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SCHOOL OF COMMERCE

DEPARTMENT OF BAIS

The Effect of Talent Management Strategy on Employee Retention at Awash Bank S.C.

A Thesis Submitted To The School Of Commerce Addis Ababa University In Partial Fulfillment Of The Requirements For The Degree Of Master of Arts In Human Resource Management.

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April 28, 2026

Addis Ababa, Ethiopia

Declaration

I, the undersigned, declare this thesis entitled "The Effect of Talent Management Strategy on Employee Retention at Awash Bank S.C." is original work of mine. I have conducted this research independently with the help of my supervisor, Dr. Abraraw Chane. I have acknowledged all sources of materials used in this thesis. This thesis has not previously been submitted for any degree or examination to any other university.

Name: Oliyad Urgi

Signature: _____

Date: April 28, 2026

Certification Page

The purpose of this page is to demonstrate that the thesis titled "Talent Management Strategy and Employee Retention at Awash Bank S.C." submitted by Oliyad Urgi to the School of Commerce Studies at Addis Ababa University is an original, viable product for the award of a Master of Arts in Human Resource Management.

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Approval Page

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ACRONYMS AND ABBREVIATIONS

Acronym	Full Form
ANOVA	Analysis of Variable
TM	Talent Management
DV	Dependent Variable
FGD	Focus Group Discussion
HR	Human Resources
HRM	Human Resource Management
IV	Independent Variable
RBV	Resource-Based View
Acronym	**Full Form**
S.C.	Share Company
SPSS	Statistical Package for Social Sciences
VIF	Variance Inflation Factor
YOY	Year Over Year

Abstract

This study examined the effect of talent management strategy on employee retention at Awash Bank S.C. The study specifically assessed the effects of talent planning, talent attraction and recruitment, selection and placement, training and development, and compensation and rewards on employee retention. A quantitative research approach with descriptive and explanatory research designs was employed. Primary data were collected through structured questionnaires distributed to 400 employees selected using stratified random sampling techniques, out of which 380 valid responses were obtained, representing a 95% response rate. Data were analyzed using descriptive statistics, Pearson correlation analysis, and multiple regression analysis with the help of SPSS version 26. The findings revealed that all dimensions of talent management had positive and statistically significant effects on employee retention. Selection and placement had the strongest effect on employee retention ($\beta = 0.31$), followed by training and development ($\beta = 0.25$), talent planning ($\beta = 0.21$), talent attraction and recruitment ($\beta = 0.18$), and compensation and rewards ($\beta = 0.14$). The regression model explained 61% of the variation in employee retention ($R^2 = 0.61$). The study concludes that integrated talent management practices significantly improve employee retention at Awash Bank S.C. Therefore, the study recommends strengthening succession planning, improving competency-based recruitment and placement systems, expanding employee training and development opportunities, and enhancing both financial and non-financial reward systems to improve employee retention.

Key Terms: Talent management; employee retention; talent planning; selection; placement; training; development; compensation; Awash Bank; Ethiopia.

CHAPTER ONE
INTRODUCTION

1.1 Background of the Study

Today's corporate environment consists of increasing levels of competition, rapid changes and uncertainty. Therefore, human capital has become a strategic asset for organizations to help achieve their organizational goals. The success of an organization in the banking industry is dependent upon the availability of a qualified and dedicated workforce, which will provide customers with the highest quality of services and create the best customer service experience possible. In addition, the establishment and implementation of effective talent management systems and practices are critical to establishing and maintaining a competitive advantage and meeting the organization's strategic objectives (Armstrong, 2020).

Employee retention has become one of the major strategic concerns for organizations across the world due to increasing labor market competition, globalization, technological advancement, and rising employee mobility. Organizations are increasingly investing in talent management practices to attract, develop, and retain skilled employees who contribute to organizational performance and competitiveness. According to Armstrong (2020), talent management involves systematic activities aimed at attracting, developing, motivating, and retaining employees with the skills and competencies required for organizational success. Similarly, Dessler (2019) explained that effective talent management practices help organizations maintain a stable and committed workforce.

In the banking industry, employee retention is particularly important because banks rely heavily on skilled human resources to deliver quality financial services, maintain customer relationships, and adapt to technological and regulatory changes. However, the banking sector worldwide continues to experience challenges related to employee turnover, especially among young and highly skilled employees. Previous studies such as Collings et al. (2011) and Allen et al. (2010) revealed that effective talent management practices positively influence employee retention by improving job satisfaction, organizational commitment, and employee engagement.

Despite the growing importance of talent management, there are ongoing debates in the literature regarding which dimensions of talent management most strongly influence employee retention. Some scholars argue that financial rewards and compensation are the strongest predictors of retention, particularly in competitive industries where employees frequently move for better salary opportunities (Milkovich et al., 2019). In contrast, other researchers emphasize the importance of non-financial factors such as career development, training opportunities, succession planning, and employee-job fit as stronger determinants of long-term employee retention (Noe, 2020; Rothwell, 2010). This inconsistency in findings suggests the need for further empirical investigation, particularly within specific organizational and industrial contexts.

In developing countries, especially within African banking industries, employee retention challenges are becoming increasingly severe due to rapid expansion of private banks, competition for experienced professionals, and increasing employee expectations regarding career growth and rewards. In Ethiopia, the banking sector has expanded significantly over the past decade, creating strong competition among banks for skilled employees. Studies conducted in Ethiopian private banks mainly focused on isolated human resource practices such as compensation, training, or promotion opportunities without examining the integrated effect of talent management dimensions on employee retention (Tadesse, 2019; Makonnen, 2021; Tesfaye, 2018).

Furthermore, most previous studies conducted in Ethiopia concentrated on general human resource management practices rather than comprehensive talent management strategies. Existing studies also produced inconsistent findings regarding the relative importance of financial and non-financial factors in retaining employees. For example, some studies identified compensation as the major retention factor, while others found training and career development to be more influential. These contradictory findings indicate the existence of theoretical and empirical debates that require additional investigation.

Although Awash Bank S.C. is one of the largest private commercial banks in Ethiopia with substantial investment in human capital development, limited empirical studies have specifically

examined the integrated effect of talent management practices on employee retention within the bank. Most previous studies in the Ethiopian banking sector also lacked integrated frameworks combining talent planning, recruitment, selection and placement, training and development, and compensation and rewards within a single model. Therefore, this study aims to fill these literature and empirical gaps by examining the effect of integrated talent management strategies on employee retention at Awash Bank S.C.

High employee turnover creates significant problems for the success of an organization and negatively affects the organization's profitability because it disrupts the organization's ability to deliver services, increases the costs associated with recruiting and training new employees, and results in the loss of significant institutional knowledge and expertise. For this reason, employee retention has especially important implications for the rapidly growing number of commercial banks in emerging economies, such as Ethiopia, which has seen a vast increase in the number of commercial banks entering the market over the last ten years. The largest private commercial bank in Ethiopia, Awash Bank S.C., which was established in 1995 with a startup capital investment of Birr 24.2 million (approximately 2.3 million USD) has recently achieved record earnings. For FY 2024, the bank reported gross income from revenues of Birr 25.67 billion, net profit of Birr 18.712 billion, total assets of Birr 442.6 billion, customer deposits of Birr 358.4 billion (an increase of 54% YOY), and a loan portfolio of Birr 219.6 billion, through its network of 1000 branches throughout the country that serve more than 15 million customers and employ over 20,633 staff (AB Fiscal Year Report 2024).

In the fiscal years of 2024 and 2025, Awash Bank achieved an unprecedented level of profitability through an increase in gross profits of 25.67 billion birr (a 137% increase). Additionally, Awash had 18.712 billion birr of net profit, total assets of 442.6 billion birr, 358.4 billion birr in customer deposits (a 54% increase), and 219.6 billion birr of loans made from 989 branches around the country made to more than 15 million clients and employing over 20,633 individuals with paid employment (Awash Bank S.C. 2024).

Under the Vision 2030 initiative, Awash Bank is looking to become one of the top 10 banks in Africa by leveraging state-of-the-art technological capabilities (as of this date 77% of the bank's product and service offerings have been converted to a digital format) and place priority on

employee skills and knowledge development while operating within a framework of ethical and socially responsible conduct. To support the creation of a world-class employee workforce and remain competitive in pay rates, Awash Bank has developed structured employee training programs and invested heavily in developing its employees through significant amounts of capital investment in human capital (196.6 million birr in employee training and development, impacting more than 19,000 employees from technical and leadership training) (Awash Bank S.C. 2024).

