# **RELATIONSHIP BETWEEN TALENT MANAGEMENT PRACTICES AND EMPLOYEE RETENTION AT DHL SUPPLY CHAIN KENYA LIMITED**

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# A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF THE DEGREE OF MASTER OF SCIENCE IN HUMAN RESOURCE MANAGEMENT SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

**DECEMBER 2016** 

# **DECLARATION**

This Research Project is my original work and has not been presented for a degree or any

award in any university

Sign. ..... Date .....

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D64/70980/2014

This Research Project Report has been submitted for examination with the approval of the University Supervisor.

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# **DEDICATION**

I dedicate this work to my loving husband Francis Ochieng and my two sons Andrew Ryan Ochieng and Collins Ray Ochieng for their financial and emotional support throughout this research work.

# ACKNOWLEDGEMENT

I am deeply humbled to express my appreciation to Dr Florence Muindi (my project) for her input throughout the period of the study. I also wish to thank my moderator Dr. Mercy Gacheri Munjuri and all the Lecturers from the School of Business especially the Department of Business Administration who made us develop an understanding on how to develop research project. I am appreciative to my fellow post graduate students for the support and constructive discussions and last but not least to the Almighty God for all his blessings during the period.

## ABSTRACT

The aim of this study was to investigate the relationship between talent management and employee retention at DHL Supply Chain (K) Ltd. Using a descriptive research design, the study collected it data through questionnaires and the target population included Supervisors, Middle level management and the senior management. Data analysis was done using descriptive statistics which included mean, mode, percentages and frequencies. Mean scores and standard deviation were determine through use of statistical package for social science (SPSS) in order to give quantifiable statistics and the result presented in tables. The study found a strong positive significant correlation between DHL's talent management practices and DHL's employee retention. The study recommend that retention policies and practices should be incorporated with the company so as to retain all the talented workers within the company.

# **ABBREVIATION AND ACRONYMS**

- CIPD Chartered Institute of Personnel
- DHL Dalsy Hillblon Lynn
- SPSS Scientific Programme for Social Science

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## **CHAPTER ONE: INTRODUCTION**

#### **1.1 Background of the Study**

Talent management has in the recent years become a major area in which competitive businesses whose goal profit is making engage. It is an area which most human resource organizations worldwide look in to as an element of its (Kaningham, 2007). In the recent years, most organizations have realized that it is appropriate to have keen interest in the field of talent management. In addition to that, some managers in multinationals managers have acknowledged that developing and managing talent is a major duty of their agenda (McKinsey, 2000). Gupta (2006) elaborates clearly that in this era of global business, every serious employer who wants to get substantial market share in they should be ready fulfill the market demands. These market demands can be met through nurturing, developing and managing talent. Retaining good employees is not an easy task, therefore employers have to come up with strategies to retain them including managing their talents.

Despite the fact that some organizations are developing and managing their workers talents, some of them are specializing on poaching the employees as their best way to develop themselves. Employee departure may cause a serious loss to a firm and therefore mobility of talent from one place to another as currently inevitable and this makes organizations more creative in terms of retaining their employees or else face significant losses caused by employee departure (Torington et.al 2004).

According to De Long and Davenport (2003), retaining employees is observed as a strategic move for some organizations so as to maintain an experienced and a competitive workforce. Effective talent management and retention practices are likely to attract

individuals to the organization and increase the chance of retaining them.

With globalization in the twenty first century, work environment is changing rapidly from the ever rising competitive and turbulent environment to the use of human capital as an input and a resource. There is a need for all competing firms to ensure that it has not only efficient workers but effective as well equipped with relevant skills and abilities to meet current strategic requirements for better performance of the firms (Robinson, 2006). The firms must understand their required talents and communicate this to the hiring authority. Such human resource departments must adopt among other things the human resource management practices that identify talent retention as an input to the growth of the financial outcomes of a firm. Such financial outcomes may include among others, the firm's profit, and improved satisfaction of the firm's customer as well as greater human resource outcomes such as job satisfaction, motivation and commitment and, enhances work quality and qualification.

The human capital theory postulates that management of talents as well as its retention has a crucial part in the overall performance of an organization. According to this theory, the workers are assets to the firms and stress that a company's investment on workers will generate significant returns while Social Exchange motivation of employee thus plays a center stage in this theory so as to be retained within the organization. The driving and motivating factor of conducting the study in this sector is that multinational companies have developed into competitive force in the world economy and are clearly emphasizing the significance of localizing their organization but due to talent management challenges as a result of globally fierce competition that exists in recruiting and retaining right people for right job, many companies have talent deficiency as local talent are scarce.

## **1.1.1 Talent Management**

This study views talent as what is possessed by workers in terms of skills and ability to work towards some given production. Different workers possess different talents which an organization will require for its future performance (Armstrong, 2012). Talented workers possess special gifts as well as attitudes that enable them perform efficiently and effectively.

## **1.1.2 Employee Retention**

Despite variation in the definition of employee retention, Mckeown's (2005) defines it as an employer's systematic effort in creating an enabling environment aimed at retaining and encouraging workers in their daily working in the organization. However, there those who see it as policy and practices inbuilt by firms to retain experienced workers from leaving their jobs (Hausknest, 2009).

## 1.1.3 DHL Company

This is a multinational firm with operations in several outlets in several countries. As multinational corporations, DHL Company plays a very important role towards globalization. For instance, its trend has been linked to be contributing to industrial growth and development: it has been associated with provision of good services to its customers with customized among other benefits. DHL Company also offers not only top-flight services but also value-added services like co-packing and order processing as well as financial services.

#### **1.2 Research Problem**

Talent management is an important element of a company's leadership strategy, which has been based on developing the behaviors, skills and values needed to promote a culture that delivers high quality employee output. Most literature has linked retention of employees in the organization to performance of such organization (Walker (2001). For instance, Cutler (2001) revealed that retention of employee in this twenty first century is very crucial due to the dynamism characteristics of human resources and that motivation of the workers could lead to their dedication thus ensuring improved performance. All companies that retain employees of a high rate of talents, posses in them a comparative advantage over their rivals. This is mainly through reduced labor costs arising from advertising and acquiring new workers whose skills and talents have to be searched before they are allocated their rightful jobs (Buckingham, 2000). As talent management, the key to positioning of workers in the right department is vital and in such, it involves attraction of talents, its retention as well as learning and developing career management (Henen et. al, 2010).

