

**ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
SCHOOL OF COMMERCE**



**THE EFFECT OF TALENT MANAGEMENT PRACTICE ON
EMPLOYEE RETENTION: THE CASE OF COMMERCIAL
BANK OF ETHIOPIA**

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**A Thesis Submitted to Addis Ababa University, School of
Commerce, in Partial Fulfillment of the Requirement for the Degree
of Master of Arts in Human Resource Management**

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DECLARATION

I declare that this thesis entitled “ The effects of Talent Management practices on employee retention: the case study of Commercial Bank of Ethiopia” submitted for the partial fulfillment of the requirements for the Master’s degree in Human Resource Management, is my original work and this thesis has not been published or submitted elsewhere for any degree or qualification. Materials or ideas of other authors used in this thesis have been duly acknowledged and references are listed at the end of the main text.

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ACCRONYMS

CBE: Commercial Bank of Ethiopia

HRM: Human Resource Management

TMP: Talent Management Practice

HR: Human Resource

NAAD: North Addis Ababa District

WAAD: West Addis Ababa District

SAAD: South Addis Ababa District

EAAD: East Addis Ababa District

CIPD: Chartered Institute Of Personnel

SPSS 20: Scientific Programme for Social Science Version 20

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ABSTRACT

The main purpose of this study was to see the effects of Talent Management practices on employee retention in CBE. To achieve this, some specific objectives were set. The research followed an explanatory cross-sectional design because it explains the relationship between the dependent and the independent variables. The data was collected by questionnaire which is designed in the form of a likert scale. The target population for this study consists of various categories of employees working in CBE. Totally 367 employees were sampled to participate in the study. Stratified sampling & simple random sampling method were employed. In all, a total number of 350(95.36%) questionnaires out of the 367 were used for the analysis. Primary and secondary data were used as a source data, questionnaire for the primary and review of litterateurs and documents for the secondary data. Statistical package for social science studies (SPSS) version 20 was used to analyze data collected through the close ended questionnaire. Descriptive statistics (frequency, mean and standard deviation) and inferential statistics like correlation and regression is used for analysis. Multiple regression analysis was used to test the strength and direction of relationship between the independent variables and the dependent variable. The result of the correlation tests revealed positive and significant relationship with employee retention which came up as weak but positive relationship. A regression was employed to test the hypothesis. Finally banks are recommended to invest on employees to stay in the organization especially on compensations and rewards, Performance management, succession planning and recruitment and selection and suggested to new researchers to take a longitudinal study by adding other Talent Management practice

Key: - Talent Management Practice, Retention, Talent

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Talent management has been viewed as a relatively new concept but there is nothing new about the various approaches contained in this concept which include attracting, retaining, motivating, developing and succession planning of the human resource in an organization. According to Beard well (2010), the term talent management was first coined by the McKinsey Group in the late 1990s when they warned that a ‘war for talent’ was coming up due to a predicted shortage of people with leadership potential. Talent and leadership have been viewed to continue to be scarce in many countries in that fewer workers and leaders are entering the workforce to replace aging employees who leave organizations to retire. Creating a talent pool in organizations is therefore, inevitable as it aims to develop and maintain a work force that is skilled, engaged and committed. Armstrong (2008) defines talent management as the use of an integrated set of activities to ensure that the organization attracts, retains, motivates and develops the talented people it needs now and in the future. According to Price (2007), talent management is a strategic and integrated approach to developing a skilled and competent workforce, involving targeted recruitment, development and retention. Similarly, Dressler (2011) sees Talent management as ‘the automated end-to-end process of planning, recruiting, developing, Managing, and compensating employees throughout the organization.

According to Elegbe (2010), talent management to some refers to the process an organization adopts for managing those with scarce skills and to others it is how they manage all their human resources irrespective of the worth, status and capabilities of each individual employee. Talent management is not merely a process of managing physical human bodies or disparate human resource management processes and systems, but rather an integrated and comprehensive approach to managing the abilities, competencies, skills, needs, concerns, careers, fears and expectations of the people that an organization values and needs to make it great and highly effective. This definition is also anchored by Lawler (2008) who states that effective talent management is not just about attracting, developing, and retaining the best talent; it is about organizing and managing people so that they perform in ways that lead to excellent organizational performance.

The scope of Human Resources Management in recent times has distended. This is because it does not only involve the effective management of the human resources of an organization but also discovering, growing and maintaining their talents and skills to build a strong intellectual capital for organizations to achieve their goals and objectives (Stahl, , Bookman, Ferndale, Morris, Paauwe, Stiles & Wright (2012). Every individual has been endowed with a natural ability which makes him or her perform differently from the other. This natural ability is referred to as a talent or gift. A talent is a natural ability that allows someone to do something well. It could be referred to as a special skill that allows someone to do something hard without any difficulty (Silver & Dowell) One thing most organizations especially in Ethiopia and in the other parts of Africa do not effectively do to develop and maintain the unique talents of their workforce even when their talents are recognized. As a result employees hop from one organization to the other trying to find a place to belong. Suddenly these organizations do very little in maintaining the unique talents of their employees. They keep on searching for human resources with high level of expertise and skills only to lose them in the end due to lack of effective talent management system in place (Capelli, 2008).

Contemporary human resource management is seeing the need for talent management. This is because when employees' talents are recognized and developed it does not only increase their productivity but brings about a higher satisfaction on the job, increased motivation, high staff retention rate, thereby simplifying the role of human resource management especially in job description, training and performance appraisal. Increasingly talent management is gaining firm roots in corporate HRM since the human resources are seen as talents to achieve organizational goals and objectives. The Human resource function is therefore tilted to acquiring, motivating, training, compensating, and retaining the unique talents employed (Ferndale, Scullion & Sparrow. (2010) the functions of HRM such as recruitment and selection, training and development, performance appraisal, succession planning, seek to compliment the role of talent management if not pioneering it. Talent management process therefore involves every practice of HRM which makes employees effective and efficient, and motivated to stay on the job. It contributes in no small way as a tool for employee retention (Collings& Scullion, 2007).

1.2 Background of the Organization

Commercial Bank of Ethiopia was established in August 1942 G.C as a state bank of Ethiopia by proclamation with the aim of providing commercial banking service to the public. But a year later, in addition to its commercial banking functions, the bank was entrusted with three basic duties of a central bank i.e. controlling the issuance of currency, holding the foreign reserves of the country and acting as fiscal agent of the government. Since its creation up to 1963 GC CBE combined these official and private functions acting at the same time as a Central Bank of Issue and the only important deposit Bank operating in the country.

CBE was incorporated as a share company in December 1963 GC, to take over the commercial banking activities of the former state bank of Ethiopia and carry on all types of banking business and operations. It's the commercial successor of the former state bank of Ethiopia to whom all the branch network and established business of its predecessor were transferred in 1963 GC.

Now a day, CBE carries a comprehensive banking business such as, providing different types of loans for borrowers, Internet Banking, Mobile Banking, ATM/Visa Card , Interest Free Banking, different types of saving deposits, providing local and foreign money transfer and facilitating domestic and international trade in and between the country with the help of its 1275 (one thousand two hundred seventy five) branches as of January, 2018(Source- HR departments of the bank) and 32,749 employees all over the country and one abroad to its corporate, business, commercial and retail customer which makes it a truly national as well as the largest and dominant commercial bank in Ethiopia. The CBE is expected to play a pivotal role in financing the development efforts of the country and national priority areas. Driven by the ambitious and ever-growing demand of stakeholders, the Bank has been working hard to become a World-Class Commercial Bank that meets the expectations of all stakeholders. To this end, CBE has re-engineered its business process and is being transformed from a functionally-oriented bank into a process based institution that strives for efficient and effective service delivery. This paradigm shift has radically changed the bank in general and its human resources management system in particular (CBE Manual)

1.3. Statement of the Problem

In this dynamic and competitive business era organizations are facing challenges in talent management. Talent management of talented worker is becoming of great importance for the organizations. Employee retention is one of the challenges facing many organizations both public and private (Chew, 2004; Ng'ethe, Iravo& Namusonge, 2012). Retention of talented employees has become an even greater challenge confronting human resource practitioner because talented candidates in the global job skills market have a luxury of choice.

There are a number of research studies conducted in relation to talent management and talent management practices. Swap & Raja (2012) studied the role of talent management with special reference to service sectors and found out that the employees of education as well as healthcare sectors felt that talent management was very important in achieving financial benefits and improve the bottom line of organizations. Similarly, Lawler (2008) studied strategic talent management and lessons from the corporate world and found out that most of the talent management practices that are used by the best high-involvement companies can be used in public education and if adopted, they will lead to improvements in classroom instruction and student achievement. Human Capital Institute (2008) studied the state of talent management practices in companies today and found out that quality talent is a sustainable competitive advantage, coupled with a realistic view of the complexity and scope of changes in the global workforce has led to a renewed focus and urgency around talent management. A study by Price (2007) found out that it is difficult to attract and keep the best people in organizations due to corporate turmoil and limited career opportunities and that non-competitive pay and benefits are also barriers- He further found out that the behaviors that can drive away talent include failure to make talent supply a long-term strategic priority, new technology and tools that are now available to address getting and keeping talent, and that if Human Resource is not actively engaged in the planning process and does not receive corporate commitment from the top, the supply of talented employees will almost certainly be limited.

Even though, this is the responsibility of HR Departments to find, assimilate, develop, compensate and retain talented employees still it becomes a big challenge for banks in Ethiopia.

As it is understood from the four year information from Commercial Bank of Ethiopia, in 2014 G.C 430 employees (1.8%) left the organization. And 617(2.17%) employees left in 2015. The same thing also happened in 2016 that 709(2.36%) employees from CBE left the organization. But a dramatically change is happened at 2017 that 1402(3.74%) employees left the organization. When this compared with the last two years, the turnover rate of employee is increased by 1.4%. Even though this rate seem under the standard, its change is unexpected and increased by 1.4% (Source- HR departments of the bank)

This has necessitated this research to analyze the issue of retention in banking industry in Ethiopia and to ascertain whether talent management practices by the bank influence employee retention. In aboard many researches are conducted on talent management practices. But none of these studies focused on the effects of talent management practices on retentions of employee in Commercial Bank of Ethiopia. There needs to be empirical evidence on effects of talent management Practices like talent planning, recruitment and selection, succession planning, compensation and rewards, Training and development and performance management. These, are therefore created a research gap in this area, which this study sought to fill guided by the following research question; what is the effect of Talent Management practices on employee retention in banking industry in Ethiopia specifically in Commercial Bank of Ethiopia?

1.4 Research Questions

This study seeks to answer the following research questions;

1. What is the effect of Talent Planning on employee retention in Commercial Bank of Ethiopia?
2. What is the effect of Recruitment and selection on employee retention in Commercial Bank of Ethiopia?
3. What is the effect of Succession Planning on employee retention in Commercial Bank of Ethiopia?
4. What is the effect of Training and Development on employee retention in Commercial Bank of Ethiopia?

