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TALENT MANAGEMENT PRACTICES AND PERFORMANCE OF COMMERCIAL BANKS IN NAIROBI CITY COUNTY, KENYA

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ABSTRACT

Commercial banks play a vital role in the economic development of Kenya, particularly in Nairobi City County, which serves as the country's financial hub. These banks facilitate financial intermediation, enabling individuals and businesses to access credit, manage savings, and make investments. However, the performance of commercial banks in Nairobi City County has shown signs of distress in recent years. Reports indicate that non-performing loans (NPLs) have risen sharply, with the ratio of NPLs to total loans reaching approximately 14.4% in 2022, significantly above the Central Bank of Kenya's recommended threshold of 5%. The general objective of the study was to assess the effect of talent management practices on performance of commercial banks in Nairobi City County, Kenya. Specifically, the study seeks to determine the influence of talent acquisition on performance of commercial banks in Nairobi City County, Kenya and to examine the effect of employee compensation on performance of commercial banks in Nairobi City County, Kenya. The descriptive research design was employed where data was collected one point in time. The unit of analysis for the study was 41 commercial banks in Kenya (CBK, 2022) while the unit of observation was management employees. The accessible population was 246 individuals comprising of 41 top managers, 82 middle level managers and 123 lower-level managers. The study's sample size was reached at using Krejcie and Morgan sample size determination formula. Therefore, using the formula, the sample size for the study was 207 respondents. This study also used questionnaire to collect data relevant to this study. Quantitative data collected was analyzed using descriptive statistical techniques which are frequencies, mean, standard deviation. Inferential statistics which include Pearson correlation and the Regression Analysis Model was used to test the relationship between study variables. The significance of the model was tested at 5% level of significance. Data was analysed using Statistical Package for Social Sciences (SPSS) software. The study results were presented through use of tables and figures. The study concludes that talent acquisition has a positive and significant effect on performance of commercial banks in Nairobi City County, Kenya. The study also concludes that employee compensation has a positive and significant effect on performance of commercial banks in Nairobi City County, Kenya. Based on the findings, this study recommends that the management of commercial banks should invest in a more strategic and data-driven talent acquisition process

Key Words: Talent Management Practices, Talent Acquisition, Employee Compensation, Performance of Commercial Banks

Background of the Study

Commercial banks play a vital role in the economy by facilitating financial transactions, providing credit, and supporting economic growth through lending (Widyatmoko & Yahya, 2021). As intermediaries between savers and borrowers, their performance is often assessed in terms of profitability, liquidity, asset quality, and operational efficiency. Understanding these performance metrics is essential not only for bank management but also for regulators, investors, and policymakers who rely on the stability of the banking sector to sustain economic health (Saarunya & Soundria, 2021).

Historically, the performance of commercial banks has been influenced by various factors, including regulatory frameworks, market conditions, and technological advancements. The deregulation of the banking industry in many countries during the late 20th century marked a significant shift, leading to increased competition and innovation in banking products and services (Zin, *et al*, 2023). This shift prompted researchers to explore the implications of competition on bank performance, examining how factors such as interest rates, credit risk, and operational efficiency affect profitability. Additionally, the rise of digital banking and fintech companies has further transformed the landscape, compelling traditional banks to adapt their strategies to remain competitive (Wahba, 2020).

In recent years, the global financial crisis of 2007-2008 underscored the importance of analyzing bank performance, as it revealed vulnerabilities within the banking system and highlighted the need for effective risk management practices (Mukundente & Mulyungi, 2021). Researchers have since focused on understanding the relationship between risk management and bank performance, seeking to identify best practices that can enhance resilience and stability. Furthermore, the performance of commercial banks is now often evaluated in relation to sustainability and corporate social responsibility, as stakeholders increasingly demand that financial institutions contribute positively to societal and environmental goals (Mzava & Tarimo, 2023).

Talent management refers to the strategic process of attracting, developing, motivating, and retaining skilled employees to meet an organization's objectives and enhance its overall performance (Sembiring & Damayanti, 2023). It encompasses a range of practices, including talent acquisition, and compensation. Talent management practices are essential for fostering a productive, motivated, and engaged workforce. Each of these elements plays a significant role in aligning an organization's goals with employee growth and performance (Mgbemena, *et al*, 2022).

