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The Influence of Career Development on Organization Performance in Fast Moving Consumer Goods in Kenya

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Abstract:

The performance of organizations is critical for its survival no matter the industry within which it operates. In the FMCG industry, the stakes are higher in terms of profit or turnover. Career Development therefore indicates the extent to which human resources have been provided a clear way to be able to provide their expertise in the organization effectively and efficiently to contribute to its overall performance in the industry. The aim of this study was to establish the influence of career development on organizational performance in fast moving consumer goods. A descriptive research design was adopted where census method was used, involving all 50 managerial staff at a local bottling company in Kenya. The data obtained was analyzed using descriptive and inferential statistical analyses. The study established that career development has significant influence on how organizations will perform and recommends that fast moving consumer goods organizations wishing to get higher results from their human resources should consider means of career development for their staff, as they will enhance their organization performance.

Keywords: FMCGs, career development, organizational performance

1. Introduction

1.1. Background of the Study

Organizations are constantly trying to adapt, survive, perform and influence. However, they are not always successful. To perform is to produce valued results. A performer can be an individual or a group of people engaging in a collaborative effort (Elger, 2002). Developing performance is a journey, and level of performance describes location in the journey. According to one researcher, three principles are proposed for effective performance improvements. These involve a performer's mindset, immersion in an enriching environment, and engagement in reflective practice, especially in the Fast Moving Consumer Goods (FMCG) industry since it is a quick, agile industry with a wide range of products (Kumar, 2002). According to GBR (2015), FMCGs are products that move off the shelves of retail shops quickly, which therefore require constant replenishing. Consumers look for the product that offers most value to them, considering features (package, taste, price, and weight), concept (features and related benefits), information sources (advertising), and intangible characteristics such as brand image. The Economy Watch (2015) stipulates that the FMCG industry provides a wide range of consumables and accordingly the amount of money circulated against FMCG products is also very high. The competition among FMCG manufacturers is also growing and as a result of this, investment in FMCG industry is also increasing. For example, in India, the FMCG industry is regarded as the fourth largest sector with total market size of US\$13.1 billion and was estimated to grow by 60% in 2010. The FMCG industry is regarded as the largest sector in New Zealand which accounts for 5% of Gross Domestic Product (GDP). Having such a huge market share around the world, FMCGs must evaluate how reward management influences their performance to ensure that they stay ahead of the pack. When it comes to the FMCG sector in Africa, there has significant scope to expand. Poverty levels in especially Sub Saharan Africa (SSA) are still quite high, with food and other necessities dominating consumer budgets (KPMG, 2014). For this reason, the food sub-sector of FMCG has a very large market to cater for, while penetration rates in the other categories still have significant room to expand.

1.2. Problem Statement

While the potential of the African market is very real, there remain many challenges or concerns for FMCGs and trade in general on the continent (Ferreira, 2013). African countries and companies are arguably not doing enough regional trade, and as such could miss out on benefitting from the consumer boom on their doorsteps. According to Kantar (2014), some global brands stand out in the 16 global FMCG brands chosen by consumers. Coca-Cola, which remains the world's most chosen brand for the second year, was chosen more than 5.8 billion times in the last year. In terms of intra-East African trade, Kenya ranks at the top, averaging 37 % in 2011-2012. According to Kibe and Kimenyi (2014), the intra-regional trade is driven by the manufacturing industry, and particularly the

Fast-Moving Consumer Goods (FMCGs) and processed products that are major drivers of the economy. Since reward management is core to the function of human resource discipline and plays a strategic part in organization management while having an important role on employee performance, Barber and Bretz (2000) mentioned that reward management systems have major impact on organizations capability to catch, retain and motivate high potential employees and as a result getting the high levels of performance. Yang (2008) claims that if employees' performance is observable then organizations can use direct bonuses or relational contracts to motivate them based on their performance. To succeed in an environment in which declining budgets are juxtaposed against aggressive growth targets, organizations must obtain the highest possible level of performance from their workforces. Hence this study sought to find out the influence of career development on organizational performance in fast moving consumer goods in Kenya.

1.3. Objective of the Study

The study addressed the following specific objective:

- i. To establish the influence of career development on organizational performance in fast moving consumer goods in Kenya.