Ethiopia's economy is expanding rapidly and as a result of this growth, there has also been considerable investment into the banking industry. There are currently over thirty private commercial banks in Ethiopia resulting in fierce competition among these banks to acquire talented employees and consequently high employee turnover from within these banks. Based on interviews conducted with HR managers, a number of new employees who were hired by a bank will leave that bank within one or two years of being hired, as they have been solicited by other banks that offer better compensation or opportunities for advancement (Awash Bank S.C. 2024).

1.2 Statement of the Problem

The Growth of the Banking Sector in Ethiopia has been enhanced due to the financial liberalization (which has increased the desire for financial inclusion) as well as through the advent of digital transformation initiatives. The increase in the number of employees available for hire is now competing fiercely for employment opportunities within private banks because of the overall increased competition among private banks to obtain qualified and skilled employees. Employee turnover continues to be a major source of concern for all private banks as it negatively influences organizational performance and the continuation of service, as well as the increase in operational cost associated with employee turnover (Survey 2026)

Awash Bank has found it increasingly difficult to maintain its employees due to a lack of incentive programs for employees both at the early stage of their career and for those employees that have had training in a specified area of expertise.

Although the Human Resources Department of Awash Bank has implemented several talent management strategies, there are no current empirical studies available that measure the impact of the various talent management strategies employed by Awash Bank on staff retention(2026 Survey).

Consistent with findings from Tadesse (2019) and Mekonnen (2021), who identify weak incentive structures as a major driver of early-career turnover in Ethiopian banks, Awash Bank has found it increasingly difficult to retain employees — particularly at the early-career stage and among employees who have received specialized training. Although Awash Bank's Human Resources Department has implemented several talent management strategies, no empirical study to date has measured their actual impact on staff retention at the bank (Tadesse (2019) and Mekonnen (2021).

As such, this research will take an applied look at how several dimensions of talent management strategy will actually impact employee retention at Awash Bank and provide insights into Awash Bank's employee retention policies and day-to-day operations.

The objective of this research is to generate empirical evidence on the relationship between talent management strategy and the retention of employees at Awash Bank, with an emphasis on the practical application of the research to improve the bank's internal policies and operational procedures.

1.3 Research Questions

The Research Questions that guide the study are as follows:

1. What is the effect of talent Planning have on employee retention at Awash Bank?
2. What impact does talent attraction and recruitment have on employee retention at Awash Bank?

3. What impact does selection and placement have on employee retention at Awash Bank?

4. What impact does training and development have on employee retention at Awash Bank?

5. What impact does compensation and rewards have on employee retention at Awash Bank?

1.4 Objectives of the Study

1.4.1 General Objective

To study how the talent management strategy of Awash Bank impacts on employee retention.

1.4.2 Specific Objectives

1. To examine the effect of talent planning on employee retention at Awash Bank
2. To assess how the talent attraction and recruitment process impacts employee retention at Awash Bank
1. To evaluate how the selection and placement process impacts employee retention at Awash Bank
2. To analyze how the training and development of employees impacts their retention at Awash Bank
3. To determine how the compensation and rewards provided by Awash Bank impact employee retention

1.5 Significance of the Study

Awash Bank Management: This study will provide information to help them improve their human resources strategies with the goal of retaining their most valuable employees.

HR Professionals and Policymakers: This study will provide them with evidence-based guidance on best practices for retaining employees in the banking sectors of Ethiopia

Researchers and Academicians: This study will provide them with additional data to add to the body of knowledge regarding integrated talent management and the retention of employees in Ethiopia

Employees: This study will identify ways that employees can improve their career growth, training and support provided to them in the workplace.

1.6 Scope of the Study

This study focused on examining the effect of talent management strategy on employee retention at Awash Bank S.C. The study was geographically limited to selected branches located in Addis Ababa because the city contains a large concentration of the bank's branches and employees, making data collection more feasible within the available time and financial resources. The study considered only permanent employees because they have greater exposure to the bank's talent management practices and retention experiences compared to temporary and contract employees.

Conceptually, the study focused on five dimensions of talent management: talent planning, talent attraction and recruitment, selection and placement, training and development, and compensation and rewards. These dimensions were selected because they are widely recognized in previous literature as major determinants of employee retention. The study also focused specifically on employee retention as the dependent variable because retaining skilled employees is one of the major strategic challenges facing private banks in Ethiopia.

1.7 Limitations of the Study

The researcher encountered several challenges while conducting the study. First, the study was limited to selected branches of Awash Bank in Addis Ababa due to time and financial constraints, which restricted wider geographical coverage. Second, some respondents were unwilling to provide complete and honest responses because of workload pressure and concerns related to confidentiality. Third, obtaining organizational documents and relevant data from the bank was difficult because of institutional restrictions on information sharing. Finally, the study focused only on selected dimensions of talent management and did not include other factors such as organizational culture, leadership style, and employee engagement that may also influence employee retention.

1.8 Organization of the Study

This research project is divided into five chapters:

- **Chapter One:** Introduction (background context, definition and clarification of the subject matter, importance, objectives, research problem statement, research questions and/or hypotheses, rationale for conducting the study)
- **Chapter Two:** Literature Review (theoretical underpinnings of the subject matter,

conceptual framework, empirical evidence collected to date, proposed multiple hypotheses to test)

- **Chapter Three:** Research Methodology (classification of the type of study being conducted; variables to be studied; population; sampling procedures for selecting participants for data collection; data collection methods; procedures for analyzing the collected data)
- **Chapter Four:** Analysis of Data Collected and Findings (demographic characteristics, descriptive statistics, correlation, regression analysis with diagnostic variances)
- **Chapter Five:** Summary of Study; Conclusions based on Findings of Study; Recommendations Based on Conclusion of Study.

1.9 Definition of Key Terms

Employee Retention: An indicator of an organization's effectiveness to retain employees for long periods while simultaneously decreasing the level of voluntary turnover expressed by the intent of employees to stay with the organization (defined by organizational commitment).

Talent Planning: refers to the process of anticipating and preparing for the future needs of an organization's workforce, as well as aligning the capabilities and skill sets of the workforce with the strategies of the organization.

Talent Attraction and Recruitment: The means by which organizations seek to attract applications for job openings from qualified candidates, including such practices as employer branding, job advertising (both online and offline), and recruitment methodologies.

Selection and Placement: An organization assesses and measures the quantitative level of candidate qualifications, skills, and competencies that support the type of role they will be placed into, and compares them against the organization's needs.

Training & Development: Activities within the organization that develop employees' knowledge, skills, and competencies that would facilitate the employee's career development (such as through training programs, workshops, coaching, and training).

Compensation and Rewards: Compensation provided to employees (monetary or non-monetary) as an incentive for the performance and output produced by an employee (such as base salary, bonuses, benefits, recognition, and chance to advance their careers).

CHAPTER TWO
REVIEW OF RELATED LITERATURE

2.1 Introduction

The second chapter of this study is devoted to the review of literature related to talent management and employee retention at three levels: Theoretical, conceptual and empirical. The purpose of conducting this review is to create an academic base for research study; to identify relevant theories that explain employee retention behavior; and to analyze past empirical research findings related to the impact talent management practices have on employee retention. This chapter will focus on studies conducted in the banking industry and developing nations with specific focus on the country of Ethiopia. At the end of this chapter, the conceptual framework that will be used for analysis will be presented, along with hypotheses to be tested in the study.

2.2 Conceptual Review

2.2.1 Theoretical Foundations of the Study

2.2.1.1 Human Capital Theory

Becker's Human Capital Theory (1964) states that the education, training skills and experience of an employee are investments that improve productivity and performance for businesses. Companies who invest properly in Human Capital are likely to have a sustainable competitive advantage over companies that do not provide proper investment in an employee, and rely only on Physical or Financial assets.

The financial services sector requires intensive knowledge and qualified resources. Employees' skills in areas such as providing a high level of customer service, conducting financial analysis, assessing risk, and the ability to incorporate digital banking into their day-to-day tasks have an impact on the way customers perceive the quality of the services they receive and feel toward banking. Ways that banks invest in human resources and protect that investment through being able to retain their skilled employees include the use of talent management techniques, such as the training and development of employees and the rewarding of talented employees (Armstrong, 2020).

Becker (1964) suggests that when employees feel they would receive better returns by using their human capital in different companies, they are more likely to leave the company for those reasons. This supports the need for retention-oriented talent management systems to be in place that allow employees to feel appreciated, compensated fairly, and to have the opportunity to advance their careers.

