

**TALENT DEVELOPMENT PRACTICES ON EMPLOYEE'S RETENTION; AN  
EXPERIENCE OF COMMERCIAL BANKS IN TANZANIA**

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**ABSTRACT**

This paper's primary purpose was to examine the effects of talent development practices on employee retention in commercial banks in Tanzania, using the case study of CRDB Bank PLC's headquarters. A human resources department with a population of 56 individuals was selected to represent the whole population of the CRDB Bank PLC Headquarters. All 56 respondents were selected as a sample size through a scientific population analysis known as census population. The data collection technique used was a semi-structured questionnaire. The quantitative data was analyzed with descriptive analysis and inferential statistics in SPSS version 25. It was found that career development has a positive correlation with employee retention ( $r = .796$ ,  $p$  value = 0.000). Furthermore, succession planning has a positive correlation with employee retention ( $r = .772$ ,  $p$  value = 0.00). The findings implied that both career development and succession planning have a positive effect on employee retention. The study recommends that CRDB Bank allow training and development to be the source of business innovation and creativity and introduce new rewarding strategies to keep talent in the organization for a long period of time. The research contributes as an addition to knowledge and literature on talent development practices, as it is still a new concept in many Tanzanian organizations.

**Keyword:** Talent Development, Employee's retention, Commercial banks.

**1. INTRODUCTION**

In today's very competitive world of business, commercial banks require a very sustainable, high-quality, and creative workforce, which necessitates the need to update the knowledge, skills, experience, and attitudes of employees (Al Aina & Atan, 2020). It has become clear that an increase in competition has also been increasing the stress on employees, which is causing high turnover in organizations (Knott, 2016). Organizations that engage in employee retention practices have the chance to reduce the risk. Effective employee retention is a systematic effort made by the employer to create and foster an environment that encourages current employees to remain employed. This includes talent development (Koolen, 2014). According to Rop (2015), continuous implementation of training and development practices is an essential component of talent management. In this context, organizations are encouraged to have new procedures to accomplish their tasks and provide new technologies. Career development and succession planning are important aspects of talent development.

According to Lyria (2017), career development encompasses several HR operations, such as

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attracting, developing, inspiring, and retaining engaged, productive people. The primary objective of career development is to establish a sustainable, high-performing organization that meets its strategic objectives, mission, and vision. (Kisumbe, 2020). Career development involves building interpersonal skills, building professional knowledge related to helping employees learn, and lastly, building an organization that is able to derive results, mission, and vision success. (Kehinde, 2012). According to Armstrong (2014), career development goals are: future-proofing the organization, improving employee engagement, generating new ideas and business opportunities, developing more effective managers, and lastly, increasing employee retention rates. Career development facilitates clear communication, generates growth opportunities, offers financial aid, and provides employees with a timetable (Koolen, 2014). One of the organization's responsibilities is to provide training and development opportunities to suit the needs of career progression (Dries, 2013).

According to Dowell (2010), succession planning is the process of identifying critical positions or key posts within organizations and developing plans with the aim of identifying a potential successor to assume the position. Succession planning aims at three major things: identifying key potential vacancies, selecting key competencies and necessary skills, and lastly, focusing on the development of individuals to meet future business needs (Cardy and Lengnick, 2011). The aim of succession planning is to identify very important positions in an organization and create a talent pipeline by preparing individuals to be the successors when others retire or leave the organization (Iles et al., 2010).

A successor is an employee with the potential skills, abilities, knowledge, and competencies to fill a vacant position until a permanent replacement is identified. Succession planning ensures that a business will continue running and progressing smoothly after an important role becomes vacant (Al-Hadid, 2017). An organization may want to implement a succession plan with the aim of retaining internal company knowledge, identifying the skill gap and the need for training, and investing in people. Succession planning has advantages such as increasing the number of qualified candidates for management roles and decreasing the risk of losing experienced business executives (Dowell, 2010).

