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Research article

THE EFFECT OF TALENT DEVELOPMENT AND TRAINING STRATEGIES ON COMPETITIVE ADVANTAGE.(ACASE OF COMMERCIAL BANKS IN NAKURU TOWN, KENYA)

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Abstract

Talent development strategies are very crucial in any organization when it comes to creating competitiveness, banking industry is not left out.It is the process of changing an organization, its employees, its stakeholders and groups of people within it using planned and unplanned learning in order to achieve and maintain a competitive advantage for the organization. To be successful in the banking environment and other organizations, they must retool their workforces to adapt to changing jobs thus the need for organizations to grow their investments in employee training and development and also ensure that employees at all levels see the clear connection between their day-to-day activities and the success of the organization. This study sought to determine the effect of different talent development strategies on competitive advantage .The study was conducted among commercial banks within Nakuru town in Kenya. Data was collected by use of structured questionnaire and analyzed using both descriptive and inferential statistics. The study found that talent development was low in banks. To achieve measurable improvement in the organizational competitive advantage, more efforts should be done especially in talent trainings.

Keywords: Talent development, Talent management, Strategy, Strategic Talent Management,

1. Introduction

The significance of talent development in organizations is reinforced by the fact that high quality leadership development programs and formal succession management programs results in superior business results (Bernthal & Wellins, 2006). There have been arguments that effective career development programs are not only important in improving talent' skills and preparing them to emerging organizational challenges but also in gaining talent' commitment to the organization. In other words it is argued that career development programs should aim at enhancing talent's ability to manage current and future responsibilities. In addition, increasingly tight labor markets make succession management a business imperative and put pressure on organizations to identify and accelerate the development of future leaders from within (Busine & Watt, 2005). Given this pressure, the enduring organization needs to have an effective succession management policy in place, with a particular focus on the continuity of key specialists and leaders (Stone, 2002). Under talent development, the two most imperative business strategies that are used to build up and maintain talent are leadership development and succession planning. Succession planning involves preparing for the organization's next senior team, developing a talent pool for internal recruitment of strategic talent management by cross skilling talent, and/or ensuring the organization is future proofed with respect to availability of skills (Hills, 2009).

Succession planning that involves continually recruiting, training and promoting talent is not only necessary to prevent a brain drain of corporate knowledge, but is also important in identifying required competencies and communicating needed skills (Jones, 2008). Tailored development opportunities for key talent are recognized as essential for motivation and retention of these people, and in a skills short market, developing current staff is a more cost effective and efficient means of maintaining internal talent pools. Career development opportunities also have a significant impact on job satisfaction and affective commitment, or engagement, to an organization which both contribute directly to the retention of productive talent (Beames, 2001).

Internal talent development needs to offer both key talent (high potentials) as well as core contributors (effective/satisfactory performers) opportunities for growth in order to maintain operational efficiency and productivity. High potential and core contributors require different development experiences and these should be tailored accordingly for maximum return. Committed leaders are required to reinforce such a focus on both groups given their competing business priorities (Corporate Leadership Council, 2005).

In talent training and development, banks generally divide development programs into two types: in house and institutional training and development. The largest company prefers to use both programs, whilst medium and small size firms more prefer an in-house program than another one because budget limitation. Most organizations prefer in house approach which is more flexible and cost saving.

1.1 Talent development in Banking Industry

Kenyan banking industry has created a more complex and dynamic environment in which most firms must learn to compete effectively to achieve sustainable growth. Workforces around the world have become larger, increasingly diverse, more educated, and more mobile (Briscoe, Schuler & Claus, 2009; Friedman, 2005). The environment has not only changed the way business is conducted, it has also created the need for organizations to manage their workforces in a global context. Despite increasing studies on the subject, there is lack of clarity concerning the definition and core practices of talent development. Every talent would wish to work in an organization with clear systems and structures of career development and growth. It is maintained here that talent development strategies in the banking industry should aim at recognizing potential talent by assigning them tasks that expose them to higher managerial roles (Senge, 2006). This will prepare them well enough in advance for such roles. Additionally, talent must be offered training and development opportunities either on or off the job. Talent should also be considered for promotion where they meet the requisite qualifications.

