

**TALENT MANAGEMENT PRACTICES AND EMPLOYEE RETENTION IN
TANZANIA COMMERCIAL BANKS**

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ABSTRACT

Employee retention and talent management issues are becoming the most critical workforce management challenges in modern organization. This paper set out to address the effect of talent acquisition and talent reward on employee's retention in Commercial Banks in Tanzania. Human resource departments with a population of 40 individuals were selected to represent the whole population of the CRDB Bank PLC Headquarters. Structured questionnaire based on five points Likert scale was used to collect primary data. Data were analyzed through descriptive and inferential analysis with the help of SPSS version 25. The paper used statistical graphs, percentages and numbers to present data. Results have proved that: talent acquisition and talent rewards both have a positive impact on employee's retention. Talent rewards had the correlation of ($r= 0.878$, $p< 0.01$) while talent acquisition had the coefficient of ($r=0.802$, $p< 0.01$). The paper recommends that, CRDB Bank should introduce new rewarding strategies to keep talent in the organization for a long period of time.

Keywords: Talent acquisition, Talent Reward, Employees Retention, Talent management, Commercial Banks in Tanzania.

1. INTRODUCTION

Employee retention and talent management issues are becoming the most critical workforce management challenges in modern organization. This is because when an employee leaves the organization it incurred cost for the organization from recruitment till the employee start working with the organization. In addition, it also disrupts the working routines of the remaining employee and reduced the organization performance. Therefore, many organizations are exploring how they are able to retain the employee for a longer period of time from both aspect of human resources management including talent management and job satisfaction (Chee, 2017; Lyimo and Tarimo, 2022; Mzava and Ngirwa;2023).

In today's very competitive world of business, Commercial banks require a very sustainable high quality and creative workforce which necessity the need for talent management practices (Al Aina & Atan, 2020). It is clear emerged that increase in competition has also been increasing the stress on employees that is causing high turnover in organization (Knott, 2016). Organization which engaged in employee's retention practices has 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; it includes talent acquisition and rewards. Retaining every employee may not be the goal of every company. Most

firms are concerned with retaining high performers, people who possess essential skills and knowledge and who are challenging to replace (Oladapo, 2014). The importance of employing bright individuals lies in their ability to achieve corporate goals with exceptional performance and are stated to have a greater dedication to the organization (Sikawa, 2020).

Kisambe (2020), revealed that the retention war starts at the hiring stage, with companies recruiting employees whose talents and interests fit with both the short- and long-term needs of the organization. According to Rabbi et al (2015), talent acquisition includes activities such as "recruitment and selection," "employer branding," "employee value proposition," and "employer of choice," all of which are necessary to find and hire employees who are a good fit for the company's. The goal of talent attraction is to fill open positions with candidates who have the necessary skills and personality traits (Al Aina & Atan, 2020). Phillips & Roper (2009) argue that in order to attract bright employees, firms must be innovative in their recruitment strategy and should, where possible, forego more conventional approaches.

In order to attract and keep the best employees, a well-designed incentives and recognition program is essential (Oldapo, 2014, Lyimo and Tarimo, 2022). It all begins with managers establishing objectives for employee performance that align with the larger organization's strategy, goals, and aims (Mugambwa, 2018). Because of threats like globalization, intense competition, and technological advancements, businesses work hard to maintain their foothold in the international market by rewarding talent employees (Al Aina & Atan, 2020). The traditional focus of businesses has switched from maximizing output and differentiating their offerings to also ensuring they keep hold of their most valuable resource: their workers by rewarding better (Sikawa, 2020). Workers are an organization's most important asset since they possess and utilize in-demand skills, characteristics, and talents which in return should be recognized (Mtinda, 2019).

