

Effects of Talent Development Practices on Leadership Quality among Financial Regulatory Institutions in Kenya

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Abstract: Leadership is treated as both a specialized role and a social influence process and today's business environment requires executives who are able to operate on a global scale. Talent development includes mobility between business units domestically and abroad. It is essential that job shifts and production structure be fundamentally aligned because developing large pool of talent could lead to oversupply and the developed team would simply have no place to go. The study was focused to establish effects of talent development practices on leadership quality of financial sector regulatory institutions in Kenya through explanatory and cross-sectional survey design. A total population of 636 employees in the six financial sector regulatory institutions in Kenya were targeted. Stratified random sampling was embraced thus deriving 127 employees as the sample population. Both primary and secondary data was used where Primary data was collected using questionnaires which was analysed using SPSS software and presented as percentages, frequencies, means, charts and standard deviations. The study established that employee assessment, employee sourcing, leadership grooming and employee development programmes affect leadership quality. Human resource department needs to step up and play a critical role on employees' talent development. There is need for management to have employee assessment on regular basis as this will help in identifying the skills they have and those they require, hence improving leadership quality. Over and above, the management need to have clear policies on employee assessment, sourcing, development and leadership grooming with an aim of improving.

Keywords : Development Programme, Employee Assessments, Employee Sourcing, Grooming, Leadership, Leadership Quality, Recruitment, Talent development practices and Talent management.

1. INTRODUCTION

The current system of regulation in Kenya is institutional and the firm's legal status (bank, broker or insurance company) determines which regulator is responsible for supervising its activities. The organizations under this sector fall into six categories: Central Bank of Kenya (CBK) which regulates banks and payments settlement; Insurance Regulatory Authority (IRA) which regulates insurance; Capital Markets Authority (CMA) which regulates capital markets, Sacco Societies Regulatory Authority (SASRA), Financial Reporting Centre and the Retirement Benefits Authority (RBA) which regulates pensions (Nzomo, 2014). The leadership quality of the financial regulators has enhanced the introduction of the various regulatory frameworks aimed in the mainstreaming financial sector ([CBK, gov](http://www.cbk.gov)).

Currently, the IRA through its leadership is harmonizing the level of claims and types of insurance products provided by different insurance companies. It is also coming up with appropriate regulations to govern new products in the insurance market including political risk insurance, crop insurance, and international travel insurance and modified personal insurance policies. The CMA is also expanding the scope of companies that can access capital funds with new listings of traditionally private companies and expansion of

the sources of capital funds including infrastructure bonds, corporate bonds and derivatives (www.cma.co.ke). National social security fund (NSSF) has transformed to a modern pension funds with expanded investment options that guarantee growth of the collected funds and a guarantee of sustainable annuities to the retired Clients all which can be attributed to quality leadership in the institutions.

Leadership quality encompasses integrity, work ethics and professionalism. According to Chapter Six of the Constitution of Kenya 2010, which guides leadership in the public sector, leadership is demonstrated by accountability to the public for decisions and actions and discipline and commitment in service to the people. Leadership guiding principles include professionalism, which requires objectivity and impartiality in decision-making, integrity, competence and suitability. Work ethics constitutes selfless service based solely on the public interests demonstrated by honesty in the execution of public duties and declaration of any personal interest that may conflict with public duties. Leadership in the Chapter Six of the Constitution of Kenya on Leadership and Integrity outlines the responsibilities of a leader, stipulates taking the oath of office for state officers, provides guidelines on the conduct of state officers, advises on the financial probity of state officers, states the restriction on activities of state officers, defines citizenship and

leadership requirements and documents legislation to establish the ethics and anti-corruption commission and legislation on leadership (GoK, 2010).

Stogdill (2004), after comprehensively reviewing literature on leadership, concluded that there are nearly as many definitions of leadership as there are people attempting to define it. The leadership concept often carries extraneous connotations which create ambiguity around its meaning. However, most definitions hold an assumption in common that it is a process whereby intentional influence is exerted by one person over others to guide, structure, and facilitate activities and relationships in an organization (Yukl, 2006).

There is an ongoing controversy about the high degree of overlap between leadership and management. While a person can be a leader without being a manager, and a manager without leading, some authors (Bass, 2010) contend that although leading and managing are distinct processes, they are not mutually exclusive (Yukl, 2012). As Drucker (2008) put it, the very best leaders are first and foremost effective managers. Adair (2006) agrees that a line manager, provided with required attributes and practice opportunities, is in a generic role of a leader. Today's business environment requires executives who are able to operate on a global scale. The individuals considering a career in business in the twenty-first century are inevitably considering a career in global business (McCall and Hollenbeck 2002). In the human resource management literature, the need to develop globally competent managers has been ranked among the top development priorities in the future. Furthermore, senior managers and HR executives have recognized leadership development as the most crucial HR goal for global business success (Evans, Pucik and Björkman, 2011).

Leadership quality is treated as both a specialized role and a social influence process. In this study the focus is on the individuals', identified as potential future leaders, perceptions of leadership qualities. The terms leader, manager, and executive are used interchangeably to refer to people who are awarded positions in which they are required to perform the leadership role. Therefore, the literature review conducted for this paper covers research on leadership, talent, managerial and executive development, as well as topics under organizational behavior.

In the wake of the global financial crisis (GFC), numerous nations are organizing dependability by reinforcing financial control. Albeit essential, this may be to the detriment of comprehensive development, particularly in poor nations. Without viable direction, financial frameworks can wind up precarious, activating emergencies that can destroy the genuine economy as confirmed by the ongoing GFC that started in 2007 (Spratt 2013). Given the basic role of finance is to encourage profitable monetary action; the point of direction is to keep up financial security and to advance

monetary development. This is a sensitive exercise in careful control, as excessively extraordinary an attention on soundness could smother development, while a dash for development is probably going to sow the seeds of future emergencies. Kenya has an all around created financial framework for a nation of its income level (Beck and Fuchs 2004). Kenya's dimension of financial advancement isn't too far-removed from the anticipated dimension in a global cross-country model (Allen et al. 2012). There are six financial sector regulators in Kenya, which incorporate Sacco Societies Regulatory Authority, Central Bank of Kenya, Financial Reporting Center, Retirement Benefit Authority, Insurance Regulatory Authority and Capital market Authority.

