

**The Effect of Talent Management Practices on Employee Retention in  
State Corporations in Uganda:  
A Case of National Social Security Fund**

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A Case of National Social Security Fund**

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June 2018

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## **ABSTRACT**

The aim of this study was to assess The Effect of Talent Management Practices on Employee Retention in State Corporations in Uganda; A Case of National Social Security Fund (NSSF). The research objectives were to ascertain: firstly, the effect of talent acquisition on employee retention; secondly, the influence of talent development on employee retention; and thirdly, the impact of talent rewards on employee retention. In order to meet these objectives, a mini-survey was carried out. This involved administering structured questionnaires via interviews to 88 respondents, including Executive Committee Members, Senior Managers, Mid-level Managers, Branch Managers and other support staff of NSSF.

Of all potential participants contacted, 61 (69%) successful responses were received. The data arising from these interviews were then analysed for any statistically significant effect using regression on SPSS. Results showed that: firstly, talent acquisition affects employee retention; secondly, talent development does not affect employee retention; and lastly, talent rewards influence employee retention. As a result, these recommendations are proposed: for internal talent acquisition to prosper, a diverse and rich talent pipeline has to be built within the organisation, NSSF should always hold dissemination sessions of trained staff to allow knowledge and training transfer and lastly, NSSF Uganda needs to invest aggressively in talent retention strategies such as training, executive coaching, mentoring, showing appreciation through compensation and benefits and encourage work-life integration.

# TABLE OF CONTENTS

DECLARATION .....	ii
LIST OF TABLES .....	vi
ABBREVIATIONS .....	viii
CHAPTER ONE .....	1
INTRODUCTION .....	1
1.1 Introduction.....	1
1.2 Background to the study .....	1
1.4.1 General Objective.....	8
1.5 Research Questions.....	8
1.6 Scope of the Study .....	9
1.7 Significance of the Study.....	9
CHAPTER TWO .....	10
2.1 Introduction.....	10
2.3 Compensation and Rewards and, employee retention .....	17
2.4 Obstacles to Talent Management Practices and Employee Retention.....	18
2.5 Summary of Literature Review.....	19
3.1 Introduction.....	21
3.2 Research Design.....	21
3.3 Geographical Area of Study.....	21
3.4 Population and Sampling .....	22
3.4.1 Population .....	22
3.4.2 Sampling .....	22
3.5 Data Collection Tools .....	23
3.5.1 Interview guides .....	23
3.5.2 Self-administered Questionnaires .....	24
3.5.3 Document review checklist .....	24
3.6 Techniques for Data Collection .....	24
3.7 Sources of Data .....	25
3.7.1 Primary Data .....	25

3.7.2	Secondary Data .....	25
3.7.3	Data processing and analysis .....	25
3.8	Research Quality – Validity, Reliability and Objectivity of the Research .....	26
3.8.1	Validity.....	26
3.8.2	Reliability.....	27
3.9	Ethical Issues in Research.....	27
CHAPTER FIVE .....		40
DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS .....		40
5.1	Introduction.....	40
5.2	Discussions of the study.....	40
REFERENCES .....		46
APPENDIX I: INTRODUCTION LETTER .....		i
APPENDIX II: QUESTIONNAIRE.....		i

## LIST OF TABLES

Table 3.1: Sample size and selection .....	22
Table 3.2: Content Validity Index results .....	26
Table 3.3: Reliability Statistics of Instruments .....	27
Table 4.1: Response rate .....	27
Table 4.2: Education level of respondents .....	29
Table 4.3: Working experience of respondents.....	30
Table 4.4: Talent acquisition and Employee retention.....	31
Table 4.5: Correlation findings between talent acquisition and employee retention .....	32
Table 4.6: Regression results between talent acquisition and employee retention .....	33
Table 4.7: Regression findings - ANOVA findings.....	33
Table 4.8: Talent development and Employee retention .....	34
Table 4.9: Correlation findings between talent development and employee retention .....	35
Table 4.10: Regression results between talent development and employee retention .....	35
Table 4.11: Regression findings - ANOVA findings.....	35
Table 4.12: Talent retention and Employee retention.....	37
Table 4.13: Correlation findings between talent retention and employee retention .....	38
Table 4.14: Regression results between talent retention and employee retention.....	38
Table 4.15: Regression findings.....	39

## LIST OF FIGURES

Figure 2.1: Conceptual frame work showing how talent management practices affect employee retention .....	20
Figure 4.1: Showing gender of respondents.....	29

## ABBREVIATIONS

ANOVA	Analysis of Variance
CEO	Chief Executive Officer
CVI	Content Validity Index
DNA	Deoxyribonucleic Acid
GDP	Gross Domestic Product
HiPos	High Potential Employees
HR	Human Resource
LEA	Leadership Excellence Academy
NSSF	National Social Security Fund
SHRM	Society for Human Resource Management
SPSS	Statistical Package for Social Scientists
TM	Talent Management
U.S	United States
UK	United Kingdom
URBRA	Uganda Retirement Benefits Regulatory Authority

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## **DEDICATION**

To my dearest family and friends, I could not have done this without you.

I will always be indebted to you.

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Introduction**

Human Resource experts believe that a Talent Management System is a key element to the survivability and sustainability of every organisation. Such a system includes processes of absorption, identification and retention of those employees who constitute the talent core of every organisation and who represent a small percentage of the employees at the highest level in favour of the organisation's interests (Berger, L., & Berger, D., 2003).

### **1.2 Background to the study**

National Social Security Fund (NSSF) was established by the 1985 Act of Parliament to provide for its membership, the payment of contributions to, and the payment of benefits out of the Fund and for other purposes connected therewith. The Act made the Fund a statutory body. Currently, the Ministry of Finance, Planning and Economic Development is responsible for the policy oversight of the Fund. Following Uganda Retirement Benefits Regulatory Authority (URBRA) Act 2011, NSSF will be forthwith regulated by URBRA.

The National Social Security Fund (NSSF Uganda) is a National Saving Scheme mandated by Government through the National Social Security Fund Act, Cap 222 (Laws of Uganda) to provide social security services to employees in Uganda. NSSF Uganda is a Provident Fund and covers employees in the private sector. The Fund is a contributory scheme and is funded by contributions from employees and employers of 5% and 10% respectively of the employee's gross monthly wage. The Fund manages assets worth over UGX 7.9 trillion invested in Fixed Income, Equities and Real Estate assets within the East Africa region.

The National Social Security Fund (NSSF) of Uganda is a pension fund organisation which covers all employers who have 5 or more employees between 16 and 55 years of age, with the exception

of employees under the government pension act. The NSSF Act requires that a registered employer is required to pay contributions to the fund for his or her employees every month during which he or she pays salaries. NSSF Uganda collects members' contributions and invests them judiciously and pays commensurate benefits to qualifying members. The money collected is maintained on individual members' accounts, invested and earns an annual interest depending on the return on investment.

The NSSF vision is to be the social security provider of choice and the mission is to secure a better life for the growing membership by providing quality products, great customer service and offering competitive returns in a transparent and efficient environment. NSSF's core values include; customer-centric, innovation, integrity, team work and efficiency.

In light of the above functions, NSSF Uganda needs highly skilled employees to effectively execute its mission and all its functions. This calls for a collection of talented individuals who can apply their skills to achieve the levels of Excellency needed by the stakeholders as the institution represents the pensions' hub of the nation. In addition it also calls for a proper employee retention strategy so as to align itself with the growing global trends and to attain its maximum potential so as to satisfy its stakeholders.

Since the end of the 90s of the last century, when in the concept of "the war for talent" was popularized; distinct increase in interest in high-potential employees is noticeable. According to (Joanna Moczyłowska, 2012) attention was primarily focused on finding and hiring people with extraordinary abilities; over time, talent management has embraced additional components and gained in importance. The interest in the issue of talent management is observed on a worldwide scale.

For most of the 20th century, the primary concerns of managers in the workplace were tangible resources, such as land, equipment, and money as well as intangibles such as brands, image, and customer loyalty (Dess & Picken, 1999). All their efforts were directed towards the efficiency of the two traditional factors of production-labour and capital, but the times have changed. In today's economy, 50% of Gross Domestic Product (GDP) in developed economies is knowledge based,

which is centered on intellectual assets and intangible people skills (Dess & Picken, 1999). These changes have led organisations to develop a highly integrated approach to talent management as a necessity to ensure productivity, profitability, and sustainable growth over time (Perrine, 2005). Although pay and benefits initially attract employees, top-tier leadership organisations focus on retaining and developing talent (Lockwood, 2006). The talent management process is used to control certain events that each employee experiences in the work place (Perrine, 2005). Organisational strategies and talent management strategies will continue to be driven by workforce trends such as an increasingly global and virtual workforce, different generations working together, longer life expectancies and an empowered and autonomous workforce that have forever changed the workplace (Tucker, Kao & Verna, 2005). Demographic changes have also caused the workforce to continue to diversify--from age, gender and ethnicity to lifestyles, migration patterns and cultural norms (Ward-Johnson, 2007).

In addition, as noted in the Society for Human Resource Management's ("SHRM's") 2005 Future of the U.S. Labor Pool Survey Report, the anticipated loss of talent in the next decade will vary by organisation size, sector and industry (Collins, K. M., Onwuegbuzie, A.J., & Sutton, I. L., 2006). The study confirmed that large organisations--as compared with small and medium companies--are more concerned about loss of talent from the retirement of the baby boom generation (Rappaport, Bancroft, & Okum, 2003), public and government organisations are more concerned about the loss of potential talent than private companies (Morton, 2005). Key business strategies also drive talent management Corporate branding, a key organizational strategy, is another business strategy that drives talent management. To sustain outstanding business results in a global economy, organizations will rethink and reinvent their approaches to talent management (Ashton & Morton, 2005).