5. What is the effect of Performance Management on employee retention in Commercial Bank of Ethiopia?
6. What is the effect of Compensation and rewards on employee retention in Commercial Bank of Ethiopia?

1.5 Objectives of the Study

The research objectives are grouped under general and specific objectives. The general objective of the study deals with the broad perspective the research seeks to accomplish. The specific objectives on the other hand are the exact areas the researcher seeks to bring to light.

1.5.1 General Objective

The general objective of this research is to analyze the effect of talent management practices on employee's retention in Commercial Bank of Ethiopia

1.5.2. Specific Objectives

The specific objectives of the study are;

1. To determine the effect of talent planning on employee retention in Commercial Bank of Ethiopia
2. To determine the effect of recruitment and selection on employee retention in Commercial Bank of Ethiopia
3. To determine the effect of succession planning on employee retention in Commercial Bank of Ethiopia
4. To determine the effect of training and development on employee retention in Commercial Bank of Ethiopia
5. To determine the effect of performance management on employee retention in Commercial Bank of Ethiopia
6. To determine the effect of compensation and rewards on employee retention in Commercial Bank of Ethiopia

1.6 Significance of the Study

The findings of this study expected to provide a lot of advantage for different organs. it has major benefits such as It gives insights for organizations and practitioner about the potential of talent management practices on employees retention, it serves as a stepping stone for those who want to make further study on this topic, it helps students in the field and practitioners as a reference material to get deep insight with regard to Talent management practice as well as theory, it also informs the bank any gaps in its practice of talent Management and help to make the necessary adjustment.

1.7 Scope of the Study

Even though the commercial bank of Ethiopia currently has 1275 branches over the country, the scope of the study was limited only in the head office and four districts in Addis Ababa city branches which are located in Addis Ababa due to time and other constraints. This study was also limited to the Bank's employees belonging to the category of "Clerical" staffs (Managerial & Non-Managerial). The researcher study focuses on the effect of Talent management practices (Talent Planning, Recruitment and selection, Succession planning, Training and development, Performance Management and Compensations and rewards management) on employee retention in Commercial Bank of Ethiopia.

1.8 Limitations of the Study

One of the problems experienced by the researcher was the refusal by some respondents to complete the questionnaire. The process of collecting the questionnaire proved to be challenging because some respondents failed to complete the questionnaire on time and the researcher spent a considerable amount of time in visiting the institution to follow up on the collection of the questionnaires. Despite this, an adequate number of questionnaires were returned to make the study valid. Also, lack of rich and recent literature on the area under the study is considered as a limitation to the study. Hence, this limitation of the study forwards the chance for other future researchers to consider those all aspects while they start on their thesis.

1.9. Definition of Terms

The definitions of key terms which have been included in the topic of this thesis are:-

Talents: - defined by Michaels, Handfield-Jones and Axelrod (2001) as ‘the sum of a person’s abilities... his or her intrinsic gifts, skills, knowledge, experience, intelligence, judgment, attitude, character and drive. It also includes his or her ability to learn and grow.’

Talent Management: - is the process of ensuring that the organization has the talented people it needs to attain its business goals and about attracting, identifying, recruiting, developing, motivating, promoting and retaining people that have a strong potential to succeed within an organization (Laff, 2006; Berger, 2004; Schreyer, 2004).

Workforce planning/human resource Planning: - Organizations have to know how many people and what sort of people they need to meet present and future business requirements. Workforce planning is a core process of human resource management that is shaped by the organizational strategy and ensures the right number of people with the right skills, in the right place at the right time to deliver short- and long-term organizational objectives’ CIPD (2010).’

Recruitment and Selection: The ability to attract the right talent to the organization depends on how the potential applicants view the organization and whether they share the same values of the organization. Recruitment is the process of finding and engaging the people in the organization needs. Selection is that part of the recruitment process concerned with deciding which applicants or candidates should be appointed to jobs (Abrahaim, 2011)

Training and Development: - There needs to be appropriate learning and development interventions to help employees in their career path. An organization can provide both formal and informal interventions such as conventional training and development programs to creative alternatives such as talent coaching and mobility (Abrahaim, 2011) Training and development of employees becomes an important strategy in talent management.

Compensation Management: - Alignment remains the important concept. Aligning your strategic goals with incentives means recognizing employees, rewarding contributions to success, and acknowledging their value to the organization.

Succession Planning: - refers to a process whereby an organization ensures that employees are recruited and trained to fill every key role within the company. Proactive succession assists in loss of an employee, Expansion, etc. Effective succession planning and management effort should address the need for critical backups and individual development in any job category (Rothwell, W. J. 2010).

Employee Retention: An organization's ability to keep employees who are valued contributors to organizational success for as long as is mutually beneficial (Worldat Work, 2007).

Employee Retention Strategy: A retention strategy takes into account the retention issues the organization is facing and sets out ways in which these issues can be dealt with (Armstrong, 2009)

1.10 Organization of the Study

The study will have five chapters. The first chapter will present the background of the study, statement of the problem, Research question, Research objective, significance of the study, scope of the study, limitation of the study, and definition of terms. Chapter two will present a review of related literature. The third chapter deals with research design and methodology part. The fourth chapter presents analysis of the data and presentation of the findings. Finally the fifth chapter deals with the brief summaries of the major findings, conclusion and recommendation of the study.

CHAPTER TWO: REVIEW OF RELATED LITERATURE

2.1 Human Capital Theory

Founded by Becker (1962), this theory brings out the value of people in organizations. According to it, people are assets to the organization and in such should be treated well with the best policies and practices to retain them. Box all (1996) believes that the human capital of the any organization does provide a competitive strategy and a conceptual basis for asserting that talented people are sources of competitive advantage. This happens if their resources of the firm are of high value, scarce, unique and non-substitutable. Human Capital Theory justifies the need to highly value activities regarding management of talent. Becker (1962) concludes that this theory assists in the evaluation of the influence people have on a business entity and the value addition on the shares by providing a measuring yardstick upon which future employees, business plans and procedures are structured to improve on the effectiveness of talent management.

2.2 Social Exchange Theory

According to Blau (1964), upon being recruited to join a company, they already have with them the necessary skills, pre-set targets and have expectation of which set-up they wish to work in order to satisfy their expectation and desires. The theory suggests that when an organization identifies talent and invest in them they are likely to attain better returns on these investments. In the light of employee retention, this theory suggests that when staff is satisfied with the work environment provided to them, they are more than likely to stay longer with a one organization, and when they also see no better alternatives. Social exchange theory also analyses the employment relationship in terms of social or economic exchanges. The exchange of economic benefits is through return of employees' actions while through permissive deeds which are organization induced, social exchange could be achieved.

2.3 Motivational Theory

One vital way of retaining talented employees is through an effective motivation system Swanepoel, Erasmus, Van Wyk& Schenk. 2003. Defined motivation as the willingness to do

something and is conditioned by action's ability to satisfy some need of the individual. Several motivational theories assume that given the right opportunity and incentives people tend to work effectively and efficiently. According to Brewer (1993) the models of work motivation suggests that people basically work out of both psychological and social needs on condition that they are well compensated. Key among the proponents of the theory of motivation is Abraham Maslow who classifies human needs into five main groups popularly referred to as Abraham Maslow's Hierarchy of needs. It stipulates that within every individual there exists a hierarchy of motivational needs to be fulfilled. Highly motivated employees tend to be fully committed to an organization. This commitment leads to high employee retention rate within an organization.

Maslow's hierarchy of needs suggests that at as a lower level of needs is met the next higher level of needs becomes a very powerful motivator. Swanepoel et al, (2003) explains that a person fighting for his survival will not be motivated by higher needs opportunities until that basic need of shelter and security are met. The hierarchy of needs therefore suggests that motivation is relative depending on the pressing needs of individuals in an organization. Understanding the basic and personal needs of individuals which vary will help to better motivate them which eventually lead to their retention, commitment and high productivity.

2.4 Herzberg's dual factor Theory

Brewer (1993) cited Herzberg's two categories of needs. The first category of needs is referred to as motivators. The motivators include Maslow's higher order of needs. The second category of needs as recognized by Herzberg's research relates to extrinsic factors popularly referred to as hygiene factors which relates primarily to Maslow's lower order of needs. The hygiene factors include condition of work, pay, supervision and company policies. These factors perceived as lacking or insufficient lead to feelings of dissatisfaction among employees which may cause talented employees to leave an organization. However when they are available employees do not only get motivated but retained.

2.5 Talent and Talent Management

Talent as a term is referenced to ancient Greeks and Biblical times, setting out as a measure of weight, moving on to a unit of money, and later as a person's value or natural abilities (Michaels et al., 2001). According to Silver and Dowell, talent in organizations refers to three distinct features. Firstly talent refers to an individual's skills, knowledge and general abilities which factors into account what the individual has done and is capable of doing. Again talent refers to a specific person, knowledge and skills. Lastly talent refers to a group. In groups talents refer to a cluster of employees who are distinctive in their knowledge, skills, and abilities in a specified or technical area. However, in some organizations the talent may refer to the entire employee population (Lewis & Heckman, 2006; Silzer& Dowell,) Talent has been defined across a range of context as the 'superior mastery of systematically developed abilities or skills', being confined to the top 10% in a field of activity (Gagne 2000).Tansley (2011) makes explicit some 'terminological ambiguity' encircling the definition of talent. This is mainly because talent has taken diverse meanings in various professional and managerial cultures.

The prevalent premise running through the concept of organizational talent is that in almost all circumstances the talented deliver a disproportionately greater contribution compared with other in organizations (Lubitsh, Devin, Orbea, and Glanfield, (2007) By definition, the talented in organizations are restricted to just a small percentage of a workforce. Talent management as juxtaposed with talent as such relates to a set of processes concerning 'the strategic management of the flow of talent through an organization' (Iles, Preece, and Chuai (2011)). The CIPD (2009) saw talent management as 'the systematic attraction, identification, development, engagement, retention and deployment of those individuals with high potential who are of particular value to an organization Collings&Mellahi (2009) all are concern to the need to recognize key (strategically important) positions, pooling high performers and creating a 'differentiated human resource architecture' that binds the talented to the organization. It is therefore a selective and exclusive process, giving attention only to a few per cent of a workforce who are considered to have the 'X-Factor'. Research in the area of talent management has been classified under three distinct streams. Iles et al., (2011) interpret talent management as typical HR functions, practices and activities. Some researchers tend to narrow it down to more specialized HR activities such as

recruitment, selection, development and career planning (Lewis and Heckman, 2006). However the challenge with this perspective is that it tends to replace HRM with Talent management, that is, “an old wine in a new bottle” (Iles et al, 2011, and Heckman 2006)

The second stream of categorization conceptualizes talent management as practices designed to ensure a consistent and smooth flow of human resources into jobs within an organization as well as instigating managers to effectively manage pools of talent for the purpose of succession planning (Lewis and Heckman 2006). While Lewis and Heckman’s stream of talent management focuses on succession planning an HR planning through talent management systems, focuses on a more developmental approach which seeks to strategically manage employees within a variety of roles. The third stream of categorization by these researches focuses on managing the talent pools which is an exclusive segmentation of an organization’s workforce typically described as talented. According to Iles et al., (2011) this segment of talented individuals is the subject of effective HRM tools, processes and activities. However Lewis and Heckman (2006) suggest talents as performance pools to be effectively managed. They argue further that employees must be categorized based on their performance levels and rewarded accordingly; filling all higher positions with high performers who are classified as talented.

