



Addis Ababa University
College of Business and Economics

**The Effect of Talent Management Practices on Organizational Performance: In the case
of Commercial Bank of Ethiopia**

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**A thesis submitted to Addis Ababa University in partial fulfilment of the requirements
for Master's Degree in Business Administration**

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STUDENT'S DECLARATION SHEET

I declare that this study titled **“Effect of talent management practice on organizational performance in the case of Commercial Bank of Ethiopia”** is my original work prepared under the guidance of my advisor Asres Abitie (PhD). This paper is submitted in partial fulfilment of the requirement for the award of Master's Degree in Business Administration and it has not been submitted previously to any diploma or degree in any university or college.

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ADVISOR'S APPROVAL SHEET

This is to certify that Eleni Ayalneh has carried out her study on the topic titled **“Effect of talent management practice on organizational performance in the case of Commercial Bank of Ethiopia”** This work is original in nature and suitable for submission for the award of the Master's Degree in Business Administration in Management.

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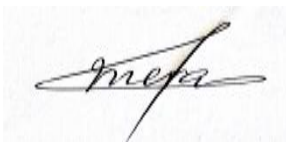
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ACRONYMS

CBE - Commercial Bank of Ethiopia

CIPD - Chartered Institute of Personnel and Development

HR - Human Resource

OP - Organizational Performance

SPSS - Statistical Package for Social Sciences

TA - Talent Attraction

TD - Talent Development

TM - Talent Management

TR - Talent Retention

Abstract

Today the concept talent management has attracted most business companies around the world because human capital is critical element of competitive advantage. Talent management is a science used to improve business value and achieve organizational performance by implementing talent management practices this helps organizations to achieve their goals. The purpose of this study was to examine the effect of talent management practices on organizational performance in Commercial Bank of Ethiopia. In this study an explanatory and descriptive research design and qualitative and quantitative research approaches were used to meet the specific objective of the study and to answer research questions. The population of this study were employees of Commercial Bank of Ethiopia head office. Primary data gather from 384 responses obtained through questionnaires. The data was analyzed by using descriptive and inferential tools with the help of statistical package for social science (SPSS) Version 27.

The result of descriptive analysis describe that the mean score for overall talent management practice components- talent attraction, talent development and talent retention is above the average. The correlation analysis result showed that there is a major positive strong relationship exists between talent management practices and organizational performance. In addition to this the regression analysis evidenced that talent management practice is predictor of organizational performance. The study suggested that an attention should be given by the organization on all components talent management practices to improve organizational performance. Finally, based on the research findings, conclusion, appropriate recommendations and suggestion for future research direction were presents in the study.

Key Words-Talent Management, Talent Attraction, Talent Development, Talent Retention and Organizational performance.

CHAPTER ONE

INTRODUCTION

The purpose of this research was to examine the effect of talent management practice on organization performance at CBE. This chapter presents background of the study, Statement of problem, research questions and objective of the study, Significance of the study, delimitation or scope of the study, organization of the study and Definition of terms.

1.1 BACKGROUND

The concept of talent has been defined in various ways. Talent can be viewed from both exclusive and inclusive perspectives. From an elitist point of view, talent defines as exceptional abilities for top positions, while a broader, more inclusive definition incorporate all capable employees who perform well and prove growth potential. Utilizing these two approaches in hybrid manner is essential for organization to maximize their human capital. According to Armstrong (2021) Talent includes those individuals who can significantly impact organizational performance, either through their immediate contribution or by demonstrating exceptional potential in the long run. Talented people have unique skill abilities that help them to perform well. The CIPD (2007) defines talent as individuals who can significantly influence organization's success either immediate contribution or in the long run.

Talent management therefore is the process of identifying, attracting, recruiting, deploying, developing and retaining those talented people (Armstrong, 2009). Wikstrom (2012) further notes that talent management systematically reflects a greater mastery of existing skills and expertise in the human activity area. Additionally, managing talent involves positioning the right people in the right jobs; enabling workers optimize their abilities for the organization's optimum performance (Devine, 2012). The concept of talent management gained significant prominence of idea becomes popular in the 1990s by the phrase "the war for talent" which highlighted the need for the companies to have organized talent management strategy (Armstrong, 2006).

Organization performance is defined as organizations capacity to achieve its objectives through the effective and efficient utilization of resource (Delima, 2017). Some scholars, as noted in Delima (2017) directly link performance to efficiency and effectiveness. Additionally, Santos and Brito (2012), also cited in Delima (2017), connected that

performance is a subset of organizational effectiveness, integrate both operational and financial metrics. It is essential for the success and sustainability of companies. It includes multiple dimensions such as financial outcomes, productivity, customer satisfaction and employee engagement (Akerele, 2023).

Due to globalization, intense competition, and advancing technology, it is a challenge for companies to succeed in today's world. Because of this companies are changing their focus. They are moving away from only focusing on production and having unique products, and recognize that their employees are their most important asset. Companies that manage their employees well are more likely to achieve their organizational goal and maintain strong performance (Al Aina, and Atan, 2020). An organization's growth and success depend on placing skilled employees in the right place and time. Talented employees are essential for creating a long term competitive advantage and achieving high performance (Rop, 2015, as cited in Al Aina & Atan, T. 2020).

In today's banking world, competition is incredibly tough. For banks to survive and thrive, they absolutely must be able to learn new things and change their way much faster than their competitors. In this challenging environment, banks employees are their most valuable assets. Banks are not just about money, they are businesses built on knowledge, constantly working on ideas ,experiences and information.to keep up with this, banks cannot stick to old methods of managing their people, they need to completely change how they find, develop and keep talented employees (Agbaeze, Monyei and Agu, 2017).

The banking sector presents an engaging case for the critical alignment between talent management and organizational performance. Given its big role in economic stability and its highly competitive nature, effective talent management is critical for banks to achieve continued success characterized by superior customer services, operational efficiency and profitability (Shafique and Zia-ur-Rehman, 2021). Financial institutions specifically leverage talent management to develop, identify, and retain high-potential employees, in addition to this, is crucial for building a competitive advantage and adapting to evolving market demands (Racolta-Paina and ClaudiaBucur,2019; Akanda, 2021). Research shows a significant positive relationship, highlighting that strategic talent practices, including strong performance management and succession planning are essential for promoting a motivated and engaged workforce that directly contributes to overall bank performance (McDonnell, 2011; Umai et al, 2023). Therefore, in this sector, investing in talent management is not

merely an HR function but a strategic imperative for optimizing organizational outcomes and ensuring long-term Viability.

1.2 STATEMENT OF THE PROBLEM

An organization's success depends on its people. Organizations must learn how to encourage employees to be productive and ensure they hire the right people, develop their skills and motivate them to contribute value (Mohammed, 2015). Human Resource Management focus on hiring, developing, compensating and supporting employees to meet organizational goal. To effectively manage a diverse workforce, modern organization requires integrated talent management systems. Modern organizations realize that their ability to succeed in a competitive business environment relies on attracting, developing and retaining the right talent. Therefore, it is essential to proactively anticipate and address the needs of talent to achieve organizational goals (Mohammed, 2015).

In today's rapidly changing environment organisations understand the importance of talented workforce. Talent management plays an important role in retaining the employees in an organisation. Talent management is the processes of ensuring that talented people are attracted, retained, motivated and developed in line with the needs of the organization (Armstrong, 2011).

Talent management is becoming more important and key reason is that organization leaders strongly believe that effective talent management improves organizational outcomes. This belief is supported by many industry reports and publications that show a strong connection between talent management practice and better organizational performance. As a result organizations are increasingly interested in and investing in talent management (McDonnell and Wiblen, 2021).

Organizations like CBE understand that having talented employee is significant for maintaining a competitive advantage in the industry and achieving sustainable organizational performance. This understanding is reflected in CBE's HR policy 2021, which clearly states the importance of aligning and integrating all human resource activities to recognize the bank vision, mission and corporate strategies. CBE also highlights that developing employee skill and capabilities is crucial for the organization growth. Motivated and skilled employees are essential to improving customer satisfaction and achieving the bank corporate strategy. CBE's employee performance management policy focuses on aligning individual performance with the bank strategic objective. The bank performance management system

focuses on continuous, going process and ensures the evaluations are fair and transparent. In addition the bank has implemented a performance based reward and recognition system.

The HR policy also states that CBE develop a well-designed retention strategy to address the diverse needs of its employees. This initiative aims to create an environment that encourages employees to remain with the bank. Retaining talent is a top priority for the bank to ensure stable and skilled workforce. However, retaining these talented individuals is major challenge. When key employees leave the organization loses valuable skills, knowledge and experience, which disrupt productivity and negatively affect overall performance of CBE.

The human resource department of CBE believes that the expanding nature of the banking industry is leading employee's to seek better benefit packages, working environment and other attractive mechanisms offered by these competing banks. While CBE has its own talent management strategy policy, it is important to understand how these talent management practices are implemented.

The effect of talent management practice on organizational performance was not yet researched at commercial Bank of Ethiopia (CBE). Therefore, this study aims to investigate and determine the effect of talent management practice on organizational performance of CBE.

1.3 RESEARCH QUESTION

The following specific questions are to be addressed in this study

1. What is the effect of talent attraction on organizational performance of CBE?
2. What is the effect of talent development on organizational performance of CBE?
3. What is the effect of talent retention on organizational performance of CBE?

1.4 OBJECTIVE OF THE STUDY

The objective of the study is divided into general objective and specific objectives

General Objective

The general objective of the study is to examine the effect of talent management on organization performance at Commercial Bank of Ethiopia (CBE).

Specific Objective

1. To determine the effect of talent attraction on organizational performance of CBE.

2. To examine the effect of talent development on organizational performance of CBE.
3. To determine the effect talent retention on organizational performance of CBE.

1.5 SIGNIFICANCE OF THE STUDY

The result of this study is expected to give CBE a clear understanding of the relationship between talent management practices and its financial and non-financial performance. The findings will equip decision makers, it shows how different talent management practice affects overall performance of CBE and offers suggestions for improvement based on industry best practice. The study will also provide insights on how to retain high potential employees and ensure that the right people are in the right job. Moreover, it will raise awareness among HR managers about using talent management to boost organization performance. In addition, the result can serve as a valuable resource for further research and enhance understanding of talent management.