Previous studies have highlighted the significant relationship between "Talent Management" and "Employees Performance", "Organizational Performance" and "Employees Retention" (Aina and Atan, 2020; Kisumbe, 2020; Mhagama (2019); Mtinda, 2019; Mugambwa, 2018; and Sikawa, 2020). The literatures indicate the relationship between talent management practice and employees retention. However, scarce literature and studies exists about the influence of talent management practice on employee's retention in banking sectors. Furthermore, it is clearly emerged that no studies specifically in Tanzania have focused on the effect of talent acquisition and talent rewards on employee's retention in CRDB PLC. Hence, the aim of this paper is to examine the current stance of the Talent acquisition and talent rewards on in the banking industry in relation to the employee's retention.

2. LITERATURE REVIEW

This paper was guided by Expectancy Theory which was developed by Vroom(1964). Vroom argued that, an employee or workers will perform work with higher level of effort when they expected to be paid good salaries and promoted on time. This theory can be used to determine the level of employee to perform multitask depends on level of motivation given by employer. The theory is relevant to the current paper as it discusses the importance of talent rewards through various means (packages) such as recognition, money and rewards which also are important determinants for the compensation packages which ensures employees' retention.

Aina and Atan (2020) investigate the Impact of Implementing Talent Management Practices on Organizational Performance in the United Arab Emirates. A systematic questionnaire was issued to 306 real estate company managers to obtain data for the study. The results of the study indicate that talent attraction and retention had no effect on sustainable organizational performance. This study links to the current study on the basis of the dependent variable, while the current study will use employee retention as the independent variable.

Kisumbe (2020) investigated the effect of talent practices on leadership quality in LGAs in Tanzania. The study collected data from seventy two (72) respondents from three LGAs (Kigoma Municipal, Kasulu and Mkuranga District Councils) through questionnaires. The overall findings suggested that employee sourcing positively affect leadership quality in LGAs. Leadership sourcing is linked to talent acquisition variable in this study.

Zhang (2014) did research on Talent Management in Chinese Privately-Owned Businesses. The study utilized an interpretivist stance and an inductive method. It was discovered that guanxi influences the entire Talent Management process, including talent attraction, talent development, and talent retention. In the context of Chinese POEs, career advancement, compensation, and guanxi were major considerations in retaining skilled employees.

Koolen (2014) examines the relationship between Talent Philosophy, Organizational Talent Management Approaches, and Workforce Differentiation. The study used 303 HR managers from 44 countries rated their personal talent management philosophy, the organization's talent management strategy, workforce differentiation, and perceived power distance. In addition, the findings suggest that an organization's exclusive talent management strategy mediates the relationship between a manager's opinion that talent is scarce and workforce differentiation.

The reviewed studies provide the basis for this paper. Most of reviewed study are done out of banking sector context. Furthermore there are mixed findings regarding the relationship between talent management and employees retention. This justifies the need for this study.

3. METHODOLOGY

The study was conducted at CRDB Bank PLC Head Quarters which is located at Ilala Dar es salaam. Quantitative approach was used to quantify the number of effects of talent acquisition and talent rewards on employee retention. The targeted population was 40 which come from human resource department that comprises of five units; recruitment and selection unit, training and development unit, talent unit, rewards and compensation unit and administration unit. This target population was preferred because the human resource department is more knowledgeable on issues patterning talent management practices and employees retention compared to other departments in the bank. Semi-structured questionnaires were utilized to collect data. 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 from a study conducted by Mugambwa, (2019) entitled 'Talent Management Practices and Employee Retention in State Corporations in Uganda: A Case of 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, primary data collected by questionnaire were quantitatively analysed.

4. FINDINGS AND DISCUSSION

4.1 Talent Acquisition Effect on Employee Retention

The respondents were asked to rate their agreement or disapproval with each statement using a Likert Scale. The results are presented in Table 1.