2.6 The Talent Management Process

2.6.1 Analysis of Future Skills requirement (skills gap analysis)

Professional firms will need to identify the type of staff and the skills or talents needed to respond to changes in future business trends and competition in the industry if they want to stay competitive and achieve organizational success (Meyer, 2005). Identifying both current and future skills requirements is crucial for the smooth operation of most businesses. According to Bersin and Associates (op cit) this process helps to identify roles, individuals, and competencies leaving an organization.

2.6.2 Training and Development

McCarty explains that one of the distinctions of a successful talent management program is to create “talent pools” within an organization .The “talent pools” serve as a reliable and consistent

source of talent within organizations which makes it easier to train and develop skills and talents to cope with emerging business challenges and to improve performance across other functional areas and levels. However according to Appleby (1990), some form of training is needed for all employees. It does not only provide employees with the requisite knowledge and skills for job performance but also increases organizational efficiency. Development activities are to be targeted and agreed on; thus trainees should have a firm grip on the areas in which they have strengths and those that they need to develop (Atkins, McCutcheon &Penna. 2004).

2.6.3 Employee Compensation and Benefits

Effective compensation and benefits system achieve some form of advantage for organizations by retaining organizations most superior workforce. Organizations tie compensation package directly to performance management in order to align compensation, benefits and incentives to the achievement of organizational goals. The objective of remuneration and rewards is to prove substantially to employees their comparative value within the organization. It is also a way for employees to evaluate their relative worth in the labor market. In this regard, the remuneration system influences both organizational capacity and employee commitment and retention (Brewer, 1993). According to Armstrong and Murlis (1980) items such as pensions, sick pay, holidays and varying range of other benefits are an integral part of every company's condition of employment. When compensation salary scales are satisfactory they contribute in no small way to attracting and keeping the people the business needs.

2.6.4 Succession Planning and Career Development Opportunities

Career development is one of the vital points in attracting and retaining. It is of great importance to both the organization in terms of creating and retaining a superior workforce base for competitive advantage and also employees in terms of their individual development and progression. Human resource managers have to provide development opportunities for employees to enhance their career. This brings about trust, improved commitment, motivation and high retention rate. Otherwise the tendency that employees will seek such opportunities and personal development elsewhere is high (Zorlu, 2009). Also training other employees to effectively manage the jobs of key talents especially in their absence is significant. This is

popularly referred to as succession planning. It concerns bridging the succession gap within an organization by training and equipping other talented employees to do the work of key talents within an organization. This helps to maintain a superior workforce capacity to cope with the competitive pressures in an industry.

2.6.5 Talent Retention

Talent retention is a process of retaining the talented employees with the organization for a longer time period of time. The turn of talent from any organizations very harmful as it causes a reduction in the productivity of the organization as well as more cost to attract the new pool of talent (Echols, 2007). There are two classifications of retention for talented employees with organization: Intrinsic and extrinsic. Intrinsic incentives include some non-monetary rewards that can satisfy an employee's psychological needs, while extrinsic rewards are monetary rewards which may help to fulfill an employee's physiological needs. The monetary reward is admitted as an essential tool for retaining talent (Vaiman & Vance, 2008). Furthermore, an organization needs to invest more for the purpose of retaining employees with organization, a good rewards system is important to attract and retain talent with organization. This can motivate employees, resulting in high performance of the organization (Mendez & Stander, 2011).

Talented employees know that they are highly sought for since their contribution to organizational growth and success is phenomenal. They know their worth and as such organizations need to do everything possible to attract and retain such talents (Cartwright, 2003). One of the effective ways of retaining such talents is to fully engage them in the core operations of the organization and appreciate their efforts (Bechet 2008).

2.7 Attracting and Sourcing Talents

Atkins, McCutcheon, & Penna (2004), makes explicit how organizations can attract or source for talented employees. They argue that creating an employment brand or an enhanced Corporate image in the job market naturally attracts employees with the required skills and experience needed by the organization.

2.7.1 Brand Image as a Competitive Advantage

Company’s brand differentiates its products or services from that of other organizations. Arthur (2006) explains that employers from well-known and established organizations need not describe to applicants their core activities. He continues that organizations that are not well recognized must work vigorously to establish a strong and attractive brand image. An organization that begins to close down department, plants and lay employees off easily slips off the hot talent A-list (Johnson, 2000)

Brand profile most desired by top talents below:

Organizational Values	Organizational Culture
Make honesty and integrity the cornerstone of our spirit. Emphasize excellence in all that we do, and demonstrate caring in all our relationships	There is no morale boost that beats working in a team where creativity and innovation are valued.
Organization Brand Strength	Organization Leadership
Be known as a good place for talented people to work. Be known for superior quality and service as an industry leader.	Set a strong vision, manage effectively to realize that and keep me well informed. Tell it often and tell it straight.
Work Environment	Compensation/Benefits/Development
Giving me autonomy to solve problems when and where I want is great. But do not let go of the lifeline, keep me in the loop on changes taking place.	Competitive compensation is a deal breaker. But fairness in linking pay to performance and support for work, family balance are the deal-makers.

Source: Ahlrichs (2003)

The table above illustrates brand profile requirements that can attract and retain talented employees in an organization.

2.7.2 Recruitment Strategies

Bechet (2008) is of the view that the talent management processes more often than not recruit talents from outside an organization to fill the organization's talent needs. He however stresses that critical talent needs of an organization can be achieved by an effective deployment and utilization of the human resources within the organization. Selecting which recruitment method suit the process depends large on the type of vacancy to be filled. The recruitment sources include;

Traditional Sources: Dale (2006) elicits two broad areas of the traditional sources of recruitment which are newspapers and journals as well as the internet respectively. Job vacancy adverts are usually placed in the newspapers and journal. They serve as the most common places where people begin their search for jobs.

Innovative Sources: Innovative sources comprise airplane banners, and social events sponsored by companies (Arthur, 2006)

2.7.3 Employee Engagement and Commitment

Kock and McNamara (2009) defines employee engagement as a psychological state within which an employee connects and identifies at a personal level with their job and organization, resulting in retention and improved performance. Committed employees are able to discharge their duties satisfactorily leading to a high rate of customer satisfaction. Employees with a high sense of commitment and involvement are key factors to achieving organizational success (Brewer1993). Creating commitment among employees however requires a thorough management program consisting of concrete management practices and personnel policies (Dessler, 1993). In achieving a competitive advantage organizations must find a way of creating and harnessing the energy and enthusiasm individuals display on their respective jobs. This is achieved through the creation maintenance of a strong organizational culture which is able to attract the kinds of people inclined to performing efficiently within the business environment (Macey et al., 2009) Becker et al., (2001) explains that employee attitude developed through an influential organizational culture reduces staff turnover thereby bringing about a high rate of staff retention.

2.8 Talent Management Practices

Talent Management Practices involve an extensive collection of activities that different organizations embrace to ensure they get and maintain a highly skilled and knowledgeable workforce. These are methods employed by organization to aide in retention of their employees (Human Capital Institute, 2008). Armstrong (2009) talent management practices have been seen to consist of a wide range of activities which different organizations adopt such as compensation management, talent planning, employee engagement, employee empowerment and many others. The practices adopted generally differ from industry to industry in many cases and certain practices are more suitable for certain industries over others. At the same time there are some practices which are prevalent in most of the industries. (Lewis & Heckman, 2006) The talent management practices that are common in many organizations are talent planning, candidate identification and selection, succession planning, learning and development, performance management, remuneration, and employee retention.

Talent design is the preliminary step in the management of talent. According to Armstrong (2010) talent planning is the procedure of evaluating how many and which kind of skill in staff are required for the long-term needs of the organization. For this to be a success, proper policies that lead to staff training and development are paramount to the attraction and absorption of staff for the long-term. This is according to talent evaluation/ audits. Tansley (2007) concludes that effective staff organization is the initial stage of talent management, which requires insightful assessment of the long-term plans of and structures of the company. With an elaborate strategy, an organization can both achieve growth in quality and number of staff, and all this relies on the effective employee information management and utility. This model recommends the identification of high value performers to take up critical position in the succession plan.

Armstrong (2006) alluded included that organizations always seek the most cost-effective way of finding the most quality employees that fit the position perfectly well and will help the company achieve its objectives also in the most cost-effective manner. Before recruitment even begins, certain specifications should be outlined, including; the number and the skills needed as itemized in the recruitment plan of the organization. According to Jackson, Schuler & Werner (2009), the

talent selection procedure entails the identification of suitable candidates and before any considerations is made. These energies should be aligned with plans, policies, mission and vision of the company how attractive an organization is to the candidates also influences the potential candidates to choose to seek opportunities in it, hence the quality of the staff that shall be selected (Abraham, 2011).

Additionally, (Abraham, 2011) also asserts that company can offer both informal and formal interventions such as prevalent learning growth programs to offer options such as skill coaching and (Abraham, 2011). Gibb (2002) argues that learning and development addresses a combination of cognitive capacities and behaviors that are significant and relevant to people considered to be top performers. Armed with a strongly developed staff and having personnel with good learning experience, an organization can create a clear competitive edge in the market. Jackson et.al (2009), observed that performance management is a tool employed to evaluate employee's outcomes, attitudes towards their assignments, behaviors and rewards them accordingly. It is a way of inducing successful staff towards maximizing their efforts to the advantage of the organization. With an effective performance management tool, an organization can have understandable performance objectives that results can be evaluated against and can conduct continuous job assessment with prompt responses. The practice also involves linking performance results of talented employees to rewards and consequences, and providing top talent with opportunities for career planning and development. Armstrong (2006) also attributes the proper function of an organization within its own environment to the well strategized performance monitoring tools. With and agreed structure of goals and induced competition, an organization can also achieve better results from its team and the entire organization efforts.

Mullins (2009) state that good working relationships with staff selection team, the strategy development team and through well-organized performance management by positively recognizing and motivation of staff, an organization staff will be more engaged with work. Compensation and Reward entails how staff is remunerated with regard to the status in the company, which include monetary and non-monetary values. Compensation and rewards include basic pay, pensions, sick pay, insurance cover, company cars among other (Armstrong, 2006). Price (2007) state that talented employees feel that they are fairly rewarded they are more likely

to show commitment. Rosenbloom (2001) argues that the surest form of social and economic security to employed staff is the remuneration they draw from their employers.

Talent management also involves succession planning. In this study succession planning is the process of singling out a successor for a crucial post within the organization and planning on career movers for the same successors. It helps in not only in attracting potential employees but also in retaining them as this is an incentive to develop their career and grow in the same institution. For succession planning leads to the hiring of high potential for all departments of the company and assist in retaining such workers for the better of the firm.