2.2.1.2 Resource-Based View (RBV) of the Firm

According to the RBV of the firm, an organization can create a sustainable competitive advantage by having resources that are valuable, rare, difficult to imitate, and cannot be substituted for another resource (Barney, 1991). When an organization's human resources have unique skills and possess knowledge about the company and its relations with customers that are difficult to replicate, those employees can make a similar contribution to the company's competitive advantage by providing those skills, knowledge and relationships to the firm. Accordingly, talent management is closely aligned with RBV because it focuses on identifying high-potential employees, developing skills that are firm specific, and retaining key talent. In the banking industry specifically, the relationships that employees develop with customers and their knowledge of the company's systems are strategic resources; in fact, the strategic relationship that an employee has with a customer is threatened by the employee's leaving the bank because the employee's knowledge will leave the organization and be available to other banking institutions. Thus, retention-focused talent management is critical for sustaining the competitive advantage of many organizations (Wright et al., 2001).

2.2.1.3 Talent Management Theory

Talent management theory is an integrative and strategic approach to managing employees over the entire employment lifecycle. As defined by Collings and Mellahi (2009), talent management refers to all activities that an organization engages in to ensure that its critical success factors (CSFs) are achieved by maintaining a continuous flow of competent employees in the appropriate positions.

According to Lewis and Heckman (2006), talent management is not just about traditional human resource management (HRM), it is about linking organizational strategy to the talent and skills of the workforce. Integrated talent management systems provide an integrated approach to planning, recruiting, selecting, developing, and rewarding employees.

More and more banking organizations are implementing integrated talent management methods to help them bridge the gap of talent shortages, succession planning for leadership roles, and retaining their best employees. If a bank does not adopt the integrated talent management process, it will typically have a higher rate of turnover, be faced with skill deficits, and cannot provide stability in their leadership.

2.2.1.4 Employee Retention and Turnover Theory

Mobley (1977) articulates a turnover process model which states that when employees are dissatisfied with their jobs, they begin to think about quitting, searching for another job, evaluating options, and ultimately quitting. Therefore, retention strategies must help to break this cycle by improving satisfaction and commitment to the organization.

2.3 Review of Empirical Studies

2.3.1 Global Studies

Global studies consistently show positive relationships between talent management practices and employee retention. Collings et al. (2011) found that organizations with strategic talent management systems experience lower turnover rates and higher employee engagement. Studies in developing countries indicate that training, career development, and compensation are particularly influential due to labor market volatility.

2.3.2 Studies in the Ethiopian Banking Sector

Research in Ethiopian private banks show increasing turnover among early-career employees due to competition and compensation disparities. Studies by Tadesse (2019) and Mekonnen (2021) highlight training and promotion opportunities as key retention factors.

Tesfaye (2018) and Abebe (2020) reported that rewards, training, and career growth significantly affect retention in Ethiopian banking institutions.

Despite Awash Bank's size and investment in human capital, limited empirical research has focused on its integrated talent management practices, creating a clear research gap.

2.3.3 Research Gap

Although extensive literature exists on HR practices and retention, few studies have examined

the combined effect of talent planning, recruitment, selection, development, and rewards on employee retention within a single framework in Ethiopian private banks. Furthermore, limited empirical evidence exists specifically for Awash Bank. This study addresses these gaps by adopting an integrated talent management perspective.

2.4 Retaining Employees

2.4.1 - Social Exchange Theory (Blau, 1964)

Social Exchange Theory provides an explanation for employee retention by exploring the reciprocal relationship between employees and organizations. When an employee perceives that there has been support for them from their organization (i.e. through equitable compensation and benefits, training opportunities, and career advancement), they will feel obligated to support their organization with loyalty and continued employment (Eisenberger, et al., 2002).

2.4.2 - Herzberg's Two Factor Theory

Herzberg's Two Factor Theory (Herzberg, Mausner, & Snyderman, 1959) identifies two types of factors that influence how satisfied or engaged a person is with their work - hygiene factors (e.g. salary, job security, working conditions) and motivating factors (e.g. achievement, recognition, growth). Hygiene factors prevent dissatisfaction at work, while motivating factors increase a person's engagement and commitment to their organization over a longer period of time.

In the banking industry, compensation and job security are examples of hygiene factors, while training, career development, and advancement opportunities are examples of motivating factors. To achieve employee retention through effective talent management, both types of factors (i.e. hygiene factors and motivating factors) must be integrated within the talent management processes.

2.4.3 - Defining Talent Management

Talent Management is a means of providing a holistic approach to managing employees in ways that support the organization‘s achievement of its objectives. Armstrong (2020) characterizes talent management as the systematic attraction, identification, development, engagement, retention and deployment of persons who are of value to the organization.

Dessler (2019) highlights how proactive talent management will enable an organisation to build its talent pool today, in anticipation of needing employees in the future, while also considering

long-term retention of those same employees. Proactive management of talent is even more important in today's world of banking where there is constant regulation and ongoing advancement of technology.

2.2.3 Employee Retention: Definition and Importance

Employee retention has been described by Mathis & Jackson (2018) as a measure of how long an organisation is able to keep its employees in relation to how long they have voluntarily left the company. Employee retention is also directly related to the commitment employees have to the organisation, level of job satisfaction, and overall employee engagement.

The cost of turnover on banks is very high, and they can incur costs through recruitment and training of new employees and through decreased productivity and disrupted customer relationships. Allen et al. (2010) argue that employee retention should not be viewed simply from an HR standpoint, but as a strategic concern that can impact both performance and overall image of an organisation.

2.2.4 Talent Management Components and Employee Retention

2.2.4.1 Talent Planning and Employee Retention

Talent planning refers to a company's workforce projections and how it aligns the human resources of the company with the strategic goals of the company. According to Rothwell (2010), talent planning adds to employees' career certainty, reduces uncertainty on the job, and enhances the perception of job security. Based on Cappelli (2008), companies with clear succession plans and career planning systems experience lower turnover rates because employees believe they will have a long-term career with the organization.

2.2.4.2 Attracting and Recruiting Talent and Employee retention

Attracting and recruiting talent contributes to retention through the creation of a strong fit with the organisation. Breaugh (2013) states that realistic job previews help to reduce turnover shortly after employment begins because they allow for expectation alignment. Phillips & Gully (2015) indicate that recruitment methods that are fair and transparent help to build employee commitment to the organisation.

2.2.4.3 Selection and Placement and Employee Retention

Job selection and placement are concerned primarily with matching employees' skills and abilities to the requirements of the position. According to Robbins and Judge (2017), whether a job and person fit together is one of the strongest predictors of job satisfaction and retention.

If an employee is improperly placed in a job, it will create ambiguous expectations about their role and may lead to employees becoming stressed and dissatisfied as a result. Research has demonstrated that competency-based selection systems in financial institutions are associated with significantly lower employee turnover intentions (Bohlander & Snell, 2017).

2.2.4.4 Training and Development and Employee Retention

Talent management relies heavily on training and development. According to Noe (2020), providing employees with a development opportunity is an indication of how much the company cares about the long-term future of the employee. The research of Garavan et al (2012), shows that companies who provide on-going learning opportunities are more likely to retain their employees and have higher engagement levels.

Within banking specifically, training is extremely important due to the requirement of regularly updating to regulatory changes, new technologies in banking, and demand for customer service improvements.

2.2.4.5 Compensation and Rewards and Employee Retention

Compensation and rewards are made up of both monetary forms of compensation as well as non-monetary. Milkovich et al. (2019) believe that a competitive and equitable compensation system is essential for retaining quality employees, as well as providing employees with methods of achieving recognition, promotion and benefits in the work place.

In emerging economies, compensation differences between various banks are a driver for employee movement (Armstrong & Taylor, 2020).

2.3 Review of Empirical Studies

2.3.1 Global Studies

Evidence from international studies indicates that there are generally positive correlations between employee retention and talent management practices. For example, Collings et al (2011)

demonstrate that organizations which implement strategic talent management systems achieve lower rates of turnover among their employees and an increase in the level of employee engagement within the organization. Developing countries typically report findings indicating that training, career development and compensation play a key role in retention due to the volatility of the labor market.

2.3.2 Studies in the Ethiopian Banking Sector

Evidence collected from Ethiopian private banks indicates that early career employees are leaving the organizations at an increasing rate due to various factors such as competition between banks and compensation disparity among banks. Researchers such as Tadesse (2019) and Makonnen (2021) attribute training and promotion opportunities as being two of the most critical factors affecting retention in the banking industry as well. Other researchers including Tesfaye (2018) and Abebe (2020) have arrived at similar conclusions regarding compensation, training and career advancement as being significant contributors to retention in Ethiopia's banking sector.

Awash Bank is a large organization with a considerable investment in human capital; however, limited empirical studies have examined the bank's integrated talent management practices, resulting in a clearly identified research gap.

2.3.3 Research Gap

While there is a large amount of research and writing regarding Human Resource practices and retention, very few studies specifically address the integrated impact of talent planning, recruitment, selection, development, and rewards on employee retention within a single framework in private banks in Ethiopia.