Talent development includes mobility between business units domestically and abroad. It is essential that job shifts and production structure be fundamentally aligned because developing large pool of talent could lead to oversupply and the developed team would simply have no place to go. Therefore, mobility into upward movements will be limited (Nalbantian and Guzzo 2008). With the end goal to build the viability of a firm, a few assets can be utilized to accomplish this, which incorporates cash, men and machines. Of these assets, the most critical of all is the general population (Kehinde, 2012). Over years' men working in organizations has varying qualities, they were once alluded to as factor of generation, and they were called HR of the organization. Today more esteem has been concurred to them as they are viewed as talent working inside the firm (Kehinde, 2012). This idea has been acquired from the intellectual capital theory, which is characterized as supply of streams of learning accessible to an organization. These can be viewed as the immaterial asset related with individuals who together with the substantial assets like cash and physical resources include the market or aggregate estimation of business (Armstrong, 2011).

Talent management includes situating the opportune individuals in the correct occupations (Devine, 2008). This guarantees the employees boost their talent for ideal accomplishment of the organization. As talent management is a generally new territory for both open and private sector organizations, most institutions have organized it to guarantee they get the correct staff. This is on the grounds that talent management has been connected to effective sourcing, evaluation, improvement and prepping of employees into authority position (Baheshtiffar, 2011). The unmistakable quality of talent management can be followed to around the beginning of the year 2000. This is the period when a management consulting firm, McKinsey' revealed that businesses confront a war for talents' described by troubles in enlistment of employees because of tight labour market (Hartmann et al., 2010). From that point forward, the theme of talent management has expanded in significance and has picked up consideration in both the writing and in business practices. It has been professed to be more basic

than any other time in recent memory to authoritative vital achievement" and a quick increasing best need for organizations crosswise over nations" (Hartmann et al., 2010).

Talent management includes systems set up to guarantee attraction, maintenance and advancement of talent inside an institution (D'Annunzio-Green, 2008). Talent management is of pith since organizations can effectively draw in and keep up fundamental talent. Besides, talent identification and advancement enables organizations to recognize employees who are fit for assuming positions of authority in future. This methodology stresses creating talent pools that have high initiative capacity (Baheshtiffar, 2011). This investigation looks to build up the impact of talent advancement practice on initiative nature of financial sector regulatory organizations in Kenya. Overseeing talent is a test to all organizations with regards to globalization independent of the nation (Gardner, 2012). Also, the worry about the shortage of talent is relatively all inclusive. Organizations around the globe are vying for a similar pool of talents. This is viewed as a global work showcase for talents. Pattern of global reconciliation demonstrates organizations institutionalizations in talent recruitment, improvement and management, to guarantee their focused position and consistency. Accordingly, organizations have to adapt global best practices of talent management and at the same time adapt the local requirements and local labor market (Stahl et al., 2007).

Aberdeen group and human capital institute (2015) study which secured 170 human capital management experts and administrators had the accompanying discoveries; 57 percent of organizations referred to the failure to both get the talent required and address talent necessities throughout the following five years as their best in general test. 79 percent of the organizations' central concern was the issue of difficulties in executing succession planning. The examination likewise uncovered that 71 percent of the organizations studied had formal succession plans and 65 percent for the mid-level management staff. These days, land, capital and settled resources are never again key assets for the organizations to be very competitive in the present economy (Gardner, 2012). Human capital is a key asset to adjust the organizations to the overall rivalry. Along these lines, organizations are contending with one another to procure and hold talents with the end goal to keep up their activities and keep on developing (Gardner, 2012).

The war for talent is not just about giving talents monetary incentives and material rewards, it is more about developing strategies and approaches that will ensure talented people, who are willing to learn, stand out and contribute. Williams, (2010) notes that "in the war for talent there are winners and losers, like in business there is success and failure". Therefore, an organization with talent management has more possibilities to be the winner in the war for talent (Williams,

2010). Hence talent management should be a high priority of every organization. Talent management best practices should assure organizations to build local talents in the way that is consistent with local norms but still globally standardized, which ensure that all parts of the organization attract diverse and sufficient professional talents (Stahl et al., 2007). Most organizations have applied global performance standards, which are supported by global leadership competency profile and performance appraisal system (Stahl et al., 2007).

Poorhosseinzadeh and Subramanian (2012) found that each organization has its talent management strategies. However, there is a general understanding of the steps that employers should take to enhance talent management. In the study touching on attracting, deploying, development, retention of talent and succession planning, the researchers found that only 67.3% of Malaysian multinational companies had implemented talent management in their organizations. Those that had implemented reported significance relationship between developing talents, talent attraction, talent retention and successful talent management in organizations. McCall (2010) proposes that talent developmental practices, reported by successful managers, could be classified into early work experiences, short-term assignments, major line assignments, hardships and training programs. In order to facilitate testing which talent developmental activities are perceived as more effective and preferable by the talents based on thorough literature review on leadership development, the practices have been divided into clusters. Talent development through relationships is delivered in the shape of sourcing, assessment, development program and grooming. Training is further broken down to action learning projects and other types of training.

1.1. STATEMENT OF THE PROBLEM

Leadership development takes a high potential beyond the point of raw talent and determined ambition, towards more important competencies like ability to motivate, influence and persuade (Berke et al., 2008). Financial service regulators by systematically providing young managers with developmental jobs and bosses, and by supporting their learning from experience, can cultivate potential leadership talent (Lombardo and Eichinger, 2009). Most importantly, the assumption underlying leadership development is that people can change, grow and develop in ways that make them more effective in those leadership roles and processes that they take part in (McCall, 1998; Van Velsor et al. 2010).