Talent Acquisition is the foundational step in talent management, focusing on attracting, selecting, and hiring the right candidates for various roles within an organization. Effective talent acquisition strategies go beyond filling vacancies; they emphasize identifying candidates who align with the company's culture, values, and long-term objectives. Employee Compensation plays a vital role in attracting and retaining talent. Competitive compensation packages that include not only salary but also benefits such as health insurance, retirement plans, and performance bonuses are key motivators for employees. Compensation should be aligned with industry standards and performance metrics, ensuring fairness and transparency (Kireru, Karanja & Namusonge, 2022).

Statement of the Problem

Commercial banks play a vital role in the economic development of Kenya, particularly in Nairobi City County, which serves as the country's financial hub. These banks facilitate financial intermediation, enabling individuals and businesses to access credit, manage savings, and make investments. By mobilizing savings and providing loans, they contribute to the growth of various sectors, thereby fostering economic stability and enhancing the overall financial landscape of the nation. Furthermore, commercial banks are crucial in implementing government policies related to monetary stability and financial inclusion, making their performance a key indicator of the country's economic health (Rukunga & Nzulwa, 2020).

However, the performance of commercial banks in Nairobi City County has shown signs of distress in recent years. Reports indicate that non-performing loans (NPLs) have risen sharply, with the ratio of NPLs to total loans reaching approximately 14.4% in 2022, significantly above the Central Bank of Kenya's recommended threshold of 5%. This deterioration in asset quality has adversely impacted profitability, with many banks recording decreased net earnings. Additionally, competition from fintech companies has intensified, prompting traditional banks to reevaluate their operational strategies and performance metrics. Such challenges underscore the urgent need to understand the underlying factors affecting bank performance in this dynamic environment (Muyela & Kamaara, 2023).

One critical factor that influences the performance of commercial banks is the effectiveness of talent management practices (Kamau & Juma, 2023). In the banking sector, where customer service and financial acumen are paramount, well-implemented talent management strategies can enhance operational efficiency and service delivery. Moreover, aligning employee skills with organizational goals fosters a culture of innovation and responsiveness, which is essential for navigating the challenges posed by a rapidly changing financial landscape (Wandabwa & Makokha, 2023). Therefore, assessing the impact of talent management practices on the performance of commercial banks in Nairobi is crucial for formulating effective strategies that can drive growth and sustainability in the sector

Objectives of the Study

General Objective

The general objective of the study was to assess the effect of talent management practices on performance of commercial banks in Nairobi City County, Kenya

Specific Objectives

i. To determine the influence of talent acquisition on performance of commercial banks in Nairobi City County, Kenya
ii. To examine the effect of employee compensation on performance of commercial banks in Nairobi City County, Kenya

LITERATURE REVIEW

Theoretical Framework

Resource-Based View (RBV)

The Resource-Based View (RBV) theory founded by Barney (1991) is a strategic management framework that focuses on the internal resources and capabilities of a firm as sources of competitive advantage. At its core, RBV posits that a firm's unique bundle of resources and capabilities can enable it to achieve sustainable competitive advantage and superior performance in the marketplace. Unlike traditional strategic management approaches that primarily focus on external factors such as market dynamics and industry structure, RBV emphasizes the importance of internal factors in determining a firm's success (Sembiring & Damayanti, 2023). RBV theory entails identifying and leveraging a firm's distinctive resources and capabilities to create value and achieve strategic objectives. Resources can include tangible assets such as physical infrastructure, financial capital, and technology, as well as intangible assets such as human capital, intellectual property, organizational culture, and reputation. These resources are considered valuable if they enable the firm to exploit opportunities or neutralize threats in the external environment. Capabilities, on the other hand, refer to the firm's ability to effectively deploy and utilize its resources to perform specific activities and achieve desired outcomes (Mgbemena, *et al*, 2022).

The Resource-Based View (RBV) theory of strategic management is built upon several foundational assumptions that shape its approach to analyzing firm performance and competitive advantage. One key assumption of RBV is that firms are heterogeneous in terms of the resources and capabilities they possess. This means that each firm has a unique bundle of resources—both tangible and intangible—that is valuable, rare, difficult to imitate, and non-substitutable (VRIN). RBV posits that these distinctive resources and capabilities are the primary sources of sustained competitive advantage and superior performance (Atieno, 2020). Another assumption of RBV is that firms are rational and profit-maximizing actors that seek to exploit their resources and capabilities to create value for stakeholders. RBV theory also assumes that resources are not static, but can be developed, accumulated, and leveraged over time to enhance a firm's competitive position. This implies that firms can invest in building and renewing their resource base, as well as developing dynamic capabilities that enable them to adapt and respond effectively to changes in the external environment. Additionally, RBV assumes that markets are imperfect and that firms can earn economic rents by possessing unique resources and capabilities that are not fully captured by market prices. These rents can arise from factors such as brand reputation, customer loyalty, and proprietary technology (Lyria, Namusonge & Karanja, 2020).