1.6 DELIMITATION OF THE STUDY/SCOPE

The scope of this study is limited to evaluating the relationship between selected talent management practices and organization performance at CBE. Specifically, it will examine the alignment of talent management practices with corporate strategy, the recognition and rewarding of high performers, the implementation of regular performance appraisals and the retention of talented employees. The study will focus on clerical employees at head office. The scope of methodology is limited to conducting survey through structured questioners that will be distributed to sample participants of clerical employees of CBE.

1.7 ORGANIZATION OF THE STUDY

This study will be organized in to five chapters. The introduction in chapter one will include background of the study, statement of the problem, research questions, and research objectives of the study, significance of the study, delimitation /scope of the study and Operational definition of terms. Chapter two will provide a review of theoretical as well as empirical literature of the subject matter under study. In chapter three methodologies and the research design will be discussed. Chapter four will present, analyze and discuss the findings of the study. Finally, the summary, conclusions, and policy recommendations will cover in chapter five based on the research findings.

1.8 OPERATIONAL DEFINITION OF TERMS

Talent Management- refers to a comprehensive and integrated set of activity designed to attract, identify, develop, engage and retain talented individuals for an organization success (Collings. And Mellahi 2009)

Organizational Performance- is organization's ability to meet its goal and objective resource (Daft, 2000 as cited in Delima, 2017).

Performance Appraisal- Performance appraisal can be defined as the formal assessment and rating of individuals by their managers (Armstrong, 2009).

Employees Retention- is the process of encouraging employees to stay with a company for a long duration (Hom and Griffeth 1995) as cited in (Kamalaveni, Ramesh and Vetrivel, 2009).

Talent Attraction- Talent attraction, which includes employee recruitment and selection, employer branding, employee value proposition and the concept of being an employer of choice Armstrong (2006).

Talent Development- Which includes leadership and management training and career development (Armstrong, 2020).

Talent Retention- is a course of action in which the employees are expectant to be part of institution for the maximum period of time or until the accomplishment of job Akila (2012).

CHAPTER TWO

REVIEW OF LITREATURE

INTRODUCTION

This chapter provides a review of literature on Talent management and its practice. The first section of this chapter is focused on the concept of Talent management and review of theoretical literature. The second section has covered the empirical review in related to Talent management and the final section presents the conceptual framework and research hypothesis.

2. THEORETICAL LITERATURE

2.1 WHAT IS TALENT

Talent is defined as the individuals who contribute to organizational success either through their current work or their potential for high achievement in the future CIPD (2014), as cited in Turner and Kalman (2014). According to Van Dijk (2008), as cited in Turner and Kalman (2014) Talent is a combination of individual's ability (which includes competence, education, training and experience), Motivation (which includes engagement, satisfaction, challenge and wellness) and opportunity.

2.1.1 TALENT MANAGEMENT

Based on the systematic review presented by Gallardo-Gallardo et al. (2013) there is disparity among the researcher in regards what constitutes and focus emphasis that must be given in talent management practice. This makes difficult to give precise definition for Talent management. Some researcher used exclusive Approach, where TM focuses only on high-potential and high-performing employees. While the other researcher uses Inclusive Approach: TM applies to all employees, emphasizing workforce development. For some TM talent management involving screening and developing highly performed or future potential employee to fill the current most impact full role in the organization. While the other still believes it should consider the future aspects too.

Talent management is a strategic and systematic process that ensures an organization has the right people in the right roles at the right time, both currently and in the future. It is not merely a set of disconnected human resource activities but an integrated approach to attracting, developing, motivating, and retaining high-quality employees. The concept gained

significant prominence in the 1990s, particularly with the widely recognized phrase "the war for talent," coined by McKinsey & Company, which underscored the intensifying competition for skilled individuals and the imperative for organizations to develop organized talent management strategies (Armstrong, 2006). This war highlighted that human capital was becoming a key differentiator and a source of competitive advantage in a globalized economy.

Armstrong, M. (2009) defines talent management as "the process of identifying, attracting, recruiting, deploying, developing and retaining those talented people." This definition encapsulates the comprehensive lifecycle of talent within an organization, from initial entry to sustained contribution.

According to Dessler, G. (2015), talent management is goal-oriented and integrated process of planning, recruiting, developing, managing, and compensating employees. Devine and Syreeta (2014), traditional talent management believes that highly talented employees aspire to get top position and are willing to meet their employers demand to achieve that goal. However, the new generation of talented workers often lacks the motivation to stay with employer for long period, even if financial incentives and career advancements are offered. This makes it challenging for organizations to engage in long-term career planning. These new relationship and working arrangements will help companies anticipate and respond quickly to changes in the marketplace.

For Collings & Mellahi (2009), Talent management is a strategic perspective that involves identifying pivotal talent positions that contribute to competitive advantage, developing a talent pool to fill these roles, and implementing differentiated HR architectures to retain them. The definition gives emphasis on the pivotal aspect that contributes to the company competitive advantage neglect the broader workforce. In evolving nature of TM has been well considered by Sparrow & Makram (2015), which demonstrated, for them TM is not only HR practices but a dynamic capability that helps organizations adapt to changing workforce needs through strategic workforce planning, employer branding, and data-driven decision-making.

Talent management begins with a clear understanding of the business strategy, which describe the specific and competencies required to drive organizational success. This strategic alignment helps the organization to identify the types of individuals that the organization needs to recruit, develop and retain (Armstrong, 2009).

2.1.2 TALENT MANAGEMENT PRACTICE

Researchers and scholars highlight different approaches to implement talent management practices. Armstrong and Taylor (2014) discussed several key dimensions of talent management, which includes attracting, retaining, motivating and developing talented individuals. Similarly, Hamid (2018) categorized talent management practice in to three main areas recruitment and staffing, training and development and retention management.

2.1.2.1 TALENT ATTRACTION

Talent attraction involves the strategic process of drawing qualified individuals to an organization, significantly influenced by the organizations reputation. A research by Shrimali and Giwani (2012) highlight how an organization reputation plays a crucial role in attracting top talent. Songa and oloko (2016) characterized talent attraction as a management strategy that enables companies to acquire the necessary skills. Armstrong (2006) states several key components of talent attraction, which includes employee recruitment and selection, employer branding, employee value proposition and the concept of being an employer of choice.

Factors such as work-life balance, competitive payment, and challenging work are important factors in attracting employees (Pruis, 2011). Organizations need to implement targeted strategies and procedures to attract talented individuals (Lockwood, 2006), developing a clear plan to recruit external talent from outside while also improve the skills of the other talented employees inside the organization (Chuai, 2008).

The effectiveness of talent attraction is also tied to organizational branding, which shapes how potential candidates view the company and its culture (Moczydlowska, 2012). According to Collins and Mellahi (2009), talented professionals across various sectors seek organizations that offer exciting challenges, development opportunities and meaning ful work, all led by effective leaders (Csordas, 2020). While competitive salaries are important, many talented individuals are drawn to the prospect of meaningful works within supportive and performance oriented culture (Lewis and Heckman, 2006). Ultimately the quality of an organization directly reflects its workforce. Cultivating talent at all level, from entry level to leadership is essential. Understanding what motivates individuals, their career aspiration, strengths, weaknesses, abilities, likes and dislikes is crucial for enriching jobs and fostering a thriving work environment (Iles et al, 2010).

2.1.2.2 TALENT DEVELOPMENT

Talent development is the process of helping talented employees acquire the skills and experience they need to reach their potential, advance their careers and meet organization need for high quality candidates in key positions. This process allows individuals with promise to join a talent pool, while also there is always room for further growth. Even the qualified members of the talent pool can benefit from on-going development program. Talent development includes leadership and management training and career development (Armstrong, 2020).

According to Turner and Kalman (2014), talent development must be flexible, adaptable and scalable to align with the ever changing work environment. As a result there is an increasing necessity for talent development to be work based and learning, enabling employees to develop the skill and capabilities to navigate the dynamic nature of their roles effectively.

Employee performance is influenced by factors such as coaching, training, and development, employee involvement, empowerment and delegating and talent development methods (Ali and Guha, 2019). Investment in talent development significantly improves human capital, enabling employees to increase their competence and productivity while also enhancing intellectual capital and increasing the company's market value (Bethke et al., 2011). Additionally, talent development offer non-monetary rewards, such as a high level of motivation, which improves the desirability of the organization (Ali and Guha, 2019).

Organization should provide opportunities for employee to expand their knowledge through work related function and career focused training. This practice will improve employee performance in the organization and ensure their future employability (Auranzeb and Bhutto 2016).

2.1.2.3 TALENT RETENTION

Talent retention involves in proactive and aimed at creating a 'sticky' environment by addressing employee needs, primarily prevention of voluntary turnover and reducing costs created by employees unexpectedly leaving the organization (Cardy and Lengnick-Hall, 2011 as cited in Collings, Scullion and Caligiuri 2019). According to Armstrong (2008) Employee Retention refers to policies and programs aimed at ensuring that the organization keeps the talent it needs. Retention programs are designed to ensure that people remain as committed member of the organizations.

Akila (2012) Talent retention as a course of action in which the employees are expectant to be part of institution for the maximum period of time or until the accomplishment of job. Retention of talented employee is valuable equally for employees as well as for organization. Dyke Ebirika and Edwinah (2022) a strategic approach to talent retention, advocating that organizations should selectively concentrate their effort on retaining their most valuable and high performing employees. This perspective suggests that not all employees should be targeted with the same strategies. Instead, organizations should differentiate between top performers who contribute significantly to success, and those with lower performer. by focusing resources and incentives on key talent, companies can ensure that their most critical human capital is motivated to stay and reduce the risk of losing individuals who have the greatest impact on organizational outcomes.

2.1.3 IMPORTANCE OF TALENT MANAGEMENT

Talent management has become a critical factor for organizations trying to gain and maintain a competitive advantage. According to Gelens et al. (2013), the success of any organization hinges on its ability to manipulation its human resources effectively. Talented employees are viewed as essential assets, contributing significantly to the overall performance of the organization through their knowledge and expertise (Li & Devos, 2008). This relationship stresses the increasing demand for skilled employees, as their contributions directly influence business outcomes, including profitability and productivity (Schuler et al., 2001; Hills, 2009). For that reason to ensure for attract and hold individuals organizations must prioritize talent management who can add substantial value.

