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**EVALUATION OF TALENT MANAGEMENT ON EMPLOYEE PERFORMANCE IN BEVERAGE INDUSTRY: CASE OF DELMONTE KENYA LIMITED**

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**ABSTRACT**

*Talent management practice within organization is an international human resource strategy that seeks to identify, develop, deploy and retain talented and high potential employees. Although talent management practice may be applied in Kenyan companies, they can only contribute optimally to business performance if both top management and employees are aligned to its objectives and implementation in the organization. The main objective of the study was to evaluate the impact of talent management on employee performance. The specific objectives of the study were to determine the effect of talent retention on employees' performance in beverage industry and to assess how talent attraction impacts on the employees' performance. The study adopted a descriptive research design in which the target population was all the 2,500 employees of Del Monte Kenya. The study used stratified sampling method to select 83 employees according to their job cadres. Data was collected using questionnaires and structured interviews. Descriptive statistics such as the standard deviation, percentages and frequency distribution were used. The study also used inferential statistics mainly the regression analysis to test relationship between the dependent and the independent variables. The finding was presented using tables. The study established that the job retention motivated the employees of Del Monte leading to ultimate performance. The study further established that attraction through attractive packages enhanced the performance of employees of Del Monte. There was clear demonstration that talent management directly influenced employee performance. The study recommended that the management should ensure the work environment was attractive to the employees so as to motivate them, management needs to maintain competitive packages for the employees to retain its most valuable talents for enhanced employee performance, and progression plan in the organization should also be enhanced to improve the morale of employees thus leading to better performance.*

**Key Words:** Talent Management, Employee Performance, Delmonte Kenya Limited

## Background Information

In today's challenging business environment of going global and competition becoming intense, organizations have mounting pressure to perform better than before. Over the years, creation and preservation of knowledge has become a key tool in accelerating competitiveness and enhancing organizational capabilities to respond to market changes (Bryan, 2004), wherein employees' skills and personalities are appropriately deployed to optimize performance, is a critical and difficult task. Furthermore, identifying and developing executives who have leadership potential, like every other vital strategic function, is a demanding process that is equal parts of Arts and Science (Klein and Miles, 2003).

To carry out this mission, organizations should develop and deploy talented people who can articulate the passion and vision of their organizations. Though operating excellence, technical competence, marketing savvy, energy and drive are always important, talent-intensive organizations also require soft skills that facilitate execution across departments. No organization can rest in peace under the assumption that once they have recruited the employee in place, their job is done. This is because nowadays, land, capital and fixed assets are no longer key resources for the organizations to be highly competitive in the current economy but how they manage their talents. The real challenge that is faced by these organizations therefore, is not hiring the right person for the right job, neither their Performance Management System, nor their Work Climate nor Culture, but in retaining the employee. It is proven beyond argument that it is the people who make or break the organization. Human capital is a key resource to adapt the organizations to the worldwide competition. Therefore, organizations are competing and using every strategy against

each other to acquire and retain talents in order to maintain their operations and continue to grow (Gardner, 2002).

Talent management refers to the anticipation of required human capital the organization needs at the time then setting a plan to meet those needs (Vance, 2006). Talent management in this context does not refer to the management of entertainers. Talent management is the science of using strategic HR to improve business value and make it possible for companies and organizations to reach their goals. Everything that is done to recruit, retain, develop, reward and make people perform is part of Talent Management as well as strategic workforce planning (Cascio, 2006). A talent management strategy needs to be linked to the business strategy to make sense. Talent consists of those individuals who can make a difference to organizational performance either through their immediate contribution or, in the longer-term, by demonstrating the highest levels of potential (Zikmund, 2000). Talent management is therefore, the systematic attraction, identification, development, engagement, retention and deployment of those individuals who are of particular value to an organization, either in view of their 'high potential' for the future or because they are fulfilling business/operation-critical roles. These interpretations underline the importance of recognizing that it is not sufficient simply to attract individuals with high potential. Developing, managing and retaining those individuals as part of a planned strategy for talent is equally important, as well as adopting systems to measure the return on this investment (Gardner, 2002).