Despite its strengths, RBV theory has faced several critiques over the years. One criticism is that RBV may be tautological or circular in its reasoning, as the concept of valuable, rare, inimitable, and non-substitutable resources (VRIN) is somewhat subjective and difficult to operationalize empirically. Critics argue that firms may achieve competitive advantage through factors other than resources and capabilities, such as market positioning or network effects. Additionally, RBV has been criticized for its limited focus on external factors and industry dynamics, such as changes in customer preferences, technological innovation, and competitive rivalry. Some scholars argue that RBV may overlook the importance of these external factors in shaping a firm's competitive position and performance (Kireru, Karanja & Namusonge, 2022). Moreover, RBV theory has been criticized for its lack of prescriptive guidance on how firms can identify and develop valuable resources and capabilities. While RBV provides a useful framework for understanding the sources of competitive advantage, it offers limited practical guidance on how firms can systematically analyze their resource base and make strategic decisions to enhance their competitive position. Critics also point out that RBV may be less relevant in industries characterized by rapid technological change and disruptive innovation, where traditional sources of competitive advantage may be short-lived (Sembiring & Damayanti, 2023). This theory is relevant in determining the influence of talent acquisition on performance of commercial banks in Nairobi City County, Kenya.

Equity Theory

Equity theory, developed by John Stacey Adams (1963), posits that individuals assess the fairness of their social relationships by comparing the ratio of their contributions (inputs) to the outcomes they receive against those of others. Inputs can include factors such as time, effort, skills, and loyalty, while outcomes might consist of rewards like salary, recognition, and benefits (Mphil, *et al*, 2023). The core idea is that people strive for a balance in these ratios, feeling motivated to maintain fairness not just for themselves, but also in comparison to their peers. When individuals perceive an imbalance in their equity ratio—feeling either under-rewarded or over-rewarded—they may experience feelings of distress or dissatisfaction. For instance, if an employee perceives that they are putting in more effort than a colleague but receiving similar or lesser rewards, they may feel unfairly treated. This can lead to various responses: the under-rewarded individual might reduce their effort, seek a raise, or even leave the organization, while the over-rewarded individual may feel guilt or anxiety about their perceived advantage (Uwizeye, 2020).

Equity theory emphasizes that these perceptions of fairness are subjective and can vary significantly among individuals. What one person considers fair might not hold true for another, based on personal values, cultural background, and previous experiences. This subjectivity means that organizations must be attuned to the diverse expectations and perceptions of their employees to foster a motivating and equitable workplace environment (Atidah, *et a*l, 2020).

Equity theory is grounded in several key assumptions that shape its application and understanding. One fundamental assumption is that individuals are motivated by a desire for fairness in their relationships. This suggests that people are not solely driven by their own rewards, but rather by a comparative evaluation against others. Another important assumption is that individuals have a relatively stable perception of their contributions and outcomes, which allows them to assess equity effectively. Additionally, equity theory assumes that people are rational actors who will respond to perceived inequities in a way that seeks to restore balance, whether by adjusting their own inputs, seeking to change their outcomes, or re-evaluating the situation (Mmbusa & Kiiru, 2021).

Despite its valuable insights, equity theory has faced various critiques. One major criticism is that it oversimplifies human motivation by primarily focusing on fairness and equity while neglecting other factors that influence behavior, such as intrinsic motivation or personal values. Critics argue that this narrow focus may not account for the complexity of individual motivations and the diverse ways people find fulfillment beyond comparisons to others (Omuya, 2022). Furthermore, the theory is often criticized for its reliance on subjective perceptions of fairness, which can vary widely based on individual backgrounds, experiences, and cultural contexts. This subjectivity can make it challenging for organizations to implement equitable practices effectively, as what is perceived as fair by one person may be seen as unjust by another (Mphil, *et al*, 2023). Additionally, equity theory can be limited in its applicability across different types of relationships. For example, in communal relationships—such as close friendships or family ties—individuals may prioritize the well-being of others over strict equity, making the theory less relevant in those contexts. Furthermore, the theory does not sufficiently address power dynamics, as individuals in positions of power may have more influence over the outcome distribution, complicating the fairness evaluation process. These critiques suggest that while equity theory provides a useful framework for understanding fairness and motivation, it should be considered alongside other theories and factors to develop a more comprehensive understanding of human behavior in social and organizational settings (Uwizeye, 2020). This theory is relevant in examining the effect of employee compensation on performance of commercial banks in Nairobi City County, Kenya.