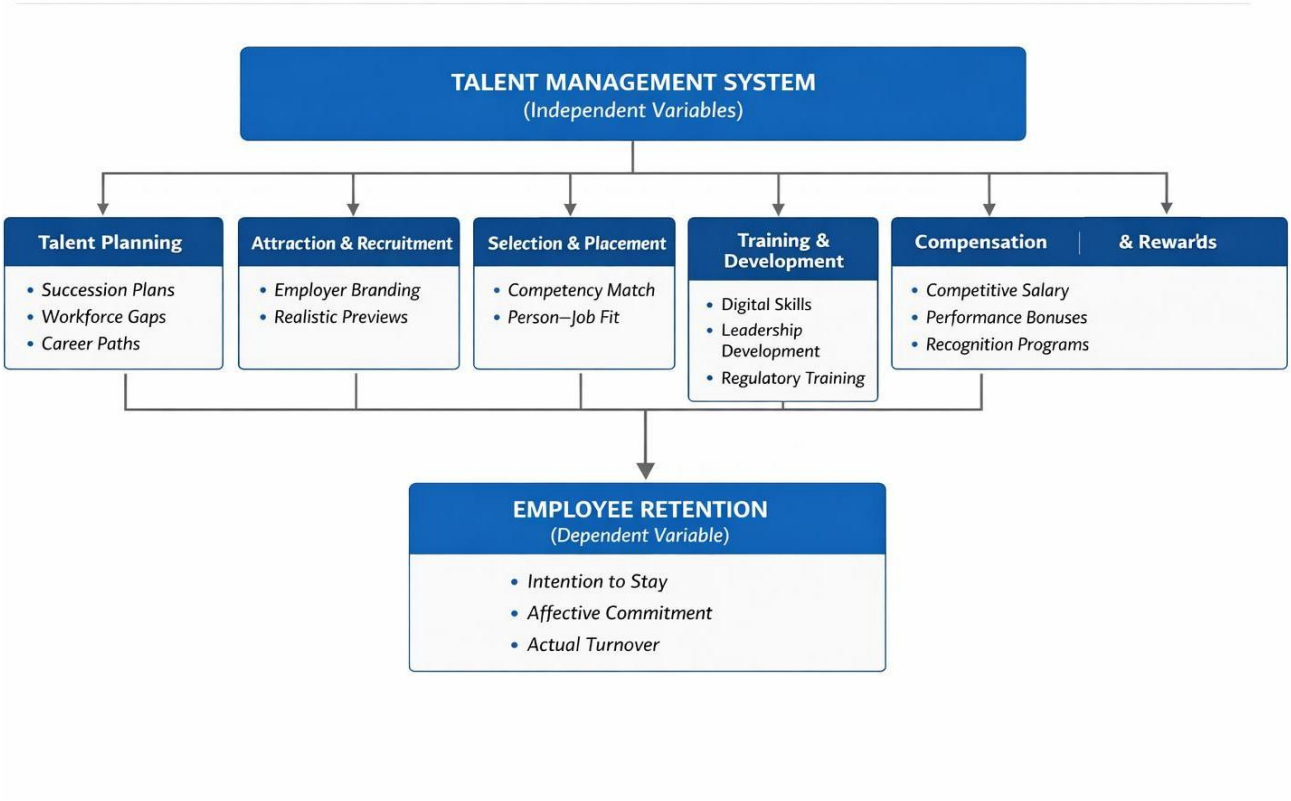
There are also few studies that have been conducted specifically related to Awash bank. The present study will fill these gaps by using an integrated talent management perspective.

2.4 Conceptual Framework of the Study

This study's conceptual framework positions talent management as the independent variable and employee retention as the dependent variable. The framework is grounded in Human Capital Theory (Becker, 1964), the Resource-Based View (Barney, 1991), and Talent Management Theory (Collings & Mellahi, 2009), which together explain how investment in employee skills,

knowledge, and development translates into a sustainable source of competitive advantage and, in turn, stronger employee retention. The five talent management dimensions examined in this study — talent planning, talent attraction and recruitment, selection and placement, training and development, and compensation and rewards — were derived from this theoretical base and from the empirical studies reviewed in Section 2.3.

Figure 2.1: Conceptual Model of the Study



Source: Adapted from Blau (1964), Armstrong (2020), and Collings & Mellahi (2009)

Through applying these constructs of talent management holistically and most effectively, Awash Bank's likelihood of maintaining a greater number of retaining employees will be enhanced.

2.5 Research Hypotheses

From the theoretical framework and the empirical information above hypotheses are developed as follows:

H1 - Talent planning has positive and significant effect on employee retention

H2- The relationship of talent attraction/recruitment, in a substantial manner, will cause a stayed employee at Awash Bank.

H3- The relationship of selection/placement strategy, in a substantial manner will cause a stayed employee at Awash Bank.

H4- The relationship of training and development. will create a positive correlation between a stayed employee and a positive outcome at Awash Bank.

H5- The relationship of compensation and rewards for an employee are positively affiliated to that employee staying in their job with Awash Bank

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Overview

In this chapter, I'll discuss how I conducted this research, including the type of data I collected for this research (research design and methodology), the types of variables involved, the area selected for the study and the population studied, methods and techniques of sampling, methods of collecting data, analysis of data, assurance of reliability and validity of results, and ethical considerations.

3.2 Research Design and Approach

This study employed a quantitative research approach using descriptive and explanatory research designs. The descriptive research design was used to describe employees' perceptions regarding talent management practices and employee retention at Awash Bank. The explanatory research design was applied to examine the cause-and-effect relationship between talent management dimensions and employee retention. The quantitative approach was considered appropriate because it enables the researcher to collect numerical data and analyze relationships among variables using statistical techniques.

The descriptive portion of the research describes the implementation (strategies) of Talent Management within the Awash Bank and the level of employee retention, while the correlational portion of the study examines the relationship of talent management strategies to retention of employees.

3.3 Description of Study Variables

The study uses a descriptive-correlational design: the descriptive component characterizes how talent management strategies are currently implemented at Awash Bank and the prevailing level of employee retention, while the correlational component tests the statistical relationship between the two. This combination is appropriate because it both documents current conditions and tests the hypothesized relationships necessary to answer the research questions.

The study is cross-sectional, with data collected at a single point in time from a representative sample of permanent employees. The study consisted of two variable types**:**

Dependent Variable (DV): Employee Retention

Independent Variables (IV):

1. Talent Planning.

2. Talent Attraction and Recruitment.

3. Selection and Placement.

4. Training and Development.

5. Compensation and Rewards.

For measuring each independent variable, five questionnaire items measured using a five-point Likert scale were used. Employee retention was measured using five items related to intention to remain with an organisation, organisational commitment, and job satisfaction.

3.4 Description of Study Area and Target Population

This research was carried out using Awash Bank as a case study. As the largest and oldest bank in Ethiopia, Awash Bank has one of the largest stable banking networks in the country and employs a diverse group of employees—providing banking services to a wide range of customers, including retail and corporate, financial customers, as well as using various digital channels for customer service.

Awash Bank has some of the most developed and comprehensive human resources/talent management systems in the country. Employees of Awash Bank can take advantage of a structured recruiting process, a wide range of training and development programs (including capacity development), performance management systems, and a variety of compensation plans.

As there are significantly high levels of employee turnover (particularly among highly skilled and early career-level employees) at Awash Bank, the results of the research will provide insights into the relationship between talent management and employee retention in a highly competitive banking industry.

The target population for this study included all permanent employees who are assigned to specific branches of Awash Bank in Addis Ababa, as the permanent employees have the most experience with Awash Bank's human resources and talent management programs, and the most to offer in terms of their experience with the bank's long-term retention and fair treatment of employees. Temporary and contracted employees were excluded from the target sample, as they do not have complete access to all of the bank's HR/talent management programs.

3.5 Sampling Technique and Sample Size

The target population of the study consisted of permanent employees working at selected Awash Bank branches in Addis Ababa. According to information obtained from the Human Resource Department, the total population of permanent employees in the selected branches was approximately 6673. The sample size was determined using Yamane's (1967) sample size determination formula at a 95% confidence level and 5% margin of error, resulting in a sample size of 367 respondents. To improve response adequacy, 400 questionnaires were distributed. Stratified random sampling was employed to ensure proportional representation of employees from different departments and job levels. Out of the 400 distributed questionnaires, 380 valid responses were collected and used for analysis, yielding a response rate of 95%.

3.6 Data Collection

3.6.1 Data Sources and Types

The research incorporates both primary and secondary sources of data.

