Addis Ababa University

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Department of Management

The Impact of Talent Management on Sustainable Organizational Performance of Ethiopian Large Tax Payer Manufacturing Companies

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The Impact of Talent Management on Sustainable Organizational Performance of Ethiopian Large Tax Payer Manufacturing Companies

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Statement of Declaration

I, Amira Akmel, have carried out independently a research work on "The Impact of Talent Management on Sustainable Organizational Performance of Ethiopian Large Tax Payer Manufacturing Companies" in partial fulfillment of the requirement of the MBA in Finance program with the guidance and support of the research advisor.

This study is my own work that has not been submitted for any degree or diploma program in this or any other institution, and that all references materials contained therein have been duly acknowledged.

Name: Amira Akmel Signature----------

ENDORSEMENT

This research project paper titled "The Impact of Talent Management on Sustainable Organizational Performance of Ethiopian Large Tax Payer Manufacturing Companies" has been submitted to Addis Ababa University, with my guidance and approval as a university advisor.

Abebaw Kassie (PhD) _____

Advisor Signature

Addis Ababa University

School of Graduate Studies

This is to certify that the thesis prepared by Amira Akmel, entitled: The Impact of Talent Management on Sustainable Organizational Performance of Ethiopian Large Tax Payer Manufacturing Companies submitted in partial fulfillment of the requirements for the degree of MBA in Finance complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

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Abstract

In today's stiff competition and knowledge-intensive business environment, human resource is considered as the most critical elements of sustainable organizational performance. That is why talent management is a concern for organizations and practitioners. The objective of this study is to determine the impact of talent management on sustainable organizational performance of large tax payer manufacturing companies in Ethiopia. It specifically analyzed the effect of talent management strategies, namely: talent attraction, talent retention, talent development and succession planning on sustainable organizational performance of large tax payer manufacturing companies. Organizational outcome and human resource outcome are used as proxies of sustainable organizational performance. 145 companies were selected using simple random sampling out of 227 large tax payer manufacturing companies. The study used survey design and desk review. A structured questionnaire was distributed and collected from 372 top level managers and employees. Structural equation modeling (SEM) was used to verify the developed hypotheses. The result of the study showed that talent attraction, talent development, and succession planning have statistically significant and positive impact on both sustainable organizational performance indicators. However, only human resource outcome is affected by talent retention. It showed that positive and significant impact on human resource outcome, whereas insignificant impact on organizational outcome. The study recommended that, all talent management strategies should be leveraged by the organizations management and organizations should plan and concentrate on their talent management practice so as to achieve sustainable organizational performance.

Keywords: Talent management, human resource outcome, organizational outcome, sustainable organizational performance

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List of Acronyms

AGFI	Adjusted Goodness of Fit Index
AVE	Average Variance extracted
CEO	Chief Executive Officer
CFI	Comparative Fit Index
CIPD	Chartered Institute of Personnel and Development
CR	Construct Reliability
GFI	Goodness of Fit Index
HR	Human Resource
HRO	Human Resource Outcome
NFI	Normed Fit Index
OO	Organizational Outcome
RBV	Resource Based View
RMSEA	Root-Mean Square Error of Approximation
SEM	Structural Equation Modeling
SP	Succession Planning
TA	Talent Attraction
TD	Talent Development
TLI	Tucker-Lewis's Index
TR	Talent Retention

Chapter One: Introduction

1.1. Background of the Study

Changing business environment and intense competition in this globalization era have motivated organizations to strive for higher performance than before. During enhancement of organizations capacity in responding to these changes, employee's talent deployment and preservation has become a key tool (Bryan, 2004). According to Rop (2015), the basic driving force for the company to be successful is managing employee's talent. Talent Management is a recent concept which has been emerging since the last decades of the twentieth century after management consulting firm 'Mc Kinsey' had introduced the concept of "the war for talent" (Armstrong, 2006). Talent management is the process of attracting, developing, and retaining talented employees who are potential and if possible extraordinary talented individual (Taie, 2015; Betthke et al., 2011). Through this process organizations are competing against each other to maintain their operation and improve their performance (Lyria, 2014).

The pattern of globalization and stiff competition forced organizations to focus on their unique resource which cannot be replicated in addition to focusing on their productivity; and this most inimitable resource is considered as human capital (Sparrow and Makram, 2015; Kehinde, 2012). To achieve organizational goals and objectives, organizations should manage their human capital effectively and efficiently more than before and such organizations are more likely maintain their performance. The sustainability of organizations performance relies on positioning the right employees with the right skills on the right time and place (Rop, 2015). According to the author, talented employees are considered as important resources which provides competitive advantages for the firm and sustainable performance.

Talent management starts from identifying the required talent and selecting the right employee for the right position which is called attraction (Schuler et al., 2011; Allen, 2008); then followed by maintaining the working environment for the talented individuals is called retention (Snell, 2007). Talent Management is not only selecting, recruiting and maintaining talented individuals but also it includes removing unnecessary and unfitting employees (Ulrich et al., 2008). For the

successfulness of all this process, organizations need to align their talent management strategies with the organization's strategy (Cascio and Boudreau, 2016; Cappelli and Keller, 2014).

Previous theories on talent management assumed that managing employee's talent can be a source of sustained competitive advantage or sustainable organizational performance (Farndale et al., 2010). Among these theories, the dominant one is resource-based view which considers employees as unique resource for the firm to gain the organizations competitive advantage (Heinen and O'Neill, 2004). The other dominant theory is human capital theory which views human capital as a source of value for the organization (Thomas and Diez, 2013). One way the other, all the other theories also derived from the assumption that managing talent benefits the human capital as well as the organization (Scullion et al., 2010).

Furthermore, talent management is often conferred in many empirical studies. However, there are few studies conducted on analyzing the effect of talent management on sustainable organizational performance and revealed talent as a key success factor (Farndale et al. 2014; Betthke et al., 2011; Paauwe, 2007). In addition to the fact that, there is limited knowledge about how talent management is conceived, implemented, and linked to its outcomes within organizations (Thunnissen et al., 2013); the challenge is also to quantify the impact of talent management practices and how these practices can be positioned for the attainment of sustainable organizational performance. For this reason, assessing the effectiveness of most organizations talent management practices is based on subjective estimate (Anderson, 2008; Becker et al., 2001).

Besides, evaluating the effectiveness of talent management in terms of its contribution for the sustainability of organizational performance has its own difficulties. In evaluating organizational performance, many approaches can be employed (both financial and non-financial); however, it is difficult to judge its sustainability (Vermeeren et al., 2014; Petros, 2009). Researchers argued that financial aspect is not comprehensive enough to measure sustainability of firm's performance rather competitive factors can lonelily measure sustainable organizational performance (Santos 2000; Nauhria et al.2011; Awwad et al. 2013).

Therefore, this study aimed to evaluate the impact of talent management on sustainable organizational performance by using organizational outcome and human resource outcome as an indicator of sustainable organizational performance. As to the knowledge of the researcher, in

Ethiopia, there is only one research which was conducted by Andualem (2017) on the impact of talent management practices on employee's turnover intention. The research focused on employees' turnover not on the consequence of the turnover on the organization performance. Therefore, this study aimed to fill the above-mentioned gaps by examining the impact of talent management on large tax payer manufacturing companies' sustainable performance. This research is limited to large tax payer organizations because it is undoubtedly believed that large organizations are competing for the talented personnel worldwide, even though the practice employed by these large organizations, in return, is beneficial for the small organizations to tackle best talent in the market (Guarino, 2007).

1.2. Statement of the Problem

Talent management practices are relatively well advanced in the developed countries. In Africa, hiring the right person for the right position is extremely difficult. In spite of this, CEOs had always been planning to recruit since this problem came up with obstacles for growth (PWC, 2012). Many African countries has lost their skilled and talented man power since westerns has been attracting and recruiting them in a systematic way which is commonly known as brain-draining (Gara, 2007). According to Kehinde (2012), many organizations face challenges concerning talent limitations more than capital constraints.

Organizations are supposed to use talent effectively in order to be fruitful (Rop, 2015). Parallel to the fact that talent is the inevitably important factor for organizational performance, it should be managed through talent management processes (Farndale et al., 2010). Talent management is challenging process since the availability of talent is limited all over the world**.** Products, technology and strategies can be easily plagiarized by competitors; while, talent is the most difficult to imitate (ChuaiIlles and Preece, 2010). In addition; since, innovative activities are mandatory for success of manufacturing organizations, they require talented human resource engagement in their day-to-day activity.

According to Deloitte's Global Human Capital Trends Survey (2015), talent management is reported as one of the top challenges facing organizations in Ethiopia. Accordingly, Rashid (2015) state that organizations in Ethiopia should consider their talent management practice in the way of forward-looking purpose to serve as an efficient, focused business process that improve

employee's engagement and drive business results. It is obvious that Ethiopian trends are not consistent with the global trends, but cannot be disconnected from the rest of the world. The challenging business environment, globalization and intense competition are also true for Ethiopian companies and organizations face mounting pressure to perform better than before.

Most of the studies worldwide have similar finding in examining the impact of talent management on organizational competencies. Fapohunda (2014) investigates the direct benefit of talent management practices on revenue generation, innovation, productivity, quality, customer satisfaction, market value, employee loyalty and commitment. Auranzeb and Bhutto (2016) studied the positive impact of talent management on enhancing organizational performance of Pakistan service sector. Mishara and Sareen (2016), Betthke, et al. (2016), Muntean (2014), Almannai et al. (2011), El Dashan, Dorgham and Keshk (2018) are some of the studies which reported positive relationship between talent management practice and organizational competencies.

In contrast with the above-mentioned positive relationship, there are authors who argue that talent management has negative impact on organizations performance (Betthke et al., 2016). Morland and Bos (2011) stated that, as a result of talent management practices certain norms and values of an individual may be violated and it might be harmful for some individuals. As a result, employees' satisfaction and performance may not be good and ends with poor organizational performance. Moreover, classifying talent levels in an organization as emerging star, rising star or corporate star has its own pros and cons. Those who do not labelled under this category feels uncomfortable, demotivated and lack an appetite to engage in that organization and this may result in high turnover of moderate staffs (Collings, 2014), which in turn affect institutional performance. Therefore, there are two contradictory results regarding the impact of talent management practices on organizational competencies.

In addition to investigating the overall impact of talent management on the organization's competencies and performance, there is need of investigating the effect of each talent management strategies (Pamela et al., 2011). Talent management strategies starts from talent attraction and followed by talent development, talent retention and succession planning. Each of these strategies have their own contribution for the sustainability of organizations performance. According to Boxall and Purcell (2003), organizations should attract qualified employees for the

enhancement of sustainable organizations performance. After attracting qualified employees, talent development is the next strategy which is used to equip employees with the necessary knowledge and skill (Harburg, 2003). Previous researches reported that talent development has a positive effect on the organization's performance (Optimis, 2011; Lepak & Shaw, 2008). Once the organizations attract and develop the required talent, the next strategies are talent retention and succession planning. Both of them used to encourage talented employees to stay in the organization for longer period as successful employee and leader in the future (Devi, 2017; Guin, 2000). According to Optimis (2011) and Auranzeb & Bhutto (2016), these two strategies have also major contribution for organizations competences and performance.

Considering the contradictory result of researches and the importance of the issue for Ethiopian companies, this research aimed to investigate the impact of each talent management strategies; namely, talent attraction, talent retention, talent development and succession planning on the sustainability of organizational performance in Ethiopia large tax payer manufacturing companies.

1.3. Objectives of the Study

1.3.1. General Objective

The general aim of the study is to investigate the impact of talent management on sustainable organizational performance of large tax payer manufacturing companies in Ethiopia.

1.3.2. Specific Objectives

Specifically, the study is within the consideration of the following specific objectives**.**

1. To examine the impact of talent attraction on sustainable organizational performance of Ethiopian large tax payer manufacturing companies.
2. To identify the impact of talent development on sustainable organizational performance of Ethiopian large tax payer manufacturing companies.
3. To determine the impact of talent retention on sustainable organizational performance of Ethiopian large tax payer manufacturing companies.
4. To identify the impact of succession planning on sustainable organizational performance of Ethiopian large tax payer manufacturing companies.

1.4. Significance of the Study

It is obvious that talent management practice influences the organizations competencies in many aspects. The extent to which this management factor affect organizations may vary based on situations. This study aimed to find out the effect of these factors on sustainability of large tax payer manufacturing organizations performance. Specifically, this study is significant in the sense that:

The study will help large tax payer manufacturing companies in demonstrating and signifying talent management practices as a tool for maintaining and enhancement their organizational performance. The finding of this research can also be considered as a motivator or eyes breaker for business owners, CEOs and HR managers of organizations in revising and improving their talent management program so that it will align with their organizational performance.

This research might act as springboard for other non-manufacturing companies to measure the effect of talent management on their organizational performance**.** The policy makers and stakeholders in business sectors can use the study findings as a steppingstone to building and widening the knowledge on talent management practices. Further, since the country is straggling to enhance sustainable development, it might be helpful in understanding the impact of talent management practices and to engage in a healthy competition between organizations. This research might be a foundation for other researchers and academicians to do further research on the topic.

1.5. Scope and Limitation of the Study

Scope

The scope of this study was limited to examine the impact of talent management on sustainable organizational performance of large tax payer manufacturing organizations. Large tax payer manufacturing organizations is targeted because, large companies are competing for talent worldwide; manufacturing companies should emphasize on innovative activities; and the practice of talent management activities for their success (Guarino, 2007; Ichniowski, et. al., 1997)**.** The study used talent attraction, talent development, talent retention and succession planning as an indicator for talent management practice of the organization; whereas, organizational outcome and human resource outcome are used as indicator of sustainable organizational performance.

The questionnaire data was collected only from the managers and employees' point of view. Since, the practice of talent management affects the organizations sustainable performance, consideration of owners view in the topic might give additional perspective. The study is conducted on 145 sampled large tax payer manufacturing companies. Since cross-sectional data is used, only the year 2020 is covered in the study.

Limitation

The major limitations that challenges conducting this study was resource constraints and the willingness of respondents in filling the questionnaire because of their busyness. However, the researcher mitigates the former limitation by utilizing the limited resources efficiently and the latter limitation by elongating the response time of respondents and by using data collector to convince them to fill the questionnaire.

1.6. Organization of the Study

This research is organized in five chapters. The first chapter presents the introduction part of the study in which the readers can gain a general introductory information and enables them to perceive how the subsequent chapters are going to be discussed. Chapter two basically focus on literature review which consists of theoretical reviews, theoretical frameworks, hypotheses development, empirical reviews, literature gap and conceptual framework of the study. Chapter three discuss the research methodology, which presents how the research is conducted. The chapter is organized into research design; population and sample design; data type, source, and methods of collecting data; methods of data analysis; factor analysis; and finally, validity and reliability test presented. The fourth chapter is all about research result presentation and discussion. Under this chapter, the developed research hypotheses are tested. The final chapter is chapter five which provides conclusion and recommendations based on the finding of the study.

Chapter Two: Literature Review

2.1. Introduction

As stated in the first chapter, the main objective of this study is to examine the impact of talent management on sustainable organizational performance. This chapter focused on theoretical background of the topic and previous studies related to the topic and tries to relate the reviewed literatures to the current study. The essence of this chapter is to present what is already known on the area of the issue, then use the existing knowledge as a foundation for the current study and finally, identifying the literature gap. There might be a lot of related literatures on the topic area; however, this section is inclusive only for theories which are applied in this specific research and previous literatures which are relevant to the topic. In general, this chapter has three sections. The first section discussed the theoretical review and hypotheses development; the second section discussed the empirical review and the last section presented literature summary and gap.

2.2. Theoretical Reviews

2.2.1. Talent Management

In providing definition for talent management, previous researchers (Festinga et al., 2013; Hughes and rog, 2008; Lewis and Heckman, 2006; Ashton and Morton, 2005; Michaels et al., 2001) debated on the conceptual boundaries of the topic. There is no single, consistent or concise definition of talent management (Frank & Taylor, 2004; Vicere, 2005). Ashton and Morton (2005) defined talent management as the integration of different initiatives into a coherent framework of activity. They put stress on talent mindset for defining talent management; this element supports the view that everyone has potential worth developing (Luna-Arocas & Morley, 2015). Pascal (2004) state that talent management is managing the supply, demand, and flow of talent through the human capital engine. According to Pillay et al. (2008), talent Management is the sum of people's capabilities, experiences, competencies, attitudes and behavior that can be turned into organizational performance.

According to Lewis and Heckman (2006), the thought of talent management can be observed in three ways. The first thought labeled talent management as human resource management in which

their focus is oriented into human resource practices such as recruitment, leadership development, succession planning and the like. The second thought emphasized the development of talent pools focusing on planning human resource needs and managing the development of employees through progressive situations. This thought more inclined to manpower planning and succession planning. The third thought focused on differentiation of employees based on their talent and managing talented employees. This thought states that all employees of the company should be talented and poor performers pushed out of the organization (Michaels et al., 2001). The limitation of this thought is neither desirable nor appropriate to fill all positions within the organization with only talented ones (Collings and Mellahi, 2009).

According to Stephenson & Pandit (2008), talent management means having the right number of people at the right place at the right time with the right skill sets and levels of motivation. This process includes attracting, developing, selecting and retaining the best workforces in the right position (Stahl et al., 2007; and Lewis and Heckman, 2006). CIPD defines talent management as the organized attraction, deployment, development and retention of high potential employees who are considered as a certain value for the organization (CIPD, 2009). It can be said that talent management encompasses almost all the elements of human resource management and overlap with it practically, however the substance of these activities has particular differences (Stewart and Harte, 2010; Farndale et al., 2010; Petkovic and Dordevic, 2013; Sinnoor and Agadi, 2013).

Despite these inconsistencies regarding talent management, this research bases its taught on the following definition. Talent management is one of human resource strategies, where it consists of the implementation of integrated activities that are executed to ultimately benefit the organization competitive advantage and sustain the organizational performance by settling strategies for attracting, developing, retaining and succession management (Olsen, 2000; Hilton, 2000; Byham, 2001; Heinen and O'Neill, 2004; Mercer, 2005; Cheese et al., 2007; Collings and Mellahi, 2009; Devi, 2017).

2.2.2. Talent Management Related Theories

The existing talent management theories are driven by the assumption that maximizing the talents of employees is a source of sustained competitive advantage or sustainable organizational performance (Scullion et al., 2010; Farndale et al., 2010). This research employed human capital

theory, resource-based view, social exchange theory, psychological-contract theory, organizational support theory and equity theory.

2.2.2.1. Human capital theory

Human capital theory has emerged during 1776 when Adam Smith brings out ‘‘The Wealth of Nations’’. However, the theory was widely known after novel prizes of Gary Baker (Blair, 2012). According to him, human capital is a physical means of production and this capital has different level of education and training which resulted different level of wages and salaries. Later, human capital theory has been considered as one of the economics theories of human resource development (Economics Theory consisted of Human Capital Theory, Scare Resource Theory and Sustainability Theory) which can improve a firm’s performance apart from Psychology Theory and System Theory (Wuttaphan, 2017).

Human Capital Theory explains the significance of labor maximization for increasing of organizational performance and how an organization can accumulate employees’ knowledge, skill, and ability that the organization will rely on (Wuttaphan, 2017). According to McConnell et al. (2009), a more educated, better-trained person is capable of supplying a great productive effort than one with less skilled. The theory stated that the investment which the organization invest in human capital should be driven by the correlation between input and output.