Maintaining talented employees is not just a matter of maintaining skilled personnel it also impacts various operational aspects. The costs associated with recruiting and developing new talent can be significant, covering not only financial resources but also time and effort (Rothwell, 2011). Organizations that fail to retain their skilled work force may find themselves facing increased turnover, which can interrupt operations and hider long- term strategic goals and the need for talented employees as highlighted by Brown and Tannock (2009). In such times, organizations must rely on their top talent to navigate difficulties and seize opportunities for growth,

Talent management emphasizes its systematic approach, focusing on attracting, identifying, developing, engaging, retaining and deploying individuals with high potential (Krishnan & Scullion, 2017). Effective talent management not only minimizes hiring costs (Boon et al.,

2001) but also enhances overall organizational productivity, profitability and output (Collings & Mellahi, 2009). So Organizations can create significant competitive advantage and strengthen their position with their industry by applying strong talent management practices.

Organizations achieve lasting success by strategically managing talent. This involves anticipating the human capital they will need planning how to acquire and develop it. Human capital is a crucial resource, as highlighted by resource based theory, which view it as essential for achieving sustainable competitive advantage (Odonez de Pablos, 2004). Additionally Heinen and O'Neill (2004) argue that strong talent management is one of the best way to build lasting competitive edge. This advantage comes from unique resources that competitors cannot easily imitate.

The primary focus of organizations has always been on the capacity of their employees to drive organizational success. Organizations always prioritize employee engagement as a means to achieve and increase overall performance levels. Employees within organizations are gifted with various abilities and aptitudes that enable them to perform efficiently within organizations. Epebinu, Oguntuase and Oruma (2023) highlight that, to compete in the, current dynamic and competitive environment, internal talents must be considered crucial factor for sustainability of organizational performance.

Talent management practices can be source of strongest possible competitive advantage as new technologies and innovations can be easily imitated by competitors and leads to only temporary competitive advantages. Sustained competitive advantage comes from talent management practices. Thus, how the organization attracts, develops, retains, motivates, manages, and rewards its talent (Heinen and O'Neill, 2004). Therefore, investing in talent management creates a competitive advantage that that leads the organization success.

2.1.4 ORGANIZATIONAL PERFORMANCE

Organization performance is the efficiency that is derived by an organization in terms of delivery of service that is customer satisfaction, efficiency, improvement of work flows and Procedures Porter, (2003). Organization performance is organizations capacity to achieve its objectives through the effective and efficient utilization of resource (Delima, V. J. 2017).

Mwagona and Kinyua (2023), Performance is an important symbol of the organization that shows how successfully process or their outputs accomplish a particular goal.

Akpa, Asikhia and Nneji (2021) defined organizational performance as the organizations capacity to accomplish its goals effectively and efficiently using available human and physical resources. Cascio (2014) organizational performance is the degree of attainment of work mission as measured in terms of work outcome, intangible assets, customer link, and quality services.

2.2 EMPERICAL REVIEW

Lyria (2014) carried out a study on the effect of talent management on organizational performance in firms listed in Nairobi Stock Exchange (NSE) in Kenya. Cross sectional survey designs was used and stratified simple random sampling technique was employed by the researcher. Questionnaires were the main instruments of data collection and the NSE handbook (2013) was the main source of the secondary data Data and data was analyzed using SPSS version 22 .Correlation coefficient analysis was used to check the strength of the relationship between dependent variables and the independent variables and found that the talent management had positive and significant influence on organization performance. He further recommended that talent management practices should be emphasized, as it ensures outstanding organizational performance.

Gladwell Mbugua (2020) conducted a study on the effects of talent management on organizational performance at PricewaterhouseCoopers Kenya Limited especially on talent attraction, retention, training and development and career management. Adopting s descriptive research design and data was collected from 279 employees using structured Questionnaires and analysed using SPSS. The findings revealed that talent attraction, retention, training and development and career management all had positive and significant effect on organizational performance.

According to the study by Collings & Mellahi (2009) on Strategic Talent Management reviewing talent management studies and aligning the organization's objectives with a strategy for implementation are key steps. These researchers highlight that effective talent management strategy necessitates the development of human resource policies and procedures aimed at systematically identifying critical roles with in the organization that have the greatest influence on achieving the organization's objectives. This talent management process requires building a 'talent pool of high potential and high performing' candidate for future roles, and implementing a customized human resource management structure and

organizational design that effectively attracts, selects and retains the right candidates for the specified roles or positions.

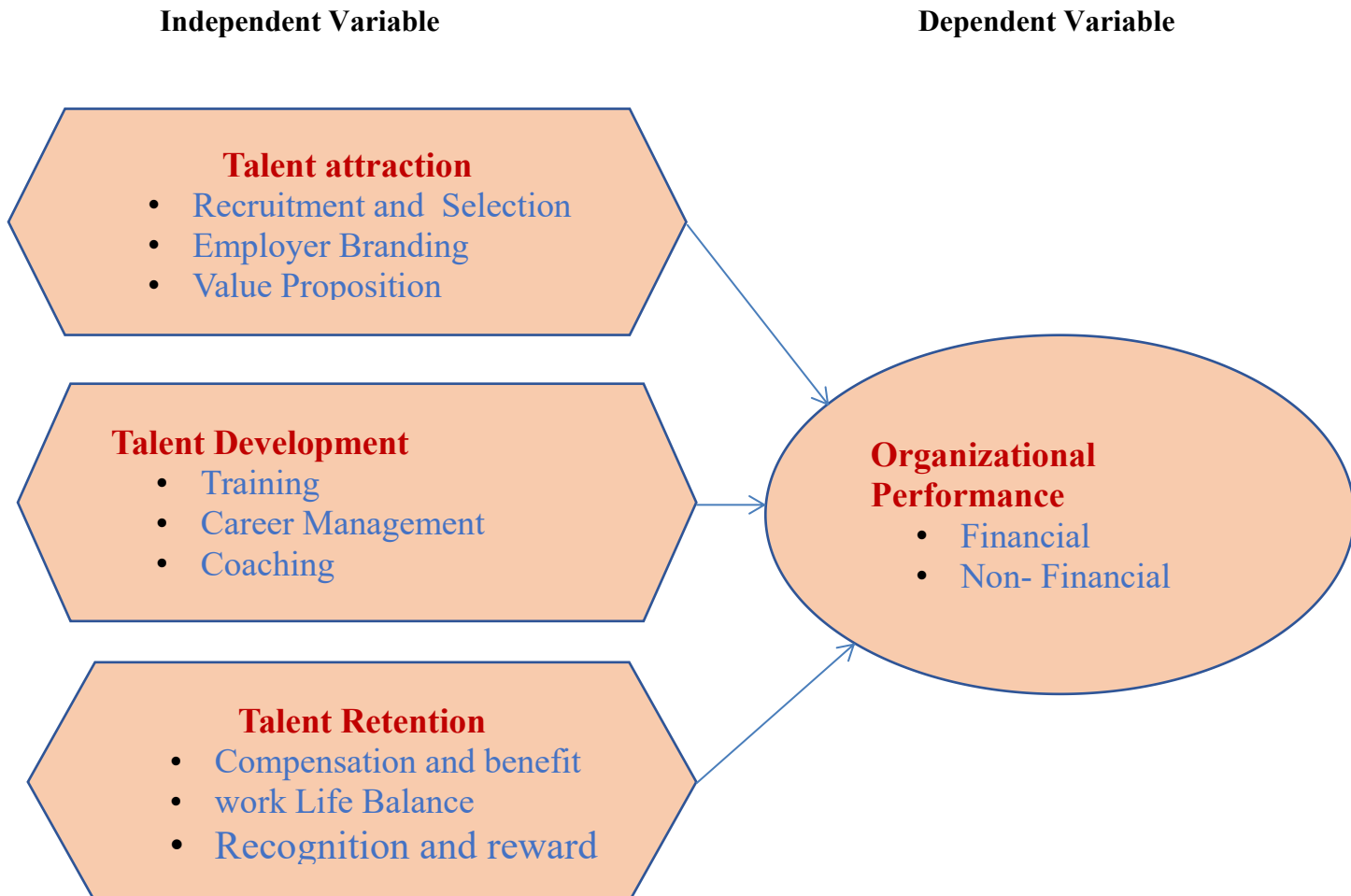
A research conducted by Al Aina and Atan (2020) on The Impact of Implementing Talent Management Practices on Sustainable Organizational Performance in real estate companies located in the United Arab Emirates. This paper aimed to make contributions through an empirical evaluation of talent management in the United Arab Emirates. A structured questionnaire was distributed to collect data from a study sample of 306 managers working in real estate companies. The proposed hypotheses were verified by structural equation modelling (SEM). The results of this study showed that 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. The study suggested that learning and development, and employee career management, should be leveraged on by the management by concentrating on the coaching and training programs and job rotation so that the firm can achieve sustainable organizational performance.

Heinen and O'Neill (2004) in their study identified that talent management is correlated with the organizational performance as well as competitive advantage such as training, recruiting, and development. McKinsey suggested that the global war of the talent management is increasing rapidly in corporate competitiveness and organizational performance.

A study conducted by Rediet (2020) investigated the influence of talent management practices on organizational growth at the head office of Ethio Telecom, recognizing the importance of assessing organizational growth and the role of talent management in a competitive environment. Employing a quantitative research method with a survey design, data were collected from 188 out of 200 managers via closed-ended questionnaires selected through simple random sampling. The data were analyzed using descriptive and inferential statistics to identify the influence of overall talent management and its five components (talent acquisition, engagement, development, deployment, and retention) on organizational growth. Finally, the correlation analysis revealed that only talent engagement had and statistically significance influence on organizational growth in head office of Ethio Telecom. Moreover, the other components of talent management practices (talent acquisition, development, deployment, and retention) had no statistical significance influence on organizational growth in this organization. This implied that organizational growth in head office of Ethio Telecom was not influenced by other components of talent management practices under this study.

2.3 CONCEPTUAL FRAMEWORK

A conceptual framework explores the relationship between the independent and the dependent variables. An independent variable is the presumed cause of changes in the dependent variable (Kothari, 2004).



2.4 RESEARCH HYPOTHESIS

In order to find out the relationship and effect of talent management practices on organization performance, the following hypothesis was developed based on theoretical and empirical review:

Hypothesis 1 (H1): Talent attraction has positive and significant effect on organizational performance.

Hypothesis 2 (H2): Talent development has positive and significant effect on organizational performance.

Hypothesis 3 (H3): Talent retention has positive and significant effect on organizational performance.

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter discusses the research methodology, research design, research approach, data source and method of collection, the population and sample size determination, and method data analysis.