According to the CRDB PLC Human Resource Report (2021), the bank recognizes the fact that only its employees are able to use other (inactive) resources at their disposal to create value. It is on this understanding that CRDB PLC is always striving to become an employer of choice, and for three consecutive years it has been the best bank in Tanzania, winning an award given by Euromoney Magazine (CRDB PLC Report, 2022). CRDB PLC takes pride in being one of the most dynamic banking institutions, whereby it is able to attract and retain relevant skills and talents with ease. During the year 2020, the bank has been able to identify key staff skill gaps and develop a capacity building program for its employees to enhance operational excellence and efficiency through the development of a training calendar that is adhered to.

The bank has also been able to develop a performance management tool for measuring staff performance by cascading corporate targets down to individual targets. The bank has introduced various cultural transformation and change management programs to ensure a proper fit with its corporate values.

Furthermore, the bank has introduced a graduate internship program aimed at developing new and

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young professionals to become productive in the bank. The program is designed in a manner that will speed up the development of young professionals towards acquiring relevant skills and assuming higher responsibilities within the bank. However, it should be noted that not all employees retained stay for the longest time; many leave the organization in search of greener pastures in other financial institutions or other different sectors with alluring incentives. CRDB PLC records indicate 20 employees left for other organizations in 2019 (CRDB PLC Annual Report, 2019); the number decreased in 2020, when 11 employees left (CRDB PLC Annual Report, 2020). The number of employees who left the organization increased to 22 in 2021 (CRDB PLC Annual Report, 2021). Workers are said to have reasons that influence their turnover. CRDB PLC is the first development finance institution established by the government of Tanzania and operates in Tanzania, where it experiences stiff competition in retaining talented employees. To gain a competitive edge, CRDB PLC needs a high level of talent management and employee retention. Hence, the need for this study is justified.

Furthermore, there have been efforts made by scholars to examine the influence of succession management practice on organizational performance, for example. Previous studies have highlighted the significant relationship between talent management and employee performance, organizational performance, and employee retention (Aina and Atan, 2020; Kisumbe, 2020; Mhagama, 2019; Mtinda, 2019; Mugambwa, 2018; and Sikawa, 2020). The literature indicates a relationship between talent management practices and employee retention. However, scarce literature and studies exist about the influence of talent management practices on employees' retention in banking sectors. Furthermore, it is clear that no studies specifically conducted in Tanzania have focused on the influence of talent management practices on employee retention at CRDB PLC. Also, there was a methodological gap among the studies that were conducted, as most of them focused on a single approach, either qualitative or quantitative. This study used a mixed approach to data collection and analysis to fill the gap. Hence, the aim of this paper is to examine the current stance of talent development practices in the banking industry in relation to employee retention.

## **2. LITERATURE REVIEW**

This paper is guided by human capital theory. The Human Capital Theory was proposed by Schultz (1961). It was then extensively developed by Becker (2002). The theory considers humans in terms of development and training costs, as "investment in people is considered to be a form of capital and that performance can be measured as a return on investment" (Becker, 1964). In this regard, learning is based on the deficit model, that is, the gap between the behavior of employees and the set standards. In other words, learning is needed where employees' performance capabilities are insufficient to cope with their job performance demands as expressed in their job descriptions (Kisumbe, 2020). The theory is relevant to the study as it accounts for the need for organizations to value human resources through effectiveness training and development. Indeed, an organization needs to invest in human resource training to realize returns determined by employee performance.

Several studies have been done concerning the variables under study. Kisumbe (2020) investigated the effect of talent development practices on leadership quality in LGAs in Tanzania. The overall findings suggested that training and development, employee engagement, leadership development, and employee sourcing positively affect leadership quality in LGAs. The study concluded that LGAs should have a characterized talent development strategy that can be executed adequately to

enhance talent progression.

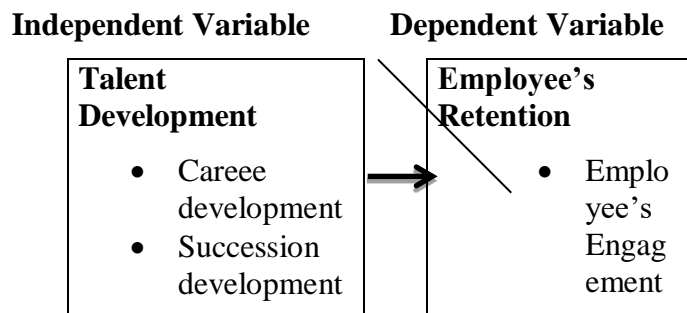
A study done by Sikawa (2020) on the influence of strategic talent management practices on teacher retention in rural public secondary schools in Mkuranga District, Tanzania. Results showed that there was a significant positive influence of career development, succession planning, working conditions, and reward management on teacher retention in rural public secondary schools in Mkuranga District.