Talent management is a new concept which involves identifying, developing and retaining high potential employees, it is poses a problem on organizational performance especially where only strategic staffs are treated as talents of the firm. Therefore the purpose of the study is to examine

the effect of talent management on employee performance. Talent management can be a discipline as big as the HR function itself or a small bunch of initiatives aimed at people and organization development.

Despite the importance of talent management in organizations, managing talent is a challenge to all organizations in the context of globalization irrespective of the country (Gardner, 2002). Moreover, the concern about the scarcity of talent is almost universal. Organizations around the world are competing for the same pool of talents. This has resulted to some unethical practices such as poaching of talents. Organizations have lost some of their best talents to their competitors and have been left to either train or attract others (Brewster *et al.*, 2007). Trend of global integration shows organizations' standardizations in talent recruitment, development and management, to ensure their competitive position and consistency. Therefore, organizations have to adapt global best practices of Talent management and at the same time adapt the local requirements and local labor market (Stahl *et al.*, 2007). The organizations that are very successful worldwide tend to maintain local recruitment strategies, but they combine this local strategy with a more global transfer of information and best practices (Brewster *et al.*, 2007). Talent management has been found to influence the performance of employees in an organization. When an organization gets to know who its high potential is, it becomes easier to invest in their professional development. Since development calls for investment decisions towards learning, training and development of the individual either for growth, succession planning, performance management etc, an organization remains bothered where to make this investment and talent management just make this easier for them (Phillips, 2001).

### **Statement of the Problem**

Today's labour market is characterized by the increase in labour mobility, shifting demographics, globalization, an aging workforce, a reduced product lifecycle and technological advancements. The significance of talent management in organizational operations cannot be over-emphasized. Under the imperatives of globalization, internationally operating firms such as Del Monte are finding it increasingly important to identify, source and utilize talented employees from a multiplicity of business cultures. As noted by McDonnell *et al.* (2010) talent management is arguably of greater significance among multinational enterprises. Therefore, talent management presents a means of developing and engaging talented employees (Scullion and Collings, 2006) who are capable of making a considerable difference within organizations, both domestically and internationally. In the recent times, Del Monte has been losing some of its employees to other organizations. This is despite the organization's effort to make the work environment conducive through proper governance structures, leadership and management. The organization has put in place better employee reward systems and other human resource management practices. The employees have continued to leave despite the Human Resource Department having employed best strategies in talent management, thereby raising the question as to whether the strategies adopted achieve the best results in retaining the staff. There is therefore need to investigate the extent to which the talent management has enhanced employee performance.

Limited studies have been done in Kenya in relation to talent management. Chepkwony (2012) did a study on the link between talent management practices, succession planning and corporate strategy among the commercial banks in Kenya where he found that there was a positive

correlation between the three variables. Njoroge (2012) also did a study on talent management practices in commercial state corporations in Kenya in which she found that the state corporations were doing very little to retain their talents. While these studies have enormous contribution to this study, none of the studies has highlighted the effect of talent management on Employees performance hence a knowledge gap.

## LITERATURE REVIEW

### Talent Management

The concept of talent management originated during World War II (Cappelli, 2008). In the current century it is becoming a fast growing strategy which is implemented in almost all organizations throughout the world (Bhatnagar, 2007). Talent management is an important component of corporate strategies in most of the organizations (Bano, Khan, Rehman, and Humayoun, 2010). The basic purpose behind talent management development is to improve the process of recruitment, selection, retention, and employee development in order to meet current challenges faced by organization and improve organizational performance by fulfilling organizational needs (Bhatnagar, 2007). Aston and Morton (2005) noted that there isn't a single consistent or concise definition of talent management. Since the arrival of the current era of talent is widely acknowledged, it is not surprising that renewed significance is being placed on the management of that talent. According to Ingham (2006), in order to develop strategic capability, potential employers of choice need to ensure they clarify the requirements for their talent management program including the success criteria to be used to measure their program's contribution.