Financial sector regulators play a pivotal leadership role in Kenya. The responsibilities of leadership include exercising authority and maintaining the public trust in financial institutions. Leadership is the position or function of a person who guides or directs a group. Quality is a measure of the degree to which service outputs meets requirements and expectations. According to Chapter Six of the Constitution

of Kenya 2010, leadership quality encompasses integrity, work ethics and professionalism, which entails objectivity and impartiality in decision-making, competence and suitability and meeting expectations. The Leadership and Integrity Act, defines the obligations of State Officers, which applies to all public officers and stipulates the necessary education and training on leadership and integrity in the public sector for the purpose of realizing the Constitution.

As substantiated by McDonnell et al. (2010) talent improvement is ostensibly of more noteworthy criticalness among financial sector regulators. Exact investigations done in Kenya incorporates; Moturi (2013) who looked at talent management by Kenya Data Networks Ltd and discovered that talent management practices impacts their aggressiveness in the business. Mutunga (2009) looked at talent management and employee commitment by Zain Kenya and set up that positive worker commitment is because of successful talent management practices and this has a positive impact on competitive advantage. Gathungu and Mwangi (2012) completed an examination on powerful capacities, talent advancement and firm execution and discovered unique abilities as a developing worldview of the cutting edge business firm that impels supportable superior in quickly evolving condition. Chepkwony (2012) led an examination on the connection between talent management practices, succession planning and corporate strategy among business banks in Kenya. The consequences of the exploration uncovered a noteworthy connection between talent management practices, succession planning and by and overall organization strategy.

It is important therefore that financial service regulators have high quality leadership to fulfill these roles. The question is, what talent development programmes do these important institutions have in place to achieve quality leadership? There is limited empirical evidence on leadership quality in financial sector regulators in Kenya and the talent development policies and practices. This study sought to fill the existing research gap by conducting a study to establish the effect of talent development policies and practices on leadership quality among the financial in Kenya.

1.2. HYPOTHESES

- H_{A1}: Employee assessment affects leadership quality
- H_{A2}: Employee sourcing affects leadership quality
- H_{A3}: Leadership grooming affect leadership quality
- H_{A4}: Employee development program affect leadership quality

1.3. CONCEPTUAL FRAMEWORK

Kombo and Tromp (2009), define a concept as a general or abstract idea which is obtained from instances that are specific in nature. Leadership quality is presented as the study’s dependent variable while the independent variables are employee assessment, employee sourcing, development program and leadership grooming process as conceptualized below.

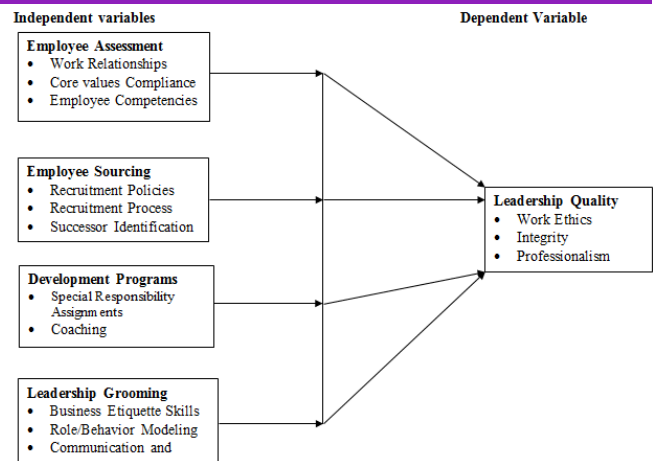


Figure 1: Conceptual Framework

2. THEORETICAL ARGUMENT

The study was grounded on system theory, strategic choice theory and social exchange theory.

2.1. The Trait Leadership Theory

The rise of the trait leadership theory thinks back to Thomas Carlyles in the 1940's which expect that incredible leaders are conceived with recognized identity traits that improve them suited for leadership and make them not the same as other individuals or their adherents (Carlyle 1948). The Trait Approach emerged from the Great Man theory as a method for recognizing the key qualities of effective leaders (Halpern, 1997). It was trusted that through this methodology basic leadership traits could be secluded and that individuals with such traits could then be enrolled, chosen, and introduced into leadership positions (Hedges & Nowell, 1995). This methodology was normal in the military and is as yet utilized as an arrangement of criteria to choose candidates for commissions. In exploring trait speculations of leadership, Bass (1990) proposed two inquiries: Which traits recognize leaders from other individuals, and what is the size of those distinctions? As for the primary inquiry, leadership researchers have by and large analyzed leader traits identified with socioeconomics (sexual orientation, age, instruction), assignment skill (intelligence, Conscientiousness), or relational properties (Agreeableness, Extraversion; Bass and Bass, 2008).

Understanding the overall legitimacy of leader traits is essential since traits probably won't be independent. For instance, there are biological and sociocultural purposes behind why people score distinctively on identity and intelligence (Feingold, 1994; Halpern, 1997). The biological model sets that sexual orientation contrasts are an element of natural contrasts between genders, while the sociocultural model places that social and social factors specifically deliver contrasts. An itemized dialog of these models is past the extent of this article, however plainly sexual orientation

contrasts exist for both intelligence and identity (Feingold, 1994). This investigation will utilize the trait leadership theory to set up the impact of talent development practice on leadership nature of financial sector administrative establishments in Kenya.