2.9 Empirical Literature Summary

Titles	Study on /Researcher	Found out	Variables
Effect of Talent Management on employee retention	In Kenya State Corporation Alice .J(2015)	Talent management has a significant positive effect on employee retention in state corporations in Kenya	Dependent: -employee retention Independent:- Talent Management(competency mapping , employee engagement, Performance management and career development)
Determinants of Successful Talent Management	In Malaysia Multinational corporation Mahan &ID(2012)	All of the variables were significantly related to the success of talent management but Developing Talents the most significant predictor of successful talent management	Independent variables are attracting talents, deploying talents, developing talents, retaining talents and succession planning. Dependent variable is successful talent management.
Talent Management as source competitive advantage	STEPHEN (2015)	Talent Management is essential when the organizations will like to build winning teams which will be formed by talented personnel.	Independent variables Talent Management (talent attraction, talent retention and talent Development. Dependent: competitive Advantage)

Table -1 Empirical Literature Summary

2.10 Conceptual Framework of the Study

The conceptual framework of the study specifies the talent management practices, which were depicted in the following diagrammatic, dependent variable is Employee Retention and independent variables are Talent Management practices (Talent Planning, Recruitment and selection, Succession planning, Training and development, performance Management and compensations and rewards management). Employee Retention is the effect of Talent Management practices. The relations of these variables are supported on the basis of review of literatures and the most talent management practices which are adopted in banking industry. Therefore Different researcher during different time gave different components of talent management practice which are not mutually exclusive .however for the seeks of my study convince I used the components of talent management practices that are adopted by Assistance Prof.M.DHANABHAKYAMA and K.KOKILAMBAL (2014) such as talent planning, recruitment and selection, Succession planning, training and development, performance management and compensations and rewards management

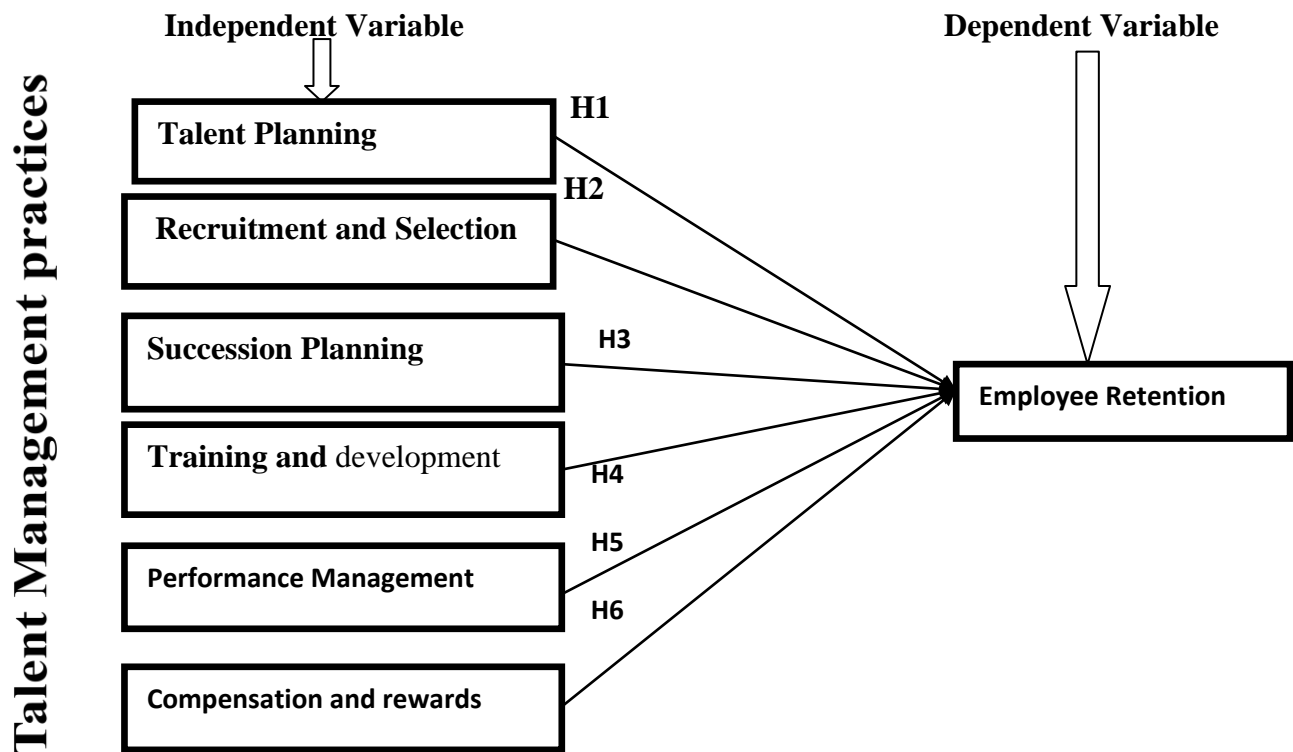


Figure 2-Conceptual Model

Source: developed by the researcher based on literature review, 2018

2.11 Hypotheses

- H₁. Talent Planning have a significant effect on employee retention
- H₂. Recruitment and selection have a significant effect on employee retention
- H₃. Succession Planning have a significant effect on employee retention
- H₄ Training and Development have a significant effect on employee retention.
- H₅. Performance Management has a significant effect on employee retention
- H₆. Compensation and rewards a significant effect on employee retention

CHAPTER THREE: RESEARCH METHODOLOGY

This chapter deals with the research methods adopted for the study. It covers Description of the study area, research design, research approach, Target population, sample size, sampling technique, instrumentation and data collection procedure and data analysis.

3.1 Study Area

Commercial Bank of Ethiopia has 1275 branches stretched across a country. Among this most of them are with in and around Addis Ababa city. The branches execute their functions under the supervision of 15 district offices (CBE annual report 2017).In the capital city of Addis Ababa there is about four (4) districts. The questioner was distributed to managers and employees found in Addis Ababa city district as well as Human resource managers of head office.

3.2 Research Design

The research is designed to study the effect of Talent Management practice on employee retention in commercial bank of Ethiopia is explanatory research. All the data were collected through standardized and likert scale questionnaires that was distributed to respondents. All responses from the respondents are treated using different statistical tool such as descriptive and inferential statistics.

3.3 Research Approach

According to Creswell (2009), there are three basic research approaches; these are quantitative, qualitative and mixed research approaches. To achieve the aforementioned objectives, this study adopts a purely quantitative research approach, where it can be use of a questionnaire provided predominantly descriptive and quantified data. Quantitative method study involving analysis of data and information that are descriptive in nature and quantified (Sekeran, 2003) Therefore to reveal the Effect of Talent management practices on employee retention, quantitative research method are employed.

3.4 Population

CBE has 32,749 employees currently working all over the country in all branches and head office organs including clerical and non-clerical employees by general classification of employee data (HRM report January 2018) but this study only targeted clerical employees because of the difficulty of collecting data from the non-clerical employees and employees also who are employed within one year and less will not include because they may not be fully aware of the talent management practice of the bank. To conduct this study employees working in Addis Ababa area specifically under south, north, west and east districts and some departments under head office organs are included ,the remaining districts will not be included because of the homogeneity of the employees educational background ,work experience and due to the time constraint, four of the districts (SAAD, WAAD,EAAD and NAAD) are included the number of employees who were employed before one year are, under head office 342, under SAAD 2520 and under NAAD 1682, under WAAD 1707 and under EAAD 2091 so the total population size of 8342 employees are included in this survey.

3.5 Sampling Technique

In choosing the research participants, it could be said that, in this study, stratified random sampling techniques are applied in determining the participants that will enable the researcher to answer the research questions and to meet the research objectives. According to kotari (2004) since each stratum is more Homogeneous than the total population, we are able to get more precise estimates for each Stratum and by estimating more accurately each of the component parts, we get a better estimate of the whole. In brief, stratified sampling results is more reliable and detailed information , so in this study the population are divided into strata's of South Addis Ababa district, North Addis Ababa district, West Addis Ababa district ,East Addis Ababa district and Head offices then to select the appropriate sample under each strata simple random sampling was used.

Table 3.1 Composition of the Population

	MALE	FEMALE	TOTAL
Head office	226	116	342
SAAD	1625	895	2520
NAAD	1067	615	1682
EAAD	1307	784	2091
WAAD	1206	501	1707
Total	5431	2911	8342

The population size of this study is **8342** out of this to get the appropriate sample size the following formula by kotari (2014) was employ

$$n = \frac{z^2 \cdot p \cdot q \cdot N}{e^2 (N-1) + z^2 \cdot p \cdot q}$$

$$n = \frac{1.96^2 \cdot (0.5) \cdot (0.5) \cdot (8342)}{0.05^2 (8342-1) + 1.96^2 (0.5) \cdot (0.5)}$$

$$n = 367$$

Where

N=population size (**8342**)

n = required sample size

z= confidence level at 95% (standard value of 1.96) p= standard deviation of the population (0.5)

q = 1-p (1-0.5= 0.5) and e= margin of error at 5% (standard value of 0.05)

Sample size

Table 3.2 Sample size determination and distribution plan

	Target population		Sample size	Sample distribution plan	
	Number	percentage		Managerial	Non- Managerial
Head office	342	4.10%	15	8	7
SAAD	2520	30.21%	111	56	55
NAAD	1682	20.16%	74	37	37
EAAD	2091	25.07%	92	40	52
WAAD	1707	20.46%	75	38	37
TOTAL	8342	100%	367	185	182

3.6. Sources of Data

There are broadly two main sources of data will be used in research. These are the primary source and the secondary source.

3.6.1. Primary data

Primary data refers to data originally will observe or collect by a researcher by means of survey, interview or questionnaire. The primary source of data for this research was obtained through questionnaires administered to the respondents (both employees and managers of Commercial Bank of Ethiopia).

3.6.2. Secondary data

Secondary data are also known as ‘second hand data’. They are data which already exist and might have been used before. They are usually collected through books, reports, journals, magazines, and newspapers. Therefore secondary data for this research were obtain from textbooks, articles, and publications from Commercial Bank of Ethiopia, the internet and company’s annual reports as well as their official site

3.7 Data Collection

Questionnaires were used as the main instrument for collection of data for this research. The questionnaires administered consisted close ended question. Therefore, the closed ended items are prepare in likert scale containing from strongly agree to strongly disagree. The questionnaires served the purpose for the research by generating responses which are accurately used for the analysis. Questionnaires analysis were enable the researcher to elicit responses that reflected the research objectives outlined and adopted from Phelister, (2015), with a slight change or amendment, a research made at Kenya Company which assessed the influence of talent management practices on employee retention.

The questionnaire has two parts. part one, personal profile of the respondents, part two, related to questions of talent management practice –independent variables which are Talent planning, recruitment and selection, Succession planning, Regular training and development, Performance management, Rewards and compensation management and thus how it is affect the employee retention. In part one respondent has to answer about their socio demographic characteristics including gender, age, educational qualification, work experience, job categories & monthly income by selecting appropriate boxes. While in part two, the prospect respondent has to respond to a Likert type scale.

