



# Talent Management and Organizational Performance: A Study in South-West Nigeria

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## Research Article

### Abstract

**Purpose:** This study was carried out to examine the empirical effect of talent management on organizational performance in two selected wire and cable firms operating in South-West Nigeria.

**Method:** A questionnaire was used as a research instrument to source data from a population of 186 employees from the two selected firms. Multi-stage sampling procedure was deployed to arrive at a sample size of 127. Data were analyzed using both descriptive and inferential statistics using Statistical Package for Social Sciences (SPSS) version 20.

**Result:** The study revealed that talent management has a significant positive effect on Organizational Performance. [Model R-square = .623 and  $P < 0.05$ ]. It indicates a predictive power of the outcome in the model as approximately 62% of variation in Organizational Performance is explained by talent management practices.

**Implication:** The result implies that the firms should pay more attention to the selected talent management practices (talent attraction, talent retention, learning and development, and career management) in order to ensure a higher level of organizational performance.

**Keywords:** Talent Management, Talent Retention, Talent Attraction, Organizational Performance.

## 1. Introduction

The attention towards corporate organizations has always been focused on the capacity of their employees to attain corporate performance. Corporate organizations always seek the involvement of their employees in achieving and increasing the performance level of the organization. Employees within organizations are gifted with various abilities and aptitudes that enable them to perform efficiently within organizations. The practice within the organization to identify, develop, recruit, and deploy employees to make a difference, has been referred to as talent management (Armstrong, 2009).

To compete in the current dynamic and competitive environment, talents among employees within organizations must be considered crucial to the sustainability of the performance of organizations. It has been observed in the literature that Human Resource (HR) leaders and corporate executives rate talent management (TM) as top people affairs, knowing that it has a high influence on organizational performance. The strategic view of TM has been expressed in literature from varying perspectives. Some organizations see TM as building organizational capacity through the workforce within them. Meanwhile, some scholars have seen TM as a related set of organizational practices such as identifying, selecting, developing, and retaining gifted employees as well as building their capacity for important roles within the organization (Garriw & Hirsh, 2008).

Meanwhile, Michaels, et al (2001) prescribed some components that organizations need to leverage, to gain managerial talent. They opined that organizations should create a winning staff value proposition that will make their firms strategically attract talents.

Although some studies have been carried out on TM, more quantitative studies are needed to generate different perspectives on the predictive power of TM (Lewis & Heikman, 2006). Further studies need to be done in developing countries to show the predictive effect of TM on organizational performance (Thunnissen, Boselie & Fruytie, 2013). It has been observed that the focus on studies in TM is found in developed Countries (McDonnell, Collings & Burgess, 2012; Collings, Scullion, & Vaiman, 2011), the UK, Ireland, Netherlands, and Australia. India, China, and Belgium are also in this category (Gallardo-Gallardo, Nijs, Dries & Gallo, 2015).

Meanwhile, there are dimensions of need for the development of talents, due to the relevance of talented employees, where organizations are having it difficult to discover suitable employees (Michaels, Handfield-Jones & Axelrod, 2001).

This study was therefore carried out on talent management and organizational performance in the Wire and Cable sub-sector of the manufacturing sector of Nigeria. This sub-sector is a significant part of the Nigerian manufacturing industry (Egbetokun, 2010).

## **2. Literature Review**

### **2.1. Conceptual Review**

#### **2.1.1. Talent Management**

Michaels et al; (2001) described TM as a "war for talent". The concept of TM has gained the attention of the corporate world in managing its employees as talents, to drive organizational competitiveness and transformation as it is expedient that organizations create a pool of talents (Torrington et al., 2014). According to Howard (2018), talent management has an objective to secure a talent pool that can be aligned with the appropriate employees, in the right positions, at the right time. This is achieved through the utilization of measurable and actionable skills in driving organizational success.

Sparrow et al; (2014) opined that TM is a concept that brings perspectives and practices from various fields in Management. It is a strategic approach focused on the organization (Boudreau & Ramstad, 2005; Collings & Mellahi, 2009; Gallardo-Gallardo et al., 2020). According to Asrar et al; (2018), talent management encompasses the implementation of integrated strategies or systems aimed at enhancing workplace efficiency. This is practiced through improved activities to attract, develop, and retain individuals with the necessary skills and capabilities to meet business requirements.