2.2. Talent-Based Theory

The present labour market is described by the expansion in labor mobility, moving socioeconomics, globalization, a maturing workforce, a decreased item lifecycle and mechanical headways and the criticalness of talent development in organizational leadership can't be overstressed. Talent-based theory of the firm hypothesizes that talent is the main asset that gives economical upper hand, and consequently, the company's consideration and basic leadership should center fundamentally on talent and the focused abilities got from it (Roberts, 2008). The firm is viewed as being a talent coordinating foundation. Its job is neither the procurement nor the making of organizational talent; this is the job and essential of the person. Talent lives in and with individual people; the firm simply coordinates the exclusively possessed talent by giving basic courses of action of co-appointment and co-task of particular talent specialists. That is, the firm spotlights on the organizational procedures moving through these auxiliary courses of action, through which people take part in talent creation, stockpiling, and arrangement (Roberts, 2008).

Talent isn't viewed as something better than expected, yet something that fits certain desires. Different sorts of tasks made and actualized in assorted organizations programs raise complaints. They show the danger of irregularity in talent management hence, the proposal that the term talent management ought to be supplanted with talent development to create appropriate environment for talents identification, development, and exploitation. An organization that creates talents is focused on development of organizational culture and at the same time has aftereffects of it. The procedures are the achievement factors that ought to emerge with the goal that the general population undoubtedly need to give everything of themselves of what is conceivable to give, and much more. It additionally comprises the management style which rejects the haphazardness, and replaces it with a steady enhancement of working conditions and management (Lepak and Snell, 2002). Institutional talent development programs in practice are not comprehensive in content, lack enabling environments, are ineffectively implemented and are inadequately monitored and evaluated to produce cutting edge leadership quality (integrity, work ethics and professionalism).

2.3. Transformational Leadership Theory

James MacGregor Burns (1978) conveyed the idea of transformational leadership to conspicuousness in his book of Leadership. He further drew the critical refinement between transactional leadership and transformational leadership. Transformational leadership accept that the focal

point of leadership should be the duties and limits of organizational individuals. Larger amounts of individual promise to organizational objectives and more noteworthy capacities with respect to achieving those objectives are accepted to result in additional exertion and more noteworthy profitability. Leithwood and Jantzi, (1999), conceptualized transformational leadership along eight measurements in particular: building vision, setting up objectives, giving scholarly incitement, offering individualized help worker preparing and development, displaying best practices and imperative organizational qualities, inclusion of partners, showing elite desires, making a profitable organization culture and creating structures to cultivate cooperation in organization choices making (Leithwood & Jantzi, 1999).

Halling and Heck (2002) express that dissimilar to transactional leadership, transformational leadership does not look to keep up existing conditions but rather gives an upgrade to change and development, a contention bolstered by Bass and Avolio, (1994). Transformational leaders figure out how to propel others to accomplish more than initially arranged or proposed. They make strong authoritative atmosphere where singular needs and contrasts are recognized and regarded (Bass, 1978). The working of the trust and regard persuades adherents to work for the achievement of shared objectives accordingly transformational leaders rouses devotees to center around the benefit of all through responsibility to the mission and vision of the organization. As indicated by pundits the cutting edge puts excessively accentuation on the transformational characteristics of the leader, along these lines strengthening the idea that leaders are the sole wellspring of initiative in the organization (Evass and Lakomski 1996; 2006). Leithwood and Janz (2000) indicates that transformational leadership display does not accept that the vital would be the main wellspring of authority in the organization and is steady with the sharing of initiative with educators and different partners. This investigation is pegged on transformational leadership theory to confirm the effects of talent development practice on leadership quality of financial Sector Regulatory institutions in Kenya.

3. EMPIRICAL REVIEW

3.1. Employee assessment and leadership Quality

Gathoni (2012) conducted an investigation to evaluate the apparent impact of employee assessment on employee satisfaction and discovered that only some of performance management practices in particular; Training and development, career development, performance related pay and rewards appeared to satisfy the employees. Despite the fact that whatever remained of the performance management practices were available in the organization they didn't appear to satisfy the employees or were not critical. They included Performance agreements, performance planning, overseeing performance consistently and reviewing

performance. Greater part of the employees who had remained in the Organization for over ten years confirmed happiness with the Training and development, rewards, performance related pay and rewards.

Okeyo (2011) directed an examination to decide the connection between perceived employee development and perceived quality of service in the Municipal Council of Kisumu, and established that with enhancement in representative evaluation, benefit quality likewise expanded. Most client respondents differ that when the workers guaranteed to accomplish something, they did it quickly. Andabwa (2010) led an examination to build up the human asset review practices among the sugar fabricating organizations in Kenya and found that employee records on annual leave are maintained and monitored, confidential information is restricted to authorized personnel, access to payroll records are restricted to authorized personnel, personnel files are restricted to authorized personnel, records on employee off days are maintained and monitored, the department of human resource is a new employee prior to his or her day of hire, temporary employees hours are monitored to ensure respective limits are not exceeded, detailed job Descriptions are maintained for all position and permanent employees earning are monitored to ensure respective limits are not exceeded.

3.2. Employee sourcing and leadership quality

Njine (2006) in his study of employee sourcing practices and leadership quality among International Non-governmental organizations operating in Kenya, found that there were challenges in the staff recruitment and selection practices used by the International NGOs operating in Kenya. Better recruitment and selection practices lead to quality leadership in the NGOs. The study shed some leading light on common practices and the challenges encountered that influence the recruitment and selection of employees in these well-paying yet not permanent jobs in the International Nongovernmental organization.

Buhasio (2012) conducted an examination on the Challenges confronting employee sourcing among non-governmental organizations in Kakamega focal area, Kenya, and discovered that it is vital to have a characterized recruitment arrangement set up, which can be executed adequately to get the best fits for the empty positions. Choosing the wrong candidate or dismissing the correct candidate could end up being exorbitant slip-ups for the organization. Along these lines, a recruitment practice in an organization must be successful and effective in drawing in the best labor. The procedure incorporates steps like HR Planning drawing in candidates and screening them. These means are influenced by different elements both inward and outer. The recruitment and selection decision is of prime significance as it is the vehicle for getting the most ideal person-to-work fit that will, contribute fundamentally towards the Company's viability.