3.1 RESEARCH DESIGN

The study uses an explanatory and descriptive research design. The explanatory design is suitable to explain the relationship between variables, as quoted in Mark, Philip and Adrian (2009). Explanatory research helps to establish the relationship between independent and dependent variables; in this case, it explains the effects of talent management practice on organizational performance. The study also uses descriptive research design to describe the characteristics of the sample by using mean percentage and frequency. Descriptive survey design helped in enabling the collection of different forms of data in order to achieve the objectives of the study by describing the situation as it is. It helped in evaluating the practices by addressing the size of population and describes the situation.

3.2 RESEARCH APPROACH

There are two research approaches quantitative and qualitative. The quantitative research approach uses statistics and numbers, which are mostly presented in figures, while the qualitative approach describes events using words. According to Yin (1994), a research approach chosen should be determined by the research questions in a particular situation since each approach has its own advantage and disadvantage. Therefore, the researcher uses both quantitative and qualitative approach to gain in depth understanding of the effect of talent management practice on organizational performance.

3.3 SOURCE AND TYPE OF DATA

3.3.1 PRIMARY DATA

In order to gather relevant information and data for this study, both primary and secondary data source were used. Primary data were collected using pre-tested questionnaire and direct personal interview. The structured questionnaire was adopted from EI Dahshan, Keshk and Dorgham (2018) and distributed to managerial and non-managerial employees of CBE at head office.

3.3.2 SECONDARY DATA

Secondary data were compiled from many sources including academic literature, journals and articles, books and other relevant documents such as CBE's HR policy and annual reports.

3.4 TARGET POULATION

As of August 31, 2025 the Commercial Bank of Ethiopia (CBE) had a total of 5,894 employees at its head office. The target population for this study include managerial and non-managerial employees of CBE at head office, but excluded non-clerical staffs such as cleaners, drivers and security guards, as these positions are typically outsourced. The CBE Head Office was selected as it functions as the central core of the bank, where all Talent Management policies and strategies are developed, approved and overseen. In addition, CBE head office contains largest and diverse group of employee both managerial and non-managerial, which makes the study more reliable and feasible.

3.5 DATA COLLECTION METHOD

The study was used primary data collection using questionnaires and direct personal interview. Structured per-tested questionnaires were distributed to CBE Managerial and non-managerial employees and were collected later.

Also, there were direct personal interview sessions held with management and senior officers of the HR department because they were highly involved with key to talent management practices mainly talent attraction and training and development issues.

3.6 SAMPLING SIZE DETERMINATION AND SAMPLING METHOD

Sample size refers to, total number of items selected from the large population to constitute the study sample. According to Cochran 1963 too large a sample implies a waste of resource, and too small a sample diminishes the utility of the results. There for Cochran equation was adopted to determine sample size.

$$n_0 = \frac{z^2 pq}{e^2}$$

n_0 = Sample Size

z^2 = Score Squared 1.96^2 for 95% of Confidence level

C = Estimated Population Proportion 0.5

q = Complementary Proportion (1- p) (if $p=0.5$)

e^2 = Margin of error Squared 0.05²

$$n_0 = \frac{(1.96)^2(0.5)(0.5)}{(0.05)^2} = 384.16$$

Therefore, the sample size in the head office of CBE was 384, which were drawn from the large population.

Probability sampling method was used in the study. Simple random sampling technique was used to ensure each element in the population had an equal opportunity of being selected. The simple random sampling technique was selected for this study because CBE head office had relatively homogeneous population with respect to professional function and organization culture.

3.7 METHOD OF DATA ANALYSIS

Following data collection the data was entered in to computer software program specifically SPSS version 27. The data was analyzed using descriptive statistical techniques to summarize key findings. The result of the analysis was presented through the use of frequency and percentages. The regression analysis was employed to examine the effect of talent management practice and organizational performance. The model applied for regression analysis is typically represented in the following general formula:

$$OP = \alpha + \beta_1 TA + \beta_2 TD + \beta_3 TR + \epsilon.$$

OP = Organizational Performance

α = Intercept (The value of OP when TA, TD and TR are zero)

TA = Talent Attraction and β_1 coefficient of Talent Attraction

TD = Talent Development and β_2 coefficient of Talent Development

TR = Talent Retention and β_3 coefficient of Talent Retention

3.8 RELIABILITY AND VALIDITY

Reliability is essential to conduct a sound research and considered as a test of sound measurement (Kothari 2004). Therefore, in order to ensure that reliability is established in the

research instrument and that the data gathering technique consistent results, reliability analysis was conducted on both talent management practice and organizational performance. In this study reliability was tested using Cronbach's Alpha to measure the internal consistency of instruments and it is measured on a scale of 0 to 1.0 and an instrument is viewed extremely reliable if the instrument has a reliability coefficient statistic of $\alpha > .80$. If the instrument has a reliability coefficient of $\alpha > .70$ is very reliable and it is reliable if $\alpha > .60$; if $\alpha < .60$, reliability is poor.

Validity refers to the accuracy of the inferences, interpretations, or actions made on the basis of test scores. It involves the measurement of constructs. It refers to the extent to which differences found with a measuring tool reflect true differences among respondents being tested. In this study the researcher used questionnaires that was based on literature and modified to align with the specific research objectives. Also to insure the validity of the instrument the research advisor was consulted and requested to comment on the representativeness and suitability of the questions in each subscales of talent management practices.

Reliability Test for Talent Management Practice and Organizational Performance

Table 3.1 Reliability Test

Variables	Cronbach's Alpha	Number of Items
Talent Attraction	0.840	10
Talent Development	0.947	10
Talent Retention	0.886	10
Organizational Performance	0.953	8

3.9 ETHICAL CONSIDERATION

The researcher considers ethical issues related to confidentiality and privacy. Respondents received a written statement assuring them that their names would not be mentioned in the questionnaires or the final report and Participants were entirely voluntary, and participants were informed that their answers would be kept confidential and used solely for the purposes of this research.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

4.1 INTRODUCTION

This study is about determining the effect of talent management practice on organizational performance, using Commercial Bank of Ethiopia as a case study. This study had a sample size of 384 staffs working in CBE head office under different departments both at the managerial and non-managerial level. Data analysis was conducted using SPSS 27 software and the results have been presented in tables and figures. The findings are provided in descriptive research design as mentioned in chapter three.

The data collection process was conducted in several steps. Initially, respondents were contacted and asked for their consent to participate in the study and then they were informed about how their response is confidential during the research process. After that, total of 384 questionnaires were distributed to the respondents and were collected through a self-administered survey. After that, the data was processed using SPSS. The chapter is organized to reflect the specific objective of the study.

4.2 DESCRIPTIVE ANALYSIS

The study used descriptive analysis to reveal key information, including respondent demographic information, the existing level of Talent Management practice and the measure of organizational performance.

4.2.1 DEMOGRAPHIC INFORMATION

In this section, the researcher presents the demographic data of the respondents which includes their gender, age, educational level, work experience and current work position.

Table 4.1: Demographic information of respondents

Variables	Categories	Frequency	Percent	Cumulative Percent
Gender	Male	240	62.5	62.5
	Female	144	37.5	100
	Total	384	100	
Age Groups	Below 25 Years	5	1.3	1.3
	26-35 Years	203	52.9	54.2
	36-45 Years	139	36.2	90.4
	Above 45 Years	37	9.6	100

	Total	384	100	
Education Level	Master's (MA/MSc)	288	75	75
	First Degree	96	25	100
	Total	384	100	
Work Experience	2-6 Years	84	21.9	21.9
	7-10 Years	64	16.7	38.5
	Above 10 Years	236	61.5	100
	Total	384	100	
Current Work Position	Managerial	36	9.4	9.4
	Non-Managerial	348	90.6	100

Source: Own questionnaire survey, computed in SPSS version 27

Based on the responses participants were required to indicate their gender. As shown in the above table in the CBE head office staff, the majority of the respondents, 240 (62.5%) were male, and 144(37.5%) were female. This indicates that there are more male professional employees than female in CBE head office. On the whole, there is gender imbalance among professional employees in the organization. Regarding age groups respondents were required to indicate their age in years. As illustrated in above table the highest number of respondents fall under the age group of 26- 35 years, which is takes 203(52.9%) of the total population. The second highest age group was those aged 36-45 years which accounted for 139(36.2%) of the sample. Also, 37(9.6%) of respondents were above 45 years old; finally, the lowest percentage of the age of respondents were below 25 years which accounted for 5(1.3%) from the total populations.

Another common demographic variable studied was educational level. The study also set out to establish respondents' level of education and found that the majority of the respondents have a master degree as evidenced by 288 (75 %), while 96 (25 %) of the respondents have bachelor's degree. This indicates that the minimum education level among the respondents is bachelor's degree.

The respondents were also asked to provide information on their work experience at CBE. The selection of respondents for the purpose of this study was based on their duration of service. The findings show that the largest number of respondents had stayed above 10 years of services within CBE constitutes 236(61.5%). This was followed by those respondents with 7-10 years of services who were 64 (16.7%), 84 (21.9%) of the respondents had spent between 2-6 years at CBE. The findings indicate that a significant number of respondents have extensive work experience at CBE.

The data on current work positions indicate that the majority of respondents, are 348(90.6%) are non-managerial, while 36 (9.4%) occupy managerial positions. This indicates that CBE structure is hierarchical and decision making is concentrated among a limited number of individuals.

4.2.2 DESCRIPTIVE ANALYSIS OF TALENT MANAGEMENT PRACTICES

In this part of the study, the prevailing status of the study variables are described as observed from the respondents perspective. The description is done in terms of respondents' population (N), mean (Mean), standard deviation (std. Deviation) and the five-point likert scale (Strongly Disagree, Disagree, Neutral, Agree and Strongly Agree) scores in every variable.