Primary source data for this study: is comprised of primary data collected from the employees of Awash Bank directly using structured questionnaires concerning their perceptions of the effectiveness of talent management programs, and their retention intention as a result of talent management programs.

Secondary source data for the study: is composed of published organizational documents, i.e.HR policy manuals, annual reports, training records, academic journals, and books and academic research studies previously conducted.

Secondary source data was used to both supplement the primary data, as well as support the analysis of the data obtained from the primary sources.

3.6.2 Data Collection Instrument

The main tool used to gather data for the study was a structured questionnaire that included six sections, each corresponding to one of the study's objectives: The questionnaire is organized into seven main sections designed to gather comprehensive information on human resource management practices and employee perspectives. Section A covers demographic information, including gender, age, education level, position or level of employment, department, and length of service, to provide background characteristics of the respondents. Section B focuses on talent planning and includes five Likert-scale items aimed at assessing how organizations identify, forecast, and manage talent needs. Section C addresses talent attraction and recruitment through five items that examine the effectiveness of strategies used to attract qualified candidates and the overall recruitment process. Section D explores selection and placement, also consisting of five items that evaluate how appropriately candidates are selected and assigned to suitable roles within the organization. Section E focuses on training and development, with five items designed to assess opportunities for employee skill enhancement and professional growth. Section F examines compensation and rewards using five items that measure employee perceptions of fairness, motivation, and satisfaction with reward systems. Finally, Section G addresses employee retention, consisting of five Likert-scale items that evaluate the effectiveness of strategies aimed at retaining employees and reducing turnover. All items in Sections B through G are measured using a five-point Likert scale, where 1 represents Strongly Disagree, 2 Disagree, 3 Neutral, 4 Agree, and 5 Strongly Agree.

3.6.3 Data Collection Procedure

To collect data: (a) obtain permission from Awash Bank; (b) spreading questionnaires to chosen employees; (c) give enough time for the completion of the questionnaire; and (d) collect questionnaires from the employees and verify their completeness prior to the final collection of data. A pilot-test will be conducted before the final data collection in order to gather feedback on the clarity and feasibility of the questions.

3.7 Data Analysis Methods

The SPSS software program was used to analyze data. The analyze methods included:

Descriptive Statistics - include frequency counts, percentage, mean and standard deviation for both demographics and all responses to questions.

Inferential Statistics - utilize Pearson correlation to show whether or not independent and dependent variable (e.g., talent management domain) had a statistically significant relationship with one another. Multiple regression took place to show to what degree the independent variables had an effect on the dependent variable (e.g., employee retention).

Using a 95% confidence level, hypotheses were tested against each of the hypotheses by assessing the strength of the relationships using a combination of regression coefficients, significance values (p-values), and R^2 values.

3.8 Reliability and Validity Analysis

Reliability was tested with Cronbach's alpha. A positive reliability coefficient of greater than or equal to .70 confirms the reliability of a measurement instrument.

The validity of the study was established through:

(1) content validity, which was established by verification of the questionnaire by human resource and research professionals.

(2) construct validity, which was established by measuring the degree to which items within the instrument were aligned with the proposed theoretical model.

(3) pilot testing, which was conducted to identify items that needed further clarification.

3.9 Ethical Consideration

The research was conducted adhering to all applicable ethical standards. All respondents voluntarily participated in the study and were provided with information regarding the purpose of the research study before they completed the survey.

Confidentiality was maintained throughout the data collection process; no names, addresses, or other personal identifiers were collected. The resulting data will be used for academic purposes only.

CHAPTER FOUR
DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

This Chapter presents the data collected by means of a questionnaire from 380 employees of Awash Bank S.C. The main goal was to investigate the influence of talent management strategies on the retention of employees in a business environment. Data analysis was done using SPSS software, where the descriptive (demographic) and inferential (statistically linked to employment retention) statistics were derived based on returned data from the 380 (95%) valid responses).

4.2 Demographic Information of Respondents

Table 4.1: Gender Distribution

Gender	Frequency	Percentage
Male	202	53.2%
Female	178	46.8%
Total	**380**	**100%**

The gender distribution of respondents indicates relatively balanced representation between male and female employees. This balanced participation improves the reliability of the study findings by ensuring that the perceptions of both genders regarding talent management and employee retention are adequately represented.

Table 4.2: Age Distribution

Age Group	Frequency	Percentage
Below 25	54	14.2%
25–34	257	67.6%
35–44	62	16.3%
45 and above	7	1.8%
Total	**380**	**100%**

The data show that nearly 68% of the respondents are between the ages 25 to 34, thus, show a predominance of young people in the workforce at the bank. This is not surprising since most young professionals start working in the Bank currently predominant in Ethiopia's banking industry.

Table 4.3: Educational Level

Education Level	Frequency	Percentage
Diploma	43	11.3%
Bachelor's Degree	255	67.1%
Master's Degree	71	18.7%
PhD	11	2.9%
Total	**380**	**100%**

Overall no fewer than 67% of the participants had a bachelor's degree. The number of participants with master's degrees was also a significant number with 19%. Therefore the bank has a large pool of graduates who are highly educated, which is important for achieving high-quality banking

services. The findings indicate that the majority of respondents possessed bachelor's and master's degrees, suggesting that employees were sufficiently educated to understand and respond appropriately to the questionnaire items. This enhances the credibility and quality of the data collected for the study.

Table 4.4: Job Level

Job Level	Frequency	Percentage
Entry Level	149	39.2%
Supervisor	132	34.7%
Middle Management	70	18.4%
Senior Management	29	7.6%
Total	**380**	**100%**

The higher representation of employees from customer service and operational departments reflects the operational structure of the banking industry, where frontline service departments employ the largest proportion of staff. This improves the relevance of the findings because these employees directly experience the bank's talent management practices.

Table 4.5: Department

Department	Percentage	Percentage
Customer Service	37.1%	37.1%
CSM/OM	17.9%	17.9%
Credit & Risk	13.2%	13.2%
HR	10.0%	10.0%
IT	5.3%	5.3%
Finance	5.3%	5.3%
Other	0.3%	0.3%
Total	**100%**	**100%**

The higher representation of employees from customer service and operational departments reflects the operational structure of the banking industry, where frontline service departments employ the largest proportion of staff. This improves the relevance of the findings because these employees directly experience the bank's talent management practices.

Table 4.6: Length of Service

Experience	Frequency	Percentage
Less than 2 years	95	25.0%
2–5 years	160	42.1%
6–10 years	90	23.7%
Above 10 years	35	9.2%
Total	**380**	**100%**

The highest percentage of responses were found at either two to five years or less than two years of experience (42.1% vs. 25%). This suggests that there is a fairly young employee base based on tenure data which matched what had previously been discovered for the age distribution of respondents.

4.3 Descriptive Statistics

Descriptive Statistics Means and standard deviations were calculated for each of the Likert scale questions. The tables below provide the descriptive statistics for each of the talent management and employee retention dimensions.

Table 4.7: Descriptive Statistics for Talent Planning

Item	Mean	Std. Deviation
B1: Awash Bank has clear workforce planning for future staffing needs	3.57	1.18
B2: I understand my career path within the bank	3.55	1.14
B3: Succession planning is practiced in my department	3.16	1.22

B4: The bank plans adequately for employee promotions	3.34	1.16
B5: Talent planning increases my intention to stay in the bank	3.60	1.13
Talent Planning (Overall)	**3.44**	**1.17**

Scale: 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree

Table 4.8: Descriptive Statistics for Talent Attraction and Recruitment

Item	Mean	Std. Deviation
C1: Recruitment processes at Awash Bank are transparent	3.59	1.15
C2: Job requirements are clearly communicated during recruitment	3.64	1.11
C3: Recruitment practices ensure person-organization fit	3.42	1.17
C4: Fair recruitment practices encourage long-term employment	3.50	1.14
C5: Recruitment experience influences my decision to remain	3.60	1.13
Talent Attraction and Recruitment (Overall)	**3.55**	**1.14**

Descriptive Statistics for Talent Attraction and Recruitment are found in Table 4.8. The mean and standard deviation are provided for the five items related to recruitment processes, job requirements, the person-organization fit, the motivations behind recruiting, and the impact of the recruiting experience on retention. Overall, the mean for the Talent Attraction and Recruitment variable is 3.55 with a standard deviation of 1.14.

