



SCHOOL OF GRADUATE STUDIES

**THE EFFECT OF TALENT MANAGEMENT PRACTICES ON
ORGANIZATIONAL PERFORMANCE OF PRIVATE COMMERCIAL
BANKS IN WOLKITE TOWN, ETHIOPIA**

MBA THESIS

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I hereby declare that this MBA thesis is my original work and has not been presented for degree in any other university, and all sources of material used for this thesis have been duly acknowledged.

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ACRONYMS

CBE:	Commercial Bank of Ethiopia
HRM:	Human Resource Management
MNCs:	Multinational Corporations
OP:	Organizational Performance
SPSS:	Statistical Package for Social Science
TA:	Talent Audit
TE:	Talent Engagement
TM:	Talent Management
TP:	Talent Planning
TR:	Talent Retention

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ABSTRACT

The effects of poor talent management practices in banks are multifaceted, leading to decreased productivity, high turnover rates, poor customer service, challenges in attracting talent, and reduced organizational agility. Addressing these issues through effective talent management strategies is crucial for enhancing organizational performance and ensuring long-term success in the competitive banking industry. Therefore, this study aimed at to investigate the effect of talent management practices on organizational performance in private banks of Wolkite Town, Central Ethiopia Regional State. The research design was both descriptive and explanatory in nature and the quantitative method supported by qualitative approach. Census sampling technique was utilized. The target population consisted of employees and managers. Descriptive statistics, correlation analysis and multiple linear regression analysis were employed to analyze the quantitative data. Talent management practices such as talent planning, talent engagement, talent auditing, talent retention, and talent development were expected to have positive effect on the overall organizational performance in the study area. The qualitative data was analyzed using thematic approach and used for supplement to the results of the quantitative data analysis. The findings of the study unraveled that talent management practices as well as organizational performance were at moderate statuses in the private CBs. Besides, there was positive, strong, and significant correlation between talent management practices such as talent planning, talent engagement, talent auditing, talent retention and organizational performance. Moreover, the regression analyses result reveals 72.5% of the variation in the organizational performance of the private CBs in Wolkite town attributed to the effect of the these practices in combination. Of which, talent retention practice has the greatest effect on Organizational performance. Therefore, this study recommended that while talent retention is critical, it is essential to maintain a balanced approach. The CBs better to continue to strengthen and refine their talent planning, engagement, auditing, and development initiatives to ensure a comprehensive and robust talent management framework.

Key words: census, performance, private bank, talent management

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Talent management, a critical function in modern organizations, encompasses a strategic and integrated approach to attracting, developing, retaining, and deploying individuals with the skills and aptitudes necessary to meet current and future business needs (Lewis & Heckman, 2006). It moves beyond traditional human resource management by proactively identifying and nurturing high-potential employees, ensuring a steady pipeline of qualified leaders and contributing significantly to organizational success. Effective talent management is crucial, particularly within competitive sectors such as the banking industry.

The efficacy of talent management hinges on several key components working in concert. Talent planning focuses on forecasting future talent needs and identifying gaps, ensuring a steady supply of qualified individuals. Talent engagement focuses on fostering a work environment where employees are motivated, connected, and committed to the organization's goals (BlessingWhite, 2011). A talent audit involves a comprehensive assessment of the existing workforce, identifying skill gaps and potential future needs (Cappelli, 2008). Talent retention strategies aim to keep valuable employees within the organization, minimizing turnover and preserving institutional knowledge (Branham, 2005). Finally, talent development practices encompass training, mentoring, and career development programs designed to enhance employee skills and prepare them for advancement (Rothwell, 2010).

The talent management process typically involves several stages, starting with identifying critical roles and competencies, followed by talent acquisition, performance management, succession planning, and ultimately, career development. This cyclical process ensures that the organization has the right people, in the right roles, at the right time (Collings & Mellahi, 2009). The strategic alignment of each stage with organizational objectives is paramount for achieving optimal outcomes.

Organizational performance, the dependent variable in this research, is fundamentally about the efficiency and effectiveness with which an organization achieves its strategic goals. Performance appraisal, a critical technique for measuring this, involves systematically evaluating an employee's work performance and contributions to the organization (Aguinis, 2019). This process typically includes setting clear performance standards, providing regular feedback, and identifying areas for improvement. Common components of a performance appraisal system include performance standards, performance measures, and performance ratings.

Key Performance Indicators (KPIs) are quantifiable metrics used to track and evaluate organizational performance across various dimensions. For example, financial KPIs might include revenue growth, profitability, and return on investment, while operational KPIs could encompass customer satisfaction, efficiency, and quality. Effective KPIs are specific, measurable, achievable, relevant, and time-bound (SMART), providing a clear picture of organizational progress towards its strategic goals (Parmenter, 2015).

In the context of the Ethiopian private commercial banking sector, the implementation of robust talent management practices becomes even more critical given the rapid growth and increasing competition within the industry. While limited research exists specifically on talent management in Ethiopian banking, some studies highlight the importance of employee training and development for enhancing service quality and overall bank performance (e.g., Abebe, 2018; Lemma, 2020). Further investigation was required to fully understand the impact of a holistic talent management approach on key organizational performance indicators. Moreover, private banks in Ethiopia operate in a highly competitive market and they face pressure to attract and retain top talent to differentiate themselves from their competitors. Moreover, the need for innovation, the importance of employee retention, and the strategic focus on performance enhancement make talent management practices more critical in private banks than in state banks in Ethiopia. In contrast, state banks like the Commercial Bank of Ethiopia (CBE) may not experience the same level of competition, which can lead to less urgency in implementing robust talent management strategies (Tadesse, 2022; Getachew, 2017; Markos, & Ketema, 2021). For this reason, assessing talent management practices is particularly crucial in private banks compared to state banks in

Ethiopia. Therefore, this study was designed to investigate the effect of talent management practices on organizational performance in private banks of Wolkite town, Ethiopia.

Cognizant to the above scenario, this study, focusing on the effect of talent management practices on organizational performance in private commercial banks in Wolkite Town, Ethiopia, sought to bridge this gap by examining the relationship between the components of talent management – planning, engagement, audit, retention, and development – and various measures of organizational performance, such as profitability, customer satisfaction, and employee productivity. Therefore, understanding the relationship between the talent management and organizational performance is crucial in the context of private commercial banks in Wolkite Town, Ethiopia. The study aimed to provide actionable insights that can inform the development and implementation of effective talent management strategies, ultimately leading to improved organizational performance and a more competitive banking sector considering talent management practices such as: talent planning, talent engagement, talent audit, talent retention, and talent development.

1.2. Statement of the Problem

In the rapidly evolving financial landscape of Ethiopia, the performance of private commercial banks stands as a critical indicator of economic progress and stability. Effective talent management emerges as a pivotal factor influencing organizational performance among private commercial banks. A well-structured talent management strategy not only enhances employee engagement and retention but also fosters innovation, operational efficiency, and competitive advantage (Agyemang & Ofei, 2021). The significance of aligning talent management practices with organizational objectives has been underscored by recent studies, revealing a strong correlation between skillful talent management and the overall performance of financial institutions (Harun, 2022). In the Ethiopian context, where the banking industry is experiencing rapid transformation due to economic growth and technological advancements, the ability to attract, retain, and develop skilled personnel is paramount. Consequently, a comprehensive understanding of how talent management contributes to superior organizational performance within private commercial banks is

essential for stakeholders aiming to find the way to the complexities of this evolving landscape.

However, in Ethiopia's private commercial banking sector, organizational performance is increasingly hindered by inadequate talent management practices, which are crucial for sustaining competitive advantage (Alemayehu & Woldemichael, 2021; Kebede, 2020). Despite the growing recognition of human capital as a vital resource, many banks continue to face challenges in attracting, developing, and retaining qualified employees. Research indicates that ineffective talent management strategies lead to high turnover rates and diminished employee engagement, which in turn adversely affect service quality and operational efficiency (Bekele, 2022; Tesfaye & Gebresilasie, 2023). Furthermore, the absence of structured professional development programs limits employees' skills enhancement and career growth, thereby strengthening innovation and responsiveness in an industry that is rapidly evolving (Abraham, 2023). Consequently, addressing the deficiencies in talent management is imperative for private commercial banks in Ethiopia to enhance their performance and adapt to the dynamic demands of the financial sector.

The importance of talent management strategies has drawn more attention recently in relation to organizational performance, especially in Ethiopia's private commercial banks. Numerous studies have attempted to investigate the connection between these practices and overall performance, pointing out that efficient personnel management may improve productivity, retention, and employee happiness (Fugate & Kinicki, 2018). Nevertheless, despite the fundamental knowledge these studies offer, they have a number of drawbacks that prevent a thorough comprehension of the subject, especially with regard to theoretical frameworks, empirical methodology, and real-world applications.

Firstly, many studies lack a robust theoretical foundation that adequately accounts for the unique cultural and socio-economic context of Ethiopia. Most research is predicated on Western models of talent management, which may not be directly transferable to the Ethiopian banking sector. As a result, these studies often fail to incorporate local nuances such as cultural attitudes toward work and organizational loyalty, which play a critical role in shaping employee behavior and performance (Barker, Lee, & Merritt, 2021). This theoretical

disjunction weakens the validity of the findings and limits the generalizability of the conclusions.

Secondly, empirical limitations are evident in the sample sizes and methodologies utilized in these studies. A disproportionate reliance on quantitative methods, often with small or non-representative samples, restricts the depth of analysis and may overlook qualitative factors that are crucial in understanding employee engagement and performance (Jansen, 2022). A broader, mixed-methods approach that incorporates qualitative insights could provide a richer understanding of how talent management practices influence organizational performance in Ethiopian private commercial banks.

Moreover, there exists a practical gap in addressing how management practices are implemented within the distinctive operational frameworks of Ethiopian banks. Many studies emphasize the importance of talent management strategies but provide limited practical guidelines on execution. This lack of actionable insight hindered organizational leaders from effectively integrating proposed practices into their daily operations, thereby diminishing the potential for observable performance outcomes (Geber, 2023). The provision of comprehensive case studies or best practice frameworks would greatly enhance the practical utility of research findings for industry practitioners.

Furthermore, existing research often overlooks the role of external environmental factors that may influence the effectiveness of talent management practices. For example, the impact of regulatory changes, economic fluctuations, and competitive pressures is seldom analyzed within the context of talent management (Wang, 2021). This oversight limits the applicability of findings, as organizations may face unique challenges that necessitate tailored solutions.

While research on how talent management practices affect organizational performance in Ethiopian private commercial banks generally provides insightful information, there are important methodological, conceptual, and practical gaps in the body of current literature, especially when it comes to Ethiopian private commercial banks, which call for more study. Therefore, this study aimed to address these gaps by employing a mixed-methods approach to provide a comprehensive understanding of the intricate relationship between talent management practices such as talent planning, talent engagement, talent audit, talent

retention, talent development and organizational performance of private commercial banks in Wolkite town, Gurage zone. In addition to improving the theoretical foundation, this study hopes to provide practitioners with useful insights that will improve HR strategies and overall banking industry performance. Finally, the purported uniqueness of this study lies in a confluence of factors that distinguish it from previous studies within the Ethiopian context. First, its geographical focus on Wolkite Town, Gurage zone, represents a micro-level investigation often absent in broader national analyses. Prior research tended to concentrate on larger urban centers or employs nationwide surveys, potentially overlooking the specific challenges and opportunities within smaller, regional economies. Second, the study's prospective timeframe, explicitly projecting to 2025, suggests a forward-looking approach. While retrospective studies are common, projecting talent management's impact provided insights into future trends and challenges, potentially influencing proactive strategies. Third, the study's explicit focus on private commercial banks further narrows its scope, allowing for a more targeted understanding of talent management practices within a specific industry. Prior research might broadly examine the financial sector, overlooking the unique characteristics of private banking in Ethiopia.

Finally, the integration of descriptive and explanatory research designs, combined with a mixed-methods approach, promises a comprehensive insight. By combining qualitative and quantitative data, the study can provide a richer, more detailed understanding of the relationship between talent management and organizational performance compared to studies relying solely on one methodological approach. These combined elements, though individually potentially not entirely novel, created a unique blend that promises to contribute meaningfully to the existing body of knowledge on talent management in the Ethiopian context.

1.3. Research Questions

This study sought answers for the following research questions:

1. To what extent are talent management practices implemented in private commercial banks of Wolkite town?

2. What is the status of organizational performance of private commercial banks in Wolkite town?
3. To what extent do talent management practices affect the organizational performance of private commercial banks in Wolkite town?

1.4. Objectives of the Study

1.4.1. General Objective

Examining the impact of talent management strategies on the operational efficiency of private commercial banks in Wolkite town was the main goal.

1.4.2. Specific Objectives

According to the general goal and the research questions, the study focused on the following particular goals:

- To assess the extent of implementation of talent management practices in private commercial banks in Wolkite town.
- To investigate the status of organizational performance of private commercial banks in Wolkite town.
- To explore the effect of talent management practices on organizational performance of private commercial banks in Wolkite town.

1.5. Significance of the Study

The study will hold considerable significance across various stakeholders, including banks, management, employees, researchers, and academicians.

For the banks, this research is crucial in emphasizing the correlation between effective talent management practices and improved organizational performance. By focusing on these practices, banks can enhance their competitive edge, leading to increased market share and profitability. In an industry marked by rapid changes and heightened competition, fostering talent becomes an imperative for sustainable growth.

From a management viewpoint, the outcomes of this study will provide significant insights into best practices for creating a motivated and skilled staff. Management can exploit this information to design targeted tactics that link employee potential with organizational goals, thereby boosting overall productivity and efficiency. Furthermore, the research may aid in identifying certain talent management techniques that give the highest return on investment, thereby aiding more informed decision-making processes.

The importance of this study for workers resides in its capacity to promote an environment at work where their well-being and professional growth are given top priority. Banks may decide to increase their investments in training, mentoring, and career progression possibilities if they are aware of how talent management strategies affect organizational performance. As a result, this may result in increased employee engagement, decreased turnover, and enhanced job satisfaction.

Additionally, the research is very valuable to the researcher since it offers a chance to add unique perspectives to the corpus of knowledge already available on organizational performance and talent management. This study can act as a basis for future research projects and approaches in comparable contexts by analyzing the unique situation of private commercial banks in Wolkite Town.

Finally, for academicians, this study adds to the academic discourse surrounding talent management and its implications for organizational success. The findings can be utilized as a reference point for future research, curriculum development, and theoretical frameworks in human resource management studies. Moreover, it can foster partnerships between academic institutions and the banking sector, facilitating a practical exchange of knowledge that benefits both parties.

1.6. Scope of the Study

The study's scopes are methodological, conceptual, and geographical. Wolkite Town, which is situated in the Central Ethiopia Regional State, is the exclusive geographic focus of this study. This decision was driven by the town's banking industry's explosive growth, the expanding economy, and growing competition amongst private commercial banks. The study aimed to give a localized perspective of how talent management strategies specifically

influence organizational performance in this distinct socioeconomic setting by concentrating only on private commercial banks in Wolkite.

In order to clarify the ways in which efficient talent management affects the competitive advantage of private commercial banks in Wolkite Town, the study conceptually focused on the main components of talent management practices, such as talent planning, talent engagement, talent audit, talent retention, and talent development, as well as their impact on organizational performance indicators, such as financial performance, customer satisfaction, and employee engagement.

In terms of methodology, this study used a mixed-approaches strategy that combined quantitative and qualitative research methods. A representative sample of workers from private commercial banks were given standardized questionnaires as part of the quantitative component. This made it easier to gather numerical data for the analysis of descriptive and inferential statistics relating to organizational performance and talent management practices. To learn more about bank managers' perspectives and experiences with talent management tactics and the overall performance of their institutions, complementary qualitative interviews were carried out. This heterogeneous design provided a thorough grasp of the research phenomena, boosting the validity

1.7. Limitations of the Study

There were certain restrictions on this investigation. The study evaluated the impact of talent management practices on the organizational performance of private commercial banks in Wolkite town; therefore, it may be challenging to draw conclusions about other private commercial banks operating outside of Wolkite town, administrative towns, and woredas, as well as in the Central Ethiopia Regional State. The first limitation was a generalizability issue, which excluded the other private banks in the Gurage zone. In other words, the study's findings may not necessarily apply to other private commercial banks operating outside of Wolkite town and in the Central Ethiopia Regional State.

Nonetheless, the suggestions derived from the results serve as a source of data for other projects of a similar nature that conduct a thorough analysis of people management procedures.

Methodologically, the researcher employed both descriptive and explanatory research design and utilized a census method, meaning that all employees from the selected private banks were sampled. The study primarily relied on primary data, although secondary data was also incorporated to support the findings. The results of this research may not be generalizable to the entire administrative towns and woredas in Gurage zone, other zones in Central Ethiopia Regional state as well due to its localized focus on Wolkite Town. This limitation is significant as it may not account for variations in talent management practices and organizational performance across different regions and types of banks in Ethiopia.

To overcome the expected limitations, the study tried to craft questions that are clear, concise, and unbiased. Besides, the study also tried to minimize or avoid leading or ambiguous questions, and ensure that response options are comprehensive. Moreover, the questionnaires were checked with a pilot test helped to identify potential issues before full deployment.

In summary, even though the researcher had to deal with the aforementioned restrictions, these restrictions might not have affected the study's dependability or significantly hampered its findings.

1.8. Operational Definition of key Terms

Talent Management(TM): Human resource professionals use talent management as a proactive and strategic approach to guarantee an organization's long-term success. It entails a purposeful and methodical approach to luring, nurturing, and keeping people who possess the abilities, dispositions, and competencies required to fulfill present and future organizational goals (Barkhuizen et al., 2014).

Talent Planning (TP): As Garavan (2012) notes, these different talent planning processes each have their own merits. The most effective approach likely involves a combination of building broad competencies, investing in high-potential individuals, and strategically

developing talent for key future roles. The specific mix will depend on the organization's unique needs and goals.

Talent Engagement (TE): Talent engagement is influenced by a complex interplay of various factors. Key elements include individuals' sense of identity and belonging, their perception of being valued, and the emotional and intellectual bonds they cultivate with their colleagues. Moreover, external factors are also crucial, such as job satisfaction and the support provided to help individuals perform at their best (Cheese et al., 2008).

Talent audit (TA): A talent audit involves evaluating the existing skill sets of employees in relation to the current, future, and strategic needs of the organization. This process creates a platform for identifying development needs and serves as a valuable tool for providing managers with insights into employees' current competencies. By assessing these competencies, the talent audit aims to pinpoint areas for adjustment or further development, ensuring alignment with the organization's goals (Beardwell, 2004).

Talent retention (TR): Talent retention is the practice of keeping skilled, valuable employees within an organization for an extended period (Rabbi et al., 2015). By retaining top talent, companies can maintain a competitive edge, ensure continuity of operations, and benefit from the expertise and institutional knowledge of long-serving staff members. Effective talent retention strategies often include competitive compensation, opportunities for professional development, a positive work culture, and clear paths for career advancement. Investing in retaining talented employees is crucial for organizational success and effectiveness over the long term.

Talent development (TD): The systematic process of improving the skills, knowledge, and abilities of employees is known as talent development. In the context of private commercial banks, efficient talent development is essential to building the human capital that propels organizational performance. The connection between organizational outcomes and talent management practices is becoming more widely acknowledged as a crucial component of success in the cutthroat banking industry (Collings & Mellahi, 2009).

1.9. Organization of the Study

There are five chapters in the study. The study's background, problem statement, research questions, aims, significance, scope, limitations, operational definitions of important terminology, and organizational structure are all included in the first chapter, which serves as an introduction. In the second chapter, the relevant literature is given. The research methodology is the main topic of chapter three. The results and discussion section is covered in Chapter 4, and the summary of the main conclusions, conclusion, recommendation, and ideas for additional research are covered in Chapter 5.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

In the contemporary landscape of private commercial banking, the efficacy of talent management practices has emerged as a critical determinant of organizational performance. As the banking sector faces increasing competition and evolving customer demands, institutions must adeptly navigate the complexities of human capital management to sustain competitive advantage. This review of literature explored five pivotal components of talent management—talent planning, talent engagement, talent auditing, talent retention, and talent development—each of which plays a significant role in enhancing organizational performance. By analyzing existing research, theories underpinning the study and empirical evidence, this study aimed at to elucidate how these practices not only foster a motivated and skilled workforce but also contribute to the overall success and resilience of private commercial banks in an ever-changing economic environment. Finally, research gaps, hypothesis development and conceptual framework of the study also presented.

2.1. Theoretical Review

2.1.1. The Concept of Talent Management

In order to improve overall performance and accomplish corporate goals, firms adopt talent management as a strategic method to recruit, train, and retain qualified workers. It includes a range of procedures, such as hiring, training, and retaining staff, to guarantee that the best people are available to fulfill organizational demands (Aston & Morton, 2005).

Talent management can be defined as the systematic process of identifying, acquiring, and nurturing the talent necessary for an organization to thrive. This includes not only hiring the right individuals but also providing them with the tools and opportunities to grow within the company. Effective talent management is crucial as it directly correlates with a organization's ability to innovate, remain competitive, and maintain high employee satisfaction and retention rates (Lewis & Heckman, 2006).

A common definition of talent management does not exist. Collings and Mellahi (2009), for instance, define it as an all-encompassing strategic strategy that businesses use, which

includes the methodical identification of critical positions that substantially contribute to long-term competitive advantage. In order to fill these positions, this strategy entails building a talent pool of high-potential and high-performing people as well as designing a unique HR architecture to guarantee that these roles are occupied by capable people who are devoted to the company.