Schiemann (2014) opined that talent management exists in stages of interaction and connection in the organization to implement the attraction, acquisition, and onboarding stages of employees. Based on these, TM is termed to be developing, and retaining the Organizations' competitive edge. The development process consists of training, coaching, mentoring, career management, and leadership development while the retaining process covers performance management and succession planning. Oladapo (2014), focused on five aspects of TM practices, which comprised attraction, selection, engagement, development, and retention of employees. This study focused on identified aspects of talent management practices which include talent attraction, learning & development, and talent retention. Kayumbi & Wanyoike (2021), described talent attraction as the approach used to draw potential employees who can make an impact and meet the requirements for the job role talent retention is used on talented personnel, which involves the practices and techniques that are used by the organization to fulfill their abilities. Whereas, learning & development is the systematic process of preparing employees for future roles. It includes coaching and mentoring. Career Management covers Career Planning & Career Development at an individual employee level.

### **2.1.2. Organizational Performance (OP)**

Organizational performance is the capacity of the firm to meet its stated goals and optimize results. OP is the description of the performance level of any organization in meeting its stated objectives. Organizational performance can be measured in several ways as observed in literature, such as the financial metrics and non-financial metrics. Key Performance Indicators (KPIs) are another tool used to describe the metrics for the measurement of OP. These are metrics used to track progress toward specific goals. KPI also combines the financial and the non-financial, quantitative, and qualitative metrics of measurement. This study is based on the non-financial metrics with some selected indicators, which are, Timely Product Delivery, Customer Satisfaction and Employee satisfaction as found in the literature (Lyria, 2014; Aina & Afan, 2020)

### **2.2. Theoretical Review**

Resource View (RBV) theory underpinned this study. The theory states that there are tangible and intangible resources within the organization to carry out business strategies. According to Barney (1999), the RBV is a resource with the potential to create a competitive advantage. This theory analyses and interprets the internal resources of the organization and emphasizes resources to be capable of formulating strategies for achieving sustainable competitive advantage. Competitive advantage is the ability to create more value than rivals to generate higher returns on investment (Barney, 1991).

### **2.3. Empirical Review**

Almohtaseb, Shaheem, Alomari, and Almahammed (2020) carried out a study on Talent management on Organizational Performance, the moderating role of an effective performance management system. The quantitative study was carried out in Jordan public hospitals. 430 respondents were selected from 30 public hospitals and the data generated was subjected to analysis using SEM-AMOS. It was revealed that there was a relationship between TM and Organizational performance while performance management systems moderated the relationship.

Kayumbi and Wanyoike (2021), Carried out research on Talent management and organizational performance in KCB Banks, Kenya. The quantitative study had a total population of 1514 with a sample of 152 respondents. The study used both descriptive and inferential statistics in multiple regression using SPSS. The study revealed that talent attraction, talent retention, learning and development, and career management have positive significant effects on organizational performance in the bank.

Kehinde (2012), did a study on talent management and organizational performance amongst top firms in Lagos. A structured questionnaire was used to source data from top senior officers in the organization. The correlation coefficient, t-test distribution, and descriptive analyses were the methods used to analyze the data. The findings revealed that talent management has a positive and significant effect on organizational performance

Ezinne, Enyinna, and Onwuka (2015), investigated talent management practices and the performance of employees in a few selected public organizations in Nigeria. The researchers used Taro Yamani's statistical technique to determine the sample size. There was a total of 364 questionnaires that were administered. The Analysis of Variance" (ANOVA) was carried out using the SPSS version 20 software to carry out comparisons between different populations of the mean that exist within the different groups and between the groups at five Likert scale. The study found a strong relationship between talent management and the performance of the employees in the selected organizations.