3.8. Reliability

The reliability of instruments measures the consistency of instruments. Creswell (2003) considers the reliability of the instruments as the degree of consistency that the instruments or Procedure demonstrates. Internal consistency reliability was tested by the employee retention factors indicated on the conceptual framework. This was determined by calculating the Cronbach alpha coefficient under the, table 3.3.

Table 3.3 Cronbach Alpha

No.	Variables	No. of items	Cronbach's alpha
1	Talent Planning	5	.807
2	Recruitment and selection	6	.902
3	Succession Planning	4	.852
4	Training and development	4	.934
5	Performance Management	5	.808
6	Compensation and rewards	5	.861
7	Retention	6	.802
	Total	35	.861

3.9 Validity

Validity on the other hand, can be described as the extent to which the instrument measures what it purports to measure. According to Healy and Perry (2000), validity determines whether the research truly measures that which it was intended to measure. Faux (2010) asserts that an effective and practical approach to pre-testing questionnaire instruments is to ensure that the questionnaire is understood by participants. To insure this study's validity the researcher through all the questions plus the issues to advisors, research experts and for those who have knowledge about this topic and finally a little amendments were takes placed depending on the their feedbacks.

3.10 Ethical Consideration

The researcher addressed ethical considerations of confidentiality and privacy. The researcher used rigorous and conscious effort at all times to sustain this promise. Hamersley, and Traianou (2012), emphasizes that some of the most important ethical principles in educational research are; minimizing harm, harm include among others financial and reputational consequences for the people being studied; protecting privacy; this means to keep data confidential; and respecting autonomy; that is showing respect for people in the sense of allowing them to make decisions for themselves, notably about whether or not to participate. In this study the researcher treated all the

gathered information with utmost confidentiality to safeguard the public reputation of organizations and people concerned

3.11 Data Processing, Analysis and Interpretation

In this study, Descriptive and Inferential analysis are used to analyze the data. The Descriptive statistics consists of frequencies, percentages, means and standard deviation to summarize the data. And Statistical Package for Social Science (SPSS) version 20 was employed for automated analysis of the data. This software has been widely used by researchers as a data analysis technique (Zikmund, 2003). According to Sekaran (2000), inferential statistics allows to infer from the data through analysis the relationship between two or more variables and how several independent variables might explain the variance in a dependent variable. With regard to inferential statistics multiple regressions will conduct in this study.

3.12 Model specification

The equation of regressions on this study is generally built around two sets of variables, namely dependent variable (**Employee Retention**) and independent variables **Talent management Practices** (Talent Planning, recruitment and selection, Succession planning, training and development, Performance Management, Rewards and compensation management). The basic objective of using regression equation on this study is to make the study more effective at describing, understanding and predicting the stated variables. The regression equation is as follows:

$$Y = \alpha_1 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \epsilon$$

Where:

Y = Employee Retention

X1=Talent Planning

X2 = Recruitment and selection

X3 = Succession planning

X4 = Training and development

X5 = Performance management

X6=Rewards and compensation management

α_1 = the intercept term- constant which would be equal to the mean if all slope coefficients are 0.

ϵ = Error

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$ & β_6 are the coefficients associated with the average amount the dependent Variable increases when the independent variable increases by one standard deviation.

CHAPTER FOUR: RESULTS AND DISCUSSION

4.1 Introduction

This part presents the results of the study among the issues discussed are the socio-demographic characteristics of the respondents, the selected Talent Management practices and employee retention. Finally the result of Regression models presented which is used to test the hypotheses of the study.

4.2 Response Rate of respondents

Totally three hundred Sixty seven respondents for questionnaire were targeted for the study and three hundred Sixty seven questionnaires were distributed to the targeted respondents. However, out of this number, 350 questionnaires were received and 17 were poorly or inappropriately filled and were therefore not used in the analysis. The questionnaire which is used in the analysis is 95.36% and this indicates that it is adequate for analysis and interpretation of the data.

Table 4.1 Distributions of the total Respondents

Category	Position	Target	Actual	Percentage
Clericals	Managerial	185	178	50.41%
	Non Managerial	182	172	49.59%
	Total	367	350	100%

4.3. Demographic Characteristics of Respondents.

Information related to demographic variable of respondents are displayed as follows in table

Table 4.2 Demographic characteristics of respondents

No.	Factor	Category	Frequency	Percent
1	Gender	F	158	45.14
		M	192	54.86
		Total	350	100.0
2	Age	20-25	52	14.86
		26-30	64	18.28
		31-35	92	26.28
		36-40	47	13.43
		41-45	52	14.86
		Above 45yr	43	12.29
		Total	350	100.0
3	Level of education	Diploma	5	1.43
		Degree	293	83.71
		Masters' degree	52	14.85
		Total	350	100.0
4	Length of service	2yr-5yr	171	48.86
		6yr-10yr	132	37.71
		10yr and above	47	13.43
		Total	350	100.0
5	Job categories	Managerial	178	50.86
		Non managerial	172	49.14
		Total	350	100
6	Monthly income	2500-5000	39	11.14
		5001-7000	133	38.0
		7001-10000	116	33.14
		Above 10000	62	17.71
		Total	350	100

Source :Survey 2018

From the above table 4.2, a fairly approximating composition of gender of male and female employees of the bank(54.86% & 45.14% respectively) was represented in the study and most of the bank' employees are in the productive age group which has also been exhibited in the data received from participants of the study.

The level of education of respondents was mostly bachelor's degree ((83.71%) due to the fact that majority of the bank Employees are first degree holders. Most of the respondents (48.86%) has been working in their organization for two to five years, 37.71% of the respondents were six to ten as well as 13.43 % were worked in their organization for above ten years. In connection to general job categories, 50.86% were at level of Managerial and 49.14 % were at level of non-Managerial. The respondents' monthly income, as described in the above table, out of 350 respondents 11.14% of respondents gain 2500-5000, 38.0% respondents got 5001-7000 and 33.14% of the respondents received a monthly income of 7001-10,000 and some the respondents (17.71%) received a monthly income of above 10,000 birr

4.4 Talents Management Practices

In this section employee's perception of talent management practice (Talent Planning, recruitment and selection, Succession planning, training and development, Performance Management, Rewards and compensation management) and employee retention are discussed. Respondents were asked to indicate the extent to which they agreed to statements relating to talent management practices undertaken by their organizations on five-point likert scale (1=Strongly disagree – 5= Strongly agree) a mean of above 3 is regard to measure satisfaction at the test variables. Standard deviation was used to indicate the variation or dispersion from the average (mean).

4.4.1 Talent Planning

According to Queensland Public Service (2008) Talent planning is about having the right people with the right skills in the right place at the right time. It is more about developing an understanding of the make-up of the current workforce, the environment in which it works and will work in the future, and necessary skills, capabilities and aptitudes that will be required to achieve business outcomes in an ever changing environment and other related.

In respect to this aspect, the employees were asked to indicate to comment on the statements under talent planning. Table 4.3 represents the result of the study.

Table 4.3 Mean and St. Deviation of Talent Planning

NO	Items	Rating scales					Mean	Std. Deviation
		SDA%	DA%	N%	A%	SA%		
1	Talent planning has a high priority in the overall strategic plan of Commercial Bank of Ethiopia (CBE).	16.3	18	4.3	28.90	32.6	3.43	1.497
2	Commercial Bank of Ethiopia regularly analyzes talent needs.	14	19.7	1.4	40.6	24.3	3.414	1.403
3	Commercial Bank of Ethiopia has a clear talent planning strategy	9.1	16	1.1	44.3	29.4	3.688	1.294
4	Commercial Bank of Ethiopia has a succession plan for all management posts	1.7	8.6	2.3	56	31.4	4.068	0.912
5	Commercial Bank of Ethiopia has talent planning from internal and external sources.	10.6	14.9	2.6	39.1	32.9	3.688	1.344

Source: survey,2018

As indicated in the above table 4.3, the overall general of Talent planning mean score are above the average. The respondents agreed with stated statement of succession plan for all management posts (4.068 with standards deviation 0.912). This indicate that the respondents are satisfied with Commercial Bank of Ethiopia has a succession plan for all management posts. Furthermore, the respondents are satisfied with Commercial Bank of Ethiopia has a clear talent planning strategy (3.688 with standard deviation 1.294) this indicate that CBE have a clear talent planning policy. The researcher finds that the respondents are comfortable on the talent planning activity which is indicated in the above table, talent planning is high priority overall banks' planning strategy and others, shows that the bank has emphasized on talent planning rather than on the other planning

and it has more attention on developing of the composition of the current workforce, the environment in which it works and will work in the future, and necessary skills, capabilities and aptitudes that will be required to achieve business outcomes in an ever changing environment and by having the right people with the right skills in the right place at the right time.

4.4.2 Recruitment and Selection

Bechet (2008) is of the view that talent management processes more often than not recruit talents from outside an organization to fill the organization's talent needs. He however stresses that critical talent needs of an organization can be achieved by an effective deployment and utilization of the human resources within the organization. Selecting which recruitment method suit the process depends large on the type of vacancy to be filled.

Huselid, (1995) examined HR practices of high performance companies and found that attracting and selecting the right employees increase the employee productivity, boost organizational performance, and contribute in reducing turnover. According to Huselid (1995) and Becker and Huselid (1999), selective hiring procedures are necessary to ensure effective retention of the most qualified employees while lowering employee turnover in the long term. Relating with these issues respondents are asked to rate issues as shown in table 4.4

Table 4.4 Mean and St. Deviation of Recruitment and Selection

NO	Items	Rating scales					Mean	Std. Deviation
		SDA%	DA%	N%	A%	SA%		
1	CBE has recruitment and selection practices that attract the best talent.	15.1	17.4	2.9	36.6	28	3.448	1.438
2	Recruitment practices follow an already created internal talent pool in readiness to fill identified or vacant positions.	16	11.1	1.1	44.9	26.9	3.554	1.404
3	Process owners at all levels are involved in the recruitment process	2.9	3.1	0.9	66	27.1	4.114	0.807
4	CBE has close relationship with leading university to attract top talent	3.1	12.6	2.6	53.1	28.6	3.914	1.045
5	Commercial bank of Ethiopia, web site has supportive information to create interest with qualified candidates.	8	14.9	2.9	46.3	28	3.714	1.243
6	The existing system /methods are convenient for applicant to apply	5.4	10.9	1.1	56.3	26.39	3.871	1.088

Source: survey, 2018

As indicated in the above table 4.4, the overall general of recruitment and selection mean score are above the average. Most respondents agreed with the stated statements that: - Process owners at all levels are involved in the recruitment process (Mean 4.114 with standards deviation 0.807).This indicate that the respondent are highly satisfied with process owners at all levels are involved in the recruitment process. And the respondents agree with the statement of commercial bank of Ethiopia is close relationship with leading university to attract top talents (mean=3.914 with standard deviation=1.045), the existing system /methods are convenient for applicant to apply (mean=3.871 with standard deviation=1.088), Commercial bank of Ethiopia, web site has supportive information to create interest with qualified candidates. (Mean=3.714 with standard deviation=1.243). As indicated in the above table the researcher confirmed that

Recruitment and Selection practices have a good contribution to recruit talent employee and employee retain.