In effective organization, therefore, human capital can be viewed as a source of value (Thomas and Diez, 2013), so there is a significant correlation between human capital theory and the field of human resource development (Nafukho & Chermack, 2007; Mclean, 2014). This theory can be seen in terms of financial view, in which talent management as an investment that improves productivity of the organization which in turn provide high returns for shareholders (Axelrod, 2001). Therefore, such kind of investment should be considered as equal to investing in equipment and technology. However, the form of this investment is different from others in which the investment is made on human talent through education, training and reward management system. According to Wilson (2015), the strategic goal of talent management is to capitalize expert knowledge that effect the organization sustainable performance and provide sustainable competitive advantage.

In order to survive an embellished knowledge-based competition economy as well as keeping sustainable human capital, this theory should be considered seriously (Debrulle and Maes, 2014).

Therefore, human capital in this theory seen as an invisible asset to improve a firm's performance and achieve sustainable organization (Wright et al., 2001).

2.2.2.2. Resource-based view

Human resource-oriented perspective of the company can be described by resource-based view (RBV). RBV is the most dominant theoretical framework of most talent management researches. It tries to explain how firms are able to sustain competitive advantage and as a consequence they can perform more as compared to rival firms (Peteraf, 1993; Teece et al., 1997). RBV revealed that organizations must focus on internal resources and managing them effectively and efficiently in order to provide competitive advantage and among these internal resources the most important one is human (Acar and Yener, 2016). Investing in human resource is a long run value created resource that is difficult for rival firms to replicate or imitate them and compete with the firm which in turn provides sustainable competitive advantage and high performance (Dries et al., 2015; Bowman and Hird, 2018).

The sources of advantage in performance and competition consist in the skills of employees that are manifested in embedded collective routine talent managing activity which is usually difficult for competing firm to comprehend (Bowman and Hird, 2018). This stock of skills become the ultimate resource for companies, that maintains competitive advantage; so, this human capital, become in time a vector carrying the skill that is difficult to replace or imitate (Manolescu, 2003). Therefore, the valuable resources are considered in terms of talents who have strategic value with their contribution in their area of expertise (Petkovic and Dordevic, 2013).

2.2.2.3. Social exchange theory

The Social Exchange Theory suggests that the social behavior of employees is characterized by social or economic exchange process (Aryee et al., 2002). The exchange process is negotiated between parties in which both parties involved in the exchange take responsibility for one another and strongly depend on each other. The purpose of this exchange process is to maximize benefits and minimize costs/ risks. When the risks outweigh the rewards, people will terminate and abandon the relationship (D'Annunzio-Green and Francis, 2005). The continuous retention or termination of contract from either party determined by social exchange relationship (Cropanzano and Mitchell, 2007; Osman et al., 2016).

The theory emphasized that when organizations invest in their employees, they are eventually responding these corporate investments in positive ways (Cropanzano and Mitchell, 2005). Therefore, organization as a party in the relationship, to achieve the organization task and targeted performance, it should value and deal equitably with employees (Gould-Williams and Davies, 2005). Then, through this managing employees' talent, employees will reciprocate these good deeds with positive work attitudes and behaviors.

2.2.2.4. Psychological-contract theory

The theory state that there is relationship between employers and employees in terms of unwritten expectations that exist (D'annunzio-Green & Francis, 2005; Schermerhorn, 2010). It observes employee perceptions of the rewarding practices about talent qualities and the effect of such perceptions on employee-felt responsibilities to develop skills (Hoglund, 2012). According to Van de Ven (2004), the employee has expectations of career development; challenging job; pleasant social environment; financial compensation; and work-private life balance from the organization. Whereas, an organization has the expectations of effort and performance; flexibility; loyalty; ethical conduct; and availability from the employee. Therefore, the theory suggests that if employees met their expectations and needs from the organization, then they will contribute their best talent.

Organizations should keep in mind employees' needs when implementing talent management in order for it to be successful (Garrow & Hirsh, 2008). Psychological contracts are a key management concern, as they can impact employees' attitudes and behaviors in ways that influence organizational performance (Chaubey et al., 2015).

2.2.2.5. Organizational support theory

The theory reflects the organization's value on employees' contributions and concern for employee benefits. The theory has considered employee reactions concerning how the organization values talent employees' contributions and take care of their wellbeing (Rhoades & Eisenberger, 2002). The main economical resource of an organization is its human resource, and the most sustained and successful organizations would be those that manage talent of employees more effectively, by investing, encouraging, and providing learning environments (Sun, 2019).

To increase organizations performance, organizations should maintain favorable relationship with employees by motivating them to be dedicated to the organization (Shoss et al., 2013). Therefore,

organizational support positively relates to job satisfaction; employee performance: and organizational performance (Eisenberger & Stinglhamber, 2011; McCarthy et al., 2013; Shoss et al., 2013).

There is a confusion between psychological contracts and organizational support. The confusion arises because there are similarities in: (1) satisfying the emotional needs of employees and enables employees to have a sense of responsibility and sentiment towards the organization; (2) employees tend to generate higher evaluation to the organization if they feel that organizations are voluntary good without any outside pressure; (3) both of them apply social exchange theory (Aselage & Eisenberger, 2003; Baran et al., 2012; Sun, 2019). However, the psychological contract theory bases on mutual commitment between employees and the organization, which makes it different from organizational support theory that emphasize only on the organization's commitment to employees (Zagenczyk et al., 2011).

2.2.2.6. Equity theory

The proponent of equity theory was Stacey Adams in 1963 which postulates that all people desire to be treated reasonably for the purposes of job motivation (Yeswa & Ombui, 2019). Equity theory suggested that if employees have information about the talent status of their colleagues, this situation can be regarded as a variable in order to discover employees' attitudinal reactions (Bjorkman et al., 2013). The theory state that employees tend to compare their input (i.e., know-how, skills and knowledge) and output (i.e., rewards from the organization) with other colleague to assess fairness of the organization. Employees tend to draw comparisons between inputs with outcome ratio and act according to how they perceive existence or non-existence of disparity (Al-Madi & Al-Zawahreh, 2012).

The perception of employees on these fairness changes their attitudinal and behavioral changes which affect the desired outcome of the organization and the employee (Murtaza, 2017; Rofcanin et al., 2019). If employees feel that they will benefit from the investment made on talented employees then the management practice can be considered as ethical, but if the investment is perceived as inequitable by employees, then unfavorable employee outcome will arise (Swailes, 2013).

2.2.2.7. Summarizing and integrating all theories

Following is a tabular and pictorial summary of all the above theories and theoretical framework used for this particular study.

Table 2.1 Summary of talent management related theories

Theory	Definition	Cited by
Human capital theory	driven by the correlation between input (i.e., investment on human capital through education, training and reward) and output (i.e., organizational performance).	Axelrod, 2001; Wright et al., 2001; Debrulle and Maes, 2014; Wuttaphan, 2017
Resource-based view	explain how firms are able to sustain competitive advantage and high performance by managing the most important internal resource (i.e., human talent).	Peteraf, 1993; Teece et al., 1997; Dries et al., 2015; Acar and Yener, 2016; Bowman and Hird, 2018
Social exchange theory	when organizations invest in their employees, the employees will reciprocate these good deeds with positive work attitudes and behaviors.	Cropanzano and Mitchell, 2005; Gould-Williams and Davies, 2005; Osman et al., 2016
Psychological-contract theory	if employees met their expectations and needs from the organization, then they will contribute their best talent.	Van de Ven, 2004; Hoglund, 2012; Schermerhorn, 2010
Organizational support theory	employee reactions concerning how the organization values talent employees' contributions.	Rhoades and Eisenberger, 2002; Eisenberger and Stinglhamber, 2011; McCarthy et al., 2013
Equity theory	employees tend to compare their input and output with other colleague to assess fairness of the organization and these fairness changes their attitudinal.	Al-Madi & Al-Zawahreh, 2012; Murtaza, 2017; Rofcanin et al., 2019

Source: Compiled by the researcher

The theoretical framework is developed by integrating all the above theories and considering every investment, reward, support made by the organizations for employees are way of practicing talent management. Therefore, talent management is considered as umbrella for the above theories.

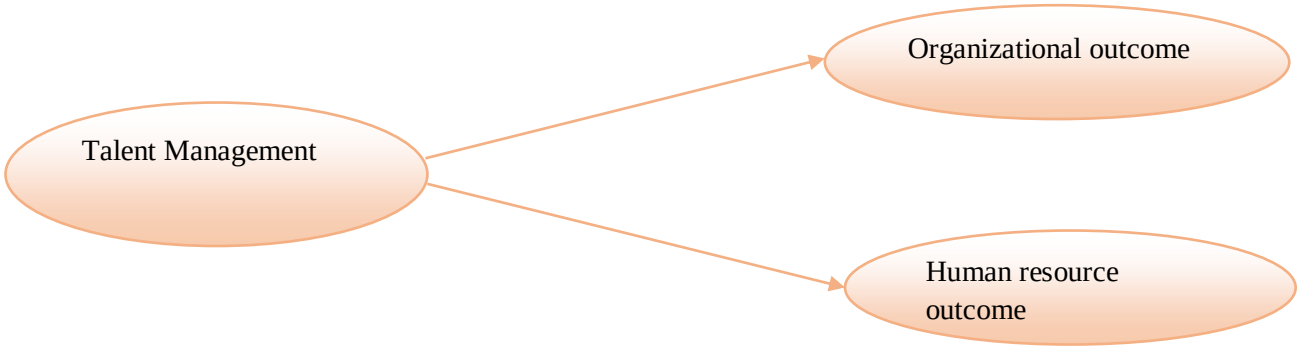

Figure 2.1 Theoretical framework

2.2.3. Approaches of Talent Management

Talent management approaches are subdivided into two based on the scope of the talent management strategies of the organization as: inclusive approach (egalitarian) which acknowledges the talent of all employees and providing them opportunity to develop and (2) exclusive approach (elitist) which aimed at a specific segment of employees in the organization who are considered as talented (Gallardo-Gallardo et al., 2013; Swailes et al., 2014; Meyers et al., 2020).

The philosophy of inclusive talent management approach is that every member of the organization has their own potential that can be shaped for adding value in the organization (Lewis and Heckman, 2006; Holck and King, 2018). According to Swailes et al. (2014), inclusive approach explicitly assesses all employee talent based on strength-based approach and actively sort them into best positions to attain the person-job fit and to achieve high performance. This approach provides opportunity via participation for every employee rather than meeting a preset threshold that reflects an organizations' vision of talent (Walker and Larocco, 2002; Lewis and Heckman, 2006). It follows a general rule that all employees have their own strengths and are talented in their own way (Collings et al. 2015). Therefore, the approach marks a shift from performance-driven to learning-oriented talent management.

Exclusive approach targets and provide opportunity for only high potential and high performing employees, who often are recruited externally (Dries, 2013; Swailes et al., 2014). The approach regards some workers as more talented, and valuable than others (Dries, 2013). Therefore, employees are included in a talent pool, if they are considered as talented (Gallardo-Gallardo et al. 2013). According to Lewis and Heckman (2006), this approach is something generic and organizations choose to focus on high potentials and/or high performers. This approach is widely common approach of talent management because it minimizes the organizations cost of talent investment and creates a differentiated workforce (Huselid and Becker, 2011; Iles et al., 2010; Garavan et al. 2012; Dries et al., 2012; Marescaux et al., 2013). However, this approach has received criticism in limited consideration from an ethical and organizational justice in the way that it inherently inequitable with some employees receiving disproportionately more resource investment than others (Malik and Singh, 2014; Greenwood, 2002).

2.2.4. Talent Management Strategies

Talent management is the implementation of integrated strategies designed to reach a high level of performance (Lockwood, 2006; Aina and Atan, 2020). Below there is a detailed discussion of this strategies which are most commonly used in practicing talent management.

2.2.4.1. Talent Attraction

There are money reasons for talent to be war topic. These are low birth rates and aging population, trends in international talent mobility, changing preferences, the increasing role of innovation, creativity and knowledge, increasing specialization, new technologies and the role of place, the urban millennium (Andersson, et al., 2014). Talent attraction is an all-inclusive, united approach with the objective of talent recruitment and selection, employer branding, employee value proposition and employer of choice (Armstrong, 2006).

Recruiting is the first phase in order to hire the most talented individuals. Recruiting is a process of screening and hiring an individual in accordance with organization's need. Organizations can acquire the required talent both internally and externally. Recruiting is very difficult task of an organization. Deprived recruitment design can miss attractive job candidates as a result it should be planned carefully (Thorne & Pellant, 2007).

Establishing recruitment objectives is the first step in recruitment model. Number of open positions to be filled, date by which positions should be filled, number of applications desired, type of applicants sought (level of education, knowledge, skills and abilities, interests and values, diversity), job performance goals for new hires, expected new-hire retention rate are lists of several possible objectives to consider in planning a recruitment campaign. It requires various methods or techniques of selecting the right talent that reflects the culture and value of that particular organization (Armstrong, 2006). In recruiting an individual the human resource manager should have a clear discussion with functional managers who have direct contact with the newly hired employees (Berger and Berger, 2004).

The first task of talent management strategy is the recruitment of talent pool members. Both internal or external talented employees can be attracted by the organization. The best way to create a talent pool is the internal sources since the employees have already the knowledge of how business processes work and can be incorporated directly into the new position and the morale of workforce uplifted (David et al., 2007). However, according to Ballesteros et al. (2010) external sources are the best if the organization want to renew the organization culture. In order to attract the best talent, organization's brand is influential in hiring the right people, acquiring a greater number of qualified applicants, reputation as an employer of choice, acquiring large number of referrals of qualified candidates, lower turnover rates, increased number of diverse candidates, higher job candidate, job offers acceptance rate, open positions filled more rapidly (Tanja, 2007; Ana, 2009; Cameron et al., 2012).

Second step in recruitment model is develop recruitment strategy. It is a specific action plan in order to attain recruitment objectives. Carrying out recruitment activities is the third step which is performed through advertising. The last step is measuring and evaluating recruitment results (Breaugh, 2009).

2.2.4.2. Talent Development

Talent development is a process of planning, selecting and implementing development strategies for organization's employees. It basically focusses on both current and future demand of the organization in order to meet its objectives and goals (Garavan and Carbery, 2012).

Talent development should be both technical and generic. Technical development is reliability and the capability to use systems and processes to meet performance standards and this

development strategy is affected through training. But this technical strategy should be supported by generic strategy. Generic strategy focuses on a range of qualities and competences. These includes skills like problem solving and analytical skills, communication skills, teamwork competencies and skills to identify access and manage knowledge. Individual traits such as fancy, creativity and intellectual consistency and personal values such as persistence, integrity and tolerance are some examples of generic competencies (Sandberg, 2000; Garavan et al., 2009).

Talent development process includes four areas to be focused. These are identification, design, evaluation and organizational support. Identification is the process of detecting who is expected to develop his or her talent in the organization. Design answers what skills to develop for how long time and in what haste. After strategy implemented it should be evaluated to measure the effectiveness using analytical tools. What kind of support do top level managers provide in order to succeed in development strategy (Garavan and Carbery, 2012).

2.2.4.3. Talent Retention

Talent retention is the third strategy in talent management strategy**.** Before implementing effective retention strategy, the causes for employee's turnover should be well defined (Schuler & Tarique, 2010). Employee's turnover may be either voluntary on non-voluntary. Voluntary turnover is originated by the employee itself whereas involuntary turnover is initiated by the organization (Griffeth & Hom, 2001). According to Eberly et al. (2009), voluntary turnover is further subdivided into functional turnover and dysfunctional turnover. Functional turnover does not hurt the organization since it is turnover of poor performers and employees which is easy to replace them. Dysfunctional turnover is destructive to the organization which includes turnover of high performer workgroup.

Organizations cannot retain all dysfunctional employees (Armstrong, 2011). There are avoidable voluntary turnover and not avoidable voluntary turnovers. Organizations should decrease avoidable voluntary turnover for three reasons: (1) hiring new individuals is costly; (2) it affects organization's performance; and (3) managing turnover is difficult (Echols, 2007).

Retention strategy should be maintained in order to minimize turnover rate. The first step in retention strategy is performing turnover analysis. Turnover analysis includes knowing number of turnovers, who is leaving and costs & benefits of turnover. Also knowing the type of turnover whether it is voluntary or not, functional or dysfunctional turnover, type of employee (full time or

part time), job category, job level, geographic location is included under number of turnovers. This helps to identify turnover hot spot (Griffeth & Hom, 2001).

After gathering all the necessary information about the nature of turnover the next is maintaining good retention strategy. Retention strategy can be achieved through effective talent management activities. There are several talent management best practices that have been shown to significantly improve employee satisfaction and retention. According to Vance (2006), turnover can be reduced by ensuring that prospective employees' attitudes and values align with those of the position and organization on the whole.

The first retention strategy is recruitment. Recruiting individuals using RJP/ realistic job preview/ is used for detect precise information about the positive characteristics and potential challenges associated with any job, as well as clear details about performance expectations and the company's performance management processes. As a result, number of applicants who cannot fit will be minimized by considering specific requirements of the organization (Breaugh & Starke, 2000).

The second activity is selection. Using biodata during selection is important technique. Biodata is information relating to a particular person and his or her financial, professional, or educational history. This data is used for distinguishing who will stay in the organization for long period of time and who is not and it is an effective way to identify and hire the right people (Griffeth & Hom, 2001; Kristof-Brownet al., 2005).

The third activity is socialization. It is intrinsic incentive which cannot be expressed in terms of monetary unit as of reward and compensation. It is taking part in social activities, or behave in a friendly way to others. Socialization includes involving qualified members of the organization as role models, mentors, or trainers; providing orientation activities for new employees so that groups of new hires experience them together; provide clear information about the stages of the socialization process (Mueller and Wanberg, 2003). In addition to socialization, employees should be linked with the corporate goals which helps them to understand how their day-to-day work contributes to the organization's success. This helps employees to understand their value to the organization, keeping them engaged and motivated, which in turn impacts employee engagement and retention (Trevor et al., 2003)

The fourth activity is training and development. A good talent management program includes training on the tasks and tools important to the role, but also covers the corporate culture and values, information on talent management programs, networking opportunities, initial goal setting, and interim reviews. Training may be useful for retention strategy when there is high need to update skills frequently on jobs like technology related. However, there are certain circumstances when training becomes harmful for organization by increasing turnover. Training may result marketability of employees' talent among rivalry organization. Organizations can solve this problem by two methods. One is to enforce the employee to reimburse the tuition fee by remaining for certain time period and the other solution is to prohibit the nature of the training transferability to another context. This can be achieved through focusing job specific trainings rather than generalized trainings (Campbell and Hirsh, 2013).

The fifth activity is compensation and reward. Rewarding can be accomplished through three different mechanisms. One is leading the market in terms of benefit that can fit the overall business strategy. The second option is tailor rewards to individual needs. The third option is linking rewards with retention which means giving rewards for long stay employees (Heneman & Judge, 2006; Griffeth & Hom, 2001).

The sixth activity is supervision. Maintaining good relationship between immediate boss and the employee is vital in retention strategy. Organizations should focus on training supervisors to create optimum environment with the employees (Griffeth, Hom, & Gaertner, 2000; Tepper, 2000). In addition, feedback should be accompanied by coaching, and if needed, development plans to support employee performance. This helps to establish a stronger working relationship between the employee and their manager or supervisor, and can boost loyalty and retention (Shaw, et al, 2005).

The last activity is employee engagement. When employees participate in basic decisions of their organization they satisfied with their jobs; enjoy their work and the organization, believe that their job is important, take pride in the company, and believe that their employer values their contributions. An engaged employee become loyal for the organization (Ramsay, 2006; Vance, 2006).