Mtinda (2019) examined the effects of talent management practices on the performance of the executive agencies in Tanzania. The findings show that poor talent management strategies, such as a poor succession plan policy, inadequate training and development programs, and improper career development planning, had significant effects on the organization's performance. The study recommends that Tanzania Public Service College prepare budgets for employee training and development programs, design and implement a good succession plan policy, support employee career development, and raise awareness among all employees about the benefits of a proper succession plan as a way to reduce negative perceptions of it.

Mugambwa (2018) examines the influence of talent management practices on employee retention in state corporations in Uganda. The findings indicated that retention of employees is not influenced by talent development. However, the study recommended that NSSF Uganda should always hold dissemination sessions with trained staff to allow knowledge and training transfer.

Aina and Atan (2020) investigate the impact of implementing talent management practices on organizational performance in the United Arab Emirates. The results of the study indicate learning, development, and career management had considerable beneficial effects. The study proposes that learning and development, as well as employee career management, should be emphasized by management, with a focus on coaching and training programs and job rotation, in order to promote sustainable organizational success.

The reviewed studies provide the basis for this paper. Most of the studies reviewed were done outside of the banking sector context. Further, there are mixed findings regarding the issues. This justifies the need for this study. The conceptual framework of this study hypothesized talent development practices as a dependent variable that is determined by career development, succession development, and employee retention as an independent variable.



**Figure1:** Conceptual framework

### 3.METHODOLOGY

The study was conducted at CRDB Bank PLC's headquarter, which is located in Ilala, Dar es Salaam. This study used a mixed-methods approach. Qualitative data enabled the study to gather comprehensive information on how talent development is practiced. On the other hand, a quantitative approach quantifies the number of effects of talent development on employee retention. The targeted population for this study was 56 human resource employees. For this study, only the human resource department is considered, which comprises of five units: the recruitment and selection unit, the training and development unit, the talent unit, the rewards and compensation unit, and the administration unit. This target population was preferred because the human resources department is more knowledgeable on issues pertaining to talent management practices and employee retention compared to other departments in the bank.

Under this study, semi-structured questionnaires were utilized to collect data closely related to quantitative analysis. The questionnaires were adopted and modified from a study conducted by Sikawa (2020), entitled Influence of Strategic Talent Management Practices on Teacher Retention in Rural Public Secondary Schools in Mukuranga District, and questionnaires from a study conducted by Mugambwa (2019), entitled Talent Management Practices and Employee Retention in State Corporations in Uganda: A Case of the National Social Security Fund. The questionnaires were structured on a five-type Likert scale: strongly agree (SA) = 5, agree (A) = 4, neutral (N) = 3, disagree (D) = 2, and strongly disagree (SD) = 1. Using descriptive statistical analysis and regression analysis, the primary data collected by questionnaire were quantitatively examined.

#### **4.FINDINGS AND DISCUSSIONS**

##### **4.1 Talent Development and Employee Retention**

Talent development has been identified as one of the talent management approaches that has a positive effect on employee retention. The second purpose of this study was to investigate whether or not talent development has an effect on employee retention by analyzing the relationship between talent development and staff retention. The respondents were asked to rate their agreement or disapproval with each statement using a Likert scale from 1 to 5, where Strongly Disagree (SD) = 1, Disagree (D) = 2, Neutral (N) = 3, Agree (A) = 4, and Strongly Agree (SA) = 5. The outcomes are shown in tables 1 and 2.