In the DHL Company, the noble idea of talent management has been prioritized and in such, the company has heavily invested not only in attracting and developing but also in maintaining the required talent within the company as well. Human resource practices in the organization combine to create a climate manifested in a high performance work system whereby investing in human capital management has become a priority as human capitals remains the most important component in an organization, in the implementation and maintaining of an effective business strategy. Organizations differ greatly in their efforts to retain top talent. Thriving organizations such as DHL Multinational are able to

compete effectively by overweighing their competitors through attracting the best employees and putting initiatives to motivate them to remain within their staffing. As some studies have revealed, getting the best people for the job is half battle win, but retaining such talented staff give a company an added advantage over the others. DHL recognizes the importance of its employees and that's why it has put a lot of efforts in attracting and retaining top talent globally to drive its business needs.

Several studies have been conducted investigating talent management and employee retention. Tanton (2007) while investigating the talent management in worker's retention in south Africa revealed that talent management and employee retention cannot be seen in isolation. The study therefore recommended that good talent management is important in achieving the organization's set objectives and goal and that the main driving force behind talent management was employee retention. Oladapo (2014) did an exploratory study on the effect of talent management of a firm on its retention and the findings were that employee retention is a major factor in reducing talented employee's turnover.

In summary most of these studies have underscored the relationship of talent management, and while the findings have confirmed the importance of talent management and employee retention. Though many studies have been done on talent management and employee retention, none of these studies has been done with a focus on multinational company and with a specific reference on DHL Limited. This knowledge enables the researcher to find out the relationship between talent management and employee retention at DHL Multinational Company by finding an answer to the following question: what is the relationship between talent management and employee retention at DHL Limited?

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#### **1.3 Research Objective**

The objective of the study was to determine the relationship between DHL's talent management and retention of its employees.

#### **1.4 significance of the Research**

The study will provide Human Resource Specialists with adequate information on talent management and how they can design talent strategies and practices that can help them attract, develop and retain the best talents within and outside their respective organization. The Management and employees of DHL will benefit from the study since the findings will bring out the importance of the strategies to implement talent management at DHL Company and how these strategies can foster employee retention. The findings will also assist the management in developing a comprehensive talent management policy that enables it in managing the best talent in different regions the organization operates.

Other multinational companies will benefit from the study by implementing the recommendations of the research so as to improve employee retention in organizations and thus gain maximum benefits from maintaining top talents. Researchers and scholars will use the findings and information from the study to add to their understanding on talent management and employee retention, bridge the gap that might have been left by the researcher in the course of conducting the study and also provide foundation and material for further similar research in future.

The policy makers will benefit from the study since it will have identified the gaps that could help them in developing new policies and formulating strategies intended to improve talent management and employee retention. It will also help policy makers in

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making proactive decisions on talent management and employee performance.

## **CHAPTER TWO: LITERATURE REVIEW**

#### **2.1 Introduction**

In this part, we review of literature on talent management practices and employee retention is presented. The chapter discussed theoretical foundation of the study, talent management, employee retention, and a review on the correlation between management of talent and the retention of employees.

#### **2.2. Theoretical Foundation of the Study**

The study was based on two theories; the Human Capital Theory and Social Exchange Theory to analyze the correlation management of talent and employee retention. These theories have been analyzed below.

#### 2.2.1 Human Capital Theory

Founded by Becker (1962), this theory brings out the value of people in organizations. According to it, people are assets to the organization and in such should be treated well with the best policies and practices to retain them. Boxall (1996) believes that the human capital of the any organization does provide a competitive strategy and a conceptual basis for asserting that talented people are sources of competitive advantage. This happens if their resources of the firm are of high value, scarce, unique and non-substitutable. Human Capital Theory justifies the need to highly value activities regarding management of talent. Becker (1962) concludes that this theory assists in the evaluation of the influence people have on a business entity and the value addition on the shares by providing a measuring yardstick upon which future employees, business plans and procedures are structured to improve on the effectiveness of talent management.

#### 2.2.2 Social Exchange Theory

According to Blau (1964), upon being recruited to join a company, they already have with them the necessary skills, pre-set targets and have expectation of which set-up they wish to work in order to satisfy their expectation and desires. The theory suggests that when an organizations identifies talent and invest in them they are likely to attain better returns on these investments. In the light of employee retention, this theory suggests that when staff is satisfied with the work environment provided to them, they are more than likely to stay longer with a one organization, and when they also see no better alternatives. Social exchange theory also analyses the employment relationship in terms of social or economic exchanges. The exchange of economic benefits is through return of employees' actions while through permissive deeds which are organization induced, social exchange could be achieved.

#### **2.3 Talent Management Practices**

Talent Management Practices involve an extensive collection of activities that different organizations embrace to ensure they get and maintain a highly skilled and knowledgeable workforce. These are methods employed by organization to aide in retention of their employees (Human Capital Institute, 2008). Armstrong (2009) talent management practices have been seen to consist a wide range of activities which different organizations adopt such as compensation management, talent planning, employee engagement, employee empowerment and many others. The practices adopted generally differ from industry to industry in many cases and certain practices are more suitable for certain industries over others. At the same time there are some practices which are prevalent in most of the industries. (Lewis and Heckman, 2006). The talent management practices that are common in many organizations are talent planning, candidate identification and selection, succession planning, learning and development, performance management, remuneration, and employee retention.

Talent design is the preliminary step in the management of talent. According to Armstrong (2010) talent planning is the procedure of evaluating how many and which kind of skill in staff are required for the long-term needs of the organization. For this to be a success, proper policies that lead to staff training and development are paramount to the attraction and absorption of staff for the long-term. This is according to talent evaluation/ audits. Tansley (2007) concludes that effective staff organization is the initial stage of talent management, which requires insightful assessment of the log-term plans of and structures of the company. With an elaborate strategy, an organization can both achieve growth in quality and number of staff, and all this relies on the effective employee information management and utility. This model recommends the identification of high value performers to take up critical position in the succession plan.

Armstrong (2006) alluded that organizations always seek the most cost-effective way of finding the most quality employees that fit the position perfectly well and will help the company achieve its objectives also in the most cost-effective manner. Before recruitment even begins, certain specifications should be outlined, including; the number and the skills neededas itemized in the recruitment plan of the organization. According to Jackson et.al (2009), the talent selection procedure entails the identification of suitable candidates

and before any considerations are made. This energies should be aligned with plans, policies, mission and vison of the company How attractive an organization is to the candidates also influences the potential candidates to choose to seek opportunities in it, hence the quality of the staff that shall be selected (Abraham, 2011).