2.2.4.4. Talent Succession

Talent succession planning is very critical long-term talent management issue and it is one of most difficult management issues (Barnet and Davis, 2008). Succession planning helps organizations manage their talent pipeline (Guin, 2000). Succession planning is purposeful and methodical efforts to estimate future leadership need, to identify a set of high potential candidates and to develop leadership competencies in those employees through deliberate learning experience and selecting leaders from potential sets (Tropiano, 2004). According to Rothwell (2010) succession planning is a deliberate and systematic effort by an organization to ensure leadership continuity in key positions, retain and develop intellectual and knowledge capital for the future and encourage individual.

Good succession plan further goes beyond knowing who is next person for the position. It should purely focus on kind of training and experience that a candidate has to become a leader. Succession is not replacement planning since it focuses on estimating organizational need. Succession planning is not based on un anticipated event. Its aim is securing human resource need in the future (Cameron, 2007). According to Ibarra (2005), during succession planning organizations should follow the four aspects: (1) Guideline for leadership models that provide a design for high performers; (2) A functioning performance management system that measures individuals against the leadership competency models; (3) An individual development planning process that helps narrow the present gap between current competencies and current performance and the future gap between future competencies and the potentials that are required; and (4) Measuring or evaluating the succession program whether it is effective or not. Whenever there is vacant position in an organization there might be appropriate candidate who can replace the position. Most of the time these candidates are good performers for the new position. Sometimes these candidates may not be good as expected (Spencer and Spencer, 2002).

2.2.5. Sustainable Organizational Performance

Sustainability refers to an organization's people, financial, environmental and societal contributions over time (Lopes et al., 2017). Sustainability is the main issue for organizations across the globe and the current situation has increased the need for organizations to focus on how they will ensure long-term prosperity (Cheese et al., 2009; Watson, 2010). Successful managers are always exploring for new ways to develop, improve, prosper and sustain their organizations

performance. For this reason, organizational performance is concerned as an important investigated issue in most management related researches (Richard et al., 2009).

According to Tseng (2014), both financial and non-financial indicators can be used for measuring organizational performance. Richard et al. (2009) and Maltz et al. (2003) stated that financial outcome, human resource outcome, market and the future organizational outcome must be observed, measured, and evaluated in assessing and evaluating a maintainable organizational performance. Various approaches have been used in evaluation of organizational performance; however, it is difficult to assess the sustainability of organizations performance (Vermeeren et al., 2014; Petros, 2009).

A sustainable organization performance is the capacity of an organization to achieve its stakeholders' requirements, increasing investment and managerial policies and strategies to guarantee future profitability, social welfare, and environmental responsibility (Pantelica et al., 2016; Stanciu et al., 2014). According to Banker et al. (2014), when top managers are able to plan strategies aimed at increasing talent, profit of stockholders and win the competition, while decreasing employee turnover and costs; then the organization can be considered as sustainable.

In conceptualizing sustainable organizational performance, the above literatures certified that only financial outcome cannot be relevant; whereas, the multidimensional characteristics of performance should be considered; namely: organizational outcome, human resource outcome and financial outcome (Aina and Atan, 2020; Vermeeren et al., 2014; Boselie et al., 2005; Dyer and Reeves, 1995). Under such circumstances, some previous researches noted that human resource outcomes and organizational outcomes are more proximal outcomes of an organization human resource practices; however, linkage of financial outcomes are more distant, as they are less likely to be directly affected by human resource practices (Vermeeren et al., 2014; Peccei et al., 2013; Dyer and Reeves, 1995).

2.3. Research Hypotheses Development

In order to achieve the objectives of the study, hypotheses are formulated based on theoretical basis and phenomena. Since talent management is relatively new topic of interest, empirical studies used theories of other related fields which can lead to develop new theories about talent management in the future (Reilly, 2008).

Resource based view is dominant theoretical framework in talent management researches and it states that organizational competitiveness can be attained through resource heterogeneity and resource immobility. According to this view, resource can be source of sustainable competitive advantage if they can add positive value to the firm; unique to the firm which is not found in any other competing firm; cannot be easily copied by competitors and the resource cannot be substituted by another resource of a competitor firm (Heinen and O'Neill, 2004). The central idea of this theory is "people are a source of competitiveness for an organization if they are well managed". According to Dunford et al. (2001), managing employees' talent effectively and efficiently leads to the development of talented employees; as a result, sustainable organizational performance can be achieved. Based on this theory and other related theories, the following study hypotheses are formulated.

Managing employee's talent starts from identifying the required talent for the specific position and several procedures are required for selecting best fit talent to the organization's environment. Talent attraction consists of selection, recruitment, employer branding, employee value proposition and employer of choice (Armstrong, 2006). Successful companies have one characteristic in common, they give much care on attracting talent in which they follow the procedures effectively and efficiently, and they give clear and consistent messages about themselves (Tanuja, 2007). Previous researches revealed that for the enhancement of sustainable organizational performance, organizations should attract qualified and talented employees (Boxall and Purcell, 2003). The finding of Rastgoo (2016) and Mangusho et al. (2015) also revealed that talent attraction has a significant impact on organizational performance. Based on this, the following hypotheses developed:

H1: *Talent attraction has a significant positive effect on organizational outcome of Ethiopian large tax payer manufacturing companies.*

H2*: Talent attraction has a significant positive effect on human resource outcome of Ethiopian large tax payer manufacturing companies.*

Knowledge management framework gives emphasis for learning and development. To successfully win the intense competition in the globe, organizations should adopt up-to-date technologies, knowledge and skill (Harburg, 2003). This adoption requires continuous development scheme by the organization. Organization's intervention in creating knowledge is

used to maximize innovative capability of its employees, adapt the changing environment, to have a sustainable competitive advantage, and to successfully compete with other rivals (Rabbi et al., 2015). Talent development is considered as the basis of organizations success, and it results highly competitive advantage and sustained organizational performance (Collings and Mellahi, 2009; Rabbi et al., 2015). In sustaining the organizations competitiveness, talent development was identified as a major positive factor by Optimis (2011) and Lepak and Shaw (2008). In addition, Gorozidis and Papaioannou (2014) and Taleghani et al. (2013) found a positive significant impact of talent development on organizational performance; Based on this, the following hypotheses are developed:

H3*: Talent development has a significant positive effect on organizational outcome of Ethiopian large tax payer manufacturing companies.*

H4: *Talent development has a significant positive effect on human resource outcome of Ethiopian large tax payer manufacturing companies.*

Encouraging talented employees in different scheme to stay in the organizations for a longer period and excel their performance for the benefit of the organization is called talent retention (Tephillah and Swamalatha, 2015; Oladapo, 2014). Talent retention can be accomplished based on motivation, training, career advancement, benefits, and compensation (Devi, 2017). As mentioned before, retaining talent in the organization for longer period of time is a difficult task (Mohammad, 2015); mainly for companies in Ethiopia where brain drainage is the feature of the country. According to Becker et al. (2001), the compensation or the reward packages must clearly stipulate the expectation of employees for their performance, skill requirements, experience, and behavior. This argument is confirmed by the psychological contract theory. The theory state that if employees met their expectations and needs from the organization, then they will contribute their best talent (Hoglund, 2012). The other theory in line with this argument is the equity theory. Equity theory of motivation related with potential rewards of an individual and perception of equity. Individuals' motivation level is determined by her or his perception of meaning of equity, justice and fairness. If an individual perception about fairness and justice is high, motivation of the employee to work there will be high and intention to leave the company will be low. As a result, the employee will perform well for the organizational competitiveness (Murtaza, 2017). Previous researches report a positive correlation between talent retention and organizations

performance (Kontoghiorghes and Frangou, 2009; Auranzeb and Bhutto, 2016; Zikmund, 2000). With this respect, the following hypotheses are developed:

***H5**: Talent retention has a significant positive effect on organizational outcome of Ethiopian large tax payer manufacturing companies.*

***H6**: Talent retention has a significant positive effect on human resource outcome of Ethiopian large tax payer manufacturing companies.*

Planning succession of talented employees is the basic and difficult talent management practice (Barnet and Davis, 2008). Through succession planning, organizations can plan the pathway of their talented employees (Guin, 2000). The focus of this practice is basically on identifying leadership talent. Like any other asset employees can be classified as core and peripheral based on their performance. Core employees are those who have high performance in value and uniqueness from the perspective of employer. Segregating these employees based on their performance motivates high performers to do their best and finally come up with positive organizational competitiveness. Those who are at peripherals also compete with those already become candidates for leadership and the end result will be positive organizational performance (Dries, et. al., 2015). Pamela et al. (2011) and Lyria et al. (2014) found positive relation of talent succession planning with organizations performance. With this respect, the following hypotheses are developed:

***H7**: Succession planning has a significant positive effect on organizational outcome of Ethiopian large tax payer manufacturing companies.*

***H8**: Succession planning has a significant positive effect on human resource outcome of Ethiopian large tax payer manufacturing companies.*

2.4. Empirical Reviews

Aina and Atan (2020) investigated the effect of implementing talent management practices on sustainable organizational performance of real estate companies located in the United Arab Emirates. The data was collected from 306 managers of the companies through structured questionnaire. The study employed structural equation modeling to test its developed hypotheses. The result revealed that both talent attraction and talent retention had no impact on the sustainable

organizational performance, whereas learning and development and career management were found to have significantly positive impacts.

El Dahshan et al. (2018) conducted a research on talent management and its impact on organization performance among nurses at Shebin EL-Kom Hospitals. The main objective of the study was to investigate the effect of talent management on organizational performance of the two hospitals. The study was conducted on 273 nurses and analyzed by descriptive statistics and inferential statistics. The result of the study showed that there was positive correlation between organizational performance and components of talent management.

Mensah (2018) examined talent management and employee outcomes by using a perspective of psychological contract fulfilment. The study sampled 377 employees who were taken from parastatal and banking institutions in Ghana. The study employed a partial mediation model and tested its hypotheses using structural equation modelling. The finding revealed that talent management practice of the organization has positive effect on employee outcomes.

Andualem (2017) conducted a study to investigate the impact of talent management practice on employee's turnover intention in Ethiopian Management Institute. A sample of 151 respondents were selected and the data was analyzed by descriptive and inferential statistics. The correlation analysis result showed that there was a significant negative relationship exists between talent management practices and employees' turnover intention. Moreover, the regression analysis evidenced that talent management practice is predictor of employees' turnover intention. It is also noted that talent review process and talent deployment are found unique contributor for employees' turnover intention.

Mishra and Sareen (2016) conducted a study of talent management and its impact on performance of organizations on selected 206 IT professionals in American software, managed and professional services, consulting and technology company. The basic objective of the study was to refine what talent management is and to examine the effect of talent management on organizational performance. The data was basically analyzed by both descriptive analysis and regression analysis. Basic finding of this research was talent management has partial impact on organizational performance. The research concluded that dimensions like recruiting and attracting, compensation and rewarding, succession planning and defining and retaining are

statistically significant which have high impact on performance of organization. In the case of training and development the value is not statistically significant.

Auranzeb and Bhutto (2016) studied influence of talent management in enhancing organization performance on selected service sector companies in Pakistan. The main objective of the study was to examine effect of talent management on organizational performance of service sector companies. The research is conducted on 384 top managers of service sector companies. Descriptive statistical analysis and multiple regression analysis is used for data analysis. The finding of the study was talent management has a positive impact on performance of organization.

Payambarpour and Hooi (2015) analyzed the impact of talent management and employee engagement on organizational performance. The data was collected through 498 online survey from multinational corporations. The study employed PLS-structural equation modeling for testing its hypotheses. The result showed a positive relationship between management development index and organizational performance; strategic human resource and organizational performance, and employee engagement and organizational performance.

Karuri and Nahashon (2015) investigated the effect of talent management on employee outcomes by conducting survey on 130 staff of Central Bank of Kenya. Talent attraction, talent retention, employee training and career management were used as proxies of talent management while teamwork, job satisfaction and employee engagement used as proxies of employee outcomes. The study employed both descriptive statistics and regression to analyze the surveyed data. The findings revealed that employee outcomes are significantly influenced by talent management practices.

Mangusho et al. (2015) evaluated talent management on employee performance in Delmonte Kenya beverage industry. The study aimed at determining the effect of talent retention, learning and development on employee's performance, and assess how talent attraction impacts the organization. By using stratified sampling method, 83 employees were selected according to their job cadres. The study reported that the job retention motivated the employees of the company leading to ultimate performance.

Karuri (2015) investigated the effect of talent management on employee outcomes of Central Bank of Kenya. Talent attraction, talent retention, employee training and career management were

used as independent variable. Data was collected from a sample of 130 staff and analyzed by using descriptive analysis technique and regression model. The study result revealed that employee outcomes are significantly affected by all talent management strategies at Central Bank of Kenya.

Vural et al. (2012) studied the effects of using talent management with performance evaluation system over employee commitment. The study conducted survey to 123 middle and senior managers. The surveyed data from the questionnaires were analyzed through the SPSS statistical packaged software. The result revealed that human resources procedures which is integrated by talent management and performance systems have positive impact on employee commitment.

Betthke et al. (2011) studied effect of talent management on 138 swiss companies. The objective of the study was to identify effect of talent management on organizational performance and to describe the extent to which organizational performance is associated with talent management strategies. Finding of the study was retaining and developing of talent have statistically higher significant impact on human resource outcome such as job satisfaction, motivation, commitment and trust in leaders. Corporate strategies have statistically higher significant impact on organizational outcomes and corporate profit.

Pamela et al. (2011) examined the effectiveness of talent management strategies and its effect on organizational performance. 138 Swiss companies' dataset were used. Four talent management strategies (i.e., Succession planning, talent attraction, retention, and development) and three organizational performance indicators, namely financial outcomes, organizational outcomes and human resource outcomes were used. By using logit model, the study reported both talent retention and development increase employees job satisfaction, motivation, commitment and trust in leaders. In addition, when talent management is in line with the corporate strategy then it had statistically significant impact on organizational outcomes such as company attractiveness, the achievement of business goals, customer satisfaction, and corporate profit.

2.5. Summary of Literature and Literature Gap

The ability of organizations in using resources in an efficient and effective manner lead them to achieve their organizational performance. Accordingly, different researchers revealed that organizations consider talent as an important resource that supports in achieving an outstanding

performance and emphasized the significant relationship between talent management and organizational performance (Mishra and Sareen, 2016; Auranzeb and Bhutto, 2016; Rop, 2015; Stahl et al., 2012; Betthke et al., 2011; Lewis and Heckman, 2006). However, one of the important issues that remain is how the talent management practice can be positioned for the achievement of sustainable organizational performance.

Moreover, in operationalizing organizational performance, previous literatures employed different techniques. However, there is some criticism in using financial outcome measures for linking firm's talent management with performance because (1) financial outcome is more oriented into short term success of the organization which cannot be a guarantee of sustainable performance (Stanciu et al., 2013); (2) financial outcomes are more distant, as they are less likely to be directly affected by human resource practices (Aina and Atan, 2020; Vermeeren et al., 2014; Boselie et al., 2005). Therefore, this research used only organizational outcome and human resource outcomes as an indicator of sustainable organizational performance.

Furthermore, most of the studies related with talent management were conducted in the developed countries, where talent management is perceived as mature. Since, organizations in developed countries are open to change in implementation of new techniques and practices, researches on talent management and the impact of its implementation on performance can easily be conducted (Aina and Atan, 2020). However, in developing countries, most organizations adopted talent management strategies recently (Gandhok and Smith, 2014). As a result, limited researches were conducted on the area. Ethiopia, as one of developing countries, talent management is a new concept. As per the researcher knowledge, only Andualem (2017) investigated impact of talent management on employee's turnover. To realize the pivotal role of human capital in the prosperity and evolution of organizations; and in positioning talent management for the achievement of sustainable organizational performance, there is need of research on the area in Ethiopia perspective.

Furthermore, most of the studies conducted used questionnaire alone as source of data and collect this data from top level managers and HR officials only. Since questionnaire has a possibility of ambiguous replies or omission of replies altogether to certain questions; it is difficult to interpret it and to know whether willing respondents are truly representative (Kothari, 2004). Therefore, the response from the questionnaires should be supported by other data from other collecting

mechanisms. Finally, most of the researches on talent management conducted are on service sector organizations like banks and hospitals (Karuri and Nahashon, 2015; Mensah, 2018; El Dahshan et al., 2018; Aina and Atan, 2020). However, talent management is very critical and important for innovative practices of manufacturing organizations (Ichniowski et al., 1997).

Therefore, the aim of the current study is to determine the impact of talent management on sustainable organizational performance of manufacturing companies in Ethiopia by using data collected from questionnaire along with data collected from desk review. In addition, top level managers and employees were included in the sample design.

2.6. Conceptual Framework of the Study

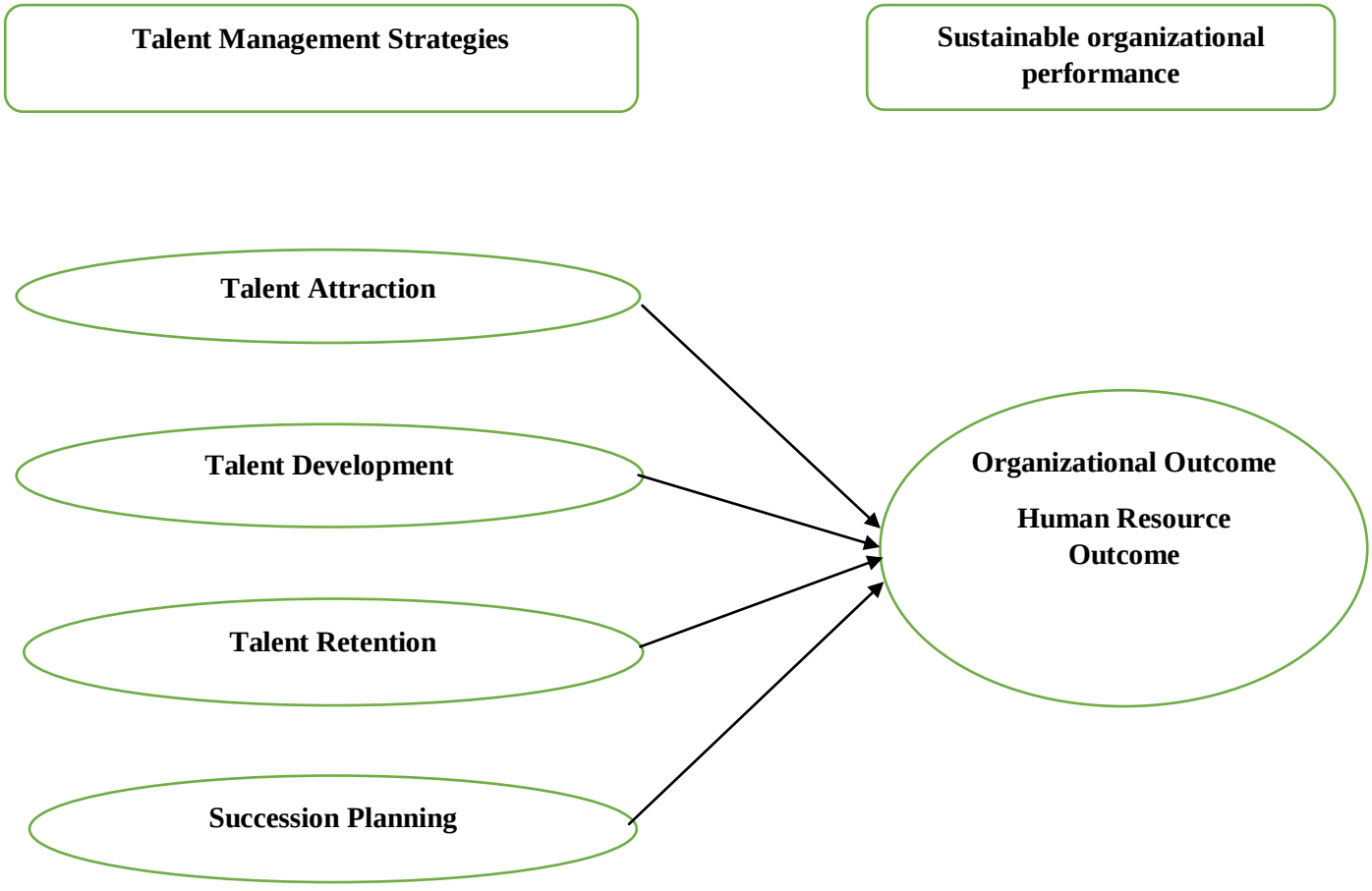

Figure 2.2 Conceptual framework adopted from Betthake et al. (2011)

Chapter Three: Methodology

3.1. Introduction

This chapter provides a brief description of the research method that is employed to investigate the impact of talent management on sustainable organizational performance. The chapter incorporates the research design, data type, data source and data collection procedure, method of data collection, population, sample design, type of data analysis, model specification and the validity and reliability tests of the research.