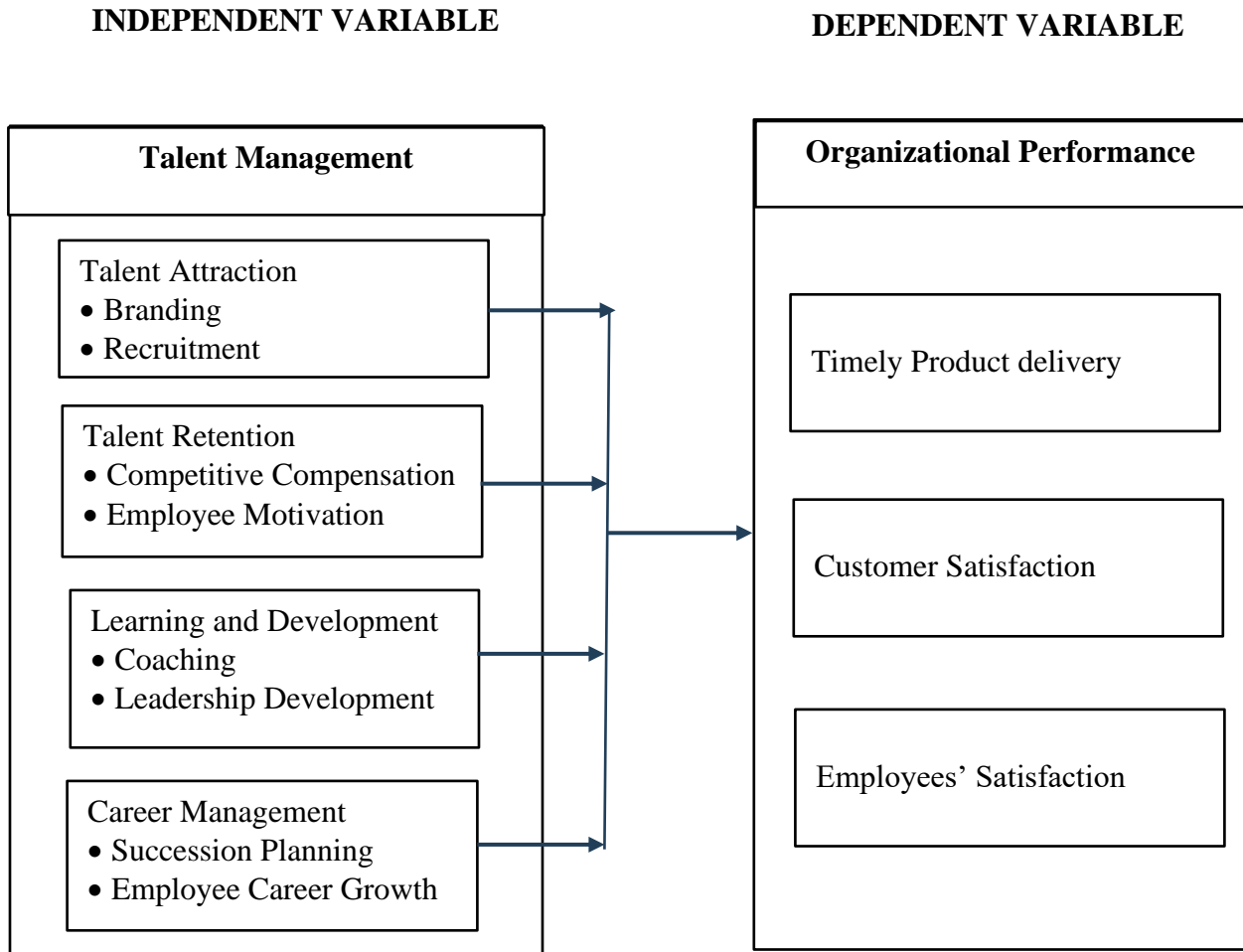
Riham and Tarik, (2020), investigated talent management practices and performance in real estate companies located in the United Arab Emirates. Questionnaires were circulated to collect data from a study sample of 306 respondents in real estate companies. The hypotheses were tested using structural equation modeling (SEM). The results showed that talent attraction and talent retention had no impact on performance, whereas learning and career management were found to have significant positive impacts.

### 2.4. Hypothesis

From the reviewed literature, we formulated the following hypothesis.

*Ha: There is a significant effect of talent management on organizational performance in the wire and cable sub-sector of the manufacturing sector in Southwest Nigeria.*

### 3. Research Framework



**Fig 1.: Research Framework**

Source: Adapted from Kayumbi & Wanyoike (2021)

### 4. Materials and Methods

#### 4.1. Study Design

A case study research design was deployed covering two selected leading wire and cable firms in Southwest Nigeria as the study area. Southwest Nigeria is the base of the Nation's commercial nerve center. Denki Wire and Cable Ltd, Akure, and Beacon Wire and Cable Ltd, Lagos Nigeria were selected. The two firms are among the leading wire and cable firms as listed in the Cable and Wire Manufacturer Association in Nigeria (CAMAN).