Additionally, (Abraham, 2011) also asserts that company can offer both informal and formal interventions such as prevalent learning growth programs to offer options such as skill coaching and (Abraham, 2011). Gibb (2002) argues that learning and development addresses a combination of cognitive capacities and behaviors that are significant and relevant to people considered to be top performers. Armed with a strongly developed staff and having personnel with good learning experience, an organization can create a clear completive edge in the market.

Jackson et.al (2009) observed that performance management is a tool employed to evaluate employee's outcomes, attitudes towards their assignments, behaviors and rewards them accordingly. It is a way of inducing successful staff towards maximizing their efforts to the advantage of the organization. With an effective performance management tool, an organization can have understandable performance objectives that results can be evaluated against and can conduct continuous job assessment with promt responses. The practice also involves linking performance results of talented employees to rewards and consequences, and providing top talent with opportunities for career planning and development. Armstrong (2006) also attribute the proper function of an organization within its own environment to the well strategized performance monitoring tools. With and agreed structure of goals and induced competition, an organization can also achieve better results from its team and the entire organization efforts. Mullins (2009) state that good working relationships with staff selection team, the strategy development team and through well-organized performance management. By positively recognizing and motivation of staff, an organization staff will be more engaged with work

Compensation and Reward entails how staff are remunerated with regard to the status in the company, which include moth monetary and non-monetary values. Compensation and rewards include basic pay, pensions, sick pay, insurance cover, company cars among other (Armstrong, 2006). Price (2007) state that talented employees feel that they are fairly rewarded they are more likely to show commitment. Rosenbloom (2001) argues that the surest form of social and economic security to employed staff is the remuneration they draw from their employers.

To Rees (2008) talent management practices is more on the managing of employee talents through incentives such as rewards to excellent work done by the workers. To her, those perform best within the set time should earn more followed by those who try and finally the potential ones. In doing so, she forms a self disciplining model that will weed out the non performers or non talented workers.

Talent management also involves succession planning. In this study succession planning is the process of singling out a successor for a crucial post within the organization and planning on career movers for the same successors. It helps in not only in attracting potential employees but also in retaining them as this is na incentive to develop their career and grow in the same institution. For Charenet (2001), succession planning leads to the hiring of high potential for all departments of the company and assist in retaining such workers for the better of the firm.

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#### 2.4 Factors Affecting Employee Retention

Employee retention has emerged as the most fundamental, critical and complex issue in workforce management. Robison (2006) indicates that employee retention is influenced by several determinates that should be ought to be managed congruently: firm's culture, firm's climate, career advancement/development systems, pay and benefits, training and development and flexible work schedule/ work life balance.

According to Mullins (2008) indicate that Career Development and Advancement is one of the key strategies for retention of employees. Armstrong (2013) state that career advancement and development is usually provision of a flow of talent needs to an institution or talent it needs. According to Kochari (2014) state that raising pay levels reduces staff turnover and improve job satisfaction to a significant degree. He further argues that organizations which provide more attractive reward do have low attrition rates than those who don't and this has been used as a strategy by many firms to retain talents within their companies. To Torington (2014), traning appears to play a crucial role in employee retention as it encourages or demands some level of engagement form the trained worker. It encourages volunteerism. On the other hand, Armstrong (2013), is of the idea that failure to train workers, highly talented workers opt to resign and the firm is left with less talented and may even be understaffed – a factor that may reduce its potentiality to compete effectively and perform well.

#### 2.5 Firm's Talent Management and its Employee Retention

Many scholars argue have revealed a positive relationship between the firm's talent management systems and its retention of its workers (Kehinde (2011). It also indicated that the retention programs and the talent management initiatives have impact on multinational companies. Lindholm (2013) did a case study to find out the impact of managing retention by engaging talented employees in companies in the USA. Her study concluded an existence of a positive significant effect talent management on worker's retention among organization.

Oladapo (2014) researched on the impact of talent management on retention and the findings were that employee retention is a major factor in reducing talented employee's turnover. He concluded that there is impact of talent management on attracting, hiring and developing employees as well as on retaining employees. Isfahani&Busatani (2014) sought to establish the effects of talent management on employee retention for staff of the University of Isfaha in Iran and found that there is a positive relationship between talent management and employee retention regardless of the firm's characteristics.

Kataike (2013) conducted research which sought to determine the relationship between talent management and employee retention and it was found that there is a strong positive relationship between Talent Management and Staff Retention, and therefore management must give more attention to talented staff in order to retain their services in the long term. The study concluded that Talent management cannot be separated from Employee retention because they go hand in hand. Organizations need to develop their employees for them to perform well. On the other hand, Kochari et.al (2014) also conducted a study on critical analysis of talent management strategies on employee retention in the public hospitals in Kenya. The study indicated that talent management strategies impacts positively on the retention of employees in public hospital in Kenya.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This section presents the research methodology. Section 3.2 presents the research design as 3.3 discuses the targeted population. The rest of the parts present the data collection methods, and data analysis techniques to be used.

### 3.2 Research Design

The study adopted a descriptive research in form of a case study. In so doing the researcher has no control over the variables, reports only objectively what had happened and tries to find out on the causes of the variables and their behaviors.

## **3.3Target Population**

The target population was from the Supervisory level, Middle level Management and Senior Managers employees working at DHL Ltd in Kenya. According to the Human Resource Department Staff Establishment (2015) the total number of employees is 2018.

## 3.4 Sample Design

The selection of respondents was through stratified random sampling which classifies population into strata and ensures all the departments and units are represented. The target population will be categorized into senior management, middle management, Supervisors. A representative sample of 120 (50%) of the population was selected using stratified sampling (Mugenda and Mugenda, 1999)

#### Table 3.1: Population and Sample

Category	Population	Sample (50%)
Senior management	15	8
		12
Middle management	25	12
Supervisors	200	100
Total	240	120

**Source: Human Resource Department (2015)** 

#### **3.5 Data Collection**

Data was collected by primary data source by use of structured questionnaires through drop-and -pick later method. The questionnaire was divided into two parts. Part 'A' was used to collect data on the respondent and company profile while part 'B' was contain questions aimed at determining the relationship of talent management and employee retention at DHL Company. A correspondence will be done via telephone and e-mails. Data collected was checked for reliability, validity and measurability to ensure that it will feasible to draw valid conclusions from the data.