The applications needed to support these processes are defined differently by industry

analysts and consultants, but the majority includes: recruitment, performance management, competency management, succession management, career development, and compensation. Byham (2001), Heinen and O'Neill (2004), Hilton (2000), Mercer (2005) and Olsen (2000) identified talent management as a collection of typical human resource department practices, functions, activities specialist areas such as recruiting, selection, development, and career and succession management. While according to Stuart Kotze and Dunn (2008), talent has two components that are ability (current performance) and capability (potential performance). Ability is about the now and capability is about the future. Both can be observed, tested and measured. Capability requires a bit more effort to observe, test and measure than ability, simply because it involve progressive testing and measurement over time but it can also be dealt with effectively.

In Powell and Lubitsh (2007), the research found that different perspectives of talent management were often present in varying degrees within the same organization. According to them, there are five perspectives that include process, cultural, developmental and human resource planning. For the process perspective, talented management should include all processes needed to optimized people within an organization. In cultural perspective, talent management is more of a mindset than a set of activities. When looking at the competitive perspectives, talent management is about identifying talented people, finding out what they want and giving it to them. If not, the competition will.

There are four main factors in relation to the aligning people with roles that are selection, recruitment, placement and promotion; learning and development; succession planning and career guidance. It is the assumption that there are agreed

roles and the aim is to align people with roles. While, under heading of aligning roles with people, this strategic arena is based on taking the people as fixed and adjusting factors in the context of the organization. Stuart Kotze and Dunn (2008) agreed that talent is not just about having the brain power, the knowledge, the experience, the skill or the mental and physical characteristics to do something currently, it is also about to do something different or a higher order of difficulty and complexity in the future.

One of the outstanding characteristics of human beings is their ability to adjust to changing circumstance. By just looking at what people can do currently and projecting that on what they can supposedly do in the future, organizations fail to capitalized on the huge reservoir of potential that exist in everyone. Mentioned by Chambers *et al* (2003), a war once conducted as a sequence of set piece recruiting battles is transforming itself into an endless series of skirmishes as companies find their best people, and in particular their future senior executives, under constant attack.

### **Talent Attraction**

The components of talent attraction are recruitment and selection, employer branding, employee value proposition and employer of choice (Armstrong, 2006). 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, 2006).The recruitment of members of talent pool is the first task of talent management strategy. The talent pool is a group of employees with special traits and are source of future senior executives (Ballesteros *et al* ,2010).The sources of talented employees can be internal or external .The best way to create a talent pool is the internal source 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 (David *et al* 2007).However, if the organization want to introduce radical changes or to renew the culture ,external sources are the best(Ballesteros *et al* ,2010). Employer branding includes development of an organization's image, good enough to attract employees. In order to attract the best, organizational branding is a useful strategy, the organizations that manages its corporate brands effectively, gains advantage in the highly competitive global market place .Without the good brand image, it is difficult to attract the right talents (Ana, 2009).Top rated companies have one characteristic in common, that is they give clear and consistent messages about themselves and that translates into a strong pull on talents (Tanuja, 2007).

### **Talent Retention**

In the organization, high employee turnover can have a direct impact on your bottom line. Not only does it cost your organization in terms of recruitment, on-boarding and training, it impacts your ability to provide consistent, high-quality service to your clientele (Zikmund, 2000). A comprehensive on boarding process that takes care of more than just the hiring paperwork is critical to ensuring the success of new employees and has been shown to reduce short-term turnover. A good program includes training on the tasks and tools important to the role, but also covers the corporate culture and values, information on talent management programs, networking opportunities, initial goal setting, and interim reviews. Setting parameters upfront helps employees better prepare for their new roles and help them become more productive from the on-set.When you retain talented employees using such practices, you do not need to continuously train and orient new hires, or take the risk that new hires will be unable to

meet job requirements. Lower rates of employee turnover have a direct effect on hiring, and help in fewer drops in productivity (Tonidandel, *et al*, 2007). It is important to establish clear performance expectations for all employees, right from the start. An up-to-date job description is one of the best ways to communicate a new employee's job responsibilities, scope of decision-making and breadth of authority. Job descriptions that capture your culture and organizational values can help you attract and retain the kind of employees you want. Plus, job descriptions help to reinforce your culture to ensure you always have the right people on your team (Vance, 2006).