Table 1: Talent Acquisition and Employee Retention

S/N	Statement on talent acquisition	SA	A	N	D	SD	Mean	Std. Dev
1	A skill audit is conducted to assess the skills gap	14(35%)	16(40%)	8(20%)	-	2(5%)	4.00	1.01
2	The recruitment process provides for an extensive selection of talent	14(35%)	20(50%)	5(12.5%)	-	1(2.5%)	4.10	0.833
3	Before a vacancy is advertised, effort is made to tap from the internal talent pool	15(37.5%)	17(42.5%)	6(15%)	2(5.0%)	-	4.13	0.855
4	Induction programs are well structured to help the new employees settle in	16(40%)	14(35%)	8(20%)	-	2(5%)	4.05	1.037
5	There is sufficient pool of managerial talent available at CRDB Bank PLC to fill vacancies	14(35%)	21(52.5%)	3(7.5%)	2(5%)	-	4.18	0.780
6	CRDB Bank PLC has programs in place to build a pool of managerial talent from which to appoint new managers	15(37.5%)	20(50%)	4(10%)	-	1(2.5%)	4.15	0.822
7	The recruitment process succeeds in selecting the best talent	10(25%)	13(32.5%)	8(20%)	3(7.5%)	6(15%)	3.45	1.345

Fielddata,2022

According to table 1, respondents with a mean score of 4.00 and standard deviation of 1.01 concur that a skill audit is undertaken to evaluate the talent gap. The results also reveal that respondents concur, with a mean score of 4.10 and a standard deviation of 0.833, that the recruitment process

offers a diverse pool of candidates. The table also indicates that respondents agreed, with a mean of 4.13 and a standard deviation of 0.85, that efforts are taken to tap the internal talent pool prior to advertising a job. In addition, with a mean of 4.05 and a standard deviation of 1.037, respondents concurred that induction programs are well-structured in order to help new employees adjust. In addition, the table reveals that respondents concurred, with a mean score of 4.18 and a standard deviation of 0.770, that CRDB Bank PLC had a sufficient pool of managerial talent to fill vacancies. In addition, the table reveals that respondents agreed, with a mean of 4.15 and a standard deviation of 0.822, that CRDB Bank PLC has programs in place to develop a pool of managerial ability from which new managers can be appointed. With a mean of 3.45 and a standard deviation of 1.34, the table concludes that the recruitment procedure is successful in picking the top talent. This suggests that talent acquisition influences employee retention.

4.2 Talent Reward and Employee Retention

The respondents were asked to rate their agreement or disapproval with each statement using a Likert Scale as presented in Table 2.

Table 2: Talent Rewards and Employee Retention

S/N	Talent Rewards	SA.	A	N	D	SDA	Mean	Std.Dev
1	My Organization recognizes staffs 'achievement efforts	16(40%)	17(42.5%)	3(7.5%)	2(5%)	2(5%)	4.08	1.071
2	My Organization remunerates staffs	15(37.5%)	20(50%)	3(7.5%)	2(5%)	-	4.21	0.792
3	My Organization compensates employees of their efforts	18(45%)	15(37.5%)	4(10%)	1(2.5%)	2(5%)	4.15	1.051
4	I receive feedback on my achievements	11(27.5%)	23(57.5%)	4(10%)	2(5%)	-	4.08	0.764
5	My Organization offers bonuses to	24(60%)	11(27.5%)	3(7.5%)	-	2(5%)	4.38	1.004

	staffs							
6	The Organization pays satisfactory salary to staff	10(25%)	18(45%)	9(22.5%)	1(2.5%)	2(5%)	3.83	1.009

Field data, 2022

Table 2 indicates that the participants with mean 4.08 and standard deviation 1.071 agreed that: Organization recognizes staff’s achievement efforts. The table also indicates that respondents with mean 4.21 and standard deviation of 0.792 agreed that organization remunerates staffs. Moreover the table indicates that respondents with mean 4.15 and a standard deviation of 1.051 agreed on receiving feedback on individual achievements. In addition the respondents with mean 4.08 and standard deviation of 1.004 agreed on the organization offers bonuses to staffs, lastly the table reveals that with the mean 3.83 and standard deviation 1.009 agreed that the organization offers to pay satisfactory bank offer equal opportunities for promotion. This suggests that talent rewards positively impact employee retention.

