TALENT ATTRACTION AND ORGANIZATIONAL PERFORMANCE IN FAMILY OWNED RETAIL BUSINESSES IN THE NAIROBI METROPOLITAN REGION

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ABSTRACT

Family owned retail businesses tend to perform poorly after the exit of their founders. This study aimed at examining the relationship between talent attraction and the performance of family owned retail businesses in the Nairobi metropolitan region. The study adopted the Trait Activation Theory as proposed by Henry Murray to elucidate the phenomena of Talent Attraction. The research population consisted of 438 branch managers and their deputies drawn from 219 retail companies in the Nairobi Metropolitan Region in Kenya. The sample consisted of two hundred and seventyfour managers and their deputies who were chosen from family owned retail stores in the Nairobi metropolitan region that have more than 8 branches. Questionnaires were used to collect primary data. The study adopted a quantitative research design. Regression analysis was used with the SPSS software used in data analysis. The Pearson's R-correlation was used to determine the strength and direction of the relationship between the variables. The study found that familyowned retail stores saw a significant improvement in performance following the acquisition of talent (β = 0.380, p 0.001), and thus concluded that talent attraction enhanced organizational performance.

Key words- Talent attraction, Family owned, Performance

1. Introduction

A family business is defined as an enterprise in which family members own the business, are involved in decision making, management, and/or business succession (Chua, Sharma, and Chrisman (2018). According to McCraw (2020), a family business is one that is owned, managed, and governed by one or more generations of a family and/or family members and that strictly upholds the founding family's values, vision, and mission. This means that family involvement is a factor in family-owned businesses, whereby relatives take part in various aspects of the enterprise's life cycle

Family-owned businesses are quickly taking over as the most common type of business enterprise among SMEs in both developed and developing nations (Bjuggren and Sund, 2023). It is difficult to overstate the social and economic significance of family businesses, particularly in developing nations. But more significantly, it is anticipated that their influence will grow significantly in the future (Ryan, 2019).

According to Wolfenson (2023), family businesses are a vital part of economic growth and plays a significant role in efforts to help countries escape poverty. In developing nations, small-scale businesses are the main engine of economic expansion, job creation, and poverty eradication. They have served as the vehicle for achieving both rapid industrialization and accelerated economic growth. Additionally, it has been acknowledged that small-scale businesses serve as a feeder service to large-scale industries (Fabayo, 2019).

Given the significance of family businesses for the growth of economies and societies, their short lifespans are, however, a cause for concern because business survival is essential to the sustainability of economies. Fewer than 14% of family businesses survive past the third generation globally, according to estimates made by Bjuggren and Sund (2023), and only 30% of family businesses make it to the second generation. The survival rates of smaller family businesses, which typically only last five to ten years, make them particularly vulnerable (Perricone, Earle, and Taplin, 2023).

Family businesses account for an astounding 90% of North American businesses, according to data from the U.S. Census Bureau. These businesses also account for more than half of all employment in the U.S. (Armstrong, 2018) While that may be surprising to learn, it’s also shocking to learn that of those businesses only 5 percent of owners plan to have their enterprise remain a family business after they leave, and nearly 70 percent said they plan to completely close their business upon their departure (Yego, 2019).

In Africa, family-owned businesses face many challenges that run the risk of destroying shareholder value or even the viability of the company. These challenges can be attributed to a lack of qualified employees, a lack of entrepreneurial experience, and a high staff turnover rate. To attract, hire, and keep talented employees who will ensure improved organizational performance, competitiveness, and long-term sustainability, these companies heavily rely on talent management. Organizational performance and the long-term success of the family business can both be improved by family talent management practices (Economic Intelligence Unit, 2019).

2. Talent Attraction

Organizations need talent in order to change the current and future performance (Yeswa and Ombui, 2019; Ali, Walker and Lerco (2018). It is therefore expected that organizations take various initiatives to attract superior talent in the labor market since it is limited and competitive (Athey, 2018). In order to attract talent, organizations ought to position themselves as strong brands that are perceived as employers of choice by prospective employees. This can be realized by employing initiatives such as opportunities for career advancement, attractive remuneration, and work life balance opportunities among others (Wafula, 2019).

Grant, Sheehan, and Garavan (2018) define talent as an individual's unique skills, abilities, traits, or talents that they use to further an organization's objectives. It refers to a desirable quality in all humans. Technologists, inventors, entrepreneurs, artists, actors and actresses, singers, tenors, athletes, calligraphers, painters, teachers, speakers, and people in many other fields have demonstrated exceptional abilities simply by virtue of their talent (Altinöz, Çakiroğlu and Çöp 2023). Talented people are in short supply, and businesses have always competed for this "rare resource." The mere presence of talent or talented workers does not guarantee success or performance improvement.

The performance of family-owned businesses is determined by the competitiveness of the business strategies they adopt (Mutinda & Mwasaji, 2018). In their study on Competitive strategies and performance of family-owned supermarkets in Machakos County, they found that the performance of family-owned retail stores can highly be attributed to the strategies adopted by the store, towards superior or poor performance.