Raichena (2012) completed an investigation on the impact of Teachers Service Commission employee sourcing policies on execution of principals of public schools in Kenya (an instance of Thika region), and the respondents revealed that there is requirement for the TSC to audit the strategy on recruitment and selection of principals, to guarantee that those delegated have exhibited administration characteristics in past positions hold a college degree, and more likely than not filled in as a representative essential. The investigation reasons that there are occurrences where principals are not chosen aggressively. The investigation set up that there are occasions where principals are handpicked by TSC and government officials. Recruitment and selection of principals affects execution since choosing experienced teachers guarantees compelling school initiative.

Ocharo (2015) examined the viability of boards of administration in recruitment and selection of teachers out in the public schools in Nyamira County, Kenya, and the information gathered was dissected utilizing both quantitative and subjective methods, at that point, introduced by the utilization of tables, figures. The investigation discovered that teacher recruitment through BoMs is inadequate, as the vast majority of the board panel possess wanting academic qualification levels. The real issues and difficulties ranges from scanning candidates and that, partners do have personal stake on the candidate to be considered for the position.

3.3. Leadership grooming and leadership quality

Ngure (2013) conducted an investigation on the Influence of Leadership grooming Styles on Strategy Implementation at Co-operative Bank of Kenya. The key discoveries of the investigation were that Co-operative Bank of Kenya transcendently utilizes participative (democratic) leadership grooming style and transformational leadership style. Another key finding of the examination was that leadership styles impact strategy implementation. The implication of the examination was that leadership styles are critical in strategy implementation and organizations should focus on this and incorporate leadership styles as one of the methodologies in guaranteeing strategy implementation. The study suggests that organizations ought to know that transformational and participative leadership styles are imperative in an organization and actualize these.

Kivasu (2015) completed a study on leadership grooming and implementation of strategy among non-governmental organizations in Nairobi City County, Kenya, and discovered that NGO's in Nairobi City County, Kenya dominantly utilized transactional, servant, and situational and transformational leadership grooming styles. Another key finding of the study was that leadership grooming styles impact strategy implementation by affecting the manner in which employees approach their everyday assignments. The

investigation built up that leadership styles are vital in strategy implementation henceforth the requirement for organizations to incorporate different leadership styles. Ideally, leadership styles had an impact on strategy implementation, as the proof unmistakably demonstrated that the organizational components which were the NGO's strategy implementation pointers had been incredibly affected by its leadership styles.

Samaitan (2014) conducted an investigation on the effect of leadership grooming on organizational performance in commercial Banks in Kenya. The discoveries demonstrated positive and negative correlation between leadership grooming and organizational performance. It was additionally discovered that leadership style practices mutually foresee organizational performance. The investigation concluded that six leadership styles practices ought to be utilized by the Banks' administration with the end goal to perform stronger in the aggressive environment.

3.4. Employee development programmes and leadership quality

Njue (2014) conducted an investigation to set up the apparent adequacy of employee development methodologies received by Chinese Building and Construction firms in Kenya, and the examination discoveries built up that different strengthening systems are constantly received by Chinese possessed building and construction firms and in this manner clarifies why service delivery by these organizations stays powerful. In any case, the special attributes of the construction sectors ruin productive integration of abnormal amounts of preparing to expand on employee abilities. Engaging employees through utilization of outward and inborn prizes, productive leadership, high trust culture in the organization, imitiveness and imagination among the employees and sharing of the organization's vision and objectives were a portion of the strengthening systems embraced by the organizations.

Muuo (2013) completed an examination to decide the apparent relationship of employee development programs on organizational commitment at the Barclays bank, Kenya. The investigation embraced an engaging overview plan of the impacts of employee development programs on organizational commitment among employees of Barclays bank, Kenya since it empowered the scientist to gather inside and out information about the population being considered. The investigation discovered that the full of feeling responsibility of the employees would be altogether enhanced through employee development programs as it expanded employee interaction and sharing of aptitudes and information along these lines affecting on the employee commitment. The employee development programs upgraded employee organizational commitment as

employees were more dedicated to their activity, there was expanded social interaction among management and employees and employees' specialized aptitudes were progressed.

Maina (2014) conducted an examination to research the impact of head teacher leadership development on the implementation of comprehensive education. The examination used a blended strategies approach. The convergent parallel structure was embraced, since it accommodates collection and examination of both quantitative and subjective information in a similar period of study. The investigation built up that the most common types of leadership development were short courses, for example, conferences, workshops, and classes. The KEMI modular-based program was positioned first, with 78% of head teachers in the investigation regarding the leadership program the most accommodating in encouraging comprehensive education. The imaginative practices of the KEMI program incorporated the utilization of the cohort model; issue based learning, contextual analyses, and ventures. Be that as it may, particular holes, for example, constrained comprehensive education center, non-arrangement to leadership standards, absence of tutoring and training, and lacking spotlight on vocation stages were recognized. By and large, the examination set up that the current head instructor leadership development programs were not based on specific leadership standards or comprehensive education rationality, vision and mission. Additionally, the projects were neither ongoing nor vocation arranged. They appeared to apply the concept of one-estimate fits all and did not use work installed learning practices, for example, tutoring and training.

4. METHODS

Explanatory and cross-sectional survey design was embraced. The target population was all the 636 employees of the six financial sector regulatory institutions at their head office in Nairobi, since they are assumed to be more knowledgeable on the talent development practice adopted by the respective institutions. The sample population of 127 included senior manager, middle managers and support staff in the Central Bank of Kenya, Financial Reporting Centre, Retirement Benefit Authority, Insurance Regulatory Authority, Sacco Societies Regulatory Authority (SASRA) and Capital Markets Authority.

