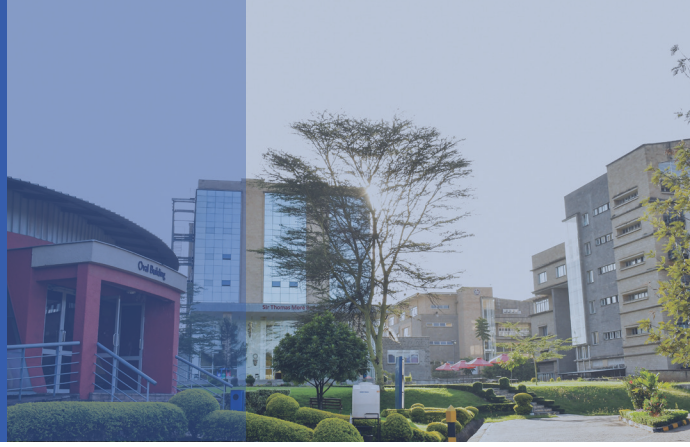
Strathmore UNIVERSITY

POLICY BRIEF

POLICY BRIEF NO. 14 (2026)



TALENT MANAGEMENT AND EMPLOYEE INTERPERSONAL CONFLICT: POLICY LESSONS FROM KENYAN BANKS

Lydia Muthoki Nthei

Executive Summary

Talent management decisions shape employees' access to development, recognition, career progression and organisational resources. In Kenya's banking sector, where employees face demanding performance targets, these decisions may also influence interpersonal relationships. This policy brief draws on a study of 399 employees examining the relationships between inclusive, exclusive and hybrid talent management approaches, employee interpersonal conflict and employee engagement.

Inclusive talent management was significantly associated with lower interpersonal conflict, while exclusive and hybrid approaches were associated with higher conflict. Under inclusive talent management, higher employee engagement was associated with lower interpersonal conflict. However, higher engagement did not significantly change the relationship between exclusive talent management and conflict. These findings support prioritising inclusive talent management while retaining transparent, defensible selection for specialised roles. Policymakers, organisational leaders and industry bodies should promote clear talent selection criteria, equitable development opportunities, periodic talent reviews and monitoring of employee engagement and interpersonal conflict.

Background

Talent management is an important organisational capability because banks depend on skilled employees to deliver services, manage risk, adopt new technologies and sustain performance. As competition for skills intensifies and banking operations evolve, institutions must determine how to identify, develop, reward and retain employees while maintaining effective working relationships.

Talent management approaches differ in how they distribute developmental opportunities and organisational resources. Inclusive approaches seek to recognise and develop talent across the workforce. Exclusive approaches concentrate investment on employees identified as having high potential or strategic value. Hybrid approaches combine elements of both.

These choices have implications beyond individual career progression. Where employees perceive that opportunities, recognition or important assignments are distributed unfairly, competition and resentment may arise. Conversely, transparent decisions and accessible development opportunities may strengthen trust and cooperation.

In Kenya, the banking sector provides a relevant context for examining these relationships because employees work in demanding environments characterised by performance targets, organisational change and competition for advancement. The findings are relevant to Sustainable Development Goal 8, which promotes decent work and productive employment, and Kenya Vision 2030, which recognises the importance of financial services to national development. These frameworks highlight the importance of developing talent while supporting employee well-being and sustainable organisational performance.

Although the study focused on Kenya's banking sector, the findings may offer useful lessons for other organisations that use differentiated talent management practices.

Problem Statement

Talent management systems can support organisational performance, but they may also create interpersonal tensions when employees perceive unequal access to valued opportunities. Designations such as "high potential", preferential access to training, differences in recognition and allocation of strategic roles can create visible distinctions between employee groups. Without clear criteria and effective communication, these distinctions may contribute to jealousy, hostility, competition and reduced cooperation.

The problem is particularly relevant in-service industries, where employees often depend on colleagues to achieve shared targets and deliver services effectively. Interpersonal conflict may undermine collaboration and workplace relationships, creating additional challenges for managers responsible for performance and employee well-being.

Although organisations may respond to interpersonal conflict through mediation, communication training and other conflict-management measures, these interventions may not address tensions arising from the design and implementation of talent management itself. Addressing conflict only after it emerges risks overlooking organisational practices that employees associate with unequal treatment or restricted career opportunities.

The study, involving 399 employees in Kenya's banking sector, found that inclusive talent management was associated with lower levels of interpersonal conflict, while exclusive and hybrid approaches were associated with higher levels. Conflict levels did not differ significantly by employees' age, gender or length of service. These findings suggest that how banks identify, develop and reward talent may influence workplace relationships.

Employee engagement also played an important role. The findings showed that higher employee engagement strengthened the relationship between inclusive talent management and lower interpersonal conflict. However, engagement did not significantly change the relationship between exclusive talent management and conflict. For hybrid talent management, the evidence that higher engagement strengthened the relationship with lower conflict was not statistically conclusive.

These findings suggest that engagement initiatives alone may be insufficient where employees experience talent management practices as exclusionary. However, because the study was cross-sectional, the results establish associations rather than causal effects. The policy priority is to encourage transparent, inclusive and accountable talent management practices while monitoring their implications for employee relationships.