Likewise, Cappelli (2004) characterizes talent management as the employer's efforts to recruit, train, develop, and oversee workers in key roles inside the company. Moreover, talent management is a modern word coined by practitioners that encompasses a variety of well-established procedures meant to place the appropriate person in the right job at the right time, according to Cappelli and Keller (2014). These procedures consist of career management, employee development, succession planning, and workforce planning.

Organizations can guarantee they have the skills and capabilities to thrive in a competitive environment by putting in place a strategic approach to attracting, developing, and retaining talent. In general, talent management is an essential component of human resource management that focuses on optimizing employee performance and satisfaction.

2.1.2. Talent Management Practices

In the previous section, we explored various definitions and theoretical frameworks are proposed by different authors regarding talent management (TM) in organizations. A central theme that emerged is the connection between several key practices, which closely align with traditional human resource management (HRM) functions. These practices include: 1) Talent Acquisition: Attracting talent to the organization 2) Talent Development: Fostering the growth and skills of employees; 3) Talent Engagement: Ensuring employees are motivated and committed; 4) Talent Deployment: Strategically placing talent within the organization; 5) Talent Retention: Keeping valuable employees within the organization. Previous research insights talent management are primarily focus on attraction, recruitment, and selection; training and development; retention; and talent identification (Gallardo-Gallardo & Thunnissen, 2015)

In their empirical study, Du Plessiset al. (2015) looked more closely at various TM behaviors. They underlined how important it is to match human capital strategy with

organizational business plans. In assessing the efficacy of talent management, they also emphasized the significance of personnel, performance management, and talent review procedures. Du Plessis et al. (2015) pointed out that, in spite of their contributions, personnel and performance management procedures accounted for less than 10% of the research focus. Attraction, identification, development, engagement, retention, and deployment were shown to be the most common TM practices. Given these conclusions, the focus of this study will be on the four main methods of people management: engagement, audit, planning, and retention. The goal of this method is to give a thorough grasp of how these practices can be successfully incorporated into organizational plans for the best possible talent management.

2.1.2.1. Talent planning practices

Talent management has emerged as a pivotal factor in enhancing organizational performance, particularly within the unique context of the banking sector. The study under consideration gave emphasis to the importance of effective talent planning as a strategic imperative. Research indicates that robust talent management practices contribute significantly to organizational success, particularly in sectors marked by rapid changes and demands for high competency levels (Collings & Mellahi, 2009).

Globally, organizations are increasingly recognizing the role of talent management as a catalyst for competitive advantage. The World Economic Forum (2020) emphasizes that a strategic approach to talent management that integrates workforce planning with business goals can enhance adaptability and innovation. In high-performing enterprises, talent management practices such as recruitment, development, and retention are systematically aligned with overall organizational objectives (Becker & Huselid, 2006). Studies suggest that these practices not only elevate employee performance but also foster organizational commitment, thereby driving performance outcomes (Schweyer, 2010).

Besides, organizations can effectively identify and develop elite individuals for exclusive talent planning through several strategic approaches. Iles, Chuai, and Preece (2010) identify four primary strategies organizations utilize for effective talent planning and development:

1. Inclusive Approach: This strategy emphasizes the potential of each employee within the organization.
2. Social Capital Focus: This inclusive strategy prioritizes the overall planning of social capital across the organization.
3. Exclusive Approach for Elite Talent: This strategy is centered on the development of specific elite individuals deemed critical for organizational success.
4. Key Position Focus: This exclusive approach targets essential roles and positions, cultivating talent specifically to meet these needs.

Bersin (2010) highlights the necessity for talent planning to align with the organization's mission, vision, and strategic goals. This alignment ensures that employees understand the company's direction and can adjust their skills and competencies accordingly. Moreover, organizations must determine whether their talent planning should concentrate on technical skills or broader competencies (Garavan, 2012).

In the African context, the dynamics of talent management take on additional complexity due to socio-economic and cultural factors unique to the continent. A recent study by Oluoch (2021) highlights the necessity for African organizations to tailor their talent management strategies to accommodate diverse cultural perspectives and workforce expectations. The banking sector, in particular, faces challenges such as high turnover rates and skills shortages, emphasizing the need for banks in developing regions, including those in Ethiopia, to implement effective talent management practices that address these challenges (Nkosi et al., 2020).

Focusing specifically on Ethiopia, the banking industry has witnessed notable growth, necessitating a structured approach to talent management. According to Tadesse (2022), private commercial banks in Ethiopia are increasingly investing in talent management frameworks to harness human capital effectively. This investment has been shown to correlate with improved performance metrics, such as customer satisfaction and financial results. Thus, this thesis aligns with the growing recognition of talent management as a vital component of organizational performance in Ethiopia's private banking sector.

2.1.2.2. Talent engagement practices

In the discussion of talent management techniques and their effects on organizational performance, talent engagement has become a crucial element. Gallup (2017) asserts that there is a direct correlation between talent engagement and performance outcomes, stating that engaged individuals are substantially more productive and in line with the objectives of their organizations.

According to Cheese et al. (2008), talent serves as the driving force behind modern organizations, while engagement acts as the crucial element that enhances the effectiveness of this force. The presence of top talent is of little value if these individuals lack motivation or alignment with the organization's objectives. Evidence indicates that significant portions of the workforce are disengaged a challenge that is exacerbated by changing attitudes across generations. The consequences of poor engagement manifest in various ways, including high absenteeism, turnover of valued employees, and detrimental impacts on customer service and other critical business goals.

Engagement encompasses both emotional and intellectual investment. At its peak, it reflects a strong alignment with organizational goals, confidence, commitment to high performance, and a willingness to exert extra effort. Conversely, low engagement is characterized by diminished responsiveness, low energy levels, and increased absenteeism. A related concept is alignment, which refers to how well employees understand and connect with their organization's objectives, linking these to their personal goals and capabilities (Nejat, 2021).

Globally, recent literature indicates that organizations investing in effective talent management practices witness improved performance metrics. For instance, a study by Kearney (2019) underscores that firms with comprehensive talent engagement strategies outperform their competitors in key performance indicators, such as profitability and employee retention. This evidence is pertinent to the financial sector, where the rapid evolution of banking services demands a highly skilled and engaged workforce capable of responding to consumer needs effectively.

In the African context, research has shown that local adaptation of global talent management practices is vital. Ng'ethe, Iravo, and Obonyo (2016) argue that understanding cultural

nuances and socio-economic factors influences the efficacy of talent engagement strategies. In Ethiopia, the unique socio-economic landscape and organizational dynamics compel banks to tailor their talent management practices, thereby enhancing employee commitment and satisfaction. The growing competition within the banking sector reinforces the need for robust engagement practices to mitigate turnover and retain top talent.

Ethiopian banks, particularly in smaller towns like Wolkite, encounter distinct challenges in implementing effective talent management practices. Research by Tadele and Mulugeta (2020) highlights that limited resources and infrastructural constraints often impede talent engagement efforts. Nevertheless, successful case studies reveal that targeted training, recognition programs, and career development opportunities can foster a culture of engagement, leading to higher employee morale and productivity.

Furthermore, it is impossible to overestimate the relationship between organizational performance and talent management. Effective personnel management strategies, such as hiring, training, and retaining talent, greatly improve organizational performance, according to a 2019 study by Pradhan and Jena. This is particularly true in the private banking sector, where the ability to innovate and adapt plays a crucial role in obtaining competitive advantage. In the context of private commercial banks in Wolkite Town, Gurage Zone, it is essential to explore how these practices contribute not only to employee satisfaction but also to overall organizational effectiveness.

2.1.2.3. Talent auditing practices

Talent auditing, as a systematic evaluation of an organization's human resources capabilities, has emerged as a critical component in understanding the synergies between talent management practices and organizational performance. Global research indicates that effective talent management results in a competitive advantage, primarily through the optimization of human capital (Collings & Mellahi, 2009). In the context of private commercial banks, the orchestration of talent management practices directly impacts operational efficiency and service quality, which are vital for achieving organizational goals. This study sought to review the literature surrounding talent auditing within the framework

of talent management and its implications for organizational performance, particularly in the setting of Wolkite Town, Gurage Zone.

Recent research highlights the critical role that talent management techniques play in improving organizational performance on a worldwide scale. A meta-analysis by Chhinzer and Russo (2019) found that companies with strong talent management practices are more likely to see improvements in overall productivity, employee engagement, and financial performance. This is especially important for private commercial banks since they have to constantly adjust to the quickly changing financial environment. In this situation, the need for talent audits becomes clear since it makes it easier to find skill gaps, match employee talents with company goals, and create specialized talent management programs. During a talent audit, individuals' current skill sets are evaluated in light of the company's present and future strategic requirements. This procedure gives managers a way to get input on their staff members' competencies and offers a platform for determining areas in need of development. The goal is to identify necessary adjustments or further development opportunities (Lawal et al., 2022) noted that organizations strive to implement various performance management practices, including employee selection, goal setting, placement, and performance appraisals. These practices enable managers to establish overall employee objectives and enhance their capabilities by aligning rewards with individual efforts. A talent audit can be defined as the systematic evaluation and measurement of employee performance over a specified period. Its primary objective is to sustain employee performance at desired levels by motivating individuals, which is influenced by workplace environment and organizational policies (Daoanis, 2012).

In the African context, the significance of talent auditing is increasingly recognized against a backdrop of rapid economic growth and development. Research indicates that African businesses, particularly within the banking sector, face unique challenges, such as high turnover rates and skills shortages (Mokhber, et al., 2020). Consequently, effective talent management practices, supported by thorough talent audits, have become essential for fostering a skilled workforce that can drive organizational performance in this competitive environment. The integration of talent management frameworks, such as those proposed by

the African Union (2017), highlights the necessity of systematic approaches to talent identification, development, and retention within private sector organizations.

In Ethiopian context, recent literature reflects a growing recognition of the importance of talent management practices within the banking sector. A study by Berhanu (2021) emphasizes that Ethiopian banks that implement strategic talent management frameworks witness improved employee satisfaction and performance outcomes. However, the absence of robust talent auditing processes hampers the potential for fully realizing these benefits. This localized gap presents an opportunity for exploring the relationship between talent management practices and organizational performance within the unique socio-economic context of Wolkite Town.

In the specific context of private commercial banks in Wolkite Town, Gurage Zone, the literature suggests that talent auditing can serve as a powerful tool in addressing organizational inefficiencies. While existing studies largely focus on broader trends within Ethiopia, they implicitly hint at the need for tailored talent management strategies that reflect local dynamics. By conducting talent audits, banks can gain insights into employee competencies, motivation levels, and alignment with organizational goals, thereby enhancing overall performance measures.

2.1.2.4. Talent retention practices

Talent retention has emerged as a critical concern for organizations across various sectors, particularly within the banking industry, where human capital plays a pivotal role in driving performance. It is essential to examine the pertinent literature on talent retention, focusing on global, African, and Ethiopian perspectives.

Globally, talent management practices have been shown to positively influence organizational performance. Research indicates that effective talent retention strategies, such as career development opportunities and competitive compensation, are essential in fostering employee loyalty and engagement (Michaels et al., 2001). Furthermore, recent studies underscore the importance of creating a culture of recognition and inclusion, which contributes to higher retention rates (Cascio, 2019). In the banking sector, where competition

for skilled professionals is intense, organizations that prioritize their talent management practices often outpace their rivals in terms of performance and innovation.

Furthermore, the mechanics of employee retention have changed, and although offering competitive pay and extensive benefits is essential for luring talent, it is not enough to keep it on board in the long run. Research backs up the claim that poor management, not discontent with compensation or perks, is the main reason why workers quit their jobs. According to a Gallup survey from 2020, managers are responsible for at least 70% of the variation in employee engagement ratings, highlighting the importance of leadership in creating a positive work atmosphere.

Effective management is fundamentally rooted in the ability of leaders to cultivate strong relationships with their teams. According to a report by the Harvard Business Review (2021), organizations that prioritize employee-manager relationships see significantly higher retention rates. Leaders who invest time in understanding their employees' motivations and aspirations not only mitigate retention risks but also enhance overall team engagement. By adopting a more personalized approach, leaders can identify potential flight risks, engage in meaningful conversations, and implement tailored strategies that address unique employee needs.

In the African context, the landscape of talent management and retention presents unique challenges and opportunities. According to Ofori and Dawn (2022), many African organizations struggle with limited resources and infrastructural deficiencies that hinder the implementation of robust talent management practices. However, the potential for improved organizational performance through effective retention strategies is significant. Studies reveal that investing in employee satisfaction and providing growth opportunities can lead to enhanced productivity and reduced turnover rates (Nkoe, 2021).

Within Ethiopia, the private banking sector faces its own set of challenges related to talent retention. As noted by Gashaw and Jatob (2020), the high turnover rates among banking professionals can be attributed to inadequate compensation structures and limited career advancement prospects. Talent management practices that align with the specific cultural and operational contexts of Ethiopian banks are essential for addressing these challenges.

Research suggests that incorporating local values and employee expectations into talent retention strategies can yield substantial benefits in terms of workforce stability and organizational effectiveness (Alemayehu, 2021).

In the private commercial banks in Wolkite Town, the relationship between organizational performance and personnel management methods calls for a sophisticated strategy. Research from regional studies shows that companies are better equipped to put into practice successful retention strategies when they have a thorough awareness of the local labor market dynamics and employee goals (Melaku et al., 2023). These procedures directly increase financial performance and customer service quality in addition to increasing staff happiness.

2.1.2.5. Talent development practices

The connection between organizational performance and talent management strategies has received a lot of attention in recent years, especially in respect to private commercial banks. Effective talent management is becoming more widely acknowledged by academics as being essential to creating a competitive edge and improving overall performance. According to McDonnell et al. (2017), companies that implement clear talent management strategies see increases in employee productivity and engagement, which ultimately leads to better organizational performance. This viewpoint is especially relevant to the banking industry, as human capital is a vital resource.

In the global context, talent development has emerged as a multifaceted process encompassing recruitment, training, and retention of skilled employees. According to Collings and Mellahi (2009), organizations that prioritize talent development are better positioned to adapt to market changes and technological advancements. This adaptive capacity is invaluable in the fast-evolving banking environment, where customer demands and regulatory landscapes are in constant flux. Therefore, studies indicate that banks implementing robust talent management practices not only enhance employee satisfaction but also secure a foothold in competitive markets (Becker & Huselid, 2006).

Within the African context, the intersection of talent management and organizational performance is underscored by unique socio-economic challenges. Research by Juma and McCormick (2020) reveals that African banks often grapple with high turnover rates and

skills shortages, necessitating the development of strategic talent management frameworks. In addressing these challenges, African banks can create a talent-centric culture that not only cultivates employee loyalty but also aligns individual capabilities with organizational objectives. This alignment is crucial for enhancing performance metrics, as evidenced by the improved service delivery observed in banks prioritizing talent development (Otoo & Korkor, 2021).

The importance of talent management in the banking sector is also becoming more widely acknowledged in Ethiopia, especially in the rapidly growing private banking sector in places like Wolkite. According to recent research, Ethiopian banks who use strategic people management techniques see a noticeable increase in both customer satisfaction and operational efficiency (Yared, 2022). These results highlight how crucial it is to contextualize talent management within the unique operating dynamics of Ethiopian banks, where local market conditions and cultural considerations are crucial.

Moreover, the impact of talent management practices on organizational performance cannot be underestimated in the Ethiopian banking sector, where the integration of local talent is critical for sustainable growth. Temtime and Kankwenda (2016) highlighted that organizations fostering inclusive talent management strategies are better positioned to leverage local knowledge and drive innovation. This localized approach can facilitate the successful implementation of banking services tailored to the unique needs of the community in Wolkite, resulting in enhanced performance and customer loyalty.

2.1.3. Organizational Performance

Organizational performance in the banking sector significantly influences economic growth and development, particularly within private commercial banks. Globally, the performance of these institutions is often assessed through various metrics, including financial returns, operational efficiency, and customer satisfaction. The works of Miller and Modigliani (2019) indicate that effective organizational strategies are crucial for enhancing bank performance, with emphasis on risk management and regulatory compliance as foundational elements. Such strategic frameworks are vital across different geographical contexts as they impact the sustainability and competitiveness of banking entities.

In the African context, private commercial banks play a pivotal role in fostering economic stability and financial inclusion. Research by Kiptum and Osoro (2021) reveals that African banks face unique challenges, including regulatory barriers and economic volatility, which can hinder performance. Despite these challenges, innovative practices, such as digital banking and financial technology, are emerging as transformative forces improving operational efficiency and customer engagement. Consequently, a growing body of literature suggests that adaptability and technological integration are essential for enhancing the performance of private banks in Africa (Nweze and Anene, 2020).

Specifically in Ethiopia, the private banking sector has witnessed significant transformation over the past two decades. Government policies favoring the expansion of private banks have created a dynamic landscape for competition and growth. According to Abebe (2022), Ethiopian private commercial banks have improved their performance measures through enhanced service delivery and customer-centric approaches. The study emphasizes that understanding local market dynamics and customer preferences is crucial for sustaining competitive advantage in this unique environment.

Moreover, the literature emphasizes the importance of governance and management practices in driving organizational performance in Ethiopian banks. Geda et al. (2021) highlight that effective leadership and robust governance frameworks contribute significantly to performance outcomes. The accountability and transparency within banking operations are seen as key determinants of trust, which is essential for attracting and retaining customers in an increasingly competitive market.

The comparative analysis between the Ethiopian banking sector and its African counterparts reveals that while numerous challenges exist, opportunities also abound. Studies by Berhanu (2023) suggest that leveraging regional trade partnerships and improving regulatory frameworks can enhance the performance of private banks in Ethiopia. This potential for growth is further supported by the rise of mobile banking and digital platforms, aligning with broader trends observed in other African nations.

Additionally, the impact of external economic factors on banking performance cannot be overlooked. The effects of global economic fluctuations, including inflation and currency

volatility, are elaborated upon by Tesfaye (2023). It is imperative for private banks in Ethiopia to develop resilience strategies that can mitigate such external shocks while maintaining performance levels.

2.1.4. Key Performance Indicators of Organizational Performance

Organizational performance, a multifaceted construct, necessitates a robust framework of Key Performance Indicators (KPIs) to effectively measure its impact, particularly when evaluating the effectiveness of talent management practices. For private commercial banks, where skilled personnel are critical assets, understanding relevant KPIs is paramount. These indicators provide quantifiable metrics to assess the overall health and success of the organization, encompassing financial stability, operational efficiency, customer satisfaction, and employee engagement. Recent research emphasizes the importance of aligning KPIs with strategic goals to ensure they accurately reflect desired outcomes and contribute to sustained competitive advantage (Kaplan & Norton, 2004; Parmenter, 2015).

Financial KPIs, such as return on assets (ROA), return on equity (ROE), and net profit margin, are fundamental in gauging a bank's profitability and financial strength. These metrics offer a clear indication of the institution's ability to generate revenue and manage resources effectively. Moreover, monitoring non-performing loan (NPL) ratios provides crucial insights into the risk management practices and asset quality, impacting overall financial stability. Studies by Abad-Segura et al. (2020) underscore the significance of these financial indicators in assessing the impact of various management strategies, including talent management, on a bank's bottom line.

Operational efficiency KPIs focus on optimizing internal processes and resource utilization. Indicators such as cost-to-income ratio, employee productivity, and transaction processing time reveal the efficiency of the bank's operations. Improving these metrics can lead to significant cost savings and enhanced service delivery. Talent management practices, particularly training and development programs directly influence these operational efficiencies by equipping employees with the skills and knowledge necessary to perform their roles effectively (Becker & Huselid, 2006).

Customer-centric KPIs, including customer satisfaction scores (CSAT), Net Promoter Score (NPS), and customer retention rates, reflect the bank's ability to meet customer needs and build loyalty. These indicators are crucial in a competitive banking environment, where customer acquisition and retention are paramount. Effective talent management practices, particularly in areas such as customer service and relationship management, play a vital role in enhancing customer experience and driving these KPIs (Heskett et al., 1994).

Finally, employee-focused KPIs, such as employee satisfaction, employee turnover rate, and employee engagement scores, are essential for assessing the effectiveness of talent management practices. High employee satisfaction and engagement are often linked to increased productivity, reduced turnover, and improved customer service. Research by Saks (2006) highlights the link between employee engagement and organizational performance, emphasizing the importance of creating a positive work environment and providing opportunities for growth and development. These KPIs, when analyzed in conjunction with the talent management practices in place at private commercial banks in Wolkite Town, Ethiopia, will provide valuable insights into the impact on overall organizational performance.

2.1.5. Effect of Talent Management Practices on Organization Performance

Performance in an organization encompasses the actions taken and the outcomes achieved. Key indicators of organizational performance include the quantity and quality of output, punctuality, attendance, and teamwork (Mathis & Jackson, 2004). It reflects the collective perception of an organization regarding individual behaviors and contributions to its success.

Organizational performance can be further analyzed through various dimensions, such as commitment to the organization, meeting deadlines, achieving goals, maintaining high-quality work, embracing responsibility, ensuring operational efficiency, fostering a positive work attitude, delivering excellent customer service, minimizing absenteeism, enhancing job satisfaction, boosting productivity, requiring less supervision, promoting growth, retaining top talent, and nurturing harmonious workplace relationships. To perform effectively, organizations must understand the necessary actions for success. Performance expectations are typically outlined in organizational performance plans. Organizations must also adapt to

external factors, including social, cultural, legal, political, economic, technological, and competitive changes, which can shift rapidly. Knowledge of these factors is crucial; otherwise, strategies may fail.