3.2. Research Design and Approach

Research design is a framework within which a research is conducted. It is drawing for data collection, measurement and analysis. It is a full guideline from starting to end of the study. According to Zikmund and Griffin (2009), research design is a master plan that specifies the methods and procedures for collecting and analyzing the needed information. Research designs are chosen based on research type that is going to be conducted.

In this study, the research problem tends to be explanatory which seeks to explain the casual relationship between companies' talent management practice with their sustainable organizational performance. Therefore, the study used explanatory research design. Furthermore, by considering the nature of the problem and data type, the study used mixed research approach (quantitative supported by qualitative). Mixed approach is composed of both qualitative approach and quantitative approach. Qualitative approach is an inquiry process of understanding, where the researcher develops a complex, holistic picture, analyses words, reports detailed views of informants, and conducts the study in a natural setting (Creswell 2009). In quantitative approach, data will be engendered in measurable form and this data will be subjected to different quantitative data analysis technique in an unbending mode (Kothari, 2004). According to Creswell (2009), mixing quantitative and qualitative data sequentially is beneficial in understanding a research problem more completely.

Furthermore, there is deductive and inductive research approach. When a research started from theories or hypotheses and then develop a strategy to test the claim, then such kind of approach

can be called as deductive. Whereas, if the research begins with a specific observation of any phenomenon from the environment, then after data is collected, generalized and theory is developed, then the approach is called inductive (Creswell, 2009). In this study, theories and models are carefully selected, and then applied and tested for the sake of investigating the impact of talent management on sustainable organizational performance. Therefore, the study used deductive research approach.

Finally, survey design is used since such studies must result with minimum bias and maximum reliability (Kothari, 2004). To achieve each specific objectives of the study, data collected from close ended questions is analyzed by quantitative approach and data collected from open ended questions and desk review is analyzed by qualitative approach.

3.3. Population and Sample Design

Target population is an item of interest to which the researcher wants to conclude about. Population is well defined set of organization, people, event, group of things that are going to be examined in order to conclude the findings (Mugenda and Mugenda, 2003). According to the records held by ERCA in 2020, there are 227 large tax payer manufacturing organizations in Ethiopia which is the population size of this study.

Studying the entire population is time consuming and costly (Jonker and Pennink, 2010). Therefore, in diagnostic studies researchers take out samples and conclude about the population based on sample analysis. However, it is important to note that the sample drawn from the population must be representative of the population. Usually, probability sampling or random sampling is used for diagnostic studies and the sampling will be processed by coding the population and putting on the table which is known as lottery method (Kothari, 2004).

This study used the formula of Yamane (1967) for determining a representative sample size from the population. Therefore, the sample size for this study is determined as follows:

$$n = \frac{N}{(1 + N(e)^2)}$$

Where; n = Sample size

N = Population size under the study,

e = Level of significance

$$n = \frac{227}{(1 + 227(0.05)^2)}$$

$$n = 145$$

Therefore, out of 227 large tax payer manufacturing companies, the researcher randomly selected 145 manufacturing companies by using lottery method. The reason for using random sampling technique was for giving equal chance for each manufacturing companies and the sample can be used for inferential purpose (Jonker and Pennink, 2010).

After selecting the 145 companies, then the researcher distributed three questionnaires for each company (for top level managers and employees) to make the response of respondents more representative for their respective company. Therefore, a total of 435 questionnaires were distributed.

3.4. Data Type, Source and Methods of Data Collection

Both primary and secondary data are used as a data source in this research. Structured questionnaire is used as source of primary data. Structured questionnaire are questions which are definite, concrete and pre-determined and this can be closed ended (yes/no or Likert Scale) and open ended (free chance to answer) (Kothari, 2004). Data from company's human resource manuals, other related organizations manual and talent management handbooks are collected by desk review which is considered as secondary data source. Secondary data analysis is analyzing existing data which is already collected compiled and achieved (Johnston, 2014).

The rationale for using a questionnaire is the answers are direct words of the respondent, respondents have enough time to give well believed answer and large samples can be made addressed and thus the results can be made more dependable and reliable (Kothari, 2004). Data from different organizations' manuals are also used for supporting and cross checking the questionnaire results.

3.4.1. Questionnaire Development and Pre-testing

The questionnaire used in this study is attached on Appendix A. The questionnaire had two major parts: respondents' personal profile, and research topic related questions. The research topic related questions are further classified as close-ended and open-ended questions. The close-ended questionnaire items were adapted from previous studies. The questions were modified to suit the context of Ethiopian manufacturing companies. The first draft of the questionnaire was pre-tested to improve the clarity of the questions and make it valid. A sample of twenty-five managers and employees from different large tax payer manufacturing companies in Ethiopia were selected conveniently and given the questionnaire to read and comment on the clarity of each specific questions. According to Saunders (2003), sample size of 10 (ten) is adequate for pre-testing. Accordingly, the questionnaire was revised. On Table 3.1. bellow, the specific close-ended questions that are used to indicate the talent management and sustainable organizational performance with their source where the question items were adapted is presented.

Table 3.1 Close-ended question items and source

Construct		Items	Source
Talent management Constructs	Talent Attraction (TA)	My company is actively involved in communication and implementation of company branding	Detuncq and Schmidt, 2013; Lyria, 2014; Padmaja and Rao, 2015; Aina and Atan, 2020
		My company's good working environment and fair wages have enabled it to attract the right talented employees	
		My company supports employee training and career progression	
		Work-life balance as well as social networking facilities in my company is a motivating factor to attract talented employees	
		My company ensures good organizational climate in order to attract the right talents	
	Talent Retention (TR)	We use effective leadership platform and we are careful on how we handle employee issues	Detuncq and Schmidt, 2013; Babić and Aleksić, 2015; Aina and Atan, 2020
		My company has competitive compensation system in comparison with other organizations in the same industry which is a motivating factor to our employees	
		We have internal recruitment policies that help to raise the loyalty and morale of our employees	
		In my company fulfilling daily expected responsibility is more valuable than being at office and leave office on time.	

		Our company offers training opportunities to enhance career growth hence retains talented employees	
	Talent Development (TD)	Our company has been implementing appropriate learning and development strategies in place	SHRM, 2007; Babić and Aleksić, 2015; Aina and Atan, 2020
		In our company, employees are continuously acquiring new knowledge and skills, and mastering new ways of executing their tasks	
		Our company implements domestic development programs consistently	
		We take leadership skills developments very seriously	
	Succession Planning (SP)	Our company offers career counseling	Lewis and Heckman, 2006; Lyria, 2014; Detuncq and Schmidt, 2013; Urbancová and Vnoučková, 2015; Padmaja and Rao, 2015
		Job rotation is practiced well and employees have a chance to widen their profession	
		This company believes that career planning facilitates expansion and growth of the company	
		Our company has plans on employee growth and progression	
		My company strives to establish career paths and job families in every department	
Sustainable Organizational performance constructs	Organizational Outcome (OO)	In our company, we believe talent management increases our competitiveness	Nancy, 2011; Lyria, 2014; Aina and Atan, 2020
		Talent management practices have led us to achieve business goals	
		Our company's talent management strategies have led us to provide quality products	
		Talent management practices have led us to better customer service and customer loyalty	
	Human Resource Outcome (HRO)	Talent management practices have led us to increased employee productivity.	
		Our company's talent management practice helped to maintain capable employee's morale and helps to retain key employee for longer period of time.	
		Talent management practices have led us to improve employee job satisfaction and commitment	
		Talent Management practices, in our company, have made employees to have trust on their organization	

After the questionnaire items are refined, the questionnaires were distributed to the selected samples by the data collector through face-to-face contact and email. The targeted company were first asked for their permission by informing them the purpose of the study, then the respondents were assured about anonymity and confidentiality of their responses. The questionnaire distribution and collections were administered by the researcher with the help of data collector from January 21 to April 3, 2021.

3.5. Methods of data analysis

The data was analyzed by using both qualitative and quantitative analysis techniques. The following describes the methods that is employed for analyzing the collected data from different sources.

Descriptive statistics: To describe demographic profile of respondents, frequency, Percentages, means and standard deviations were employed.

Content analysis: In order to analyze data from open-ended questions and the desk review, content analysis was used. Content analysis is technique that is used to analyze contents of written materials such as books, newspaper, magazine, verbal materials which can be printed or spoken (Kothari, 2004). Content analysis is crucial in investigating what quantitative analysis cannot answer through deep understanding of documents (Patton, 2002). Human resource manuals, other organizational manuals and company handbooks analyzed using content analysis.

Structural Equation Modelling (SEM): To analyze the data collected from close ended questions (Five-point Likert scale), the study adopted Structural Equation Modelling using AMOS 21.0. SEM is cross-sectional, more robust statistical modeling technique which is used for multivariate analysis with latent variable (Hoyle, 2012). It is a set of linear equations which are used to test multiple hypotheses about the relationship between observed and latent variable and uses a confirmatory approach which controls the measurement error while evaluating the relationship (Hair et al, 2006; Kline, 2016). Observed variables are the indicators of the constructs and the latent or unobserved variables are the constructs in the theoretical model.

The reasons of using SEM over other models are: (1) the research develops the hypotheses from theory and SEM used to make assumptions and construct for testing the theory; (2) the model

requires a clear definition of constructs, operationalization and the functional relationship between constructs which adds a degree of precision to the theory; (3) by using the model complex theories can be tested. Therefore, for the current study, since there are two constructs for explaining sustainable organizational performance, the following two structural equation models were employed:

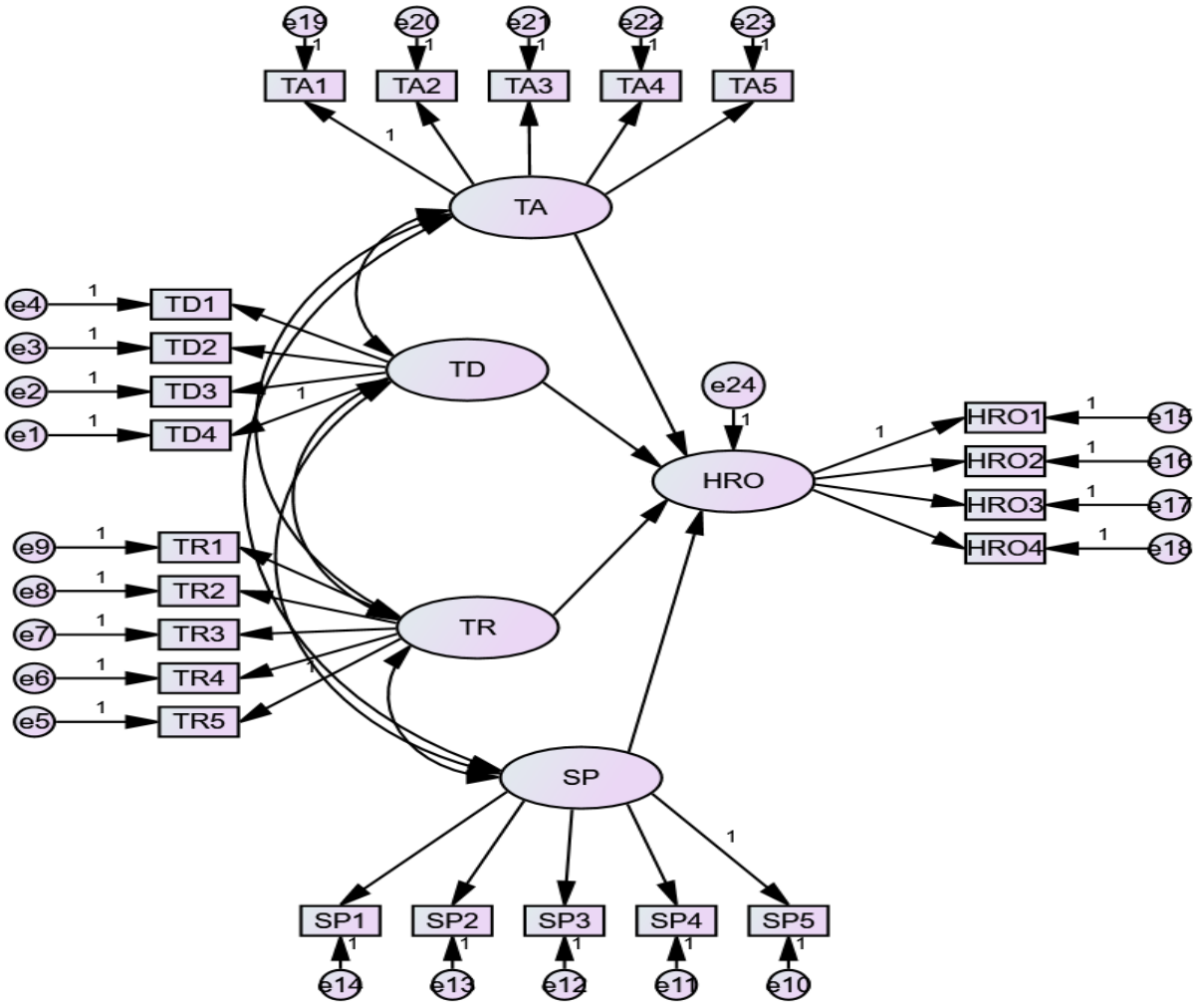

Figure 3.1 Model 1

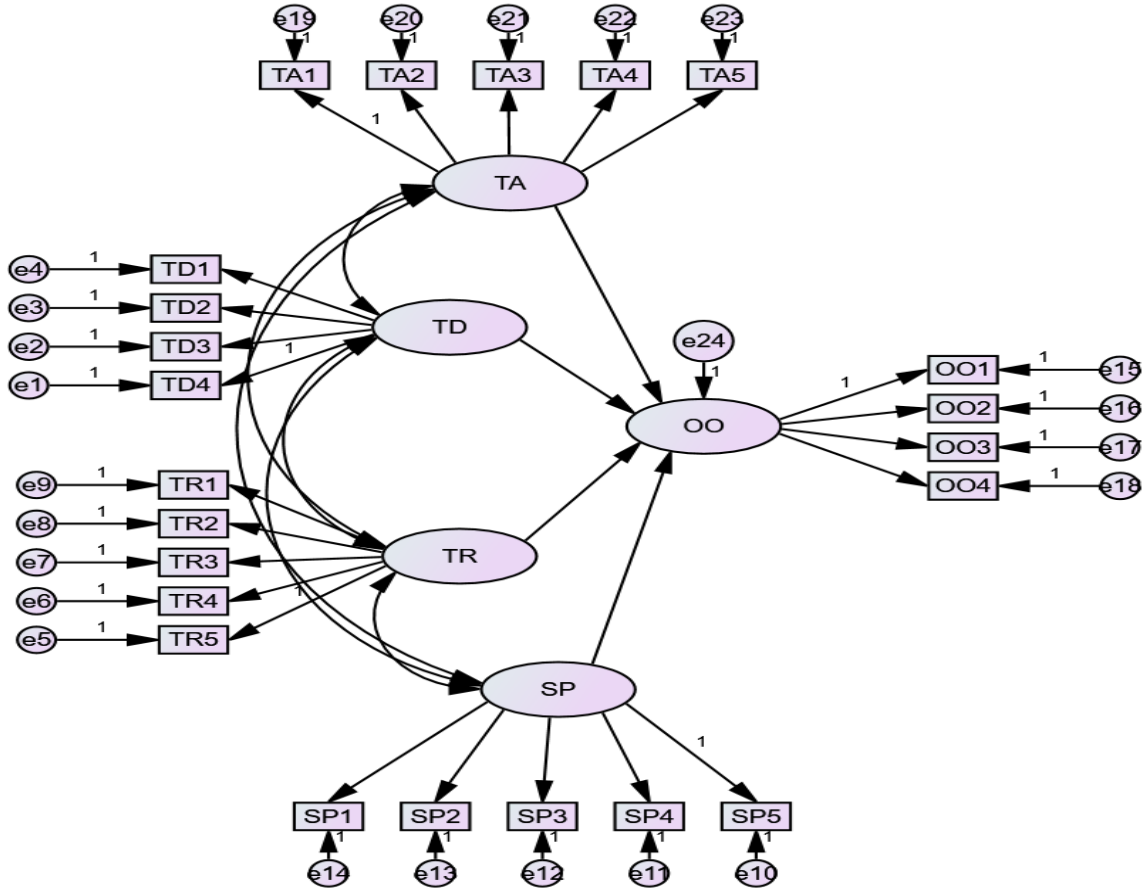

Figure 3.2 Model 2

3.6. Factor analysis

Factor analysis is used in assessing the quality of questionnaire. It is a process of validating measurement items or indicators on questionnaire, to make the data ready for confirmatory factor analysis (Hoyle, 2012). In factor analysis, the main measures used to test validity of an instrument are presented as follows

Extraction communalities: It is a proportion of each indicator variance to its common variance or shared variance or total variance. The communalities values indicate that the extracted components represent the variables well. When the value of extraction communalities is small, it indicated that the factor does not fit well for confirmatory factor analysis and should possibly be

dropped from the analysis. The minimum accepted value of extraction communalities is 0.5 (Samuels, 2016).

Table 3.2 Communalities

Communalities		
	Initial	Extraction
TA1	1.000	.752
TA2	1.000	.665
TA3	1.000	.698
TA4	1.000	.715
TA5	1.000	.696
TR1	1.000	.796
TR2	1.000	.815
TR3	1.000	.843
TR4	1.000	.782
TR5	1.000	.767
TD1	1.000	.765
TD2	1.000	.853
TD3	1.000	.850
TD4	1.000	.816
SP1	1.000	.809
SP2	1.000	.821
SP3	1.000	.812
SP4	1.000	.823
SP5	1.000	.847
OO1	1.000	.852
OO2	1.000	.796
OO3	1.000	.842
OO4	1.000	.866
HRO1	1.000	.822
HRO2	1.000	.800
HRO3	1.000	.850
HRO4	1.000	.680
Extraction Method: Principal Component Analysis.		

Source: SPSS output

As shown on the above table 3.2. all the values of the extraction are more than 0.5, which indicates that the factor fits well.

The Kaiser-Meyer-Olkin: It is a measure of sampling adequacy. It is another measure of the data whether it is ready for factor analysis or not. It measures the proportion of variance of the underlying factor from total variance of other factors under study and the recommended value is 0.5 and above (Kaiser, 1974). As shown on Table 3.3., the value of Kaiser-Meyer-Olkin measure of sampling adequacy is high (0.908), which is more than the recommended value. This indicate that the factor analysis is useful with the data because the proportion of variance in the items that

might be caused by underlying factor is high. Therefore, the research data is suitable for structure detection.