In the US research showed that 75% of companies stress TM as one of their top priorities. In the UK, studies showed similar patterns, finding that 90% of all corporations assess TM as positive for the bottom line, where above 50% of UK firms state to have implemented TM activities (Larsen 2012). Like this result indicates, and supported by several authors, TM is a vital component for organizational success (Beechler & Woodward, 2009; Hartmann, Feisel & Schober 2010; Iles, Chuai, & Preece, 2010; Gallardo-Gallardo, Dries & González-Cruz 2013), where talents, skills

and capabilities drive competitive advantage (McDonnell, Hickey & Gunnigle 2011). By acknowledging the importance of the human capital in today's knowledge economy, this has led TM to become a top management priority 3 (Mäkelä, Björkman & Ehnrooth 2010; Thunnissen, Boselie & Fruytier 2013) and an imperative for sustainability and survival of firms (Gallardo-Gallardo, Dries & González-Cruz 2013).

Swapna and Raja (2012) studied the role of talent management with special reference to service sectors in India and found out that the employees of education as well as healthcare sectors felt that talent management was very important in achieving financial benefits and improve the bottom line of organizations.

First, more literature has focused on case studies in America and Asia (Collings & Mellahi, 2009) while not as many have focused on Sub-Saharan Africa (Amankwah-Amoah & Debrah, 2011) However, Chepkwony (2012) examined the link between talent management practices, succession planning and corporate strategy among commercial banks in Kenya. The results of the research revealed a significant relationship between Talent management practices, succession planning and overall organization strategy. From the above analysis, it is clear that the discussed studies majorly touched on the determinants of employee retention by studying diverse variables.

Mwaura (2012) in his study established that poor pay and working conditions contributed to the loss of the most competent pilots and cabin crew in Kenya Airways to competitors. Kireru (2013) further reports that between the year 2005 and 2008 Kenya Broadcasting Corporation lost 410 competent and skilled employees to competitors. Mwaura (2012) further reports that 75% of medical doctors resign from the government employment and join the private sector seeking better employment terms and conditions. Due to the high turnover rate of the government employees the government has been forced to come up with the reform programs of reorganization and restructuring so as to try to increase the governments revenue streams by making the government departments more competitive (Njoroge, 2012). However, those reforms have realized some improvement but some challenges still need to be solved including talent management (Mwaura, 2012). Although some improvements have been experienced in the adoption of talent management system, there are still gaps that need further exploration.

Studies conducted on the pension sector portray that shortage of sound talent management practices is a major issue that needs adequate attention (Kasekende, 2002). As it stands now, the precise impact of the looming talent and leadership shortage in state corporations is not clearly known due to scarcity of research.

Yet most organisations in Uganda do not give talent management a top priority (Bidandi, 1998). Several studies reveal that most public and private organisations face leadership succession issues. For example it is estimated that 75% of organisations lack proper talent management programs (Nink, 2006). Surprisingly, there exists no effort in developing future leaders or nurturing the talent in public government departments despite the fact that part of government work force is aging and many of the most experienced managers are nearing retirement. (Fesler, 2005).

### **Talent Management Practices**

J.K. Harrison (1994) defines Talent management as identifying mission-critical values, competencies and talents needed in the current and future work force, and clarifying the methods that will be used to recruit, hire, develop and retain high performance work force. The hired employees should then be developed and engaged in the organisation. Besin (2008) defines talent management as a set of organizations designed to attract, develop, motivate and retain key people. Talent management requires systematic views that call for dynamic interaction between many functions and processes. Talent management is a term that extends over a wide range of activities, such as succession planning, human resource planning, employees performance management etc. Laff (2006) asserts that talent management is not just a new fancy word for finding and developing employees. Talent management requires a systematic view that calls for dynamic interaction between many functions and processes. It involves attracting, developing, motivating and retaining competent and highly skilled employees with leadership ability.

### **Employee Retention**

According to Davenport (2003), Schramm (2006) employee retention is a strategic opportunity for any organization to maintain a competitive labour force. Messmer (2006) suggests that retention is improved when employees are offered compensation and benefits, have a supportive work culture, can develop and advance, balance work and life activities.

**Succession Planning and Management:** which can be defined as ‘any effort designed to ensure the continued effective performance of an organisation, division, department or work group by making provisions for the development, replacement and strategic application of key people over time (Adams, 2003). This concept is an overarching concept in this field; it seems to be a combination of succession planning and succession management.

**Talent Assessment and Talent Discovery:** is another familiar concept today; in line with progress and development of the system, every organisation can evaluate its employees in order to identify its talented ones by establishing quantitative security and stability by ranking its relevant indicators (Brand & Kohl, 2007). One of the tools which can be used to this end is the site metre scale. Kohl (2007) notes that in this process every organisation is trying to identify the most talented individuals with the purpose of establishing a reservoir of talent.

**Replacement Planning:** this is understood as any effort that focuses on the identification of replacements of the key positions, usually at the top two or three levels of an organisation (Berks, 2005). Replacement planning is the simplest form of the succession process which simply aims at averting some leadership disaster that may be caused by unexpected loss of key organisational leaders (Rothwell, 2011).

**Talent Development:** After absorption of talented individuals the next is to develop and promote employees’ talents and qualities. New approaches to talent development are giving priority to job experience, teaching experience, mentoring, organisational learning, vocal and self-education, on the job training, job rotation, planning and development facilities and capabilities and a 360-degree assessment. Cunningham (2007) stipulates that career path management provides an opportunity for every individual to choose, develop and immediately focus on desired programs in various critical situations. Cunningham believes that this facilitates early identification of talent and handover of responsibilities to the right people when the organisation is facing critical challenges.

**Talent Retention:** could be discussed as a separate independent entity in talent development. There are different factors affecting talent retention including leadership, commitment, value,

communication as well as incentive programs like giving rewards or compensation of valuable services rendered by employees.

### **1.3 Problem Statement**

According to the NSSF Human Resource Report (2010), it notes that the key factor that determines the success of any organisation is its people. Good systems and processes can only be as good as the good people who manage them. The Fund has committed to develop the capacity of staff and systems to deliver its promise to members. A new e-learning system has been introduced to plug the training gaps and indeed over 60% of staff are completing at least 2 developmental courses on the platform NSSF Annual report (2014) The Fund has also implemented an internal succession planning strategy by encouraging mentoring and supervisor - supervisee contact. This has improved staff engagement greatly. More staff are being promoted internally - a sign of a working internal succession planning strategy.

The Fund has created necessary environment to attain growth in knowledge and skills. Emphasis is placed on employees having personal development plans that broaden their knowledge span. These are then harnessed to build up a pool of highly competent and professional individuals whose wealth of expertise can be drawn on whenever need arises. During the year 2014-2015 NSSF recruited 50 new staff members, of which 3 were Executive Committee, 2 were Senior Managers and 45 were officers (Annual report 2014-2015).

The Fund believes that a continuous pursuit of knowledge by its employees is a must if it is to deliver on its promise to its customers. It is with this in mind that the learning and development policy has been designed in order to allow staff to get the necessary skills without disrupting their productivity. A number of training needs are identified across the Fund at the start of each financial year and a tailor-made program is designed to address these needs. These needs usually range from departmental competences and knowledge improvement interventions to organizational culture and values improvement interventions. An extensive collection of training needs is done from all heads of departments and their teams and this forms the basis of the US\$ 1.2 Billion Training budget. NSSF employee satisfaction improved to 84% from 77% in 2014. Staff development E-

learning uptake level was 70% far above the global benchmark of 30% according to (2014 Annual report).

In light of above NSSF to a greater extent succeeded in attracting skilled staff although there is a great challenge to manage employee retention strategy so as to align itself with the growing global trends and to attain its maximum potential so as to satisfy its stakeholders. NSSF records indicate that 16 staff members left for other institutions in 2009 (NSSF Annual Report 2009), the number increased to 21 in 2010 (Annual Report 2010) and also increased to 26 according to (Annual Report 2011). The average staff turnover is at 6 years. i.e. the average NSSF staff stays under our employment for 6 years. This is worrying therefore for NSSF which since 2010 put up commitment to building up a pool of highly competent and professional individuals whose wealth of expertise can be drawn on whenever need arises.

## **1.4 Research Objectives**

This section presented the general and specific objectives of the study.

### **1.4.1 General Objective**

To establish the effect of talent management practices on employee retention in state corporations in Uganda.

### **1.4.2 Specific objectives**

The study was guided by the specific objectives below:

- i. To assess the influence of talent acquisition on employee retention in NSSF Uganda.
- ii. To examine the effect of talent development on employee retention in NSSF Uganda.
- iii. To examine the effect of talent reward strategies on employee retention in NSSF Uganda.

## **1.5 Research Questions**

This research was guided by the following questions:

- i. What is impact of talent acquisition practices on employee retention in NSSF Uganda?
- ii. How does talent development affect retention of employees in NSSF Uganda?
- iii. How do talent rewards affect employee retention in NSSF Uganda?

## **1.6 Scope of the Study**

The study focused on ‘the effect of talent management practices on employee retention in state corporations; a case of NSSF Uganda. The study was conducted at NSSF Uganda Head Office 14th Floor, Workers House, Plot 1 Pilkington Road, Kampala – Uganda which covered the period between 2010 and 2014. That was the period when NSSF Uganda put in place several measures to promote employee retention.

## **1.7 Significance of the Study**

The results of this study will improve the understanding of the importance of talent management practices and employee retention at NSSF Uganda. The outcomes will also reveal the extent to which the Staff members of NSSF Uganda do consent/ concur that talent management practices are vital to the success of the organisation. Moreover, this study will specifically help NSSF Uganda towards the creation or adoption of appropriate strategies for timely identification, development and placement of leadership talent at various levels. Indeed the findings of this study can trigger NSSF Uganda to seek and implement best talent management approaches for the purpose of improving the organisation’s performance and institutional image nationwide. The study will also contribute to scholarly literature on employee retention and talent management and this will provoke more similar studies.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter presents the literature review and indeed a review of the literature related to the study that was conducted and presented in this chapter. Talent Management practices on employee retention and summary of the literature review. The review was extensive so as to enable the researcher to obtain detailed knowledge of the topic and to reveal procedures, measuring instruments and strategies that were useful in finding out or investigating the problems (Mugenda and Mugenda , 1999).

#### **Theoretical background**

Various theories that address talent management practices have been advanced by a number of authors as a basis of retention strategies in organisations. This current study examined resource based view, social exchange theory, equity theory, social cognitive career theory, Herzberg two factor theory and talent DNA model all of which were relevant to the study.