3. Objective of the study

The study sought to determine the effect of talent attraction on organizational performance in family-owned retail businesses in the Nairobi metropolitan region in Kenya.

H_0: Talent attraction does not have a significant influence organizational performance in family owned retail stores the Nairobi Metropolitan region in Kenya.

4. The Trait Activation Theory

According to McLeod (2018), this theory posits that different types of people thrive in different types of work settings, and that if you hire the right people, you'll have happier, more productive employees. Talent attraction is bolstered by an interactional model that combines personality job fit theory with trait activation theory. This model proposes that both the individual and their environment interact to impact. Because of its practicality in assisting with talent attraction and evaluation, this theory is pertinent to the research at hand.

To make sure that applicants have a good experience, organizations might employ trait activation theory. A study conducted in 2015 indicated that candidates who exhibited strong characteristics related to the job they were applying for had an easier time getting along with current employees and had a substantial impact on how they perceived the organization (Van & Turban, 2015). Employers can tailor their hiring procedures to attract candidates by drawing parallels to present workers with whom they have common traits, according to trait activation theory.

5. Methodology

The cross-sectional survey research design was used to investigate the research problem. This design was chosen since it works well when determining the correlation between two variables at a specific point in time (Nardi, 2018). The researcher selected 137 branches in the Nairobi Metropolitan Area from a population of 219 retail shops in Kenya that have more than eight branches. The researcher then selected the manager and deputy or supervisor in charge of each branch from the metropolis' branches totaling to 274. Inferential statistics were used to look at the relationship between the independent and dependent variables and how the moderating effect played a role. Multiple regression was used to determine the correlation between the independent and dependent variables.

6. Results

Talent Attraction and organizational performance in Retail family business in Nairobi Metropolitan Region

		N	5 Completely Agree	4 Agree	3 Neutral	2 Disagree	1 Strongly Disagree	Mean	Std. Deviation
1.	Working in this organization assures employees of continued employment.	252	16	121	46	43	26	3.230	1.12449
2.	This organization encourages employees career advancement	252	36	97	24	73	22	3.127	1.22464
3.	Job security enhances employee performance	252	14	132	36	45	25	3.258	1.12022
4.	My organization provides competitive compensation package.	252	14	125	36	47	30	3.182	1.16088
5.	The organization's compensation enables it to attract talented employees.	252	40	120	45	27	20	3.528	1.12123
6.	Attractive remuneration enhances employee performance.	252	50	100	45	45	12	3.520	1.13547
7.	The Organization provides employees with work life balance.	252	35	118	60	29	10	3.552	0.99668
8.	Work life balance helps attract the right talent	252	34	106	70	38	4	3.508	0.95739
9.	Work life balance practices as provided by the organization enhance employee performance.	252	30	120	64	23	15	3.504	1.01379
	Aggregate Score							**3.379**	**1.0950**

Source: Survey Data (2023)

The respondents' views on the organizational effectiveness and talent attractiveness of Kenyan family firms are displayed in Table 4.2. Organizational success in Kenyan family businesses is shown in the table together with the outcomes of talent attraction metrics. A majority of the respondents (137, or 54% of the total) agreed that they are certain of job security in their businesses, indicating that employees view job security in these firms in a positive light. More than half of those surveyed also believe that their employers actively promote from inside. The fact that the enterprises provide competitive pay is also acknowledged by 55%. A whopping 63% of workers feel the same way, suggesting that they think the company's salary is a major factor in attracting top talent. Sixty percent of respondents said they believe attractive compensation boosts employee performance, lending credence to the attraction-performance hypothesis. At these companies, 71% of employees agree that they have a good work-life balance. Furthermore, 55 percent believe that a work-life balance helps to attract the best employees. Lastly, 60% of workers think that work-life balance policies help employees perform better for the company.

Multiple Linear Regression Model Summary

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.736	.307		5.747	.000
	Talent attraction	.380	.073	.199	5.133	.000

Dependent Variable: Organizational Performance
Predictors: (Constant), Talent Attraction

Source: Survey Data (2024)

The beta value of the Attraction of Talent is 0.380. This points to a positive and direct association between the ability of family retail firms in Kenya to attract talent and their organizational success. In terms of attracting talent, the level of relevance is 0.000. The findings show that family businesses in the Nairobi Metropolitan Region can improve their efficiency and productivity by vying for the top employees. The null hypothesis is thus rejected and the alternative hypothesis (H_1) that talent attraction significantly affects organizational performance is supported by the results of this research. According to Cheraisi and Busolo (2020), who studied how hotels in Kenya's South Rift Region attracted and retained talent, the findings are consistent with that study which also vouched for talent attraction as a way of improving organizational performance.

7. Conclusion

The study concludes that talent attraction had a positive effect on organizational performance. Performance is improved when job security strategies are implemented, such as ensuring employees of future employment and encouraging training and professional advancement. Offering a competitive compensation package enables the business to draw in competent workers, which improves performance. Additionally, providing a work-life balance is essential for attracting the best employees and eventually improving employee performance.

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