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**The effect of career management on organizational
performance of firms listed in the Nairobi Securities Exchange**

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Abstract

Purpose: The purpose of this study was to determine the effect of career management on organizational performance of firms listed in the Nairobi Securities Exchange.

Methodology: Descriptive and correlation survey research designs was used. Stratified simple random sampling technique was employed to enable select the respondents from the ten stratum of NSE listed companies. The target population was 534 top managers of listed companies in the NSE. A sample size of 224 respondents was picked from the listed firms.

Results: Results revealed that there is a strong and positive relationship between career management and organization performance of all listed companies. Organizational performance was positively correlated with career management. An R squared of 0.245 indicates that 24.5% of the variances in the acceptance of career management by listed companies are explained by the variances in the organization performance. The results also revealed that career management is statistically significant in explaining organization performance.

Policy recommendation: The study suggest that career management practices should be widely adopted by listed firms as doing so would lead to improved performance. Therefore, firms wishing to maintain superior organization performance should put in place mechanisms to support career management.

Keywords: *Career management, organizational performance, Nairobi Securities Exchange*

1.0 INTRODUCTION

In order to increase the effectiveness of a firm several resources can be used to achieve this, which includes money, men and machines. of this resources the most important of them all is the people (Kehinde, 2012). Over years men working in a business organization have differing values ,they were once referred to as factor of production, they were called human recourse of the organisation .Today more value has been accorded to them as they are regarded as talent working within the firm (Kehinde, 2012).This concept has been borrowed from the intellectual capital theory which is defined as stock of flows of knowledge available to an organisation .these can be regarded as the intangible resource associated with people which together with the

tangible resources like money and physical assets comprise the market or total value of business (Armstrong, 2009).

Business Review Management (2013), reports that Kenya faces the challenge of shortage of talent. These challenges include hiring, retaining, training and motivating professional talent. Moreover, shortage of talent management is felt in both professional and non professional management in Kenya. For example, early retirement leads to shortage of staff as there are no qualified personnel to fill these positions. Kenani (2011) established that there seemed to be an urgent need for increasing scientific knowledge and skills of the employees at geothermal companies in Kenya. Human Resource Management needed to put more emphasis on the productive development and use of people in the company to collectively achieve the organization's strategic business objectives. Generally, it was found that geothermal companies were challenged to strive to work towards improved balance between labour supply and demand, a better trained workforce and increased employability of the workforce (Kenani, 2011).

1.2 Problem statement

At a time when organizations need to optimize their workforces, most agree that talent management is of strategic importance. Determinants of talent management include; talent attraction, talent retention, learning and development and career management, each of these processes must be designed to fit the strategic requirements of the business. To be successful the talent strategy must be aligned with the organizations business strategy. Aligning talent strategy with business strategy is usually unmet need in many organizations (Heinen et al., 2004). 50% of the top managers across the globe think there is lack of alignment between talent management strategy and corporate strategy and that is why talent management is not an issue of Human Resource department but other organizations top managers are also involved (Collings et al., 2010).

The logic behind talent management is based on the fact that business is run by people, they are the ones who create value by using corporate assets to create products and services that people need. The implication is that the better the people an organization has the better it will perform and this is the rationale behind talent management to attract, develop, and utilize the best brains to get superior business results (Tonga, 2007). Basing on these arguments, the researcher intends to find out the role of talent management on organisation performance in companies listed in Nairobi Security Exchange.

In today's competitive climate in business concerning people issues is to find a method of attracting, developing, retaining, and motivating competent people (Sara et al, 2010). However , A survey by Aberdeen Group and Human Capital Institute's (2005) found that out of the 170 companies studied, 57% said that they were unable to attract the talent they needed to have a competitive edge while 79 per cent of the companies' chief concern was the issue of challenges in implementing succession planning also CIPDs (2012) learning and development survey found that about 75% of organizations in England reported a deficit of management and leadership skills which led to low performances in their organizations .

To gain competitive advantage through greater performance, the demand for human capital drives talent management in NSE listed companies. To the researcher's knowledge there is limited empirical study done locally on the role of talent management on organization performance in NSE listed companies. This study seeks to fill the existing research gap by

conducting a study to examine the effect of career management on organization performance of firms listed in the Nairobi Securities Exchange.