2. Materials and Method

The research was based on a cross-sectional qualitative study. The design involves the collection of data on more than one case, at a single point in time (Bryman, 2004). The population of study was drawn from all commercial banks with branches in Nakuru Town. Data was collected from heads of three departments namely service, operation and general management. Purposive sampling method was used to select heads of departments namely operations, service and general management from each of the participating commercial banks. Purposive sampling allows the researcher to select cases that are likely to be information rich with respect to the study Borg and Galla (1999). A closed - end questionnaire was designed with questions on employee's demographic profile and specific talent management initiatives, this was dropped to the various selected respondents. A five-point Likert Scale was employed; the study used a self-administered questionnaire to gather information from the respondents. Using a list of response categories ranging from strongly agree to strongly disagree. The questionnaire was pretested with five employees in different commercial banks to iron out any procedural difficulties. Effect of Talent development strategies on competitive advantage was tested statistically using Pearson Moments Correlation. This helps to look for the relationship between interval variables Saunders, et al., (2007) Relationships between the development strategies and competitive advantage in commercial banks were determined at an alpha level of $p < 0.05$. The data was analyzed with the help of the Statistical Package for Social Sciences (SPSS) computer program (version 12.0). The computer programme is considered friendly, simple and easy to conduct analysis.

3. Results and Discussion

3.1 Talent Training and Development

The objective of the study sought to examine talent training and development programs and their contribution towards competitive advantage in commercial banks.The respondents were asked to indicate the extent to which they disagree or agree with various aspects of talent training and development in their respective organizations. Some of these aspects include self organized trainings, organized trainings by banks, selection and promotion. The five-point Likert scale with strongly agree, moderately agree, neutral, moderately disagree and strongly agree was used. The results are presented in the Table 1 below.

Table 1: Level of Talent Management, Training and Development

Statement	Percentage Responses (%)				
	Strongly Disagree	**Disagree**	**Un-decided**	**Agree**	**Strongly Agree**
There are several employees who attend self organized training and development activity	0.0	9.7	3.2	45.2	41.9
Employees attend organized trainings and development activities organized by the organization more often	11.3	40.3	6.5	29.0	12.9
The company organizes for training and development activities for new employees	0.0	3.2	11.3	69.4	16.1
Training and development activities attended by employees are always relevant	0.0	16.1	21.0	53.2	9.7
Training and development workshops attended by employees have improved the ease with which they undertake their responsibilities	0.0	17.7	21.0	46.8	14.5
Persons facilitating trainings and development activities are normally competent and	0.0	8.1	40.3	32.3	19.4

qualified.					
The organization constraints employees to attend trainings and development activities.	17.7	4.8	0.0	24.2	53.2
Selection for promotion is based on personal relationships and network ties	4.8	1.6	1.6	32.3	59.7
Promotion is based on past performance	9.7	29.0	9.7	35.5	16.1
Promotion is based on range of experience	12.9	45.2	4.8	24.2	12.9
Promotion is based on successful completion of training course or education.	58.1	25.8	1.6	6.5	8.1

Source: Research Data

The study findings (Table 1) revealed that 87.1% of the respondents generally agreed that there are several employees who attend self organized training and development activity, 9.7% generally disagreed while 3.2% were undecided. This implies that banks staff have embarked on self sponsored trainings because of competition of talents in the banking industry. This is a personal initiative taken by bank staff to develop and prepare them for more challenging roles and even promotion whenever opportunities arise. Also, 51.6% of the respondents generally disagreed that employees attended trainings and development activities organized by the organization more often, 41.9% generally agreed while 6.5% were undecided. This implies that banks do not commit substantial amount of resources in training of staff. These results are contrary to the CIPD 2005 learning and development survey reports which conclude that well-designed talent management development activities can have a positive impact on an organization's bottom line and that 'developing high-potential individuals should attend trainings more frequently to update their skills. Training and development may convey a message to employees that it is in the best interest of the organization to have them stay longer in the firm. Therefore besides the induction trainings normally organized during the entry into the banks, more trainings should be conducted to the staff more often.

In addition, 85.5% of the respondents generally agreed that the company organized for training and development activities for new employees, 3.2% generally disagreed while 11.3% were undecided. Recruitment and selection may highlight individuals who require little training on arrival into the firm (Steffy and Maurer 1988). This implies that banks invest in training new employees because they are considered more productive and assets in driving competitiveness. The study findings further revealed that 62.9% of the respondents agreed that training and development activities attended by employees were always relevant, 16.1% generally disagreed while 21% were undecided. This indicates that banks prepare their employees for the dynamism and competition in the banking sector.

It is also evident that 61.3% of the respondents generally agreed that training and development workshops attended by employees have improved the ease with which they undertake their responsibilities, 17.1% generally disagreed while 21% were undecided. Further, 42.7% of the respondents generally agreed that persons facilitating trainings and development activities are normally competent and qualified, 8.1% generally disagreed while 40.3% were undecided. Survey data indicate that 77.4% of the respondents generally agreed that the organization constrained employees to attend trainings and development activities while 22.5% generally disagreed. This implies that banks do not create time for staff self development and this has hindered their development. It has been noted that banks have so much to be done to an extent that their employees rarely spare time for personal development.