4.2.2.1 TALENT ATTRACTION

Table 4.2, Descriptive Statistics for Talent Attraction

No	Talent Attraction Items	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean	Std. Deviation
		No	%	No	%	No	%	No	%	No	%		
1	The bank can attract and recruit employee even though the limited supply of skilled and talented workers/ candidates.	7	1.8	29	7.6	55	14.3	214	55.7	79	20.6	3.86	0.893
2	The bank has a system to attract and recruit talented workers/ candidates.	5	1.3	23	6.0	38	9.9	198	51.6	120	31.3	4.05	0.876
3	The recruitment process at the bank succeeds in selecting the best talent.	6	1.6	28	7.3	65	16.9	190	49.5	95	24.7	3.89	0.915
4	Managers at the company have the competencies to attract and recruit talented workers /candidates.	6	1.6	34	8.9	57	14.8	170	44.3	117	30.5	3.93	0.973
5	The bank identifies its employees in terms of qualifications and experience.	6	1.6	28	7.3	68	17.7	210	54.7	72	18.8	3.82	0.875
6	The bank's reputation attracts the talented workers /candidates.	4	1.0	16	4.2	50	13.0	162	42.2	152	39.6	4.15	0.875
7	The work at the bank is interesting and rewarding.	13	3.4	34	8.9	49	12.8	196	51.0	92	24.0	3.83	1.000
8	There are opportunities for learning and development at the company.	22	5.7	28	7.3	18	4.7	178	46.4	138	35.9	3.99	1.103

9	The bank gives opportunity for employees to work in their preferred geographic location.	9	2.3	25	6.5	83	21.6	159	41.4	108	28.1	3.86	0.976
10	Reasonable degree of security contributes to make the company an employer of choice.	6	1.6	35	9.1	103	26.8	183	47.7	57	14.8	3.65	0.896
Overall Talent Attraction												3.904	0.603

Source: Own questionnaire survey, computed in SPSS version 27

Table 4.2 presents the data obtained from the study regarding talent management practice at CBE. The study of talent management practice at CBE reveals a strong positive outlook on Talent Attraction. Overall, the mean score for talent attraction is 3.904 with a standard deviation of 0.602, which is above the mid-range.

Firstly, the bank's reputation emerges as a significant factor in attracting potential candidates with a mean score of 4.15 and (42.2%) of respondents agreed that the bank's reputation has a great role in attracting talented workers. Following this, the survey shows a positive perception of the bank's systemic approach to recruitment, with the mean of 4.05 and (51.6%) of respondents believe that the bank has an effective system for attracting and recruiting talent.

Opportunities for learning and development also score mean of 3.99 and (46.4%) of participants agreed on availability of Opportunities for learning and development. Other items showing strong agreement include the competencies of managers in attracting talent received a mean score of 3.93 with (44.3%) of respondent agreement. Furthermore, the effectiveness in selecting the best talent through its recruitment process scores with a mean of 3.89 with (49.5%) almost close to half of respondents agrees with the statement. Additionally, the challenge posed by a limited supply of skilled candidate, the bank ability to attract talent remained strong, with a mean score of 3.86. The bank ability to offer opportunities for working in a preferred geographic location also scored mean of 3.86, while working at the bank is interesting and rewarding score mean of 3.83. Finally the concept of job security was important for many candidate it received a mean score of 3.65. In general, the survey clearly reveals a strong positive perception of the bank's talent attraction, particularly regarding its reputation and recruitment practice.

During the interview session, the official indicated that CBE is applying best recruitment and selection practices to attract best talent. The bank actively utilizes various platforms for

announcing job vacancies including its website. For entry level position, the bank focuses on attracting fresh talent from external market by setting specific criteria such as educational qualification, age and year of graduation. The official also believes that CBE's reputation is a key asset in its recruitment strategy and facilitating the attraction of top talent to the organization.

4.2.2.2 TALENT DEVELOPMENT

Table 4.3, Descriptive Statistics for Talent Development

No	Talent Development Items	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean	Std. Deviation
		No	%	No	%	No	%	No	%	No	%		
1	The bank develops a talent pool consisting of a skilled, engaged and committed workforce.	4	1.0	28	7.3	44	11.5	227	59.1	81	21.1	3.92	0.840
2	The bank encourages talented employees to develop their careers.	34	8.9	63	16.4	35	9.1	165	43.0	87	22.7	3.54	1.251
3	The bank identifies employees with high potential and formulates personal plans to develop them.	29	7.6	60	15.6	56	14.6	155	40.4	84	21.9	3.53	1.207
4	The bank has learning and development programs to develop talent.	61	15.9	22	5.7	40	10.4	179	46.6	82	21.4	3.52	1.323
5	The bank allocates a special budget for training and development of talented employees.	62	16.1	24	6.3	31	8.1	163	42.4	104	27.1	3.58	1.373
6	The bank identifies training needs objectively.	16	4.2	42	10.9	47	12.2	177	46.1	102	26.6	3.80	1.079
7	The administration monitors the performance of employees and advises them to improve performance.	28	7.3	49	12.8	44	11.5	157	40.9	106	27.6	3.69	1.210
8	The bank provides an opportunity for employees to change their job to develop themselves.	27	7.0	61	15.9	48	12.5	181	47.1	67	17.1	3.52	1.158
9	The bank seeks to transfer expertise from highly skilled staff for the less experienced.	8	2.1	33	8.6	74	19.3	190	49.5	79	20.6	3.78	0.940
10	The bank provides honest feedback about the performance of employees.	9	2.3	34	8.9	57	14.8	172	44.8	112	29.2	3.90	0.998
Overall Talent Development												3.678	0.945

Source: Own questionnaire survey, computed in SPSS version 27

The study findings in the above table 4.3 reveal that the overall Talent Development practice has a mean score of 3.678 and standard deviation 0.945. From the individual items the bank develops a talent pool comprising skilled, engaged and committed employees which revealed highest mean score of 3.92. A majority of respondents (59.1%) agreed with this statement. And the statement that the bank provides honest feedback about the performance of employees also scored high mean value 3.90 and (44.8%) of respondents agreed. Additionally, the survey indicates that the bank identifies training needs objectively scored a mean value of 3.80 a statement with which (46.1 %) of respondent agreed. The statement that the bank seeks to transfer expertise from highly skilled staff for the less experienced scored a mean of 3.78, while the administration role in monitoring employee performance and provide feedback scored a mean of 3.69. The allocation of special budget for training and development and the bank encourages talented employees to develop their careers scored a mean of 3.58 and 3.54 respectively. Additionally, the item concerning the identification of high potential employees and the formulation of personal plans scored a mean of 3.53

Finally, both the bank's learning and development programs and the opportunity for employees to change jobs for self-development scored same mean value of 3.52. In general, this indicates that the majority of respondents are satisfied with talent development items.

During the interview session it was noted by all interviewees that CBE has a dedicated learning and development department with in its HR division. This department facilitate training programs for employees. Additionally offer training programs by collaborating both internal and external training providers. However, the interviewees also mention that sometimes training programs are conducted without adequately assessing the skill gaps with in specific departments and this can limit the effectiveness of training and development initiatives.

Additionally, the interviewees mentioned that CBE apply job rotation extensively as an effective method for knowledge transfer and this approach allows employees to gain insights and learn from senior staff.

4.2.2.3 TALENT RETENTION

Table 4.4, Descriptive Statistics for Talent Retention

No	Talent Retention Items	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean	Std. Deviation
		No	%	No	%	No	%	No	%	No	%		
1	The salaries and benefits at the bank are competitive.	-	-	1	0.3	10	2.6	186	48.4	187	48.7	4.46	0.563
2	The salaries and benefits at the bank are fair and consistent.	-	-	3	0.8	12	3.1	150	39.1	219	57.0	4.52	0.600
3	The salaries and benefits at the company guarantees employee loyalty.	3	0.8	27	7.0	74	19.3	208	54.2	72	18.8	3.83	0.840
4	The bank actively creates opportunities for employee to participate in challenging assignments.	3	0.8	8	2.1	19	4.9	119	31.0	235	61.2	4.50	0.754
5	The work at the bank matches the employees' abilities and skills.	11	2.9	67	17.4	72	18.8	169	44.0	65	16.9	3.55	1.054
6	The employment conditions at the bank satisfy work-life balance.	45	11.7	47	12.2	20	5.2	136	35.4	136	35.4	3.71	1.367
7	The bank avoids workloads and work stress that exceed employees' abilities.	9	2.3	17	4.4	107	27.9	151	39.3	100	26.0	3.82	0.948
8	The bank recognizes and rewards high performers.	14	3.6	42	10.9	142	37.0	145	37.8	41	10.7	3.41	0.946
9	The bank has a safe and comfortable work environment for all employees.	4	1.0	25	6.5	31	8.1	225	58.6	99	25.8	4.02	0.833
10	The employees at the bank are satisfied with their work.	36	9.4	51	13.3	30	7.8	165	43.0	102	26.6	3.64	1.262
Overall Talent Retention												3.945	0.666

Source: Own questionnaire survey, computed in SPSS version 27

From the above illustrated in the table 4.4 the overall Talent retention at CBE has a mean score 3.945 and standard deviation of 0.666. The mean scores for each talent retention items are portray based on respondents perception, to what extent CBE works to retain the talent one. The statement that salaries and benefits at the bank are fair and consistent has the highest

mean score of 4.52 and (57 %) of respondents strongly agreed with the statement. The second highest mean scored by the bank create opportunities for employees to participate in challenging assignments which scored a mean of 4.50 and (61.2%) of respondent strongly agreed. The salaries and benefits at the bank are competitive scored mean vale of 4.46 this implies that most of the respondents are satisfied with CBE's benefit. Furthermore, majority of respondents agreed that the bank provides safe and comfortable work environment, which scored mean value of 4.02. The statement that salaries and benefits guarantee employee loyalty has scored mean of 3.83, while many respondents agreed some remained uncertain or neutral. The bank avoids workloads and work stress that exceed employees' abilities scored mean value of 3.82 (39.3 %) of respondents agree but (27.9%) of respondents were still neutral. The item regarding work life balance scored a mean 3.71 while, the statement that the employees at the bank are satisfied with their work scored mean value of 3.64. Additionally, the work at the bank matches the employees' abilities and skills scored a mean of 3.55. Finally, the statement that the bank recognizes and rewards high performers scored the lowest mean value of 3.41 relative to the other items.

In general, the survey reveals a positive perception of talent retention practice at CBE, Specifically, in area fair salaries and opportunities for employee growth which scored the highest mean value. However, the finding shows relatively low mean value regarding recognition and rewarding high performers.

Most interviewees acknowledge the CBE's effort to retain its employees through various strategies. The bank has recently revised its salary and offer many benefit packages which includes housing and vehicle loans, personal and emergency loans, medical insurance, transportation allowance and yearly bonuses. They also believed that the bank provides competitive compensation packages and this helps CBE to retain its employees. Furthermore, CBE has implemented career based training and development programs at both locally and internationally level.