Conceptual Framework

Maxwell (2019) avers that a conceptual model is a research tool for modelling theoretical relationships of constructs under study for further investigation. It is the system of concepts, assumptions and expectations about phenomenon under consideration (Maxwell, 2020).

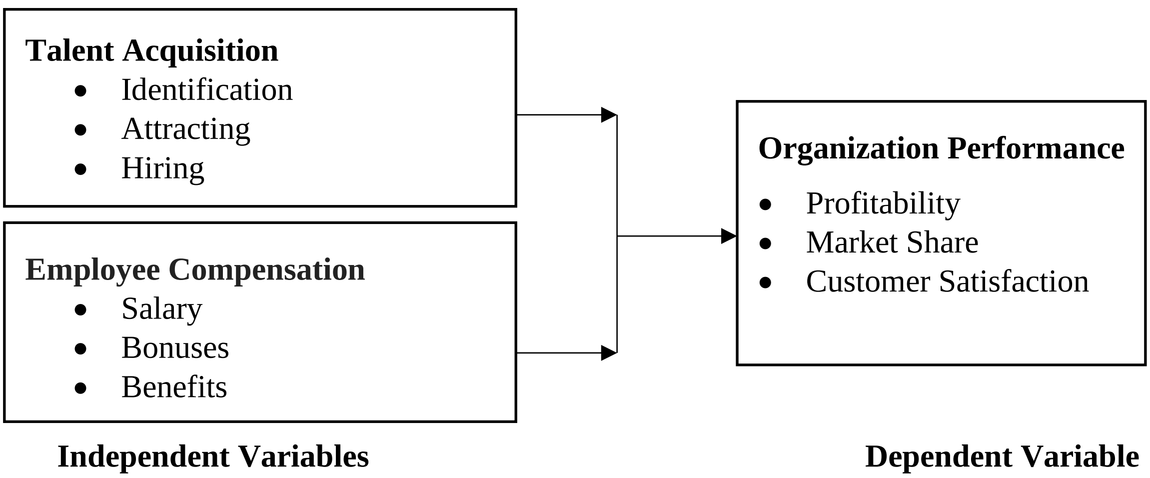

Figure 2. 1: Conceptual Framework

Talent Acquisition

Talent acquisition is the strategic process of identifying, attracting, and hiring skilled individuals to meet an organization's workforce needs. It goes beyond simple recruitment by emphasizing long-term workforce planning and building a talent pipeline to ensure that the organization has the right people in place for future growth and success (Mgbemena, *et al*, 2022). The identification phase of talent acquisition involves recognizing the specific skills, qualifications, and experiences needed for a role within the organization. This step often begins with a thorough job analysis, which helps to define the responsibilities and expectations associated with the position. In this phase, hiring managers collaborate with HR to develop detailed job descriptions that outline both technical competencies and soft skills necessary for success. Additionally, organizations may analyze current workforce data to identify gaps in skills or resources, enabling them to create targeted profiles for ideal candidates. By clearly identifying the attributes required for a role, organizations set a solid foundation for the subsequent phases of the talent acquisition process (Atieno, 2020).

Attracting talent is the phase where organizations aim to engage potential candidates and generate interest in available positions. This involves developing a strong employer brand that highlights the organization's culture, values, and unique benefits. Effective strategies for attracting candidates include leveraging social media, job boards, and professional networks, as well as participating in career fairs and industry events. Organizations can also create compelling content—such as employee testimonials and engaging videos—that showcases their work environment and opportunities for growth. By employing targeted marketing strategies and outreach efforts, companies can create a diverse pool of candidates who are genuinely interested in contributing to their mission and values (Lyria, Namusonge & Karanja, 2020).

The hiring phase encompasses the processes involved in selecting the right candidate from the pool of applicants. This typically includes screening resumes, conducting interviews, and assessing candidates through various methods, such as skills tests or behavioral assessments. During interviews, organizations often focus on not only the candidates' qualifications but also their cultural fit and alignment with the company’s values. Once a suitable candidate is identified, the hiring team negotiates the terms of employment, including salary, benefits, and other relevant conditions. This phase is crucial as it culminates in extending an offer, which marks the beginning of the candidate’s journey with the organization. A well-executed hiring process not only secures top talent but also sets the tone for a positive onboarding experience, reinforcing the organization’s commitment to its new hires (Kireru, Karanja & Namusonge, 2022).