## 4.2. Sampling Plan and Data Collection

The population of the study was 186, which comprised the employees from the two selected wire and cable firms. The sampling technique adopted for this study was a multi-stage sampling procedure. The first stage involved the purposive selection of two major wire and cable firms within South West Nigeria. The second stage involved convenient sampling of employees in the selected two wire and cable firms. The employees of these firms are involved in TM practices within the organization. The sample size was determined using Yamane's (1976) sample size determination formula to obtain the number of questionnaires directly administered to the employees as respondents within the two selected firms with a sample size of 127. The number of the questionnaire retrieved was 121, which represents 95.2% of the sample size.

Data were collected through a structured questionnaire. The questionnaire was structured using five-point Likert scale-type (Strongly agree to strongly disagree) questions in three sections. Section A was concerned with the socio and demographic information of the respondents. Section B showed the measures to assess TM practices. This included Talent Attraction (5 items), Talent Retention (5 items), Learning and Development (4 items), and Career Management (5 items), as previously provided in (Kayumbi & Wanyoike, 2021) while Section C showed the measures to assess Organizational performance. This included Timely Product Delivery (4 items), Customer Satisfaction (6 items), and Employee Satisfaction (5 items), as previously provided in (Kayumbi & Wanyoike, 2021; Lyria, 2013; Aina & Atan, 2020).

## 4.3. Data Analysis

Data were analyzed using both descriptive and inferential statistics using Statistical Package for Social Sciences (SPSS) version 20. The descriptive statistics were tables and percentages used to analyze the demographic parts of the questionnaire while the inferential statistics were run by multiple regression to test the formulated hypothesis.

Model Specification:  $OP = \beta_0 + \beta_1TA + \beta_2TR + \beta_3LD + \beta_4CM + e_1$ . Where:

OP = f (TM). (TA-Talent Attraction, TR-Talent Retention, LD-Learning and Development, CM-Career Management), OP = (Organizational Performance) =TSD (Timely Service Delivery), CP (Customer Satisfaction), EP (Employee Satisfaction).

## 5. Results

### 5.1. Reliability Analysis

This study has two main variables. Independent variable and Dependent variable. The independent variable was measured with Talent attraction, Talent Retention, Learning and development, and career management. The dependent variable was measured with Timely Product Delivery, customer satisfaction, and Employee satisfaction.

The Cronbach's alpha for all the scales were above .80, which indicated their reliability. TA=Talent Attraction (.862 with 5items), TR=Talent Retention (.872 with 5items), LD=Learning and Development (.463 with 4items), CM=Career management (.837 with 5items), TPD=Timely Product Delivery (.857 with 4items), CUS=Customers Satisfaction (.915 with 6items), EMS=Employees Satisfaction (.809 with 5items) and ORGP=Organizational Performance (.926 with 15items).

### 5.2. Demographic Information

Table 1 shows the demographic characteristics of the respondents which is the analysis of section A of the questionnaire. The demographic profile of the respondents shows that there is almost equal participation of males and females, the majority of the respondents are within the age range of 20-49 years of age while most of the respondents are married.

**Table 1: Demographic Profile of the Respondents**

Characteristics	Frequency	Percentage (%)
<b>Sex</b>		
Male	58	47.9
Female	63	52.1
Total	121	100.0
<b>AGE</b>		
Below 20years	9	7.4
20-29 years	37	30.6
30-39 years	32	26.4
40-49 years	28	23.1
50-above	15	12.4
Total	121	100.0
<b>Marital Status</b>		
Single	34	28.1
Married	65	53.7
Divorced	14	11.6
Separated	4	3.3
Widowed	4	3.3
Total	100	100.0
<b>Literacy Level</b>		
WASSCE/GCE	9	7.4
NCE/OND	36	29.8
HND/B.SC	48	39.7
Post Graduate	26	21.5
Total	121	100.0
<b>Length of Service in the Organization</b>		
1-5years	39	32.5
6-10years	47	39.2
11-15years	25	20.8
16-20years	7	5.8
21 + years	2	1.7
Total	121	100.0
<b>Department within the organization</b>		
Human Resource	5	4.1
Corporate Affairs	1	8
Technical/Production	33	27.3
General Administration	32	26.4
Sales & Distribution	32	26.4
Accounts	17	14.0
	1	.8
Total	121	100.0