In today's unpredictable environment, the demand for skilled and dedicated personnel is paramount for optimal output. Production, storage, manufacturing, transportation, marketing, purchasing, distribution, finance, accounting, human resources, research, and public relations are just a few of the departments that must closely coordinate to accomplish shared objectives. Production, storage, manufacturing, transportation, marketing, purchasing, distribution, finance, accounting, human resources, research, and public relations are just a few of the departments that must closely coordinate to accomplish shared objectives.

The competitive landscape poses challenges for organizations to start, survive, stabilize, and excel. Those that leverage talented and committed personnel can gain a competitive edge. Ultimately, the contributions of individuals within the organization are vital for business development and excellence (Aguinis, 2009).

The company's overall production, sales, profitability, development, and market position will all be greatly impacted by these elements. Important components that encourage employees to work hard and give their best work include training, skills development, motivation, dedication, employee welfare, management policies, fringe benefits, compensation packages, promotion opportunities, and effective communication. It is essential for management to recognize the significance of organizational performance and to commit to making genuine efforts in this area. By taking timely and strategic actions, management can foster an environment that develops and motivates employees to excel. Ultimately, with a strong focus on enhancing performance, the company can position itself as a market leader and capitalize on available opportunities.

2.2. Theories Underpinning the Study

2.2.1. Resource-Based View (RBV) Theory

An organization's competitive advantage stems from its distinct resources and capabilities, which are valuable, uncommon, unique, and non-replaceable, according to the Resource-Based View (RBV) theory (Barney, 1991). This theory emphasizes the value of talent

management as a strategic asset in the context of Ethiopia's private commercial banks. Banks can improve their performance and flexibility in a competitive financial environment by developing specialized talents, innovative capabilities, and organizational culture through efficient talent management (Pfeffer, 1994). A strong staff that can achieve higher operational efficiency might result from talent management that is in line with organizational objectives. Moreover, RBV highlights the role of human capabilities as a critical resource. In the Ethiopian banking sector, where competition is intensifying, organizations that invest in talent development not only attract skilled professionals but also increase employee retention and engagement (Hoskisson et al., 1999). This approach facilitates the creation of competitive barriers through the continuous improvement of both individual and organizational competencies. Thus, the effective implementation of talent management practices becomes essential in ensuring that banks harness their human capital to realize sustainable performance outcomes.

For the purpose of this study, it is imperative to investigate how private commercial banks in Ethiopia can strategically implement RBV through their talent management practices. This could involve conducting qualitative assessments of existing talent management frameworks and identifying areas for improvement. Additionally, applying benchmarking against best practices from other successful banks can provide insights into effective resource allocation and talent development strategies.

2.2.2. Social Exchange Theory (SET)

According to the Social Exchange Theory (SET), people's relationships are built on the reciprocity and exchanges that occur throughout these interactions (Blau, 1964). According to SET, when it comes to talent management in Ethiopian private commercial banks, workers are more likely to perform at greater levels when they believe their company provides helpful and encouraging work conditions. Employee loyalty and a sense of duty are increased when banks invest in their personnel through professional development, competitive pay, and recognition, which improves organizational performance (Cropanzano & Mitchell, 2005).

Furthermore, SET illuminates the bi-directional nature of employee-employer relationships, emphasizing that trust and commitment are cultivated through positive exchanges. For Ethiopian banks, effective talent management practices, such as regular performance

feedback, career progression opportunities, and employee involvement in decision-making, can reinforce positive work experiences. As employees feel valued and supported, their motivation and productivity are likely to increase, which in turn improves the overall performance of the organization (Adams, 1965).

To implement SET in this study, private commercial banks could conduct surveys to gauge employee perceptions of their organization's supportiveness and develop tailored talent management approaches based on these insights. This strategic focus on relationship building may enhance employee satisfaction and loyalty, ultimately contributing to improved organizational performance.

2.2.3. Human Capital Theory

Human Capital Theory posits that investments in education and training enhance an individual's productivity and thus contribute positively to organizational performance (Becker, 1964). In the burgeoning financial sector of Ethiopia, the significance of investing in human capital cannot be overstressed. Talent management practices, such as training and development programs, provide employees with the necessary skills and knowledge to excel in their roles, leading to improved efficiency and performance metrics for banks (Wright et al., 2001).

Moreover, as financial services become increasingly sophisticated, banks that prioritize human capital development are likely to adapt more effectively to technological changes and shifts in consumer preferences. By fostering a culture of continuous learning and professional growth, Ethiopian private commercial banks not only enhance individual capabilities but also improve their overall service offerings and operational performance, thereby achieving a sustained competitive advantage (Sharma & Raina, 2020).

For the study's implementation, it is essential to analyze the specific training and development initiatives currently in place within these banks and measure their impact on employee skills and productivity. Surveys and performance evaluations can provide quantifiable data about the correlation between human capital investments and organizational effectiveness, enabling targeted improvements in talent management practices.

2.2.4. Motivational Theory

Motivational Theory addresses the intrinsic and extrinsic factors that drive employee behavior and performance within the workplace. The application of this theory is particularly relevant in the context of private commercial banks in Ethiopia, where understanding employee motivation can profoundly influence talent management strategies (Maslow, 1943). By recognizing that different individuals are motivated by varying factors—such as rewards, recognition, autonomy, or career advancement—banks can tailor their talent management practices to meet the diverse needs of their workforce.

Effective motivational techniques have a big impact on how well a company performs. Increased employee morale, happiness, and retention can result from fostering a motivating atmosphere through rewards, recognition initiatives, and advancement opportunities (Herzberg, 1966). Employees are more likely to favorably impact the company when they feel appreciated and encouraged, which eventually improves performance metrics and client service. To implement Motivational Theory in the study, private commercial banks should assess the key motivational drivers within their workforce through qualitative interviews and quantitative surveys. By knowing what drives workers, banks can create and execute talent management strategies that engage workers and help them match their efforts with company objectives, improving performance results.

2.3. Empirical Studies Review

The interrelationship between talent management practices and organizational performance has gained considerable attention in both global and African contexts and in Ethiopia as well, despite scarcity. This section examined some empirical studies that provide valuable insights into this nexus, particularly as it pertains to the private commercial banking sector in Wolkite Town, Gurage Zone. Each study underscores the significance of talent management as a catalyst for enhanced organizational performance, thereby laying the groundwork for the study.

The study by Collings and Mellahi (2009) extensively addressed the theoretical underpinnings of talent management, emphasizing its critical role in enhancing workforce

competency. Their findings illustrate that organizations that engage in proactive talent management strategies witness a marked improvement in performance outcomes. This holds particular relevance for private commercial banks in Wolkite Town, where effective talent management can lead to enhanced financial performance and customer satisfaction.

Another pivotal study by Tarique and Schuler (2010) explored the comparative implications of effective talent management in different geographic contexts. The authors argue that culturally contextualized talent strategies can yield significant benefits. Given the unique socio-economic dynamics of Wolkite Town, harnessing talent management practices that resonate with local culture can help banks achieve competitive advantage and improved service delivery.

Additionally, a study by Bhattacharya et al. (2013) highlighted the correlation between employee engagement facilitated by talent management and overall organizational performance. The research indicates that organizations investing in development programs and recognition initiatives see increased employee commitment and productivity. This finding is pertinent for private commercial banks in Wolkite town, where employee engagement can directly affect customer interactions and retention.

Another relevant empirical investigation by Wang and Wang (2017) emphasized the necessity of integrating talent management with organizational strategy. Their results suggest that organizations that align talent management practices with strategic goals outperform their competitors. For private banks in Wolkite town, aligning talent management strategies with corporate objectives could facilitate enhanced operational efficiency and customer-centric services.

The study by Jansen et al. (2018) examined the impact of technology on talent management practices. The research suggests that leveraging technology can streamline talent management processes, thereby enhancing performance metrics. In the context of Wolkite town, employing advanced technological tools in talent management could significantly improve the recruitment, training, and retention of skilled personnel critical to banking operations.

Wuim-Pam (2014) conducted research at Plateau State University, demonstrating that effective talent management significantly impacts employees' core competencies. The study revealed that employee skills, knowledge, and abilities directly affect their job performance. The author concluded that aligning core competencies with TM strategies benefits organizations by facilitating the retention and development of their most valuable employees. He recommended creating tailored competency models to address skill gaps within organizations.

Caroline Matata (2017) explored the influence of TM practices on employee morale at Kenya Commercial Bank. The findings indicated that talent development initiatives positively impacted employee morale, suggesting that TM is a crucial HR strategy for addressing performance-related issues. The research concluded that as organizations enhance their TM practices, employees perceive a greater investment in their development, fostering a stronger psychological bond with the organization.

According to Gallardo-Gallardo et al. (2015), workers who felt appreciated for their abilities were more dedicated to enhancing their work and matching their skills with company objectives. High-achieving staff members were not only inspired by this acknowledgment, but it also affected their desire to stay with the company, especially after their professional goals were fulfilled. Oladapo (2014) investigated the impact of TM on employee retention at Strayer University, revealing that organizations with TM programs recognized their strategic value despite implementation challenges. The study highlighted that opportunities for advancement were critical for retention, while organizations lacking TM initiatives often cited insufficient executive support.

Furthermore, Esmaeili et al., (2016) identified key components of TM that effectively reduce turnover intentions, emphasizing the importance of talent development and attraction. Du Plessis et al. (2015) found a significant negative relationship between employees' perceptions of TM practices and their intention to leave, indicating that robust TM strategies can enhance retention. In a number of firms, succession planning techniques have been shown to improve worker performance. This link has been the subject of numerous investigations. Tunje (2014) investigated the connection between employee performance and succession planning procedures in major Kenyan media companies. The results showed that employee

performance and succession planning procedures were positively correlated. It was discovered that succession planning techniques improved worker motivation, performance, and satisfaction while lowering turnover intentions retention.

Eshiteti (2013) investigated how succession planning initiatives affected employee performance and retention in Kenyan sugar enterprises. The researchers came to the conclusion that employee performance and staff retention are significantly impacted by succession planning initiatives. This is due to the fact that succession planning improves employees' job satisfaction and growth prospects, which in turn leads to better performance. It was discovered that certain initiatives, including as coaching, learning, job rotation, and mentoring, worked well. The impact of talent management strategies on organizational performance in Kenya's South Rift Region was investigated by Jepchumba (2021). Realistic goals, chances for further education, and support for fostering creativity are what motivate employees, according to the study. These initiatives aim to raise performance standards and increase retention, which enables businesses to hold onto highly effective staff members.

Employee performance is positively impacted by talent audits in a statistically meaningful way. According to Byars and Rue (2008) and Pineda, Quesada, and Ciraso (2014), auditing is a procedure that measures abilities, ideas, regulations, or attitudes in order to improve employee performance. Since it allows people to both learn and unlearn abilities—that is, to gain preexisting talents and modify incorrect ones—it is a crucial tactic for developing skills in people (Byars & Rue, 2008).

Training programs should integrate learning concepts developed over time to support effective learning, long-term retention, and transfer of the skills or factual knowledge taught in training to the work setting. In addition to formal classroom instruction, talent training calls for additional strategies including mentoring and self-directed learning (Pineda, Quesada & Ciraso, 2014). A business incurs significant costs related to employee turnover when it is unable to maintain its workforce. These costs include increased strain on the current personnel as well as expenses for hiring and training new employees. Adopting Human Resource Management (HRM) techniques that maximize staff utilization and retain talent is crucial for businesses. According to Mokaya (2014), employee turnover affects people, businesses, and society as a whole.

According to Ngo, Lau, and Foley (2008), an organization benefits whenever it can retain its employees for extended periods of time because the employees are more focused, think about the long-term goals they could achieve, and are therefore able to perform better in their roles and assigned tasks. From an organizational perspective, employee turnover may result in disruption of service to clients, additional time and money spent on hiring and training replacements, and additional stress of having more work to do in the interim. Organizations are adopting a comprehensive approach to people management as they continue to strive for high performance and better outcomes through this strategy. According to studies, employee retention strategies that meet the needs of all workers and improve a company's capacity to adjust to organizational changes are important. Contemporary retention strategies focus on motivating employees holistically rather than just offering a traditional salary and benefits package (Agrela, 2008).

2.4. Research Gaps

In examining the effect of talent management practices on organizational performance within the context of private commercial banks in Ethiopia, prior studies reveal several critical limitations that necessitate further investigation. Despite the burgeoning interest in talent management, existing research predominantly focuses on broader organizational contexts and often overlooks the unique cultural and operational dynamics prevalent in Ethiopian banking. Notably, many studies employed methodological frameworks that lack robust empirical validation, relying heavily on qualitative approaches that offer limited generalizability (Tsegaye & Abebe, 2021).

Furthermore, there is a conspicuous absence of comprehensive quantitative analyses which could effectively elucidate the causal relationships between talent management practices and performance metrics specific to this sector. Practical gaps also persist, as previous research fails to adequately address how local regulatory environments and economic conditions shape talent management strategies (Befekadu & Agyemang, 2022). Consequently, This study aimed to close these important gaps and provide a thorough understanding of how organizational performance in the private commercial banking sector of Wolkite Town, Gurage Zone, Ethiopia, is influenced by talent management practices such as talent planning, engagement, audit, retention, and development.

2.5. Conceptual Framework of the Study

Talent management has become a critical factor in determining the performance of organizations in the modern corporate environment, especially in the banking industry. The purpose of this section was to present the conceptual framework for examining how the performance of private commercial banks in Wolkite Town, Gurage Zone, is affected by particular talent management practices, specifically talent planning, engagement, audit, retention, and development. This approach, which is backed by recent research, has integrated studies from Ethiopian and international contexts. The proposed conceptual framework posits a direct relationship between effective talent management practices and enhanced organizational performance. Each practice is addressed as follows:

Talent Planning: Effective talent planning is fundamental for aligning workforce capabilities with organizational objectives. It encompasses forecasting future talent needs and identifying critical job functions. A study by Collings and Mellahi (2009) indicates that comprehensive talent planning has a positive correlation with organizational agility and responsiveness, which are vital for banks operating in competitive environments like Wolkite.

Talent Engagement: Fostering a culture of engagement heightens employee motivation and productivity. Research by Saks (2006) highlights that engaged employees contribute significantly to improved service delivery and client satisfaction, particularly in the banking sector, where personal interaction plays a crucial role. The engagement of talent also aligns with the local banking culture where personal relationships are paramount.

Talent Audit: Conducting periodic talent audits helps organizations assess the skills and competencies of their workforce, enabling informed decision-making regarding training and promotions. According to Dhanpat et al. (2020), a strategic talent audit can pinpoint skill gaps and facilitate workforce optimization, directly influencing organizational efficiency and competitiveness.

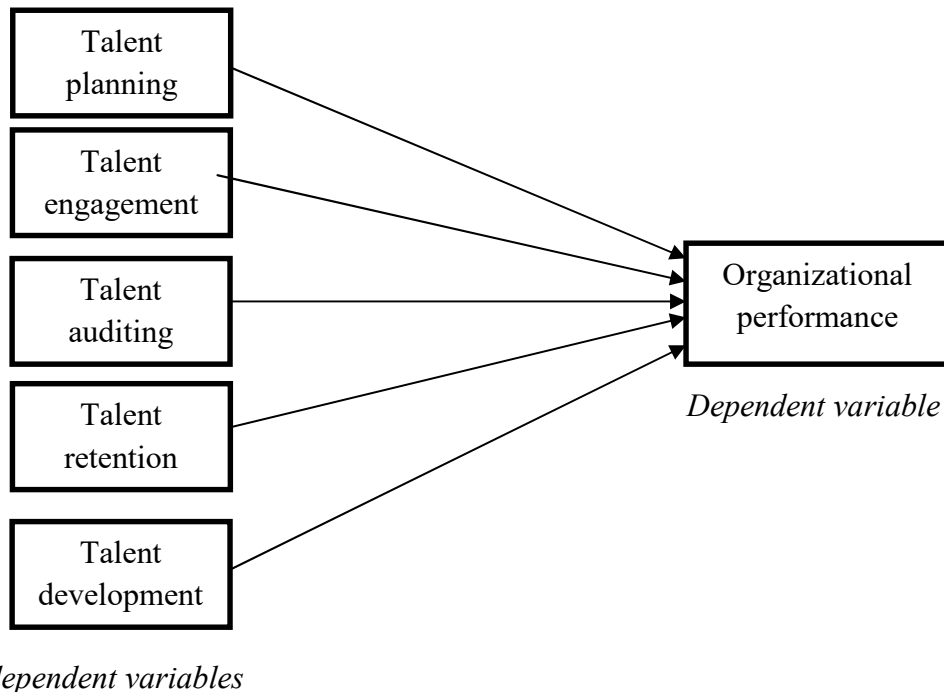
Talent Retention: Retaining skilled employees is particularly challenging in sectors experiencing rapid growth, like banking in Ethiopia. A study by Githinji (2020) reveals that effective retention strategies—such as career development opportunities and competitive

compensation—significantly reduce turnover rates, thereby stabilizing performance levels in commercial banks.

Talent Development: Continuous investment in employee development through training and mentoring programs is essential for fostering innovation and adaptability. According to Noe (2017), organizations that prioritize talent development not only enhance individual performance but also achieve superior business outcomes, aligning well with the goals of private banks in Wolkite.

This conceptual framework serves as a foundational structure for exploring the intricate relationships between talent management practices and organizational performance in private commercial banks in Wolkite Town, Gurage Zone. By analyzing these relationships in both Ethiopian and foreign contexts, the study aimed to provide valuable insights that not only enhance academic understanding but also yield practical implications for bank management in the region.

Figure 1: Conceptual framework of the study



Source: owned designed based on the review literatures (2025)

2.6. Hypothesis Development

In the context of private commercial banks in Wolkite Town, Ethiopia, investigating the impact of talent management practices on organizational performance necessitates a robust framework anchored in hypothesis development. The study first established testable propositions regarding the relationship between specific talent management functions – namely, talent planning, talent engagement, talent audit, talent retention, and talent development – and various indicators of organizational performance. Recent research highlighted the critical role of strategic talent management in achieving sustainable competitive advantage within the financial sector (Collings et al., 2021). Therefore, the hypotheses stated and tested reflected the anticipated positive correlation between effectively implemented talent management practices and improved organizational outcomes, such as profitability, employee productivity, and customer satisfaction, aligning with the resource-based view of the firm which posits that superior human capital could drive organizational success (Boxall & Purcell, 2011). These hypotheses were rigorously tested through empirical analysis to determine the true extent of talent management's influence within the Ethiopian private banking context.

2.6.1. On the Effect of Talent Planning practices on Organizational Performance

Talent planning, a strategic approach to identifying, developing, and retaining valuable employees, is posited to significantly impact organizational performance, particularly within the competitive landscape of private commercial banks. This hypothesis suggested that well-implemented talent planning practices, tailored to the specific context of town/city level operations in Ethiopia, correlated positively with enhanced profitability, improved customer satisfaction, and increased employee engagement. The relative infancy of formalized talent management in the Ethiopian banking sector necessitated a focused examination of its potential effects on key performance indicators (KPIs).

A positive correlation between robust talent planning and organizational performance likely stems from improved decision-making and efficient resource allocation. By identifying high-potential employees early, banks can strategically invest in their development through targeted training programs and mentorship initiatives. This, in turn, leads to a more skilled

and adaptable workforce capable of navigating the unique challenges and opportunities presented at the town/city level, potentially leading to higher loan application approval rates and better risk management practices (Demirbag et al., 2006). Conversely, the absence of structured talent planning may result in suboptimal talent deployment, skill gaps, and increased reliance on external recruitment, hindering efficiency and responsiveness to local market demands.

Moreover, effective talent planning fosters a culture of continuous learning and development, boosting employee morale and retention. In a context like Ethiopia, where skilled banking professionals can be a scarce resource, retaining valuable employees is crucial for maintaining institutional knowledge and service quality. Planned career pathways and development opportunities demonstrate an investment in employees' futures, incentivizing them to remain with the bank and contribute to its long-term success (Collings & Mellahi, 2009). Higher employee retention rates also translate to lower recruitment and training costs, further bolstering the bank's financial performance.

Furthermore, successful talent planning can lead to enhanced customer service. By identifying and nurturing employees with strong interpersonal skills and a customer-centric mindset, banks can create a more positive and engaging customer experience. This is particularly important at the town/city level, where personal relationships and community ties often play a significant role in building customer loyalty. Well-trained and motivated employees, equipped with the knowledge and skills to address customer needs effectively, will likely contribute to increased customer satisfaction and retention, ultimately driving revenue growth (Becker et al., 2001).

In conclusion, the hypothesis proposed that talent planning practices in private commercial banks at the town/city level in Ethiopia exert a significant positive influence on organizational performance. By optimizing human capital through strategic development, retention, and deployment, these banks could improve profitability, enhance customer satisfaction, and cultivate a more engaged and productive workforce. Empirical research is needed to validate this hypothesis and identify specific talent planning strategies that were most effective within the Ethiopian banking context, considering its unique socio-economic

and regulatory environment. Hence, based on the above scenario the following hypothesis was set and tested at 0.05, level of significance.

H_{a1}: Talent planning practices have a statistically significant and positive effect on organizational performance of the private commercial banks in Wolkite town.

2.6.2. On the Effect of Talent Engagement practices on Organizational Performance

Private commercial banks in Ethiopia operate within a rapidly evolving economic landscape, demanding a highly engaged and productive workforce. This section proposed that effective talent engagement practices positively influence organizational performance within these banks at the town/city level. It was hypothesized that specific engagement strategies, focusing on employee growth, recognition, and empowerment, contribute significantly to improved financial metrics, customer satisfaction, and employee retention. This relationship is particularly relevant in the Ethiopian context, where skilled labor is a valuable, yet potentially scarce, resource.