Employee Compensation

Employee compensation refers to the total remuneration that employees receive in exchange for their work and contributions to an organization. It encompasses various forms of financial and non-financial rewards (Atidah, *et a*l, 2020). Salary is the foundational element of employee compensation, representing the fixed amount of money that employees earn for their work over a specified period, typically expressed as an annual figure or hourly wage. It serves as a primary motivator for employees and is often based on various factors, including job role, experience, education, and industry standards. A competitive salary is crucial for attracting top talent and retaining skilled employees, as it reflects the organization's commitment to recognizing and rewarding contributions. Moreover, salary can influence employee satisfaction and morale, as employees are likely to feel more valued and motivated when they believe their compensation is fair relative to their efforts and market conditions. Organizations must regularly review and adjust salary structures to remain competitive and address cost-of-living changes, ensuring they can sustain a motivated and committed workforce (Mmbusa & Kiiru, 2021).

Bonuses are additional financial rewards given to employees, typically as a way to incentivize performance or reward exceptional contributions beyond their standard duties. These payments can be structured in various ways, such as annual performance bonuses, signing bonuses for new hires, or project completion bonuses. Bonuses often serve to align employee interests with organizational goals, motivating individuals to achieve specific targets or contribute to company success. For instance, a sales team might receive bonuses for exceeding sales quotas, fostering a competitive spirit that drives performance. While bonuses can significantly enhance employee motivation and satisfaction, they need to be communicated clearly and tied to measurable performance metrics to ensure they are perceived as fair and attainable (Omuya, 2022).

Benefits encompass a wide range of non-wage compensation that supports employees' overall well-being and work-life balance. Common benefits include health insurance, retirement savings plans, paid time off, and other perks like flexible working arrangements, wellness programs, and educational assistance. These offerings are essential for attracting and retaining talent, as employees often consider benefits as a critical factor in their overall job satisfaction and quality of life. A comprehensive benefits package can also enhance employee loyalty and engagement by demonstrating that the organization cares about its employees' health, financial security, and personal development. As workplace needs evolve, organizations are increasingly tailoring their benefits programs to address the diverse needs of their workforce, ensuring they remain competitive in attracting and retaining top talent (Mphil, *et al*, 2023).

Empirical Review

Talent Acquisition and Organization Performance

Sembiring and Damayanti (2023) conducted a study on talent attraction on organization performance. This study used a quantitative method and sampled 119 respondents. The study found that talent attraction has a significant impact on organizational performance. The study concluded that talent attraction influence organizational performance.

Mgbemena, *et al* (2022) researched on talent acquisition and organization performance in pharmaceutical companies in Anambra State, Nigeria. The study adopted survey research design. The population of the study comprises of the Staff of the selected manufacturing firms South-South, Nigeria 1800. Sample size of 353 respondents was selected for the study using Borg and Gall formula. The study found that talent acquisition has a significant influence on employee productivity. The study concluded that talent acquisition has a significant effect on employee productivity.

Atieno (2020) examined on talent attraction practice and sustainable organizational performance in chartered universities in Kenya. Correlational and retrospective longitudinal designs were adopted. Target population constituted 51 Registrars purposively selected from 51 Chartered Universities. The study found that talent attraction practice had statistically significant relationship with sustainable organizational performance. The study concluded that talent attraction practice is a critical predictor to sustainable organizational performance.

Lyria, Namusonge and Karanja (2020) investigated on the effect of talent attraction on organizational performance of firms listed in the Nairobi Securities Exchange. Descriptive and correlation survey research designs were used. The target population was 534 top managers of listed companies in the NSE. A sample size of 224 respondents was picked from the listed firms. The study found that there is a relationship between talent attraction and organizational performance in companies listed in the NSE. The study concluded that talent attraction is statistically significant in explaining organization performance of listed companies.

Kireru, Karanja and Namusonge (2022) assessed on the role of talent acquisition processes on competitive advantage of telecommunication firms in Nairobi City County, Kenya. The study employed a descriptive cross sectional survey design using both quantitative and qualitative approaches. The study targeted 377 employees. The study found that talent acquisition had a significant relationship with determinant of competitive advantage namely superior innovation speed, and knowledge management. The study concluded that talent acquisition plan contributes to competitive advantage of telecommunication firms.

Employee Compensation and Organization Performance

Mphil, *et al* (2023) examined on the impact of compensation on employee performance (empirical evidence from banking sector of Pakistan). The study sued questionnaires. The population size was consists of 45 banks which were selected randomly. The sample size was consists of 200 respondents who were selected randomly. The study found that compensation has positive impact on employee performance. The study concluded that there is significant impact compensation on employee performance.