Bartlett's test of sphericity tests: It tests whether the correlation matrix is an identity matrix. It indicates that there is no relationship between indicators and therefore unsuitable for structure detection. To perform confirmatory factor analysis, there should be some relationship between indicators. If there is no relationship, the correlation matrix is identity matrix and all correlation coefficients will be zero. It is desirable for the test to be significant which means rejecting the null hypothesis that the matrix is an identity matrix (where $p < 0.05$) (Field, 2005). As shown on Table 3.3., the p-value of Bartlett's test of sphericity is 0.000, which indicate that the variables are related and therefore suitable for structure detection.

Table 0.3 KMO and Bartlett's test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.908
Bartlett's Test of Sphericity	Approx. Chi-Square	7960.864
	Df	351
	Sig.	.000

Source: SPSS output

Table 3.4. showed that the total variance explained by 79%, which indicate that the item in the questionnaire explain 79% of the total variance shared in the model. This value demonstrates the validity of the questionnaire. Moreover, eigen values are used for minimizing volume of variance in correlation matrix. In factor analysis. Kaiser recommends eigen values to be greater than one and if it is less than one the factor shall be omitted (Tabachnick and Fidell, 1996). The eigen value column shows six constructs which have eigen values greater than one and the constructs under study are also six.

Table 3.4 Total Variance Explained

Total Variance Explained									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	8.982	33.265	33.265	8.982	33.265	33.265	4.114	15.237	15.237

2	3.602	13.339	46.604	3.602	13.339	46.604	4.032	14.932	30.168
3	2.605	9.649	56.253	2.605	9.649	56.253	3.586	13.282	43.451
4	2.283	8.457	64.710	2.283	8.457	64.710	3.380	12.520	55.971
5	2.237	8.287	72.997	2.237	8.287	72.997	3.177	11.765	67.736
6	1.724	6.386	79.384	1.724	6.386	79.384	3.145	11.648	79.384
Extraction Method: Principal Component Analysis.									

Source: SPSS output

Furthermore, to confirm the theoretical measure of constructs, factor analysis with principal component extraction was employed. The underlying dimensions for the variables can be identified by principal component analysis with varimax rotation. Table 3.5. shows the rotated component matrix. The analysis resulted six factors as proposed. Component 1 which represents succession planning consisted five items that load in the range of 0.853 to 0.883; component 2 which represent talent retention consisted five items that load in the range of 0.825 to 0.882; component 3 which represent talent attraction consisted five items that load in the range of 0.780 to 0.833; component 4 which represent organizational outcome consisted four items that load in the range of 0.871 to 0.911; component 5 which represent talent development consisted four items that load in the range of 0.810 to 0.864; and the last component, component 6 which represent human resource outcome consisted four items that load in the range of 0.788 to 0.875. Therefore, as a result of rotated component matrix, the items are organized in six constructs.

Table 3.5 Rotated Component matrix

Rotated Component Matrix[a]						
	Component					
	1	2	3	4	5	6
SP5	.883					
SP2	.878					
SP1	.857					
SP3	.855					
SP4	.853					
TR3		.882				
TR2		.860				
TR1		.848				
TR5		.842				
TR4		.825				
TA1			.833			
TA4			.811			
TA3			.798			
TA5			.782			
TA2			.780			

OO4				.911		
OO3				.900		
OO1				.891		
OO2				.871		
TD3					.864	
TD2					.850	
TD4					.829	
TD1					.810	
HRO3						.875
HRO1						.872
HRO2						.853
HRO4						.788
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.[a]						
a. Rotation converged in 6 iterations.						

3.7. Validity and Reliability of Indicators

3.7.1. Reliability

Reliability measures the extent to which indictors are able to yield consistent results each time when they are applied under similar conditions. A test is seen as being reliable when it can be used by a number of different researchers under stable conditions, with consistent results and the results are not varying (Fraenkel and Wallen, 2003). It measures repeatability, which means for the given scale (For example: questionnaire item) to be reliable, results must be the same under constant condition when measured repeatedly. The responses of reliable questionnaire items may vary because respondents have different view about the issue but not because the survey items are unclear and vague (Moser and Kalton, 1989). Questionnaire items are said to be reliable or high internal consistency when they come together and measure the same latent variable (Huck, 2007, Robinson, 2009). Most commonly used internal consistency measure is Cronbach's Alpha specially when we use Likert scale measurement. Many researchers considered the minimum 0.7 Cronbach's Alpha amount for internal consistency (Whitley, 2002; Cooper and Schindler, 2006; Robinson,2009). Four cut-off points for reliability are excellent (0.9 and above), high reliability (0.7-0.9), moderate reliability (0.5-0.7) and low reliability (below 0.5) (Hinton et al., 2004).

On Table 3.6. bellow, a summary of the reliability statistics conducted on SPSS is presented. As indicated on the table, Cronbach's Alpha values for all dimensions is greater than 0.9, which indicate excellent reliability, except for talent attraction dimension. Talent attraction dimension has 0.893 Cronbach's Alpha value, which still indicates high reliability. Therefore, since all the

Cronbach's Alpha values are greater than 0.7, it can be said that there is high level of internal consistency for the scale.

Table 3.6 Cronbach Alpha Reliability test

	Cronbach's Alpha	N of Items		Cronbach's Alpha if Item Deleted
Talent Attraction	.893	5	TA1 TA2 TA3 TA4 TA5	.862 .877 .871 .869 .870
Talent Retention	.936	5	TR1 TR2 TR3 TR4 TR5	.922 .919 .915 .924 .927
Talent Development	.925	4	TD1 TD2 TD3 TD4	.919 .892 .893 .903
Succession Planning	.945	5	SP1 SP2 SP3 SP4 SP5	.933 .933 .933 .931 .929
Organizational Outcome	.935	4	OO1 OO2 OO3 OO4	.910 .928 .914 .907
Human Resource Outcome	.906	4	HRO1 HRO2 HRO3 HRO4	.869 .873 .856 .911

Source: SPSS Output

Moreover, on the above table, the last column showed that Cronbach's Alpha if item is deleted. This value indicates that the value that Cronbach's Alpha would be if that particular item was deleted from the scale. It can be seen that removal of any question, except the last question of the construct human resource outcome, would result in a lower Cronbach's alpha. Removal of this question would lead to a little improvement, which is 0.005 (0.005 = 0.911 - 0.906). This is insignificant improvement; therefore, the researcher did not consider removal of this item.

3.7.2. Validity

Validity is defined as the degree to which a construct is accurately measured. According to Cooper and Schindler (2006), validity is a measurement which emphasizes on the accuracy of

instruments that is intended to measure. There are different types of validity which are discussed as follows:

Face Validity: It is a judgment by the researcher that measurements are accurate to operationalize the construct. It is the weakest form of validity test since it is subjective and judgmental. It is not measured by experts (Taherdoost, 2016). In this research, the researcher believed that face validity is assured by logical connections between the constructs and the element that they are intended to measure by using a questionnaire-based survey.

Content Validity: It is a degree to which an instrument represents or measure a given construct. It is highly recommended when new instrument is developed. Unlike face validity content validity is achieved by requesting opinion of other experts (Taherdoost, 2016). In this research, two researchers were used to review its content validity and the instruments were reviewed.

Criterion Validity: It is based on the extent which the measurement has a strong correlation with other criterion or standardized measurement and this can be true if and only if these standardized measurements precisely measure the variable under consideration (Taherdoost, 2016).). In this study, the developed questionnaire was compared and adapted from other validated talent management and sustainable organizational performance instruments. Therefore, the items in the questionnaire can be compared with the validated one.

Construct validity: if there is real cause and effect relationship between measurement and construct, it should be supported by previous theory and literature and it can be easily operationalized into reality (Taherdoost, 2016). All the constructs of this research are developed from previous theories and concepts. Furthermore, construct validity has two parts convergent and discriminant validity and both of them can be deducted from confirmatory factor analysis (Straub et al. 2004). Both convergent and discriminant validity can be checked statistically.

Convergent validity: it refers to the degree of belongingness to a specific construct and if the item belongs to a specific construct, then it should share a high proportion of variance (Hair et al., 2006). Factor loading, average variance extracted (AVE) and construct reliability (CR) are the major indictors of convergent validity (Fornell and Larcker, 1981). As discussed previously on factor analysis section (Table 3.2.), the factor loading of all items of the constructs ranged from 0.782 to 0.911, which indicated an acceptable level of convergent validity for this study. Furthermore, regarding AVE and CR, to achieve an adequate convergent validity at construct level, the value of AVE should be greater than 0.5 and the value of CR should be greater than 0.7

(Hair et al., 2006). Table 3.7. shows the convergent validity of all constructs employed in this study. As shown on the table, all AVE values are greater than 0.5 and all CR values are greater than 0.7; therefore, it can be concluded that convergent validity for all constructs are established.

Table 3.7 Convergent validity

No	Construct	AVE	CR	Convergent Validity
1	Talent Attraction	0.627	0.894	Established
2	Talent Development	0.756	0.925	Established
3	Talent Retention	0.741	0.935	Established
4	Succession Planning	0.761	0.941	Established
5	Organizational Outcome	0.774	0.932	Established
6	Human Resource Outcome	0.704	0.904	Established
Criteria		>0.5	>0.7	

***Discriminant validity*:** it tests whether measurements that are not supposed to be related are actually unrelated. According to Fornell and Larcker (1981), discriminant validity measures the degree of constructs differed from one another and it can be said that discriminant validity is achieved for one construct where the square root of the AVE for that specific construct must be greater than the correlation estimates between that construct and all other constructs. As shown on Table 3.8. and Table 3.9, all the square root of the diagonal element (square root of AVE) were greater than the correlation coefficients (other than the diagonal element) in the corresponding rows and columns. This indicated that discriminant validity at item level of both models is obtained.

Table 3.8 Bivariate correlation of constructs and average variance extracted for model 1

	TA	TD	TR	SP	HRO
TA	**0.627**				
TD	0.37	**0.756**			
TR	0.335	0.495	**0.741**		
SP	0.428	0.393	0.248	**0.761**	
HRO	0.309	0.348	0.403	0.292	**0.704**

Table 3.9 Bivariate correlation of constructs and average variance extracted for model 2

	TA	TD	TR	SP	OO
TA	**0.627**				
TD	0.37	**0.756**			
TR	0.334	0.495	**0.741**		
SP	0.428	0.393	0.248	**0.761**	
OO	0.273	0.289	0.124	0.318	**0.774**

Chapter Four: Results and Discussion

4.1. Introduction

Prior to this chapter, the study problem was stated and relevant literatures were reviewed in order to understand the problem in perspective of previous literatures and to design an appropriate research approach. Then after, the research design employed for this study to achieve the developed objective was discussed. In this chapter, the analysis of the collected data by using various statistical tools; the results; and discussion is presented. The chapter is organized in two sections: the first sub-section presents the results of the and the second section presents the discussion of results.

4.2. Results

This study examined the impact of talent management on sustainable organizational performance. Section 4.2.1. presents the descriptive statistics which presented the demographic profile of respondents and then the distribution of the construct and analysis of data from desk review or document review. Section 4.2.2. presents result from SEM and analysis of open-ended questions together.

A total of 435 questionnaires were distributed to sampled company managers and employees, 372 questionnaires were collected. However, from the collected questionnaires 12 are missing at random. Therefore, only 360 usable questionnaires were obtained. The response rate is 83%. Out of 360 questionnaires, one case was disregarded as outliner by using Mahalanobis distance test.

4.2.1. Descriptive Statistics

4.2.1.1 Demographic Characteristics

The respondent's demographic characteristics is presented on Table 4.1. In terms of sex, 47.4% of respondents are female and 52.6% are male. In terms of age, 14.2% of the respondents are below 25 years; 43.2% of the respondents are between 25 to 35 years; 25.9% of the respondents are between 36 to 45 years; and 16.7% of the respondents are 46 and above 46 years old. These age figures imply that most of the respondents are in the economically active population. The respondents have a well education background of which more than 93.4% of them having degree and above. 24.2% of respondents have less than 3 years of experience in that specific

manufacturing company; 37.6% of respondents have 3 to 5 years of experience in that specific manufacturing company; 17.3% of respondents have 6 to 10 years of experience in that specific manufacturing company; and 20.9% of respondents have more than 10 years of experience in that specific manufacturing company. More than half percent (59.9%) of the respondents were ordinary employees of the organization.

Table 4.1 Demographic profile of respondents

		Percent
Sex	Female	47.4
	Male	52.6
Age	Below 25	14.2
	25-35	43.2
	36-45	25.9
	46 and above	16.7
Education level	Bellow diploma	0.8
	Diploma	5.8
	First Degree	63.2
	Masters	30.2
Experience	Less than 3 years	24.2
	3 to 5 years	37.6
	6 to 10 years	17.3
	More than 10 years	20.9
Position	Chief executive	3.3
	Company secretary	0
	Human resource director	2.5
	Other director	16.7
	Company chairman	17.5
	Employee	59.9

Table 4.2. below shows the descriptive statistics of constructs used in structural equation model. The highest mean value is recorded by talent attraction, which imply that organizations are more engaged on attracting talent other than other talent management parameters. The lowest mean value is scored by talent retention, which implies that organizations engagement on retaining

talent is less as compared to other talent management strategies. The highest standard deviation from talent management strategies is scored by talent development, which indicate that organizations highly vary in developing employees' talent as compared to other talent management strategies.

Table 4.2 Constructs descriptive statistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
TA	359	2.00	5.00	3.9994	.55219
TR	359	1.60	5.00	3.4106	.82935
TD	359	1.25	5.00	3.4269	.83548
SP	359	2.00	5.00	3.9476	.73168
OO	359	1.00	5.00	3.5703	.96541
HRO	359	2.00	5.00	3.8301	.73188
Valid N (listwise)	359				

4.2.1.2. Analysis of data from desk review

As per manuals of manufacturing companies, on the process of selecting and recruiting employees with talent they provide equal opportunity for candidates regardless of gender, race, ethnicity, religion, marital status, political belief, disability (which does not prohibit essential job function). In fact, this organizational norm leads the company to have diversified set of candidates. On selecting and recruiting a candidate companies are in line with Ethiopian labor law and international conventions.

On the process of selecting and recruiting talented employees, companies use job description in order to explain a kind of talent needed. Well written job description provides good impression for the candidate to have a clean understanding of responsibility expected from her or him. Unclear job descriptions later lead the candidate unsatisfied and inefficient in the engagement.

Sourcing is the activity of determining candidates for vacant positions and how to search them. There are various ways of sourcing. Internal vacancy (priority is given for internal employees), external vacancy, employee referral program (recommendation from existing and former employees), employment agency, from catchment areas (regional authorities involved in screening), career centers in higher education centers, walk in application, headhunting

(searching niche experts which are not available on e-job portal and who have unique experience and skill). These diversified sources are large enough to screen the right talent at the right vacant position.

On time of screening organizations have harsh control for misbehaves or corruptions like providing false information about the factory, and providing exam or interviews with exchange of money or sexual favors. The potential employees (candidates) will be informed to bring all the necessary documents. Employers also have a form to be filed by the candidate. The data found from the form is biodata or biographical data which looks like curriculum vitae. The information on the biodata is like full name, contact detail, address, educational qualification (with supporting document), experience (with supporting document), TIN card, pension card. All the above narrated procedures are before screening or selecting an employee and which gives initial good input for the next step. This process creates comfort zone for the employer to get good talent gathering which will end up with influential power for the organization overall achievement.

While screening an employee age (should be more than 18), address of the candidate (in consideration of difficulties for employees of far candidate from the factory), and capacities (reasonable disabilities which inhibit for the specific job). After screening, selection will be next based on interviews, work sample test and written test or the combination of them. In addition, certain issues must be considered for all employees. One is motivation, is the employee highly motivated to work there. Future plan, time management, working in stressful conditions, qualifications (over qualified employees are more likely to leave the factory early) shall be considered on selection process. If these issues are well addressed right talent can be easily selected.

Then after, selection applicants shall be informed about the result. Those who do not hired shall also be informed why they cancelled from the recruitment. If organizations do not inform (at least a brief reason), it may end up with negative reputation for not only that factory but also for other manufacturing companies. If the factory properly informs the major reason for the rejection of a candidate, there will be a possibility of applying in the future for additional vacant position.

All the above procedures are almost similar for all manufacturing companies. The exception is some manufacturing companies search talented employees out of the procedure for work positions which needs typical talented employees. This manufacturing companies' practices this

out-off the book procedure, while they are in need of most talented employee for that specific position. Therefore, all the above procedures are ignored and the manufacturing company simply enters into the agreement after contacting the talented employee. The agreement is bilateral between the employee and employer.

Once an employee is recruited talent management practices will continue in capacitating the newly hired employee. Onboarding trainings provided for newly employees. Onboarding trainings include both technical aspects and soft skills of the job. It is a process of integrating new employee with new work environment. Employee onboarding help the employee in understanding the overall organization context. Organization's vision, mission and philosophy can be easily understood by the employee. It increases an employee's motivation, engagement and considering herself/himself as one of influential party on organization's performance. Continuous trainings are also provided for all employees to increase performances and ability to innovate new solutions. Maintaining performance-based culture which rewards good performers is also one mechanism of retaining talent. Competitive salaries and benefits are also the basic pillar for retaining talent.

Training and development are other strategies implemented on factories. Once an employee is well trained and develops his/her capacity, stress and frustration decreased and leads to low turnover and high productivity. Most manufacturing companies assessed training requirements at organizational level, task level (department level) and individual level.

Activities like transfer, promotion, demotion and termination are also involved in talent management practices of the manufacturing companies. Transfer can be initiated by the employee interest or with the interest of the organization. It is used to increase effectiveness of the company plus to adjust workforce. Promotion is internal movement of an employee to better position, benefit and responsibility. Promoted employees twice likely to put more effort on their job. The companies believe that career development is assured when companies properly maintain promotions. In rare conditions (in Ethiopian manufacturing companies) demotions are also practical. In fact, demotion shall be last option for factories since it does not benefit for the performance of the organization. After all the alternatives (performance improvement, transfer) demotion are exercised. Most manufacturing companies exercised termination as the last option. At the time of termination, exit interviews are conducted in order to know the feelings of an employee, especially if the termination is voluntary, it will help the organization to assess in which areas it needs improvement for future engagement.

In almost all manufacturing companies, talent management practices are not merely responsibility of human resource managers. All parties (operation managers, finance managers, general managers, chief executives etc.) are required to participate. In addition, manual of manufacturing companies stated that managing talent of employees have great role on the improvement of companies' performance. This assumption is in line with the result obtained from structural equation modeling which is discussed below.

4.2.2. Results from Structural Equation Modelling

According to Anderson and Gerbing (1988), two-step approach is recommended for testing structural equation modeling. First, the measurement model should be assessed through confirmatory factor analysis which are already presented in chapter three (constructs convergent validity). Second, research hypotheses testing with structural equation modeling.

4.2.2.1. Overall fit indices of the model

According to many scholars, examining a structural model by using goodness of fit (GOF) is the first issue that should be considered (Hair et al., 2006; Patrick, 1997; Bogozzi and Yi, 1988). To assess the fitness of the measurement model four indices is recommended by Schreiber et al. (2006) and Hu and Bentler (1999). (1) comparative fit index (CFI); (2) Tucker-Lewis's index (TLI) (CFI and TLI aimed to determine the model's incremental fit); (3) root-mean square error of approximation (RMSEA) as a measure of absolute fit; and (4) normed chi-square (X^2/df). Goodness of fit index (GFI), Adjusted Goodness of fit index (AGFI), and Normed fit index (NFI) are other recommended indices to be checked in structural modeling (Hair et al., 2006; Patrick, 1997).