The primary hypothesis was: Enhanced talent engagement practices within private commercial banks at the town/city level in Ethiopia will lead to improved organizational performance, measured by increased profitability, higher customer satisfaction scores, and reduced employee turnover rates. This hypothesis was grounded in the understanding that engaged employees are more likely to be productive, innovative, and committed to the organization's goals (e.g., Saks, 2006). Furthermore, engaged employees are more likely to provide superior customer service, a crucial differentiator in the competitive banking sector (Harter, Schmidt, & Hayes, 2002).

Specifically, the researcher proposed that initiatives promoting professional development and skill enhancement positively impact employee engagement and subsequently, organizational performance. Providing opportunities for training, mentorship programs, and career advancement fosters a sense of value and commitment, leading to increased efficiency and improved service quality. This was especially important in Ethiopia, where access to advance training may be limited, making bank-sponsored development programs highly attractive and beneficial for employee engagement (Taye, 2017).

Furthermore, it was hypothesized that implementing robust recognition and reward systems that acknowledge and appreciate employee contributions will positively correlate with increased engagement and performance. Public acknowledgement of achievements, performance-based bonuses, and opportunities for promotion can motivate employees to excel and contribute their best work. In the Ethiopian context, where cultural values often emphasize collectivism and community recognition, such practices could be particularly impactful (Hofstede Insights, n.d.).

Finally, it was proposed that empowering employees by granting them autonomy and involving them in decision-making processes enhanced their engagement and drive positive organizational outcomes. When employees feel valued and their opinions are considered, they are more likely to be invested in the success of the bank and proactively contribute to problem-solving and innovation. This empowerment, combined with adequate resources and support, could be a powerful catalyst for improved efficiency and customer satisfaction, ultimately contributing to the overall performance of private commercial banks in Ethiopian towns and cities. Hence, based on the above scenario the following hypothesis was set and tested at 0.05, level of significance.

2.6.3. On the Effect of Talent Auditing practices on Organizational Performance

Talent auditing, a systematic process of evaluating and analyzing the skills, competencies, and potential of employees, is increasingly recognized as a critical component of effective human resource management. In the context of Ethiopian private commercial banks operating at the town/city level, where competition for skilled employees is intensifying (World Bank, 2023), it was hypothesized that consistent and effective talent auditing practices was positively correlated with improved organizational performance. This stems from the premise that banks with a clearer understanding of their talent pool are better positioned to optimize resource allocation, identify skill gaps, and implement targeted development programs.

Specifically, a well-executed talent audit allowed banks to accurately assess the existing competencies of their employees, identifying individuals with high potential and specific areas requiring improvement (Collings et al., 2015). This granular understanding, unavailable

without formal auditing, allowed for the strategic deployment of personnel, matching employee skills with organizational needs and maximizing productivity. Therefore, it was hypothesized that banks engaging in thorough talent audits demonstrated higher levels of employee productivity, resulting in improved operational efficiency and ultimately contributing to enhanced profitability.

Furthermore, effective talent auditing could significantly improve employee retention rates. By identifying employee aspirations and development needs, banks can create personalized training programs and career advancement opportunities. This, in turn, fosters a sense of value and belonging, making employees less likely to seek employment elsewhere. We hypothesize that banks with robust talent auditing processes experienced lower employee turnover rates, reducing recruitment and training costs and maintaining institutional knowledge, thereby contributing to a more stable and efficient workforce.

Moreover, talent auditing serves as a catalyst for innovation and adaptability within the organization. By identifying individuals with diverse skills and perspectives, banks can foster a culture of creativity and problem-solving. The researcher posited that banks that actively leverage the insights gained from talent audits to form diverse teams and encourage knowledge sharing will exhibit a greater capacity for innovation, allowing them to adapt more effectively to the rapidly evolving Ethiopian financial landscape.

In conclusion, the hypothesis was that the implementation of comprehensive talent auditing practices within private commercial banks operating at the town/city level in Ethiopia will positively impact organizational performance. This impact was manifested through enhanced employee productivity, reduced employee turnover, and increased organizational innovation. Hence, based on the above scenario the following hypothesis was set and tested at 0.05, level of significance.

H_{a3}: Talent auditing practices have a statistically significant and positive effect on organizational performance of the private commercial banks in Wolkite town.

2.6.4. On the Effect of Talent Retention practices on Organizational Performance

The Ethiopian private commercial banking sector, particularly at the town/city level, operates in a dynamic and competitive environment where skilled human capital is paramount for sustained organizational performance. Consequently, talent retention practices become critical determinants of a bank's ability to deliver consistent financial results, innovate, and maintain a competitive advantage. The researcher hypothesized that effective talent retention practices are positively correlated with improved organizational performance in these banks. Specifically, banks that implement strategic programs focused on employee development, competitive compensation, and fostering a positive work environment will likely experience higher levels of productivity, customer satisfaction, and profitability.

Several factors support this hypothesis within the Ethiopian context. First, the relatively limited pool of experienced banking professionals makes attrition costly, requiring significant investments in recruitment and training. Secondly, the rapid expansion of the banking sector coupled with increasing competition creates greater mobility options for employees, emphasizing the need for proactive retention strategies. A study by Assefa and Hailu (2021), focusing on the impact of HRM practices on employee retention in Ethiopian organizations, highlighted the significant role of career development and perceived fairness in retaining employees (Assefa & Hailu, 2021). These findings suggest that banks neglecting these aspects risk losing valuable talent to competitors.

Furthermore, effective talent retention practices are likely to positively impact key performance indicators (KPIs). For example, reduced employee turnover translates to lower recruitment and training costs, improved operational efficiency, and enhanced institutional knowledge. Employees who feel valued and supported are more likely to be engaged and productive, leading to improved customer service and ultimately, increased profitability. A 2020 report by the National Bank of Ethiopia (NBE) emphasized the importance of skilled manpower for the stability and growth of the banking sector, implicitly suggesting that retention is crucial (National Bank of Ethiopia, 2020).

However, the effectiveness of talent retention practices is likely contingent on their alignment with the specific needs and expectations of employees in the Ethiopian context.

For instance, compensation packages must be competitive not only in terms of salary but also benefits such as housing allowances and healthcare provisions, which are particularly valued in Ethiopia. Similarly, opportunities for professional development and career advancement are critical for retaining ambitious employees. Furthermore, cultural sensitivity and the creation of an inclusive work environment are essential for attracting and retaining a diverse workforce.

In conclusion, it was hypothesized that a positive relationship exists between effective talent retention practices and organizational performance in Ethiopian private commercial banks at the town/city level. That relationship was driven by factors such as the limited talent pool, increasing competition, and the need for continuous improvement in operational efficiency and customer service. Hence, based on the above scenario the following hypothesis was set and tested at 0.05, level of significance.

H_{a4}: Talent retention practices have a statistically significant and positive effect on organizational performance of the private commercial banks in Wolkite town.

2.6.5. On the Effect of Talent Development practices on Organizational Performance

Talent development practices are increasingly recognized as crucial drivers of organizational performance, particularly in competitive environments like the private commercial banking sector in Ethiopia. This section hypothesized that the implementation of effective talent development practices within private commercial banks at the town/city level in Ethiopia positively impacts organizational performance. This hypothesis rests on the premise that skilled and engaged employees, fostered through talent development initiatives, contribute directly to improved service quality, enhanced customer satisfaction, and ultimately, increased profitability.

The proposed positive relationship between talent development and organizational performance is predicated on the notion that these practices enhance employee capabilities. Formal training programs, mentorship opportunities, and continuous learning initiatives equip employees with the necessary skills and knowledge to navigate the rapidly evolving

banking landscape. According to a study by Dessler (2020), continuous learning is essential for employees to stay competitive and adapt to changing customer needs and technological advancements. We therefore hypothesize that banks investing in such initiatives will see a corresponding increase in employee productivity and efficiency, directly impacting key performance indicators such as loan processing times and customer acquisition rates.

Furthermore, effective talent development could foster a culture of engagement and motivation among employees. When employees perceive that their organization is invested in their growth and development, they are more likely to be committed and productive. Recent research from the Ethiopian context by Belayneh and Woldie (2022) suggested that employee engagement positively correlates with improved financial performance in the banking sector. Thus, we posit that talent development practices, such as performance-based rewards and career development opportunities, will lead to higher employee retention rates and reduced absenteeism, resulting in cost savings and improved operational efficiency.

The impact of talent development extends beyond internal operations to directly influence customer satisfaction. Highly skilled and motivated employees are better equipped to provide superior customer service and build strong customer relationships. Improved customer service, in turn, translates into increased customer loyalty and positive word-of-mouth referrals. A study by Kotler and Armstrong (2018) emphasizes the importance of customer satisfaction in driving profitability and long-term organizational success. We therefore hypothesize that banks with strong talent development programs will experience higher levels of customer satisfaction, leading to increased market share and revenue generation.

In conclusion, it was posited that effective talent development practices positively impact organizational performance in private commercial banks at the town/city level in Ethiopia. That hypothesis was grounded in the understanding that these practices enhance employee capabilities, foster engagement, and improve customer satisfaction. Hence, based on the above scenario the following hypothesis was set and tested at 0.05, level of significance.

H_{a5}: Talent development practices have a statistically significant and positive effect on organizational performance of the private commercial banks in Wolkite town.

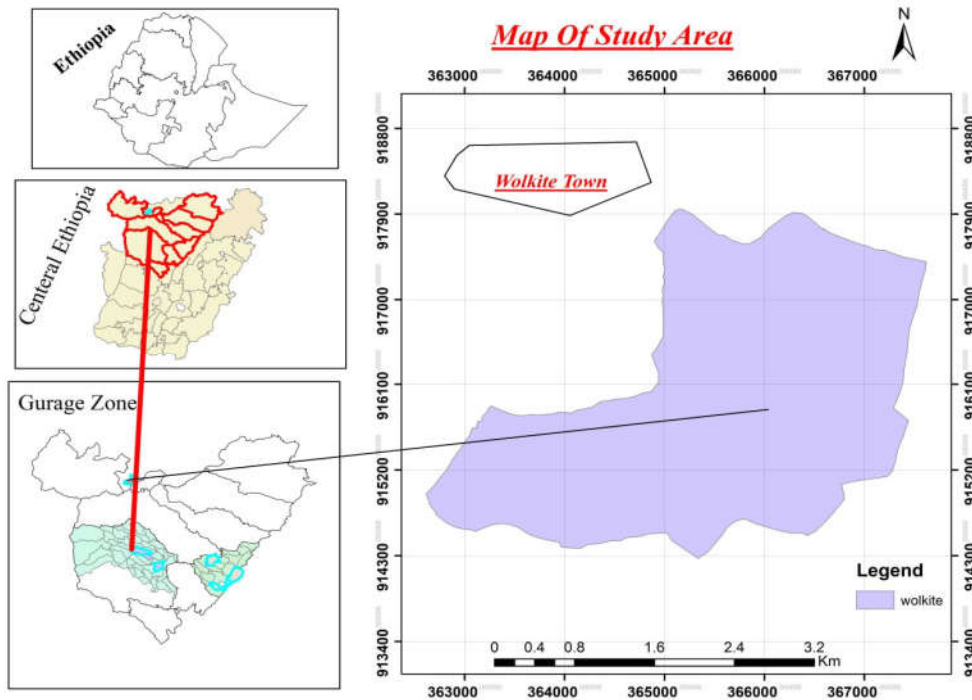
CHAPTER THREE

RESEACH METHODOLOGY

3.1. Description of the Study Area

This research has taken place in Wolkite Town, located in the Gurage region of Ethiopia, approximately 158 kilometers from the capital city, Addis Ababa. The study has focused on the commercial banks situated in this town, which served as the primary research setting. Wolkite is chosen due to its diverse population, which actively engages in significant service and trade activities, contributing to a substantial portion of the zone transaction revenue through the services provided by these banks. The study examined several private commercial banks that have emerged in this area, considering them as key subjects for the analysis. The administrative map of Wolkite town is presented in Figure 2 updated data from GIS.

Figure 2: Administrative map of Wolkite town



Source: internet map done via GIS

3.2. Research Approach

A mixed research approach was employed to answer the research questions of how talent management strategies affect the organizational performance of private commercial banks in Wolkite Town, Ethiopia. In order to provide thorough insights into the complexities of people management within the unique context of Ethiopian private commercial banking, this strategy blends quantitative and qualitative methodologies. The impact of talent management practices, such as talent planning, engagement, audit, retention, and development, on organizational performance, including productivity, customer satisfaction, and financial outcomes, was demonstrated by statistical analyses made possible by quantitative data obtained through structured employee surveys (Khan, Ali Shah, & Wasti, 2020).

Complementing quantitative findings, qualitative methods, that included in-depth interviews, allowed for a richer exploration of the lived experiences and perceptions of employees regarding talent management practices. By incorporating this qualitative data source, the researcher uncovered underlying motivations, cultural factors, and contextual challenges that quantitative metrics may overlook (Brewster, Chung, & Sparrow, 2016). Such detailed accounts can illuminate the nuances of how talent management practices are perceived and implemented within the unique cultural and operational landscape of private commercial banks in Wolkite town.

In the end, combining these approaches promotes a more thorough comprehension of the connection between organizational performance and talent management. In addition to facilitating a comprehensive analysis, this mixed research approach improves the validity and dependability of the results (Creswell & Plano Clark, 2018). The research sought to improve the overall efficacy and competitiveness of the Ethiopian private commercial banking industry in a quickly changing economic landscape by drawing deeper insights from the triangulation of data sources.

3.3. Research Design

Descriptive survey and explanatory research approach were used in this study. The study employed a remarkable and thorough investigation into the impact of talent management

techniques on the performance of organizations. A scientific technique known as descriptive study design entails watching and characterizing a subject's behavior without exerting any kind of influence over it. As stated by Shuttleworth (2008). It responds to the queries of who, what, where, when, and how by describing information and features about the population or phenomenon under study. Finding variables and hypothetical constructs is made easier by descriptive design study, which has the benefit of gathering a lot of information through description. The study utilized the descriptive design since it would be compatible with more formalized studies structure clearly with the state investigative questions and hypothesis (Blumberg et al., 2014).

The study sought to produce findings that facilitate a knowledge of the numerous aspects that affect organizational performance, which was guided by the descriptive research design technique used. Organizational performance is the dependent variable, and the independent variables are talent management practices (talent engagement, planning, auditing, and retention). Descriptive studies, however, are not useful in determining the causes of the phenomena they describe; therefore, this study will employ an additional research technique known as explanatory research to fill in these gaps. It is useful for determining the type and degree of cause-and-effect connections. An explanatory research that explains which causes result in which effects can be conducted when cause-effect relationships are the main emphasis. In casual analysis, we are interested in the relationship between one variable (talent management practices) and another (organizational performance), as well as the factors that influence or cause changes in the latter.

3.4. Target Population

A subset of the target population may be the segment of the population that the researcher can reasonably contact. In this instance, the target population consists of Wolkite town's private bank employees. In Wolkite town, there are 21 private commercial banks operating, employing an estimated 234. A sample consisting of every employee, including the manager, was chosen using census sampling procedures. Because they did not provide professional services and were not regarded as a team in this study, hygiene workers, guards, and temporary staff were excluded.

3.5. Sample Size and Sampling Techniques

In this study census sampling technique employed. The reason behind was that the census sample method facilitates deeper insights into smaller subgroups within the population. By analyzing data from every individual, researchers can identify trends and disparities that might otherwise go unnoticed (Cochran, 2020). The other reason was that the census sample method is the elimination of sampling error. When researchers capture data from the entire population, they mitigate the risk of drawing misleading conclusions that could arise from a non-representative sample. According to Cochran (2020), "A complete census provides a definitive description of the population being studied and enhances the validity of research findings."

However, as Woolf and Aron (2016) pointed out that while the census sample method yields rich data, researchers must weigh some challenges, including time, manpower, and funding against potential benefits, making careful planning is essential. The researcher conducted the study considering these challenges. Accordingly, all employees who are currently working in private banks in Wolkite town including Gubrie sub city were participate in the study and the overall clerical employees are listed below in Table 1.

Table 1: All clerical employees of private commercial banks in Wolkite town

No	Branch Name and Site	Male	Female	Total
1.	Nib Wolkite	8	4	12
2.	Nib Yejoka	5	4	9
3.	Buna	4	1	5
4.	Wegagen	4	3	7
5.	Awash Wolkite	5	4	9
6.	Awash Aberus	5	1	6
7.	United(Hibret)	5	1	6
8.	Oromiya Int. Bank	5	3	8
9.	Oromiya Cooper Bank	5	3	8
10.	Ahadu Wolkite	5	2	7
11.	Ahadu Bekur	4	1	5
12.	Addis Bank	5	1	6
13.	Tsehay Bank	3	3	6
14.	Enat Bank	3	4	7
15.	Absiniya Wolkite	9	3	12
16.	Absiniya Yejoka	7	2	9
17.	Birhan	6	0	6
18.	Dashen	16	7	23
19.	Amhara	4	2	6
20.	Zemzem	10	4	14
21.	Hijira	6	2	8
22.	NIB Gubrie	12	5	17
23.	Abyssinia Gubrie	6	2	8
24.	Dashen Gubrie	10	0	10
25.	Abay Wolkite	5	2	7
26.	Awash Gubrie	5	1	6
27.	Global Ethiopia	5	2	7
Total		167	67	234

Source: Human Resource management of each banks, 2024

3.6. Methods of Data Collection and Instruments

3.6.1. Data Types and Sources

Both primary and secondary sources of data were employed in the study to obtain sufficient and pertinent information on the subject. All employees, including managers, of private banks in Wolkite Town provided the original data. Information about private banks' talent management strategies, their impact on organizational performance, and associated difficulties encountered during talent management were covered.

Using the interview guide, in-person, face-to-face interviews were utilized to gather primary data; probing allowed for more clarification on unresolved concerns.

Information gathered and previously published by other researchers is referred to as secondary data sources. In the form of books, journals, study papers, reports, and other materials, it has already been available on the shelf and online to provide pertinent information on the conceptual clarification. Therefore, using a documentary analysis technique, the researcher collected secondary data via desk studies of previous or current talent management research papers as well as other pertinent sources.

3.6.2. Data Collection Instruments

3.6.2.1. Questionnaire

In this study, questionnaires were used to collect primary data. The surveys contained both closed-ended and open-ended questions in order to collect a wide variety of answers. To make the surveys easy to comprehend and increase respondents' perceived authority on the topic, they were written in an uncomplicated and obvious manner. There is more control over the study process when questionnaires are used. Respondents received them, and the next day they will be picked up. Before importing the data into SPSS for analysis, we will confirm that it is complete during collection. Respondents received concise explanations of how the research will help them in order to promote participation.

These strategies are designed to maximize the response rate and ensure the reliability of the data to be collected. In this study, closed-ended questionnaires based on one created by the Human Capital Institute (HCI) and modified by Du Plessis (2010) was used. To more accurately evaluate how talent management strategies affect organizational performance, changes implemented. A five-point Likert scale, with 1 denoting "strongly disagree" and 5 denoting "strongly agree," were used in the questionnaire. Furthermore, respondents were asked to assess the present talent management procedures used by private banks in their business development as part of objective multiple-choice questions that are designed around these practices.

The Cronbach's Alpha coefficient score was used in a reliability examination to guarantee the study instrument's dependability. The validity of the questionnaire and how well it measures the desired components were ascertained with the use of this study.

3.6.2.2. Interview

In understanding talent management practices and its effect on organizational performance, it is essential to engage branch managers from private commercial banks in Wolkite Town, Ethiopia. These managers served as pivotal figures within their institutions, offering insights into the operationalization of talent management practices and their consequent effects on performance outcomes. As noted by Ramlall (2004), effective talent management is integral in enhancing organizational effectiveness, and branch managers' experiences are invaluable in assessing how these practices are being implemented in a local context.

The interview concentrated on a number of important topics in order to obtain a thorough understanding: the particular talent management techniques utilized, the perceived effect of these techniques on worker performance, and the overall impact on organizational success. Better employee engagement and productivity are strongly correlated with well-structured personnel management practices, claim Ng and Burke (2010). The study sought to characterize the processes by which talent management results in observable performance outcomes by investigating the branch managers' perspectives on talent management practices like talent planning, engagement, audit, retention, and development.

Therefore, this qualitative data was not only enriched the study but also facilitated recommendations aimed at enhancing talent management strategies, ultimately contributing to improved organizational performance in the study area.

3.7. Validity and Reliability

3.7.1. Validity

Validity in research is a critical component that determines the trustworthiness and applicability of the findings. The study's validity was assessed through its methodical approach to data collection, the relevance of its literature review, and the applicability of its findings to the larger context of talent management in the banking sector.

First, the research employed a quantitative methodology utilizing surveys to gather data from employees of private commercial banks in Wolkite Town. The choice of a quantitative approach, as supported by Creswell (2014), aids in establishing a clear link between talent

management practices and organizational outcomes through statistical analysis. Moreover, the sampling method's robustness, including sufficient sample size and appropriate selection criteria, contributed to the external validity of the findings. The transparency of the research process further enhanced its credibility, as the replication of studies in similar contexts could solidify the results (Bryman, 2016).

Additionally, the literature review in the study drawn on contemporary findings regarding talent management's role in enhancing organizational performance, reflecting current trends in human resource management. The citations of recent studies, such as those conducted by Al Ariss and Sidani (2016), emphasized the importance of strategic talent management in fostering workplace engagement and performance outcomes. This comprehensive background not only situated the study within the broader discourse of talent management but also conferred internal validity by ensuring that the constructs being measured are relevant and well-defined.