#### **Talent DNA model:**

Sumanth (2008) proposed a talent management model that seeks to create a road map to realise organisational objectives. The model is based on the concept of DNA that has three components: identification of key roles, identification of competences required for key roles and creation of a database of competencies. Talent DNA is the building block that serves as a link among various HR processes such as career planning and performance management. In order to successfully balance the notion of talent supply with business demand, there must be a match between capabilities and needs (Shravanthi, 2008).

The point of departure from DNA model is to translate the organisation's vision into goals and mapping the competencies to achieve the goals. Organisations have to assess the talent to profile the level of capabilities. They must invest on individual growth to meet and accept varied incremental and transformational roles in an overall scenario of knowledge needed for change.

Talent DNA model is relevant to the current study as it emphasises that skills and capabilities required throughout the organisation must be identified; they should be able to relate to job position and organisations must be able to hire the right people. State corporations in Uganda are no exception. With these components in place, organisations can apply the talent DNA model to recruit and retain talented employees.

### **Herzberg's motivation hygiene theory:**

According to Herzberg, the hygiene factors are those if fulfilled remove dissatisfaction; these are basic needs, working conditions and motivators. If these remain unsatisfied, they bring demotivation to work; employees tend to lose interest in work and attempt to find other employment opportunities (Breugh, et al, 2000). Herzberg concluded that factors which seemed to make an individual feel satisfied with their jobs were associated with the content of the job, these were labelled motivators, yet factors that seemed to make the individual feel dissatisfied were associated with the job context, these he labelled hygiene factors.

Therefore managers should provide hygiene factors to reduce sources of work dissatisfaction and to be sure to include motivators because they are the factors that can motivate workers and lead ultimately to job satisfaction. In line with Herzberg's view, unsafe working conditions or noisy work environment will cause employees to be dissatisfied with the job but their removal will not lead to a higher level of motivation and satisfaction. Other examples of hygiene factors include; salary, status, security, supervision and company policy on the other hand, motivators, leading to job satisfaction are associated with the nature of the work itself. There are those job related practices such as assignment of challenging jobs, achievement, work itself, recognition, responsibility advancement and opportunities for growth in the job. Herzberg argued that when motivators are absent, workers are neutral towards work, but when they are present, workers are highly motivated to excel at their work.

### **Resource based view:**

Joseph and McLean (2006) note that the resource based view posits that human and organisational resources more than physical, technical or financial resources can provide a firm with sustainable

competitive advantage because they are particularly difficult to emulate. The RBV argues that firms possess resources, a subset of which enables them to achieve competitive advantage and a subset for those that lead to superior performance. The theory points out that a firm can sustain competitive advantage only by creating value in a way that is rare and difficult for competitors to initiate.

McLean et al (2010) state that engaged employees are strong assets for sustained competitive advantage and a strategic asset. This theory is relevant to the current study as it addresses the effect of employee engagement and career development in employee retention.

### **Social cognitive career theory:**

This theory has been termed as the most promising career theory that may prove satisfactory in retention and career development. Brown (2006) expanded the scope of social cognitive career theory, offering a new and related social cognitive model designed to explain the ways in which previously identified inputs such as self-efficacy and outcome expectations, along with person and contextual variables are related to the job satisfaction.

The primary focus of this theory is on the central elements of social cognitive namely; self-efficacy and outcome expectations. Self-efficacy can be defined as an individual's sense of control and responsibility for his personal environment. Self-efficacy is concerned with the belief in the ability to exercise control over one's action and events that effect their lives. Beliefs impact life choices, motivation, quality of actions and the ability to overcome diversity.

This theory is relevant to the current study in that career behaviour is driven by self-efficacy or belief in the ability to accomplish something worthwhile. The degree of achievement depends on two factors; outcome expectation or the idea initiating a particular behaviour will yield to desired results. Goals are key because if a person feels confident of his abilities, he is more likely to take specific actions to reach them. If employees feel supported and their goals and career advancement looked into, their intentions to stay will be higher.

## **Talent Management Practices**

Talent management practices as described by Schweyer (2010) include sourcing (finding talent), screening (sorting of qualified and unqualified applicants), selection (assessment/ testing, interviewing, reference/ background checking of applicants), on boarding (offer generation/ acceptance), retention (measures to keep the talent that contributes to the success of the organisation), development (training, growth, assignments), deployment (optimal assignment of staff to projects, lateral opportunities, promotions) and renewal of the workforce, with analysis and planning as the adhesive, overarching ingredient.

Today many organisations are struggling with volumes of Human Resource processes and technologies. Bass (2000) explains that managers should realise that recruiting and developing talented staff is vital to the success of their business objectives. Consequently, it is vital for managers to seek out employees with competencies and abilities that will contribute significantly to their teams. A collection of these gifted workers will build teams that can achieve great results since it is a well appreciated fact that talent is what ultimately drives business success and creates value.

Drucker (2002) highlights that whereas businesses can invest in new technologies for growth in their market share; the real drivers of value in business are its competent employees. Emphasis therefore should be directed to the people who create the products, raise the capital and create innovation advancement. For this reason, Boudreau and Ramstad (2005), state that talent management is an important function of the Human Resource Department and the organisation as a whole. Strategic Human Resource unlike conventional Human Resource provides a separation for recruiting, offering chance for the designated division to concentrate on its core purpose. This calls for HR strategy which integrates the different functions but leaves it up to the HR function to apply the principles of talent management which result in superior business outcomes.

According to Irwin, Goldstein & Ford (2002) sustained competitive advantage comes from talent management practices. This means examining how the tenets of talent management processes have been implemented in an organisation. These include talent planning, recruitment, talent

development, compensation and rewards, performance management and employee empowerment, employee engagement and organisational culture.

### **Talent acquisition and employee retention**

The strategic talent plan starts with a business review and strategy. The CEO must lead this talent drive to help assess the needs of the company. Talent planning is designed to use an organisation's existing capabilities and potential to meet current and future business needs. Some of the vital areas to be assessed include how the company performed the previous year, what the short-term and long-term business goals are to be attained, what are the future product plans etc. other areas include the necessary skills needed to achieve the laid down plans and what important posts are necessary to reach these organisational goals.

Boudreau and Ramstad (2005) states that in order to achieve the desired goals, a comprehensive management process needs to be adopted as a means for accomplishing the talent management practice. It should involve attracting, motivating and retaining the very talented staff. Talent management practices must be aligned to the organisational strategy.

### **Recruitment**

Recruitment is the process of generating a pool of qualified candidates for a particular job (Irwin et al., 2002). Recruitment strategy and policy decisions mean that the HR function decides how to go about filling a vacancy. Whether from within the organisation or outside whatever choice is made could have advantages and disadvantages. However many specialists recommend different ways of finding the right candidate to recruit. These include seeking out top university graduates, establishing contact with employment or executive agents that are seeking jobs.

Another source is to allow HR staff to attend conferences and seminars where they can attract likely candidates. Recruitment efforts may be formal as well as informal. Formal activities involve contacting universities and advertising in the print and electronic media like websites and engaging employment agencies. On the other hand, informal recruitment taps into social networks, recommendations from current employees and individual candidates seeking out the organisation based on its reputation.

## **The Selection Process**

Lynn (2001) argues that the selection process involves the following key steps;

Firstly, the applicant job interest: the applicant's interest in the organisation must be stimulated by an advert on the website or word of mouth by current employees. Secondly, pre-employment screening: the applicant's qualification and skills must be investigated to assess whether they fit the skill gaps of the organisation. Thirdly, test-interview: the interview process should be based on varied psychometric tests and face-to-face interviews. Fourthly, background investigation: once the applicant has been interviewed, a research of their background should be conducted, that is criminal records, financial standings to mention but a few. Lastly, medical examination or drug test: a medical examination is then requested to assess the preparedness of the applicant physically (Taylor & Bennett, 2004).

## **2.2 Talent development and employee retention**

### **Performance Management**

Mathew (2015) asserts that performance management involves a process of identifying, measuring, communicating, developing and rewarding employee performance. The performance management activity must be aligned with the overall organisational business strategy. The purpose for conducting this review is to nurture the talent of the employee so that they reach their full potential in their job. The result of this evaluation is then used to build the weak areas of an employee through identifying the right training an employee needs.

### **Employee Development**

Drucker (2002) asserts that Employee development concerns both the organisation's HR function and the employee. This is a continuous process that an employee engages in as he pursues his personal goals. The personal goals are in line with the organisational goals leading the employee to improve his skills, raise his competence and become a knowledge base for the organisation. Such development will up lift the performance of the employee and raise productivity and profitability of the organisation.

Talent development is essential to employee retention even though employees are hired with the necessary skills. It is important that once they are recruited, they are further trained to carry out their specialised tasks. It is in this regard that staff development serves to sharpen skills that are necessary for a given job (Rothwell, 2008).

Another way of broadening on the employee's knowledge is through job rotation. Job rotation is the process of assigning different jobs to an employee in order for them to broaden their knowledge. This provides employees with exposure to different assignments and helps them have a wider understanding from which they can build their careers (Drucker, 2002). Before any training can be under taken in the organisation, there should be a skills audit that determines what areas of training the team needs. The training should benefit the employee as well as the organisation. An employee can be exposed to training as a means of developing himself (Kasekende, 2002).

### **Employee Empowerment**

Drucker (1994) defines empowerment as the passing of decision making, authority and responsibility from managers to group members. Different types of participative management, shared decision making and delegation can be regarded as empowerment. It involves the trusting of an employee to take responsibility and risk associated with making decisions by them. Fayol (1940) noted that when an organisation cultivates an environment for empowerment, communication and delegation, then it is sure proof that managers trust team members. Managers must communicate job descriptions and assignments clearly to their teams and later provide feedback inform of performance appraisal. They should also guide teams on how assignments must be done and give rewards where it is due and discipline where it is applicable.

### **2.3 Talent Rewards and Employee Retention**

Talent Management practices on employee retention is an important subject that deserves attention especially in many organisations. Talent Management does not only facilitate an orderly turnover of the executives, but also fosters the internal evaluation of human resource needs, reduces work force attrition, and enables the development of good performers to take future leadership positions (Johnson, 2005).