1.3 Research Objective

- i. To determine the effect of career management on organizational performance of firms listed in the Nairobi Securities Exchange.

2.0 LITERATURE REVIEW

2.1 Theoretical framework

The researcher relied on talent management model by Optimis, HCM consultancy firm (optimis, 2011). The talent management model identifies various talent management components and links them to workforce performance which eventually leads to organization performance.

2.2 Empirical review

Career management was measured by whether the company has policies on employee growth and progression; it has established career paths and families of jobs in every department, existence of succession planning, career mentors, career centres, counselling facilities and retirement preparation programmes and whether the company has mechanisms to ensure performance and feedback management

Career management is defined as the process by which individuals collect information about values, interests, and skill strengths and weaknesses, identify a career goal, and engage in career strategies that increase the probability that career goals will be achieved (Greenhaus et al., 2000). From the company's perspective, the failure to motivate employees to plan their careers can result in a shortage of employees to fill open positions, Lower employee commitment and inappropriate use of monies allocated for training and development programs (Gupta, 2008). Using career development approach employers can coach the employee in his individual career planning, and by realizing the plans of employees can plan the allocation of human resources. Thus, the career development is perceived like joint effort between the individual employee and the organization. Career development describes the lifelong process of managing life, learning and work. It involves individuals planning and making decisions about education, training and career choices as well as developing the right skills and knowledge to do this (Farrell et al, 2005).

Blackman et al. (2013) sought to investigate the relationship between talent management and succession planning processes. The study, which was carried out using descriptive and inferential statistics revealed that talent management and succession planning within government organizations met the requirements and therefore impacted on talent absorption, talent retention and talent development which gave the organizations a competitive edge. This study provides useful insights as to the relationship between career development and talent management. Though the study does not discuss this aspect in depth, it is evident that the existence of one depends on the other. This study therefore will act as a good base for further exploration of the relationship between career development and organization performance in the companies listed in the NSE. Companies with formal succession plan for the top managerial post enjoy a higher return of investment than those that do not have (Heimen et al., 2004).

There are several elements of career management including career development and planning which focuses on planning of employee growth and progression; Career planning seeks to provide guidance and encourage employees to fulfil their potentials and ensure better use of human resources through more satisfied and productive employees. Career planning facilitates expansion and growth of the enterprise. The employees required to fill job vacancies in future can be identified and developed in time. A planned programme of career progress provides a higher level talent from within the organization .It also helps in the optimum utilization of the managerial resources .By meeting their growth aspiration ,it ensures satisfactory employees performance .If the organization is to survive and prosper in an ever changing environment .Its human resources must be continuously developed .In fact ,career planning has now become an essential prerequisite of effective human resource management ,productivity improvement and organizational growth (Gupta, 2008).

career pathing involves creating established career paths and families of jobs within a given area and allowing employees have a vision of progression as well as goals and expectations; employee development consisting of programs and initiatives; learning and development initiatives; management coaching; competitive reward systems; career centres; succession planning; performance management/feedback an effective appraisal system can provide an objective assessment of current performance and future potentials of employees .Performance feedback helps employees in understanding and developing their potentials ; and cross-functional development programs Allen (2005). Career management consists of both formal and informal activities including employee workshops, job rotation, job enrichment and career progression ladders, for example organizationally planned programs or developmental stage theories. Organizations may also contribute to career identity by providing abundant opportunities for self-development, opportunities for advancement and mentors (Dargham, 2013).

When selecting an employee, organizations may use internal job postings extensively, maintain a job-matching database, encourage job rotations and internal management succession and transfer people across departments laterally to increase their value for themselves and for the firm to improve organization performance. They may also opt for initiatives like job sharing and only use layoffs as a last resort during conditions of economic uncertainty, as well as give preference to former employees for staffing new positions after a period of downsizing (Lazarova et al., 2009). Dargham (2013) observations on career management are similar to those of Sturges et al, (2002) who observe that organizational career management enhances employee commitment and hence organization performance. Career management help can be seen as one form of perceived organizational support. Perceived organizational support has been positively related to job performance and negatively linked to withdrawal behaviours such as absenteeism and turnover (Rhoades et al., 2001).