In general, the research demonstrated substantial validity through its methodological rigor and situational context, contributing valuable insights into the management practices of private commercial banks in Wolkite town, Ethiopia.

3.7.2. Reliability

In the research presented, reliability was attained through the selection and consistent application of an appropriate methodological framework, thereby ensuring that the study's aims and objectives were fulfilled. To enhance reliability, a comprehensive overview of the research context was provided to all participants, ensuring uniform comprehension of the questions posed. Reliability is described as the extent, to which the study's processes, including data collection methods, can be replicated to yield identical outcomes (Creswell & Creswell, 2018).

A reliability analysis was conducted using the Cronbach's Alpha coefficient to measure the overall reliability of the constructs the questionnaire evaluates as well as the consistency of the items within it. This statistic, which goes from 0 to 1, works similarly to a correlation coefficient. An acceptable reliability coefficient (alpha) is 0.7 or above, indicating that the questionnaire successfully meets the study's goals. Accordingly, the Cronbach's Alpha

coefficient for this study needs to be at least 0.700, which is deemed adequate by reliability criteria. This implies that a robust set of items, as indicated by the covariance relationships among the items and the total number included in the analysis, has been developed to accurately assess the variable of interest in the study (Tavakol & Dennick, 2011).

Therefore, if consistent results have been acquired under diverse but identical settings, the research's findings are deemed reputable. In order to verify the internal consistency of the items in the questionnaire and those shown in Table 2, the researcher employed this test.

Table 2: Reliability test results

No	Variable	Description	Cronbach Alpha	Number of items
1	Independent	Talent planning	0.802	6
		Talent engagement	0.810	6
		Talent audit	0.793	6
		Talent retention	0.784	6
		Talent development	0.794	6
2	Dependent	Organizational performance	0.814	9
Overall Reliability			0.816	39

Source: Own construct from SPSS output, 2025

Thus, 30 employees chosen from the six branches (5 from each branch) outside of Wolkite town who were not part of the actual study were used in a pilot test to assess the reliability of the questionnaire's components. SPSS version 26 was used to conduct the analysis. Following the required advisor comments, the items were utilized to perform the actual study. The reliability test results are shown in Table 2, and the Cronbach alpha of the study variables is in the acceptable zone, more or equal to 0.700.

3.9. Method of Data Analysis

Following data collection, the completed surveys were reviewed, which involved data entry, editing, coding, and cleaning. The data analysis strategy used in this investigation was quantitative. The questionnaire was coded in accordance with each study variable to guarantee accuracy and reduce the margin of error during analysis. The process of coding involves giving questionnaire answers character or numeric codes in order to get the data ready for computer processing. After that, the coded data was put into a spreadsheet or database program. Finding and eliminating (or fixing) mistakes and inconsistencies in the

data set brought on by data corruption or incorrect entry is known as data cleaning. This procedure consists of: Descriptive statistics were used in the quantitative analysis. The IBM Statistical Package for Social Sciences (SPSS) Version 26 software was used to analyze the data, and tables and pie charts were used to clearly illustrate the research findings. Using data taken from the population, inferential statistics were utilized to derive conclusions about populations. The impact of talent management strategies on organizational performance was ascertained by correlation analysis and inferential statistics.

3.9.1. Quantitative Data Analyses

3.9.1.1. Descriptive statistics

In this part, the mean and standard deviation of the data gathered via questionnaires on work-life balance practices and employees' job performance were examined using Likert scales of 1–5 points. Additionally, frequency counts and percentages were used to assess the respondents' sex, age, marital status, educational attainment, and employment situations.

3.9.1.2. Correlation analysis

The correlation coefficient of the Pearson Product Moment: According to Cohen and Swerdlik (2002), a popular statistical technique for determining an index of the correlations between two variables in both linear and continuous relationships is the Pearson Product Moment Correlation Coefficient. In this study, the following associations between variables were ascertained for the respondents using Pearson's product moment correlation coefficient. The Pearson correlation coefficient derived from the bivariate matrix's output was used to assess if a significant link existed between the dependent and independent variables. The correlation coefficient values were evaluated differently by many writers; nevertheless, the researcher employed Senthilnathan (2019), and the correlation coefficient results were interpreted as follows: classified r values roughly as follows: if r values fall between -0.20 and 0 (exclusive) and between 0 (exclusive) and 0.20 , it was considered to be a very weak and insignificant correlation; if r values fall between -0.35 and -0.20 and between 0.20 and 0.35 , it was considered to be a weak correlation, However, it should be noted that r values between -0.50 and -0.36 and between 0.36 and 0.50 were interpreted as moderate, r values between -0.70 and -0.51 and between 0.51 and 0.70 as strong correlation, and r values

between -1.00 and - 0.71 or between 0.71 and 1.00 as very strong correlation. The Pearson Product Moment Correlation Coefficient was employed in this study to determine whether or not there is a statistically significant association between each of the six work-life balance practices and employees' job performance in the study area.

3.9.1.3. Multiple linear regression analysis

In data analysis, regression techniques are crucial for examining the connection between one or more explanatory variables and a response variable. Different distribution functions have been created for analysis when the result variable is continuous.

A multivariate linear regression model was used since one of the goals was to investigate how talent management strategies affect organizational performance. The statistical instrument that enables us to investigate the effects of several independent variables on a dependent variable is the regression analysis model specification:

$Y = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \beta_4x_4 + \beta_5x_5 + \varepsilon$ is the multiple linear regression model with 5 – independent variables.

Where the parameters β_i , $i = 0, 1, 2, 3, 4, 5$ are called the regression coefficients and represents the expected change in the dependent variable Y (Organizational performance) per unit change in x_i when all of the remaining independent variables x_i were held constant.

Where x_i , $i = 1, 2, 3, 4,$ and 5 are the independent variables (components of Talent management practice): flexible work time arrangements, professional development opportunities, a supportive work environment, job sharing, and personal and family time).

This model is formulated in order to test the hypotheses of the study.

Model Assumptions: To verify that the gathered data was fitted to the multiple linear regression model (MLRM), tests of ordinary least square assumptions (OLS) were conducted. These are the presumptions:

Sample size: The sample must be representative of the population.

Linearity: The mean of the response variable should be a linear combination of the parameters and the predictor variables and linearly related.

Normality: According to this assumption, the error term ought to have a normal distribution.

Equal Variance (Homoscedasticity) Test: Regardless of the values of the predictor variables, the errors of various response variables exhibit the same variance.

Non-Multicollinearity: There shouldn't be a lot of correlation between the explanatory factors.

3.9.2. Qualitative Data Analysis

The information obtained from the chosen CBs managers' interviews was compiled appropriately and qualitatively explained in the data interpretation. Using an inductive technique, the content of the qualitative data that was gathered was examined. By employing this technique, the researcher was able to arrange the data, divide it into digestible chunks, and then add to the results and explanation of the quantitative data analysis.

3.10. Ethical Considerations

Ethical considerations held paramount importance throughout the research activities. Following the guidance of Bryman and Bell (2007), the researcher considered it a duty to evaluate the potential risks faced by participants and implement measures to mitigate them. Participants were assured that all personal information provided would be kept confidential during both the data collection and analysis phases.

The study's significance was highlighted in relation to its role in enhancing the company's claims service qualifications. Participants were informed that their involvement was strictly for academic purposes, with a firm commitment to maintaining confidentiality. This promise aimed to foster an environment conducive to open and truthful responses. Respondents were not required to disclose their names, thereby ensuring their anonymity and safeguarding their identities.

CHAPTER FOUR

RESULTS AND DESCUSSION

As previously disclosed in the methodology section, the results of the statistical analyses conducted on the information collected from respondents are presented in this chapter along with a discussion of the findings in relation to earlier research findings and literature. The demographics of the respondents are discussed first, then descriptive statistics on the elements of organizational performance and talent management practice, as well as the findings of regression analysis and Pearson correlation coefficient analysis on test results for hypotheses. In the process, interview findings were also examined in order to bolster the findings of the quantitative data analysis. There were 234 questionnaires given in all; all of them were completed, and 227 of them were successfully returned, yielding a 97.0% return rate. Regarding the interview, 14 branch managers participated. A total of 241 respondents took part in the study overall.

4.1. Demographic Characteristics of the Respondents

Table 3: Respondents' demographic characteristics

Variables	Category	Frequency	Percent
Sex	Male	163	71.8
	Female	64	28.2
Age	23 – 30 years	129	56.8
	31 – 40 years	90	39.7
	41 – 50 years	8	3.5
	51 – 60 years	-	-
Educational Level	Diploma	7	3.1
	First Degree	185	81.5
	Second Degree	35	15.4
Work experience	Below 5 years	103	45.4
	6 – 10 years	87	38.3
	11 – 15 years	29	12.8
	16 – 20 years	8	3.5
	Above 20 years	-	-
Marital status	single	108	47.6
	married	119	52.4
	divorce	-	-

Source: Own construct from survey data, 2025

The demographic details of the staff members chosen from among all private CBs in Wolkite town are displayed in Table 3 and include sex, age, marital status, educational attainment, and job experience. As a result, 163 (71.8%) of the respondents are men and 64 (18.2%) are women, making up the bulk of the sample. These numbers show that men make up the bulk of the workforce in Wolkite Town's private CB branches.

Regarding the respondents' ages, 129 (56.8%) of them fall into the 23–30 age group, 90 (30.7%) fall into the 31–40 age group, and just 8 (3.5%) go into the 41–50 age group. This demonstrates that young people predominate at private CBs branches in Wolkite town and that they are mature enough to appropriately answer the questionnaire's stated questions.

Regarding the respondents' educational background, Table 3 shows that 185 (81.5%) of the respondents have a first degree, while 35 (15.4%) have a second degree. Only 7 (3.1%) have a diploma. Because of their academic background, it is possible to draw the conclusion that the information gathered from respondents can be regarded as reasonable and trustworthy.

Lastly, with regard to marital status, 108 respondents (47.6%) are single, while 119 respondents (52.4%) are married.

4.2. Descriptive Statistics on the Current Status of Talent Management Practices

This section presents and discusses the mean scores and standard deviation interpretations based on the mean score categories listed below. The descriptive statistics were performed on items in each of the five independent variables of organizational performance and talent management practices, which are measured by a 1–5 point Likert scale in Wolkite town private commercial banks' branches.

Interpretation of a 1 – 5-point Liker Scales with mean and standard deviation

To analyze data from Likert scale items for assessing talent management practices and organizational performance in the context of Ethiopian private commercial banks, a standardized interpretation framework is crucial for drawing meaningful conclusions.

. The mean score values are therefore divided into five different ranges: Very Low, Low, Moderate, High, and Very High, as the 1 to 5 point Likert scale was used in this study. The

ranges are as follows: Very Low: 1.00 - 1.80; Low: 1.81 - 2.60; Moderate: 2.61 - 3.60; High: 3.61 - 4.60; and Very High: 4.61 - 5.00. The researcher thus adopted accepted conventions (Allen & Seaman, 2007; Boone & Boone, 2012).

This categorization enables a comparative analysis of the various talent management practices, highlighting areas of strength and weakness (e.g., Huselid, Jackson, & Schuler, 1997), ultimately informing strategic decision-making and promoting organizational effectiveness. By using this standardized interpretation, the research findings can be effectively communicated and contribute to a deeper understanding of the relationship between talent management practices and organizational performance within the private commercial banks in Wolkite town.

Standard deviation is a tool used to evaluate response variability in relation to the mean (average) score values for a given item. It shows the extent to which every single response deviates from the average. A extremely low standard deviation score indicates minimal dispersion and a close clustering of the answers around the mean. Conversely, a significant standard deviation suggests a wider dispersion of answers from the mean, reflecting a more heterogeneous or variable distribution of scores on the scale (Mark et al., 2009). Therefore, the mean and standard deviation values were used to assess participating employees' responses about the selected items in each independent and dependent variable.

4.2.1. Descriptive Statistics on the Current Status of Talent Management Practices

4.2.1.1. Talent Planning Practice

Table 4: Respondents view on talent planning practices

No	Item	Mean	SD	
1.	My organization actively promotes employee participation in decision-making.	3.43	.824	
2.	Talent needs are anticipated and aligned with organizational objectives.	3.56	.638	
3.	My organization actively engages in scenario planning for future talent requirements.	3.45	.729	
4.	Workforce demographics and trends are regularly analyzed in my organization.	3.48	.700	
5.	Talent planning processes are inclusive and involve various stakeholders.	3.46	.566	
6.	My organization adjusts its talent planning strategies based on performance measurement.	3.55	.692	
n = 227		Grand mean	3.49	.281

Source: Own survey data, 2025

The descriptive statistics analysis results depicted in Table 4 reveals mean scores range of 2.61 to 3.40 for the six Likert scale items pertaining to talent planning practices within private commercial banks in Wolkite Town, indicating a moderate level of implementation and effectiveness in these areas. While the organizations acknowledge and engage in elements of talent planning, a fully realized and optimized system is likely absent.

Specifically, this range suggests that while a systematic approach to workforce planning is present, its execution may be inconsistent or incomplete. Anticipation of talent needs and alignment with organizational objectives exists, but may not be consistently or effectively translated into actionable strategies. Scenario planning for future talent requirements likely occurs, but is not a routinely practiced or deeply integrated process. Similarly, workforce demographics and trends are analyzed to some extent, but the depth and application of these analyses may be limited. The inclusivity of talent planning processes probably involves some stakeholders, but may lack comprehensive participation. Finally, adjustment of talent planning strategies based on performance measurement is likely practiced intermittently, rather than as a continuous and data-driven cycle.

In summary, the 2.61-3.40 range indicates a performance area presenting an opportunity for improvement. While foundations are present, a more robust, integrated, and data-driven talent planning strategy is needed to maximize organizational performance.

4.2.1.2. Talent Engagement Practice

Therefore, the responses of the respondents on the following six carefully constructed Likert scale items analysis results together with interviewees reply are presented below.

Table 5: Respondents view on engagement practice

No	Item	Mean	SD
1.	Employees in my organization are actively encouraged to participate in decision-making.	3.58	.779
2.	My organization promotes an environment that promotes open communication.	3.48	.612
3.	I feel valuable and recognized for my contributions at work.	3.55	.842
4.	Employee feedback is regularly sought and acted upon in my organization.	3.50	.766
5.	I am satisfied with the level of engagement initiatives offered by my organization.	3.49	.806
6.	The organization’s culture encourages collaboration and team spirit.	3.57	.690
n = 227		Grand mean	3.53
			.236

Source: Own survey data, 2025

Similar to the above practices, the descriptive statistics analysis results displayed in Table 5, reveals mean scores ranging from 2.61 to 3.40 on the specified Likert scale items, pertaining to talent engagement practices, indicates a moderate level of engagement within the investigated private commercial banks in Wolkite Town. This suggests that while efforts are being made to foster employee participation, communication, recognition, feedback integration, engagement initiatives, and collaborative culture, these practices are not consistently or effectively implemented across the organization.

Specifically, employees perceive that they are *somewhat* encouraged to participate in decision-making, implying that opportunities for input exist but may be limited or inconsistently offered. Open communication is perceived to be partially promoted, suggesting gaps in transparency or channels for dialogue. Employees moderately feel valuable and recognized, indicating inconsistency in acknowledging contributions. Feedback is sometimes sought and acted upon, leaving room for improvement in responsiveness. Satisfaction with engagement initiatives is moderate, suggesting that existing programs may

not fully address employee needs. Finally, the organizational culture partially encourages collaboration, implying that while team spirit exists, silos or competition may hinder seamless teamwork.

In summary, these findings suggest a need for these banks to strengthen their talent engagement practices to fully realize their potential impact on organizational performance. Targeted improvements in communication, recognition, feedback mechanisms, and engagement initiatives are crucial to foster a more engaged and motivated workforce.

4.2.1.3. Talent Auditing Practice

As a result, the following six items were chosen for assessment in this part. The analysis of the respondents' responses and the outcomes of the interview sessions are shown below.

Table 6: Respondents view on talent auditing practice

No	Item	Mean	SD
1.	My organization regularly evaluates the skills and competencies of its workforce.	3.51	.783
2.	The results of talent audits are used to inform decision-making processes.	3.42	.866
3.	Talent audits are conducted transparently in my organization.	3.48	.816
4.	The outcomes of talent audits are communicated effectively to all employees.	3.57	.840
5.	My organization utilizes talent audits to align employee abilities with organizational goals.	3.44	.836
6.	Talent audits are seen as a crucial part of our organizational strategy.	3.31	.789
n = 227		Grand mean	3.46
			.260

Source: Own survey data, 2025

The mean scores, displayed in Table 6, ranging from 2.61 to 3.40 for Likert-scale items pertaining to talent auditing practices suggests an ambivalent reality within private commercial banks in Wolkite town. This range, reflecting responses to statements about the regularity, utilization, transparency, communication, alignment, and strategic importance of talent audits, indicates a state of partial implementation and perceived efficacy.

While not outright rejection, the scores fall short of enthusiastic agreement. This suggests that while banks may recognize the potential value of talent audits, their execution and integration remain incomplete. The regularity of evaluation, while present, is perhaps inconsistent. The utilization of audit results in decision-making, transparency in execution, and effective communication of outcomes are likely areas needing improvement.

Furthermore, the alignment of employee abilities with organizational goals through talent audits, and the perception of these audits as a crucial strategic component, are neither consistently strong nor absent.

In summary, the 2.61-3.40 range signifies a transitional phase. Banks are engaged in talent auditing practices, but the process lacks full commitment, consistent application, and demonstrable impact.

4.2.1.4. Talent retention practices

In this section, attempt was made to explore the relevance of job sharing in promoting work-life harmony in the selected commercial banks by presenting six relevant Likert-scale items for assessment.

Table 7: Respondents view on talent retention practice

No	Item	Mean	SD
1.	My organization implements effective strategies to reduce employee turnover.	3.53	.754
2.	Employees are provided with competitive compensation and benefits packages.	3.45	.659
3.	My bank provides clear career progression opportunities and pathways for advancement.	3.59	.599
4.	I feel that my organization values long-term employee relationships.	3.61	.678
5.	My organization regularly assesses and addresses employee retention issues.	3.56	.564
6.	The management of my bank creates a welcoming and inclusive workplace where staff members feel appreciated.	3.57	.902
7.	I am satisfied with the work-life balance offered by my bank.	3.50	.700
n = 227		Grand mean	3.55
			.209

Source: Own survey data, 2025

The interpretation of talent retention practices within private commercial banks in Wolkite Town, based on a mean Likert scale score between 2.61 and 3.40 across seven key indicators, described in Table 7, reveals a moderate level of agreement with the effectiveness of these practices. While not indicating strong endorsement, the results suggest that organizations are taking steps to address employee retention, although the perceived impact is neither highly significant nor entirely negligible. Specifically, organizations are perceived as attempting to reduce employee turnover through strategies that are moderately effective. Compensation and benefits packages are seen as somewhat competitive, potentially attracting and retaining

talent to a limited extent. Career progression opportunities are available but may lack complete clarity or attractiveness. The organization is perceived as moderately valuing long-term employee relationships, suggesting an intention to foster loyalty, although the implementation may not be fully realized. Employee retention issues are being regularly assessed and addressed, indicating a proactive approach, though the solutions may not be entirely successful. Leadership is seen as fostering a moderately supportive and inclusive work environment, contributing to employee respect but perhaps not to a degree that significantly boosts retention. Finally, employees express moderate satisfaction with work-life balance, which, while not a significant driver of dissatisfaction, is not a strong contributing factor to retention either. In summary, a mean score within this range signifies that while efforts are being made to retain talent, there is substantial room for improvement across all seven areas examined. The findings suggest a need for more robust and impactful strategies to enhance employee retention within the context of private commercial banks in Wolkite town.

4.2.1.5. Talent development Practice

The findings of the analysis of the respondents' answers to six meticulously constructed items intended to assess personal experiences and attitudes are shown below, combining the data collected from the interviewees with the conversation.

Table 8: Respondents view on talent development practice

No	Item	Mean	SD
1.	My organization provides adequate training opportunities to enhance my skills and competencies.	3.63	.606
2.	Mentorship programs in my organization positively contribute to my professional growth.	3.41	.738
3.	I receive regular feedback on my performance that supports my talent development.	3.44	.882
4.	My organization conducts regular assessments to identify and nurture my skills.	3.59	.773
5.	There are ample opportunities for internal promotions as a result of talent development initiatives.	3.44	.847
6.	The organizational culture supports continuous learning and talent development.	3.58	.763
n = 227		Grand mean	3.51
			.252

Source: Own survey data, 2025

The study examining the talent management practices in Wolkite Town private commercial banks based on the descriptive statistics analysis described in Table 8 reveals a moderate perception of talent development effectiveness. With mean scores ranging from 2.61 to 3.40 for the six Likert scale items assessing various facets of talent development, the data suggests a general agreement that these practices exist, but are not perceived as overwhelmingly strong or consistently impactful. Specifically, participants moderately agree that adequate training opportunities are available, mentorship programs contribute positively, and regular feedback is received. Similarly, there is moderate agreement regarding regular skill assessments, internal promotion opportunities stemming from talent development, and a supportive organizational culture for continuous learning.

This mid-range score indicates a potential opportunity for improvement. While the banks are seemingly implementing these practices, the degree of effectiveness and perceived benefit by employees remains somewhat neutral.