Uwizeye (2020) conducted a study on the influence of compensation practices on employee performance of tea companies in Rwanda. The total population of this study will be 440 employees from 3 tea companies and the sample size is 205 employees. The study found that there is a positive and high correlation between Compensation practices and employee performance in Rwanda Mountain Tea. The study concluded that Compensation practices have big contribution on employee’s performance in Rwanda Mountain Tea.

Atidah, *et a*l (2020) investigated on employee compensation and performance of academic staff in Kenyan Chartered Public Universities. A descriptive cross-sectional design was adopted. The study targeted academic staff in 23 Kenyan chartered public universities. A sample size of 370 academic staff was selected from a population of 2011 using easy sample size calculator. The study found that employee compensation had a weak positive significant effect on employee performance. Financial compensation had a very weak positive significant influence on employee performance and non-financial compensation also had weak positive but significant influence on employee performance. The study concluded that employee compensation was crucial in improving employee performance.

Mmbusa and Kiiru (2021) assessed on the influence of compensation strategies on employees performance in the public health sector in Nairobi City County, Kenya. The study employed a descriptive research design. Stratified random sampling was used to select a sample size of 110 employees drawn from the target population of 1100. The study found that competitive salaries, incentives, indirect compensation and rewards had a positive and significant influence on employees’ performance. The study concluded that a competitive salary package can improve employee motivation, reduce employee turnover and increase productivity, incentive plans motivate workers for higher efficiency and productivity.

Omuya (2022) researched on the influence of compensation on employee performance in public universities in Kenya. Descriptive survey research design was employed. The target population included all the HR workers in selected public universities with a sample of 125 HR employees. The study found that compensation has a significant influence on employee’s performance in public universities in Kenya. The study concluded that employee performance can be influenced by compensation.

RESEARCH METHODOLOGY

The descriptive research design was employed where data was collected one point in time. The unit of analysis for the study was 41 commercial banks in Kenya (CBK, 2021) while the unit of observation was management employees. The accessible population was 246 individuals comprising of 41 top managers, 82 middle level managers and 123 lower-level managers The study’s sample size was reached at using Krejcie and Morgan sample size determination formula (Russell, 2019). Therefore, using the formula, the sample size for the study was 207 respondents. The respondents were chosen with the help of simple random sampling technique. This research used a questionnaire to collect primary data. Data obtained from the field was coded, cleaned, and entered into the computer for analysis using the SPSS version 25. Descriptive statistics included frequency, percentages, mean and standard deviation. Inferential statistical analysis to be used was multiple regression and correlation analysis. The significant of each independent variable was tested at a confidence level of 95%.

PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

The researcher sampled 207 respondents who were each administered with the questionnaires. From the 207 questionnaires 189 were completely filled and returned hence a response rate of 91.3%. The response rate was considered as suitable for making inferences from the data collected. Smith (2019) indicates that a response rate that is above fifty per-cent is considered adequate for data analysis and reporting while a response rate that is above 70% is classified as excellent. Hence, the response rate of this study was within the acceptable limits for drawing conclusions and making recommendations.

Descriptive Statistics Analysis

Descriptive statistics are brief descriptive coefficients that summarize a given data set, which can be either a representation of the entire or a sample of a population. Descriptive statistics are broken down into measures of central tendency (mean), measures of dispersion (standard deviation), frequencies and percentage (Baggio & Klobas., 2019). This study used descriptive statistics with the help of Statistical Package for Social Sciences to analyze the study variables.

Talent Acquisition and Performance of Commercial Banks

The first specific objective of the study was to determine the influence of talent acquisition on performance of commercial banks in Nairobi City County, Kenya. The respondents were requested to indicate their level of agreement on statements relating to talent acquisition and performance of commercial banks in Nairobi City County, Kenya. A 5 point Likert scale was used where 1 symbolized strongly disagree, 2 symbolized disagree, 3 symbolized neutral, 4 symbolized agree and 5 symbolized strongly agree. The results were as presented in Table 1.

From the results, the respondents agreed that their organization has a clear process for identifying talent needs. This is supported by a mean of 3.943 (std. dv = 0.981). In addition, as shown by a mean of 3.926 (std. dv = 0.850), the respondents agreed that they effectively analyze skills gaps within their teams before initiating recruitment. Further, the respondents agreed that the job descriptions accurately reflect the skills and competencies required for each position. This is shown by a mean of 3.911 (std. dv = 0.914).