2. Literature Review

Career development is a defined process to establish and manage long-term career plans for all employees that align employee strengths and interests with career goals and opportunities within the organization. As part of this process the organization provides skills development, coaching and mentoring to ensure employee career growth and goals are met (Ratkiewicz, 2011). Career development is employee-driven, manager enabled and supported by the organization and its guiding talent management strategy. Many career development practitioners use ad hoc approaches for assessing the idiosyncratic goals of clients. However, strategies for assessing the role of personal goals in the career development process have not been well developed in the research literature. The strivings approach provides a useful strategy for assessing nomothetic motives for ideographic goals (Emmons, 1999). That is, the approach allows researchers to assess individual differences in the extent to which participants are driven by particular types of motives as they pursue each of their own self-generated, idiosyncratic goals. This strategy is ideal for researchers interested in understanding characteristics of individuals' underlying motivations in pursuing their goals in addition to, or irrespective of, the specific content of the goals. For example, drawing from key constructs in Social Cognitive Career Theory (Lent et al., 1994) postulates that people exercise agency through the interaction of their self-efficacy beliefs, outcome expectations, and personal goals related to particular tasks they face in the career decision-making and planning process. Self-efficacy beliefs refer to people's confidence in their ability to effectively perform a task, whereas outcome expectations refer to people's beliefs about the outcome of successful performance for that task. Personal goals, in turn, refer to people's intentions to engage in a task or generate an outcome. According to the theory, people are likely to persist in goal-directed behavior for which they have high levels of self-efficacy, provided that valued outcomes are expected to result from the behavior. This thus views this process as integral to the development of interests, to choice behavior, and to work performance. Extant approaches to measuring these constructs have targeted particular task domains (such as math and science or career decision-making) but have not examined the unique, specific task goals generated by the individual. For the purposes of illustrating the strivings approach in the present study, participants were asked to identify their career development goals and rate each in terms of their self-efficacy (i.e., confidence in successfully attaining the goal) and outcome expectations (i.e., likelihood that attaining the goal will lead to a successful career) for that specific goal. The approach to assessing outcome expectations differs from the typical approach, in which participants are provided with a set of positive outcomes and asked to indicate the likelihood that each would result from a particular behavior (Lent & Brown, 2006). However, it reflects interest in participants' perceptions of how well their strivings would contribute to establishing a successful career, broadly defined. A second advantage of the strivings approach is its flexibility and efficiency for assessing features of people's motives for pursuing their goals. This advantage may be especially beneficial in investigating under-researched domains for which psychometrically sound scales have not yet been developed. Thus it suffices that the strivings approach holds promise as a means of better understanding the factors that influence the various routes people pursue to developing their careers.

3. Research Methodology

3.1. Research Design

The study adopted a descriptive research design so as to determine the influence of career development on organizational performance in FMCGs at Nairobi Bottlers Limited. According to Kothari (2004), descriptive research design includes a field survey and fact finding enquiries of different kinds. The major purpose of descriptive research is description of the state of affairs through administering questionnaires. The researcher used this method because the outcomes of the study could be determined before and are unfamiliar to the researcher. According to Zikmund et al (2003), the goal of descriptive research is to measure the characteristics of each independent variable and thus this study used descriptive research design.

3.2. Sample and Sampling Procedure

In this study, the target population was be the employees in the senior, middle and line Management level who work at Nairobi Bottlers Limited in the Umoja Branch who amounted to 50. This is because managers are usually regarded as a suitable unit of analysis since they are the policy makers, and are the implementers of HRM practices and are therefore better placed to give an opinion on the relationship between career development and organizational performance,. A census approach was used because it

affords more extensive and detailed study, and therefore it provides more accurate and exact information as compared to the sample enumeration (Gupta, 1994), therefore there was no need for a representative sample.

3.3. Research Instruments and Data Collection

Primary data was collected using questionnaires as the data collection instrument. The questionnaires were composed of semi structured and open ended question which were used as the response format for the variables. The semi structured questions provided a set of alternative solutions for the respondent to fill the one that best fits their opinion using a modified five-point Likert scale, which was used to measure the influence of career development on organizational performance in the FMCG. The open ended questions on the other hand, was aimed at helping to capture the opinions of the respondents regarding the variables under investigation. Once the questionnaires were received they were coded and edited for completeness and consistency. The data obtained was cleared and coded then SPSS was used for data analysis using both descriptive and inferential statistical data analysis.