The target population was stratified into six (6) stratum according to organization. Random sampling was then used to select sample population from each stratum.

Table 1: Sample Size

Organization	Frequency (N)	Proportion	Sample
Central Bank of Kenya	550	20	110

Capital Market Authority	22	20	4
Retirement Benefit Authority	16	20	3
SASRA	12	20	2
Insurance Regulatory Authority	27	20	5
Financial Reporting Centre	9	20	2
Total	636	20	127

This study used primary and secondary data. Primary data was collected using a semi structured questionnaire. The questionnaires were administered to all the 127 respondents through a drop and pick method. The researcher administered the questionnaire individually to all respondents of the study and the collected data was analysed using descriptive and inferential statistics. This study additionally conducted multiple linear regression analysis to establish the relationship between the independent and the dependent variables.

5. DATA ANALYSIS, RESULTS AND DISCUSSION

Descriptive and inferential statistics have been used to discuss the findings of the study. The study targeted a sample size of 127 respondents. All the issued questionnaires were returned but only 115 were duly filled. The researcher only considered the dully filled questionnaires for analysis. This accounted for approximately 90.6% response rate, more than 70%, the minimum responses required for analysis (Creswell, 2009). In addition, Mugenda and Mugenda (2003) indicated that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and above is excellent. Therefore the response rate of 87% was excellent for the study to progress to analysis.

Employee Sourcing and Leadership Quality

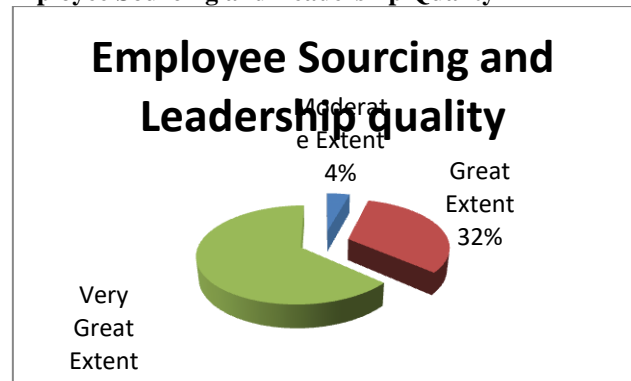


Figure 1: Employee Sourcing and Leadership.

The findings show that 63.5 percent of the respondents selected indicated very great extent, 32.2 percent indicated great extent, and 4.3 percent indicated moderate extent. This implies that employee sourcing affect leadership quality to a very great extent.

Table 1: Employee Sourcing on Leadership Quality

Statement	Mean	Standard deviation	
			M=3.1066;
			standard deviation of 0.646.
			This implies that most of the respondents were in agreement with the listed aspects of employee
My organization provides me with better opportunities for leadership growth	1.78	0.52	
I like the way my organization develops its organizational culture on leadership	1.57	0.38	
My organization functions in the existing industry just to survive	1.50	0.34	
My employer brand attracts external talents easily	4.38	0.90	
External talents seek growth and advancement which they can only find in high performing companies which have good reputation	4.30	0.91	
I find my organization to be attractive and to be adding leverage to me	4.46	0.97	
My organization is creative to make a high quality brand and is committed to bring the best into it	4.17	0.91	
My organization recruit continuously; that it does not recruit when a position opens, it recruits when it finds talent	1.40	0.39	
My position in the organization matches my talents and competencies	2.20	0.50	
Aggregate Score	3.1066	0.646	

sourcing on leadership quality. These findings are in line with Njine (2006) who did a study on employee sourcing practices and leadership quality among

International Non-governmental organizations operating in Kenya and confirmed the same.

Leadership Grooming and Leadership Quality

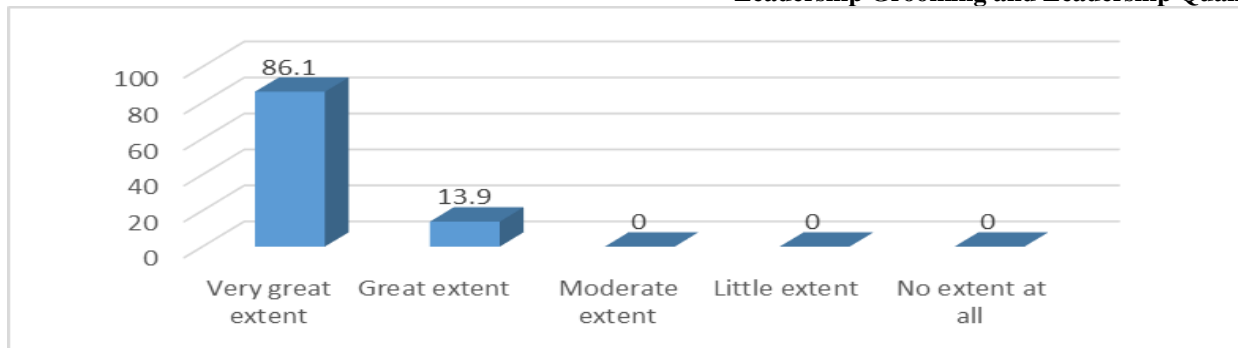


Figure 2: Extent to which Leadership Grooming Affect

Leadership Quality.

It is evident that the majority of the respondents (86.1 percent) selected very great extent while 13.9 percent

selected great extent thus qualifying that leadership grooming affect leadership quality.