## **Compensation and Rewards, and Employee Retention**

The rewards and recognition system serves as an important component to building and retaining talent in an organisation. The performance appraisal system starts with individual managers setting performance goals and objectives that are in congruence with the organisational strategy, goals and objectives (Berger & Berger, 2003). Kirkland (2007) states that the manner in which rewards are administered can promote the talent management drive or discourage it and add that managers today have great apprehension concerning attracting, recruiting and selecting new employees as well as retaining present ones. Coetzee and Schaap (2005) underscores the significance of linking rewards, which he terms as outcomes to good performance and explains that this giving of compensation to deserving employees will encourage the employee to work harder and therefore affect their behaviour by motivating them.

A good compensation package is important in retaining employees, offering an attractive, competitive benefit package with components such as life insurance, disability insurance and flexible hours, hence motivating employees to commit themselves to an organisation (Kirkland, 2007).

## **Employee Engagement**

Drucker (2002) argues that employee engagement in strategic human resource is one powerful measure which helps to connect employee behaviour with business performance. Authors on management have defined employee engagement as a heightened, emotional and intellectual connection that an employee has for his or her job, organisation, manager or co-worker that, in turn, influences him or her to apply additional discretionary effort to his or her work (Goldsmith et al., 2009).

Cappelli (2008) adds that value creation has become central to the human resource function which in turn makes human capital an important aspect of profitability in any organisation. Evaluating levels of employee engagement enables action to be taken to identify what factors within the experience that motivates employees to stay happily and contribute above the normal requirement. Corbridge and Omotayo (2012) provide a lengthy discussion of factors that encourage employee

engagement such as the quality of supervision, freedom of expression by employees, talent and skill utilisation, tools, time and training, exposing your best employees to development and never threatening an employee's job income.

#### **2.4 Obstacles to Talent Management Practices and Employee Retention.**

A significant proportion of talent management practices and employee retention literature highlights several barriers. For example poor recruitment strategies can result in a lack of staff with right skills (such as communication, people management and organisational skills) to become effective managers in the future. According to the Institute of Leadership and Management (2012) half of all senior managers and two out of five are recruited externally highlighting the fact that talent management practices and employee retention is not working in many organisations so they are relying on more costly external recruitment.

Irwin et al. (2002) asserts that a failure to link talent management practices to the organisation's business strategy, equal opportunities and diversity policy can be a barrier to effective talent management practice and employee retention. This may leave out qualified people working in lower skilled positions or could result in some talented employees being over looked. Stewart (2006) insists that lack of active support and engagement from the Chief Executive and the line managers can cause a significant barrier because this support is necessary for effective implementation of the strategy and to demonstrate commitment to the programs motivating individual staff to participate. However the implementation of talent management practices can be very time consuming for senior managers as the process requires negotiation, dialogue and the provision of support (Irwin et al., 2002).

Mackey (2008) notes that the cumbersome hiring processes, lack of resources for talent management, external regulation and increased competition of talent globally and unfavourable organisational culture are key hindrances to succession planning and talent management in most organisations. Morrison (2009) highlights that lack of clear organisational vision, lack of support from senior or top executives, unsupportive organisational culture, ignorance about importance of succession planning and talent management, lack of knowledge, skills and personnel and a fear about succession planning, implications such as diverse effects in finance, interpersonal frictions

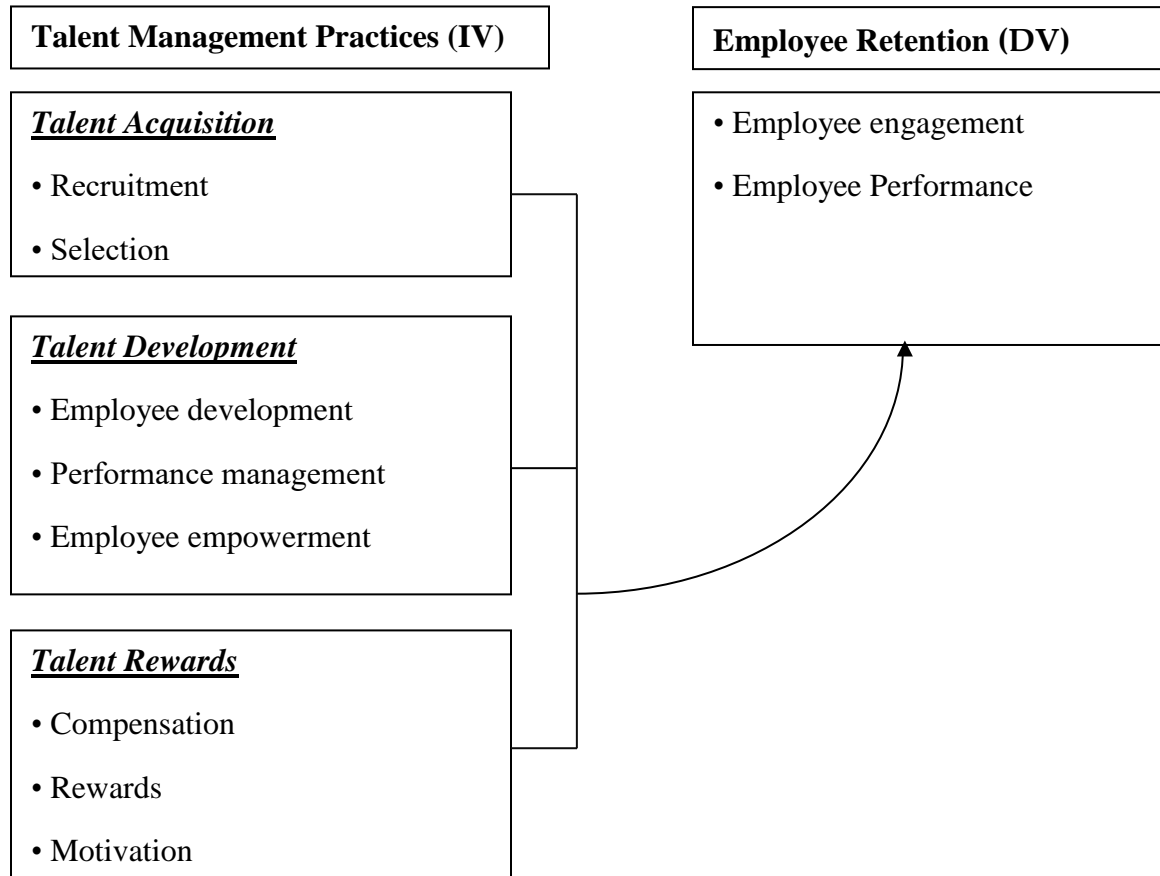
among workers or loss of identity, are key barriers to both succession planning and talent management.

Murphy (2006) adds on to include barriers related to employee motivation or attitude such as uncontrolled employee mobility, lack of confidence, competences and talent, lack of work morale, and personal egocentric attitudes as important barriers. To overcome these barriers experts suggest that employers should use simple and effective talent management practices and employee retention strategies where managers can easily engage with skilled individuals who have the potential to develop. This may also require employers to ensure that line managers have the knowledge to identify, develop, motivate and retain talented staff so that they can implement the strategies effectively (Irwin et al., 2001).

## **2.5 Summary of Literature Review**

Despite a significant degree of academic and practitioner interest, the topic of talent management remains underdeveloped. After McKinsey consultants coined the expression ‘The War for Talent’ in 1997, talent management has increasingly and consistently gained attention in both the practitioner and the academic literature (Kang and Sidhu, 2014; Sonnenberg et al., 2014; Collings and Mellahi, 2009). In recent years, Talent Management has been high on the agenda of most organisations because of the belief in the importance of talent in achieving organisational excellence (Iles et al., 2010; Beechler and Woodward, 2009; Michaels et al., 2001) and most importantly retaining the talent.

Conceptual framework is illustrated below:



*Figure 2.1: Conceptual frame work showing how talent management practices affect employee retention*

## 2.6 Hypothesis of the Study

**Hypothesis 1:** There is a significant influence of talent acquisition on employee retention at NSSF Uganda

**Hypothesis 2:** There is a significant effect of talent development on employee retention at NSSF Uganda

**Hypothesis 3:** There is a linear effect of talent rewards on employee retention at NSSF Uganda

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter provided the approach that was used to arrive at the findings that helped in exploring the effect of talent management practices on employee retention in state corporations. This methodology was organised under the following headings: research design, geographical area of study, population sample, measuring instrument, measurement product procedure and finally assumptions and limitations.

#### **3.2 Research Design**

According to Saunders, Lewis & Thornhill (2012) research design is the general plan of how one goes about answering their research questions. They add that the researcher needs to determine their research in order to formulate a detailed frame work which will provide a road map and focus in the research. Creswell (2013) defines research design as a systematic plan outlining the study, the researcher's methods of compilation, details on how the study arrives at its conclusion and the limitations of the study.

The study followed a quantitative research design and adopted a cross sectional survey design for primary data with archival aspects for secondary data. The survey enabled the researcher to collect as many different opinions as possible from NSSF Uganda staff using administered questionnaires or structured interviews or even structured observation.

#### **3.3 Geographical Area of Study**

The geographical area of study was NSSF Uganda especially the Human Resource department as it is the department mandated to perform the activities of talent management practices and employee retention. The Study focused on NSSF because it is a revenue corporation in Uganda with a mandate of improving staff competences and enhancing performance culture with a strong financial base.

### 3.4 Population and Sampling

This section presented the population size and sample selection of the study.