Source: Authors Field Survey. (2023)

### 5.3. Testing of Hypothesis

The regression result showed the relevant and significant level of the model relationship. Tables 2 and 3 showed the significance level of the variable with a value of .000. Thus, the study accepts the hypothesis that *there is a significant effect of talent management on Organizational performance in the wire and cable sub-sector of the manufacturing sector in Southwest Nigeria.*

**Table 2: ANOVA**

ANOVAa						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	41.716	4	10.429	48.851	.000b
	Residual	25.191	118	.213		
	Total	66.907	122			
a. Dependent Variable: ORGP						
b. Predictors: (Constant), CM, LD, TA, TR						

Source: Authors field survey (2023)

**Table 3: Test of Hypothesis Result**

Model Summary										
Model	R	R Square	Adjusted Square	R- Std. Error of the Estimate	Change Statistics				Sig. Change	F
					Change	F Change	df1	df2		
1	.790a	.623	.611	.4620453	.623	48.851	4	118	.000	
a. Predictors: (Constant), CM, LD, TA, TR										

Source: Authors field survey (2023)

**6. Discussion**

From Table 3, the R-square of .623 indicated that the four explanatory variables account for 62.3% of the variability in the Organizational performance (output variable). This represents a significant effect of talent management on organizational performance. The Regression result reveals the extent to which the indicators of TM predict performance in the organization.

The study revealed a significant positive effect on Organizational Performance (OGP) from the model R<sup>2</sup> = .623 and P < 0.05. The R-square of .623 indicates a predictive power of the outcome in the model as 62% variation in Organizational Performance is explained by talent management practices within the firms. This implies that for every unit increase in talent management indicators, Organizational Performance (OGP) increases by 0.62. Therefore, the alternative hypothesis (H<sub>a</sub>) which states that there is a significant effect of talent management on organizational performance is hereby accepted.

This result is related to past empirical studies like Almohtaseb, et al; (2020) which carried out a study on the Impact of talent management on Organizational Performance. The findings revealed that there was a relationship between talent management and organizational performance. Furthermore, it is in tandem with Kayumbi and Wanyoike (2021), who carried out a study on talent management and organizational performance in KCB Banks Limited, Kenya. The study revealed that talent attraction, talent retention, learning and development, and career management have positive significant effects on organizational performance in the bank. Moreover, the study agrees with Kehinde, (2012), whose findings revealed that talent management has a positive and significant effect on the organizational overall performance. It also revealed that talent management scheme has an impact on the performance of the multinationals. This study further agrees with Nafei (2016), who examined the impact of talent management on the organizational performance of Egyptian firms. The findings showed that there is a relationship between talent management dimensions and organizational performance.

**7. Conclusion**

The study revealed that TM is a predictive variable of Organizational performance. This study further concludes that talent management has a strong association with timely product delivery, customer satisfaction, and employee satisfaction, which are measures of organizational performance. This study implies that the focus on the management of talents among employees within the corporate organization is supposed to be a corporate policy as this study has revealed TM to have a strong predictive power on organizational performance. Moreover, this study has shown that timely product delivery, customer satisfaction, and employee satisfaction are strategic indicators that organizations can use to measure their

performance level. The study focused on selected components of TM and non-financial indicators of organizational performance. This study has further revealed the strategic significance of the concept of Talent Management as it implies the strategic positioning of organizational employees by corporate management, to tap into their inbuilt capacity to attain organizational strategic goals.

## 8. Limitations and Suggestions for Further Studies

This study is limited to two leading firms of the wire and cable sub-sector and only focused on non-financial performance indicators of organizational performance. Further studies could be carried out by accessing other relevant sectors in the Nigerian economy to assess the influence of talent management as a predictor of organizational performance and other variables like organizational commitment. Furthermore, the concept of TM can be studied to know the possibility of predicting organizational financial performance to bridge the existing gaps in the literature.

**Authors' Contributions:** Olufemi Epebinu conceived the idea, Dolapo Oguntuase and Alhassan Oruma collected data; Olufemi Epebinu wrote the paper.

**Conflict of Interest:** The authors declare no conflict of interest.

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