4.3.1.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

S/N	Talent Rewards	SA.	A	N	D	SDA	Mean	Std.Dev
1	My Organization communicate expectations, goals and objectives clearly	14(38%)	17(42.5%)	3(7.5%)	4(10%)	2(5%)	4.08	1.062
2	In this organization rewards and promotion are offered on time	15(37.5%)	19(50%)	3(7.5%)	2(5%)	1(2.5%)	4.21	0.892

3	Turnover rate is very low	18(45%)	15(37.5%)	4(10%)	1(2.5%)	2(5%)	4.15	1.071
4	Am not plan to leave the organization in near future	11(27.5%)	22(55%)	4(10%)	2(5%)	1(2.5%)	4.08	0.767
5	Working condition is very conducive for me to keep staying in this organization	24(60%)	10(25%)	3(7.5%)	1(2.5%)	2(5%)	4.38	1.014
6	I satisfied with my current job	15(37.5%)	15(37.5%)	7(17.5%)	1(2.5%)	2(5%)	4.01	1.007
6	I satisfied with my current job	15(37.5%)	15(37.5%)	7(17.5%)	1(2.5%)	2(5%)	4.01	1.007

Field data, 2022

Generally, all statements have the mean above 4 and standard deviation less than two which indicate that respondents have similar views and agreed that employee’s engagement, low turnover rate and job satisfaction prevail and contribute to the employee’s retention.

4.3 Correlation analysis

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

Table 4: Pearson Correlation

		ER	TA	TR
ER	Pearson Correlation	1	.832**	.878**
	Sig. (2-tailed)		.000	.000
	N	40	40	40
TA	Pearson Correlation	.832**	1	.763**
	Sig. (2-tailed)	.000		.000
	N	40	40	40

TR	Pearson Correlation	.878**	.763**	1
	Sig. (2-tailed)	.000	.000	
	N	40	40	40

Source: Field data, 2022

The link between variables was investigated using Pearson Correlation Analysis. Summarized scales from the independent and dependent variables were used for the measurements. Talent rewards had the correlation of ($r= 0.878$, $p< 0.01$) while talent acquisition had the coefficient of ($r=.802$, $p< 0.01$). This demonstrates that all the independent variables have undeniable positive effect on dependent variable.

4.4 Regression analysis

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

Table 4: Model Summary Findings of Talent Acquisition, Talent Rewards and Employee Retention

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.914 ^a	.835	.821	2.67922	.835	60.623	3	36	.000

a. Predictors: (Constant), TR, TA,

Field data (2022)

Table 4 shows that the R is .914^a which indicates that there is a strong relationship between talent acquisitions, talent rewards and employee retention. The R square statistic of the model is 0.835 implying 83.5% of employee retention is affected by talent acquisition, and talent rewards. The Analysis of Variance is depicted in Table 5.

Table 5 Coefficient Findings of Talent Acquisition and Talent Rewards on Employee Retention

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.079	2.632		.410	.684
	TA	.505	.148	.378	3.418	.002
	TR	.756	.188	.557	4.021	.000

a. Dependent Variable: ER

Field data, 2022

The results of the table suggest that, with all other variables held equal, the employee retention rate increased by 0.505 for talent acquisition, and 0.756 for talent rewards. Keeping all other variables constant, these results demonstrate that all variables have a strong beneficial impact on staff retention, as their values are all positive.

The results in Table 6 below showed **Regression Coefficient**

Table 6 ANOVA Findings between Talent Acquisition, and Talent Rewards on Employee Retention

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1305.485	3	435.162	60.623	.000 ^b
	Residual	258.415	36	7.178		
	Total	1563.900	39			
a. Dependent Variable: ER						
b. Predictors: (Constant), TR, TA,						

Field data, 2022

The study found that the significance of the F statistic is 0.00, which is greater than the significance threshold of 0.05. These results imply that the model well explains the connection between talent acquisition, talent development, and talent rewards and employee retention.