4.4.3 Succession Planning

Succession planning refers to a process whereby an organization ensures that employees are recruited and trained to fill every key role within the company (Rothwell, W. J. 20). Proactive succession assists in loss of an employee, expansion; etc. Effective succession planning and management effort should address the need for critical backups and individual development in any job category

Table 4.5 Mean and St. Deviation of Succession planning

NO	Items	Rating scales					Mean	Std. Deviation
		SDA%	DA%	N%	A%	SA%		
1	The Organization, succession and career development policy is not clearly communicated to all employees.	8	19.4	1.1	48	23.4	3.594	1.258
2	Succession is not actually done from the existing talent pool.	4	13.4	4.0	53.4	25.1	3.822	1.077
3	Job rotations and transfers are done to increase employees value and preparedness for succession	4	2.6	4.6	61.1	27.7	4.060	0.885
4	Commercial Bank of Ethiopia has a succession plan for all managerial positions posts	4	0.9	2.0	62.6	30.6	4.148	0.836

Source: survey, 2018

According to the above table, even though the bank has a succession plan for all managerial posts, still the policy for succession is not clear (mean 3.59) and the succession plan is not from the talent pool (mean 3.822).

4.4.4 Training and Development

In the present ever changing world, current knowledge is basically inadequate to meet up with the dynamic and technical business world. It is therefore a major priority of organizations to acquire skills in accordance with the changing technologies. For this reason most companies take proactive measures for maintaining a reservoir of high technology staff, by continuous training and retraining of their staff. Training according to Chew (2004), provides employees with specific skills or correct deficiencies in their performance, while development is an effort to provide employees with abilities the organization will need in the future. Related with Training & development Huselid (1995) has suggested that TMP practices such as providing training are important determinates of employee retention.

Table 4.6 Mean and St. Deviation of Training and Development

No	Items	Rating scales					Mean	Std. Deviation
		SDA%	DA%	N%	A%	SA%		
1	Commercial bank of Ethiopia has a training and development policy in place that aims at promoting learning culture.	2.6	16.9	1.4	52	27.1	3.842	1.081
2	Commercial bank of Ethiopia has Regular training and development of talented employees	3.1	9.4	2.6	53.1	31.7	4.008	1.002
3	CBE encourages Coaching and mentorship by managers and supervisors	3.1	11.1	1.4	55.1	29.1	3.960	1.017
4	There is reasonable allocation of funds to Training and development	0	1.7	6.6	53.1	38.6	4.285	0.663

Source: survey, 2018

As indicated in table 4.6, the overall general of Training and Development mean score are above the average. The most respondents agreed with allocation of funds to Training and development (4.285). And the respondents agreed with the presence of regular training and

development of talented employees (mean=4.008), the organization encourages Coaching and mentorship by managers and supervisors (Mean=3.960), Commercial bank of Ethiopia has a training and development policy in place that aims at promoting learning culture (Mean=3.842). It is possible to infer that the bank properly implement the training and development of talented employees to cope up the organization’s culture.

4.4.5 Performance management

Related with Performance management Huselid (1995) has suggested that Talent management practices such as providing performance are important determinates of employee retention

Table 4 .7 Mean and St. Deviation of Performance Management

No	Items	Rating scales					Mean	Std. Deviation
		SD%	DA%	N%	A%	SA%		
1	My performance appraisal is not clearly discussed with my supervisor.	1.1	12.3	11.7	53.7	21.1	3.814	0.943
2	Performance management is aligned to the need to nurture and retain talent	0.3	13.4	8.6	50	27.7	3.914	0.959
3	Performance management is aimed at developing individual and team capabilities	0	4.3	9.7	48	38	4.197	0.782
4	Managers coaching and job rotations are made to develop capability and performance	2.3	6.3	2.6	50.6	38.30	4.163	0.917
5	Performance management Goal and target parameters are not fair to measure my capabilities	0	5.7	6.6	53.1	34.6	4.165	0.784

Source: survey, 2018

The most respondents agreed with stated statement of the aim of Performance management to develop individual and team capabilities, encouraging, Coaching and mentoring by managers

and supervisors, and the alignment of performance management to the nurture and retain talent (Mean=4.19, 4.16, and mean=3.91 respectively). However the respondent confirmed that Performance management Goal and target parameters are not fair to measure capabilities (mean=4.165) and performance appraisal is not clearly discussed with employees (Mean=3.814 with standard deviation=0.943).

It is possible to infer from this table that although the bank expects that the performance management aims to develop individual and team capabilities and coaching to achieve this target, the fairness of the goal and targets' parameter is still doubtful and the performance appraisal is not clearly discussed with employees.

4.4.6 Compensations and rewards

Compensations and rewards are measured based on intrinsic and extrinsic rewards or pay and benefits. Studies show that compensation satisfaction/dissatisfaction plays an important part in employees' retention or turnover. Although there is a general agreement that compensation levels do not single handedly guarantee employee retention, it is an essential starting point in most strategies to attract & retain employee (Chew.2004)

Table 4.8 Mean and St. Deviation of Compensations and Rewards

No	Items	Rating scales					Mean	Std. Deviation
		SDA%	DA%	N%	A%	SA%		
1	There is no clear communication on compensation and rewards policy which includes all types of rewards.	2.1	16.9	1.4	52	27.1	3.842	1.081
2	CBE is not retains key workers by applying total rewards strategy	3.1	9.4	2.6	53.1	31.7	4.01	1.002
3	CBE is not pays competitive rates plus other flexible benefits	3.1	11.1	1.4	55.1	29.1	3.960	1.017
4	The salary package is not adequate to my level.	0	1.7	6.6	53.1	38.6	4.285	0.663
5	The remuneration package is not contributes greatly for my work performance	2.9	4.6	1.4	55.1	36	4.168	0.887

Source: survey, 2018

As indicated in table 4.8, the overall general of Compensations and rewards mean score are above the average. The most respondents agreed with stated statement of the remuneration package, the competitive pays rate, the salary package, and the total rewards strategy that applied in the organization is not attractive and also the communication on compensation and rewards policy is not clear.

Table 4.9 the aggregate mean and standard deviation of Talent Management practices

Variables	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Talent Planning	3.6589	.51328	-.352	.130	-.245	.260
Recruitment and selection	3.7693	.37081	-.743	.130	.589	.260
Succession Planning	3.9064	.36891	-.374	.130	.106	.260
Training and development	4.0243	.39397	-.820	.130	.703	.260
Performance Management	4.0509	.27677	-.314	.130	.344	.260
Compensation and rewards	4.0531	.35382	-.755	.130	.673	.260

Source: output of SPSS

4.4.7 Employee Retention

Retention of talent remains a primary concern for many organizations today. Hiring knowledgeable people for the job is essential for an employer but retention is even more important (Nyanjom, 2013). Retention is a voluntary move by an organization to create an environment which engages employees for long term. Employee retention encompasses talent management which is the use of an integrated set of activities to ensure that the organization attracts, retains, motivates and develops talented people it needs now and in the future. The main purpose of retention is to prevent the loss of competent employees from the organization which could have an adverse effect on productivity and service delivery.

Table 4.10 Mean and St. Deviation of Employee Retention

No.	Items	Rating scales					Mean	Std. Deviation
		SDA%	DA%	N%	A%	SA%		
1	I'm planning on working for another company within a period of three years.	3.7	6.0	1.1	60	29.1	4.048	.936
2	Within this company my work is not gives me satisfaction.	3.1	4.3	1.7	57.1	33.7	4.140	0.889
3	I don't see a future for myself within this company	3.1	2.9	1.1	55.4	37.4	4.211	0.860
4	If I received an attractive job offer from another company, I would take the job	2.6	3.4	1.4	60.6	32	4.160	0.824
5	I have checked out a job in another company previously.	3.1	4.3	1.4	55.1	36	4.165	0.896
6	I recommend my friend to join other organization.	1.70	3.7	1.1	63.7	29.7	4.160	0.766

Source: survey, 2018

As indicated in table 4.10, according to the most respondent's response almost above average they don't want to stay in the organization if they could get a better opportunity in the other firms.

4.5 Relationship of Talent Management Practices with Employee Retention

4.5.1 Correlation

Pearson correlation test was made to test the degree of relationship between the independent variables-relationship talent management practices namely talent planning, recruitment and selection, succession planning, Training and development, performance management,

compensation and rewards and the dependent variable- employee retention. According to Hair (1996) the value of Pearson correlation coefficient ranges between -1 and +1, where -1 show there is a strong negative relationship, +1 show there is a strong positive relationship and 0 shows no relationship exists among the study variables. Based on the questionnaires which were filled by the sample respondents, the following correlation analysis was made and the results were shown in the following table

Table 4.11 Relationship of Talent Management practices with employee retention

		Talent Planning	Recruitment and selection	Succession Planning	Training and development	Performance Management	compensation and rewards	ER
Q1	Pearson Correlation	1						
	Sig. (2-tailed)							
Q2	Pearson Correlation	.259**	1					
	Sig. (2-tailed)	.000						
Q3	Pearson Correlation	.168**	.160**	1				
	Sig. (2-tailed)	.002	.003					
Q4	Pearson Correlation	.250**	.199**	.063	1			
	Sig. (2-tailed)	.000	.000	.244				
Q5	Pearson Correlation	.141**	.122*	.092	.061	1		
	Sig. (2-tailed)	.008	.023	.087	.256			
Q6	Pearson Correlation	.133*	.0108	.064	.052	.099*	1	
	Sig. (2-tailed)	.013	.043	.233	.328	.064		
QQQ	Pearson Correlation	.129*	.125*	.122*	.219**	.085	.012	1
	Sig. (2-tailed)	.016	.019	.022	.000	.014	.037	

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

* . Correlation is significant at the 0.05 level (2-tailed).

c. Listwise N=350

Source: output of SPSS

Q1=Talent Planning Q2=Recruitment & selection Q3=Succession Planning Q4=Training & Development

Q5=Performance Management Q6=Compensation and rewards QQQ=Employee Retention

As it is indicated in the table, there is a positive relationship between Talent management practices and employee retention. In other words, talent planning and employee retention have correlated positively but their degree of relationship is weak($r=0.129$).

Pearson correlation test was also conducted to know the degree of relationship between the independent variable-Recruitment and selection and the dependent variable- employee retention. As it is indicated in the above table, there is a positive correlation between Recruitment and selection and employee retention. In other words Recruitment and selection and employee retention are correlated in a positive but relatively weak relationship exists($r=0.125$). The result also shows that, there is a positive correlation between succession planning and employee retention, meaning succession planning and employee retention have positive but weak relationship ($r=0.122$).

As it is clearly indicated in the table, there is also a positive correlation between training and development and employee retention. In other words training and development and employee retention have a positive but weak relationship or correlation ($r=0.219$).