**Table 1: Career development and Employee Retention**

<b>No.</b>	<b>Variables</b>	<b>Mean</b>	<b>Std. Deviation</b>
1.	CRDB Bank PLC conducts in house skill training	4.03	1.025
2.	CRDB Bank PLC supports personal career development goal	3.91	1.057
3.	In our Organization, individual counselling is conducted to all staffs	3.68	997

4.	CRDB Bank PLC management recognizes the need for staff growth	4.05	.875
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**Source: Field Data 2022**

From Table 1, the study found that a mean of 4.03 and a standard deviation of 1.025 of respondents agreed that CRDB Bank PLC provides in-house skill training. The table also reveals that respondents with a mean of 3.91 and a standard deviation of 1.057 concurred that CRDB Bank PLC promotes personal and professional development. In addition, the table reveals that respondents with a mean of 3.68 and a standard deviation of 0.997 concur that the firm provides individual counseling to all employees. In addition, respondents with a mean score of 4.05 and a standard deviation of 0.875 concurred that the management of CRDB Bank PLC acknowledges the need for staff development.

**Table 2: Succession development and Employee Retention**

No.	Variables	Mean	Std. Deviation
1.	There is a clear communication of information concerning succession planning and opportunities with the organization	3.93	1.02
2.	CRDB Bank PLC has programs in place to build a pool of managerial talent from which to appoint new managers	4.15	.822
3.	My Organization stresses on leadership development	3.55	1.28
4.	The bank offers equal opportunities for promotion for talented employee's	4.07	.762

**Source: Field Data 2022**

Table 2 also reveals that respondents, with a mean score of 3.93 and a standard deviation of 1.022, agree that the business clearly communicates professional possibilities and prospects. Nonetheless, respondents with a mean of 3.555 and a standard deviation of 1.280 concurred that my organization prioritizes leadership development. With a mean of 4,075 and a standard deviation of 0.762, the table demonstrates that the bank provides equal opportunities for advancement. This suggests that talent development positively influences employee retention.

**3.2 Views of Respondents on Employee's Retention**

The study measure employee's retention by consider how employee's engaged in work Table 3 presents the results.



**Table 3: Measurements of Employee’s Retention**

Variables	Mean	Std. Deviation
I know what is expected of me at work	4.3500	.97534
At work my opinions seems to count	4.0500	.95943
I have the materials and equipment i need to do my work right	4.3000	.96609
The mission or purpose of my company makes me feel my job is important	4.1750	1.05945
At work I have opportunity to do what I do best everyday	4.1750	.95776
There is someone at work who encourages my development	3.9000	1.05733
My associates or fellow employees are committed to doing quality work	4.0250	.91952
This last year, I have had opportunities at work to learn and grow	4.1750	.95776

**Source: Field Data, 2022**

Generally, all statements have a mean above 4 and a standard deviation less than 2, which indicate that respondents have similar views and agree that the employee’s views prevail and contribute to the employee’s retention.

**4.3 Correlation analysis**

Researcher decide to run correlation analysis to study the relationship between variable. The result is as seen on Table 4:-

<b>Table 4: Correlations</b>				
		ER	CD	SD
ER	Pearson Correlation	1	.796**	.772**
	Sig. (2-tailed)		.000	.000
	N	40	40	40
CD	Pearson Correlation	.796**	1	.799**
	Sig. (2-tailed)	.000		.000
	N	40	40	40
SD	Pearson Correlation	.772**	.799**	1
	Sig. (2-tailed)	.000	.000	
	N	40	40	40

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

**Source:Field data, 2022.**

From Table 4, it was found that career development has a positive correlation with employee retention ( $r = .796$ ,  $p$  value = 0.000). Furthermore, succession planning has a positive correlation with employee retention ( $r = .772$ ,  $p$  value = 0.00). The findings implied that both career development and succession planning have a positive effect on employee retention.

**4.4 Regression analysis**

The ability of independent variable to predict the dependent variable was tested through regression analysis.

Model Summary				
Table 5:Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.827 <sup>a</sup>	.685	.668	3.65077
a. Predictors: (Constant), SD, CD				

**Source: Field data, 2022**

The value of R square was .827, which is above the desired value of 0.05; the results indicate that employee retention is directly influenced by talent development by 82.7% and an adjusted R-square of 68.5%. The analysis of variance is depicted in Table 5.