Van Dam (2004) found that people who experience more organizational support have a higher employability orientation. Kraimer et al. (2003) studied the relationship between organizational career management and perceived career support. They defined perceived career support as the employee's belief that the organization cares about his or her career needs and goals. They found that promotional opportunities and informal organizational career management activities, namely informal career discussions with a manager, participation in challenging job assignments and mentoring relationship(s) with senior colleagues, are positively related to perceived career support. Organizational career management practices includes ;performance appraisal as a basis

of career planning ,assessment centres, career counselling by the human resource department ,formal mentoring ,career workshops, retirement preparation programmes ,succession planning, formal education as a part of career development and lateral moves to create cross functional experience (Agarwala ,2007) .

The self concept theory of career development which was developed by Super (1969) is one of the most influential theories of career choice and development .He suggested that career choice and development is essentially the process of developing and implementing a person's self concept. Self concept, according to Super (1990) is a product of complex interactions among a number of factors such as personal experiences, mental growth, environment and physical growth. Super (1990) believed that the degree to which a given individual career development is successful depends on how that person is able to implement his or her career self-concept. Individuals career concept according to Super is a product of interaction of the persons personality interest ,experiences ,skills and the values and the way in which the integrate these characteristics into their various life roles .As people experience new situations ,meet new people and learn more about the world of work ,they are likely to develop new interest ,unlock new possibilities of expressing self concept and find new ways of integrating their career choice(Super,1990).

In the context of the current study, the researcher deduces that the self concept theory of career development is applicable to career management strategies such as career counselling and having career mentors who may influence employees self concept hence shape their career decisions which make them more productive in their work.

2.2 Conceptual Framework

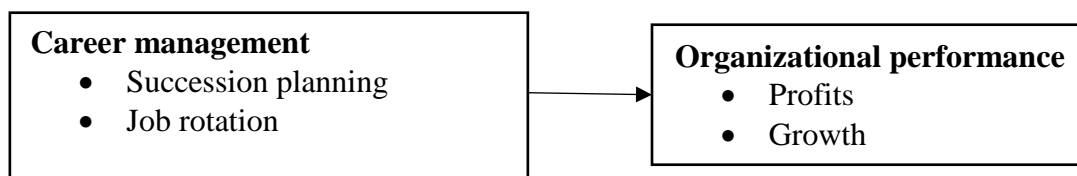


Figure 1: Conceptual Framework

3.0 METHODOLOGY

This adopted descriptive and correlation survey research design. The target population of this study is 534 top managers of NSE listed companies. The researcher used stratified sampling in order to achieve the desired representation from various sub groups in the NSE listed companies. A sample size of 224 respondents will be used. Questionnaire was used in this study to collect data. Cronbach alpha was used to test reliability of the study instrument.

4.0 RESULTS FINDINGS

4.1 Response Rate

The number of questionnaires that were administered was 224. A total of 162 questionnaires were properly filled and returned. This represented an overall successful response rate of 72%.

Table 1: Response Rate

Response	Frequency	Percent
Successful	162	72%
Unsuccessful	62	28%
Total	224	100%

4.2 Descriptive statistics

The fourth objective of the study was to establish how career management affects organizational performance. Results were shown in table 2.

Table 2: Career Management

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
My company offers career counseling	6.80%	4.90%	6.20%	45.10%	37.00%
We have established career centres where employees can access useful materials and advice on career growth and development	0.60%	4.30%	5.60%	43.80%	45.70%
This company believes career planning facilities expansion and growth of this company	9.90%	11.1%	4.30%	35.80%	38.90%
My company plans on employee growth and progression	4.30%	9.90%	0.00%	70.40%	15.40%
My company strives to establish career paths and families of jobs in every department	4.30%	4.30%	8.60%	39.50%	43.20%
In my company, we develop programs and initiatives that enhance employee development	4.30%	6.80%	9.30%	53.70%	25.90%
We have established succession planning in my company	4.30%	9.90%	0.00%	70.40%	15.40%
My company has provision of career mentors	4.30%	4.30%	8.60%	39.50%	43.20%
In my company we have retirement preparation programmes	4.30%	6.80%	9.30%	53.70%	25.90%

The study sought to establish if the company offered career counselling to employees. Career counselling in a company was crucial of career management. Results in table 2 showed that majority 82% agreed that their company offered career counselling, 6% disagreed while 12% neither agreed nor disagreed with the statement.