The quantitative data was analyzed using descriptive statistics and inferential statistics using Statistical Package for Social Sciences (SPSS). Descriptive statistics such as the means and standard deviations were calculated to summarize the data. This technique gives simple summaries about the sample data and present quantitative descriptions in a manageable form Kothari (2004).

A correlation analysis was conducted to establish the relationship between the independent and dependent variables; this helped to test the hypotheses of the study and show the degree of relationship between the independent and dependent variables. Pearson *r* was used to determine if there was a significant, positive association between each independent variable and Labor productivity. The hypothesis testing was done at 5% level of significance. Regression analysis was also used to find out if an independent variable predicts a given dependent variable. According to Fowler (2004), linear regression is an approach to model the relationship between scalar variable *Y* and one or more variables denoted *X*. It helps to evaluate the contribution of each independent variable in explaining the dependent variable, when the other variables are controlled, the R Square value was obtained for each variable. Previous research on the relationship between HR practices and organizational performance or productivity have used bivariate correlational analysis or multiple regression (Navaratne , 2010) to see is there is a significant relationship between independent, dependent and intervening variables. It is on this basis that correlation and regression analysis were used.

4. Results and Discussion

The response rate was 87% while the factor thresholds of variables was above the thresh hold of 0.33. According to Kothari (2004), it has become customary for loadings of 0.33 to be as values to be interpreted.

The objective of this study was to establish the influence of career development on organizational performance in fast moving consumer goods in Kenya.

Table 1 shows that there is a positive significant linear relationship between career development with organizational performance, with a Pearson correlation coefficient of 0.646 and a p- value of 0.000. These findings show that career development significantly affects organizational performance in fast moving consumer goods in Kenya and as career development opportunities are increased, it leads to an increase in organizational performance. Hence based on the research objective the findings show that career development is significantly related to organizational performance. This results are similar with a research done by Navaratne et.al (2008), on the Effects of HRM practices on organizational performance in selected firms in Sri Lanka, which obtained a Pearson correlation of 0.71 for career development, also showing a strong and significant positive correlation.

Regression analysis was also used to find out if the independent variable of career development predicts the given dependent variable (organizational performance). Findings from Table 1 show that career development has an R square value of 0.418, which means that it contributes 41.8% to organizational performance while 58.2% can be explained by other factors.

Table 1 indicates the standardized and unstandardized coefficients which indicate that *B*₀ is 1.906 units. This can be interpreted as meaning that when there is no career development, the model predicts that organizational performance will have 1.906 units. From these data, career development had a positive *B*-value (0.259) indicating positive relationship and therefore, as career development increases by one unit, organizational performance improves by 0.259 units.

This model can be defined as follows;

$$\text{Organizational performance} = 1.906 + 0.259 (\text{Career Development}) + e$$

This findings are supported by a comprehensive global research done by Right management (2009), which showed that career development organizational performance and retention.

R		1
R Square		.646 ^a
Adjusted R Square		.414
Std. Error of Estimate		.23856
R Square Change		.418
Change Statistics	F Change	153.508
df1 1	df2	76
Sig F change		.000

Table 1: Model Summary

5. Conclusions and Recommendations

5.1. Conclusion

The study sought to determine the influence of career development on organizational performance in fast moving consumer goods in Kenya. Based on the findings, the study concludes that career development significantly affects organizational performance, this is because a Pearson correlation coefficient of 0.646 and a p-value of 0.000 was obtained, which shows a significant correlation between career developments with organizational performance.

5.2. Recommendations

The study makes the following recommendations based on the findings

1. Career Development needs to be taken seriously by HR practitioners, and should not be empty rhetoric, so as to enhance organizational performance in fast moving consumer goods in Kenya. This is best moving consumer goods because employees perform better when their knowledge, skills, competencies and attitudes are enhanced through training, in addition this also provides them with opportunities for career growth and progression.
2. Career planning needs to be incorporated in the HR strategy of state corporations, this is because of the enhancing role that it plays in organizational performance, which helps employees to connect to their work and feel committed to their organization and its goals and want to be part of the success of their organizations.

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