According to survey data, 92% of respondents generally disagreed that selection for promotion was based on personal relationships and network ties 6.4% generally disagreed while 1.6% were undecided. In addition, 51.6% of the respondents generally agreed that many promotion was based on past performance, 29.7% disagreed whereas 9.7% were undecided. This entails that promotion policies in place are widely acceptable and based on meritocracy and that providing internal promotion opportunities may instill a sense of fairness and justice among the employees and make them feel that they are more secure. According to Pfeffer (1995), an emphasis on promotion from within a company will provide a sense of fairness and justice among the employees

Further, study findings indicate that 58.1% of the respondents generally disagreed that promotion is based on range of experience, 37.1% agreed while 4.8% were undecided. It is clear that experience alone does not contribute to promotion. Study findings also revealed that 83.9% of the respondents generally disagreed that promotion was based on successful completion of training course or education, 14.5% generally agreed while 1.6% were undecided. This implies that successful completion of training does not automatically warrant for a promotion. An employee could be learned but hold a junior position in the banking sector, reason being that most banks prefer those who can perform and therefore individual productivity is highly appreciated.

With respect to overall level of talent training and development, survey data (Figure 1) shows that 75.8% of the respondents reported “moderate”, 12.9% reported “high” and only 11,3% reported “low”. The study findings indicate that level of talent training and development in the organizations is generally moderate.

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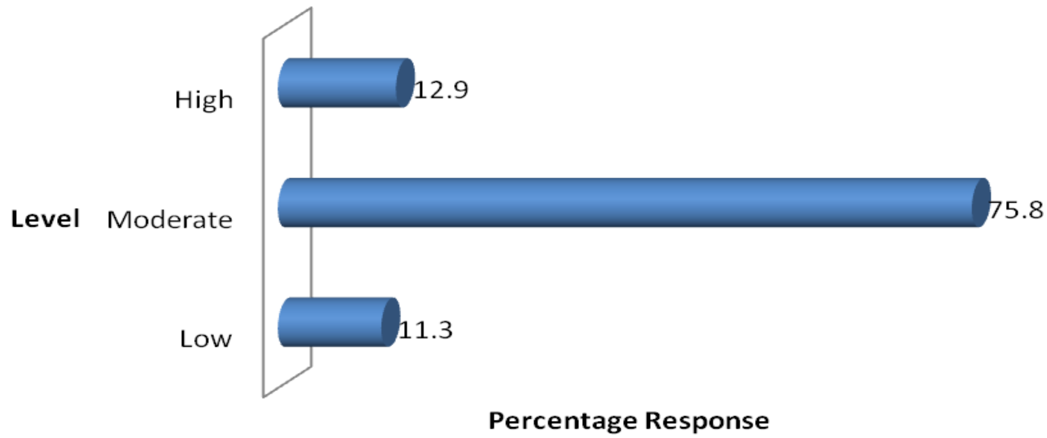


Source: Research Data

Figure 1. Overall Level of Talent development and Training

3.2 Level of competitive Advantage among Organizations

The respondents were also asked to indicate the extent to which they disagree or agree with various aspects of competitive advantage in their respective organizations. The five-point Likert scale with strongly agree, moderately agree, neutral, moderately disagree and strongly agree was used. The results are presented in the Table 2.

Table 2. Level of talent development on competitive advantage

	Strongly Disagree	Disagree	Un-decided	Agree	Strongly Agree	
Desire to improve business results / revenue	1.6	6.5	4.8	36.5	30.6	4.081
Growth in business requiring better development of talent	1.6	4.8	3.2	43.5	46.8	4.290
Need for greater diversity in management	1.6	9.7	25.8	33.9	29.0	3.790
Anticipated changes in skills of future leaders	4.8	24.2	14.5	30.6	25.8	3.484
Company growth	1.6	1.6	6.5	48.4	41.9	4.274