Further, the study sought to establish if the company had established career centers where employees can access useful materials and advice on career growth and development. A career center in a company was crucial of career management. Results showed that majority 90% agreed that they had established career centers where employees can access useful materials and advice on career growth and development, 6% disagreed while 5% neither agreed nor disagreed with the statement.

On the statement whether the company believed in career planning facilities expansion and growth of the company. Career planning facilities in a company was crucial of career management. Results showed that 75% agreed that the company believed career planning facilities expansion and growth of the company, 4% disagreed while 21% neither agreed nor disagreed with the statement.

On the statement whether the company planned on employee growth and progression. Employee growth and progression in a company was crucial of career management. Results showed that 86% agreed that the company planned on employee growth and progression, while 14% neither agreed nor disagreed with the statement.

Further, the study sought to establish if the NSE listed companies had established career paths and families of jobs in every department. Career paths and families of jobs in a company were crucial of career management. Results showed that 83% agreed that their company strived to establish career paths and families of jobs in every department, 9% disagreed while 9% neither agreed nor disagreed with the statement.

The study sought to establish if the NSE listed companies had developed programs and initiatives that enhanced employee development. Programs and initiatives in a company were crucial of career management. Results showed that 80% agreed that in their company, they developed programs and initiatives that enhanced employee development, 9% disagreed while 11% neither agreed nor disagreed with the statement.

The study further sought to establish if the NSE listed companies had established succession planning in the company. Succession planning in a company was crucial of career management. Results findings showed that 86% of the respondents agreed that they had established succession planning in their company, while 14% neither agreed nor disagreed with the statement.

The study sought to establish if the NSE listed companies had provision of career mentors. Career mentors in a company were crucial of career management. Results showed that 83% agreed that their company had provision of career mentors, 9% disagreed while 9% neither agreed nor disagreed with the statement.

Finally, the study sought to establish if the NSE listed companies had retirement preparation programmes. Retirement preparation programmes in a company were crucial of career management. Results showed that 80% agreed that in their company they had retirement preparation programmes, 9% disagreed while 11% neither agreed nor disagreed with the statement.

4.3 Relationship between Career Management and Organizational Performance

Figure 2 shows the scattered plot of career management and organization performance. The figure reveals that there was moderate but positive relationship between the two variables. Therefore, an increase in learning and development affects organization performance of all listed companies.