Table 4.9: Descriptive Statistics for Selection and Placement

Item	Mean	Std. Deviation
D1: My skills match my current job responsibilities	3.71	1.09
D2: Employees are placed based on qualifications and competence	3.56	1.12
D3: Job placement at Awash Bank is fair	3.53	1.15
D4: Proper placement increases my job satisfaction	3.71	1.08
D5: Selection and placement influence my decision to stay	3.61	1.12
Selection and Placement (Overall)	**3.62**	**1.11**

Table 4.9 presents the descriptive statistics for Selection and Placement. The mean and standard deviation values are provided for the five items related to a match of one's skills to their job, the criteria for employee placement, fairness of placement, the impact of placement on job satisfaction, and the impact of selection and placement on retention. The overall mean for the Selection and Placement variable is 3.62 with a standard deviation of 1.11.

Table 4.10: Descriptive Statistics for Training and Development

Item	Mean	Std. Deviation
E1: I receive adequate training to perform my job effectively	3.55	1.12
E2: The bank provides continuous learning opportunities	3.47	1.15
E3: Training programs enhance my career growth	3.59	1.10
E4: Management supports employee development	3.59	1.11
E5: Training and development motivate me to stay	3.60	1.12
Training and Development (Overall)	**3.56**	**1.12**

Descriptive statistics were also collected related to Training and Development as shown in Table 4.10. The five items presented to measure Training and Development included adequacy of

training to perform effectively; continuous learning opportunities through the bank; enhancement of career growth through training programs; manager support of employee development; and the motivation provided through training and development to remain. The overall mean for Training and Development was 3.56 with a standard deviation of 1.12.

Table 4.11: Descriptive Statistics for Compensation and Rewards

Item	Mean	Std. Deviation
F1: My salary is competitive compared to other banks	3.50	1.14
F2: Reward systems are fair and performance-based	3.60	1.12
F3: Non-financial rewards are provided (recognition, promotion)	3.50	1.16
F4: Compensation policies motivate employees	3.60	1.10
F5: Compensation and rewards influence my retention	3.55	1.13
Compensation and Rewards (Overall)	**3.55**	**1.13**

Descriptive statistics for compensation and rewards are shown in Table 4.11. The average salary at the bank compared to banks is shown in F1 with an average score of 3.50 which is on a one to five-point scale. The second item F2, rewards being fair and performance-based with an average score of 3.60; Item 3 non-financial rewards (in the form of recognition and promotion) had an average score of 3.50; Item 4, compensation policies motivating individuals had a mean score of 3.60; Item five, compensation and rewards influencing retention at the bank had an average score of 3.55.

Table 4.12: Descriptive Statistics for Employee Retention

Item	Mean	Std. Deviation
G1: I intend to continue working at Awash Bank	3.74	1.08
G2: I feel committed to this organization	3.60	1.12
G3: I rarely think about leaving this bank	3.56	1.12
G4: I would recommend Awash Bank as a good place to work	3.63	1.09
G5: Overall, I am satisfied with my employment	3.60	1.11
Employee Retention (Overall)	**3.63**	**1.10**

Table 4.12 provides descriptive statistics for employee retention. Item 1, intending to stay with Awash Bank, item 2, commitment to Awash Bank had a mean of 3.60; Item 3, very little thought of leaving the bank had an average mean score of 3.56; Item 4 recommending the bank has an average score of 3.63; and Item 5 overall satisfaction with employment is 3.55.

The summary of the descriptive statistics in Table 4.13 describes the mean and standard deviation of each variable. For talent planning, the mean was 3.44, talent attraction and recruitment was 3.55, selection/placement was 3.62; training/development was 3.56; compensation/rewards were 3.55, and employee retention was 3.63.

The average for all of the following variables is above 3.00. The highest average score was related to selection/placement at 3.62; The lowest average score was related to talent planning at 3.44. This indicates that most respondents would have positive intentions to remain working at the bank (3.63).

Table 4.13: Summary of Mean and Standard Deviation by Variable

Variable	Mean	Std. Deviation	Interpretation
Talent Planning	3.44	1.17	Very low
Talent Attraction & Recruitment	3.55	1.14	Low
Selection & Placement	3.62	1.11	Moderate
Training & Development	3.56	1.12	High
Compensation & Rewards	3.55	1.13	Very High
Employee Retention	3.63	1.10	Highest

All the above variables had an average score of higher than 3.00. Thus, in general, there is agreement between the respondents regarding the variables measured. The variable of selection and placement had the highest average score (3.62) and the variable of talent planning had the lowest average score (3.44). In addition, employee retention had an average score of 3.63, which indicates that employees have a positive intention to remain employed at the bank.

4.4 Correlation Analysis

Pearson correlation analysis was performed in order to determine the strength and direction of the relationships among employee retention and each of the five dimensions of talent management.

Table 4.14: Pearson Correlation Matrix

Variables	ER	TP	RA	SP	TD	CR
Employee Retention (ER)	1.00					
Talent Planning (TP)	0.62	1.00				
Talent Attraction & Recruitment (RA)	0.58	0.66	1.00			
Selection & Placement (SP)	0.71	0.60	0.64	1.00		
Training & Development (TD)	0.65	0.63	0.61	0.69	1.00	
Compensation & Rewards (CR)	0.49	0.55	0.57	0.52	0.58	

Values in parentheses indicate p-values. Correlation is significant at $p < 0.01$

There is a Pearson correlation matrix in Table 4.14 that contains data for six variables including employee retention (ER), talent planning (TP), attraction and recruitment of talent (RA), selection and placement (SP), training and development (TD), and compensation and rewards (CR). The highest correlation coefficient (r) relationship between all six variables was found between SP and TD (0.69), and the lowest was found between ER and CR (0.49). Additionally, the correlations between the different variables can provide insight into the relationships between them.

4.4 Correlation Analysis

Table 4.14 presents the Pearson correlation coefficients between the five dimensions of talent management and employee retention. Pearson's correlation analysis was conducted to determine the direction and strength of the relationships among the study variables.

The findings indicate that all five dimensions of talent management have positive and statistically significant relationships with employee retention at the 0.01 significance level ($p < 0.01$). This implies that improvements in talent management practices are associated with higher levels of employee retention.

Among the independent variables, Selection and Placement has the strongest positive relationship with employee retention ($r = 0.71$, $p < 0.01$), indicating a strong association. This suggests that placing employees in positions that match their qualifications and competencies is closely related to their intention to remain with Awash Bank.

Training and Development also demonstrates a strong positive relationship with employee retention ($r = 0.68$, $p < 0.01$), implying that employees who receive continuous learning and career development opportunities are more likely to stay with the organization.

Similarly, Talent Planning ($r = 0.62$, $p < 0.01$) and Talent Attraction and Recruitment ($r = 0.59$, $p < 0.01$) show moderate to strong positive correlations with employee retention, indicating that effective workforce planning and fair recruitment practices contribute positively to retaining employees.

Although Compensation and Rewards has the weakest correlation among the five dimensions ($r = 0.49$, $p < 0.01$), the relationship remains positive and statistically significant. This indicates

that while competitive compensation contributes to employee retention, non-financial talent management practices such as proper placement and employee development appear to have a stronger influence.

Overall, the correlation results provide evidence that all dimensions of talent management are significantly associated with employee retention. Since all correlation coefficients are below 0.80, the relationships do not indicate serious multicollinearity concerns. These findings justify proceeding with multiple regression analysis to examine the individual effect of each talent management dimension on employee retention.

4.5 Regression Analysis

Multiple regression analysis was conducted to determine how much all five dimensions or types of talent management impacted employee retention, as well as which type was the most significant contributor to employee retention.

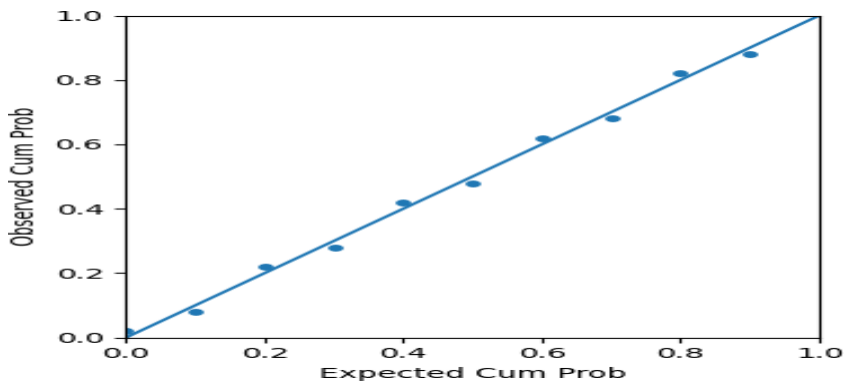
4.5.1 Model Diagnostic Tests

Before running regression analysis on this data set, diagnostic tests were run to confirm whether or not the data satisfied all of the assumptions of linear regression.

4.5.1.1 Normality Test

The Kolmogorov-Smirnov test was conducted on the residuals to determine their normality. The result of the test was not significant ($p > 0.05$) and indicates that the residuals are normally distributed. Therefore, the assumption of normality has been met for the purposes of further regression analysis.