4.6 DISCUSSION OF THE FINDINGS

4.6.1 Influence of Talent Acquisition on Employees Retention

Results demonstrates that talent acquisition have a positive significance on employee retention with a coefficient ($r=0.802$, $P < 0.01$). In accordance with the conclusions of Griffiths's (2012) study, talent acquisition should not be limited to just filling jobs in the company; rather, it should make use of the individuals' potential and abilities acquired through a rigorous recruiting process. According to Mugambwa (2018), talent acquisition should be more than just the process of filling positions; the recruiting process should also be thorough in order to identify excellent candidates with diverse talents such as communication, leadership, confidence, and teamwork. This study contrasts favorably with another study conducted by Sikawa (2020) on the influence of strategic talent management practices on teacher retention in rural public secondary schools in the Mukuranga district and also with a separate study conducted by Ramki (2015) on the effects of recruitment and selection practices on the retention of teachers in international primary schools in

Nairobi.

4.6.3 Effect of Talent Rewards on Employees Retention

Results demonstrates that there is a positive significant relationship between talent rewards and employee retention with coefficient ($r= 0.898, p < 0.01$). Cai *et al*, (2009) conducted a study on talent rewards and development within a multinational company in China and found that, a good salary was cited as the top reason why Chinese employees want to remain with the company. CIPD (Chartered Institute of Personnel and Development) conducted a survey on behavioral science and incentive in 2014-2015 and found that the transparency of pay decisions influences how employees perceive the fairness of the process and its eventual outcomes. The findings of the study support equity theory which recognize the concept of reward management by recognizing that people care not just about the absolute amount of rewards they receive for their work, but also about the relationship between this amount and what other people receive. HR managers should consider reward management as a tool for retaining employees, despite the fact that these findings contradict those of Oladipo, (2014), who found that job stability, remuneration, and potential for promotion did not have predictive value for employee retention rates.

Allowances have a significant impact on employee morale and job satisfaction, and retention according to the research. These findings are in agreement with those of Chiu et al. (2014), who discovered that low performance is a direct outcome of dissatisfaction with compensation. According to the study, an increase in happiness on the job also the need to stay in the organization can occur when workers feel their contributions are recognized and rewarded.

5.3. CONCLUSIONS

According to the findings of the study, there is a beneficial and statistically significant association between talent acquisition and employee's retention at CRDB Bank. In conclusion, talent acquisition has a significant effect on staff retention at CRDB Bank. Furthermore, empirical findings demonstrated a significant relationship between talent rewards and staff retention at CRDB Bank. The researcher discovered that it can be difficult to retain talent if their efforts are not recognized and appreciated. Retention rates at CRDB Bank are significantly influenced by talent rewards.

6. RECOMMENDATIONS OF THE STUDY

This study examined the impact of talent management practices on employee's retention at the CRDB PLC Bank Headquarters. In the majority of African industries, talent management remains an issue despite its importance to sustaining economic growth. Private and public sectors must match their business agendas with good leadership, entrepreneurial abilities, innovation, teamwork, critical thinking, and problem-solving as the African economy continues to expand. Further research needs to investigate the following patterning talent acquisition: assessing workforce needs by analyzing the skills and competencies needed in each part of business, analyzing the already existing skills and competencies, carrying out a gap analysis to identify crucial areas with needs and lastly planning skills acquisition through the whole process of recruitment and selection, employee development and succession planning.

Future studies on talent rewards should also focus on the development of reward strategies to

ensure that talented employees are not tempted to leave. The introduction of reward strategies will contribute to the organization's sustainability and competitiveness in Tanzania, a developing nation. In order to retain talent, CRDB Bank can make significant investments in talent retention and rewards strategies such as training, mentoring, and coaching. The reward strategy of an organization can affect everything from employee health and engagement to workforce productivity and employee retention. Too often, organizations fail to align their reward strategy with their business objectives, despite the fact that when properly executed, it can be incredibly effective. In addition, financial recognition schemes and benefits such as sick pay, pensions, and health insurance are examples of extrinsic rewards, compensation and benefits should be encouraged.

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