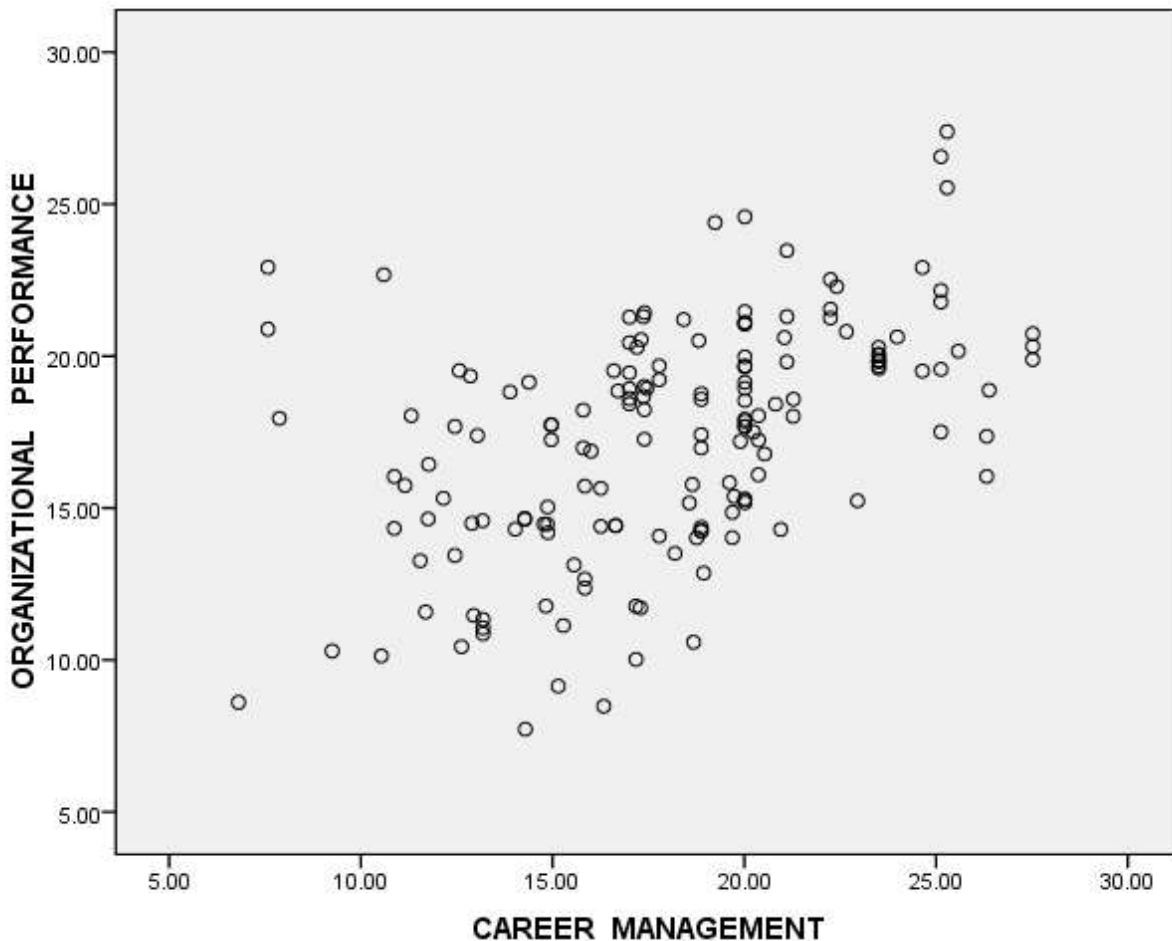


Figure 2: Scatter Plot Relationship between Career management and Organization Performance

Table 2 displays the results of correlation test analysis between the dependent variable (organization performance) and career management. Results on Table 2 show that acceptance of

organizational performance was moderately but positively correlated with career management. This reveals that any positive change in career management on organizational performance led to increased acceptance of organizational performance.

Table 2: Relationship between Career Management and Organizational Performance

Variable		Organizational Performance	Career Management
Organizational Performance	Pearson Correlation	1	
	Sig. (2-tailed)		
Career Management	Pearson Correlation	0.495	1
	Sig. (2-tailed)	0.000	

** . Correlation is significant at the 0.01 level (2-tailed).

A graphical illustration of the relationship between career management and organization performance was presented in figure 3.