#### 3.4.1 Population

According to Saunders et al. (2012) population refers to the full set of cases from which a sample is taken. In other words, population is any group of individuals that have one or more characteristics in common that are of interest to the researcher. The population consisted of 120 NSSF Uganda staff of which 68 were managers from NSSF's top four tier management system and 52 were employees from other areas within NSSF. The categorisation was as follows:

**Table 3.1: Sample size and selection**

Categories	N	n	Sampling technique
Executive Committee Members	12	10	Purposive sampling
Senior Managers	20	15	Simple random sampling
Mid-level Managers	17	14	Simple random sampling
Branch Managers	19	14	Simple random sampling
Other employees	42	35	Simple random sampling
<b>Total</b>	<b>110</b>	<b>88</b>	

**Source:** *NSSF Staff list 2015 and sample size determination table by Krejcie and Morgan, 1970*

#### 3.4.2 Sampling

Saunders et al. (2012) define a sample as a sub-group or part of a larger population. The sample comprised of 98 staff of NSSF as seen from the computation below. Stratified random sampling was used to select top cadres in NSSF as it is vital to divide the population into a series of relevant strata, giving the sample a more representative direction, which ensured that each of the strata was represented proportionally within the sample.

Calculating the Sample size:

$$s = \frac{z^2 \times p \times (1-p)}{c^2}$$

where; s = sample size

z = Z value at 95% confidence level = 1.96

p = percentage of picking a choice = 40%

c = confidence interval (5%) expressed as a decimal

$$\begin{aligned} \text{therefore } s &= \frac{1.96^2 \times 0.4 \times (1 - 0.4)}{0.05^2} \\ &= 368.8 \end{aligned}$$

Hence correcting the above sample for a finite population of 120;

where final sample =  $s^1$

population = popn

$$\begin{aligned} s^1 &= \frac{s \dots \dots \dots}{1 + ((s - 1)/\text{popn})} \\ &= \frac{368.8}{1 + ((368.8 - 1)/120)} \end{aligned}$$

Therefore  $s^1 = 97.73$  which is 98 people (when rounded up)

In conclusion, the sample size that was used in the study was 98 people.

### 3.5 Data Collection Tools

This sub section presented the data collection tools which were employed.

#### 3.5.1 Interview guides

Interviews with target respondent were conducted by meeting the respondents and asking them predetermined questions of which the researcher recorded all the responses.

The researcher used the interview guide since it generally yields highest cooperation and lowest refusal rates, offers high response quality and takes advantage of interviewer presence. It is multi-method data collection tool, that is, it combines questioning, cross-examination, probing

techniques (Owens, 2002). In the study interview guides were used to solicit information from the top managers.

### **3.5.2 Self-administered Questionnaires**

Questionnaires are a form of pre-arranged interviewing, where all respondents are given uniform questions and are often offered the same options in answering them. For example, yes/no, ranked on scale and so on. Collins (2006) notes the advantages questionnaires have over verbal interview that they offer confidentiality to the respondents, are generally easier to analyse and turn into quantitative results and also allow for more volume to raise confidence.

Administered and structured questionnaires were used to solicit views, opinions and perceptions and feelings of the solid waste handlers. A questionnaire on a five point Likert scale was used.

In the study, questionnaires were used as the main instrument of data collection from the staff members. According to Mugenda and Mugenda (2012) questionnaires give a detailed answer to complex problems. Additionally, questionnaires are also a popular method for data collection in deduction because of the relative ease and cost-effectiveness with which they are constructed and administered. Questionnaires give relatively objective data and therefore, are most effective.

### **3.5.3 Document review checklist**

Document checklist was used to ascertain relevant secondary information which may support the objectives of the study. This was used to help the researcher to depend also on already published information in drawing meaning conclusions and recommendations to NSSF.

## **3.6 Techniques for Data Collection**

Data compilation is an essential characteristic of any type of research study. Incorrect data collection can affect the result of a study and eventually lead to invalid results. The mode in which to collect data highly depends on the sensitivity of the topic.

Haper (2006) states that in quantitative analysis methodology as mostly used in research, data should be collected in correlation to the variables being studied using a questionnaire survey and then analyse data statistically.

### **3.7 Sources of Data**

In the study data was collected from two main sources:

#### **3.7.1 Primary Data**

Primary data was obtained by the use of self-administered questionnaires which were open and close ended.

#### **3.7.2 Secondary Data**

Secondary data was obtained from the available literature review, journals, reports, newspapers, magazines and written documents within NSSF Uganda. Publications, the internet and libraries were also used as significant sources of data.

#### **3.7.3 Data processing and analysis**

Both quantitative and qualitative approaches to data analysis where used during the study. Quantitative data from the questionnaire was coded and entered into the computer for computation of descriptive statistics. SPSS Version 16.0 was used to run descriptive analyses to produce frequency distribution and percentages. Tables were also used to summarise data. The qualitative data generated from interview guide was categorised in themes in accordance with research objectives and reported in narrative form along with quantitative presentation. Qualitative data was used to reinforce the quantitative data and the results obtained are presented in Tables and Graphs reflecting summarised information.

In addition, in order to determine the variance that the independent variable had on the dependent variable, the regression technique or determination of co-efficient was used. The results interpreted were based on the model summary data which reflected the  $r$  value,  $r^2$  value, adjusted  $r^2$  value and standard error of margin. Furthermore, for relationship purposes, the Pearson correlation technique was also used.

Analysis of the primary data was based on descriptive statistics using the statistical package for social science (SPSS VERSION 16). Primary data was obtained using open ended and close ended questions. Open ended questions were given qualitative data that was analysed using thematic analysis and coding was done basing on themes from research objectives.

### 3.8 Research Quality – Validity, Reliability and Objectivity of the Research

This sub section presented the validity and reliability coefficients which were tested.

#### 3.8.1 Validity

Validity indicates the degree to which an instrument measures the construct under investigation. For a data collection instrument to be considered valid, the content selected and included, must be relevant to the gap established. The researcher ensured validity by testing the questionnaire through giving it to a team of 10 NSSF staff for rating. Validity was determined based on the CVI formula below, validity was determined. Data collection instruments were piloted and respondents through questionnaires and interviews responded. All data was coded and entered in SPSS where a CVI was run and results obtained were presented in Table 3.2 below.

**Table 3.2: Content Validity Index results**

<b>Variable</b>	<b>Calculation</b>	<b>Rating score</b>
Rater 1	11	9
Rater 2	18	14
Rater 3	16	12
Overall	45	35

*Source: Primary data*

$$\begin{aligned}
 \text{C.V.I} &= \text{Rating Score/Total calculation} \\
 &= 35/45 \\
 &= 0.778 \\
 &= \mathbf{77.8\%}
 \end{aligned}$$

Table 2 above shows that all sections in the questionnaire were found to be valid since their respective CVI was greater than 0.7. Similarly, the overall too had CVI of 0.778, which also qualified it to be valid.

### 3.8.2 Reliability

Mugenda & Mugenda (1999) defined reliability as a measure of the degree to which a research instrument yields consistent results or data after repeated trials. An instrument is reliable when it can measure a variable accurately and obtain the same results over a period of time. However, reliability in research is affected by random errors, the pre-test will help the researcher identify sources of errors and hence respond to before the actual study. An internal consistency technique of cronbach was used to obtain reliability after 10 questionnaires were piloted and fully answered by the respondents.

**Table 3.3: Reliability Statistics of Instruments**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No. of Items
.878	.880	61

*Source: Primary Data*

Table 3 shows reliability coefficients from the test. It indicates that budget management practices affect performance at an alpha coefficient of 0.878 at pre-test and as well standardized to 0.880. The results in table 4 show that there is good internal consistency in the items in the scale and the questionnaire is therefore applicable for the study.

### 3.9 Ethical Issues in Research

The Researcher aimed at ensuring and fostering high standards of behaviour while conducting the research through an awareness of relevant values, principles and rules. The researcher also ensured that the three human rights of: freedom from harm, privacy and voluntary participation; are strictly adhered to and duly safeguarded.

## CHAPTER FOUR

### DATA ANALYSIS, INTERPRETATION AND PRESENTATION

#### 4.1 Introduction

This chapter is composed of presentation, analysis and interpretation of findings. It includes the demographic information about the respondents, response rate, descriptive and inferential statistics, as well as the hypothesis results obtained from the field data. Additionally, the above are based on specific objectives of the study.

#### 4.2 Response Rate

The study targeted 88 respondents of which 61 (69.3%) responded and 27 (30.7%) did not respond. This indicated an acceptable positive response rate of 69.3% as suggested by Amin (2005). The results are presented in table 4.1 below.

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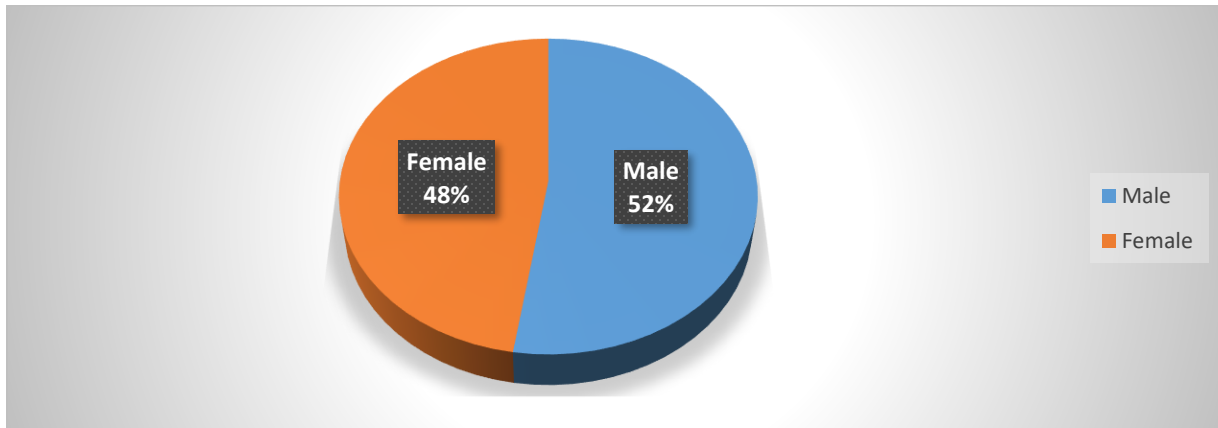
<b>Instrument</b>	<b>Target Response</b>	<b>Actual Response</b>	<b>Response Rate (%)</b>
Questionnaire	78	54	69.2%
Interview Guide	10	7	70%
<b>Total</b>	<b>88</b>	<b>61</b>	<b>69.3%</b>

*Source: Primary data*

#### 4.2.1 Gender of respondents

The gender characteristics were established by asking the respondents to indicate their gender against the provisions in the questionnaire. This is presented in figure 4.1 below.