Table 4.5, Descriptive Statistics for Overall Talent Management (TM) Practice

Items	Number of Items	Mean	Std. Deviation
Talent Attraction	384	3.904	0.603
Talent Development	384	3.678	0.945
Talent Retention	384	3.945	0.666

Source: Own questionnaire survey, computed in SPSS version 27

The above result that, illustrated in table 4.5 summarizes the Talent Management practices at CBE. As revealed in above table the talent attraction and talent retention exceed the midpoint with mean scores 3.904 and 3.945 and standard deviations 0.603 and 0.666 respectively. While talent development scored a mean value of 3.678 and standard deviation of 0.945. These findings indicate that the overall talent management practice at CBE are perceived positively, particularly on talent attraction and talent retention, which reveals the higher mean score than talent development. Based on the selected talent management practice variables, respondents have a favourable perception on these practices.

4.2.2.4 ORGANIZATIONAL PERFORMANCE

Table 4.6, Descriptive Statistics for Organizational Performance

No	Organizational Performance Items	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean	Std. Deviation
		No	%	No	%	No	%	No	%	No	%		
1	My organization practice effective two way communications.	12	3.1	43	11.2	157	40.9	131	34.1	41	10.7	3.38	0.929
2	My organization has a clear sense of direction and focus.	1	0.3	13	3.4	30	7.8	237	61.7	103	26.8	4.11	0.702
3	In my organization there is growth in deposits.	40	10.4	54	14.1	15	3.9	172	44.8	103	26.8	3.64	1.296
4	In my organization there is growth in the profitability	32	8.3	55	14.3	22	5.7	148	38.5	127	33.1	3.74	1.283
5	My organization delivers quality service to customers.	81	21.1	25	6.5	48	12.5	157	40.9	73	19.0	3.30	1.411
6	My organization resolves customer complaints effectively and in a timely manner.	83	21.6	19	4.9	34	8.9	159	41.4	89	23.2	3.40	1.451
7	My organization conduct formal performance appraisals on a regular basis	18	4.7	44	11.5	47	12.2	155	40.4	120	31.3	3.82	1.134
8	My organization works on talent management practices in order to increase employee productivity.	28	7.3	56	14.6	25	6.5	140	36.5	135	35.2	3.78	1.269

Overall Organization Performance	3.645	1.047
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Source: Own questionnaire survey, computed in SPSS version 27

The study findings in the above table 4.6 reveal that the overall Organizational Performance has a mean score of 3.645 and standard deviation 1.047. The statement my organization has a clear sense of direction and focus has the highest mean score of 4.11 with (61.7%) of respondents agreed. The second high score was for the statement regarding CBE conduct formal performance appraisals on a regular basis scored a mean value of 3.82 with 40.4% respondents were agreed. CBE's commitment to talent management practices aimed to increase employee productivity scored mean value of 3.78. Additionally, the statement regarding CBE's growth in profitability scored a mean of 3.74. The growth in deposit also scored a mean of 3.64. The statement that CBE resolves customer complaints effectively and in a timely manner scored relatively low mean of 3.40. On the other hand the practice of effective two way communications scored 3.38. Finally CBE deliver quality service to customers scores the lowest mean value of 3.30. In general, the survey reveals a positive perception of organizational performance at CBE, Particularly regarding its clear sense of direction and focus as well as its formal performance appraisals, which scored the highest mean value. However, CBE scored the lowest mean value in customer compliant resolution and service quality.

4.3 CORRELATION ANALYSIS

It is a statistical measure that shows the strength of association between different variables within a study and relative movement of variables as well. The value of correlation coefficient is needed to be within -1 to +1. Where values close to -1 indicate a negative correlation, values around 0 suggest no correlation, and values near +1 signify a positive correlation. The table below shows that correlation coefficients of this research. The Pearson's correlation coefficient analysis helped the researcher to better understand whether there was a positive relationship, negative relationship, or no correlation between dependent variables and independent variable. Thus, the strength and direction of relationship between variables was analyzed by the researcher using Pearson's correlation coefficient analysis. In addition, the researcher used it to measure whether there was a significant relationship between independent variables and dependent variable.

Table 4.7 Correlation Analysis

		Correlations			
		Talent Attraction	Talent Development	Talent Retention	Organizational Performance
Talent Attraction	Pearson Correlation	1	.296**	.476**	.272**
	Sig. (2-tailed)		0.000	0.000	0.000
	N	384	384	384	384
Talent Development	Pearson Correlation	.296**	1	.498**	.741**
	Sig. (2-tailed)	0.000		0.000	0.000
	N	384	384	384	384
Talent Retention	Pearson Correlation	.476**	.498**	1	.729**
	Sig. (2-tailed)	0.000	0.000		0.000
	N	384	384	384	384
Organizational Performance	Pearson Correlation	.272**	.741**	.729**	1
	Sig. (2-tailed)	0.000	0.000	0.000	
	N	384	384	384	384

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

Source: Own questionnaire survey, computed in SPSS version 27

The above table 4.7 shows a Pearson correlation analysis conducted to determine the strength and direction of the linear relationship between independent variables Talent attraction, Talent development, Talent retention and with dependent variable Organizational performance. The analysis was based on a sample size N= 384, and all relationships tested were found statistically significant the p-value is less than 0.01.

The data reveals that all three talent management practices have a positive correlation with organizational performance but the strength varies significantly. The first strong positive relationship existed between talent development and organizational performance ($r=0.741$) means that as talent development increases organizational performance also increase as well. This shows that organization performance was positively correlated with talent development. The second strong positive relationship or correlation were between talent retention and organizational performance ($r=0.729$) means as talent retention increase organizational performance also increase. Talent attraction revealed statistically significant but it has weak positive correlation with organizational performance($r=0.272$) as compared with talent development and talent retention.

4.4 REGRESSION ANALYSIS

Regression analysis is the statistical measure that helps to estimate the relationships between the dependent and independent variables. It helps to measure the nature of the relationship between variables and the ability of the independent variables to predict the dependent variable. Regression helps a researcher to know to what extent the change in value of the dependent variable causes the change in the value of the independent variables, while other independent variables are constant. There are many types of regression analysis and all examine the influence of one or more independent variables on a dependent variable.

4.4.1 ASSUMPTION OF MULTIPLE REGRESSION ANALYSIS

4.4.1.1 MULTICOLLINEARITY TEST

Multicollinearity occurs when independent variables are highly correlated each other. When independent variables are correlated, there is an overlap or sharing of predictive power. This leads to paradoxical effect, whereby the regression model fits the data well, but none of the predictor variables has a significant impact in predicting the dependent variable. This is because when the predictor variables are highly correlated, they share the same information. Thus, jointly, they may explain a great deal of the dependent variable, but predictors individually contribution to the model may minimal.

Multicollinearity can be checked using “Tolerance” and “VIF” (variance inflation factor) values for each predictor variable. Tolerance values less than 0.10 and VIF greater than 10 indicate the existence of multicollinearity (Robert, 2006). Therefore, Based on the test result below all the VIF values are less than 10 and also all the tolerance value greater than 0.1 therefore, in this model there is no multicollinearity problem.

Table 4.8 Multicollinearity Test

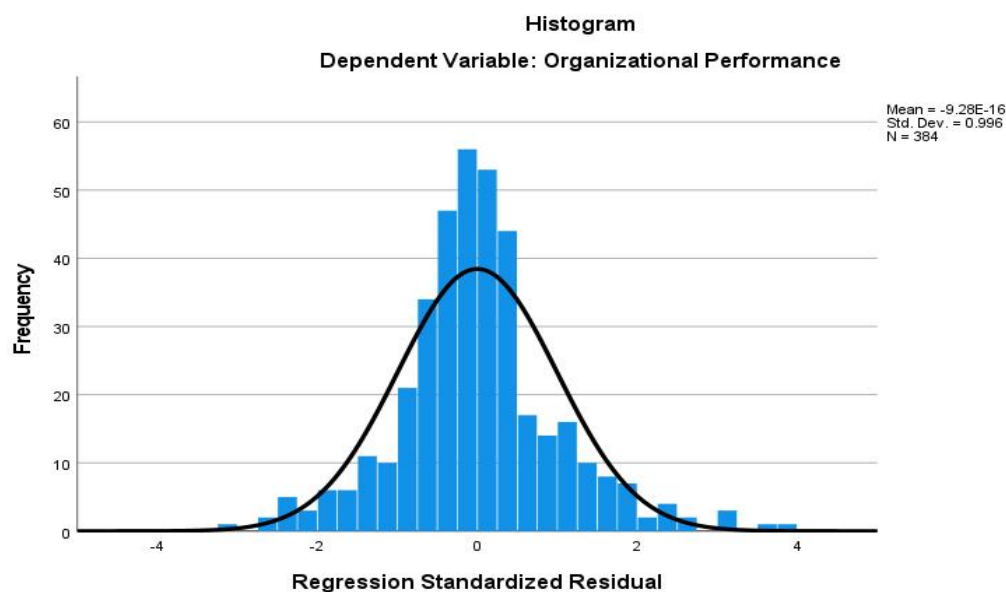
Model	Collinearity Statistics	
	Tolerance	VIF
Talent Attraction	0.769	1.301
Talent Development	0.748	1.338
Talent Retention	0.633	1.579