Every employee should be assigned individual goals that are directly linked to higher level organizational goals. Often, organizations fail to set goals that connect to the organization's overall goals, or do not set goals at all. Employees who lack clear direction are not able to easily connect with the work they do with the organization's success. Linking employee goals to overall corporate goals helps to set expectations for performance and gives employees an all-important context for their work. Linking their individual goals to corporate goals helps employees understand how their day-to-day work contributes to the organization's success. This helps employees to understand their value to the organization, keeping them engaged and motivated, which in turn impacts employee engagement and retention (Trevor, *et al*, 2003). Everyone needs to know what they are doing well, and how they can improve. Giving employees, regular, ongoing feedback on their performance is the best way to acknowledge and encourage solid or stellar performance. It also helps identify and address performance shortfalls before they become serious issues that can contribute to high turnover rates. Feedback should be accompanied by coaching, and if needed, development plans to support employee

performance. This helps to establish a stronger working relationship between the employee and their manager or supervisor, and can boost loyalty and retention (Shaw, *et al*, 2005). Succession programs have also been shown to have a positive impact on employee retention. By preparing high potential and high performing employees for progression in the organization, and investing in their development, you demonstrate an organizational commitment to them that will most often be reciprocated. The most effective programs cultivate pools of talent ready for advancement in all key areas of the organization, not just leadership positions. This helps to prepare the organization for turnover. By investing in employee growth on an ongoing basis, employees are more connected with the organization as they see the potential for long-term growth and understand the organization is invested in their ongoing success (Ramsay, 2006). Many organizations do not make use of these valuable talent management practices, because they can be time-consuming to implement and administer, especially when done manually or managed as disparate programs. Too often talent management programs are run in isolation from one another, resulting in employees not having a clear picture of the link between performance and organizational success, and how their commitment makes a tangible difference. Many organization executives are now opting to implement new software tools to overcome this challenge and create a fully integrated approach to talent management while eliminating the paperwork and hassle from all these practices. The end result gives employees, managers and executives the tools and information they need to focus on business objectives such as customer service and efficiency. Automated tools also greatly increase the effectiveness and the consistent application of your talent management programs, so they contribute to rather than hinder employee engagement and

retention (Hernandez, & Hebl, 2007). Businesses that invest time and resources into developing an effective talent management strategy will see a

significant ROI as many believe that improved workplace productivity is influenced by the retention of employees.

## FINDINGS

**Table 1: Employee Engagement and Employee Performance**

	Strongly disagree	Disagree	Uncertain	Agree	Strongly agree	Mean	Std. Dev
Scope of the job I do is very interesting and captivating	16	13	20	26	25	3.30	1.275
Job schedule provides flexibility for engagement in career progression	14	36	19	20	10	2.75	1.230
Working atmosphere is cordial and friendly	12	16	20	30	22	3.35	1.304
Relate very well with manager	10	13	20	32	25	3.48	1.279
Manager values my contribution	14	17	20	28	20	3.22	1.349
Can use skills and training to do different tasks in organization	12	17	22	30	19	3.28	1.282
Understand vision and goals of Del Monte and committed to them	12	16	25	30	17	3.26	1.256
Job gives me satisfaction	12	13	23	28	25	3.41	1.310
Job is secure	13	17	28	23	19	3.17	1.294
Planned career progression is achievable	17	26	25	17	14	2.86	1.309
There is equal opportunity for promotion	12	17	22	28	22	3.12	1.334