**Figure 4.1: Gender Distribution of the respondents**



*Source: Primary data*

Figure 4.1 shows that majority of the respondents were male with 52% and minority female with 48%. This could have attributed to the affirmative policy of Government of promoting equal rights through gender emancipation in all sectors. The findings suggest that there was a representation of both male and female.

#### **4.2.2 Education Level**

The level of education of the respondents who participated in the study was captured and the results are presented in table 4.2 below.

**Table 1.2: Education level of respondents**

		Frequency	Percent	Valid Percent
Valid	Diploma	7	11.5	12.3
	Degree	36	59.0	63.2
	Masters	3	4.9	5.3
	Others (specify)	11	18.0	19.3
	Total	57	93.4	100.0
Missing	System	4	6.6	
Total		61	100.0	

*Source: Primary data*

From table 4.2 above, majority of the respondents were degree holders with 59%, other professionals and Postgraduates courses 18%, Diploma 11.5% and the least were masters' holders

with 4.9%. A percentage number of 6.6 of the respondents did not respond. This implies that all the targeted respondents had a high level of integrity to understand and appreciate the study objectives as well as accurate information since they were able to read and write.

### 4.2.3 Work Experience

The work experience of the respondents who participated in the study was captured and the results are presented in table 4.3 below.

**Table 4.3: Working experience of respondents**

		Frequency	Percent	Valid Percent
Valid	Below 1 year	4	6.6	6.7
	1 - 5 years	44	72.1	73.3
	6 - 10 years	8	13.1	13.3
	10+ years	4	6.6	6.7
	Total	60	98.4	100.0
Missing	System	1	1.6	
Total		61	100.0	

*Source: Primary data*

From table 4.3 above, 72.1% of the respondents have worked at NSSF between 1 and 5 years, 13.1% between 6 – 10 years and the least were those below 1 year and above 10 years in service with 6.6%. This implied that the sampled respondents had vivid information about the talent management at NSSF and were assured of accurate information since they had sufficient experience in administration and leadership.

### 4.3 Empirical findings

This section presents the descriptive findings of the study objectives. Analysis of the findings involved summing up all the respondents' answers to the questions to get a frequency of respondents.

### 4.3.1 Talent acquisition and Employee retention

This section presents the level of agreement of respondents in regard to talent acquisition at NSSF. The respondents were asked to indicate their level of agreement on the seven (7) levels of talent acquisition. Findings revealed that majority of the respondents agreed that a skills audit is conducted at NSSF to assess the skills gap, the recruitment process provides for an extensive selection of talent, effort is made to tap from the internal talent pool, induction programs at NSSF are well structured to help the new employees settle in, there is total benefit package of NSSF intending to employees is attractive , there is sufficient pool of managerial talent available at NSSF to fill vacancies and the recruitment process succeeds in selecting the best talent at NSSF. This implies that NSSF appreciates the attraction procedures of the country as stated by the employment act of 1999. The findings are presented in table 4.4 below.

**Table 4.4: Talent acquisition and Employee retention**

S/N		SA	Agree	Undecided	Disagree	SDA	Mean	Std. Dev.
1	A skills audit is conducted to assess the skills gap	12 (19.7%)	28 (45.9%)	7 (11.5%)	1 (1.6%)	1 (1.6%)	2.18	1.508
2	The recruitment process provides for an extensive selection of talent	16 (26.2%)	26 (42.6%)	7 (11.5%)	1 (1.6%)	1 (1.6%)	1.92	0.845
3	Before a vacancy is advertised, effort is made to tap from the internal talent pool	14 (23%)	27 (44.3%)	7 (11.5%)	1 (1.6%)	2 (3.3%)	2.02	0.927
4	Induction programs are well structured to help the new employees settle in	14 (23%)	33 (54.1%)	5 (8.2%)	3 (4.9%)	1 (1.6%)	2.35	2.781
5	The total benefit package of NSSF intending to employees is attractive	21 (34.4%)	21 (34.4%)	4 (6.6%)	6 (9.8%)	4 (6.6%)	2.13	1.237
6	There is sufficient pool of managerial talent available at NSSF to fill vacancies	12 (19.7%)	25 (41%)	5 (8.2%)	6 (9.8%)	6 (9.8%)	2.43	1.268
7	The recruitment process succeeds in selecting the best talent	9 (14.8%)	41 (67.2%)	5 (8.2%)	3 (4.9%)	1 (1.6%)	2.08	0.772

*Source: Primary data*

**Hypothesis testing: Effect of talent acquisition on Employee retention at NSSF – Uganda**

H<sub>0</sub>: There is linear effect of talent acquisition on employee retention at NSSF

H<sub>1</sub>: There is no linear effect of talent acquisition on employee retention at NSSF

A Pearson rank correlation was run to find out the relationship between talent acquisition and employee retention at NSSF and results are presented in the table 4.5 below. The Table also presents that the significant P value = 0.239 which is greater than 0.05 implying that the null hypothesis is rejected and accept the alternative that there is significant linear relationship between talent acquisition and employee retention at NSSF. However, the correlation finding is -0.171 which implies that a very weak negative relationship between talent acquisition and employee retention.

**Table 4.5: Correlation findings between talent acquisition and employee retention**

		Talent acquisition	Employee retention
Talent acquisition	Pearson Correlation	1	-.171
	Sig. (2-tailed)		.239
	N	50	49
Employee retention	Pearson Correlation	-.171	1
	Sig. (2-tailed)	.239	
	N	49	56

*Source: Primary data*

A linear regression was run to find out the effect of talent acquisition on employee retention at NSSF and results are presented in the table 4.6 below. The R square (coefficient of determination) = 0.001 implying that the model explains a thin variability of the response data around its mean meaning that the higher the R-square, the better the model fits the data. The Significant F change = 0.072 which is greater than 0.05 implying that there is a positive significant effect between talent acquisition and employee retention. Findings are also more presented in the ANOVA table 4.6

**Table 4.6: Regression Results between Talent Acquisition and Employee Retention**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. Change
dimension 1	.007 <sup>a</sup>	.002	-.035	2.254	.000	.005	1	48	.0042

*Source: Primary data*

The table 4.7 below presents that the significant P value = 0.042 which is less than 0.05 implying that the null hypothesis is rejected and accept the alternative that there is significant effect of talent acquisition on employee retention at NSSF. This means that a sudden change in talent acquisition will lead to 7.2% employee retention at NSSF.

In my interviews with respondents, ‘*One of the respondents stressed that ‘one of the key touch-points of the 10 year Strategy was to make NSSF Uganda a delightful place to work’.* Where other people’s work was used, it has been duly acknowledged: In the MD’s presentation of the 10 year Strategy in October 2015, *he supplemented with assertion by stating that NSSF would improve Staff competence by 85% with professional certification and in so doing create a large talent pool and think tank.*

The researcher reviewed various documents to supplement on the findings from the field. These included; *NSSF Uganda Employee Opinion Survey Report – June 2016 which highlighted about the turn over position of NSSF being high and NSSF Uganda 10 year Strategy (2015 – 2025).* This is your NSSF 2015 document, *it is highlighted that the Staff satisfaction rose from 65% to 77% and 94% of the Staff effort was aligned to the Strategy of the Fund.*

**Table 4.7: Regression findings - ANOVA findings**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.435	.749		3.250	.002
	Talent acquisition	-.007	.284	-.002	-.025	.0042

a. Dependent Variable: Employee retention

*Source: Primary data*

### 4.3.2 Talent development and Employee retention

The respondents were asked to indicate their level of agreement on the six (6) levels of talent development. Findings revealed that majority of the respondents appreciated talent development as a key to innovation, knowledge transfer, performance and retention of Staff at NSSF. This implies that the more an employee is developed, the more chances they are retained however, some decide to leave because of other factors like better pay, new exposure among others. Results are presented in table 4.8 below.

**Table 4.8: Talent development and Employee retention**

S/N	Talent Development	SA	Agree	Undecided	Disagree	SDA	Mean	Std. Dev.
1	Targets and their due dates are clearly communicated to staff members	19(31.1%)	31(50.8%)	5(8.2%)	3(4.9%)	0.0	1.86	0.782
2	The performance review focuses on evaluating my competencies and abilities	2(3.3%)	43(70.5%)	6(9.8%)	5(8.2%)	0.0	2.60	2.698
3	I receive good feedback on my performance appraisal	14(23%)	33(54.1%)	5(8.2%)	3(4.9%)	1(1.6%)	2.35	2.781
4	My performance appraisal is discussed with my supervisor	21(34.4%)	21(34.4%)	4(6.6%)	6(9.8%)	4(6.6%)	2.13	1.237
5	NSSF conducts performance reviews regularly	12(19.7%)	25(41%)	5(8.2%)	6(9.8%)	6(9.8%)	2.43	1.268
6	My personal objectives are aligned to the business goals	9(14.8%)	41(67.2%)	5(8.2%)	3(4.9%)	1(1.6%)	2.08	0.772

*Source: Primary data*

### Hypothesis testing: Effect of talent development on Employee retention at NSSF – Uganda

H<sub>0</sub>: There is a linear effect of talent development on employee retention at NSSF

H<sub>1</sub>: There is no linear effect of talent development on employee retention at NSSF

A Pearson rank correlation was run to find out the relationship between talent development and employee retention at NSSF and results are presented in the table 4.9 below.

**Table 4.9: Correlation findings between talent development and employee retention**

		Talent development	Employee retention
Talent development	Pearson Correlation	1	.060
	Sig. (2-tailed)		.659
	N	57	56
Employee retention	Pearson Correlation	.060	1
	Sig. (2-tailed)	.659	
	N	56	56

*Source: Primary data*

Findings in table 4.9 above indicated that P value = 0.659 which is greater than 0.05 implied that the null hypothesis is rejected and accept the alternative that there is a linear relationship between talent development and employee retention.

Since the correlation finding is 0.060 then, this implies that there is a very weak positive linear relationship between talent development and employee retention.

A linear regression was run to find out the effect of talent development on employee retention at NSSF and results are presented in the table 4.10 below.