#### **3.6 Data Analysis**

Data collected was be analyzed using descriptive statistics which will include mean, mode, percentages and frequencies which was used to analyze questions on the profiles of the respondents. Mean scores and standard deviations were determined through use of statistical package for the social science (SPSS). The data was presented in tables, bar graphs and frequency charts. To establish the relationship between talent management and employee retention a Regression Model was used to establish the correlation between the variables and co-efficients. The multiple regression model was computed as follows; **Regression Model:** 

 $Y = \beta 0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6$ 

In which

Y is the Employee Retention

 $\beta_0$  is the Constant

 $\beta_i$  (i=1....6) are Coefficients of Determinants

X<sub>1</sub> is the Talent planning

 $X_2$  is the Recruitment and Selection

X<sub>3</sub> is the Succession planning

X<sub>4</sub>=Learning and Development

X<sub>5</sub>=Performance Management

X<sub>6</sub>=Compensation and Reward

# CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

# **4.1 Introduction**

This chapter presents the data analysis and result of the research project. It begins with the presentation of responses, analysis and findings of data collected from questionnaires and then later presents the demographic characteristics of responses, results of talent management practices and the relationship between talent management and employee retention.

# 4.2 Response rate

The research was conducted at DHL Kenya Limited. The researcher in attempt to collect data relevant to the study distributed 120 copies of questionnaires to each stratum. Out of 120 questionnaires distributed, it's notable that 111 questionnaires were returned which is 92% of the total filled and returned while 9 were not returned which is 8% as shown in figure 4.2.1 below. This indicates that most employees participated in the study on talent management practices and employee retention.

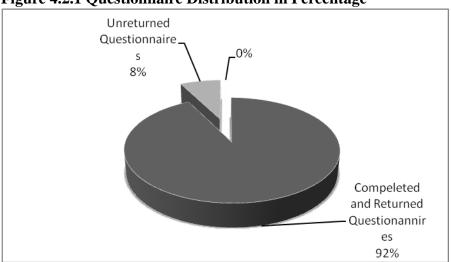


Figure 4.2.1 Questionnaire Distribution in Percentage

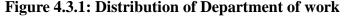
Source: Research Data 2016

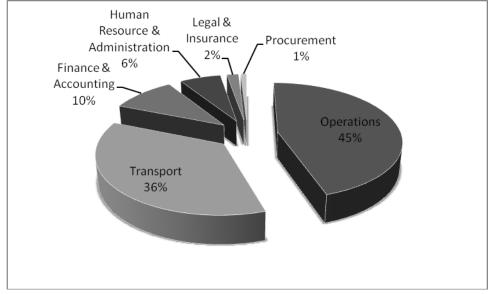
## **4.3 Bio-Data Respondents**

The section presents the data findings on the respondents' general information. The demographic information included rate of respondents, their level of education, level in the organization, number of years served in the organization and department.

# 4.3.1 Department of work in DHL

The study sought to establish the departments in which the respondents worked. The results are shown below.



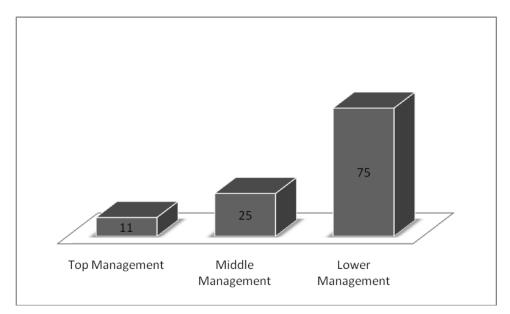


Source: Research Data 2016

From the figure 4.3.1 above, it is clear that majority of the interviewee were from operations department (45%), transport department (36%), finance and accounting (10%), human resource and administration (6%), legal & insurance (2%), and Procurement (1%). The findings indicate that all the departments were represented a fact that was much appreciated in the study as the results were of significant impact on general study-confirming the reliability of the study data that aimed at obtaining data from all the departments.

## 4.3.2 Category in Management the Respondents were classified

The study sought to identify the level of respondents in management. Figure 4.3.2 below presents the findings.



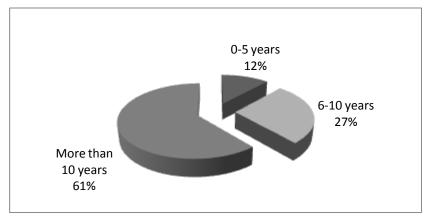
## Figure 4.3.2: Category of Work at DHL

From the figure 4.3.2 above, it is clear that most of the respondents (75 of them) were under lower level management (75) followed by middle level management at 25, while the least of them (at 11) comprised the top level management From the analysis it can be concluded that all levels were represented as different levels that have varying experiences in the company. This was found to have a significant impact on the study.

## 4.3.3 Length of Service of Respondents

This project sought to know the number of years the workers have been employed in the company. Figure 4.3.3 below presents the results.



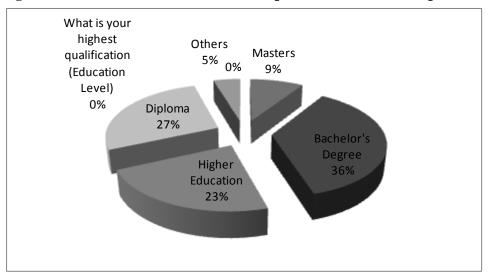


Source: Research Data 2016

The findings reveals that majority of the interviewee had been employed for more than 10 years (61%), 6-10 years (27%) and 0-5 years (12%). The findings indicate that majority had worked for more than 10 years that gives a reasonable experience to give a valid data that has no much variance. This shows that the company can design a comprehensive talent plan where the newly recruited employees can learn on the job skills from experienced employees.

### **4.3.4** Level of Education of the Respondents

The level of education of the workers in determining their level of qualification was also sought by the study and findings are shown in the figure below.



**Figure 4.3.4: Distribution of Education qualification of the Respondents** 

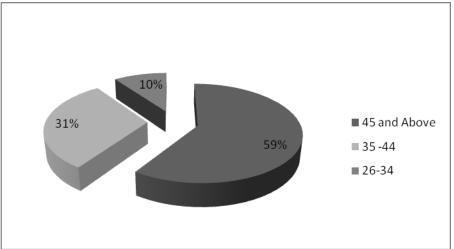
## Source: Research Data 2016

Research findings from figure above reveals that most of the workers (36%) were degree holders, 27% were diploma holders, 23% were higher diploma holders, 9% had masters degrees, 5% had other qualifications and none of the respondents was a PHD holder. The findings indicate that the most of the workers were educated with at least a degree, diploma and certificate level. This implies that employees are knowledgeable on the employee talent management and possesses different skills and abilities for succession planning.

## 4.3.5 Age of the Respondents

In investigating the age of the workers, the study found the following results from the 111 respondents that dully filled and returned their questionnaires





Source: Research Data 2016

Findings reveal that most of the 111 respondents were 45 years and above (54%), 35-44 years (28%) and 26-34 years (18%). There were no workers who were 25 years and below. The results indicate that all workers had enough experience in their lifetime. The study also indicates that there was a fair representation of the ages even though there were no employees with less than 25 years. The study concluded that employees of all ages participated in the research.