Table 4.3 Goodness of fit (GOF) indices for structural models

Fit indices	Recommended cut-off value (Hair et al., 2006; Marsh & Hocevar, 1985; Patrick, 1997; Wheaton et al., 1977)	Estimates	
		Model 1 (HRO)	Model 2 (OO)
CMIN (X^2)	P ≥ 0.5 (N < 250), P < 0.05 (N > 250)	323.3 (P = 0.000)	279.655 (P = 0.004)
Df		220	220
Normed chi-square (X^2/df)	Must not exceed 5	1.470	1.271
GFI	Must be higher than or equal to 0.90	0.931	0.939

AGFI	Must be higher than or equal to 0.80	0.913	0.924
NFI	Must be higher than or equal to 0.90	0.953	0.960
CFI	Must be higher than or equal to 0.90	0.984	0.991
TLI	Must be higher than or equal to 0.90	0.982	0.990
RMSEA	Must be lower than 0.08	0.036 (PCLOSE=0.998)	0.028 (PCLOSE=1.000)

Source: AMOS 21.0 result

As shown on Table 4.3. the normed chi-square (CMIN/DF) is 1.47 and 1.271 for model 1 and model 2 respectively. This value measures the minimum discrepancy, divided by its degrees of freedom. Several writers have suggested the use of this ratio as a measure of fit. For every estimation criterion, the ratio should be close to one for correct models. As a rule of thumb: Wheaton et al. (1977) suggest that the ratio of approximately five or less as beginning to be reasonable. Therefore, it can be concluded that both models are a reasonable fit model.

The GFI (goodness of fit index) was devised by Jöreskog and Sörbom (1984) and a value close to 1 indicates a perfect fit. As shown on the table, the values of GFI are 0.931 and 0.939 for the two models, which are more than the recommended cut-off value. Therefore, both models are fitted. Whereas, the AGFI (adjusted goodness of fit index) takes into account the degrees of freedom available for testing the model and both models meet the recommended cut-off.

According to Bentler and Bonett (1980), normed fit index (NFI) and Tucker-Lewis's coefficient (TLI) are also another indicator of model fit index. The NFI and TLI values for both models are more than the recommended cut-off; therefore, it can be said that both models are a very good fit. Moreover, the comparative fit index (CFI) for both models is close to 1, which indicates that a very good fit (Bentler, 1990).

Based on practical experience, a value of the RMSEA of about .05 or less would indicate a close fit of the model in relation to the degrees of freedom (Browne and Cudeck, 1993). This figure is based on subjective judgment. There is also another opinion by the author that a value of about 0.08 or less for the RMSEA would indicate a reasonable error of approximation. As shown on the above table, both models RMSEA value is below 0.05, which indicate close fit of the model in relation to the degree of freedom.

The above results showed that all of the model-fit indices meet the respective common acceptable levels suggested by previous research, which in turn demonstrate that both the measurement model exhibited a good fit with the data collected.

4.2.2.2. Path analysis for Hypotheses testing

The estimation of path coefficients and their levels of significance for both structural equation models displayed on table 4.4. The finding from model 1 shows that talent retention (coefficient = 0.271, p = 0.000) had positive significant impact on human resource outcome at p-value less than 0.01 level. Similarly, succession planning (coefficient = 0.128, p = 0.033) had significant and positive impact on human resource outcome at p-value less than 0.05 level. Correspondingly, talent development (coefficient = 0.109, p = 0.063) and talent attraction (coefficient = 0.167, p = 0.054) had significant and positive impact on human resource outcome at p-value less than 0.1 level. This result indicated that hypotheses H_2, H_4, H_6, and H_8 are accepted.

Table 4.4 Test of Hypotheses

Hypotheses				**Estimate**	**S.E.**	**C.R.**	**P**
	Model 1						
H_2	HRO	<---	TA	.167	.087	1.929	.054*
H_4	HRO	<---	TD	.109	.059	1.857	.063*
H_6	HRO	<---	TR	.271	.062	4.400	.000***
H_8	HRO	<---	SP	.128	.060	2.137	.033**
	Model 2						
H_1	OO	<---	TA	.253	.116	2.178	.029**
H_3	OO	<---	TD	.227	.079	2.873	.004***
H_5	OO	<---	TR	-.086	.081	-1.066	.287
H_7	OO	<---	SP	.260	.081	3.225	.001***
	***p < 0.01, **p < 0.05 and *p < 0.1 two-tailed test.						

Source: Result from AMOS 21.0

The finding from model 2 shows that talent development (coefficient = 0.227, p = 0.004) and succession planning (coefficient = 0.260, p = 0.001) had positive significant impact on organizational outcome at p-value less than 0.01 level. Similarly, talent attraction (coefficient = 0.253, p = 0.029) had significant and positive impact on organizational outcome at p-value less

than 0.05 level. Whereas, talent retention had insignificant impact on organizational outcome. This result indicated that hypotheses H_1, H_3, and H_7 are accepted; whereas H_5 is rejected.

Moreover, the pictorial form of the model estimation and each factor loading are shown in Figure 4.1 and Figure 4.2. The analysis demonstrated that all talent management strategies collectively accounted for 42% of the variation in human resource outcome and 78% of the variation in organizational outcome.

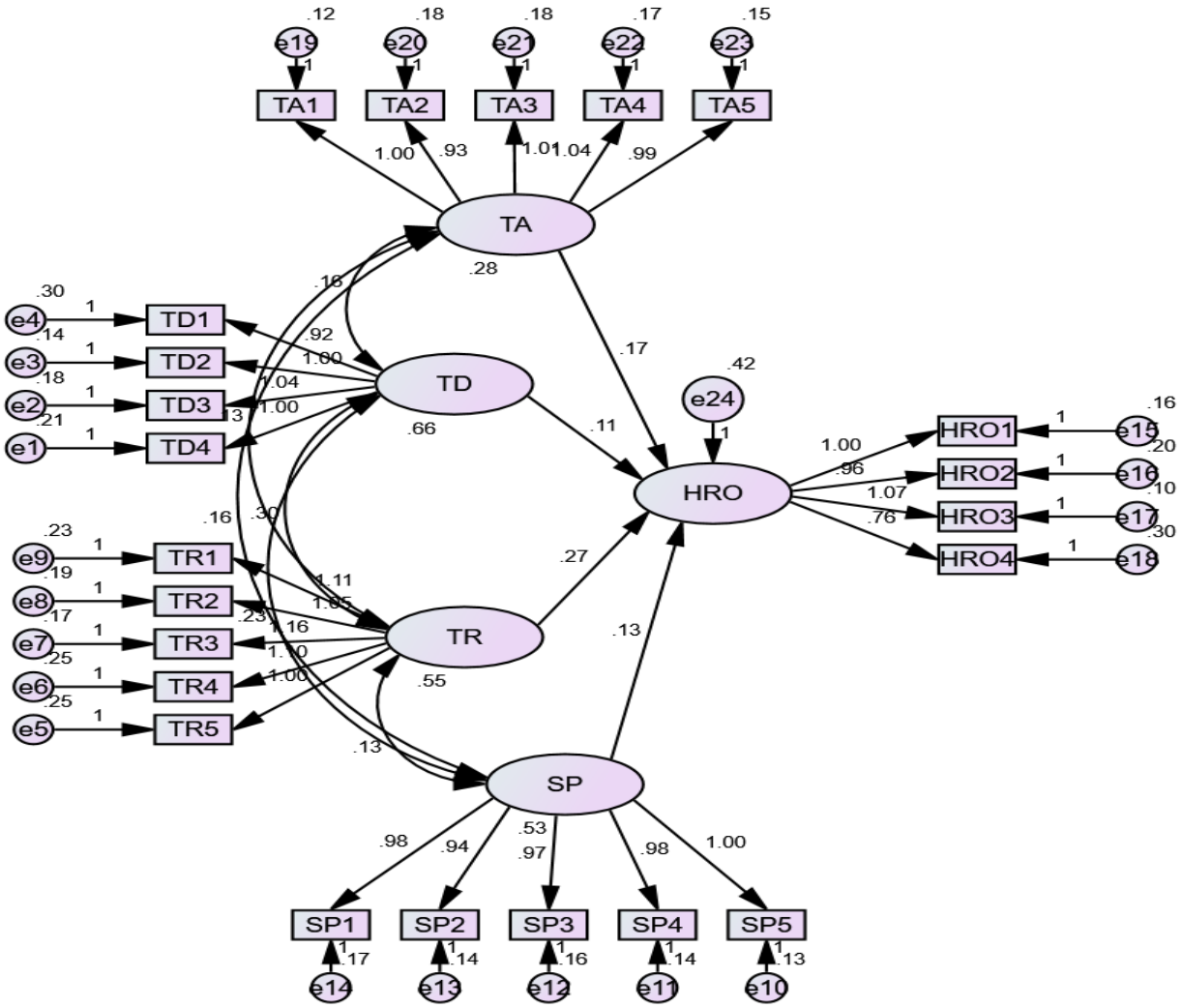

Figure 4.1 Measurement model 1 with regression weight

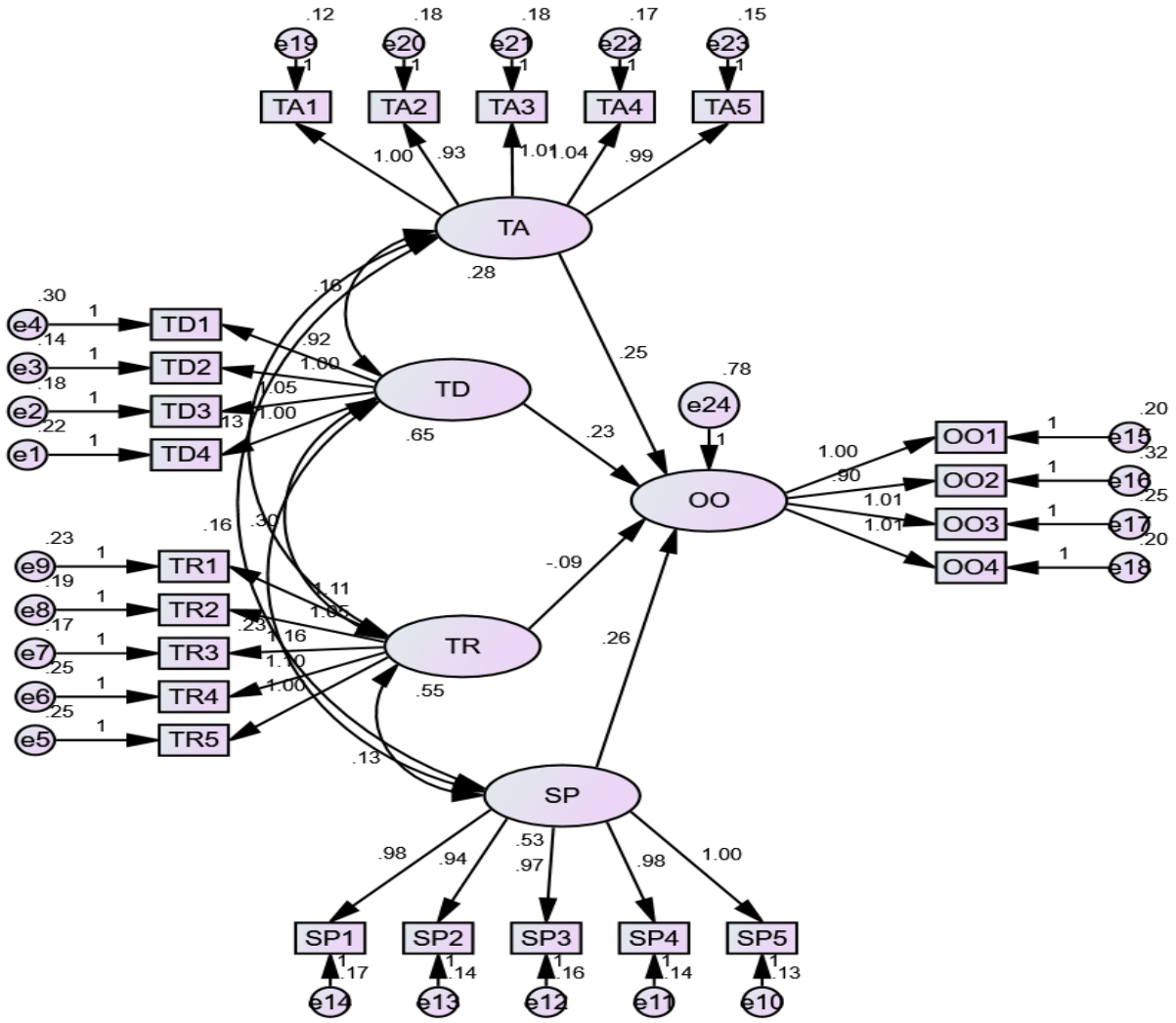

Figure 4.2 Measurement model 2 with regression weight

4.2.2.3. Result discussion

Previous literatures state that organizations can easily attain their goals and objectives, and are more likely to have a sustainable organizational performance when they are able to manage their human capital (Rop, 2015; Taie, 2015; Bersin, 2013). Multiple theories discussed in literature review also ascertain these arguments. In line with this, this research highlighted positive and significant impact of talent management on organizational outcome and human resource outcome which are used as indicator of sustainable organizational performance. The detailed discussion of the finding obtained through path analysis based on the developed hypotheses is discussed as follows:

H1: *Talent attraction has a significant positive effect on organizational outcome of Ethiopian large tax payer manufacturing companies.*

The path analysis revealed that talent attraction has positive and significant effect on organizational outcome of large tax payer manufacturing companies, this leads to accept the above stated working hypothesis. This indicate that when organizations give due care for recruitment, selection, employer branding, employee value proposition and when the organization is the choice of employee then the organizations competitiveness and operational excellence is improved. The practitioners in the manufacturing industry argue that when organizations are employee choice and work on employee branding then the productivity of employees will increase which in turn contribute to organizational excellence. This finding is in line with DiRomualdo et al. (2009) and Ashton and Morton (2005) who found that the competences in talent management and practice of organizations in employee branding increased corporate culture and operation excellence.

H2*: Talent attraction has a significant positive effect on human resource outcome of Ethiopian large tax payer manufacturing companies.*

The study results stated that talent attraction has positive and significant effect on human resource outcome of large tax payer manufacturing companies; accordingly, H_2 is not rejected. Practitioners argue that organizations who give clear and consistent message about themselves during recruitment are more likely to recruit the best employee from the market. Under such circumstance, if potential employees perceive the positive value of the organization seeking to recruit him/her in flexibility, training opportunity, reputation and the like, then those employees will be more committed and determined to outperform. Therefore, this result implies that the organizations recruitment practice of talented employees is a major factor for employees to be more productive, determined to outperform, have confidence about the futurity of their organization and retained in that organization for longer period of time. This result is in line with Mangusho et al. (2015), Kontoghiorghes & Frangou (2009), Sullivan (2009), Boekaerts (2007), Tansley et al. (2007).

The response from open ended question also reveals that organizations strives to build a good brand image to attract talented employees. As per respondents, brand image has significant impact on attracting qualified employees. While companies have good brand image, they have high chance to get greater number of candidates. As per number of candidates increase there is a

high option of getting required employees. Branding also leads to high reputation for the employer and highly talented candidates is impressed and organizations can easily screen from the mass. These highly talented employees are one input for the organization's success. Respondents also state that the strategies to communicate employer brand are websites, social medias, local events and also at a time of application, interview and induction time.

As per respondents answer job security is another talent attraction mechanism for the advancement of company's performance. Job security is a chance an employee stays at his job or a chance that an employee will lose his or her job. Companies shall maintain job security in order to enhance employee engagement and as a result employee's efficiency and productivity will increase. Maintaining good job security is not merely responsibility of the company. In fact, employees should work hard, punctual, volunteer to do more, solution maker to be secured on job place.

***H3**: Talent development has a significant positive effect on organizational outcome of Ethiopian large tax payer manufacturing companies.*

This research revealed that talent development has a positive and significant effect on organizational outcome of large taxpayer manufacturing organizations. Previous literatures argue that initiatives to develop employee's talent should be aligned with the strategy of the organization (Kermally, 2004). Most of the time this development strategy is affected through continuous training to employees to acquire new knowledge and skills, and mastering new ways of executing their tasks. Therefore, this result indicates that aspects such as continuous learning at the organization, equal opportunities for all, job-specific training, implementation of domestic development programs, and rich guidelines as part of management development programs affected organizations outcome positively. As a result, the ability of the organization to ensure a leadership position in the market will be facilitated. This report confirms the human capital theory in a way that when the organizations invest in its human capital (which is considered as invisible asset in the theory) then the organizations performance is achieved. This result is supported by many empirical studies; such as, Kehinde (2012), Optimis (2011) and Lepak and Shaw (2008).

***H4:** Talent development has a significant positive effect on human resource outcome of Ethiopian large tax payer manufacturing companies.*

Furthermore, the finding of this study demonstrate that talent development has positive and significant impact on human resource outcomes of large tax payer manufacturing organizations. This implies that when manufacturing organizations engaged in implementation of appropriate learning and development strategies and helps employees in mastering during execution of their task then employee's productivity, job satisfaction and commitment increased. This concept confirms the social exchange theory in the way that when organizations invest in their employees, the employees will reciprocate these good deeds with positive work attitudes and behaviors. Moreover, previous researchers (For example: Karuri, 2015; Mangusho et al., 2015) on the area also reports the same result.

According to the respondents, other than the practices mentioned on the closed ended questionnaire part, team work plays a great role in developing talent beyond training. Good teamwork helps to maintain morale of employees. Since people from different skills and ability come together problems can be easily solved and ultimately it contributes for the overall performance of the company.

***H5**: Talent retention has a significant positive effect on organizational outcome of Ethiopian large tax payer manufacturing companies.*

Even if other researchers (Auranzeb and Bhutto, 2016; Zikmund, 2000) reported that employee retention have a direct impact on the ability of the organization to provide consistent and high-quality product or service to customers, this research reported an insignificant impact of talent retention on organizational outcome. The result implies that the manufacturing organizations are not implementing talent retention policies in line with the organizations goal and objectives. Even though, the variable talent retention has significant and positive impact on human resource outcome in testing H_6, this same manufacturing companies have failed to impact their organizations outcome by their talent retention policies. Resource based view believe that organizations should work on resources which is inimitable; however, if the resources are easily used by others, then that resource will no more be benefitting the organization. Based on this theory, this result might indicate that the skill of talented employees of organizations can easily be used by other organization. As a result, employees are resigning for better opportunity to other organization, instead of add anything new to the interest of the organization.

***H6**: Talent retention has a significant positive effect on human resource outcome of Ethiopian large tax payer manufacturing companies.*

In contrary to H_5, talent retention here results a positive and significant impact on human resource outcome. This implies that organizations leadership platform in handling employee issues and motivating employees' talent in different schemes have led to improved employee satisfaction and retention. The reason for positive significant impact of talent retention on human resource outcome and insignificant impact on organizational outcome might be as a result of wrong implementation of talent retention practices by the organizations. This means even if employees are satisfied by their job and willing to be committed for their responsibility, their competence might be compatible for other organization and they resign for more opportunity. This supposition somewhat confirms the organizational support theory, in which employees expect the organizations high commitment for their talent, if not they will search other organization which satisfy them more and they shift their satisfaction and dedication to other competitive organization. The result is in line with Mangusho et al. (2015) and Shaw et al. (2005).

Respondents of open-ended questions stated that companies should maintain their image for long period of time not only for the benefit of the company but also for the morale of its employees. Talented employees are highly concerned on the reputation of their companies. They give priority not for only benefits they received from the organizations but also, they are highly concerned about the reputation that the company has on the market. So, companies shall maintain their good image on the market for extended period of time in order to retain its talented employees.