Table 2: Leadership Grooming Process on Leadership Quality

Statements	Mean	Standard deviation
Mentoring aims at enhancing leadership skills of new managers	4.59	1.34
Mentoring results in more career advancement and success of managers	4.63	1.39
Mentoring facilitate adjustment and learning of new managers	4.50	1.25
Mentoring facilitate stress reduction during relocation	3.93	0.85
Mentoring facilitate promotion to the first managerial position	4.17	0.92
Mentoring facilitate promotion during the times of reorganization or downsizing	3.93	0.83
Leadership coaching has become a tool for leadership development in the banking industry	4.45	1.22
Our organization provide coaching for its employees	1.66	0.26
Leadership coaching is in essence a relationship between a coach and a client, who is in need of facilitation to become a more effective leader	4.44	1.22
Coaching is used as an effective way to support learning from challenging tasks	4.37	1.22
Aggregate score	4.008	1.017

M=4.008; standard deviation of 1.017. This implies that most of the respondents were in agreement with the listed aspects of leadership grooming on leadership quality. These findings were in line with Kivasu (2015) who did a study on leadership grooming and implementation of strategy among

non-governmental organisations in Nairobi City County, Kenya, and confirmed that nurturing of leadership affects leadership quality.

Employee Assessment and Leadership Quality

Extent to which employee assessment affect leadership quality

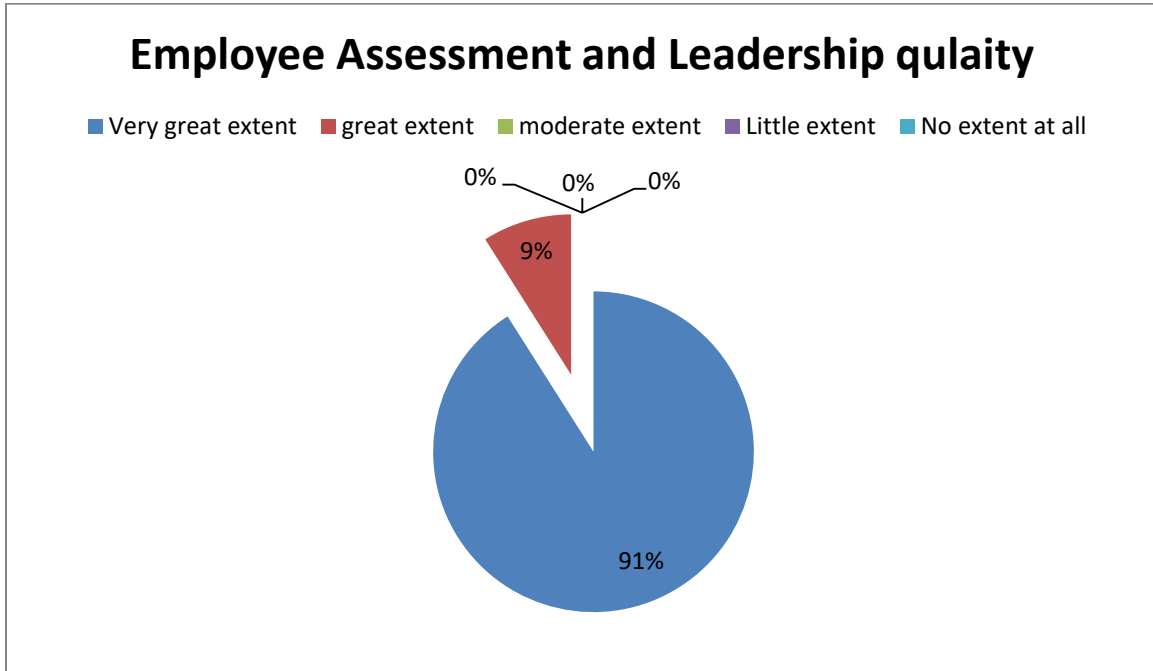


Figure 3: Employee assessment and leadership quality

The findings indicate that majority of the respondents (91) percent selected very great extent, while (9) percent selected great extent. This is an indication that the respondents agreed that employee assessment affect leadership quality.

Table 3: Employee assessment on leadership quality

Statements	Mean	Standard deviation
Employee often get immediate feedback on how they performing from my senior	3.65	0.86
Employee gets honest feedback of constructive thoughts and advice from senior for performance, improvement and correction.	4.34	0.80
Our organization has a well-designed system for giving and receiving feedback that employees and the supervisors are well informed about.	3.24	0.84
Employee appreciate continuous feedback on their performance as it enables them gauge their progress.	3.85	0.82
Timely feedback is practiced in the organization.	4.09	0.83
Aggregate score	3.834	0.83

M=3.834; standard deviation of 0.83. This implies that most of the respondents were in agreement with the listed aspects of employee assessment on leadership quality. These were in accordance with Gathoni (2012) who discovered that

performance management practices like Training and development, career development, performance related pay and rewards appeared to fulfill the representatives.

Employee Development Program and Leadership Quality

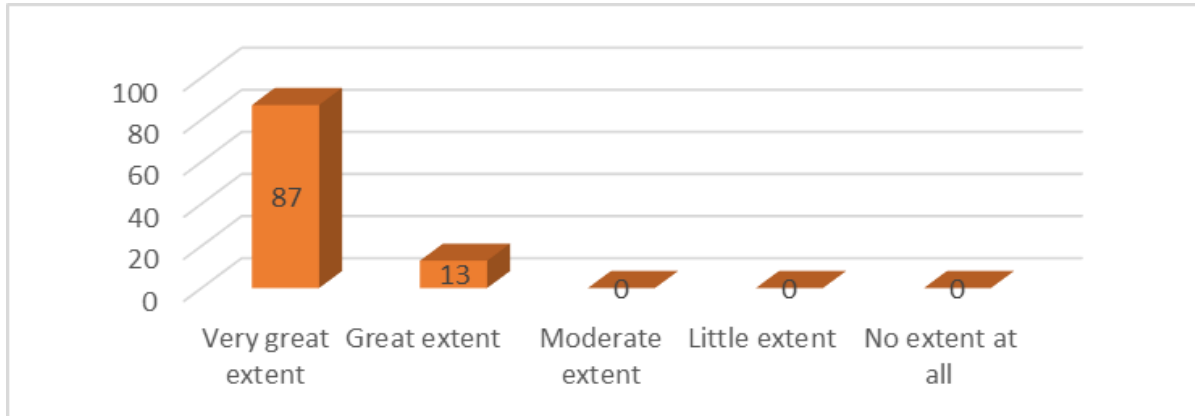


Figure 4: Employee development program and leadership quality

leadership quality

A good majority of the respondents of 87 percent selected very great extent, 13 percent selected great extent. This

implied that the respondents were in agreement that employee development program affect leadership quality.