## **4.4 Talent Management Practices**

The main aim of our study was to establish the effect of a company's talent management practices on its workers/employee retention. To capture this, the respondents were asked to grade/ evaluate their company's talent management practices in a likert scale of five points. The range 1 to 5 with 1 = strongly Disagree and 5= strongly agree. The talent management practices that they responded to were talent planning, recruitment and selection, succession planning, learning and development, performance management,

compensation, and employee retention. In respect to this aspect, the respondents were asked to indicate to what extent they agreed with various aspects that were tested under talent planning.

## **4.4.1 Talent Planning**

In respect to this aspect, the employees were asked to indicate to comment on the statements under talent planning. Table 4.4.1 represents the results.

	Mean	Std.
		Deviation
Does talent management prioritized in DHL's strategic plan?	3.2342	1.09507
Does DHL possess a workable succession plan for all management posts	3.1081	1.30280
DHL regularly analyses talent needs.	2.9820	1.07857
DHL talent management strategy primarily source talent from outside the organization	2.9279	1.32604
DHL has a clear talent management strategy	2.7658	1.10334
DHL web site has supportive information to create interest with qualified candidates	2.7477	1.30362

#### Table 4.4.1: Talent Planning

Source: Research 2016

The study investigated on various aspects under talent planning in the Company. Most of the respondents felt that the priority of talent management at DHL is moderate with a mean of 3.2342, on succession plan, most respondents were of the feeling that DHL had succession plan for all management posts (3.1081), DHL regularly analyses talent needs (2.9820), DHL talent management strategy primarily source talent from outside the organization (2.9279), DHL has a clear talent management strategy (2.7658), and DHL web site has supportive information to create interest with qualified candidates (2.7477).

The finding implies that at DHL Talent management has a priority in the strategic plan, and somewhat there is succession plan for management posts.

## 4.4.2 Recruitment

On recruitment in the DHL company, the respondents were asked to evaluate their feelings and the result is shown in table below.

 Table 4.4.2 Recruitment

	Mean	Std.
		Deviation
The recruitment process provides for an extensive selection of talents	3.0901	1.20265
Induction programs are well structured to help the new employee settles in	3.0270	1.08258
The total benefit package DHL advertises to intending employees is attractive.	2.6306	1.25718
Recruitment process succeeds in selecting the best talent	2.6216	1.33522
There is sufficient pool of managerial talent available at DHL to fill vacancies.	2.5045	1.25679

# Source: Research Data 2016

Research findings from the table above (Table 4.4.2) reveals that most of the respondents agreed to moderate extent that; the recruitment process provides for an extensive selection of talents (3.0901), Induction programs are moderately structured to help the new employee settles in (3.0270), The total benefit package DHL advertises to intending employees is moderately attractive (2.6306), Recruitment process succeeds in selecting the best talent (2.6126), and there is sufficient pool of managerial talent available at DHL to fill vacancies (2.5045). These findings imply that, at DHL recruitment practices are

carried out at though to a moderate extent. However the recruitment process does not succeed in selecting the best and there is no sufficient pool of managerial talents to fill vacancies.

#### **4.4.3 Performance Management**

In respect to this aspect, asked to evaluate the performance of the management, the following table shows the result.

My organization conducts performance review regularly	3.2523	1.05717
The Performance review focuses on evaluating my competencies and abilities	3.1441	1.34737
My performance appraisal is discussed with my supervisor	3.1441	1.25660
Targets and their dew dates are clearly communicated to staff members	2.8559	1.25660
I receive good feedback on my performance appraisal	2.8559	1.28521
My personal objectives are not aligned to the business goals	1.9640	1.04384

## Source: Research data 2016

The study also tested some aspects under performance management. Study findings reveal that a greater percentage of the respondents felt to a moderate extent that; the company conducts performance review regularly (3.2523), the Performance review focuses on evaluating the competencies and abilities (3.1441), and the performance appraisal is discussed with the supervisor (3.1441), targets and their dew dates are clearly communicated to staff members (2.8559), and the respondents feels that they receive good feedback on their performance appraisal (2.8559). However, the respondents do not seem to agree that their personal objectives are aligned to the business goals with a mean of (1.9640).Therefore the finding imply that at DHL performance management is carried out and performance review focuses on evaluating employee competencies and abilities and performance appraisal is discussed with the supervisors. However employees feel that they do not receive good feedback and their personal objectives are not aligned to

business goals.

# 4.4.4 Compensation and Reward

On compensation and reward, the respondents were asked to indicate to what extent they agreed with the listed statements under the aspect. The results are as shown in table below.

	Mean	Std.
		Deviation
The remuneration package contributes greatly for my retention at DHL.	3.0631	1.18536
The remuneration package in attractive	2.5405	1.40637
There are no incentives for good performance.	2.2613	1.29131
The salary package is not adequate to my level	2.2342	1.09507
The salary and other variables payments does not compare well with the rest of the market.	2.1982	1.00743

### **Table 4.4.4Compensation and Reward**

**Source: Research Data** 

Findings from the study indicate that majority of the respondents felt to a moderate extent that; the remuneration package contributes moderately to their retention at DHL (3.0631), and the remuneration package is moderately attractive (2.5405). However, majority of the respondents agreed with the following aspects; there are no incentives for good performance (2.2613), the salary package is not adequate to my level (2.2342) and the salary and other variables payments does not compare well with the rest of the market (2.1982). From the respondents' data these results imply that at DHL the remuneration package is somewhat attractive and there are elements of incentive for good performance however employees feel that to some extent the salary package and other variables was

different from other markets of same capacity.

### 4.4.5 Training and Development

In line with this aspect the respondents were asked to indicate to what extent they agreed

with the listed statements under the aspect.

	Mean	Std.
		Deviation
The company has a training and development policy in place that aims at promoting learning culture.	3.3874	1.04595
Roles and responsibilities of the employees and employer are defined in the policy.	3.0901	1.06643
The policy defines the training procedure and who is responsible and how often it should be done.	2.8919	1.13899
The policy has not been made available to all employees for transparency purposes.	2.2252	1.08447

**Table 4.4.5 Training and Development** 

Source: Research Data 2016

Various aspects were tested under training and Development. From the study, the findings revealed that most of those interviewed agreed to a moderate extent that; the company has a training and development policy in place that aims at promoting learning culture (3.3874); roles and responsibilities of the employees and employer are defined in the policy (3.0901), and the policy defines the training procedure and who is responsible and how often it should be done (2.8919). However, majority of the respondents felt to a low extent that the policy has not been made available to all employees for transparency purposes with a mean of 2.2252. The results imply that at DHL learning and development

policies and programs are somewhat used in promoting a learning culture at DHL. The roles and responsibilities of employees in as far as training and development is concerned are somewhat clearly defined in the policy. However the policies have not been made available to all employees for the purpose of transparency.