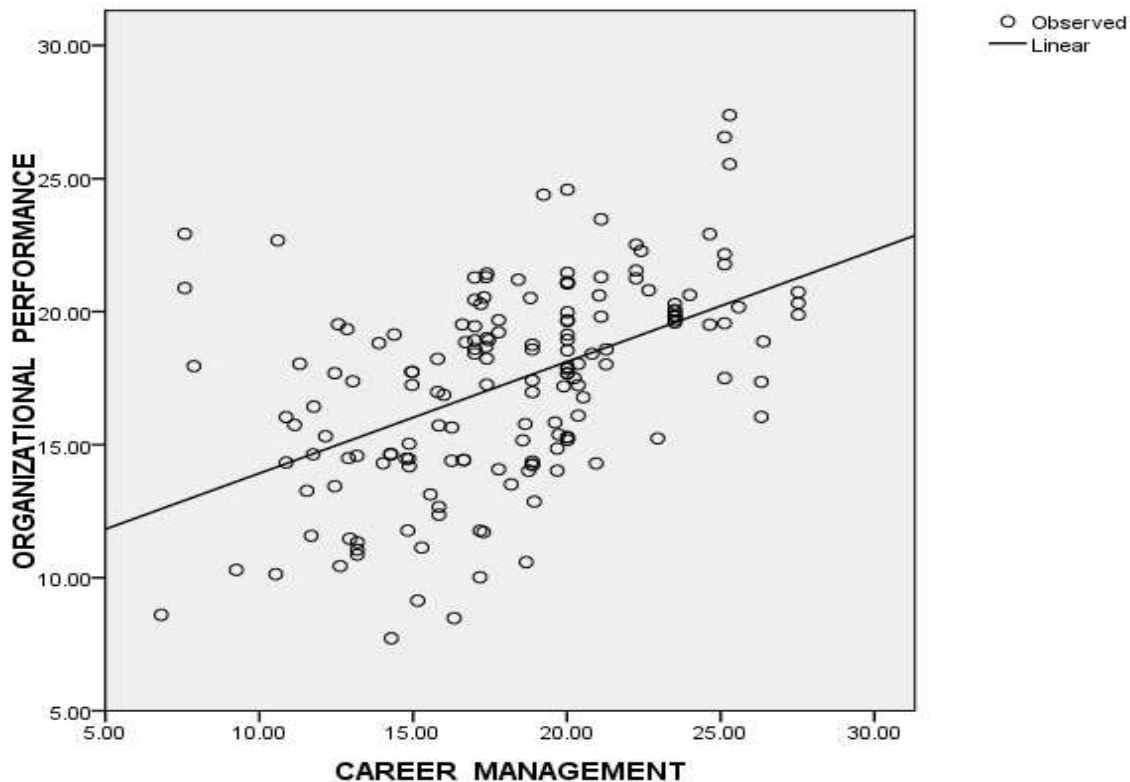


Figure 3: Linear Relationship between Career management and Organization Performance

Regression analysis was conducted to empirically determine whether career management was a significant determinant of organization performance listed companies. Regression results in table

3 indicate the goodness of fit for the regression between organization performance and career management was satisfactory. An R squared of 0.245 indicates that 24.5% of the variances in the acceptance of career management by listed companies are explained by the variances in the organization performance. The correlation coefficient of 49.5% indicates that the combined effect of the predictor variables have a weak and positive correlation with acceptance of organization performance.

Table 3: Model Summary for Career Management

Indicator	Coefficient
R	0.495
R Square	0.245
Std. Error of the Estimate	3.27433

The overall model significance was presented in table 4. An F statistic of 10.824 indicated that the overall model was significant. This was supported by a probability value of (0.001). The reported probability of (0.001) is less than the conventional probability of (0.05). The probability of (0.000) indicated that there was a very low probability that the statement “overall model was insignificant” was true and it was therefore possible to conclude that the statement was untrue.

Table 4: ANOVA for Career Management

Indicator	Sum of Squares	Df	Mean Square	F	Sig.
Regression	555.908	1	555.908	51.851	0.000
Residual	1715.399	160	10.721		
Total	2271.307	161			

Table 5 displays the regression coefficients of the independent variable (career management). The results reveal that career management is statistically significant in explaining organization performance of listed companies.

The regression results were used to test the null hypothesis “ H0: There is no relationship between career management and organizational performance in companies listed in the NSE.” The null hypothesis was rejected at 0.05 level of significance. This implies that there is a relationship between career management and organizational performance in companies listed in the NSE

Table 5: Regression Coefficient for Career Management

Variable	Beta	Std. Error	t	Sig.
Constant	9.731	1.085	8.972	0.000
Career Management	0.419	0.058	7.201	0.000

5.0 SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of Findings

The study sought to establish the effect of career management on organizational performance in firms listed in NSE. The type of analysis used includes descriptive statistics, regression analysis and parametric analysis. Results indicated that the listed firms had implemented learning and development in their companies.

The elements that measured career management included; whether the company had policies on employee growth and progression; the company it had established career paths and families of jobs in every department, existence of succession planning, career mentors, career centres, counselling facilities and retirement preparation programmes and whether the company had mechanisms to ensure performance and feedback management. Majority of the respondents agreed with the statements and this was supported by regression results which indicated that the relationship between learning and development and organizational performance was positive and significant.

The null hypothesis was rejected by regression results and this implied that career management had a significant relationship with organizational performance.

5.2 Conclusion

It was concluded that effective career management practices had been put in place by firm listed on the NSE. The study revealed that practices such as the company having policies on employee growth and progression; the company having established career paths and families of jobs in every department, existence of succession planning, career mentors, career centres, counselling facilities and retirement preparation programmes and the company having mechanisms to ensure performance and feedback management contributed positively to organization performance.

The study therefore concluded that listed firms with effective career management practices had superior organization performance. In addition, the study revealed that listed firms with ineffective career management practices had inferior organization performance. This was supported by a positive and significant relationship between career management and organization performance.

5.3 Recommendations of the Study

The study suggest that career management practices should be widely adopted by listed firms as doing so would lead to improved performance. Therefore, firms wishing to maintain superior organization performance should put in place mechanisms to support career management.

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