**Table 4.10: Regression results between talent development and employee retention**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
dimension 1	.071 <sup>a</sup>	.022	-.024	2.452	.005	.197	1	54	.232

*Source: Primary data*

**Table 4.11: Regression findings - ANOVA findings**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
dimension 1	.071 <sup>a</sup>	.022	-.024	2.452	.005	.197	1	54	.232
1	(Constant)			1.987	.687			2.985	.005
	Talent development			.154	.295	.056		.354	.232

a. Dependent Variable: Employee retention

From table 4.10 above, R square (coefficient of determination) = 0.004 implying that the model explains a very low variability of the response data around its mean. The significant F Change = 0.232 is greater than there is no significant effect between talent development and employee retention at NSSF.

Empirical findings in the table 4.11 above show an insignificant (P value = 0.232) which is greater than 0.05 implying that the null hypothesis is rejected and accept the alternative that there is no significant effect of talent development on employee retention at NSSF. This however means that NSSF has invested heavily in talent development of employees but it doesn't limit them to leave. There are different factors that affect employee retention other than talent development like better pay, poor working relationships and conditions, organizational cultures and norms among others.

One of the respondents stressed that *'NSSF's new strategy is heavily focused on building and consolidating the current existing talent pipeline. As a result, up skilling programmes are being run by the Fund for all staff across the board with the intention of improving their skills in Personal Leadership, Managing/ Leading Change, Managing or working in High Performance Teams, Work-Life Integration to mention however, a number of positions at NSSF were left empty because of the staff having high expectations, poor working relationships and conditions, limited promotions among others'.* He retaliated that *NSSF should bring on board Staff retention policies which could cope with the economy dynamics to curb staff turnover.*

The researcher also reviewed the *NSSF Uganda Employee Opinion Survey Report of June 2016* which stressed that *despite the Fund's robust Talent Development Strategies such as Talent reviews and succession planning initiatives, creating or facilitating a high performance culture*

through rewards, personal development or enhancement through Executive Coaching, upskilling through a number of trainings in leadership, administration and management programmes, well-structured on boarding and apprenticeship programmes; the turnover at NSSF was still worrying.

### 4.3.3 Talent Rewards and Employee Retention

The respondents were asked to indicate their level of agreement on the four (4 levels of talent rewards). Empirical results revealed that respondents appreciated the schemes put in place to appreciate staff however majority disagreed with the rewards and recognition frameworks adhered to by NSSF. This implies that the more staff are not recognized, the more they lose moral towards work and later lead to underperformance, high staff turnover to mention. Results are well presented in table 4.12 below.

**Table 4.12: Talent Rewards and Employee Retention**

S/N	Talent rewards	SA	Agree	Undecided	Disagree	SDA	Mean	Std. Dev.
1	NSSF allows everyone to set clear goals and objectives to be achieved	14 (23%)	21 (34.4%)	2 (3.3%)	5 (8.2%)	7 (11.5%)	2.35	2.781
2	My supervisor allows me to make decisions pertaining to my job	14 (23%)	12 (19.7%)	1 (1.6%)	3 (4.9%)	5 (8.2%)	2.13	1.237
3	My supervisor allows me to be innovative and take risks	33 (54.1%)	21 (34.4%)	4 (6.6%)	6 (9.8%)	4 (6.6%)	2.12	1.019
4	My job assignments require me to have initiative and take responsibility	27 (44.3%)	25 (41%)	6 (9.8%)	6 (9.8%)	1 (1.6%)	2.98	4.283

*Source: Primary data*

#### **Hypothesis Testing: Influence of talent rewards on employee retention**

H<sub>0</sub>: There is a linear effect of talent rewards on employee retention at NSSF

H<sub>1</sub>: There is no linear effect of talent rewards on employee retention at NSSF

A Pearson rank correlation was run to find out the relationship between talent rewards and employee retention at NSSF and results are presented in the table 4.13 below.

**Table 4.13: Correlation findings between talent rewards and employee retention**

		Talent rewards	Employee retention
Talent rewards	Pearson Correlation	1	.241
	Sig. (2-tailed)		.074
	N	58	56
Employee retention	Pearson Correlation	.241	1
	Sig. (2-tailed)	.074	
	N	56	56

*Source: Primary data*

Empirical findings in table 4.13 above indicated that P value = 0.074 which is greater than 0.05 implied that the null hypothesis is rejected and accept the alternative that there is a linear relationship between talent acquisition and employee retention.

Since the correlation finding is 0.241 then, this implies that there is a weak linear relation between talent rewards and employee retention.

A linear regression was run to find out the effect of talent rewards on employee retention at NSSF and results are presented in the table 4.14 below.

**Table 4.14: Regression results between talent retention and employee retention**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.112 <sup>a</sup>	.013	.002	2.230	.013	1.251	1	55	.032

*Source: Primary data*

From table 4.14 above, R square (coefficient of determination) = 0.019 implying that the model explains a very low variability of the response data around its mean.

**Table 4.15: Regression findings**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	3.261	.966		3.375	.001
Talent Rewards	-.485	.476	-.136	-1.019	.032

a. Dependent Variable: Employee Retention

Empirical findings in the table 4.15 above presents that the significant P value = 0.032 which is less than 0.05 implying that the null hypothesis is rejected and accept the alternative that there is a significant effect of talent rewards on employee retention at NSSF. This means that a positive change in talent rewards will lead to a change of 3.2% on employee retention at NSSF. This simply means that rewarding, motivation and recognition through awarding best performers of the month or year contribute a lot to employee retention in any organization like NSSF.

In conclusion, the chapter summarises the findings and interpretation of results. The study aims at assessing the impact of talent management practices on employee retention at NSSF and study findings revealed that talent acquisition strongly affects employee retention through the rigorous recruitment process and absorption capacity. The second one looked at talent development on employee retention where findings revealed that it is not only talent development which affect employee retention but others like failure to transfer knowledge, poor working conditions, looking for better paying jobs among others. The third aimed at talent rewards which revealed that rewards, engagement and motivation strongly influence employee retention at NSSF. Therefore, talent management practices strongly influence employee retention at NSSF Uganda.

## **CHAPTER FIVE**

### **DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

The study investigated the effect of talent management practices on employee retention in state corporations in Uganda: a case of National Social Security Fund. This chapter presents the discussions findings by objective, conclusions drawn and recommendations to the study.

#### **5.2 Discussions of the Study**

##### **Talent Acquisition and Employee Retention**

Empirical results showed that there is a positive effect of talent acquisition on employee retention at NSSF Uganda. This can be seen in table 8 where the significant P-value = 0.042 which is greater than 0.05 implying that we reject the null and accept the alternative that there is a significant positive effect of talent acquisition on employee retention at NSSF Uganda. However, correctional results indicated a negative relationship between talent acquisition and employee retention at NSSF Uganda.

Both general staff and middle level managers did not have good knowledge of the HR recruiting and selection process: that though NSSF shows commitment to appoint high calibre employees, vacancies took long in being filled and interviews were not prioritized by managers. From the interview with the HR office, the organization did not have a definition of key or top talent in place and in recruiting middle level managers for example, candidates convert directly from being students to staff from the training school that is affiliated with the organization and vetting process mostly focuses on behavioural characteristics (attitude and faith).

According to Griffiths, (2012) talent acquisition is not just a process of filling positions, but also utilization of the candidates and their skills that come out of a rigorous recruiting process. The recruitment plan should include plans for attracting top talent. When vacancies take long before

they are filled; there is likelihood that the organization is not positioned as an ‘employer of choice’. It also would mean by the time positions are filled, top talent could have become impatient and left or taken by other competitive markets. This study compares well with another study by Oladapo, (2014) on the impact of talent management on retention of healthcare workers in Uganda, 69% of those studied recognized the value of talent acquisition on retention: the process of actively selecting desired qualities in the positions being filled. Most of the respondents said that the process of filling a vacant position was slow in most cases and the interviews were unstructured, with candidates being asked various questions that were not related. In another study by Adano (2006), found out that when following correct ministry procedures in Kenya, it typically takes six to 18 months to fill a post in a government facility. This has a direct effect on talent acquisition, when vacancies take longer than normal to fill an organization is likely to miss the right staff for a designated post.

### **Talent development and Employee retention**

The study established that there was no significant effect between talent development and employee retention at NSSF Uganda. This can be seen in table 13 that shows there is no significant effect between the independent and dependent variables. This further means that there are other issues, other than talent development which affect employee retention, like failure to transfer knowledge, organizational culture and norms among others.

These findings were also reflected from the feedback by the general staff and managers who said that the organisation has a genuine interest to develop its employees. Training and development was highly rated among staff who felt that the organisation is putting effort in staff’s career development and professional growth. These findings compare well with the study by D’Amato & Herzfeldt (2008), in which 1,666 European managers completed a survey to explain the influence of learning and development on retention across generations, it was found out that learning orientation, training and development improved the intention to remain in the same organization.

However the study further found out that retention was higher in the younger generations (Late Generation Xs and millennials) than in the Baby boomers and Early Generation X. This means

that organizations can actually engage the younger generation through talent development and career progression paths. Findings of this study also support the study by Manafa, et al (2009) on retention of Health workers in Malawi, which showed that they were particularly dissatisfied with what they perceived as unfair access to continuous education and career development opportunities as well as inadequate supervision. Most of these workers did not want to stay in environments that did not support their career progression. Most of the facilities they worked for did not support their career progression and therefore most of the workers would leave. Clear career paths for staff have a contribution to retention.

### **Talent Rewards and Employee Retention**

Empirical findings revealed that there was a positive significant effect between talent rewards and employee retention at NSSF Uganda. This was supported by the significant regression findings as shown in table 17. This was also supported by correlation results that showed a weak positive relationship between talent development and employee retention at NSSF Uganda.

The results of the study showed that verbal and written recognition is the most used to reward good performance. On the other hand most staff did not think the organization has mechanisms to maintain good talent or even reward staff. The few mechanisms to award performance came into play only recently and they are limited to about 5 awards for the whole institution.