### 4.4.6 Succession Planning

Asked to what extent they agreed with the statements listed under succession planning. The table below shows the result.

### **Table 4.4.6: Succession Planning**

	Mean	Std.
		Deviation
Team leaders are held accountable for coaching and developing their direct report	3.5225	.88263
The organization evaluates and manage employees performance	3.4414	.84943
The Organization has included succession planning in the strategic planning process.	2.7207	1.06320
The organization identifies potential talent and develops staffs at the senior and middle level.	2.1441	.98946

## Source: Research Data 2016

Research findings from the study reveal that most of the respondents felt to a great extent to the aspect that team leaders are held accountable for coaching and developing their direct report (3.5225). Also, a greater percentage of the respondents felt to a moderate extent that the organization evaluates and manages employee's performance (3.4414), and the Organization has included succession planning in the strategic planning process (2.7207). However, most respondents do not seem to agree that the organization identifies potential talent and develops staffs at the middle and senior level (2.1441). The findings signify that at DHL team leaders are held accountable for coaching, there is a performance management culture and that succession planning is needed in the planning process. However there is little identification of potential talents and staff development at senior level.

# **4.5 Employee Retention**

The study sought to identify employee retention in the company using various indicators. The respondents were required to indicate to what extent they agreed with various aspects under employee performance. The table below presents the results.

	Mean	Std.
		Deviation
The salary and other variables contribute to retention within the organization.	3.1802	1.22992
Performance management is important for employee retention	2.6937	1.29890
Does Compensation and reward management have impact on employee retention?	2.3153	1.06158
Succession plan for all management posts leads to retention	2.1712	1.11904

### Table 4.5: Employee Retention

#### Source: Research Data 2016

Research findings from the study reveals that majority of the respondents felt to a moderate extent that, the salary and other variables contribute to retention within the organization (3.1802) and performance management is moderately important for employee retention (2.6937). However, two aspects scored lowly with most respondents not agreeing that compensation and reward management have impact on employee

retention (2.3153) and succession plan for all management posts leads to retention (2.1712). From the results the findings imply that at DHL salaries and performance management are moderately important for employee retention; however succession planning do not necessarily lead to retention at DHL.

### 4.6 The Relationship between Talent Management and Employee Retention

The study sought to know the relationship between talent management and employee retention. Inferential statistics was done on the variables. Multiple regressions were done to obtain the r coefficient and r-square that determined the relationship. The results below present a summary of the results.

### 4.6.1 Multiple Regressions

In order to establish the relationship between talent management and employee retention in DHL, the study conducted a multiple regression analysis. Table 4.4 below presents the findings.

Model	Model Summary								
Model	R	R	Adjusted	Std. Error	r Change Statistics				
		Square	R Square	of the	R Square	F	df1	df2	Sig. F
				Estimate	Change	Change			Change
1	.994 <sup>a</sup>	.988	.987	.12785	.988	1372.9 7	6	104	.000
	a. Predictors: (Constant), Succession Planning, Compensation and Reward, Performance management, Recruitment, Training & Development, Talent planning								

## Table 4.6.1: Model Summary

Source: Research Data 2016

Coefficient of determination explains the extent to which changes in the dependent variable (employee retention in DHL) can be explained by the change in the independent variables or the percentage of variation in the dependent variable that is explained by the six independent variables (talent planning, succession planning, compensation and reward, performance management, recruitment, and training and development). The six independent variables that were studied, explain only 98.8% of the changes in the employee retention in DHL as represented by the R2. The study shows that there is a strong positive significant correlation (.994) between talent planning and employee retention in DHL.

ANOV	ANOVA <sup>a</sup>					
Model		Sum of	Df	Mean	F	Sig.
		Squares		Square		
	Regression	134.649	6	22.442	1372.978	.000 <sup>b</sup>
1	Residual	1.700	104	.016		
	Total	136.349	110			
a. Dep	a. Dependent Variable: Employee Retention					
b. Pre	b. Predictors: (Constant), Succession Planning, Compensation and Reward,					
Performance management, Recruitment, Training & Development, Talent						
planni	ng					

Table 4.6.2: ANOVA

The probability value of 0.000 indicates that the regression was significant in predicting how talent management impacts the employee retention in DHL. If any hypothesis was tested under this study, the null hypothesis would have been rejected and alternative picked as shown by the p-value which is less than 0.05.

Mode	el	Unstandardized		Standardized	t	Sig.
		Coefficie		Coefficients		
		В	Std. Error	Beta	-	
	(Constant)	070	.059		-1.179	.241
	Talent planning	.130	.093	.134	1.394	.166
	Recruitment	.140	.080	.150	1.758	.082
1	Performance management	.155	.062	.159	2.480	.015
	Compensation and Reward	.442	.054	.446	8.179	.000
	Training & Development	.169	.081	.156	2.078	.040
	Succession Planning	046	.064	036	709	.480

### Table 4.6.3 Coefficients of Determination

The researcher conducted a regression analysis so as to determine the relationship between talent management and employee retention in DHL. The regression equation was:

## $Yi = \alpha + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4 + \beta 5X5 + \beta 6X6 + \varepsilon$

### Yi = -.070 + .130X1 + .140 X2 + .155X3 + .442X4 + .169X5 - .046X6 + .059

Where: Yi: Employee retention X1: Talent planning; X2: Recruitment; X3: performance management; X4: Compensation and reward; X5: Training and development; x6: Succession planning  $\alpha$ : Constant;  $\beta$ : Coefficient of the independent Variable;  $\epsilon$ : error Term. According to the regression equation established, taking all factors constant at zero, the employee retention will be -.070%. The data findings analyzed also shows that taking all other independent variables at zero, a unit increase in talent planning will lead

to a .130 increase in employee retention in DHL. A unit increase in the recruitment will lead to a .140 increase in employee retention in DHL. Also, a unit increase in performance management will lead to a .155 increase in employee retention in DHL. A unit increase in compensation and reward will lead to a .442 increase in employee retention. Again, a unit increase in training and development will lead to a .169 increase in employee retention. However, an increase in succession planning will lead to a -.046 decrease in employee retention in DHL.