The respondents also agreed that their employer brand effectively communicates their values and culture to potential candidates. This is shown by a mean of 3.896 (std. dv = 0.947). With a mean of 3.889 (std. dv = 0.856), the respondents agreed that they actively engage in outreach efforts to build relationships with potential talent pools. The respondents agreed that their organization utilizes social media effectively to attract candidates. This is supported by a mean of 3.876 (std. dv = 0.694). In addition, as shown by a mean of 3.764 (std. dv = 0.892), the respondents agreed that the interview process is structured and consistently applied across all departments. The respondents also agreed that they effectively utilize assessments and tests to evaluate candidate skills. This is shown by a mean of 3.721 (std. dv = 0.871).

Table 1: Talent Acquisition and Performance of Commercial Banks

	Mean	Std. Deviation
Our organization has a clear process for identifying talent needs.	3.943	0.981
We effectively analyze skills gaps within our teams before initiating recruitment.	3.926	0.850
Job descriptions accurately reflect the skills and competencies required for each position.	3.911	0.914
Our employer brand effectively communicates our values and culture to potential candidates.	3.896	0.947
We actively engage in outreach efforts to build relationships with potential talent pools.	3.889	0.856
Our organization utilizes social media effectively to attract candidates.	3.876	0.694
Our interview process is structured and consistently applied across all departments.	3.764	0.892
We effectively utilize assessments and tests to evaluate candidate skills.	3.721	0.871
Aggregate	**3.898**	**0.873**

Employee Compensation and Performance of Commercial Banks

The fourth specific objective of the study was to examine the effect of employee compensation on performance of commercial banks in Nairobi City County, Kenya. The respondents were requested to indicate their level of agreement on various statements relating to employee compensation and performance of commercial banks in Nairobi City County, Kenya. A 5 point Likert scale was used where 1 symbolized strongly disagree, 2 symbolized disagree, 3 symbolized neutral, 4 symbolized agree and 5 symbolized strongly agree. The results were as presented in Table 2.

From the results, the respondents agreed that they are satisfied with their current salary in relation to their role and responsibilities. This is supported by a mean of 3.968 (std. dv = 0.905). In addition, as shown by a mean of 3.859 (std. dv = 0.885), the respondents agreed that their salary reflects their level of experience and expertise. Further, the respondents agreed that they believe their salary is competitive compared to similar positions in the industry. This is shown by a mean of 3.850 (std. dv = 0.605). With a mean of 3.845 (std. dv = 0.981), the respondents agreed that they understand the criteria used to determine bonus eligibility and amounts.

The respondents agreed that they are satisfied with the bonus structure in place at their organization. This is supported by a mean of 3.822 (std. dv = 0.785). In addition, as shown by a mean of 3.809 (std. dv = 0.832), the respondents agreed that their performance directly influences their chances of receiving a bonus. Further, the respondents agreed that the benefits offered meet their personal and family needs. This is shown by a mean of 3.789 (std. dv = 0.754). With a mean of 3.756 (std. dv = 0.861), the respondents agreed that they believe the organization provides a good work-life balance through its benefits.

Table 2: Employee Compensation and Performance of Commercial Banks

	Mean	Std. Deviation
I am satisfied with my current salary in relation to my role and responsibilities.	3.968	0.905
My salary reflects my level of experience and expertise.	3.859	0.885
I believe my salary is competitive compared to similar positions in the industry.	3.850	0.605
I understand the criteria used to determine bonus eligibility and amounts.	3.845	0.981
I am satisfied with the bonus structure in place at my organization.	3.822	0.785
My performance directly influences my chances of receiving a bonus.	3.809	0.832
The benefits offered meet my personal and family needs.	3.789	0.754
I believe the organization provides a good work-life balance through its benefits.	3.756	0.861
Aggregate	**3.819**	**0.867**

Performance of Commercial Banks in Nairobi City County

The respondents were requested to indicate their level of agreement on various statements relating to performance of commercial banks in Nairobi City County, Kenya. A 5 point Likert scale was used where 1 symbolized strongly disagree, 2 symbolized disagree, 3 symbolized neutral, 4 symbolized agree and 5 symbolized strongly agree. The results were as presented in Table 3.