Table 4: Employee development program and leadership quality

Statements	Mean	Standard deviation
The chance to receive training is a development process greatly appreciated by employee	4.53	1.27
The organization provides development training and this can influence professionalism	4.42	1.14
Training and improved performance leads to leadership growth	4.54	1.28
My organization assigns me to a mentor upon employment to provide the development and guidance I wish to receive.	1.70	0.33
I have opportunities for career growth within the organization.	3.60	0.85
I would be more loyal to an organization if allowed to be involved in developing my career path.	4.55	1.29
Offering employee’s opportunity to increase their knowledge through on the job training	4.70	1.53
Offering employee’s opportunity to increase their knowledge through taking university courses	4.60	1.35
Aggregate score	4.08	1.13

M=4.08; standard deviation of 1.13. This implies that most of the respondents were in agreement with the listed aspects of employee development program on leadership quality. These findings were in line with Muuo (2013) who found

that the employee development programmes enhanced employee organisational commitment hence quality leadership.

Regression Analysis

Table 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.793 ^a	.629	.611	.04851

The value of adjusted R squared was 0.611 an indication that 61.1% changes on leadership could be explained by changes in employee assessment, employee sourcing, development programs and leadership grooming. The findings were in line

with Mbithi (2014) which confirmed a positive relationship between transformational leadership and organizational performance.

Table 6: Analysis Of Variance

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Residual	2.13	4	0.711	4.903	.001 ^b
Regression	8.85	110	0.145		

Total	10.978	114
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From the ANOVA statistics, the processed data, which is the population parameters, had a significance level of 0.01 which shows that the data is ideal for making a conclusions on the population’s parameter as the value of significance (p-value) is less than 5%. The calculated value was greater than the critical value (2.76<4.903) an indication that

employee assessment, employee sourcing, development programs and leadership grooming significantly affects leadership quality. The significance value was less than 0.05, an indication that the model was statistically significant.

Table 7: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 Constant	1.445*	0.453		3.190	.002
Employee Assessment	0.421*	0.145	.297	2.903	.003
Employee Sourcing	0.486*	0.159	.131	3.057	.004
Development programs	0.532*	0.197	.014	2.701	.005
Leadership grooming	0.499*	0.174	.212	2.868	.001

From the findings; $Y = 1.445 + 0.421 X_1 + 0.486 X_2 + 0.532 X_3 + 0.499 X_4$

From the above regression equation it was revealed that holding all factors constant, leadership quality would be at 1.445. Further, employee assessment had a significant coefficient (B= 0.421, p value=0.003) implying that employee assessment had positive significant effect leadership quality confirming the alternative hypotheses that employee assessment affects leadership quality. This is in line with the findings of Gathoni (2012) who found that performance management practices like training and development, career development, performance related pay and rewards satisfy the employees.

Employee sourcing had a coefficient (B= 0.486, p value=0.004) implying that employee sourcing had positive significant effect leadership quality confirming the alternative hypotheses that employee sourcing affects leadership quality. The study finding are in agreement with a study by Njine (2006) who found that better recruitment and selection practices lead to quality leadership in the NGOs.

Employee development programs had a coefficient (B= 0.532, p value=0.005). This implies that development programs had positive effect on leadership quality thus confirming alternative hypotheses that employee development affects leadership quality. This concurs with Muuo (2013) who found that employee development programmes enhanced employee organisational commitment.

Leadership grooming had a significant coefficient (B= 0.499, p value=0.001), implying that leadership grooming had positive effect on leadership quality thus confirming alternative hypotheses that leadership grooming affects leadership quality. The study findings concur with the finding of Kivasu (2015) who revealed that nurturing of leadership influence the subsequent quality of leadership.

6. CONCLUSION

From the study findings and as supported by the literature review one can deduce that talent management practices have an impact on leadership quality of any given organization. Better recruitment and selection practices are key to quality leadership and therefore it is of essence to have a characterized recruitment arrangement set up, which can be executed adequately to get the best fits for the empty positions. Choosing the wrong candidate or dismissing the correct candidate could end up being exorbitant slip-ups for the organization. Along these lines, a recruitment practice in an organization must be successful and effective in drawing in the best labor.

Additionally, it can be concluded that through talent identification and advancement, organizations are able to recognize employees who are fit for assuming positions of authority in future. This ultimately stresses creating talent pools that have high initiative capacity as to nurture quality leadership. Engaging employees through utilization of outward and inborn prizes, productive leadership, high trust culture in the organization, imitativeness and imagination among the employees and sharing of the organization's vision and objectives are a portion of the strengthening the leadership quality.

Last but not the least, it’s also worth noting that an organization that creates talents is focused on development of organizational culture and at the same time will eventually yield much results in terms of productivity and competitive advantage. When motivated, people can change, grow and develop in ways that make them more effective in those leadership roles and processes that they take part in.

RECOMMENDATION

Organizations need to build local talents in the way that is consistent with local norms but still globally standardized, which ensure that all parts of the organization attract diverse

and sufficient professional talents. In this regard they need to step up and play a critical role on employees' talent development. There is need for the management to have employee assessment on regular basis as this will help in identifying the skills they have and those they require, this will help in improving leadership quality within the organization. The study recommends that there is need for the management to have clear policies on employee sourcing that aims at improving the leadership quality within the organisation as the study found that employee sourcing affect leadership quality of financial sector regulatory institutions in Kenya. There is also need for the top management and the Human Resource Department to support leadership grooming within their organization.

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