a. Dependent Variable: Organizational Performance

Source: Own questionnaire survey, computed in SPSS version 27

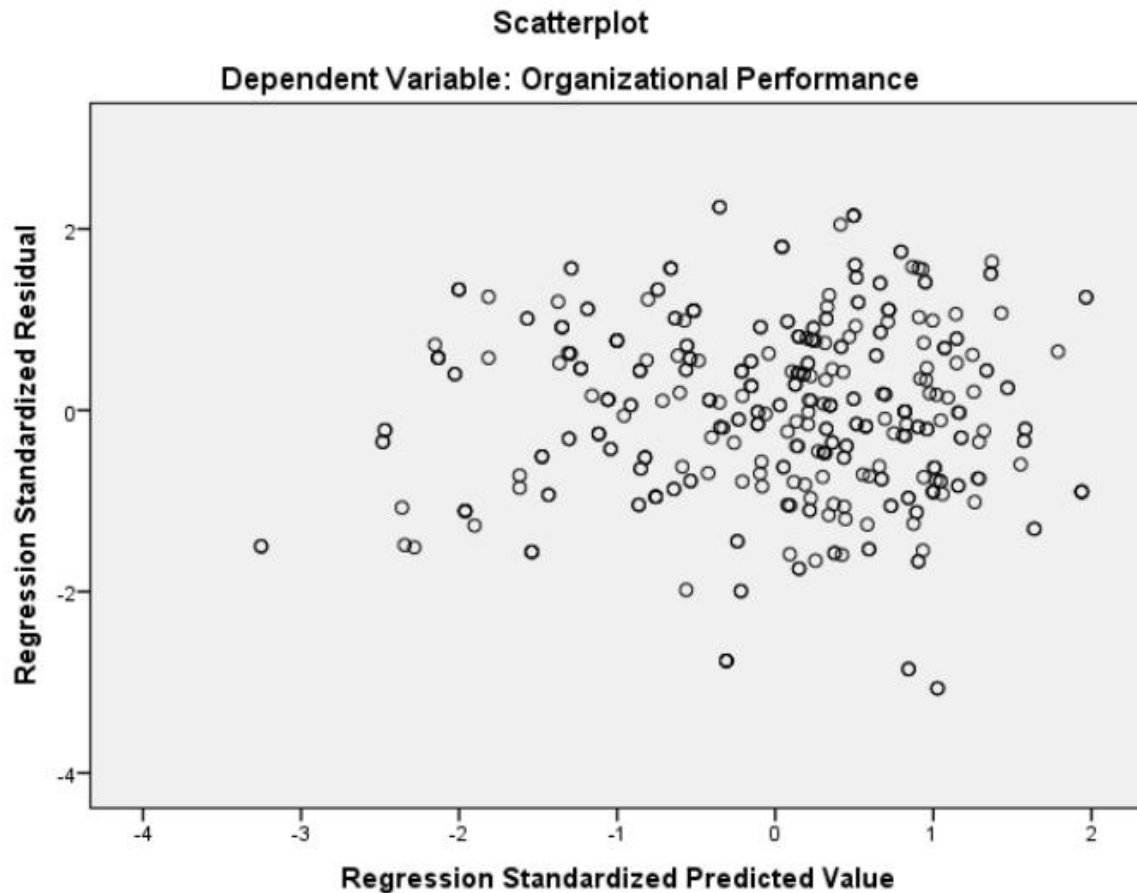
4.4.1.2 NORMALITY TEST

Multiple regressions require the residuals or error terms to be normally distributed. Residuals are the differences between the obtained and the predicted dependent variable value. Histograms are bar graphs of the residuals with a superimposed normal curve that show distribution. The Normal P-P plot and histogram are the primary graphical tools used to check normality. The closer the dots lie to the diagonal line on the P-P plots, the closer to normal the residuals are distributed.



4.4.1.3 HOMOSCEDASTICITY TEST

This assumption of homoscedasticity is central to the linear regression model. It describes a situation in which the error term is the same across all values of the independent variables. Assumptions can be checked by a scatter plot diagram. The result plots the values the model would predict, against the residuals obtained. As the predicted values increase, the variation in the residuals should be roughly similar. The graph looks like a random array of dots. So, the model is homoscedasticity.



4.4.2 MULTIPLE REGRESSION ANALYSIS

For the purposes of determining the extent to which the explanatory variables Talent attraction, Talent development and Talent retention explain the variance in the explained variable Organizational Performance, regression analysis was employed after the study met the regression assumptions. The significance level of 0.05 with 95% confidence interval was used.

MODEL SUMMARY

Table 4.9 Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.857 ^a	0.735	0.733	0.54085	1.623

a. Predictors: (Constant), Talent Retention, Talent Attraction, Talent Development

b. Dependent Variable: Organizational Performance

Source: Own questionnaire survey, computed in SPSS version 27

The table above shows that there are three predictor variables in the study including talent attraction, talent development and talent retention. Regression model was applied to test how far talent management practices had an effect on organization performance. Coefficient of determination R^2 is the measure of proportion of the variance of dependent variable about its mean that is explained by the independent or predictor variables (Hair et.al, 1998). Higher value of R^2 represents greater explanatory power of the regression equation. The table above shows the R^2 value of 0.735. This result shows that the independent variables (talent attraction, talent development and talent retention) accounted for 73.5 percent of the variance in organization performance. This means 73.5 percent of the variation in organization performance is explained by the independent variables whereas the remaining 26.5 percent of the variation is explained by other factors which are not included in this study.

Table 4.10 ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	308.593	3	102.864	351.653	.000 ^b
	Residual	111.156	380	0.293		
	Total	419.750	383			

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), Talent Retention, Talent Attraction, Talent Development

Source: Own questionnaire survey, computed in SPSS version 27

The above table i.e. ANOVA test shows if the predictors of this research actually predict organizational performance or not. This can be answered through overall significance of the model, which is typically and traditionally shown through a p-value that is less than 0.05. The table shows that the p-value shows a perfectly significant of all collective independent variables on one dependent variable.

4.4.3 REGRESSION COEFFICIENTS

Table 4.11 Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-0.857	0.203		-4.219	0.000		
	Talent Attraction	-0.236	0.052	-0.136	-4.517	0.000	0.769	1.301
	Talent Development	0.568	0.034	0.512	16.785	0.000	0.748	1.338
	Talent Retention	0.846	0.052	0.539	16.237	0.000	0.633	1.579

a. Dependent Variable: Organizational Performance

Source: Own questionnaire survey, computed in SPSS version 27

The above table 4.9 shows coefficients of the individual beta values of each independent variable. If the value is positive, we can say that there is a positive relationship between the predictor and the outcome, whereas a negative coefficient represents a negative relationship. For these data two predictors; talent development and talent retention have positive B-values indicating positive relationships but talent attraction shows negative relationship. It tells us also to what degree each predictor affects the outcome if the effect of all other predictors is held constant. Therefore, as shown in the coefficient Table 4.9 the model formula is as follows: -

$$OP = -0.857 - 0.236TA + 0.568TD + 0.846TR + \epsilon.$$

TA= Talent Attraction

TD = Talent Development

TR = Talent Retention

OP= Organization Performance

The Unstandardized Coefficients (B) shows that the amount dependent variable increases or decreases when the independent variable increases by one unit by holding all other variables constant. To compare the relative strength or weakness of the predictors we use the standardized Coefficients β . Thus, the largest influence on the Organizational Performance is

Talent Retention (0.539) and followed by Talent Development (0.512). On the other hand, talent attraction shows (-0.136) it is the poorest predictor of Organizational Performance as compared with the other explanatory variables under study. With the same explanation of the above paragraphs, all the three variables of the respondent's result were found significant predictors of organizational performance of the bank at p value <0.05 .

4.5 DISCUSSION OF THE REGRESSION RESULT

4.5.1 THE EFFECT OF TALENT ATTRACTION ON ORGANIZATIONAL PERFORMANCE

There is a positive relationship between organization performance and talent attraction correlation coefficient ($r = 0.272$). However, the study shows that talent attraction has negative but statistically significant effect on organizational performance with coefficient (B) value of -0.236 and p-value of 0.000 which is less than 5% significance level. On the basis of this result, the researcher rejects the directional alternative hypothesis (H1) that states talent attraction has positive effect on organizational performance.

This result is not supported by the finding of other researchers, (Rop & Kwasira 2015) carried out study to investigate the influence of talent attraction on organizational performance as a case study in public university in Nakuru, Kenya. The research was conducted on 102 academic staffs by using structured questionnaires. The study finding reveals a statistically significant positive relationship between talent attraction and organizational performance with correlation coefficient of ($r=0.640$ and $p<0.05$).

4.5.2 THE EFFECT OF TALENT DEVELOPMENT ON ORGANIZATIONAL PERFORMANCE

The relationship between the two variable organizational performance and talent development were both analyzed through the Pearson correlation coefficient and multiple regressions. There is a positive / direct relationship between the two-variable correlation as ($r = 0.741$) and the multiple regressions revealed talent development has positive and statistically significant effect on organizational performance with coefficient (B) value of 0.568 and p-value of 0.000 which is less than 0.05. This implies that, other explanatory variable remains constant, if the mean score value of talent development increases by 1 unit, on average the mean score value of organizational performance increase by 0.568 unit. On the basis of this result, the researcher accept the alternative hypothesis (H2) and reject the null

hypothesis; that means talent development has significant effect on organizational performance.

This result is supported by the finding of other researchers, (Wesonga & Vander 2024) carried out study to determine the effect of talent development on organizational performance in Maasai Mara University in Kenya. The research was conducted on 86 employees by using close ended questionnaires. The study finding reveals that statistically significant and positive relationship between talent development and organizational performance with correlation coefficient of ($r=0.610$ and $p=0.000$). This implies that talent development is required for improved organizational performance.

4.5.3 THE EFFECT OF TALENT RETENTION ON ORGANIZATIONAL PERFORMANCE

The outcomes from this study also specified that talent retention has a significant effect on organizational performance; 72.9% variance on organizational performance is enlightened by talent retention, which is evident by the value ($r = 0.729$, $B = 0.846$ $p=0.000$) which is less than 0.05. Therefore, on the basis of these results it can be inferred with confidence that alternative hypothesis (H3) is accepted. This was further supported by other study conducted by (Lyria, Namusonge and Karanja, 2017) in Nairobi Securities Exchange to examine the effect of talent retention on organizational performance. The research was conducted on 162 top managers of NSE listed companies by using questionnaires. The study finding reveals that statistically significant and positive relationship between talent retention and organizational performance with correlation coefficient of ($r=0.699$ and $p=0.000$) which is less than 5% level of significance. It was concluded that talent retention had a positive and significant effect on organization performance.

Table 4.12 Summary of hypothesis testing

Explanatory Variables	Expected Sign and Impact	Actual Sign and Impact	Result
Talent Attraction	Positive and Significance	Negative and significant	Not Supported
Talent Development	Positive and Significance	Positive and Significant	Supported
Talent Retention	Positive and Significance	Positive and Significant	Supported

(Rop & Kwasira 2015) carried out study to investigate the influence of talent attraction on organizational performance as a case study in public university in Nakuru, Kenya. The research was conducted on 102 academic staffs by using structured questionnaires. The study finding reveals a statistically significant positive relationship between talent attraction and organizational performance. In contrast to the finding of Rop & Kwasira, this research indicates that there is no positive relationship between talent attraction and organizational performance.

The research conducted by Ain and Balu (2022) concludes that talent management has a significantly positive relationship with organizational performance. Their findings assert that effective talent management practice particularly in attracting, developing and retaining skilled employees are important for enhancing overall organizational outcomes.

(Wesonga & Vander 2024) carried out study to determine the effect of talent development on organizational performance in Maasai Mara University in Kenya. The study finding reveals that statistically significant and positive relationship between talent development and organizational performance.