4.2.2. Descriptive Statistics on the Current Status of Organizational Performance

The findings of the study of the employee replies from the interview sessions and the responses from the selected CBs in Wolkite town are shown below.

Table 9: Respondents view on organizational performance of private CBs in Wolkite town

No	Item	Mean	SD
1.	The bank consistently meets the expectations of its customers.	3.55	.559
2.	The bank provides timely services to its clientele.	3.52	.712
3.	The bank demonstrates robust financial health and profitability.	3.54	.611
4.	The bank actively embraces new technologies and innovative practices.	3.48	.661
5.	The bank adheres to all regulatory requirements and standards.	3.40	.640
6.	The bank engages positively with the local community.	3.47	.742
7.	The bank has effective risk management practices in place.	3.60	.718
8.	The bank follows a clear and effective strategic plan.	3.60	.811
n = 227		Grand mean	3.52
			.184

Source: Own survey data, 2025

Based on the descriptive statistics analysis results depicted in Table 9 reveals mean scores of 2.61 to 3.40 for the eight Likert-scale items measuring organizational performance of private commercial banks in Wolkite Town, The interpretation indicates overall moderate

organizational performance. This range signifies that, on average, respondents neither strongly agreed nor strongly disagreed with the statements concerning the banks' attributes.

Specifically, for items related to customer expectations and service timeliness, a moderate score implies the banks are meeting expectations and providing timely services to a reasonable extent, but there's room for significant improvement to achieve consistent excellence. Regarding financial health, regulatory compliance, and risk management, the score suggests these are addressed adequately, but not exceptionally. Similarly, the adoption of innovation, community engagement, and adherence to a strategic plan are present, but not at a level indicative of proactive and impactful implementation.

In summary, it can be said that while the banks are generally functioning in a satisfactory manner across key performance indicators, they are not operating at an optimal level. Strategies focused on enhancing customer service, improving operational efficiency, strengthening risk management protocols, and actively embracing innovation are crucial for elevating organizational performance to higher levels.

4.3. The Relationship between Talent Management Practices and Organizational Performance

The importance of talent management techniques in influencing organizational performance is becoming more widely acknowledged, especially in the highly competitive world of private commercial banking. In this study, private commercial banks in Wolkite town, Ethiopia, examined the connection between particular personnel management techniques and organizational performance. The results will help to clarify how talent management programs that are strategically implemented can be used to improve the overall performance of private commercial banks in Wolkite town and the surrounding area. This part examined the relationship and degree to which the independent and dependent variables were related. Pearson correlation analysis was used to demonstrate whether or not there is a meaningful relationship. The SPSS findings are used to present the results and the discussion below.

Table 10: Correlation coefficient matrix between talent management practices and organizational performance

		Correlations					
		OP	TP	TE	TA	TR	TD
OP	Pearson Correl.	1					
	Sig. (2-tailed)						
TP	Pearson Correl.	.686**	1				
	Sig. (2-tailed)	.000					
TE	Pearson Correl.	.688**	.607**	1			
	Sig. (2-tailed)	.000	.000				
TA	Pearson Correl.	.645**	.533**	.429**	1		
	Sig. (2-tailed)	.000	.000	.000			
TR	Pearson Correl.	.766**	.628**	.572**	.741**	1	
	Sig. (2-tailed)	.000	.000	.000	.000		
TD	Pearson Correl.	.682**	.624**	.577**	.543**	.647**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	227	227	227	227	227	227

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

Source: SPSS output, 2025

Since examining the impact of talent management practices on the organizational performance of private commercial banks in Wolkite town was one of the study's goals, Pearson correlation coefficient analysis was used to determine the degree to which talent planning, engagement, audit, retention, and development practices were related to organizational performance at the .05% level of significance. With p-values <.05 level of significance, Table 10 displays the significant and positive correlations between each independent variable and the dependent variables. As a result, there was a positive and statistically significant relationship between the five talent management strategies and the private commercial banks' organizational performance.

As to the strength of the correlation between the five significant independent variables and OP, according to Senthilnathan (2019), strong and positive correlations between TP, TE, TA, TD with OP were observed, because of their Pearson correlation coefficients: $r = .686^{**}$, $.688^{**}$, $.645^{**}$ and $.682^{**}$ respectively. Whereas, the correlation between TR and OP was very high and positive, because of its Pearson correlation coefficient: $r = .766^{**}$. Therefore,

from these results it can be inferred that substantial positive and significant relationship exists between the independent variables and the outcome variable – OP in the private commercial banks in Wolkite town in Gurage zone.

Strong talent development programs and lower employee turnover are significantly positively correlated, which indirectly improves organizational performance, according to a study by Bekele and Mekonnen (2021) that examined employee retention tactics in Addis Ababa banks. This supports the study's conclusion that targeted talent development, a crucial component of talent management, has a favorable impact on important organizational outcomes.

In contrast to the results of this study, however, a study by Alemayehu et al. (2022) at a few private banks in the Amhara region found that although talent engagement tactics had mixed results, talent acquisition processes were substantially correlated with performance. This implies that, as they noted, elements like organizational culture, leadership style, and the particular economic situation of the area may influence how effective particular talent management techniques are.

Additionally, other studies emphasized the drawbacks of concentrating only on talent management techniques. According to a study by Lemma and Degefa (2023) that looked at how organizational structure affected banks in the Oromia area, a strict hierarchical structure could inhibit creativity and reduce the efficacy of otherwise well-thought-out talent management programs. This emphasizes how crucial it is to take organizational context into account in addition to talent management techniques when evaluating how they affect organizational performance.

In conclusion, the alternative empirical landscape points to a more nuanced picture, even though the study's findings offer insightful information on the connection between organizational performance and talent management. The effectiveness of some approaches, like engagement, can differ, but others, like talent development, constantly show favorable relationships. Moreover, organizational elements that go beyond talent management are also important in determining overall performance.

4.4. The Effect of Talent Management Practices on Organizational Performance

A multiple linear regression model was employed since one of the study's goals was to look into how talent management techniques affected organizational performance in the private commercial banks in Wolkite Town. The evaluation of the regression model comes first, followed by the presentation and discussion of the analysis' findings.

4.4.1. Multiple Linear Regression Model Evaluation

The validity of underlying assumptions determines how reliable results from linear regression models are (Dhakal, 2019). These presumptions must be confirmed in order to guarantee the validity of the analysis and to precisely evaluate the influence of independent variables on the dependent variable. Therefore, a detailed study of these assumptions was carried out using SPSS version 26 before regression analysis. The following report, which is based on SPSS output, describes and explains the diagnostic tests conducted on the entire model, the assessment of regression assumptions (including model fitness), the overall importance of the independent variables, and the findings of hypothesis testing.

4.4.1.1. Model assumptions test

The five assumptions test results using the outputs of the SPSS are presented and interpreted as follows.

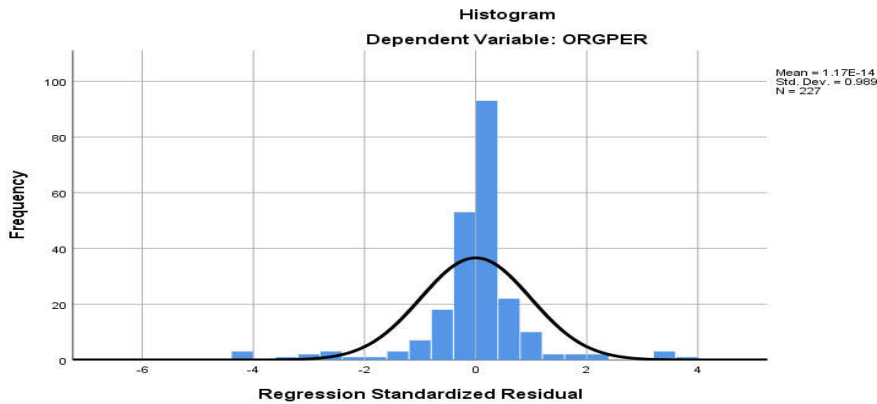
Sample Size Test: The sample must be representative of the population.

A central concern in statistical analysis is the generalizability of findings. Small sample sizes can yield results unique to that specific sample, lacking the reproducibility crucial for scientific validity. While specific recommendations for sample size in multiple regression analysis vary, Tabachnick and Fidell (2007) propose a formula: $n > 50 + 8m$, where 'm' represents the number of independent variables. In this study, with five independent variables, the calculated minimum sample size is $50 + 8(5) = 90$. Given that the observed sample size of 227 exceeds this requirement ($90 < 227$), the sample size assumption for conducting standard multiple linear regression is satisfied.

Normality Test: The random errors should follow a normal distribution with mean 0 and variance σ^2 , $\epsilon_i \sim N(0, \sigma^2)$.

It is common to assume that the errors are normally distributed with mean 0 and variance σ^2 , $\epsilon_i \sim N(0, \sigma^2)$. It has to be emphasized that the distribution is about the errors, not the outcomes y_i (Shi, 2013). So to test this assumption there are several methods of assessing whether data are normally distributed or not. They fall in to two categories: statistical and graphical. To check whether the residuals have a normal distribution, the normal probability plot or normal Q – Q plot of standardized residual or histogram of residuals could be used (Hickey et al., 2019). This was checked by inspecting the histograms of scores on each variable. Therefore, the scattered plots of residuals against each talent management practice and organizational performance were analyzed and the test results of this study as illustrated in Figure 2 below show that the residuals are normally distributed.

Figure 3: Standard residual histogram for regression



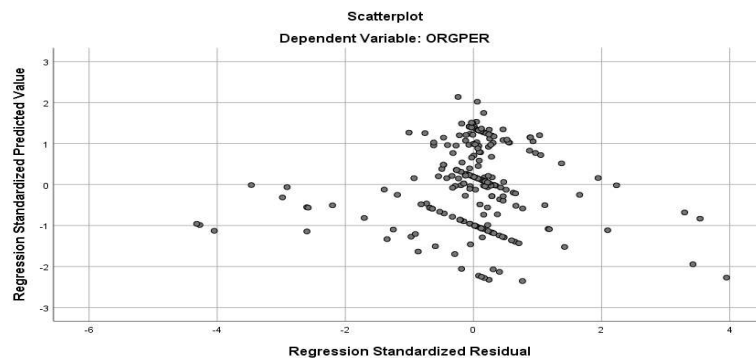
Source: Survey data SPSS output, 2024

Linearity Test: The parameters and predictor variables combine linearly to form the mean of the response variable. The regression analysis's findings won't accurately reflect the relationship if there is a nonlinear link between the response and predictor variables.

Assessing the linearity assumption in mediator variable analysis can be achieved through various methods. Common approaches include examining correlation matrices, where substantial correlations suggest linearity between response and predictor variables, and visually inspecting scatter plots for linear patterns. The current study employed the correlation matrix method, as described by Shi (2013). Specifically, the analysis focused on identifying significant relationships between five talent management practices and organizational performance within private Commercial Banks (CBs) in Wolkite town, building upon the data presented in Table 10. The resultant findings are therefore posited to accurately reflect these relationships.

Equal variance (homoscedasticity) test: Regardless of the values of the predictor variables, the variance in the errors of various response variables is the same. The distribution of their dependent variables (errors) must be about equally variable for each value of the predictor variable (X). Regression standardized residuals and regression standardized predicted value plots were employed to test this assumption since they identify unequal variances and models that are not fit. According to Hair et al. (2019), any trends or patterns in the plots point to unequal variances and a lack of fitness, which could be a concern for the model. Figure 4 below shows the scatter plot for the dependent variable, organizational performance.

Figure 3: Scatter plot for homogeneity of variance for OP



Source: Survey data SPSS output, 2025

Figure 3, the scatter plot above, shows that while the majority of the plots are centered in the top central region, other plots are scattered out from the center and do not create a specific

pattern. The homogeneity of the variances can be somewhat demonstrated by this dispersion. In other words, the equal variance assumption was almost met.

Multicollinearity Test: In regression analysis, the assumption of independent explanatory variables is crucial for model stability and interpretability. Multicollinearity, a violation of this assumption, arises when predictor variables exhibit strong inter-correlations. Specifically, multicollinearity exists when two or more independent variables are highly correlated, potentially approaching a functional relationship or exhibiting near-linear dependencies, as evidenced by Shi (2013). This condition can compromise the reliability of coefficient estimates and hinder accurate assessment of individual variable impacts. Therefore, diagnostic tests for multicollinearity are essential to ensure the validity of regression results.

Table 11: Multicollinearity test of the predictor variables

Predictor variables	Tolerance	VIF
Talent planning practice	.471	2.124
Talent engagement practice	.542	1.845
Talent auditing practice	.438	2.284
Talent retention practice	.327	3.058
Talent development practice	.475	2.106

Source: Own construct from SPSS output, 2025

The study used tolerance and Variance Inflation Factor (VIF) values obtained from regression analysis to determine whether multicollinearity was present. To indicate non-multicollinearity, tolerance—which is the percentage of a predictor's variation not explained by other predictors—should preferably be greater than 0.10. Conversely, a VIF value below 10, as supported by Dhakal (2019), similarly suggests the absence of multicollinearity. The presence of multicollinearity (tolerance < 0.10 and VIF > 10) can destabilize coefficient estimates and inflate standard errors, compromising the model's statistical validity. However, analysis of the data revealed that the predictor variables (TP, TE, TA, TR, and TD) demonstrated no multicollinearity, thus satisfying the assumption for valid regression analysis.

As a result, the multiple regression model for the organizational performance of private CBs with the five independent variables was prepared, tested for model fitness, and described

below. This is because, as the five model assumptions test indicated in the output results of the SPSS and discussion above, all assumptions were met.

4.4.1.2. Capacity of the five explanatory variables as a whole in explaining OP

Table 12: Model summary of OP on TP, TE, TA, TR, and TD

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.851 ^a	.725	.718	.08789

a. Predictors: (Constant), TDN, TAN, TEN, TPN, TRN

b. Dependent Variable: OP

Source: Survey data SPSS output, 2025

In the above Table 12, the R – value of the model indicates the multiple correlations which are the equivalent of Pearson’s r rather than representing the magnitude and direction of the relationship between two variables. It shows the strength of the relationship between the outcome variable (dependent) and the independent variables as a whole. It tells us how well the model predicts the outcomes. Therefore, the numerical value R = .851 indicates the existence of strong positive relationship between the dependent variable – OP and the five predictor variables.

In the same table, the coefficient of determination (R^2) in Table 12 reveals that the independent variables in the model account for 72.5% of the variance observed in organizational performance within the private commercial banks in Wolkite town. This R^2 value of .725 signifies a substantial explanatory power. Consistent with established criteria for acceptable model fit (e.g., Reisinger, 1997; Thompson, 2002, suggesting $R^2 > .275$ is adequate), the model, incorporating five predictor variables, demonstrates considerable explanatory capacity. The remaining 27.5% of the variance in organizational performance is likely attributable to factors not included in the present investigation (Pallant, 2005).

The Adjusted R square value, the most useful measure of the success of the model, which is better than the R square value. Because R square value tends to somewhat over – estimate the success of the model when applied to the real world, but the Adjusted R square value takes in to account the number of variables in the model and the number of

observations (participants – in this study the selected employees of the branches) upon which the model was based on (Diem & Lapuente, 2012). Therefore, the largest adjusted R square value indicates the best fit of the model. Based on this, the adjusted R square value for the organizational performance was .718. So, one can say that the organizational performance model, with the five predictor variables, have accounted for 71.8% of the variance in explaining the organizational performance of the private commercial banks in Wolkite town.

In general, from the above analysis and its interpretation it can be inferred that the five talent management practices: talent planning; talent engagement; talent auditing; talent retention; and talent development are imperative and fit the model and the model is capable to explain the effect relation between these variables and the outcome variable – OP.

4.4.1.3. Model fitness: significance of the independent variables as a whole

The multiple linear regression model is helpful for figuring out how much of the variance in the dependent variable can be explained by the explanatory variables. Therefore, a model must satisfy the model fitness test in order to be useful for making predictions. As a result, model analysis and evaluation were used. The analysis' findings are assessed and explained below.

Model fitness test: model utility test

If a high proportion for the sample coefficient of determination is guaranteed, the multiple linear regression model performs well in characterizing the link between the independent variables (talent management methods) and the dependent variable (organizational performance). Analysis of variance (ANOVA) is used to carry out this type of test, which allows testing the null hypothesis that there is no linear relationship between X and Y. The following is discussed:

Table 13: ANOVA output part I: EJP with the five variables

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.492	5	.898	116.307	.000 ^b
	Residual	1.707	221	.008		
	Total	6.199	226			
a. Dependent Variable: OP						
b. Predictors: (Constant), TD, TA, TE, TP, TR						

Source: Survey data SPSS output, 2025

Table 13 above shows the F-calculated value together with its degrees of freedom. $F(5, 221) = 116.307$ for organizational performance as a whole is $.000 < 0.0001$ implies that with the confidence interval $(1 - \alpha)$ very close to 100%, where $\alpha = \text{sig. value} = 5\%$. Therefore, it can be said that at least one of the coefficients $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$ is significant for the model – organizational performance of private CBs in Wolkite town. Otherwise, it is preferable for the variable Y (OP) to be a function of at least one of the variables. X_1, X_2, X_3, X_4, X_5 (one of the five talent management practices) rather than only with β_0 . Consequently, and Y have a linear relationship, and the model was able to match the data. Hence, the regression model could predict the effect of the five talent management practices on organizational performance of private CBs in Wolkite town.

4.4.2. Predictor Model Interpretation and Contribution of each Independent Variable

The outputs of the regression analysis are used to present, interpret, and discuss the regression result that was obtained by regressing the dependent variable—organizational performance—on the explanatory variables—talent management practices, including talent engagement, planning, auditing, retention, and development.

4.4.2.1. Predictor model and its interpretation

The output of the SPSS coefficients table was utilized to determine which regression coefficient (or independent variable) significantly improves the model (for the dependent variable). The t-p-value was used to perform the significance test.

Table 14: Results of the significance test of each regression coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations Zero-order
		B	Std. Error	Beta			
1	(Constant)	-.125	.158		-.794	.428	
	TP	.158	.050	.161	3.126	.002	.686
	TE	.252	.046	.265	5.526	.000	.688
	TA	.119	.052	.123	2.302	.022	.645
	TR	.346	.066	.324	5.254	.000	.766
	TD	.160	.054	.153	2.977	.003	.682

a. Dependent Variable: OP

Source: Survey data SPSS output, 2025

Following confirmation of the model's overall significance in predicting the dependent variable, the analysis shifts to evaluating the specific impact of each independent variable. This is achieved through examination of both unstandardized and standardized beta coefficients derived from the regression equation. The study incorporated five independent variables. The analysis, based on SPSS output presented in Table 14, demonstrates that TP, TE, TA, TR, and TD all exhibit statistically significant ($p < .05$) and positive relationships with organizational performance within private Commercial Banks in Wolkite town. Consequently, the regression model established in Chapter Three now serves as a predictive tool, offering the capacity to forecast organizational performance.

Predictor model in terms of unstandardized Beta Coefficients:

$$\hat{Y}(\text{ORGP}) = -0.125 + 0.158TP + 0.252TE + 0.119TA + 0.346TR + 0.160TD \quad (1)$$

Predictor model in terms of standardized Beta Coefficients:

$$\hat{Y}(\text{OP}) = 0.161TP + 0.265TE + 0.123TA + 0.324TR + 0.153TD \quad (2)$$

Where, Y = Organizational performance (dependent variable), whereas TP = Talent planning practices, TE = Talent engagement practices, TA = Talent auditing practices, TR = talent retention practices and TD = Talent development practices are the independent variables.

Making assumptions about the dependent variable based on the correlations found in the estimated regression is known as forecasting the impact. Consequently, both standardized and unstandardized beta coefficients are used to interpret the predictor model mentioned above.

Predictor model interpretation

Finding the independent variable that has a direct or indirect relationship and has no, little, or significant effect on the outcome variable—organizational performance in the private CBs—is the goal of the multiple regression forecasting model (equation). What kind of relationship exists between an independent variable with a positive unstandardized beta coefficient and the dependent variable when the other independent variables are held constant? An independent variable with a large standardized beta coefficient has a little or substantial effect or contribution to the dependent variable. Examining the values of the two beta values provides insight into the link between independent and dependent variables, which are then described as follows.

In terms of unstandardized coefficient

In predictor model (1), β_i 's, the unstandardized beta coefficients, often referred to as Beta weights, indicate the nature of the relationships between the independent variables and the outcome variable, organizational performance (OP). As noted by Pedhazur (1997), a β weight coefficient quantifies the expected change in the criterion variable, employees' job performance, resulting from a one-unit change in the predictor variables, such as talent planning; talent engagement; talent auditing; talent retention; and talent development, while holding other predictors constant. The dependent variable and the mean score of OP are directly correlated, as indicated by the positive B coefficients; the mean score of OP grows as the average of each independent variable does. Accordingly, the unstandardized beta coefficients can be understood as follows: When all other predictor variables are set to zero, the response variable organizational performance of the private CBs will increase by 0.158, 0.252, 0.119, 0.346, and 0.160 for every unit increase in the mean values of talent planning, talent engagement, talent auditing, retention, and development. Therefore, based on these

findings, it can be concluded that organizational performance improved along with each of the five talent management techniques in the private CBs in Wolkite town.

In terms of standardized coefficient

The standardized beta coefficients in the predictor model (2) provide information on how each talent management strategy contributes to the final result, which is the organizational performance of the private CBs (Johnson, 2004). Stated otherwise, the beta weight represents the average rise in the dependent variable, or OP, while the other independent variables remain constant. This occurs when the independent variable grows by one standard deviation. Relative importance weight (RIW) is another name for the standardized beta coefficient. To be more precise, RIWs are the proportionate contribution of each predictor to R², which, after accounting for the impact of inter-correlations across predictors, is R² = 0.725 in this study (Lorenzo et al., 2010).