These results relate with a study by Cai et al., (2009) on talent rewards and development within a multinational company in China where a good salary was cited as the number one reason why Chinese employees want to stay at the company, then followed by better career opportunities, training and development in which effectiveness and equality were also emphasized. As of whether there was pay transparency that ensured equity in the institution, not many staff understood the salary schemes. A recent annual survey report in 2014-15 by CIPD (Chartered Institute of Personnel Development) on behavioral science and reward showed that transparency over pay decisions impacts on how employees regard the fairness of the process and its eventual outcomes. This raises two challenges: the first is how employers can be transparent over organizational pay practices and second whether confidentiality over individual pay is a legal issue.

The concept of reward management is summarised by the equity theory which recognizes that individuals are concerned not only with the absolute amount of rewards that they receive for their efforts but also with the relationship of this amount to what others receive. Though these results are different from that of Oladipo, (2014) who revealed that job security, compensation and opportunity for advancement were not found to have predictive value for employee retention rates, there is need for HR managers to look at reward management as a means of retaining employees. Furthermore, the HR office confirmed that though performance appraisals had been introduced in the last 3 years, it was yet to be used as a way of rewarding staff at the organization. Findings of this study compare well with the study findings done by Chankova et al, (2006) where Uganda and Kenya were noted to be losing skilled staff to other countries and from the public sector to the private sector with a bias towards the urban areas because of issues of remuneration. 45% of staff interviewed said they were willing to leave their employment in the government sector for private hospitals, mainly because of the issue of pay.

### **5.3 Conclusions of the Study**

#### **Talent acquisition and Employee retention**

The findings of the study found out that there is a positive significant effect between talent acquisitions and employee retention at NSSF Uganda. The researcher learnt that delay in conducting an audit exercise to identify training needs and recognition lead to a poor service delivery and staff turnover at NSSF. In conclusion therefore, talent acquisition strongly has an impact on employee retention at NSSF Uganda.

#### **Talent development and Employee retention**

Empirical findings of the study found out that there is no significant effect of talent development on employee retention at NSSF, Uganda. The researcher learnt that delay in conducting job evaluations, performance reviews (appraisals) and rotations can lead to poor attitude of workers towards their jobs. The researcher also appreciated the importance of knowledge/ training transfers by Staff; *one of the respondent said, a lot of the Staff are sponsored to attend various trainings but limited innovations are registered*'. In conclusion therefore, talent development may not directly impact on employee development at NSSF Uganda.

### **Talent Rewards and Employee retention**

The findings of the study revealed that there is a significant impact of talent rewards and employee retention at NSSF, Uganda. The researcher learnt that it is not easy to sustain talent unless the organization puts in place structures and policies to motivate, promote and recognize workers to curb the issue of staff turnover. In conclusion, talent rewards have a significant influence on employee retention at NSSF Uganda.

### **5.4 Recommendations of the Study**

Following from the conclusions of the study, below are the recommendations regarding talent management practices and employee retention at NSSF and other organisations by extension.

#### **Talent acquisition and Employee retention**

It would be good for organisations to rely and focus on recruiting from within – this will improve on the retention rates – because the HiPos will henceforth be confident of being considered first, before external recruitments are considered. However for the internal talent acquisition to prosper, a diverse and rich talent pipeline has to be built within NSSF Uganda.

#### **Talent development and Employee retention**

For organisations to have a high retention rate of their human resources, they need to invest frequently and consistently in their professional development. An organisation that offers her employees a clear/ rich career path, allows or propels on the employees to have a long-term vision of their evolving role inside the organisation. NSSF should always hold dissemination sessions of trained staff to allow knowledge and training transfer.

#### **Talent Rewards and Employee retention**

Talent will always feel appreciated and respected if the Talent Reward strategies are robust and aligned to an ever-changing job market. As a result, Talent will be retained and hence a low staff turnover will be ensued. NSSF Uganda needs to invest aggressively in talent rewards strategies such as training, executive coaching, mentoring, showing appreciation through compensation and benefits, encourage work-life integration to mention but a few.

### **5.5 Areas of further research**

This study focused on the impact talent management practises on employee retention at NSSF Uganda. Further research may be done to ascertain the effect of other sources on employee retention such as weather conditions, workers strikes; lack of enough qualified and trained personnel, poor infrastructure, political influences, interference from communities etc. which may also have significant effects on staff retention.

### **5.6 Limitations to the Study**

The study was limited to a number of factors. First and foremost, the study only focused on effect of talent management practices on employee retention at NSSF. Studies in future should extend this study to other regions in Uganda to all assess the performance and impact to the communities where they are stationed. Secondly, the study only focused on establishing the effect of talent management practices on employee retention at NSSF yet there are other factors like organizational goals, organizational norms, corruption subject norms, environment complexity among others. Future researchers can focus on looking at other critical success factors than the ones mentioned in the study.

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## **APPENDIX I: INTRODUCTION LETTER**

Stephen Mukasa Mugambwa  
Plot 2 Kyadondo Road,  
Nakasero – Kampala.  
P.O. Box 431,  
Kampala – Uganda.

Dear Sir/ Madam,

### **EDUCATIONAL RESEARCH: THE EFFECT OF TALENT MANAGEMENT PRACTICES ON EMPLOYEE RETENTION IN STATE CORPORATIONS IN UGANDA. A CASE OF NSSF UGANDA.**

My name is Stephen Mukasa Mugambwa a student of Strathmore University pursuing a Master's degree in Business Administration. In order to finally complete my Master's program, I am required to conduct a study in my area of interest which is: The Effect of Talent Management Practices on Employee Retention in State Corporations in Uganda. A Case of NSSF Uganda.

The information obtained from this study will be used purely for academic purposes and will be kept confidential. Your response will be highly appreciated and it is on that note that am privileged to invite you to participate in the study by giving your opinion on the various issues raised in the questionnaire attached.

Thank you.

Yours Faithfully,  
Stephen Mukasa Mugambwa

## APPENDIX II: QUESTIONNAIRE

Dear Respondent,

I am pursuing a Masters' in Business Administration of Strathmore University undertaking a research study on 'The effect of talent management practices on Employee retention in state corporations in Uganda; Case of National Social Security Fund.

Confidentiality of your responses is guaranteed.

Yours sincerely,

Stephen Mukasa Mugambwa

<b>SECTION A: BIOGRAPHICAL INFORMATION</b>
--

**Tick one option in each row in the table below**

1. Sex	1. Male	2. Female
--------	---------	-----------

2. Educational background	1. Diploma	2. University Degree	3. Masters	4. Other (specify)
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3. Work experience (Length of work in years)	1. <1	2. 1-5	3. 6-10	4. 10+
--	-------	--------	---------	--------

Please provide the following information regarding your position in the organisation by placing “x” in the appropriate box.

**1. In which department of NSSF Uganda do you work?**

1.1	Audit	
1.2	Accounts	
1.3	Supervision	
1.4	Financial markets	
1.5	Finance	
1.6	Information & Communications Technology	
1.7	Human Resource	
1.8	Procurement and Maintenance services	
1.9	Administration	
1.10	Investment	
1.11	Other (please specify)	

**2. Which position do you hold at NSSF Uganda?**

2.1	Managing Director	
2.2	Deputy Managing Director	
2.3	Head of Human Resources & Administration	
2.4	Corporation Secretary	
2.5	Head of Sales and Operations	
2.6	Chief Investment Officer	
2.7	Head of Internal Audit	
2.8	Head of Information Technology	
2.9	Head of Marketing & Corporate Communications	

3.0	Head of the Procurement & Disposal Unit	
3.1	Head of Risk	
3.2	Manager	
3.3	Other (please specify)	

**3. How many years have you been employed at NSSF Uganda?**

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

**4. How long have you been in your current position?**

4.1	0-5 years	
4.2	6-10 years	
4.3	More than 10 years	

**5. What is your highest qualification?**

5.1	Diploma	
5.2	Bachelor's degree	
5.3	Master's degree	
5.4	Other (please specify)	

**SECTION B: TALENT ACQUISITION**

Please indicate the extent to which you perceive the following statement as correct by indicating with a tick in the appropriate box.

<b>B1</b>	<b>Recruitment &amp; Selection</b>	<b>Strongly Agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly disagree</b>
1.	A Skills Audit is conducted to assess the skills gap					
2.	The recruitment process provides for an extensive selection of talent					
3.	Before a vacancy is advertised, effort is made to tap from the internal talent pool					
4.	Induction programs are well structured to help the new employees settle in					
5.	The total benefit package of NSSF to intending employees is attractive					
6.	There is sufficient pool of managerial talent available at NSSF to fill vacancies					
7.	NSSF has programs in place to build a pool of managerial talent from which to appoint new managers.					
8.	The recruitment process succeeds in selecting the best talent					

**SECTION C: TALENT DEVELOPMENT**

<b>C1</b>	<b>Performance Management</b>	<b>Strongly Agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
1.	Targets and their due 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					

4.	My performance appraisal is discussed with my supervisor					
5.	The weaknesses detected in the appraisal lead to training as staff development initiative					
6.	NSSF conducts performance reviews regularly.					
7	My personal objectives are aligned to the business goals					

<b>C2</b>	<b>Employee empowerment</b>	<b>Strongly Agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
1.	I have an input in determining my performance objectives					
2.	My supervisor provides clear guidance on how he wants assignments to be done					
3.	My supervisor allows me to make decisions pertaining to my job					
4.	My supervisor allows me to be innovative and take risks that relate to new development					
5.	My job assignments require me to have initiative and take responsibility					

**SECTION D: EMPLOYEE RETENTION**

<b>D1</b>	<b>Employee Retention</b>	<b>Strongly Agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly disagree</b>
1.	I know what is expected of me at work					

2.	At work, my opinions seem to count.					
3.	I have the materials and equipment I need to do my work right					
4.	The mission or purpose of my company makes me feel my job is important.					
5.	At work, I have the opportunity to do what I do best every day.					
6	In the last seven days, I have received recognition or praise for doing good work					
7.	There is someone at work who encourages my development					
8	My associates or fellow employees are committed to doing quality work					
9.	This last year, I have had opportunities at work to learn and grow					
10.	In the last six months, someone at work has talked to me about my progress at NSSF					

Thank you very much.