**Table 2: Employee Retention on Employee Performance**

	Strongly disagree	Disagree	Uncertain	Agree	Strongly agree	Mean	Std. Deviation
Salary package adequate for my level	8	20	22	49	0	3.41	.944
The salary and other variable payments compare well with the rest of the market	3	17	9	51	20	3.59	1.167
The remuneration package is attractive	3	7	29	41	20	3.71	.925
The remuneration package contributes greatly for my retention in	6	19	33	38	4	3.16	.980

the organization

My remuneration matches my effort in my job	13	30	7	35	15	3.07	1.332
The rewards Del Monte give motivates one for better performance	0	20	9	51	20	3.71	1.016
Promotion is not based on seniority but on performance	0	29	10	41	20	3.52	1.119
There are incentives for good performance	0	9	20	71		3.62	.644
There are different types of rewards offered.	0	0	30	59	10	3.80	.608
Welfare services are properly and fully provided	0	19	12	59	10	3.61	.911
Medical allowance is provided	0	0	70	30		3.30	.464
There is provision for annual leave		9	10	51	30	4.03	.874
Retirement benefits are provided	9		81	10		3.84	.933

The results revealed that 26% of the respondents agreed that the scope of the job they did was very interesting and captivating. The results showed that 25% of the respondents strongly agreed that the scope of the job they did was very interesting and captivating. The study established that according to 36% of the respondents, jobs schedule did not provide flexibility for engagement in career progression. The results showed that respondents agreed that the working atmosphere was cordial and friendly (mean score 3.35). The study established that respondents agreed that they related well with their managers (mean score 3.48). The study established that according to most respondents, managers valued their contributions (mean score 3.22). The respondents agreed that they can use skills and training to do different tasks

in organization (mean score 3.28). The findings revealed that respondents agreed that there was equal opportunity for promotion in the organizations (mean score 3.12).

The study established that most of the respondents (49%, mean score 3.41) agreed that the salary package was adequate for their level. The results showed that most of the respondents (51%) agreed that their salary and other variable payments compare well with the rest of the market. The findings revealed that most respondents agreed that the remuneration package was attractive. On the contribution of remuneration to their retention, most respondents agreed that remuneration package contributed greatly to their retention in the organization (mean score 3.16). The study findings show that 51% of the respondents agreed to the

statement that the rewards the organization gave motivated the employees for better performance. On promotion, respondents agreed that organization based promotion on ones performance (mean score 3.52). The findings showed that majority of the respondents agreed that there were incentives for good performance in the organization (71%, mean score 3.62). The study findings revealed that nearly all the respondents (80%, mean score 4.03) indicated that the organization granted them annual leave. The findings mean that the organization gave its employees timeout to refresh. The study established that 65.2% of the respondents agreed that indeed there were on-the-job training or coaching opportunities in the organization. The results revealed that 53.6% of the respondents agreed that indeed the organization practiced job rotation. The findings also revealed that 43.5% agreed that cross training was provided in the organization. The study established that most respondents (47.8%) agreed that the organization facilitated. The findings revealed that 44.9% agreed that in the organization there existed exposure to managerial responsibilities. Half of the respondents agreed that the organization had well developed staff development plan for its employees. The findings show that 56.5% of the respondents agreed that indeed that organization trained them on their

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area of job. As to whether the organization organized leadership trainings to its valuable staff, most respondents (60.9%) agreed that indeed the organization organized leadership trainings for its valuable staff. The study established that 55.1% of the respondents agreed that the organization identified future business needs inform of knowledge, skills and capabilities and recruited staff on this basis.

## Conclusion

From the findings of the study it can be concluded that the job retention such as competitive salary packages and rewards motivated the employees of Del Monte.

The study further established that attraction through attractive packages motivated the employees of Del Monte.

## Recommendations

The study made the following recommendations:

- The management should ensure the work environment was attractive to the employees so as to motivate them.
- The management needs to maintain competitive packages for the employees to retain its most valuable talents for enhanced employees' performance.

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