The research by Igbinoba (2022) concludes that there is a strong and significant relationship between employee retention and organizational performance. The study analyses how various retention strategies impact organizational performance.

CHAPTER FIVE

SUMMARY OF FINDING, CONCLUSION AND RECOMMENDATION

This chapter provides summary of findings, conclusions and recommendations of the research conducted in the study. For clarity purpose the conclusions are aligned with the research objectives. The main findings have been discussed and policy recommendations proposed based on the conclusions of the research.

5.1 SUMMARY OF MAJOR FINDINGS

The main goal of this study is to determine the effect of talent management practice on organizational performance in Commercial Bank of Ethiopia (CBE). Based on the questionnaire which was distributed 384 professional employees of CBE. Based on the literature review discussed in chapter two, three independent variables have been established. These variables are talent attraction, talent development and talent retention.

Most of the respondent was male employees which shows 62.5%, in the age category majority of the respondents are in the range of 26-35 year which shows 52.9%, when we see the educational level most of the respondents are MA/MSc holders which shows 75%, when we come to work experience majority of respondents 61.5% served the bank above 10 years. Finally, 90.6 of the respondents were non-managerial employee.

Prior to the main analysis of the study, a reliability test was administered to check whether the questionnaire was reliable or not. With this regard, all the quaternaries were reliable and acceptable with overall Cronbach's Alpha result 0.954.

The result from Pearson correlation coefficients implies that the three factors were all positively related to organizational performance TA 0.272, TD 0.741 and TR0.729.

The model summary of multiple regression revealed that 73.3% of the variation in organization performance is explained by three factors of talent management practices included in the study. The remaining 26.7% is explained by another variable that is not included in the model.

The coefficient table also indicates that talent retention has significant effect on organizational performance with a beta value of (.539), followed by talent development (.0512) and talent attraction (-.136). The larger the standardized coefficient or beta value, the higher is the relative impact of the TR, TD and TA to the organizational performance.

5.2 CONCLUSION

This study aimed to examine the effect talent management practice and its effect on organization performance. Based on the research questions and specific objectives the following conclusions can be drawn.

The finding reveals that talent development and talent retention have positive effect on organizational performance, while talent attraction shows negative relationship. The positive relationships between organizational performance and both talent development and talent retention are consistent with previous research conducted to investigate such relation. However, previous studies found positive relationship between talent attraction and organization performance but the result of this study in this regard is not align with previous result. While most researches and articles.

5.3 THEORETICAL CONTRIBUTION

The finding of this study contributes to the existing knowledge on talent management by providing empirical evidence regarding the relationship between talent management practices specifically talent attraction, development and retention with organizational performance in the context of CBE. This study underscore the significance of talent management practices especially as CBE is service oriented organization human capital is a critical asset that can provide a competitive advantage.

5.4 POLICY RECOMMENDATION

This study provides recommendations for HR directors and managers of CBE as well as policymakers regarding policy evaluations.

1. In light of the study findings indicate a negative relationship between current talent attraction practices and organizational performance. Therefore CBE should prioritize revising its strategy by focusing on the recruitment of fresh talent to diversify the workforce across the organization. A mixed talent pool can significantly contribute to achieve organizational goals and objectives. Additionally, CBE should shift from traditional mass recruitment methods and explore best hiring practices and selection mechanisms, this leads to identify talented individuals who can add value to the organization.

2. Moreover, based on descriptive analysis result, talent development practices received a lower mean score compared to talent attraction and talent retention at CBE. Therefore the organization should be imperative to focus on developing programs that are not only essential but help to enhance organizational performance. Employees are a critical component that determines the success or failure of an organization, therefore CBE should develop training programs, rotation, coaching based on current needs to improve organizational performance.
3. Finally Organizational performance and long-term growth are closely tied to effective talent management practices, which allow companies to retain high potential and top talent individuals while boosting productivity. The researcher strongly advises CBE as service oriented organization to prioritize customer satisfaction and quality service delivery, which basically depend on its employees. To ensure long term success and sustainability CBE should integrate its talent management practices with all aspect of organizational goals and objectives.

5.5 SUGGESTIONS FOR FURTHER STUDIES

This research was undertaken on CBE head office and the finding of this study may not represent the entire banking industry through Ethiopia. Therefore, using the finding of this research as an input other researchers can conduct research in this area. Additionally, this study examined only three talent management practice variables talent attraction, talent development and talent retention. Therefore, there may be other relevant talent management practice variables that are important for the issue under the study but not included in this research, therefore, other researchers can consider more variables of talent management practice that affect organization performance.

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Appendix



Questionnaire

Addis Ababa University

College of Business and Economics

Masters of Business Administration (MBA)

This study is a requirement for the partial fulfilment for the degree of Masters in Business Administration (MBA). The purpose of this research is to determine **“The effect of talent management practices on organizational performance in the case of Commercial Bank of Ethiopia.”** Please note that any information that you provided will kept confidential and it will not be used for any other purpose other than this project. Your assistance is highly appreciated. I look forward to your prompt response.

If you have any questions about this survey, please do not hesitate to contact me at my phone number 0913986897 or via my email address: eleniayalneh7@gmail.com

Part One: Demographic Information

Please put out the signal (✓) in front of your appropriate answer

1. Gender

Male

☐

Female

☐

2. Age Groups

Below 25 Years

☐

26-35 Years

☐

36-45 Years

☐

Above 45 Years

☐

3. Your highest level of education

PHD ☐ Master's (MA/MSc) ☐

First Degree ☐ Diploma ☐

Other ☐

4. How long have you worked in CBE?

Below 2 Years ☐ 2-6 Years ☐

7-10 Years ☐ Above 10 Years ☐

5. What is your current position in CBE?

Managerial ☐ Non-Managerial ☐

Part Two: Talent Management Practices

Please indicate the extent to which you agree or disagree with each statement by putting (√) to the correspondent number. Higher number indicates higher level of agreement.

Key: **1 (SD)** – Strongly Disagree; **2 (D)** – Disagree; **3 (N)** – Neutral; **4 (A)** – Agree; and **5 (SA)** – Strongly Agree

No	Items	1 Strongly Disagree	2 Disagree	3 Neutral	4 Agree	5 Strongly Agree
1	Talent Attraction					
1.1	The bank can attract and recruit employee even though the limited supply of skilled and					

	talented workers/ candidates.					
1.2	The bank has a system to attract and recruit talented workers/ candidates.					
1.3	The recruitment process at the bank succeeds in selecting the best talent.					
1.4	Managers at the company have the competencies to attract and recruit talented workers /candidates.					
1.5	The bank identifies its employees in terms of qualifications and experience.					
1.6	The bank's reputation attracts the talented workers /candidates.					
1.7	The work at the bank is interesting and rewarding.					
1.8	There are opportunities for learning and development at the company.					
1.9	The bank gives opportunity for employees to work in their preferred geographic location.					
1.10	Reasonable degree of security contributes to make the company an employer of choice.					

No	Items	1 Strongly Disagree	2 Disagree	3 Neutral	4 Agree	5 Strongly Agree
2	Talent Development					
2.1	The bank develops a talent pool consisting of a					

	skilled, engaged and committed workforce.					
2.2	The bank encourages talented employees to develop their careers.					
2.3	The bank identifies employees with high potential and formulates personal plans to develop them.					
2.4	The bank has learning and development programs to develop talent.					
2.5	The bank allocates a special budget for training and development of talented employees.					
2.6	The bank identifies training needs objectively.					
2.7	The administration monitors the performance of employees and advises them to improve performance.					
2.8	The bank provides an opportunity for employees to change their job to develop themselves.					
2.9	The bank seeks to transfer expertise from highly skilled staff for the less experienced.					
2.10	The bank provides honest feedback about the performance of employees.					

No	Items	1 Strongly Disagree	2 Disagree	3 Neutral	4 Agree	5 Strongly Agree
3	Talent Retention					

3.1	The salaries and benefits at the bank are competitive.					
3.2	The salaries and benefits at the bank are fair and consistent.					
3.3	The salaries and benefits at the company guarantees employee loyalty.					
3.4	The bank actively creates opportunities for employee to participate in challenging assignments.					
3.5	The work at the bank matches the employees' abilities and skills.					
3.6	The employment conditions at the bank satisfy work-life balance.					
3.7	The bank avoids workloads and work stress that exceed employees' abilities.					
3.8	The bank recognizes and rewards high performers.					
3.9	The bank has a safe and comfortable work environment for all employees.					
3.10	The employees at the bank are satisfied with their work.					

Part Three: Organizational Performance

Please indicate the extent to which you agree or disagree with each statement by putting (√) to the correspondent number. Higher number indicates higher level of agreement.

Key: **1 (SD)** – Strongly Disagree; **2 (D)** – Disagree; **3 (N)** – Neutral; **4 (A)** – Agree; and **5 (SA)** – Strongly Agree

No	Items	1 Strongly Disagree	2 Disagree	3 Neutral	4 Agree	5 Strongly Agree
4	Organizational Performance					
4.1	My organization practice effective two way communications.					
4.2	My organization has a clear sense of direction and focus.					
4.3	In my organization there is growth in deposits.					
4.4	In my organization there is growth in the profitability					
4.5	My organization delivers quality service to customers.					
4.6	My organization resolves customer complaints effectively and in a timely manner.					
4.7	My organization conduct formal performance appraisals on a regular basis					
4.8	My organization works on talent management practices in order to increase employee productivity.					

INTERVIEW QUESTIONS FOR MANAGERIAL AND NON-MANAGERIAL HR EMPLOYEES OF CBE HEAD OSSICES

INTERVIEW GUIDE ON TALENT MANAGEMENT PRACTICES ON (TALENT
ATTRACTION, DEVELOPMENT AND RETENTION)

1. What strategies does CBE use to attract talent?

2. How effective do you believe these strategies are in reaching potential candidates?
3. What recruitment channels (e.g., job fairs, social media, and employee referrals) do you find most effective?
4. What training and development programs does CBE offer to new employees?
5. How do you determine the training needs of employees?
6. How does the organization support employees in their career progression?
7. What initiatives does CBE have in place to retain employees?
8. How does CBE recognize and reward employees for their contributions?
9. Does CBE believe that salary and compensation packages are an important part of its retention strategy?
10. How does CBE evaluate the effectiveness of its talent management practices?
11. What challenges does CBE face in attracting, developing, and retaining talent?

THANK YOU FOR YOUR GENUINE RESPONSE