This withstanding, the study shows that there is a significant relationship between performance management, compensation and reward, & training & development and employee retention in DHL. Again, we find that talent planning, recruitment and succession planning have insignificant relationship with employee retention since their p-values (.166, .082, & .480) is greater that (0.05) therefore we accept any null hypothesis set. Talent management has a significant effect on employee retention in DHL with a p-value of .000 thus we reject the null hypothesis associated with the variable and pick the alternative. Therefore, it can be deduced that talent management has a significant impact on the employee retention in DHL.

### 4.7 Discussion of the Findings

The aim of this study was to investigate the relationship between DHL's talent management practices and the company's employee retention at DHL Kenya Ltd. Tansley (2007), postulates that an effective talent process must start with a proper talent management. On the other hand Armstrong (2012) is of the idea that an inclusive

communication is a good sign of talent management since it determines the size of the talent pool to be talent managed. Whereas an exclusive approach to talent management focuses on the high performers an inclusive approach is vital as talented employees are fewer than their demand. As highlighted in the literature review and findings of the study compensation and reward was found to be important at DHL, and was principally concerned to leverage employees' effort and performance aligned to organizational goals. Rees (2008) also argued that incentives to talented employees also plays a vital role in motivating and retaining talented people in the organization and constitutes the largest part of the retention process. Talented employees always have high expectations regarding compensation packages. Attractive compensation package plays a critical role in retaining employees.

The results on succession planning show that it is based on the information about managers in supply and demand forecasts talent audits and performance and potential reviews. Large organization as DHL where demand and supply forecasts can be made accurately, there are highly formalized succession planning processes based on the sort of management succession planning. As noted by Rothwell (2010) succession planning can be seen in terms of identifying successors for key posts and the planning career moves and/or development activities for those potential successors. The findings on learning and development strategies and practices at DHL Kenya aims to ensure that people in the organization acquire and develop the knowledge, skills and competencies they need to carry out their work effectively and advance their careers to their own benefit and that of the organization. According to Gibb (2002) state that organizations need people with high

and appropriate knowledge, skills and abilities. Steps taken to meet this need are business led in the sense that they are based on undertaking of the strategic imperatives of the business and support the achievement of its goals. In talent management as supported by Armstrong (2009) training and development activities make a major contribution to the successful attainment of the organization's objectives and investment in it benefits all the stakeholders of the organization.

The study found out that performance management was given important emphasis at DHL Kenya. Jackson et.al (2009) state that the practice involves linking performance results of talented employees to rewards and consequences, and providing top talent with opportunities for career planning and development. From the results performance management provides basis for self-development and in talent management it was about ensuring that the support and guidance people need to develop and improve are readily available.

### **CHAPTER FIVE**

# SUMMARY, CONCLUSION AND RECOMMENDATIONS

### 5.1 Introduction

This chapter presents an overview of the summary, conclusion and recommendations drawn based on findings of chapter four and in relation to literature review. The conclusion made from the objective of the study.

### **5.2 Summary of the Findings**

The objective of the study was to determine the relationship between talent management practices and employee retention at DHL Limited. The data was collected by use of structured questionnaires designed in form of a likert scale. The findings show that one hundred and twenty (120) respondents were used as sample and questionnaires were administered to the same number of respondents. Out of the one hundred and twenty (120) distributed, one hundred and ten (110) were returned back which represented a response rate of 92% of the total questionnaires distributed, filled and returned. The findings indicate that all the departments were represented a fact that was much appreciated in the study as the results were of significant impact on general study. The findings of the study also point out that all levels of employees were involved in the research as majority of the respondents were of lower management, middle level and senior management. This shows that different levels had varying experience when it comes to the research construct.

From the research findings majority were found to have more than 10 years' work experience therefore they provided reliable information about talent management practices in the organization. On the level of education the findings implies that employees are knowledgeable on the employee talent management and possess different skills and abilities for succession planning. The study concluded that employees of all ages participated in the research therefore the organization should plan for talents in a way that takes care for both the present and future requirements of the organization.

The findings show that majority of talent management practices have been well embraced at DHL Limited. The practice of talent planning was adapted to a greater extent as shown by the results of the findings. Recruitment practice was found to be embraced as the company promotes both internal and external recruitment process to improve their pool of talented employees as best talent are absorbed in the organization. Performance management practice was found out to be important as talented employees can make contribution by demonstrating the highest level of potentials. The research also identified performance reviews to be key in aligning the talented employees to the business strategy of the company. Compensation and reward was also adopted in form of attractive monetary and non-monetary rewards and benefits such as medical, pension good salary and allowances used to attract, retain and maintain top talents within DHL. Learning and development was embraced for purposes of improving organizational and employee performance through enhancing their knowledge, and skills to perform current and future jobs and assignments. Succession planning practice was found to be given priority to a moderate extent. The results implied that succession planning should be given emphasis to ensure that the organization has the managers it requires to meet the future business needs.

Employee retention was found to be strongly having a relationship to performance of employees. The study found out that the factors that aided employee retention and motivation of high performers included providing challenge and achievement opportunities (e.g. assignments), mentors, realistic self-assessment and feedback. In this study all the independent variables were found to have a positive significant correlation (.994) except for succession planning which had moderate correlation with employee retention. The findings support a strong and positive relationship between talent management practices on employee retention at DHL limited. In summary talent

### **5.3** Conclusion

DHL Limited has fully embraced talent management practice as part of its human resource management operations and practices. From the findings and discussion majority talent management practices were found to have been adopted by the organization have a relationship on employee retention. Talent management practices in a greater extent determine employee retention; the company needs to develop other practices such as knowledge management, health and safety and also employee engagement. The research also established that successful talent management is driven by a 'talent mind-set' in which every manager in a firm regards talent management as their business and not the sole responsibility of the Human Resource department.

Globalization has not only increased competition among organizations but has also created a new window of opportunities for the workforce. Failing to retain key talent in multinational corporations is costly for any organization due to costs associated with

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employee turnover. Talent management practices can facilitate development of employees, enhance service delivery and also give DHL an enhanced corporate image.

### **5.4 Recommendations**

Talent management strategies and protocols calls for the systematic attraction, identification, retention and deployment of individuals with high potential who are of particular value to the organization. Talent management starts with business strategy and what it signifies in terms of the future demand for talented people. The DHL management should develop a successful talent management strategy that is inclusive and that can address and resolve any incongruity between supply and demand of talent. Talent management in the organization must be about employee development or succession planning. Employee interests should be balanced by creating an internal labor market that offers all the advantages of the external labor market, to reduce staff turnover and avoid the associated loss of talent and costs.