Respondents state that most of the time rewards and compensation are monetary, but there are non-monetary rewards given in order to motivate employees. These non-monetary rewards include insurance, housing, share gift and the like. They state that such prizes create comfort for the employee and to consider organization belongs to him or her. However, sometimes companies may compensate highly talented employees at higher level but these might be with the expectation of abusing more than the reward. This may result an employee to be stressful in engaging on activities. Such compensations may end up with only rewarding the employee which does not add value to the company. Companies also provide non-monetary rewards like learning scholars and housing, but such rewards will be debt for the employees to be paid in kind /being an employee for a period of time/ or to pay on monetary base. As a result, employees will be enforced to work there since they do not have a capacity to pay which ended up with low interest of working and add a few values to the outcome of the organization. Often companies

are large in manpower and if the retention mechanism is not well planned, there might be idle capacity without adding value to the company.

***H7**: Succession plannng has a significant positive effect on organizational outcome of Ethiopian large tax payer manufacturing companies.*

The positive impact of talent succession on organizational outcome is other finding of this research. This implies that the organizations succession planning is efficient enough to positively affect the organizations competitive position, maintaining product quality and outperforming. It is obvious that proactive internal succession planning reduces transaction costs and, subsequently affect organizations performance. This finding is in line with Steinweg (2009) and Sebald et al. (2005).

***H8**: Succession planning has a significant positive effect on human resource outcome of Ethiopian large tax payer manufacturing companies.*

The final developed hypothesis is testing the impact of talent succession on human resource outcomes and the result revealed that a significant and positive impact. This implies that if organizations plan their talented employee's pathway to the higher level, then those employees are motivated to perform well. A continuous succession reduces the loss of knowledge and enhance employees work quality. The psychological contract theory state that if employees met their expectations and needs from the organization, then they will contribute their best talent. This theory confirms the study finding in the way that if talented employees are informed about their future and promised a future to be leaders as long as they fulfill the criteria, then employees are motivated to perform higher level. This finding is in line with Lyria et al. (2014); Dargham (2013) and Pamela et al. (2011).

According to the respondents, job rotation is other means of building the capacity of an employee. When job rotation exists, employees have a chance to get experience of new areas. As time gone, they will be capable of doing all activities. Ultimately companies can easily select employers from internal gathering for vacant positions created by retirement and termination.

Chapter Five: Conclusion and Recommendation

The preceding chapter presented results and discussion of the study, while this chapter presents the conclusions of research results and recommendations derived from result of the study. Accordingly, this chapter is organized into two sub-sections. The first section presents conclusions and the second section presents recommendations.

5.1. Conclusions

Well maintained talent management practice leads to highly potential employees to be one part of input for the organization performance. These employees can stay for the long period of time if the retention mechanism is good. Succession planning also results to fabricate large talent pools which assures sustainable organizational performance. Recently, there is an increasing interest in talent management related researches. Previous researches attempted to identify the effectiveness of talent management and its contribution to organizational performance; however, even if most researches are inclined to the positive contribution of talent management, some of them reported contradicting results. Moreover, the majority of these studies have been conducted in developed countries where talent management is perceived as mature. Additionally, the important issue remained was positioning talent management for the achievement of sustainable organizational performance.

Therefore, this study aimed at examining the impact of organizations talent management strategies (talent attraction, talent development, talent retention and succession planning) on sustainable organizational performance (organizational outcome and human resource outcome). To achieve the intended objective, the study used a combination of quantitative and qualitative approaches. The data were collected through questionnaire and document reviews from the sample of 145 companies. The collected data were analyzed by employing structural equation modeling using AMOS 21.0. Besides, the qualitative data that were collected through document review was used to support the quantitative findings to gain additional insight into the organization's talent management strategies and its impact on the sustainability of organizational performance of large tax payer manufacturing companies in Ethiopia. The results of the structural equation model showed the existence of talent management strategies have significant effect on the organizations sustainability performance.

Talent attraction has statistically significant positive impact on both sustainable organizational performance indicators. Companies with effective implementation of talent attraction strategies (like company branding, job security, good working environment, fair wage, well designed talent search matrix) can gain increment of employees' productivity and employees will be determined to outperform, which in turn affect positively the sustainability of organizations performance.

Talent development has statistically significant positive impact on both indicators of sustainable organizational performance. Continuous learning of employees aligned with the strategy of organization; and developing employee's skills in problem solving, leadership, communication, managing knowledge affected the employee's performance in executing their task positively. Therefore, the organizations performance sustainability can be assured. This result is consistent with human capital theory and social exchange theory.

Talent retention has statistically significant positive impact on human resource outcome; however, insignificant impact on organizational outcome. The positive impact of talent retention on human resource outcome indicates that organizations actions in employees' issue have led to improved employee satisfaction. Whereas, the insignificant impact of talent retention on organizational outcome might be as a result of improper implementation and accomplishment of talent retention strategies. During such kind of improper accomplishment of talent retention strategies, employees will search for more opportunity, which makes their contribution to the organizational outcome insignificant. This argument is consistent with resource-based view and organizational support theory.

Succession planning resulted positive significant impact on both indicators of sustainable organizational performance. Companies which implement job rotation, retirement preparation, employee growth and progression, stablished career centers where employees can access useful materials for career development and well stablished succession planning have resulted outstanding sustainable performance.

In addition to the findings of the structural equation modeling, the open-ended questions and the reviewed documents were analyzed to better understand the organizations talent management practices and its contribution to the sustainability of the organization's performance. Accordingly, employees believe that talent management practice of organizations have positive contribution to the sustainability of organizations performance and based on the organizations

document, organizations are giving emphasis on their talent management practices by acknowledging its contribution to their performance.

5.2. Recommendation

The study indicated that talent management practices significantly affect sustainable organizational performance of companies. Talent management is not merely an issue of human resource. It is one component of company's strategical goal. Unless talent is well planned, companies will not have assurance for the sustainability of their performance. Companies shall give high emphasis on one of important asset that is people not to be discouraged and to be effective and efficient on their job.

Talent attraction, one of the talent management strategies of companies, significantly affect both human resource outcome and organizational outcome. Since this strategy is less costly than other strategies and have a positive significant impact on sustainable organizational performance, companies should increase their due care for recruitment, selection, employer branding till their organizations reach the milestone where they are to be the choice of every employees.

Talent retention, one of talent management practice significantly affect human resource outcome but not significant for organizational outcome. Companies may have talent retention strategies which are in fact applicable but it should also be noted that it might result in unanticipated results which may not finally add value for the organizations.

Talent retention can also be signified by companies rewarding system, which shall be well maintained since it sometimes may create discomfort for the employee and no value added for the organization. The expectation of an employee and the reward sometimes might not match. In light of talent retention, this study recommends that the amount of reward shall be equal with how the employee have performed in the past.

Furthermore, as a talent retention element, companies give in-kind rewards for employees as a reward. Such rewards shall be well strategic. For example: most of the time educational scholars are tied with reimbursement at the future. If an employee cannot pay back the debt, he or she has enforced to work for certain period of time on that company. Moreover, housing rewards which are given for the stay of an employee on that company is also ting the employee without her interest. It is recommended that companies shall create good mind set on their employees to take

like their own. Rewards should be given to create and increase belongingness of employees to the company.

As a talent development mechanism, companies used learning and trainings to upgrade skills of their employees. But sometimes if this strategy is not well planned it might create unintended result. Large factories have large number of employees as a result at a time of screening employees there might be inappropriate assignments of trainings. Employees which should take trainings may not be assigned or employees which shall not take the training might be assigned. Some trainings might be given but employees who have taken the training might not be immersed into activity. This creates an idle capacity which increase no value for the organizations. Companies should use full efficiency of each individual who had different specialization and capacity.

Moreover, this study recommends trainings given by companies shall prohibit transferability to another context which can increase marketability of the employee. This can be achieved through focusing job specific trainings rather than generalized trainings. Companies shall also develop trainings which cannot be easily imitated by rivalries.

Finally, most organizations face a problem of hiring qualified and quality leader. However, if organizations able to develop the pathway of its internal employees to a higher level or to be leader, then the organizations can minimize transaction costs, reduces the loss of knowledge and enhance employees work quality. Therefore, organizations should strictly plan employee's succession.

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Appendixes

Appendix A: Questionnaire

Addis Ababa University

College of Business and Economics

Masters of Business Administration in Finance

Questionnaire

The questionnaire below is meant for collection of data for academic purposes only and confidential. The study intends to find out the impact of talent management on sustainable organizational performance of manufacturing organizations in Ethiopia. The data or information collected in such a way shall be used as primary data in my thesis, which I am conducting as a partial fulfillment for the requirement of my study in MBA in finance at Addis Ababa University. It is hoped that this research will contribute towards understanding of talent management and its implications in sustainable organizational performance. Therefore, I will be pleased to submit a copy of my final report to your office at the completion.

Your prompt and reliable responses will be much appreciated as it will enable the timely completion of this thesis and enhance the benefits of the research in terms of its relevance.

Note: Please tick or fill in the blank spaces as required. If you have any query please contact me through email: amubeder99@gmail.com or Phone No. 09 20 72 91 58
Thank you for your commitment in advance.

Part A: Background Information

1. Sex: - Male ☐ Female ☐

2. Age: -
   - Below 25 Years ☐ 36-45 Years ☐
   - 25-35 Years ☐ Above 46 Years ☐

3. Your Education Level
   - Below Diploma ☐ First Degree ☐
   - Diploma ☐ Masters and above ☐

4. How long have you worked in this manufacturing company?
   - Below 3 Years ☐ 6-10 Years ☐
   - 3-5 Years ☐ Above 10 Years ☐

5. What position do you hold in your company?
   - Chief Executive ☐ HR Director ☐
   - Company Chairman ☐ Other Director ☐
   - Company Secretary ☐ Employee ☐

Part B: <u>To what extent do you agree with the following statements in the tables.</u>

No.	Talent Attraction	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	My company is actively involved in communication and implementation of company branding					
2	My company's good working environment and fair wages have enabled it to attract the right talented employees					
3	My company supports employee training and career progression					
4	Work-life balance as well as social networking facilities in my company is a motivating factor to attract talented employees					
5	We ensure good organizational climate in order to attract the right talents					

Apart from those mentioned above how else does talent attraction affect sustainable organizational performance?_____
_____

	Talent Retention	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	We use effective leadership platform and we are careful on how we handle employee issues					
2	My company has competitive compensation system in comparison with other organizations in the same industry which is a motivating factor to our employees					
3	We have internal recruitment policies that help to raise the loyalty and morale of our employees					
4	In my company fulfilling daily expected responsibility is more valuable than being at office and leave office on time.					
5	Our company offers training opportunities to enhance career growth hence retains talented employees					

Apart from those mentioned above what else does talent retention affect sustainable organizational performance? _____
_____

	Talent Development	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Our company has been implementing appropriate learning and development strategies in place					
2	In our company, employees are continuously acquiring new knowledge and skills, and mastering new ways of executing their tasks					
3	Our company implements domestic development programs consistently					
4	We take leadership skills developments very seriously					

Apart from those mentioned above how else does talent development affect sustainable organizational performance?_____

	Succession Planning	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Our company offers career counseling					
2	Job rotation is practiced well and employees have a chance to widen their profession					
3	This company believes that career planning facilitates expansion and growth of the company					
4	Our company has plans on employee growth and progression					
5	My company strives to establish career paths and job families in every department					

Apart from those mentioned above how else does succession planning affect sustainable organizational performance? _____

_____

	Organizational outcome	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	In our company, we believe talent management increases our competitiveness					
2	Talent management practices have led us to achieve business goals					
3	Our company's talent management strategies have led us to provide quality products					
4	Talent management practices have led us to better customer service and customer loyalty					

	Human resource outcome	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Talent management practices have led us to increased employee productivity.					
2	Our company's talent management practice helped to maintain capable employee's morale and helps to retain key employee for longer period of time.					
3	Talent management practices have led us to improve employee job satisfaction and commitment					
4	Talent Management practices, in our company, have made employees to have trust on their organization					

THANK YOU!

Appendix B

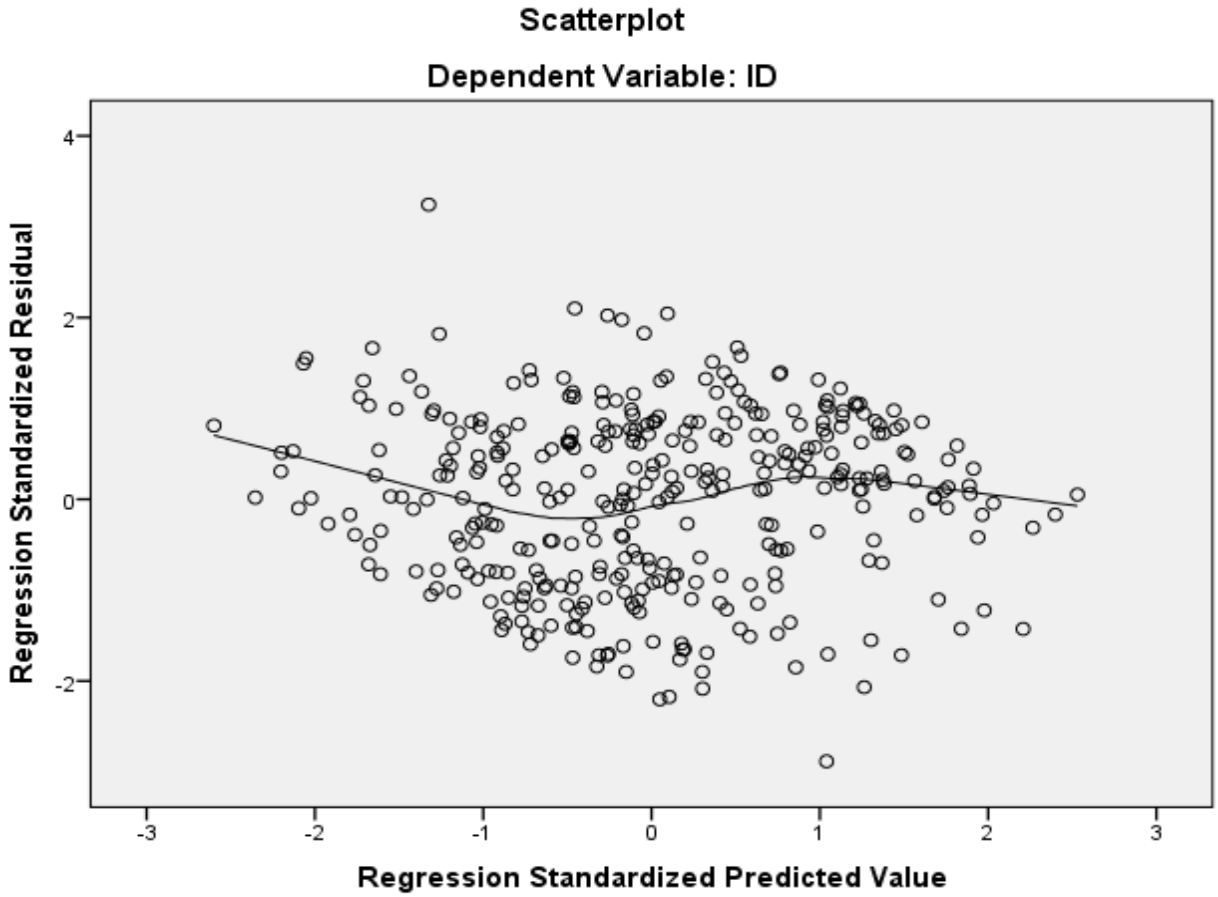
Collinearity Statistics

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	-94.911	38.547		-2.462	.014		
TA1	-24.093	11.109	-.146	-2.169	.031	.379	2.639
TA2	3.285	9.715	.021	.338	.735	.465	2.148
TA3	12.072	9.605	.079	1.257	.210	.440	2.271
TA4	20.933	9.799	.138	2.136	.033	.412	2.428
TA5	12.902	10.403	.080	1.240	.216	.408	2.452
TR1	34.425	8.776	.315	3.923	.000	.266	3.754
TR2	21.893	9.614	.187	2.277	.023	.255	3.928
TR3	5.043	9.335	.046	.540	.589	.236	4.239
TR4	6.476	8.402	.059	.771	.441	.289	3.460
TR5	-8.497	8.615	-.073	-.986	.325	.316	3.165
TD1	5.812	7.654	.052	.759	.448	.371	2.698
TD2	.740	9.953	.006	.074	.941	.238	4.207
TD3	1.784	9.097	.016	.196	.845	.250	3.996
TD4	3.844	8.585	.034	.448	.655	.290	3.447
SP1	5.579	10.176	.044	.548	.584	.266	3.756
SP2	5.462	11.111	.041	.492	.623	.246	4.060
SP3	4.169	10.647	.032	.392	.696	.250	4.003
SP4	-23.264	10.971	-.181	-2.121	.035	.237	4.224
SP5	11.010	11.103	.086	.992	.322	.228	4.392
OO1	-18.098	8.607	-.183	-2.103	.036	.227	4.409
OO2	5.082	7.449	.050	.682	.496	.320	3.124
OO3	-5.021	7.873	-.052	-.638	.524	.256	3.901
OO4	-5.285	8.560	-.054	-.617	.537	.227	4.403
HRO1	-4.355	9.641	-.035	-.452	.652	.283	3.537
HRO2	-4.844	8.993	-.039	-.539	.590	.328	3.052
HRO3	7.118	10.402	.058	.684	.494	.238	4.198
HRO4	2.931	8.521	.022	.344	.731	.422	2.372

a. Dependent Variable: ID

Heteroscedasticity test



KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.908
Bartlett's Test of Sphericity	Approx. Chi-Square	7960.864
	Df	351
	Sig.	.000

Communalities

	Initial	Extraction
TA1	1.000	.752
TA2	1.000	.665
TA3	1.000	.698
TA4	1.000	.715
TA5	1.000	.696
TR1	1.000	.796
TR2	1.000	.815
TR3	1.000	.843

TR4	1.000	.782
TR5	1.000	.767
TD1	1.000	.765
TD2	1.000	.853
TD3	1.000	.850
TD4	1.000	.816
SP1	1.000	.809
SP2	1.000	.821
SP3	1.000	.812
SP4	1.000	.823
SP5	1.000	.847
OO1	1.000	.852
OO2	1.000	.796
OO3	1.000	.842
OO4	1.000	.866
HRO1	1.000	.822
HRO2	1.000	.800
HRO3	1.000	.850
HRO4	1.000	.680

Extraction Method: Principal Component Analysis.

Factor analysis

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	8.982	33.265	33.265	8.982	33.265	33.265	4.114	15.237	15.237
2	3.602	13.339	46.604	3.602	13.339	46.604	4.032	14.932	30.168
3	2.605	9.649	56.253	2.605	9.649	56.253	3.586	13.282	43.451
4	2.283	8.457	64.710	2.283	8.457	64.710	3.380	12.520	55.971
5	2.237	8.287	72.997	2.237	8.287	72.997	3.177	11.765	67.736
6	1.724	6.386	79.384	1.724	6.386	79.384	3.145	11.648	79.384
7	.518	1.917	81.301						
8	.428	1.587	82.887						
9	.405	1.498	84.386						
10	.384	1.422	85.808						
11	.342	1.266	87.074						
12	.333	1.232	88.306						
13	.312	1.154	89.460						
14	.292	1.080	90.540						
15	.277	1.026	91.566						
16	.273	1.012	92.578						
17	.246	.909	93.487						
18	.236	.872	94.359						

19	.226	.838	95.198						
20	.190	.702	95.900						
21	.185	.684	96.584						
22	.177	.656	97.240						
23	.162	.600	97.840						
24	.157	.582	98.422						
25	.151	.559	98.981						
26	.147	.545	99.526						
27	.128	.474	100.000						

Extraction Method: Principal Component Analysis.