As it is clearly indicated in the table, there is also a positive correlation between performance management and employee retention. In other words performance management dimension and employee retention have a positive but weak relationship or correlation ($r=0.085$).

As it is clearly indicated in the table, there is also a positive correlation between compensation and rewards and employee retention($r=0.012$). Therefore, it can be concluded that Employee retention of the bank depends on the trends and practices of talent planning, recruitment and selection, succession planning, Training and development, performance management, compensation and rewards

4.5.2 Multicollinearity Test

Table 4.12 Multicollinearity Test

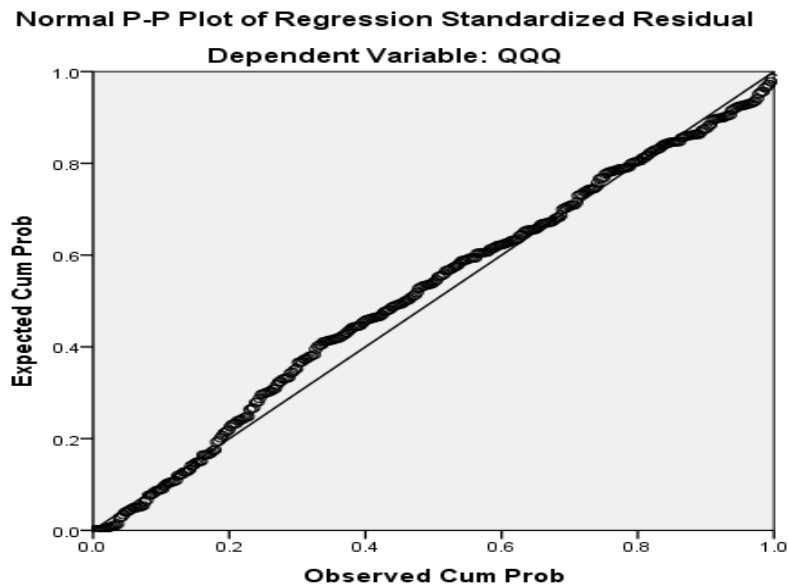
Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
Talent planning	.861	1.162
Recruitment & selection	.891	1.122
Succession planning	.953	1.049
Training & development	.918	1.090
Performance Management	.963	1.038
Compensation & rewards	.970	1.031

a. Dependent Variable: **Employee retention**

Source SPSS Out

The multicollinearity test assumption assumes that the independent variables are not highly correlated with each other. The researcher checked out that the correlation between each of independent variable are perfectly co-related or not and found that no two variables exist which can be explained by one another as can be seen in the above table. Tolerance should be more than 0.2(Menard, 1995) and VIF should be less than 10(Myers, 1990)

Normality Test



4.6 Multiple Regression Analysis

4.6.1 Model Summary

In order to understand how much variation in the dependent variable can be explained by the model Summary.

Table 4.13 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.267 ^a	.071	.055	.34592

a. Predictors: (Constant), Talent planning, Recruitment & selection, Succession planning, Training & development, Performance Management and Compensation & rewards

4.6.2 Anova

Table 4.14 Anova

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.160	6	.527	4.401	.000 ^b
	Residual	41.043	343	.120		
	Total	44.202	349			

a. Dependent Variable: Employee retention

Predictors: (Constant), Talent planning, Recruitment & selection, Succession planning, Training & development, Performance Management and Compensation & rewards

The above table revealed the Sig (ANOVA) and it is the significance of the model .000 means we reached significance and can accept hypothesis

Table 4.15 Coefficients of relationship Talent Management practices

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	2.305	.462		4.991	.000		
Talent planning	.034	.039	.049	.881	.009	.861	1.162
Recruitment & selection	.056	.053	.059	1.064	.018	.891	1.122
Succession planning	.087	.051	.091	1.700	.010	.953	1.049
Training & development	.171	.049	.189	3.477	.001	.918	1.090
Performance management	.071	.068	.055	1.043	.007	.963	1.038
Compensation & rewards	.047	.053	.047	.881	.037	.970	1.031

a. Dependent Variable: **Employee retention**

Source: output of SPSS

Table 4.15 titled as coefficients of relationship Talent management practices, helps us to understand which variable among the six independent variables is the most important in influence the variance in employee retention. As it is indicated in the table, high beta value shows that it is significant in influence. If we can see the Beta column under standardized coefficients above, we can understand that the highest value of beta is 0.189 for Training and development and the second one is succession planning with beta value of 0.091. Therefore, Training and development and succession planning are the major determinant of employee retention. It can be seen also from the table that all of six independent variables were moderate significant influence employee retention their p value is less than 0.05.

So that, the model can be stated as

$$Y=2.305+0.049X_1+0.059X_2+0.091X_3+0.189X_4+0.055X_5+0.047X_6+0.462$$

Where Y= Employee Retention

2.305=Constant

X₁=Talent Planning

X₂=Recruitment & Selection

X₃=Succession Planning

- X4=Training and development
- X5= Performance Management
- X6= Compensation and rewards
- ε = error=0.462

According to the regression equation established, taking all factors constant at zero, the employee retention will be 2.305%. The data analyzed also shows that taking all other independent variables at zero, a unit increase in talent planning will lead to .049 times likelihood of employees staying with their organizations. A unit increase in the recruitment & selection will also lead to a 0.059 times likelihood of employees staying with their organizations. Also, a unit increase in Succession planning will lead to a 0.091 increase in employee retention. A unit increase in Training and development will lead to a 0.189 times likelihood of increase in employee retention. Again, a unit increase in Performance Management will lead to a .055 increase in employee retention and, a unit increase in Compensation and rewards will lead to a 0.047 times likelihood increase in employee retention.

4.7 Hypothesis Result Summary

Table 4.16 Result of Pearson Correlation Test

Hypotheses	Pearson C.C	Sig	Result
H1. Talent Planning have a significant effect on employee retention.	0.129	0.016	Accepted
H2. Recruitment and selection have a significant effect on employee retention	0.125	0.019	Accepted
H3. Succession Planning have a significant effect on employee retention	0.122	0.022	Accepted
H4. Training and Development have a significant effect on employee retention.	0.219	0.001	Accepted
H5. Performance Management has a significant effect on employee retention.	0.085	0.014	Accepted
H6. Compensation and rewards a significant effect on employee retention.	0.012	0.037	Accepted

According to the method, the Pearson Correlation Coefficient is used to test the hypothesis. The results of the correlation analysis have summarized in the following table 16.

H1-According to the results of the Pearson correlation test it was observed that the $Sig=0.016<0.05$. Thus research hypothesis is accepted and there is an effect of talent planning on employee retention.

H2-According to the results of the Pearson correlation test it was observed that the $Sig=0.019<0.05$. Thus research hypothesis is accepted and there is an effect of recruitment and selection on employee retention.

H3-According to the results of the Pearson correlation test it was observed that the $Sig=0.022<0.05$. Thus research hypothesis is accepted and there is an effect of succession planning on employee retention.

H4-According to the results of the Pearson correlation test it was observed that the $Sig=0.001<0.05$. Thus research hypothesis is accepted and there is an effect of Training & development on employee retention.

H5-According to the results of the Pearson correlation test it was observed that the $Sig=0.014<0.05$. Thus research hypothesis is accepted and there is an effect of performance management on employee retention.

H6-According to the results of the Pearson correlation test it was observed that the $Sig=0.037<0.05$. Thus research hypothesis is accepted and there is an effect of compensation & rewards on employee retention.

CHAPTER FIVE SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents an overview of the summary, conclusion and recommendations drawn based on findings of chapter four and in relation to literature review. The conclusion made from the objective of the study.

5.2 Summary of the Findings

From the 367 questionnaires which were distributed to 367 employees, 350(95.36%) were collected. From the total participants, 54.86% were male workers and 45.14% were females that are indicated a fairly composition of gender of male and female employees of the bank was represented in the study. From the total respondents, 26.28% are below 35 years old and they are in a productive age category. The level of education of respondents was mostly bachelor's degree ((83.71%) that employees are knowledgeable on talent management and possess different skills and abilities for succession planning. Most of the respondents (48.86%) have been working in their organization for two to five years; therefore they provided reliable information about talent management practices in the organization. The general job categories of the respondents, 50.86% were at Managerial level and 49.14 % were at level of Non-Managerial this implies that all levels of employees were involved in the research and Most of the respondents' monthly income is fall between 5001-7000(38%).

As it is possible to understand from the findings that succession planning should be given emphasis to ensure that the organization has the managers it requires to meet the future business needs. And also succession policy in somehow is not clear so as the successor is not taken from talent pool. The performance management aims to develop individual and team capabilities and coaching to achieve these targets but the fairness of the goals' and targets' parameters are still doubtful and the performance appraisal is not clearly discussed with employees.

Most of the benefit packages like the competitive pay rates, the salary, and the total rewards strategy that applied in the organization are not attractive and also the communication on compensation and reward policy is not clear. This indicates that the organization needs to pay

more attention for compensation and reward to retain talented employees. Training and Development, Talent planning, and Recruitment and selection practice have great effect on employee retentions. The result of the correlation tests revealed positive and significant relationship with employee retention which came up as weak but positive relationship. A regression analysis was employed to test the hypothesis and the result was that all of the six hypotheses were accepted. This means that all talent Management practices effect on employee retention, R square =0.071.

5.3 Conclusion

Globalization has not only increased competition among organizations but has also created new window of opportunities for the workforce. Failing to retain key talent in any organization is costly due to costs associated with employee turnover. Talent management strategies can facilitate development of employees, enhance service delivery and also enhance corporate image. The study sought to examine the effects of talent Management practices on retention of employees and has identified almost all selected practices that affect retention. The conclusions drawn from the study are discussed below.

It could be concluded from the findings that, there was a very productive age with average age of below thirty five years. Again, the employees had desirable level of education with more than two-thirds of the employee have bachelor degree. Also, most of the employees are employed having spent two years up to five years with the company. Talent Management practices such as Talent planning, recruitment and selection, succession Planning, Training and development, performance management and compensation and rewards are important and indeed influence employee retention.

This study provides evidence that talent planning has a significant effect on employee retention in Commercial bank of Ethiopia due more emphases on talent planning among other planning.

The study revealed that recruitment and selection has significant effect on employee retention and, the organizations invest on recruitment and selection process like clearly & supportive web

site, involved Process owners in the recruitment process and close relationship with leading university to attract top talent.

This study reveals that Succession planning practice has significantly effects on employee retention. This indicate, the result, that succession planning should be given emphasis to ensure that the organization has the managers it requires to meet the future business needs but succession policy in somehow is not clear and the successors are not taken from talent pool so as a result of this it needs strongly defined policy.

Training and development is the other type of talent management practices that influences to retain employee in the organization. The necessary training and development program which depends on employee gap assessment and that well aligned with the organization objective can excel employees' retention by adequate allocation of funds for training and encourages Coaching and mentorship as is described in this study. Indeed training and development play a very important role in any organization, and it is said to be the backbone of strategy implementation. In addition, it is central in nurturing and strengthening of employee competencies.