Career management policies are important for successful implementation of talent management. The organization needs to decide on the degree to which it makes or buys talented people. Employers who believe in long-term career planning develop structured approaches to career management. These should include elaborate reviews of performance and potential assessment center's to identify or confirm that it is these high flyer schemes and planned job moves are in line with a predetermined programs. Planning and implementing recruitment and selection programs must ensure good quality people are recruited who are likely to thrive in the organization and stay with it for a reasonable length of time. This can be achieved by introducing comprehensive talent processes covering all involved, generating and maintaining a talent pipeline or talent pool so that 'talent on demand' is available to provide for management succession.

Talent retention practices and policies should or ought to be designed to make sure workers people remain as engaged and committed members of the firm. DHL has to create a system of talent pools that track manage the careers of employees with high potential. Employees in these pools should be selected initially for new assignments within their regions or line of business and, over time, be given positions that cross boundaries in order to demonstrate that they have the potential to reach a senior management role. The retention strategy must take into account the retention issues the organization is facing and sets out ways in which these issues can be dealt with.

### 5.5 Limitations of the study

Financial constraints hindered the study since a sample taken restricted the researcher to a reasonable number. Cost cutting measures was used and therefore the study was restricted to DHL Office in Nairobi as opposed to other regions such as South Africa, Uganda, Tanzania and Nigeria. Uncooperative Respondents was also a challenge as some employees were not willing to provide the right information as regards to the study as they feared victimization from the top management hence ten (10) questionnaires were never returned to the researcher.

### **5.6 Suggestion for Future Research**

It would be beneficial for future researchers to consider the following suggestion: this study was concerned with DHL as a multinational in Kenya; a similar study should be carried out in other multinational companies and sectors so as to confirm the applicability of the results. There are different multinational operating in Kenya future studies should compare the different talent management practices on retention on such organizations. For the purposes of similar study in the future a large sample should be used to find whether the results of this study can be generalized since this study only used a sample of 120 respondents.

It is also key that future research can be conducted in different areas of study such as the relationship of talent management practices on employee engagement to verify whether talent management has some impact on employee engagement. Alternative data collection and analysis methods such as interviews and use of content analysis can be used to yield more information on the relationship between talent management practices on employee performance.

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# **APPENDICES**

# **APPENDIX I: QUESTIONNAIRE**

# **Instructions:**

Please provide the following regarding your position in the organization by placing "X" or " $\sqrt{}$ " In the appropriate block.

# SECTION A: BIODATA OF THE REPONDENTS

1. In which department of DHL do you work?

1.1	Legal & Insurance
1.2	Operations
1.3	Finance and Accounting
1.4	Transport
1.5	Human Resource and Administration
1.6	Procurement
1.7	Other (specify name)

# 2. What category do you fall in at DHL?

2.1	Top Management	
2.2	Middle Level Management	
s2.3	Lower	
2.4	Other ( specify )	

3. How many years have you been working at DHL?

3.1	0-5	
3.2	6 – 10	
3.3	More than 10	

4. What is your highest qualification (Education Level)

4.1	PHD	
4.2	Masters	
4.3	Bachelor's Degree	
4.4	Higher Diploma	
4.5	Diploma	
4.6	Others ( specify )	

5. What age category do you fall?

5.1	25 years and below	
5.2	26 - 34	
5.3	35 - 44	
5.4	45 and above	

# SECTION B: TALENT MANAGEMENT

The research has established that talent management has Six key components: Workforce Planning, Recruitment & Selection, Learning & Development, Performance Management, Compensation & Reward Management and Succession Planning: please indicate the extent to which you perceive that the following statements apply by indicating with an "X "OR "√" in the appropriate box

B1	Talent Planning	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
1	Talent management has a high priority in the overall strategic plan of DHL					
2	DHL regularly analyses talent needs.					
3	DHL has a clear talent management strategy					

4	DHL has a succession plan for					
	all management posts					
	an management posts					
5	DHL web site has supportive					
-	information to create interest					
	with qualified candidates					
6	DHL talent management					
	strategy primarily source					
	talent from outside the					
	organization					
<b>B</b> 2	Recruitment	Strongly	Agree	Uncertain	Disagree	Strongly
		Strongly	ingree	Cheertuni	Disugiee	Strongly
		agree				disagree
1	The recruitment process					
1	provides for an extensive					
	-					
	selection of talents					
2	The total benefit package					
	DHL advertises to intending					
	employees is attractive.					
3	Induction programmers are					
5	well structured to help the					
	new employee settles in					
4	There is sufficient pool of					
	managerial talent available at					
	DHL to fill vacancies.					
5	Recruitment process succeeds					
-	in selecting the best talent					
<b>B3</b>	Performance Management	Strongly	Agree	Uncertain	Disagree	Strongly
DS	r er tor mance wranagement	Strongly	Agree	Uncertain	Disagiee	Strongry
		agree				disagree
		0				0
1	Targets and their dew dates					
	are clearly communicated to					
	staff members					
2	The Performance review					
-	focuses on evaluating my					
_	competencies and abilities.					
3	I receive good feedback on					
	my performance appraisal					
L						ļ
4	My performance appraisal is					
	discussed with my supervisor					
L						
5	My organization conducts					
	performance review regularly					
1			1		1	

6	My personal objectives are aligned to the business goals					
B4	Compensation and Reward	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
1	The salary and other variables payments compare well with the rest of the market.					
2	The salary package is adequate to my level					
3	The remuneration package contributes greatly for my retention at DHL.					
4.	There are incentives for good performance.					
5	The remuneration package in attractive					
B 5	Training and Development	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
1	The company has a training and development policy in place that aims at promoting learning culture.					
2	The policy defines the training procedure and who is responsible and how often it should be done.					
3	The policy has been made available to all employees for transparency purposes.					
5.	Roles and responsibilities of the employees and employer are defined in the policy.					
<b>B</b> 6	Succession Planning	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
1	The Organization has included succession planning in the strategic planning process.					

2	The organization evaluates and manage employees performance	
3	Team leaders are heldImage: Comparison of the second s	
4	The organization identifies potential talent and develops staffs at the senior and middle level.Image: Comparison of the senior and th	

# **EMPLOYEE RETENTION**

INSTRUCTIONS V: please indicate the extent to which you perceive that the following statements apply by indicating with an "X "OR " $\sqrt{}$  "in the appropriate box

		Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
1	Does Compensation and reward management have impact on employee retention?					
2	Performance management is important for employee retention					
3	The salary and other variables contribute to retention within the organization.					
4	Succession plan for all management posts leads to retention					