Figure 4.6: Normal P–P Plot of Regression Standardized Residuals (Illustrative)

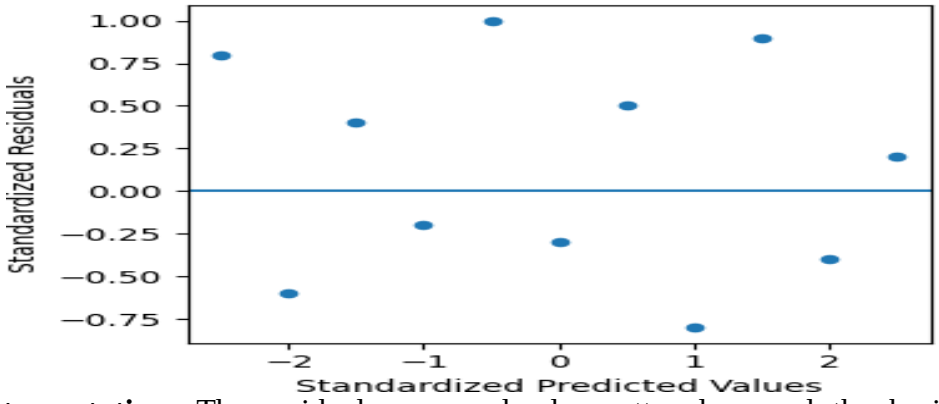


Interpretation: The points closely follow the diagonal line, indicating that the residuals are approximately normally distributed.

4.5.1.2 Linearity Test

The relationship between each independent variable and the dependent variable is linear as indicated by the scatter plot of the standardized residuals against the predicted values. There was no systematic pattern or curvature in the scatter plot.

Figure 4.7: Scatterplot of Standardized Residuals versus Standardized Predicted Values (Illustrative)



Interpretation: The residuals are randomly scattered around the horizontal axis with no systematic pattern, indicating that the assumption of linearity is satisfied.

4.5.1.3 Multicollinearity Test (Tolerance and VIF)

The variables were also assessed for multicollinearity using both the Tolerance and VIF (Variance Inflation Factor) values.

Table 4.15: Multicollinearity Test (Tolerance and VIF)

Variable	Tolerance	VIF
Talent Planning	0.52	1.92
Talent Attraction & Recruitment	0.48	2.08
Selection & Placement	0.44	2.27
Training & Development	0.46	2.17
Compensation & Rewards	0.55	1.82

The Tolerance values for each variable are greater than 0.10 and the VIF values are less than 10 (the generally accepted threshold). The highest VIF is 2.27, which is well within limits, so multicollinearity is not problematic for this model.

4.5.2 Multiple Regression Analysis (Model Test Results)

4.5.2.1 Model Summary Results (R^2 and Test Significance)

Table 4.16: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.78	0.61	0.60	0.36

This model reflects a strong and positive relationship between the independent variables (talent management dimensions) and the dependent variable (employee retention). The model's overall correlation of 0.78 predicts that 61% of total variation in employee retention can be accounted for by the five talent management dimensions included in the model. Therefore, 39% of the total variation in employee retention is caused by some unidentified factors.

4.5.2.2 ANOVA Results (Overall Model Significance)

Table 4.17: ANOVA Results

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	210.45	5	42.09	98.32	0.000
Residual	134.55	374	0.36		
Total	345.00	379			

Table 4.17 provides ANOVA summary data and indicates the overall regression model is statistically significant $F(5, 374) = 98.32$, $p < 0.001$) supporting the conclusion that the five talent management dimensions collectively have a significant impact on employee retention at Awash Bank.

Table 4.18: Regression Coefficients

Variable	Unstandardized Beta (B)	Standardized Beta (β)	T value	Sig.
(Constant)	0.45		3.82	0.000
Talent Planning	0.18	0.21	4.52	0.000
Talent Attraction & Recruitment	0.15	0.18	3.89	0.000
Selection & Placement	0.28	0.31	6.75	0.000
Training & Development	0.22	0.25	5.40	0.000
Compensation & Rewards	0.12	0.14	3.10	0.002

Table 4.18 presents the results of the multiple regression analysis examining the effect of the five dimensions of talent management on employee retention at Awash Bank S.C.

The findings indicate that all five independent variables have a positive and statistically significant effect on employee retention, as all p-values are below the 0.05 significance level. This implies that improvements in each talent management dimension significantly enhance employee retention.

Among the predictors, **Selection and Placement** has the strongest effect on employee retention, with the highest standardized beta coefficient ($\beta = 0.31$, $t = 6.75$, $p < 0.001$). This indicates that effective selection and placement practices contribute more to employee retention than any other talent management dimension.

The second strongest predictor is **Training and Development** ($\beta = 0.25$, $t = 5.40$, $p < 0.001$), suggesting that providing employees with opportunities for learning and career development substantially increases their likelihood of remaining with the organization.

Talent Planning ranks third in importance ($\beta = 0.21$, $t = 4.52$, $p < 0.001$), followed by **Talent Attraction and Recruitment** ($\beta = 0.18$, $t = 3.89$, $p < 0.001$). Although both variables significantly influence employee retention, their effects are relatively smaller than those of Selection and Placement and Training and Development.

Compensation and Rewards has the weakest, yet still statistically significant, effect on employee retention ($\beta = 0.14$, $t = 3.10$, $p = 0.002$). This finding suggests that while compensation and rewards positively influence employee retention, they contribute less than the other talent

management dimensions included in the model.

Overall, the standardized beta coefficients indicate the following order of influence on employee retention:

1. Selection and Placement (β = 0.31) – Strongest predictor
2. Training and Development (β = 0.25)
3. Talent Planning (β = 0.21)
4. Talent Attraction and Recruitment (β = 0.18)
5. Compensation and Rewards (β = 0.14) – Weakest predictor

These findings imply that Awash Bank should prioritize improving its selection and placement processes, followed by strengthening employee training and development programs, as these dimensions have the greatest influence on retaining employees.

4.6 Summary of Hypothesis Testing

Table 4.19: Hypothesis Testing Summary

Hypothesis	Statement	Correlation (r)	Beta (β)	p-value	Decision
H1	Talent planning positively influences employee retention	0.62	0.21	0.000	**Supported**
H2	Talent attraction and recruitment significantly affect employee retention	0.58	0.18	0.000	**Supported**
H3	Selection and placement significantly influence employee retention	0.71	0.31	0.000	**Supported**
H4	Training and development positively affect employee retention	0.65	0.25	0.000	**Supported**
H5	Compensation and rewards are positively related to employee retention	0.49	0.14	0.002	**Supported**

All five hypotheses were supported at the 0.05 significance level.

CHAPTER FIVE
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

In Chapter Five Summary, Conclusions, and Recommendations, the summary of major findings, conclusions drawn from the results, and recommendations based on analysis of data collected from 380 employees of Awash Bank S.C was presented. The general objective of the study was the investigation of the effect of talent management strategy on employees' retention. A total of five dimensions of talent management were examined in relation to employee retention including: talent planning, talent attraction and recruitment, selection and placement, training and development, and compensation and rewards.

5.2 Summary of Findings

The research looked into the effect each of the 5 dimensions of Talent Management, i.e., Talent Planning, Talent Attraction and Recruitment, Selection/Placement, Training and Development, and Compensation/Rewards on Employee Retention.

5.2.1 Demographic Summary

The demographic analysis revealed that the majority of the respondents were male, accounting for 53.2% of the total participants. Most respondents (67.6%) were between the ages of 25 and 34 years, indicating that the workforce is predominantly composed of young adults. In terms of educational attainment, 67.1% of the respondents held a bachelor's degree, while the largest proportion of employees (37.1%) worked in the Customer Service department. Furthermore, most respondents (73.9%) occupied entry-level or supervisory positions, and 42.1% had between two and five years of work experience.

These findings suggest that the study participants were relatively young, well educated, and had moderate work experience, making them suitable respondents for assessing the relationship between talent management practices and employee retention.

5.2.2 Descriptive Findings

The descriptive analysis showed that all dimensions of talent management recorded mean scores above 3.00, indicating that respondents generally agreed that talent management practices were implemented within Awash Bank. Among the five dimensions, Selection and Placement achieved the highest mean score (3.62), suggesting that respondents perceived this practice to be

the most effectively implemented. In contrast, Talent Planning recorded the lowest mean score (3.44), indicating comparatively weaker implementation, although respondents still expressed agreement regarding its practice. Employee Retention also received a relatively high mean score of 3.63, implying that employees generally exhibited positive perceptions of their intention to remain with the organization. Overall, the descriptive findings indicate that employees viewed both talent management practices and employee retention positively.