Policy Options

Option 1: Option 1: Strengthen inclusive talent management

Encourage organisations to widen access to training, development, recognition and career progression. Organisations should communicate transparent eligibility criteria, assess employees' development needs and ensure that opportunities are accessible across roles and departments.

Pros:

- This option directly aligns with the study's finding that inclusive talent management was associated with lower interpersonal conflict.
- May reduce perceptions of favouritism and exclusion by broadening access to development.
- Creates opportunities to reinforce employee engagement and cooperation through more accessible development practices.
- Supports workforce development and inclusive employment objectives.

Cons:

- This option requires investment in training, development and management capacity.
- Equal access does not mean identical development pathways; organisations must still respond to different roles and skills requirements.
- Poor implementation may create a gap between stated inclusion principles and employees' actual experiences.

Implementation considerations: Organisational leaders and HR teams should establish clear development criteria, communicate available opportunities and periodically review participation across employee groups.

Option 2: Retain selective talent management with stronger safeguards

Allow organisations to identify employees for specialised development and leadership pipelines while strengthening transparency, accountability and access to opportunities for employees outside designated talent groups. Selection criteria should be documented, communicated and reviewed periodically.

Pros:

- This option preserves the ability to invest strategically in critical skills and future leaders.
- Addresses potential sources of tension associated with unclear selection decisions and visible status differences.
- It is compatible with organisations that require differentiated development for specialised roles.

Cons:

- Transparent selection criteria may not eliminate perceptions of favouritism.
- Employees excluded from talent programmes may continue to perceive limited advancement opportunities.
- Periodic reviews and communication require managerial time and resources.
- The study found that higher employee engagement did not significantly change the

relationship between exclusive talent management and conflict, suggesting that engagement alone may be insufficient to address these tensions.

Implementation considerations: Organisations should communicate why employees are selected, provide constructive feedback to unsuccessful candidates, offer alternative development pathways and periodically reassess talent designations.



Option 3: Strengthen hybrid talent management through inclusive and transparent practices

Encourage organisations to combine inclusive access to development with transparent selection for specialised roles, regular talent reviews, mentorship across employee groups and employee feedback to identify emerging tensions.

Pros:

- This option balances broad employee development with strategic investment in critical talent.
- May reduce perceptions of favouritism and exclusion through transparent selection and equitable development opportunities.
- Encourages employee engagement and cooperation through inclusive practices.
- Provides opportunities to identify and address emerging interpersonal tensions.

Cons:

- Requires coordination across HR, line management and senior leadership.
- Transparent selection may not eliminate perceptions of favouritism or unequal treatment.
- The effectiveness of the proposed improvements requires evaluation.
- Implementation considerations: Organisations should establish clear selection criteria, regularly review talent designations, seek employee feedback and monitor interpersonal conflict.

Recommendations

1. **Develop practical sector guidelines for transparent and inclusive talent management.**

Relevant government agencies, banking industry bodies and HR professional organisations should consider developing guidance on transparent talent identification, equitable access to development and accountable talent decisions. The guidance should support organisational learning rather than assume that a single talent management model is appropriate for every organisation.

2. **Expand access to employee development opportunities.**

Organisational leaders and HR teams should make training, career development and recognition opportunities accessible across the workforce, using clear criteria aligned with organisational and employee development needs.

3. **Strengthen transparency and accountability in selective and hybrid talent management.**

Organisations that use high-potential programmes should document selection criteria, communicate decisions, provide feedback and review talent designations periodically. They should also offer development pathways to employees outside designated talent groups.

4. **Integrate employee engagement and feedback into talent management decisions.**

HR teams and line managers should regularly assess employee engagement and use employee feedback and cross-group mentoring to identify emerging tensions. Engagement initiatives should complement, not substitute for, transparent and inclusive talent management practices.

5. **Monitor fairness, employee engagement and interpersonal conflict.**

Organisations should periodically review employee perceptions of access to training, promotion, recognition and fairness, alongside appropriate indicators of interpersonal conflict and engagement. Findings should inform adjustments to talent management practices while respecting employee confidentiality.

Conclusion

Evidence from Kenya's banking sector highlights the importance of talent management practices in shaping employee relationships. The findings support prioritising inclusive talent management while strengthening transparency and accountability where organisations use selective or hybrid approaches.

In practice, organisations should place inclusive development at the centre of talent management, retain clear and defensible criteria for specialised talent decisions, and monitor how employees experience the resulting practices. Policymakers and industry bodies can support this direction through practical guidance, while organisational leaders and HR teams can implement and evaluate organisational changes.

The study's cross-sectional design means that the findings should not be interpreted as proof that a particular approach causes conflict or that the proposed interventions will necessarily reduce it. Organisations should therefore evaluate implementation and outcomes over time. By combining transparent talent decisions, broader development opportunities and employee engagement, institutions can work towards stronger employee relationships while continuing to meet their strategic workforce needs.

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About the Author

Dr Lydia Muthoki Nthei, PhD, CHRP, is an adjunct faculty member at Strathmore University and a human resource management professional with extensive banking experience. Her research focuses on talent management, employee engagement, interpersonal conflict and organisational behaviour, with an interest in strengthening workplace relationships and organisational performance.

Published by: Strathmore University Press, Research and Innovation Department

Madaraka Estate

Ole Sangale Road

P.O Box 59857-0200

Tel 0703-034200

Email: ***research@strathmore.edu***