Therefore, from Table 14 it can be inferred that, talent retention practice has relative greatest contribution accounted for 0.324 in determining the variation in the organizational performance of private CBs in the study area. The second most important practices is talent engagement with its standardized beta coefficient 0.265 that contributes, to the positive variation in the dependent variable. While, talent planning, talent development, and talent auditing practices ranked the 3rd, 4th, and 5th respectively with their standardized beta values: 0.161, 0.153, and 0.123 respectively. . Most significantly, the standardized beta coefficients can also be used to determine the percentage or share of each independent variable in the R² value, which is shown in the next subsection.

4.4.2.2. Relative effect of each independent variable

In multiple regression analysis, standardized beta coefficients are valuable for determining the relative effect/contribution of each independent variable to the model's R-squared value, which represents the explanatory power of the independent variables on the dependent variable. To ascertain and compare the impact of five talent management practices on the organizational performance of private commercial banks, standardized beta coefficients were employed, as they reflect the proportion of each independent variable's contribution to R squared while accounting for zero-order correlations Standardized beta coefficients are useful

in multiple regression analysis because they show how each independent variable contributes to the model's R-squared value, which shows how well the independent variables explain the dependent variable. Standardized beta coefficients, which represent the percentage of each independent variable's contribution to R squared while taking zero-order correlations into account, were used to determine and compare the effects of five talent management strategies on the organizational performance of private commercial banks. The percentage contribution of each independent variable (TP, TE, TA, TR, and TD) was calculated using an equation linking R-squared (0.725 in this instance) to the sum of the products of each independent variable's standardized beta coefficient and its respective zero-order correlation, following the methodology outlined in Hair et al. (2019).

$$R_{0(TP)(TE)(TA)(TR)(TD)}^2 = \text{Beta}_{TP}r_{0TP} + \text{Beta}_{TE}r_{0TE} + \text{Beta}_{TA}r_{0TA} + \text{Beta}_{TR}r_{0TR} + \text{Beta}_{TD}r_{0TD}$$

The zero order correlations, which are derived from the output of the coefficients' Table 14, are represented by the standardized beta coefficients of the independent variables. According to Dhakal (2019), zero order is the Pearson correlation between each predictor and dependent variable. The value of could be written as follows:

$$.725 \times 100\% = (.161 \times .686 + .265 \times .688 + .123 \times .645 + .324 \times .766 + .153 \times .682) \times 100\%$$

$$78.4\% \approx 11.1\% + 18.2\% + 7.9\% + 24.8\% + 10.5\%$$

Thus, TE, TP, TD, and TA, in the order shown, had a positive impact on OP by 18.2%, 11.1%, 10.5%, and 7.9%, respectively, while the effect or contribution of talent retention practices on the organizational performance of the private commercial banks in the study area was 24.8%, the highest. It is clear from these figures that the most important talent management strategy for the success of the company is talent retention. As a result, the model was most accurate in forecasting the organizational performance of Wolkite Town's private CBs.

4.4.3. Hypothesis Test Results: Effect of Each Independent Variable

The primary research questions were formulated as hypotheses since the study's goal was to examine how talent management strategies affected the organizational performance of private commercial banks in Wolkite town. In other words, the researcher employed the regression analysis SPSS outputs shown in Table 14 to determine whether or not the five talent management methods statistically significantly and favorably affect the organizational performance of the private CBs in the study area.

4.4.3.1. Effect of talent planning practices

H_{a1} : Talent planning practices have a statistically significant and positive effect on organizational performance of the private commercial banks in Wolkite town.

The findings of the multiple linear regression analysis presented in Table 14 show a positive unstandardized beta coefficient (0.158), which suggests a clear correlation: organizational performance tends to rise in tandem with an increase in (or improvement in) talent planning procedures. According to Cohen et al. (2018), regardless of the overall scale magnitude, the beta coefficient shows the change in the dependent variable for every unit change in the independent variable. Therefore, even when overall scores are low, a positive beta suggests a positive correlation. At the selected significance level, the observed association is statistically significant if the p value (.002) is less than 0.05. This indicates that if there were actually no association, there would be less than 5% chance of discovering such a positive relationship by accident. This implies that the stated hypothesis is supported. Therefore, the statistically significant and positive beta coefficient confirms a positive relationship between talent planning practices and organizational performance of the private commercial banks in Wolkite town. Alemayehu & Tessema (2020), who investigated the connection between talent planning and human resource management techniques and bank performance in Addis Ababa, support this finding. The study, which used a quantitative methodology with a sample of private commercial banks, discovered a statistically significant positive correlation between key performance indicators like profitability and customer satisfaction and proactive talent management strategies like succession planning and leadership development programs. This suggests that, at least in the capital, strategic talent planning contributes to organizational success (Alemayehu & Tessema, 2020). However, it is in contrast with the

research focusing on the banking sector in the Hawassa region revealed less compelling evidence. By Gashaw et al. (2021) investigated the impact of various HR interventions, including talent management, on employee performance in selected private banks. Their findings indicated that while compensation and training programs had a significant positive effect, the impact of talent planning, specifically, was statistically insignificant. They suggested that in the Hawassa region, other HR practices might exert a stronger influence on performance than formal talent planning initiatives (Gashaw et al., 2021).

These conflicting findings highlight the importance of considering regional variations and contextual factors when assessing the effectiveness of talent planning.

4.4.3.2. Effect of talent engagement practices

H_{a2}: Talent engagement practices have a statistically significant and positive effect on organizational performance of the private commercial banks in Wolkite town.

As with the other variables, the unstandardized beta coefficient has a positive value (0.252) according to the multiple regression analysis results shown in Table 14. This suggests a clear and favorable correlation: organizational performance rises in tandem with talent engagement strategies. Second, the p-value (.000) is below the significance level of 0.05. This indicates that there is a statistically significant positive association that is unlikely to have happened by accident. Consequently, we can be certain that a substantial and positive effect within the two variables. This interpretation aligns with established principles of multiple linear regression analysis results. As Hair et al. (2019) emphasize, a positive beta coefficient with a significant p-value supports the hypothesis that the independent variable (talent engagement) positively influences the dependent variable (organizational performance). Therefore, talent engagement practices have a statistically significant and positive effect on organizational performance of the private commercial banks in Wolkite town. This result is in line with the finding of the empirical study by Lemma and Tella (2021) that examined the relationship between employee engagement and financial performance in private banks in Addis Ababa. Using structural equation modeling on data collected from a sample of bank employees, the study found that engaged employees exhibited higher levels of productivity and customer satisfaction, ultimately contributing to improved profitability and market share.

However, a contrasting study by Kebede and Zerihun (2022) focusing on selected commercial banks in Hawassa, presents a different perspective. While the researchers acknowledged the positive influence of talent management practices, their regression analysis revealed a statistically insignificant relationship between specific engagement initiatives (e.g., extensive training programs) and objective performance metrics (e.g., loan portfolio growth). The study posits that contextual factors, such as regional economic disparities and variations in organizational culture across different banks, may mediate the impact of talent engagement practices. In general, while evidence suggests a positive link between talent engagement and organizational performance in Ethiopian banking, the influence may vary depending on geographical and contextual factors.

4.4.3.3. Effect of talent auditing practices

H_{a3}: The organizational performance of the private commercial banks in Wolkite Township is positively impacted by talent auditing methods in a statistically meaningful way.

According to the results of the multiple linear regression analysis shown in Table 14, there is a positive correlation between the independent variable (talent auditing practices) and the dependent variable (organizational performance), as indicated by the positive unstandardized beta coefficient (0.119). This implies that organizational performance tends to rise in tandem with an increase in talent auditing techniques. Furthermore, a statistically significant link between the variables is shown by a p-value (.022) that is smaller than the significance level (0.05). This implies that the observed positive relationship is unlikely to have occurred by chance (Hair et al., 2019). This implies the stated directional hypothesis is supported.

Thus, a significant and positive impact of talent auditing techniques on the organizational performance of private CBs in Wolkite town is strongly suggested by the combination of a positive beta coefficient and a significant p-value. Although localized study offers insightful information, more research is needed to generalize these findings across various Ethiopian situations. This study's findings are consistent with those of Lemma et al.'s (2020) empirical investigation on organizational performance and talent management in the Ethiopian banking industry. This study, which was carried out at several private banks in Ethiopia (but not Wolkite or Gurage), discovered a strong positive association between organizational

performance indicators like profitability and customer satisfaction and talent management strategies, such as talent identification, which is inevitably dependent on auditing.

The study employed a regression analysis, demonstrating that effective talent management practices contribute directly to enhanced organizational outcomes. However, it is in contrast with the study by Kebede & Meskelu (2018) that conducted on the impact of human resource management practices on organizational performance: evidence from Ethiopian manufacturing firms discovered that while some HRM practices significantly impacted organizational performance, the direct link between specific talent identification or auditing practices and overall performance was not consistently demonstrable across all surveyed companies. This suggests that factors beyond simple talent auditing, such as the alignment of talent with strategic goals and the effectiveness of talent development programs, play a more pivotal role. The study utilized structural equation modeling (SEM), and indicated the effect of talent auditing on performance was less direct than claimed in the original hypothesis.

4.4.3.4. Effect of talent retention practices

H_{a4}: Talent retention practices have a statistically significant and positive effect on organizational performance of the private commercial banks in Wolkite town.

A p-value of less than 0.05 (at a level of significance of 0.05) and a positive unstandardized beta coefficient (0.346) are revealed by the multiple linear regression analysis findings shown in Table 14. The private CBs' organizational effectiveness and talent retention strategies are positively correlated, as indicated by the positive beta coefficient. A statistically significant p-value ($p = .000 < 0.05$) indicates a real impact of the practice in the banks and confirms that the observed link is unlikely to be the result of random chance (Hair et al., 2019). This suggests there is support for the given directed theory. Consequently, improvements in talent retention practices are associated with improvements in organizational performance. For example, recent research by Guthrie et al. (2022) highlights the importance of statistically significant and positive relationships between HR practices and organizational outcomes, even in challenging contexts. Similarly, a study by Armstrong and Taylor (2020) emphasizes that a positive beta coefficient, coupled with a significant p-value, provides strong evidence for a positive effect, regardless of the absolute score levels.

Therefore, the positive and significant regression result firmly establishes a positive relationship talent retention practices and organizational performance of the private CBs within the studied area. In this regard, the finding of the study is corroborated with the finding of the study by Lemma et al.(2022) that examined the relationship between employee engagement and organizational performance in the manufacturing sector of Addis Ababa and the researchers found that robust employee engagement practices, including opportunities for professional development and recognition programs (elements often intertwined with talent retention), demonstrably increased productivity and profitability. This lends credence to the idea that effective human capital management, including retention initiatives, broadly contributes to organizational success in Ethiopian businesses, regardless of specific locale. The positive correlation between engagement and performance acts as a conceptual parallel, suggesting that retaining talented individuals can similarly translate into improved organizational outcomes. Additionally, the finding of this study also supported by Demissie (2021) that examined on private commercial banks in Addis Ababa and found out a significant positive correlation between specific talent retention practices, particularly professional development opportunities and competitive compensation, and key performance indicators such as customer satisfaction and profitability. Using regression analysis, Demissie demonstrated that banks investing in employee training and offering performance-based incentives experienced higher levels of employee engagement and reduced turnover, ultimately contributing to improved organizational performance.

However, it is in contrast with the finding of Habtamu and Tesfaye (2023) conducted on the banking sector in Mekelle and presented potentially conflicting findings. While their study recognized the importance of talent, their regression analysis revealed no statistically significant relationship between specific retention strategies (e.g., performance-based bonuses, training opportunities) and indicators of organizational performance such as customer satisfaction and market share. The authors argued that factors such as the political instability in the Tigray region, coupled with deeply ingrained organizational cultures resistant to change, overshadowed the potential benefits of talent retention practices. This suggests that the positive impact observed in the Wolkite town might be context-dependent, potentially diminished or negated by region-specific challenges and pre-existing organizational structures in other parts of Ethiopia. Moreover, it is also not supported by

Kebede's (2022) that investigated on private commercial banks in Bahir Dar and identified only a weak and statistically insignificant relationship between talent retention practices and organizational performance. Kebede's research, employing a mixed-methods approach incorporating employee surveys and organizational performance data, revealed that factors such as limited career advancement opportunities, perceived unfairness in performance evaluations, and weak organizational culture significantly hindered the effectiveness of retention strategies. Despite implementing compensation and training programs, banks in Bahir Dar struggled to retain high-performing employees, indicating that factors beyond standard talent retention practices may significantly influence organizational performance in specific contexts within Ethiopia.

4.4.3.5. Effect of talent development practices

H_{a5}: The organizational performance of the private commercial banks in Wolkite town is positively impacted by talent development strategies in a statistically meaningful way.

Table 14 shows the results of a multiple linear regression analysis, which show a positive unstandardized beta coefficient of 0.160. This suggests a positive correlation: organizational performance rises in tandem with talent development approaches. Second, a statistically significant link is indicated at the designated level of significance when the p-value (.003) is less than 0.05. Accordingly, it is unlikely that the observed association happened by accident (Hair et al., 2019). This implies the stated directional hypothesis is supported. Thus, the findings of this study are supported by Abebe and Kebede (2021), who looked at the impact of talent management strategies (including development) on the performance of manufacturing firms in Addis Ababa, Ethiopia, and found a statistically significant and positive relationship between investment in employee training and development programs and key performance indicators like profitability and employee retention. However, Alemayehu (2020) examined the effectiveness of talent management practices in public sector organizations across various regions of Ethiopia, excluding the Gurage zone. As a result, the findings of this study are supported by the findings of the study.

Thus, the findings of this study are supported by Abebe and Kebede (2021), who looked at the impact of talent management strategies (including development) on the performance of

manufacturing firms in Addis Ababa, Ethiopia, and found a statistically significant and positive relationship between investment in employee training and development programs and key performance indicators like profitability and employee retention. However, Alemayehu (2020) examined the effectiveness of talent management practices in public sector organizations across various regions of Ethiopia, excluding the Gurage zone. As a result, the findings of this study are supported by the findings of the study. Alemayehu found out no statistically significant correlation between formal talent development programs and overall organizational efficiency. The study argued that contextual factors, such as bureaucratic processes and limited resource allocation, often undermined the impact of even well-designed development initiatives. This result directly contradicts this study's hypothesis, highlighting the importance of considering institutional and environmental variables when assessing the efficacy of talent development practices.

4.5. Results on Interview

To gain a deeper understanding of the practical implementation of talent management practices and their influence on organizational performance, qualitative data were collected from branch managers of private commercial banks operating in Wolkite Town Administration. The discussions focused on key dimensions of talent management—namely talent planning, talent engagement, talent auditing, talent retention, and talent development—and how these practices are applied within the unique context of Ethiopia's evolving banking sector. In addition, insights were gathered on organizational performance indicators, including financial outcomes, operational efficiency, customer satisfaction, compliance, and the impact of technology adoption. These qualitative responses were intended to complement the quantitative findings of the study, which indicated that both talent management practices and organizational performance are moderately exercised across most banks. The perspectives shared by the branch managers provide valuable contextual understanding of the challenges, strategies, and areas for improvement in aligning human capital initiatives with organizational objectives in the local banking environment. The responses are presented accordingly.

On Talent management practices

Talent planning practices

The question raised was that how does your bank align its workforce talent planning with its strategic objectives to address the evolving demands of the Ethiopian banking sector?

Majority of the interviewed managers of private commercial banks in Wolkite Town indicated that while there is some alignment between workforce talent planning and strategic objectives, it remains a work in progress. Most banks have taken initial steps to identify future talent needs in response to the evolving demands of the Ethiopian banking sector, including digital transformation, regulatory changes, and increasing competition. However, this alignment is not yet fully institutionalized. Talent planning efforts are often reactive rather than proactive, with human resource departments primarily filling immediate vacancies rather than strategically forecasting long-term workforce needs.

Furthermore, most participants noted that while strategic goals such as improving customer service, enhancing digital banking capabilities, and expanding financial inclusion are clearly defined by top management, the integration of these goals into day-to-day talent planning remains inconsistent. For example, few banks conduct regular skills gap assessments or have formal succession planning mechanisms. As a result, talent planning is moderately practiced, with a tendency to rely on short-term staffing decisions. Managers cited limited training budgets, lack of advanced HR tools, and insufficient data analytics as key challenges affecting effective talent planning.

Nevertheless, some of the branch managers recognized the importance of strengthening talent planning practices to support sustained organizational performance. They emphasized the need for more structured frameworks that connect employee development with the banks' long-term strategic direction. Many advocated for more robust collaboration between HR and business units to forecast workforce needs, improve staff competencies, and ensure a pipeline of future leaders. This insight supports the quantitative finding that talent planning practices are moderately implemented, underscoring the opportunity for banks to enhance this area to

boost their overall performance and competitiveness in the changing Ethiopian banking landscape.

On Talent engagement practices

Talent Engagement: What strategies does your institution employ to ensure high levels of employee engagement, and how do these strategies reflect the unique cultural context of Ethiopia?

Majority of the managers of private commercial banks in Wolkite Town revealed that their institutions have adopted several strategies to promote employee engagement, though these efforts are not yet fully systematic or deeply embedded in organizational culture. Managers commonly cited practices such as open communication forums, regular staff meetings, and recognition programs to keep employees motivated and connected to the institution's goals. In particular, the use of performance feedback sessions and occasional financial or non-financial incentives were identified as key engagement tools. However, these efforts were described as inconsistent and dependent on individual leadership styles at branch level, rather than part of a bank-wide, strategic approach to engagement.

In the context of Wolkite Town and the broader Ethiopian culture, majority of the interviewed managers highlighted the importance of interpersonal relationships, respect for hierarchy, and a strong sense of community in shaping engagement strategies. Branch leaders emphasized the value of showing personal concern for employees' family and social wellbeing, celebrating cultural holidays together, and maintaining a respectful and inclusive work environment. These culturally grounded practices were viewed as effective in creating a sense of belonging and loyalty among staff. However, managers also acknowledged that broader institutional strategies often overlook the importance of local cultural values, resulting in engagement initiatives that lack consistency and long-term impact.

Despite the recognition of employee engagement as a critical factor in enhancing performance and reducing turnover, managers reported that engagement practices remain moderately implemented across branches. Constraints such as limited autonomy at branch level, lack of formal engagement frameworks, and minimal HR support were noted as

barriers to effective practice. There is a growing awareness among branch managers that more structured and culturally relevant engagement strategies are needed to fully harness employee potential. These insights support the descriptive findings of the study, confirming that while some engagement efforts exist, talent engagement practices in the banks are currently only moderately practiced and present significant opportunities for improvement.

Talent auditing practices

How does your bank conduct talent audits to assess the skills and competencies of its employees, and what impact do these audits have on your talent management policies?

Majority of the interviewed managers of private commercial banks in Wolkite Town reported that talent audits are conducted periodically, though not on a consistent or fully structured basis. Most of the banks perform basic evaluations of employee skills and competencies during annual performance appraisals or during promotions and training needs assessments. These audits typically involve reviewing employees' technical abilities, customer service competencies, and compliance with operational procedures. However, the managers acknowledged that the audits are often informal and lack the comprehensive scope and analytical depth needed for strategic talent management. As a result, the audits serve more as administrative tools rather than as proactive measures for workforce development.

Majority of the interviewed managers also indicated that talent auditing is not yet fully integrated into broader HR planning and decision-making frameworks. While audit outcomes do influence short-term training initiatives or internal transfers, their impact on long-term policies such as succession planning, leadership development, or talent retention strategies remains limited. This gap is attributed to the absence of digital HR systems, limited expertise in competency-based assessments, and a general under-prioritization of talent audits at the organizational level. Additionally, feedback from these audits is not always communicated clearly to employees, which can limit their motivational effect and reduce the practical value of the audit process.

Despite these challenges, branch managers recognized the potential of effective talent audits to enhance employee placement, identify high-potential staff, and guide professional

development efforts. There is a shared understanding that improving the structure and frequency of talent audits—while aligning them with the bank’s strategic goals—could strengthen overall talent management practices. The findings from these interviews support the descriptive statistics result that talent auditing is moderately practiced, highlighting both its emerging role and the need for more formalized, data-driven approaches to maximize its impact on organizational performance in the Ethiopian banking context.

Talent retention practices

What measures has your bank implemented to enhance employee retention, particularly in light of the challenges posed by the competitive banking market in Ethiopia?

Majority of the interviewees’ branch managers of private commercial banks in Wolkite Town explained that employee retention has become an increasing priority in light of growing competition among financial institutions in Ethiopia. To address this challenge, as one of the interviewees’ managers stressed that, several banks have introduced measures such as competitive salary scales, periodic performance bonuses, and internal promotion opportunities. These financial incentives are aimed at discouraging high-performing staff from seeking better offers elsewhere, particularly from newly emerging banks and microfinance institutions. However, the managers emphasized that these measures are not uniformly implemented across all branches and are often dependent on the bank’s profitability and head office directives.

Non-monetary retention strategies were also reported, though to a lesser extent. These include creating a supportive work environment, recognizing employee achievements, and providing training opportunities to support career advancement. Branch managers noted that such practices are valued by employees, especially younger staff who seek growth and recognition within the organization. However, the lack of clearly defined career development paths and limited authority at the branch level to make strategic retention decisions were highlighted as barriers. This has led to a situation where talent retention efforts are moderately practiced, with branches having limited control to tailor retention initiatives to local needs and workforce dynamics.