Rotated Component Matrix[a]

	Component					
	1	2	3	4	5	6
SP5	.883					
SP2	.878					
SP1	.857					
SP3	.855					
SP4	.853					
TR3		.882				
TR2		.860				
TR1		.848				
TR5		.842				
TR4		.825				
TA1			.833			
TA4			.811			
TA3			.798			
TA5			.782			
TA2			.780			
OO4				.911		
OO3				.900		
OO1				.891		
OO2				.871		
TD3					.864	
TD2					.850	
TD4					.829	
TD1					.810	
HRO3						.875
HRO1						.872
HRO2						.853
HRO4						.788

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.[a]

a. Rotation converged in 6 iterations.

Reliability test for each construct

Reliability Statistics

Cronbach's Alpha	N of Items
.893	5

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
TA1	16.02	5.027	.776	.862
TA2	16.00	5.120	.705	.877
TA3	16.04	4.954	.733	.871
TA4	15.98	4.893	.743	.869
TA5	15.95	5.051	.736	.870

Reliability Statistics

Cronbach's Alpha	N of Items
.936	5

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
TR1	13.70	11.047	.827	.922
TR2	13.56	11.348	.843	.919
TR3	13.71	10.866	.863	.915
TR4	13.64	11.087	.816	.924
TR5	13.60	11.558	.798	.927

Reliability Statistics

Cronbach's Alpha	N of Items
.925	4

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
TD1	10.23	6.621	.773	.919
TD2	10.31	6.496	.855	.892
TD3	10.30	6.234	.851	.893
TD4	10.27	6.410	.822	.903

Reliability Statistics

Cronbach's Alpha	N of Items
.945	5

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
SP1	15.79	8.638	.842	.933
SP2	15.84	8.836	.845	.933
SP3	15.80	8.693	.843	.933
SP4	15.78	8.669	.852	.931
SP5	15.75	8.582	.866	.929

Reliability Statistics

Cronbach's Alpha	N of Items
.935	4

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
OO1	10.67	8.506	.862	.910
OO2	10.71	8.933	.805	.928
OO3	10.72	8.405	.849	.914
OO4	10.75	8.436	.871	.907

Reliability Statistics

Cronbach's Alpha	N of Items
.906	4

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
HRO1	11.45	4.846	.813	.869
HRO2	11.48	4.887	.803	.873
HRO3	11.51	4.709	.850	.856
HRO4	11.52	5.446	.690	.911

AMOS 21.0 Output
Model 1
Regression Weights: (Group number 1 – Default model)

			Estimate	S.E.	C.R.	P	Label
Human_Resource_Outcome	<---	Talent_Attraction	.167	.087	1.929	.054	par_25
Human_Resource_Outcome	<---	Talent_Development	.109	.059	1.857	.063	par_26
Human_Resource_Outcome	<---	Talent_Retension	.271	.062	4.400	***	par_27
Human_Resource_Outcome	<---	Success_Planning	.128	.060	2.137	.033	par_28
TD4	<---	Talent_Development	1.000				
TD3	<---	Talent_Development	1.045	.045	23.268	***	par_1
TD2	<---	Talent_Development	.996	.042	23.975	***	par_2
TD1	<---	Talent_Development	.922	.048	19.371	***	par_3
TR5	<---	Talent_Retension	1.000				
TR4	<---	Talent_Retension	1.103	.055	19.978	***	par_4
TR3	<---	Talent_Retension	1.156	.053	21.702	***	par_5
TR2	<---	Talent_Retension	1.051	.051	20.732	***	par_6
TR1	<---	Talent_Retension	1.111	.055	20.303	***	par_7
SP5	<---	Success_Planning	1.000				
SP4	<---	Success_Planning	.979	.039	25.082	***	par_8
SP3	<---	Success_Planning	.968	.040	24.274	***	par_9
SP2	<---	Success_Planning	.936	.038	24.408	***	par_10
SP1	<---	Success_Planning	.977	.041	24.062	***	par_11
HRO1	<---	Human_Resource_Outcome	1.000				
HRO2	<---	Human_Resource_Outcome	.957	.046	21.008	***	par_12
HRO3	<---	Human_Resource_Outcome	1.066	.043	24.549	***	par_13
HRO4	<---	Human_Resource_Outcome	.756	.047	16.027	***	par_14
TA1	<---	Talent_Attraction	1.000				
TA2	<---	Talent_Attraction	.933	.059	15.822	***	par_15
TA3	<---	Talent_Attraction	1.009	.061	16.667	***	par_16
TA4	<---	Talent_Attraction	1.039	.061	17.036	***	par_17
TA5	<---	Talent_Attraction	.987	.058	17.123	***	par_18

Standardized Regression Weights: (Group number 1 - Default model)

			Estimate
Human_Resource_Outcome	<---	Talent_Attraction	.119
Human_Resource_Outcome	<---	Talent_Development	.120
Human_Resource_Outcome	<---	Talent_Retension	.272
Human_Resource_Outcome	<---	Success_Planning	.127
TD4	<---	Talent_Development	.868
TD3	<---	Talent_Development	.893
TD2	<---	Talent_Development	.908

		Estimate
TD1	<--- Talent_Development	.807
TR5	<--- Talent_Retension	.830
TR4	<--- Talent_Retension	.854
TR3	<--- Talent_Retension	.899
TR2	<--- Talent_Retension	.874
TR1	<--- Talent_Retension	.863
SP5	<--- Success_Planning	.898
SP4	<--- Success_Planning	.885
SP3	<--- Success_Planning	.873
SP2	<--- Success_Planning	.875
SP1	<--- Success_Planning	.869
HRO1	<--- Human_Resource_Outcome	.876
HRO2	<--- Human_Resource_Outcome	.842
HRO3	<--- Human_Resource_Outcome	.925
HRO4	<--- Human_Resource_Outcome	.715
TA1	<--- Talent_Attraction	.832
TA2	<--- Talent_Attraction	.753
TA3	<--- Talent_Attraction	.782
TA4	<--- Talent_Attraction	.795
TA5	<--- Talent_Attraction	.798

Covariances: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P	Label
Talent_Development	<-->	Talent_Attraction	.157	.027	5.861	***	par_19
Talent_Retension	<-->	Talent_Attraction	.130	.024	5.365	***	par_20
Success_Planning	<-->	Talent_Attraction	.164	.025	6.670	***	par_21
Talent_Development	<-->	Talent_Retension	.297	.040	7.497	***	par_22
Talent_Development	<-->	Success_Planning	.233	.037	6.362	***	par_23
Talent_Retension	<-->	Success_Planning	.134	.032	4.233	***	par_24

Correlations: (Group number 1 - Default model)

			Estimate
Talent_Development	<-->	Talent_Attraction	.370
Talent_Retension	<-->	Talent_Attraction	.335
Success_Planning	<-->	Talent_Attraction	.428
Talent_Development	<-->	Talent_Retension	.495
Talent_Development	<-->	Success_Planning	.393
Talent_Retension	<-->	Success_Planning	.248

Variances: (Group number 1 - Default model)

	Estimate	S.E.	C.R.	P	Label
Talent_Development	.656	.064	10.189	***	par_29
Talent_Retension	.547	.057	9.519	***	par_30
Success_Planning	.534	.049	10.837	***	par_31
Talent_Attraction	.275	.029	9.341	***	par_32
e24	.421	.042	10.066	***	par_33
e1	.214	.021	10.319	***	par_34
e2	.182	.019	9.405	***	par_35
e3	.139	.016	8.658	***	par_36
e4	.299	.026	11.553	***	par_37
e5	.246	.022	11.451	***	par_38
e6	.246	.022	11.023	***	par_39
e7	.174	.018	9.688	***	par_40
e8	.187	.018	10.544	***	par_41
e9	.232	.021	10.832	***	par_42
e10	.129	.013	10.137	***	par_43
e11	.141	.013	10.558	***	par_44
e12	.157	.014	10.900	***	par_45
e13	.144	.013	10.847	***	par_46
e14	.165	.015	10.981	***	par_47
e15	.165	.017	9.558	***	par_48
e16	.204	.019	10.662	***	par_49
e17	.104	.015	6.836	***	par_50
e18	.297	.024	12.269	***	par_51
e19	.122	.012	9.917	***	par_52
e20	.184	.016	11.386	***	par_53
e21	.178	.016	10.967	***	par_54
e22	.173	.016	10.749	***	par_55
e23	.153	.014	10.693	***	par_56

Matrices (Group number 1 - Default model)

Residual Covariances (Group number 1 - Default model)

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	56	323.300	220	.000	1.470
Saturated model	276	.000	0		
Independence model	23	6808.576	253	.000	26.911

Model	RMR	GFI	AGFI	PGFI
Default model	.021	.931	.913	.742

Model	RMR	GFI	AGFI	PGFI
Saturated model	.000	1.000		
Independence model	.263	.236	.167	.216

Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.953	.945	.984	.982	.984
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000

Model	PRATIO	PNFI	PCFI
Default model	.870	.828	.856
Saturated model	.000	.000	.000
Independence model	1.000	.000	.000

Model	NCP	LO 90	HI 90
Default model	103.300	59.210	155.381
Saturated model	.000	.000	.000
Independence model	6555.576	6289.852	6827.658

Model	FMIN	F0	LO 90	HI 90
Default model	.903	.289	.165	.434
Saturated model	.000	.000	.000	.000
Independence model	19.018	18.312	17.569	19.072

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	.036	.027	.044	.998
Independence model	.269	.264	.275	.000

Model	AIC	BCC	BIC	CAIC
Default model	435.300	443.348	652.766	708.766
Saturated model	552.000	591.665	1623.797	1899.797
Independence model	6854.576	6857.881	6943.892	6966.892

Model	ECVI	LO 90	HI 90	MECVI
Default model	1.216	1.093	1.361	1.238
Saturated model	1.542	1.542	1.542	1.653
Independence model	19.147	18.405	19.907	19.156

Model	HOELTER .05	HOELTER .01
Default model	284	301
Independence model	16	17

Minimization:	.008
Miscellaneous:	1.126
Bootstrap:	.000
Total:	1.134

Model 2

Regression Weights: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P	Label
Organizational_Outcome	<---	Talent_Attraction	.253	.116	2.178	.029	par_25
Organizational_Outcome	<---	Talent_Development	.227	.079	2.873	.004	par_26
Organizational_Outcome	<---	Talent_Retension	-.086	.081	-1.066	.287	par_27
Organizational_Outcome	<---	Success_Planning	.260	.081	3.225	.001	par_28
TD4	<---	Talent_Development	1.000				
TD3	<---	Talent_Development	1.047	.045	23.217	***	par_1
TD2	<---	Talent_Development	.998	.042	23.937	***	par_2
TD1	<---	Talent_Development	.924	.048	19.348	***	par_3
TR5	<---	Talent_Retension	1.000				
TR4	<---	Talent_Retension	1.100	.055	19.918	***	par_4
TR3	<---	Talent_Retension	1.157	.053	21.765	***	par_5
TR2	<---	Talent_Retension	1.050	.051	20.749	***	par_6
TR1	<---	Talent_Retension	1.111	.055	20.331	***	par_7
SP5	<---	Success_Planning	1.000				
SP4	<---	Success_Planning	.978	.039	25.083	***	par_8
SP3	<---	Success_Planning	.967	.040	24.281	***	par_9
SP2	<---	Success_Planning	.936	.038	24.436	***	par_10
SP1	<---	Success_Planning	.976	.041	24.063	***	par_11
OO1	<---	Organizational_Outcome	1.000				
OO2	<---	Organizational_Outcome	.896	.040	22.327	***	par_12
OO3	<---	Organizational_Outcome	1.006	.039	25.496	***	par_13
OO4	<---	Organizational_Outcome	1.005	.037	26.828	***	par_14
TA1	<---	Talent_Attraction	1.000				
TA2	<---	Talent_Attraction	.932	.059	15.846	***	par_15
TA3	<---	Talent_Attraction	1.006	.060	16.660	***	par_16
TA4	<---	Talent_Attraction	1.036	.061	17.038	***	par_17
TA5	<---	Talent_Attraction	.987	.057	17.172	***	par_18

Standardized Regression Weights: (Group number 1 - Default model)

			Estimate
Organizational_Outcome	<---	Talent_Attraction	.139

			Estimate
Organizational_Outcome	<---	Talent_Development	.192
Organizational_Outcome	<---	Talent_Retension	-.067
Organizational_Outcome	<---	Success_Planning	.199
TD4	<---	Talent_Development	.867
TD3	<---	Talent_Development	.893
TD2	<---	Talent_Development	.909
TD1	<---	Talent_Development	.807
TR5	<---	Talent_Retension	.831
TR4	<---	Talent_Retension	.852
TR3	<---	Talent_Retension	.900
TR2	<---	Talent_Retension	.874
TR1	<---	Talent_Retension	.863
SP5	<---	Success_Planning	.898
SP4	<---	Success_Planning	.885
SP3	<---	Success_Planning	.872
SP2	<---	Success_Planning	.875
SP1	<---	Success_Planning	.869
OO1	<---	Organizational_Outcome	.907
OO2	<---	Organizational_Outcome	.836
OO3	<---	Organizational_Outcome	.888
OO4	<---	Organizational_Outcome	.908
TA1	<---	Talent_Attraction	.833
TA2	<---	Talent_Attraction	.753
TA3	<---	Talent_Attraction	.781
TA4	<---	Talent_Attraction	.794
TA5	<---	Talent_Attraction	.798

Covariances: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P	Label
Talent_Development	<-->	Talent_Attraction	.157	.027	5.859	***	par_19
Talent_Retension	<-->	Talent_Attraction	.130	.024	5.362	***	par_20
Success_Planning	<-->	Talent_Attraction	.164	.025	6.671	***	par_21
Talent_Development	<-->	Talent_Retension	.296	.040	7.494	***	par_22
Talent_Development	<-->	Success_Planning	.232	.037	6.361	***	par_23
Talent_Retension	<-->	Success_Planning	.134	.032	4.232	***	par_24

Correlations: (Group number 1 - Default model)

			Estimate
Talent_Development	<-->	Talent_Attraction	.370
Talent_Retension	<-->	Talent_Attraction	.334
Success_Planning	<-->	Talent_Attraction	.428
Talent_Development	<-->	Talent_Retension	.495
Talent_Development	<-->	Success_Planning	.393
Talent_Retension	<-->	Success_Planning	.248

Variances: (Group number 1 - Default model)

	Estimate	S.E.	C.R.	P	Label
Talent_Development	.654	.064	10.166	***	par_29
Talent_Retension	.548	.057	9.528	***	par_30
Success_Planning	.534	.049	10.840	***	par_31
Talent_Attraction	.276	.029	9.359	***	par_32
e24	.776	.072	10.829	***	par_33
e1	.216	.021	10.364	***	par_34
e2	.181	.019	9.404	***	par_35
e3	.138	.016	8.633	***	par_36
e4	.298	.026	11.553	***	par_37
e5	.246	.021	11.433	***	par_38
e6	.250	.023	11.054	***	par_39
e7	.172	.018	9.623	***	par_40
e8	.187	.018	10.531	***	par_41
e9	.231	.021	10.813	***	par_42
e10	.128	.013	10.136	***	par_43
e11	.141	.013	10.568	***	par_44
e12	.157	.014	10.906	***	par_45
e13	.143	.013	10.845	***	par_46
e14	.165	.015	10.989	***	par_47
e15	.196	.021	9.136	***	par_48
e16	.315	.028	11.318	***	par_49
e17	.248	.025	10.011	***	par_50
e18	.197	.022	9.115	***	par_51
e19	.122	.012	9.892	***	par_52
e20	.184	.016	11.387	***	par_53
e21	.179	.016	10.987	***	par_54
e22	.174	.016	10.767	***	par_55
e23	.153	.014	10.682	***	par_56

Standardized Residual Covariances (Group number 1 - Default model)

	M.I.	Par Change
e16 <--> e18	7.691	.045
e15 <--> e17	4.519	.031
e15 <--> e16	4.641	-.035
e12 <--> e14	11.605	.034
e12 <--> e13	10.384	-.030
e11 <--> Talent_Attraction	4.153	.022
e11 <--> e13	12.103	.031
e9 <--> e10	4.599	.024
e8 <--> e22	11.273	.039
e6 <--> e13	5.909	-.029
e6 <--> e11	4.957	.027
e5 <--> e12	9.299	.037

			M.I.	Par Change
e5	<-->	e8	9.685	.041
e4	<-->	Success_Planning	4.690	.044
e2	<-->	Success_Planning	4.011	-.035
e2	<-->	e23	4.262	-.023

	M.I.	Par Change

			M.I.	Par Change
TA4	<---	TR2	6.003	.067
OO1	<---	SP1	4.997	.075
SP2	<---	TR4	7.159	-.062
SP2	<---	TR5	4.021	-.050
SP2	<---	TD3	4.052	-.047
SP3	<---	TR5	8.113	.074
SP4	<---	TA3	6.358	.082
TR1	<---	OO2	6.112	-.068
TR2	<---	TA4	7.102	.099
TR4	<---	Organizational_Outcome	4.063	.063
TR4	<---	OO2	4.624	.061
TR5	<---	SP3	5.191	.079
TD1	<---	SP2	4.720	.086
TD3	<---	Success_Planning	4.807	-.081
TD3	<---	TA5	5.190	-.092
TD3	<---	SP2	7.247	-.090
TD3	<---	SP4	4.061	-.065
TD3	<---	SP5	4.697	-.070

Iteration		Negative eigenvalues	Condition #	Smallest eigenvalue	Diameter	F	NTries	Ratio
0	E	11		-.906	9999.000	6800.493	0	9999.000
1	e*	20		-.349	4.990	2636.084	20	.306
2	e*	4		-.161	1.307	1083.092	5	.862
3	E	3		-.097	.560	630.212	4	.848
4	E	0	662.866		.974	352.182	7	.709
5	E	0	37.079		1.129	306.335	3	.000
6	E	0	45.604		.252	280.810	1	1.068
7	E	0	49.209		.069	279.664	1	1.052
8	E	0	48.961		.008	279.655	1	1.008
9	e	0	49.078		.000	279.655	1	1.000

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	56	279.655	220	.004	1.271
Saturated model	276	.000	0		
Independence model	23	6985.798	253	.000	27.612

Model	RMR	GFI	AGFI	PGFI
Default model	.021	.939	.924	.749
Saturated model	.000	1.000		
Independence model	.282	.241	.172	.221

Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.960	.954	.991	.990	.991
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000

Model	PRATIO	PNFI	PCFI
Default model	.870	.835	.862
Saturated model	.000	.000	.000
Independence model	1.000	.000	.000

Model	NCP	LO 90	HI 90
Default model	59.655	20.838	106.615
Saturated model	.000	.000	.000
Independence model	6732.798	6463.530	7008.422

Model	FMIN	F0	LO 90	HI 90
Default model	.781	.167	.058	.298
Saturated model	.000	.000	.000	.000
Independence model	19.513	18.807	18.055	19.577

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	.028	.016	.037	1.000
Independence model	.273	.267	.278	.000

Model	AIC	BCC	BIC	CAIC
Default model	391.655	399.703	609.121	665.121
Saturated model	552.000	591.665	1623.797	1899.797
Independence model	7031.798	7035.103	7121.114	7144.114

Model	ECVI	LO 90	HI 90	MECVI
Default model	1.094	.986	1.225	1.116
Saturated model	1.542	1.542	1.542	1.653
Independence model	19.642	18.890	20.412	19.651

Model	HOELTER .05	HOELTER .01
Default model	328	348
Independence model	15	16

Minimization: .063

Miscellaneous:	1.265
Bootstrap:	.000
Total:	1.328