performance of SMEs in the construction industry as it had a positive relationship with the dependent variable. This reveals that talent attraction is an important factor that can enhance performance of SMEs in the construction industry.

**Recommendations for the Study**

The study recommends for the establishment of the research and development to enable the organization to develop adequate risk taking skills for uncertainty bearing and coordination in the business activities. It will enhance competitive advantage and gain entry into new markets. It will facilitate decision making that support and promote in distinctive products and services for the increase in annual profits and to be more flexible and better placed to develop and implement new innovative ideas for the expansion of the business.

It is recommended that the SMEs in the construction industry should keep valuing and
ensuring that talent retention strategies like competitive compensation system, effective leadership style and internal recruitment policy are in place because the study found a high influence of talent retention on the SMEs performance.

The study suggests that career management methods like having career counselling facilities, career mentors, career planning and career development programs should be widely adopted by SMEs as doing so would lead to improved SMEs performance.

It is recommended that SMEs management should maintain learning and development practices like learning need identification, coaching and in-house development programmes to improve their performance. Overall, it is recommended that talent management practices should be emphasized as doing so brings about superior organizational performance. The particular practices should include talent attraction, talent retention, learning and development and career management.

Areas for Further Studies

A review of literature indicated that there is limited research on the influence of talent management practices and performance of SMEs in the construction industry in the Kenyan context. Thus, the findings of this study serve as a basis for future studies on need for the adoption of talent management practices on the performance of SMEs in the construction industry. This study confined itself to SMEs in the construction industry in Nairobi City County, Kenya. A comparative study should be carried out to compare whether the findings also apply for other SMEs in different regions in order to validate whether the findings can be generalized in Kenya. Additionally, the study did not tie the variables explained in this study as the only factors of talent management practices which influence performance of SMEs in the construction industry since the remaining 27.10% can be explained by the other variables which the study recommends for further study.

REFERENCES