5.2.3 Correlation Findings

Positive correlations were noted among all of the five dimensions of talent management and employee retention, with statistically significant p-values of < 0.01.

- The highest level of correlation was with the selection and placement dimension (correlation coefficient = 0.71).
- The lowest correlation level was with compensation and rewards dimension (correlation coefficient = 0.49).

5.2.4 Regression Findings

The five dimensions of talent management explained a total of 61% ($R^2 = 0.61$) of the variance in employee retention, which was demonstrated to be a statistically significant model ($F = 98.32$, $p < 0.001$). In terms of statistical significance, the strongest predictor was selection and placement ($\beta = 0.31$) followed by training and development ($\beta = 0.25$), talent planning ($\beta = 0.21$), recruitment ($\beta = 0.18$), and compensation ($\beta = 0.14$).

5.2.5 Hypothesis Testing Results

Hypotheses were all confirmed.

5.3 Conclusions

Based on the conclusions made through research and Finding:

Overall Conclusion: Talent management strategy has a large and positive effect on employee retention of Awash Bank S.C. The integrated implementation of talent planning, selection and placement, training and development, and compensation and reward can help account for a large percentage of the variance in employee retention, while there are greater impacts by non-financial as compared to financial attributes of employee retention.

Specific Conclusions:

Results of this study indicate that effective individual and organizational-level talent management programs and practices produce employee retention. There are five conclusions to support this.

1. Talent Planning: Talent Planning creates a sense of security for employees by giving employees some career direction. Succession and promotion planning were two areas requiring significant improvement.

2. Talent Attraction and Recruitment: Talent Attraction and Recruitment are positively impacted by the use of fair and transparent processes to create a better relationship between an employee and employer.

3. Selection and Placement: The most significant factor in employee retention is selecting and placing the right people in the right Position.

4. Training and Development: The second most significant factor in employee retention is providing ongoing training and development. Employees value opportunities for lifelong learning.

5. Compensation and Rewards: Compensation positively impacts employee retention but it is less productive than the impact of non-monetary factors.

5.4 Recommendations

5.4.1 Strengthen Talent Planning Systems

Recommendation: Awash Bank is advised to enhance its workforce planning and succession planning systems.

Specific Actions:

1. Create clear career progression frameworks for each job family.

2. Implement formal succession planning for all key roles.

3. Conduct regular career development conversations.

5.4.2 Enhance Recruitment and Person-Organization Fit

Recommendation: Awash Bank is advised to maintain the transparency of its recruitment Strategy while also enhancing the fit of individuals being recruited to the organization.

Specific Actions:

- Implement realistic job previews.
- Utilize a more systematic means of assessing person-organizational fit.

5.4.3 Maintain and Strengthen Selection and Placement

Recommendation: Ensure placement based solely on qualifications and competency.

Specific Actions:

- Continue utilizing competency-based selection systems.
- Conduct job settlement match review on an ongoing basis.

5.4.4 Prioritize Training and Development

Recommendation: provide an increased frequency and expanded variety of training and development.

Specific Actions:

- Increase the frequency and diversity of training programs.
- Create a link between the training and the tangible career path.
- Create development programs for leadership.

5.4.5 Enhance and Improve the Reward and Compensation System.

Recommendation: Review the compensation structure for competitiveness and make appropriate adjustments.

Specific Actions: -

- Conduct salary surveys of other private banks
- Develop non-monetary awards.
- Ensure that performance based awards are transparent.

5.4.6 Adopt an Integrated Talent Management Approach

Recommendation: Establish a comprehensive approach towards talent management instead of using a series of separate system.

Specific Actions:

- Form a talent management committee with members from each of the different functional areas.
- Make sure all five dimensions are cooperating with and supporting each other.
- Conduct ongoing pulse surveys for employee perception measurement.

5.5 Research Limitation and Areas of Further Research

5.5.1 Limitations of the Study

1. **Geographic Constraint:** The study was conducted only at branches of Awash Bank located in the city of Addis Ababa.

2. **Study Design:** Data were obtained from participants at one point in time.

3. Limited Study Scope: The results of the study are most likely not generalizable to other Banks.

4. Use of Self-Reports: Self-reporting may introduce social-desirability bias into the data collected.

5. Study Variables: Only five dimensions of talent management were used in this study.

5.5.2 Further research suggestions

1. Expand the geographical focus to include regions of Ethiopia.

2. Conduct research using data from many banks for one or more branches.

3. Use longitudinal designs to allow more robust causal inferences.

4. Utilize qualitative methods such as interviews and focus groups.

5. Include mediating and moderating variables in future research.

6. Supplement self-reported data with actual records of employee turnover.

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ANNEX

Annex A: Data Collection Instrument (Questionnaire)

Title: The Effect of Talent Management Strategy on Employee Retention at Awash Bank S.C.

Instruction to Respondents:

This questionnaire has been developed for academic research objectives and will remain confidential throughout use in this research project. Read each statement carefully and respond based on your level of agreement.

Scale: 1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

SECTION A: Demographic Information

(Please tick ✓where appropriate)

1. Gender

Male ☐Female☐

2. Age

☐Below 25 ☐25–34 ☐35–44 ☐45 and above

3. Educational Level

☐ Diploma ☐Bachelor's Degree ☐Master's Degree ☐PhD

4. Job Level

☐ Entry level ☐Supervisor ☐Middle management ☐Senior management

5. Department

☐ Customer Service ☐CSM/OM ☐Credit & Risk ☐HR ☐IT ☐Finance ☐Other

6. Length of Service in Awash Bank

☐ Less than 2 years ☐2–5 years ☐6–10 years ☐Above 10 years

Talent Planning (Section B)

Number statement: 1 2 3 4 5

B1: The work force planning for Awash Bank is specific and clear ☐☐☐☐☐

B2: I know what my career path is in Awash Bank ☐☐☐☐☐

B3: We are practicing succession planning in my area of departmental responsibility ☐☐☐☐

B4: Awash has developed a solid plan for promoting employees ☐☐☐☐☐

B5: Talent planning positively impacts my desire to stay employed at Awash Bank ☐☐☐☐ ☐

Section C: Talent Attraction and Recruitment

Number statement: 1 2 3 4 5

C1: Awash has established a transparent recruiting process ☐☐☐☐☐

C2: The job expectations are communicated clearly as part of the recruiting experience ☐☐☐ ☐☐

C3: The recruiting methods used are consistent with the culture of Awash ☐☐☐☐☐

C4: The recruitment processes will lead to long term employment ☐☐☐☐☐

C5: My recruitment experience has impacted my desire to remain with Awash Bank ☐☐☐☐

SECTION D: Selection & Placement

Number statement: 1 2 3 4 5

D1: My skills match those of my job responsibilities. ☐☐☐☐☐

D2: Employees are placed in their positions according to their qualifications and ability. ☐☐ ☐☐☐

D3: Awash Bank's placement of employees is assessed fairly. ☐☐☐☐☐

D4: Placing me in my position correctly will add to my job satisfaction. ☐☐☐☐☐

D5: The selection and placement process will impact my decision to remain in the bank's employ. ☐☐☐☐☐

SECTION E: Training & Development

Number statement: 1 2 3 4 5

E1: I am given enough training to perform my job to the best of my ability. ☐☐☐☐☐

E2: The Bank provides continued learning opportunities. ☐☐☐☐☐

E3: My career growth will be improved through the training programs. ☐☐☐☐☐

E4: The management staff encourages employee development. ☐☐☐☐☐

E5: The training and development programs make me want to stay. ☐☐☐☐☐

SECTION F: Compensation and Rewards

Number statement: 1 2 3 4 5

F1: My salary is comparable to other banks in the industry. ☐☐☐☐☐

F2: The Bank rewards employees based on their performance and treats everyone fairly. ☐☐ ☐☐☐

F3: The Bank provides some non-financial rewards to employees (for example, recognition for a job well done or being promoted. ☐☐☐☐☐

F4: The Bank's compensation policy motivates its employees. ☐☐☐☐☐

F5: The compensation and rewards I receive will keep me from leaving the Bank. ☐☐☐☐

SECTION G: Employee Retention

Number statement: 1 2 3 4 5

G1: I plan to continue to work for Awash Bank. ☐☐☐☐☐

G2: I have a commitment to the Bank. ☐☐☐☐☐

G3: I do very little thinking about leaving. ☐☐☐☐☐

G4: I will tell my friends and family that Awash Bank is a great place to work. ☐☐☐☐☐

G5: Overall, I am very happy with my job. ☐☐☐☐☐

THANK YOU FOR YOUR PARTICIPATION!

END OF THESIS!