This study revealed that performance management has significant effect on employee retention and except on two issues, the unfairness of goals' and targets' of the parameters of the Performance Management and the absence of clear feedback, the respondents were satisfied with the rest other issues.

This study provides evidence that compensation and rewards has a significant effect on employee retention. But as the respondents reflected that the compensation and reward, which is implemented in the organization, is not satisfactory. This implies that the CBE didn't carefully focus on such packages. Employee retention according to the respondents' responses that they may not stay in the organization for a long time this is because of a little attention is given for benefit packages. This means that if all employees in CBE have got alternative options to other organization they might leave CBE. Finally, Talent management practices can facilitate retentions of employee; enhance service delivery and an enhanced corporate image.

5.4 Recommendations

From the summary of the findings made from examining the relationship between the selected talent management practices and employee retention and review of related literatures, the following points are forwarded as recommendation in order to help the Bank to solve the identified gap relating to employee retention and to foster better retention practices. In order to make employees stay in organization, the bank need to accept talent management practices as a tool for effective employee retention so as to realize its objective.

The bank implemented almost all practices of talent management practices like recruitment and selection, Training and Development and Talent Planning. This doesn't mean that the bank perform all these without any defect so I recommend the organization to improve more of its performance on such practices and sustainability needs to keep up these practices. The bank needs to revise the policy in all talent Management practices.

The researcher recommend the organization to design the parameter of performance management and convincing all employees on the parameters and then needs to give more attention on giving a feedback to make employees identify their gap, weakness and strength.

Even though there is a clear succession planning in the bank it still didn't select 100% successor from the succession pool. This on the other hand may force talented employees to leave the organization. So the bank is recommended to revise the policy that related with succession management.

In order to maintain productive and talent employees in the Bank, revision of the current compensation and reward scheme must be undertaken for the improvement and implementation of a competitive and fair compensation and reward. It will also be an evidence to suggest that benefits are at the top of the list of reasons why employees choose to stay with the Bank or to join it in the first place. Flexibility in benefit packages can also enhance retention, as it creates responsiveness to the specific needs and circumstances of individual employees. Here needs to be taken in to account that although compensation plays a significant role in the life of employee, it is recommended that employers must not interpret it as the only basis for retaining their

employees because among other things, employees must deserve the kind of compensation they receive. Certainly their qualifications, experience and productivity must be commensurate with the compensation and reward they receive.

From this study, it is evident that banks are investing in the training of their employees by adequately allocated fund. But still they lose their talented employees to competitors. To address this problem, it is recommended that the banks need to assess employees knowledge gap before offering training to their employees and should collaborate and formulate appropriate measures to help control these happenings. The Bank can adapt one of the most common retention strategies, which are coaching and mentoring on job. This ensures that the employees get trained on competencies beyond that of their assigned role and this would lead to greater motivation to gain additional skills and motivate them to perform better.

Putting the right person or skill in the right place ends in a good output of the organization (Schuster, 1986). Even though the organizations invest on recruitment and selection, still there is a gap on putting the right skill in the right place and person specification. So to address this problem it is recommended that banks need to review their recruitment and selection policy and use more recruitment and selection tools

Finally, People are assets to the organization and in such should be treated well with the best policies and practices to retain them (Becker, 1962) and the theory suggests (Blau, 1964) that when an organization identifies talent and invest in them they are likely to attain better returns on these investments. In the light of employee retention, this theory suggests that when staff is satisfied with the work environment provided to them, they are more than likely to stay longer with a one organization, and when they also see no better alternatives

5.5 Suggestion for Future Research

It would be beneficial for future researchers to consider the following suggestion: this study was concerned with CBE as one of the banking industry; similar study should be carried out in other sectors so as to confirm the applicability of the results. There are different banks in banking

industry, private and public, operating in Ethiopia. Future studies should compare the different talent management practices on employee retention on such organizations. For the purposes of similar study in the future on private bank should be used to find whether the results of this study can be generalized since this study only focused on Commercial bank of Ethiopia. It is also keys that future research can be conducted in different areas of study such as the effect of talent management practices on employee retention to verify whether talent management has some impact on employee retention. Alternative data collection and analysis methods such as interviews and content analysis can be used to yield more information on the effect of talent management practices on employee retention

Finally, this research study was limited to only six components of talent Management practices such as Talent planning, recruitment and selection, training and development, succession planning, Performance Management, compensation and rewards. The new researchers therefore recommends further studies on the effects of other Talent management practices that influence employee retention in different organization and in the form of longitudinal study.

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Appendences

Appendix 1

Addis Ababa University School of Commerce

Questionnaires to be filled by Managerial and Non Managerial

Dear Respective Respondents

I am a post graduate student in MA in Human Resource Management and I am conducting a survey on the title of **The Effect of Talent Management Practice on Employee Retention** in the case of Commercial Bank of Ethiopia and the objective of this questionnaire is to collect data from Commercial bank of Ethiopia employees which help me to evaluate the effect of Talent Management Practice on Employee Retention. The information collected shall be used for research purpose only.

I assure you that your responses will not disclosed in any way and utmost confidentiality will be maintained. Thank you!

PART I: - SOCIO-DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS

The following demographic information is requested so Please respond to each item by choosing the response that best describes you by **indicating with a “√” “in the appropriate box**

1. Gender: Male Female
2. Age
 20-25 26- 30 31-35 36-40 45 above45
3. Educational qualification:
 Diploma Bachelors Masters PhD
4. How many years have you worked in this bank?
 2-5yrs 6- 10yrs more than 10
5. Currently Job categories in your organization
 Managerial non Managerial
6. Monthly income below 2,500 500-5,000 7,001-7,000
 7,001-10,000 above 10,000

PART II: -TALENT MANAGEMENT PRACTICES

The research has established that talent management practice has six key components: Talent Planning, Recruitment & Selection, Training and Development, Performance Management, Compensation & Reward Management, Succession Planning: please indicate the extent to which you perceive that the following statements by indicating with a “√” in the appropriate place.

1 =strongly disagree 3=Neutral 5=strongly agree
 2 = Disagree 4=agree

Q1	Talent Planning	1	2	3	4	5
1	Talent planning has a high priority in the overall strategic plan of Commercial Bank of Ethiopia (CBE).					
2	Commercial Bank of Ethiopia regularly analyzes talent needs.					
3	Commercial Bank of Ethiopia has a clear talent planning strategy					
4	Commercial Bank of Ethiopia has a succession plan for all management posts					
5	Commercial Bank of Ethiopia has talent planning from internal and external sources.					
6	Commercial bank of Ethiopia has recruitment and selection practices that attract the best talent.					
7	Recruitment practices follow an already created internal talent pool in readiness to fill identified or					

	vacant positions					
8	Process owners at all levels are involved in the recruitment process					
9	CBE has close relationship with leading university to attract top talent					
10	CBE web site has supportive information to create interest with qualified candidates					
11	The existing system /methods are convenient for applicant to apply					
Q3	Succession Planning					
12	The Organization, succession and career development policy is not clearly communicated to all employees					
13	Succession is not actually done from the existing talent pool.					
14	Job rotations, transfers are done to increase employees value and preparedness for succession					
15	Commercial Bank of Ethiopia has a succession plan for all managerial positions posts					
Q4	Training and Development					
16	Commercial bank of Ethiopia has a training and development policy in place that aims at promoting learning culture.					
17	Commercial bank of Ethiopia has Regular training and development					

	program for talented employees					
18	CBE encourages Coaching and mentorship by managers and supervisors					
19	There is reasonable allocation of funds to Training and development					
Q5	Performance Management					
20	My performance appraisal is not discussed with my supervisor					
21	Performance management is aligned to the need to nurture and retain talent					
22	Performance management is aimed at developing individual and team capabilities					
23	Managers coaching and job rotations are made to develop capability and performance					
24	Performance management Goal and target parameters are not fair to measure my capabilities					
Q6	Compensation and Reward					
25	There is no clear compensation and rewards policy which includes all types of rewards					
26	CBE is not attracts and retains key workers by applying total rewards strategy					
27	CBE is not pays competitive rates plus other flexible benefits					
28	The salary package is not adequate to my level					
29	The remuneration package is not					

	contributes greatly for my work performance.					
Q7	Employees Retention					
30	I'm planning on working for another company within a period of three years.					
31	Within this company my work is not gives me satisfaction.					
32	I don't see a future for myself within this company.					
33	If I received an attractive job offer from another company, I would take the job					
34	I have checked out a job in another company previously.					
35	I recommend my friend to join other organization					

36. If you have any additional comment_____

Thank you!

Annexes**Annex-1 Reliability**

No	Variables	No. of items	Cronbach's alpha
1	Talent Planning	5	.807
2	Recruitment and selection	6	.902
3	Succession Planning	4	.852
4	Training and development	4	.934
5	Performance Management	5	.808
6	Compensation and rewards	5	.861
7	Retention	6	.802
	Total	35	.861

Annex-2**Table 4.16 relationship of Talent Management practices with employee retention**

		Talent Planning	Recruitment and selection	Succession Planning	Training and development	Performance Management	compensation and rewards	ER
Q1	Pearson Correlation Sig. (2-tailed)	1						
Q2	Pearson Correlation Sig. (2-tailed)	.259** .000	1					
Q3	Pearson Correlation Sig. (2-tailed)	.168** .002	.160** .003	1				
Q4	Pearson Correlation Sig. (2-tailed)	.250** .000	.199** .000	.063 .244	1			
Q5	Pearson Correlation Sig. (2-tailed)	.141** .008	.122* .023	.092 .087	.061 .256	1		
Q6	Pearson Correlation Sig. (2-tailed)	.133* .013	.0108 .043	.064 .233	.052 .328	.099* .064	1	
QQQ	Pearson Correlation Sig. (2-tailed)	.129* .016	.125* .019	.122* .022	.219** .000	.085 .014	.012 .037	1

*. Correlation is significant at the 0.05 level (2-tailed).

c. Listwise N=350

Annex.3

Multicollinearity Test

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
Talent planning	.861	1.162
Recruitment &selection	.891	1.122
Succession planning	.953	1.049
Training &development	.918	1.090
Performance Management	.963	1.038
Compensation & rewards	.970	1.031

b. Dependent Variable: **Employee retention**

Source SPSS Out

Annex.4

Model Summary

Model	R	R Square	Sig.
1	0.266	0.071	0.000

Source SPSS Out

Annex.5

Anova

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.160	6	.527	4.401	.000 ^b
	Residual	41.043	343	.120		
	Total	44.202	349			

Annex-6

Coefficients of relationship Talent Management practices

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	2.305	.462		4.991	.000		
Talent planning	.034	.039	.049	.881	.009	.861	1.162
Recruitment & selection	.056	.053	.059	1.064	.018	.891	1.122
Succession planning	.087	.051	.091	1.700	.010	.953	1.049
Training & development	.171	.049	.189	3.477	.001	.918	1.090
Performance management	.071	.068	.055	1.043	.007	.963	1.038
Compensation & rewards	.047	.053	.047	.881	.037	.970	1.031

a. Dependent Variable: **Employee retention**

Source: output of SPSS