Another factor influencing retention in the Wolkite context was the cultural expectation for job stability and community belonging. Most managers noted that many employees value proximity to their hometowns or families, and banks that accommodate such preferences through branch transfers or localized recruitment tend to retain staff more effectively. Nonetheless, such localized approaches are not always reflected in formal retention policies, and many decisions are made reactively after resignations occur. This reactive approach limits the long-term impact of retention practices and suggests a need for more strategic, data-informed policies that consider both financial and socio-cultural factors.

In summary, the responses from branch managers reflected a moderate level of implementation of talent retention practices, consistent with the quantitative findings of this study. While there were efforts to retain skilled employees through a mix of financial and non-financial strategies, these practices are often inconsistent and lack the strategic depth required to address the systemic challenges of employee turnover. Moreover, the managers acknowledged the importance of developing a more proactive and structured retention framework—one that aligns with the unique characteristics of the Ethiopian labor market and the specific needs of branches in towns like Wolkite. Strengthening these practices would not only reduce turnover but also enhance institutional knowledge, staff morale, and ultimately, organizational performance.

Talent development practices

How does your institution facilitate the professional development of its employees, and what role does this play in enhancing organizational performance?

Majority of the interviewed branch managers of private commercial banks in Wolkite Town indicated that their institutions have implemented several initiatives aimed at fostering the professional development of employees, though these efforts remain moderately practiced. The most commonly cited measures include in-house training programs, short-term workshops, and induction sessions for new recruits. Occasionally, as one of the interviewees stressed that, banks also facilitate external training opportunities, especially when introducing new digital platforms or regulatory updates. However, these development opportunities are generally short-term and operationally focused, rather than part of a comprehensive, long-

term capacity-building strategy. Managers noted that participation in such programs often depends on budget availability and the immediate needs of the bank.

In terms of strategic alignment, most managers agreed that professional development plays an essential role in enhancing organizational performance by improving employee competence, productivity, and service delivery. However, they also observed a gap between employee development initiatives and broader talent management policies. For example, while some employees receive training, there is limited follow-up to assess whether the skills gained are applied in the workplace. Moreover, there is a lack of formal mechanisms to link individual development to performance appraisals or career advancement, which reduces employee motivation to fully engage in such programs.

Despite these limitations, some of the interviewed managers branch managers emphasized that employees generally value professional development opportunities and view them as a sign of the bank's investment in their growth. Managers also expressed a desire for more structured development frameworks, including mentorship programs, continuous learning platforms, and clearer career progression pathways. They acknowledged that enhancing talent development practices would significantly contribute to building a more skilled and motivated workforce, which in turn would improve the banks' operational efficiency and customer satisfaction. These insights confirm the study's descriptive findings that talent development is moderately practiced and present opportunities for further integration into strategic talent management for better organizational outcomes.

On the dependent variable – organizational performance

Financial performance measure: What specific financial performance indicators does your bank prioritize, and how do these measure inform strategic decision-making?

Almost all branch managers reported that financial performance indicators such as return on assets (ROA), profit margins, loan portfolio quality, and deposit growth are key metrics prioritized by their banks. These indicators are reviewed periodically—mostly quarterly—and are used to inform strategic decisions at both the branch and head office levels. Managers explained that these metrics help assess branch profitability, credit risk levels, and overall

financial sustainability. However, they also acknowledged that while financial indicators are monitored, their integration into long-term talent management or workforce planning decisions is limited. This disconnect suggests that while financial outcomes are measured, their use in strategic human resource alignment is only moderately effective.

Operational efficiency: How does your organization measure operational efficiency, and what initiatives have been implemented to enhance this aspect of performance?

In terms of operational efficiency, most branch managers described their banks as using process turnaround times, transaction volumes, and customer handling time as the main measures. Efficiency improvement initiatives include the digitization of routine services, automation of loan processing, and training staff in multitasking to reduce bottlenecks. However, these efforts are often constrained by outdated infrastructure, inconsistent technology adoption across branches, and a lack of tailored performance dashboards. As a result, while operational efficiency is a recognized goal, the extent of its measurement and enhancement strategies remains moderate across most banks in Wolkite.

Customer satisfaction and loyalty: What methodologies do you employ to gauge customer satisfaction and loyalty, and how do the findings influence your service delivery?

Customer satisfaction and loyalty are assessed through informal customer feedback, complaint tracking systems, and periodic surveys. Majority of the interviewed managers shared that feedback is sometimes collected through suggestion boxes and follow-up calls, though there is no standardized system for gathering or analyzing this data. The findings are occasionally used to adjust service delivery processes or improve customer interaction, but these changes are mostly reactive rather than proactive. This indicates a moderate level of emphasis on customer feedback mechanisms, with room for more systematic approaches that could better link customer satisfaction with organizational performance.

Compliance and risk management practices: How does your bank approach compliance and risk management, and what performance measures are in place to ensure adherence to regulations?

Compliance and risk management were noted as key priorities, especially given the increasing regulatory oversight by the National Bank of Ethiopia. Branches conduct regular internal audits, and compliance officers monitor adherence to financial regulations, anti-money laundering policies, and credit risk standards. Almost all managers indicated that these measures are monitored through audit reports, exception tracking systems, and compliance scorecards. Nonetheless, limited training in evolving compliance requirements and inadequate staffing for risk management functions in smaller branches have led to only moderately effective implementation across the study area.

Technology adoption and organizational reputation: In what ways has technology adoption influenced your organization's reputation and operational capabilities?

Regarding technology adoption and organizational reputation, most branch managers recognized that digital transformation has had a significant positive impact on their operational capabilities, particularly in customer service, transaction speed, and record management. Mobile and internet banking have also enhanced customer convenience and contributed to a more modern brand image. However, due to infrastructural limitations, inconsistent internet access, and staff resistance to new systems, technology adoption has not been uniform. As such, while technology has contributed to improving organizational performance and reputation, its impact remains moderate, particularly in regional towns like Wolkite where digital penetration is still developing.

In conclusion, the insights gathered from branch managers of private commercial banks in Wolkite Town Administration reinforce the descriptive statistical findings that both talent management practices and organizational performance are moderately practiced across the majority of branches. While efforts in talent planning, engagement, auditing, retention, and development are present, they tend to be inconsistent, reactive, and limited in strategic depth. Similarly, organizational performance—measured through financial indicators, operational efficiency, customer satisfaction, compliance, and technology integration—reflects moderate achievements, constrained by resource limitations and systemic challenges. These findings highlight a clear opportunity for banks to strengthen the alignment between talent management initiatives and organizational goals. Enhancing the strategic integration and

consistency of talent practices could serve as a catalyst for improving performance outcomes, particularly within the dynamic and competitive landscape of the Ethiopian banking sector.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

The study's findings, conclusions, and suggestions are summarized in this chapter, which is its last portion. The study's key findings, as given in the results and discussion section, were summarized. The findings were then used to draw conclusions and offer suggestions. Lastly, due to the study's limitations, the researcher offered recommendations for additional research.

5.1. Summary of Major Findings

Investigating the impact of talent management strategies on the organizational performance of private commercial banks in Wolkite town was the aim of this study. This paper's primary focus was to investigate the degree to which talent management practices—including talent planning, engagement, auditing, retention, and development—have an impact on organizational performance. Thus, the following is a summary of the study's main conclusions.

Mean score values in the range of 2.61-3.40 indicate moderate practices, a performance area offering a chance for improvement, according to the descriptive statistics analysis results on the five talent management practices. Although there are certain foundations, in order to optimize organizational performance, a more comprehensive, integrated, and data-driven talent planning strategy is required.

The results indicate that in order to fully achieve their potential impact on organizational performance, these institutions need improve their talent engagement procedures. To create a more motivated and engaged staff, specific enhancements in feedback systems, engagement programs, communication, and recognition are essential.

The mean range also denotes a transitional stage in the talent auditing process. Although the CBs are using talent auditing techniques, the process is not fully committed, applied consistently, or shown to have an impact.

Like the other areas, mean scores in this range for talent retention procedures indicate that although efforts are being made to retain talent, there is still significant opportunity for improvement in each of the seven areas that were looked at. The results point to the need for stronger and more effective employee retention tactics in the context of Wolkite Town's private commercial banks.

Lastly, the mid-range score for talent development procedures suggests a possible area for improvement. Although it appears that the banks are adopting these procedures, workers' perceptions of their efficacy and benefits are still largely neutral.

The results of the descriptive statistics study indicate that the private CBs in Wolkite town have a moderate level of organizational performance. Overall, it can be concluded that although banks are performing satisfactorily across key performance measures, they are not performing at their best. Raising organizational performance requires strategies centered on boosting customer service, increasing operational effectiveness, fortifying risk management procedures, and aggressively embracing innovation.

The Pearson correlation coefficient analysis revealed significant, strong, and positive relationships between TP, TE, TA, and TD practices and OP in relation to the relationship between the independent variables and the dependent. Their respective Pearson correlation coefficients were $r = .686^{**}$, $.688^{**}$, $.645^{**}$, and $.682^{**}$. However, as indicated by its correlation value ($r = .766^{**}$), the relationship between TR practice and ORGPER was significant, very strong, and positive.

As to the effect of the five talents management practices on organizational performance, according to the regression analysis output, despite the contribution differences among the five predictors, all have positive and significant contribution for organizational performance. This study found that the composite of TP, TE, TA, TR, and TD accounted for 72.5% of the variance in the organizational performance of the private CBs in Wolkite town. That is, the explaining capacity of these predictors that of the outcome variable, OP was 72.5%, but the remaining percentage 27.5% was explained by the variables which were not included in this study. Page 116 of 134 - Integrity Submission In summary, the above descriptive and

inferential analyses results were supported by the information gathered from interview sessions.

5.2. Conclusions

Based on the results, the following conclusions are drawn.

The descriptive statistics analysis results reveal moderate talent management practices on planning, engagement, auditing, retention, and development within the private commercial banks in Wolkite town, Gurage zone, indicating moderate application of these strategies. This "moderate" classification suggests that while some efforts are being made, there remains significant room for improvement to effectively attract, retain, and develop a high-performing workforce. Therefore, based on the results it can be inferred that these banks are not fully leveraging their talent potential. Talent planning is likely inconsistent and reactive rather than proactive. Engagement strategies may be implemented sporadically, failing to foster a consistently motivated and connected workforce. Talent auditing appears inadequate for accurately identifying skills gaps and performance issues. Weak retention strategies are likely contributing to employee turnover, and development programs might lack alignment with organizational needs and individual aspirations.

Regards to the organizational performance, the descriptive statistics derived from the items, indicates a prevalent state of moderate organizational performance in the private commercial banks in Wolkite town. This finding suggests a need for focused intervention to propel these institutions beyond the average. Therefore, it can be inferred that while the banks are not performing poorly, significant opportunities exist for improvement. The moderate range implies inconsistencies in service delivery, employee engagement, or operational efficiency. A lack of glaring weaknesses may obscure the areas requiring immediate attention, hindering the drive for excellence.

Talent planning, talent engagement, talent auditing, talent retention, and talent development practices all work together to improve performance, as the results of this study also show a statistically significant and positive impact of talent management practices on organizational performance based on multiple linear regression analysis.

The finding that talent retention exerts the greatest influence underscores its critical importance. This suggests that efforts to retain valuable employees within these banks are paramount for maximizing organizational performance.

5.3. Recommendations

The following suggestions are sent to the management bodies and interested parties of the private CBs in Wolkite town in light of the data analysis, findings, and conclusions:

- ✓ Based on the results and conclusion on talent management practices, the following recommendations are crucial: the banks better to enhance strategic talent planning, by implementing a data-driven, forward-looking planning process that anticipates future skill needs and proactively identifies potential talent pools; implement targeted engagement strategies; by moving beyond generic initiatives to develop tailored engagement programs that address specific employee needs and career aspirations; strengthen talent auditing processes, by adopting robust and systematic auditing methodologies to accurately assess individual performance, identify developmental needs, and uncover hidden talent; develop comprehensive retention programs by designing competitive compensation and benefits packages, foster a positive work environment, and provide opportunities for career advancement to reduce employee turnover; furthermore, invest in targeted talent development by implementing development programs that are aligned with organizational goals and individual employee aspirations, focusing on skill enhancement and leadership development. In general, by prioritizing these improvements, Wolkite's private commercial banks can move beyond moderate practices and cultivate a talent management ecosystem that drives organizational success and sustainable competitive advantage.

- ✓ Recommendations stemming from the results and conclusion on the organizational performance are the banks better to implement targeted training programs focusing on areas with lower scores, enhancing employee skills and promoting a culture of continuous improvement. Furthermore, streamlining processes and optimizing resource allocation can improve operational efficiency. Finally, establishing robust monitoring mechanisms to track progress against key performance indicators is essential. Regular performance reviews and feedback loops will enable banks to

identify and address emerging challenges, ultimately driving sustainable improvement and moving beyond the confines of moderate performance. This data-driven approach will allow private commercial banks in Wolkite town to strategically enhance their organizational performance and gain a competitive advantage.

- ✓ Prioritizing and funding initiatives that improve talent retention is the main recommendation based on the findings and conclusion of the multiple linear regression analysis. This covers, among other things, offering competitive pay and benefits packages, chances for skill and career progression, creating a happy and encouraging work atmosphere, and putting in place efficient performance management methods. Furthermore, maintaining a balanced approach is crucial, even if talent retention is crucial. To guarantee a thorough and reliable personnel management framework, banks should keep enhancing and improving their talent planning, engagement, auditing, and development programs.

5.4. Suggestions for Further Study

The researcher ran into the following main obstacles when carrying out the investigation. Since the study looked at how talent management practices affected organizational performance, it was restricted to Wolkite town private CBs. As a result, the study's conclusions might not be applicable to other private CBs that operate in the Central Ethiopia Regional State or outside of Wolkite town, the capital of the Gurage zone. Thus, it would be preferable for future research to be carried out at the zone or district level, integrating additional branches of both government-owned and private CBs.

However, organizational performance served as the dependent variable in this study, which only included five talent management practices—talent planning, engagement, auditing, retention, and development—as independent factors. The study recommends that more research be done to better analyze the impact of other talent management techniques, if any exist, as well as other practices, since adding more practices and other relevant variables may have a big impact on the banking industry's organizational performance.

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APPENDICES

Appendix A: Questionnaire



Wolkite University

School of Post Graduate Studies College of Business and Economics

Department of Management

Questionnaire to be filled by private commercial banks employees in Wolkite town

Dear respondent,

I am a graduate student in the department of management in business administration, Wolkite University. Currently, I am undertaking a research titled: "*Effect of Talent Management on Organizational Performance in Private Banks of Wolkite Town, Ethiopia*". You are one of the respondents selected to participate in this study. **To fulfill the research activity the researcher seeks to gather relevant data from each private bank employees, using self-administered questionnaire.** Please assist me in giving correct and complete information to present a representative finding on the issue under consideration. Your participation is entirely voluntary and the questionnaire result will be recorded anonymously and **will not be identified in the investigator MBA thesis or any subsequent publications.** Finally, I confirm you that the information that you share me will be kept confidential and only used for the academic purpose.

Thank you in advance for your cooperation & participation

For further information, please contact by the following address: Selam Tilahun, **Mobile +251960212216**

General Direction:

- ✓ **Please do not write your name on the questionnaire**

- ✓ For Likert scale type statements and multiple choice questions indicate your answers using the “√” mark in the box [bracket].
- ✓ Use the blank space for open ended question

Section I: Demographic Characteristics of the Respondents

1. Sex: Male Female
2. In which age group are you in?
 - 23 to 30 41 to 50
 - 31 to 40 51 to 60
3. What is your highest educational qualification?
 - Diploma Bachelor Degree
 - Master Degree other (specify) _____
4. How long have you been working in private CBs?
 - Below 5 years 11 to 15 years
 - 5 to 10 years 16 to 20 years above 20 years
5. What is your marital status?
 - A. Single B. Married C. Divorced D. Widowed
6. In which private commercial bank you are working currently? Write the branch name

Section II: Items to measure the independent variables – talent management practices

After you read each of the items, evaluate them by recalling as many recent talent management practices as possible in rating statements in each of the variable’s statements stated below in the five tables. Please tick (√) the appropriate scale that indicates your agreement in the tables given below. The values of the scales are 1 = Strongly Disagree(SD), 2 = Disagree (D), 3= Undecided (U), 3 = Agree (A), 5 = Strongly Agree (SA).here, 5 = strongly agree, 4 = agree, 3 = neutral, 2 = disagree and 1= strongly disagree.

2.1. Talent Planning practices

No	Item	Values of Scales				
		5	4	3	2	1

1	My organization has a systematic approach to workforce planning.					
2	Talent needs are anticipated and aligned with organizational objectives.					
3	My organization actively engages in scenario planning for future talent requirements.					
4	Workforce demographics and trends are regularly analyzed in my organization.					
5	Talent planning processes are inclusive and involve various stakeholders.					
6	My organization adjusts its talent planning strategies based on performance measurement.					

2.2. Talent Engagement practices

No	Item	Values of Scales				
		5	4	3	2	1
1	Employees in my organization are actively encouraged to participate in decision-making.					
2	My organization promotes an environment that promotes open communication.					
3	The organization provides opportunities for professional development and growth.					
4	Employee feedback is regularly sought and acted upon in my organization.					
5	I am satisfied with the level of engagement initiatives offered by my organization.					
6	The organization's culture encourages collaboration and team spirit.					

2.3. Talent Audit practices

No	Item	Values of Scales				
		5	4	3	2	1
1	My organization regularly evaluates the skills and competencies of its workforce.					
2	I believe that talent audits contribute significantly to identifying employee potential.					
3	Talent audits are conducted transparently in my organization.					
4	The outcomes of talent audits are communicated effectively to all employees.					
5	My organization utilizes talent audits to align employee abilities with organizational goals.					
6	Talent audits are seen as a crucial part of our organizational strategy.					

2.4. Talent Retention practices

No	Item	Values of Scales				
		5	4	3	2	1
1	My organization implements effective strategies to reduce employee turnover.					
2	Employees are provided with competitive compensation and benefits packages.					
3	Opportunities for career advancement are adequately communicated to staff.					
4	Employee well-being and job satisfaction are priorities for my organization.					
5	My organization regularly assesses and addresses employee retention issues.					
6	I believe that a strong culture of recognition helps talent retention in my organization.					

2.5. Talent Development practices

No	Item	Values of Scales				
		5	4	3	2	1
1	My organization provides adequate training opportunities to enhance my skills and competencies.					
2	I have a clear career development plan that is supported by my organization.					
3	Mentorship programs in my organization positively contribute to my professional growth.					
4	I receive regular feedback on my performance that supports my talent development.					
5	My organization conducts regular assessments to identify and nurture my skills.					
6	The organizational culture supports continuous learning and talent development.					

Section III: Items to measure the dependent variable – Organizational performance

Please tick (√) the appropriate scale that indicates your agreement in the table given below. The values of the scales are 1 = Strongly Disagree (SD), 2 = Disagree (D), 3 = Undecided (U), 4 = Agree (A), 5 = Strongly Agree (SA).

No	Item	Values of Scales				
		5	4	3	2	1

1	The bank consistently meets the expectations of its customers.						
2	The bank provides timely services to its clientele.						
3	Employees feel motivated to perform their duties effectively.						
4	The bank demonstrates robust financial health and profitability.						
5	The bank actively embraces new technologies and innovative practices.						
6	The bank adheres to all regulatory requirements and standards.						
7	The bank engages positively with the local community.						
8	The bank has effective risk management practices in place.						
9	The bank follows a clear and effective strategic plan.						

Appendix B: Interview

Wolkite University

College of Business and Economics School of Graduate Studies

Department of Management

Interview guide questions for branch managers of private commercial banks in Wolkite town

Dear respected respondents,

This interview guide is prepared to gather information about “*Effect of Talent Management on Organizational Performance in Private Banks of Wolkite Town, Ethiopia*” The study will be carried out for the partial fulfillment of Masters of Business Administration and it is for academic purpose only. Therefore, your genuine responses will have great value for the success of the study. Finally, I kindly request you to respond each question honestly and kindly.

Thank you in advance for your cooperation!!!

The following are interview guide questions

On talent management practices

1. Talent Planning: How does your bank align its workforce talent planning with its strategic objectives to address the evolving demands of the Ethiopian banking sector?
2. Talent Engagement: What strategies does your institution employ to ensure high levels of employee engagement, and how do these strategies reflect the unique cultural context of Ethiopia?
3. Talent Auditing: How does your bank conduct talent audits to assess the skills and competencies of its employees, and what impact do these audits have on your talent management policies?
4. Talent Retention: What measures has your bank implemented to enhance employee retention, particularly in light of the challenges posed by the competitive banking market in Ethiopia?
5. Talent Development: How does your institution facilitate the professional development of its employees, and what role does this play in enhancing organizational performance?

On the organizational performance

1. Financial performance measure: What specific financial performance indicators does your bank prioritize, and how do these measure inform strategic decision-making?
2. Operational efficiency: How does your organization measure operational efficiency, and what initiatives have been implemented to enhance this aspect of performance?
3. Customer satisfaction and loyalty: What methodologies do you employ to gauge customer satisfaction and loyalty, and how do the findings influence your service delivery?
4. Compliance and risk management practices: How does your bank approach compliance and risk management, and what performance measures are in place to ensure adherence to regulations?

5. Technology adoption and organizational reputation: In what ways has technology adoption influenced your organization's reputation and operational capabilities?

Thank again!!!!