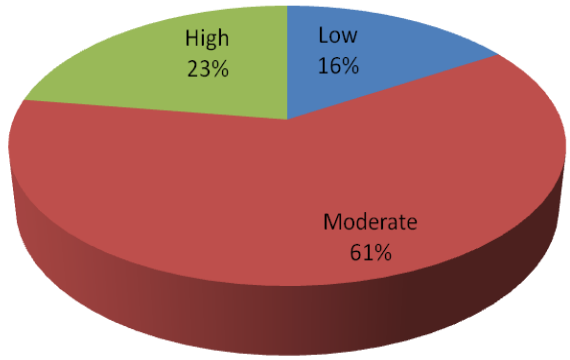
Increased customer base	1.6	6.5	3.2	33.9	54.8	4.339
To develop committed employees	8.1	30.6	8.1	33.9	19.4	3.258
Enhanced organizational reputation	3.2	3.2	9.7	56.5	24.7	4.016
Need to increase retention of internal talent and reduce labour turnover	8.1	29.0	16.1	35.5	11.3	3.129

Source: Research Data

The Study findings (Table 2) shows that 67.1% of the respondents generally agreed that Talent development has improved business results and revenue, 8.1% disagreed while 4.8% were undecided. Further, 90.3% of the respondents generally agreed that talent development has led to growth in business requiring better management of talent, 6.4% disagreed while 3.2% were undecided. This implies that good talent development leads to greater productivity, and even faster revenue growth in banks.

Further 62.9% of the respondents generally agreed that talent development contributes to greater diversity in management, 11.5% disagreed while 25.8% were undecided. In addition, 56.4% of the respondents generally disagreed that talent development resulted in changes in skills of future leaders, 29% agreed while 14.5% were decided. The study also revealed that 90.3% of the respondents generally agreed that talent development strategies led to company growth, 3.2% disagreed while 6.5% were decided. In addition 88.7% of the respondents generally agreed that it increased customer base, 8.1% disagreed while 3.2% were undecided. Further, 53.3% of the respondents generally agreed that talent development in banks has developed committed employees, 38.7% disagreed while 8.1% were decided.

The study also found that, 81.2% of the respondents generally agreed that talent development strategies enhanced organizational reputation, 6.4% disagreed while 9.7% were undecided. Finally, 46.8% of the respondents generally agreed that it also contributed towards increased retention of internal talent and reduced labour turnover, 37.1% disagreed while 16.1% were undecided. According to study findings (Figure 2), 61% of the respondents reported that the overall level of commitment competitive advantage among the organizations was generally moderate (61.3%), 22.6% reported “high” and only 16.1% reported “low”. On the basis of these findings, the overall level of competitive advantage was generally moderate.



Source: Research Data

Figure 2. Overall Level of Competitive Advantage among Organizations

3.3 The influence of talent training and development on Competitive advantage

In order to determine the influence of the independent variable (talent training and development) on the dependent variables (competitive advantage), regression analysis was done. In this regard, the independent variables such as Talent Acquisition, Talent development and training and Reward system were regressed on the dependent variable competitive advantage. The results of the regression analysis were presented in the below tables

Table 3: Regression Analysis

Model		Un-standardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.775	.688		5.483	.000
	Talent development and training	.086	.059	.190	-1.464	.149

A Dependent Variable: Talent development outcome index

On the basis of the Beta and significant values (Table 3 above), namely; Talent development and training (β =0.190, P=0.149) was found not to significantly influence competitive advantage in commercial banks since (P> 0.01). This means the independent variable did not contribute significantly to the model and thus the null hypothesis that Talent development and training strategies do not significantly influence competitive advantage in the commercial banks in kenya was not rejected. This is in contrary to some researches done earlier which found that by having a good strategy in talent development to the employees this can make the business have great positive developments that would take it to the next level. This is because employee development encourages the employees to be more engaged which leads to the work place to have a high performance. (Grieves 2003).

4. Conclusion

From this study it is seen that there was no significant relationship between talent training and development strategies and competitive advantage though it had an influence. Although investment in training and development is important, the findings suggest that training and development programs are not enough to drive competition one could be well trained but is unproductive. Talent development programmes should combine both on the job and personal initiatives. They should be supported on a daily basis by the banks to ensure that employees can face both local and global competition. Organizations should look inside the organization before looking outside (make, rather than buy), through learning and development initiatives like trainings and coaching. The heavy emphasis on and investment in development programs is consistent with the promote from within policy which encourages training and skill development and helps companies retain talents. The study found that promotions within commercial banks are based on ability and not on experience and that it is not based on successful completion of a course or training. This indicates that ones ability is very important and employees should utilize their abilities and expose them well. Employees often cite career development as one of two top job satisfiers, along with compensation. Employees want to be challenged and developed. If they're not, they will become less productive or perhaps even leave. The mandate is clear: for organizations to succeed in today's rapidly changing and increasingly competitive marketplace, intense focus must be applied to initiating talent development programmes.

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