**ANOVA FINDINGS**

Table 5: ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1070.759	2	535.380	40.169	.000 <sup>b</sup>
	Residual	493.141	37	13.328		
	Total	1563.900	39			
a. Dependent Variable: ER						
b. Predictors: (Constant), SD, CD						

**Source: Field data, 2022**

Results from Table 5 indicated that the overall model was statistically significant. Further, the results implied that human factors, such as career development and succession planning, are good predictors of employee retention. This was supported by an F statistic of 40.169 and the reported p value of 0.000. The results in Table 6 below show the regression coefficient.



**Regression Coefficient**

<b>Table 6: Coefficients<sup>a</sup></b>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.134	3.239		1.585	.121
	CD	.964	.299	.495	3.227	.003
	SD	.815	.332	.376	2.452	.019

a. Dependent Variable: ER

**Source: Field data, 2022**

The results in Table 4 showed that there was a positive and significant relationship between career development (=0.964, p=0.03) and employee retention. In addition, there was a positive and significant relationship between succession development and employee retention (=0.815, p=0.019).

**5. DISCUSSIONS**

The results showed that there was a positive and significant relationship between career development (=0.964, p=0.03) and employee retention. In addition, there was a positive and significant relationship between succession development and employee retention (=0.815, p=0.019).

This conclusion is supported by the responses of the general staff and managerial cadres, who indicated that talent development was not distinct from standard employee development. The training and development of talented people were identical to those of the general workforce. The majority of respondents indicated that the organization has a genuine interest in the career development and professional progress of its employees.

These results can be compared to Chen's (2014) research on the influence of training on staff retention. The study concluded that training and development is one of the strategies to retain a skilled person, and if used successfully, it can boost job satisfaction, organizational dedication, and employee retention. However, the survey revealed that many firms are unwilling to give employees training due to the high cost and risk involved. Some organizations choose not to fund lifelong training as a result of the possibility that employees with improved abilities will quit the organization for greener pastures.

Another study conducted by Suhail et al. (2013) on the influence of training on employee retention indicated that job training is essential for all employees and that learning, training, and development increase employees' intent to remain with the firm for longer periods of time. However, the study revealed that retention was greater among younger generations (such as late-generation students such as Xs, Zs, and millennials) than among baby boomers and early-generation Xs. This means that firms can engage the millennial generation through talent development and career advancement opportunities.

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These outcomes concurred with Anis et al. (2011), who found that training has a positive influence on employee retention. The study further revealed that employee talent development ensures that competent human capital is retained for an organization's competitive edge. In a nutshell, the study observed that the training and development of a talent increases the chances of an individual staying in the organization for a long period of time. The results are supported by the human capital theory, which states that when human capital is trained and developed, it increases the rate of innovation, productivity, and participation at work, hence growth at work and the organization in general. When human capital is innovative and productive, it is difficult for the organization to let go, resulting in the retention of talent for competitive advantage.

## **6. CONCLUSION**

The paper concludes that, there was a positive and significant relationship between career development ( $\beta=.964$ ,  $p=0.03$ ) and employees Retention. In addition, there was a positive and significant relationship between succession development and employees Retention ( $\beta=.815$ ,  $p=.019$ ).

### **6.1 Recommendations**

Since the paper found that there is a positive and significant relationship between talent development and employee retention, it is recommended that future studies on talent development concentrate on improving management of their skilled talent shortages, overcoming the issue of millennials dominating the workforce, and mastering the much-needed skills to survive the challenges posed by the globalization era. Initiate various training and development programs (such as on-the-job instruction, classroom instruction, workshops, online instruction, and benchmarking projects) and encourage employee participation and involvement. Identify training gaps after assessing employees' current levels of knowledge and ability.

#### **6.1.1 Recommendations for further studies**

This study primarily examined the impact of talent development practices on CRDB Bank's employee retention. To assess the impact of talent management on employee retention, the researcher encourages other researchers to examine talent management practices in other sectors of the economy, such as health, mining, aerospace, and hospitality. The study was limited to determining the impact of talent management practices on employee retention at CRDB Bank; however, there are numerous other factors, such as workplace environment, working culture, and environmental complexity. Future researchers can focus on factors other than those mentioned in this study.

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