From the results, the respondents agreed that the organization consistently meets its profitability targets. This is supported by a mean of 3.984 (std. dv = 0.997). In addition, as shown by a mean of 3.907 (std. dv = 0.831), the respondents agreed that they believe their financial performance is improving over time. Further, the respondents agreed that management effectively communicates the factors affecting their profitability. This is shown by a mean of 3.828 (std. dv = 0.563). The respondents also agreed that the organization effectively competes with other companies in their industry. This is shown by a mean of 3.821 (std. dv = 0.851).

The respondents agreed that they are aware of the strategies they employ to increase their market share. This is supported by a mean of 3.819 (std. dv = 0.786). In addition, as shown by a mean of 3.813 (std. dv = 0.834), the respondents agreed that their market share has shown significant growth in the past few years. Further, the respondents agreed that the organization prioritizes customer satisfaction in its operations. This is shown by a mean of 3.801 (std. dv = 0.874). The respondents also agreed that they receive valuable feedback from customers that informs their practices. This is shown by a mean of 3.786 (std. dv = 0.786).

Table 3: Performance of Commercial Banks in Nairobi City County

	Mean	Std. Deviation
The organization consistently meets its profitability targets.	3.984	0.997
I believe our financial performance is improving over time.	3.907	0.831
Management effectively communicates the factors affecting our profitability.	3.828	0.563
The organization effectively competes with other companies in our industry.	3.821	0.851
I am aware of the strategies we employ to increase our market share.	3.819	0.786
Our market share has shown significant growth in the past few years.	3.813	0.834
The organization prioritizes customer satisfaction in its operations.	3.801	0.874
we receive valuable feedback from customers that informs our practices.	3.786	0.786
Aggregate	**3.829**	**0.818**

Correlation Analysis

The present study used Pearson correlation analysis to determine the strength of association between independent variables (talent acquisition and employee compensation) and the dependent variable (performance of commercial banks in Nairobi City County, Kenya) dependent variable. Pearson correlation coefficient range between zero and one, where by the strength of association increase with increase in the value of the correlation coefficients. The current study employed Taylor (2018) correlation coefficient ratings where by 0.80 to 1.00 depicts a very strong relationship, 0.60 to 0.79 depicts strong, 0.40 to 0.59 depicts moderate, 0.20 to 0.39 depicts weak.

Table 4: Correlation Coefficients

		Organization Performance	Talent Acquisition	Employee Compensation
Organization Performance	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	189		
Talent Acquisition	Pearson Correlation	.836**	1	
	Sig. (2-tailed)	.002		
	N	189	189	
Employee Compensation	Pearson Correlation	.856**	.185	1
	Sig. (2-tailed)	.000	.078	
	N	189	189	189

From the results, there was a very strong relationship between talent acquisition and performance of commercial banks in Nairobi City County, Kenya ($r = 0.836$, p value =0.002). The relationship was significant since the p value 0.002 was less than 0.05 (significant level). The findings are in line with the findings of Brown and Hyer (2016) who indicated that there is a very strong relationship between talent acquisition and organization performance.

The results also revealed that there was a very strong relationship between employee compensation and performance of commercial banks in Nairobi City County, Kenya ($r = 0.856$, p value =0.000). The relationship was significant since the p value 0.000 was less than 0.05 (significant level). The findings are in line with the results of Zimmermann, *et al* (2015) who revealed that there is a very strong relationship between employee compensation and organization performance

Regression Analysis

Multivariate regression analysis was used to assess the relationship between independent variables (talent acquisition and employee compensation) and the dependent variable (performance of commercial banks in Nairobi City County, Kenya)

Table 5: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.311	0.082		3.793	0.003
	talent acquisition	0.387	0.091	0.388	3.593	0.003
	employee compensation	0.392	0.102	0.393	3.843	0.001

a Dependent Variable: Performance of commercial banks

The regression model was as follows:

$$Y = 0.311 + 0.387X_1 + 0.392X_2 + \varepsilon$$

According to the results, talent acquisition has a significant effect on performance of commercial banks in Nairobi City County, Kenya β_1=0.387, p value= 0.003). The relationship was considered significant since the p value 0.003 was less than the significant level of 0.05. The findings are in line with the findings of Brown and Hyer (2016) who indicated that there is a very strong relationship between talent acquisition and organization performance.

In addition, the results revealed that employee compensation has significant effect on performance of commercial banks in Nairobi City County, Kenya β1=0.392, p value= 0.001). The relationship was considered significant since the p value 0.001 was less than the significant level of 0.05. The findings are in line with the results of Zimmermann, et al (2015) who revealed that there is a very strong relationship between employee compensation and organization performance.

Conclusions

The study concludes that talent acquisition has a positive and significant effect on performance of commercial banks in Nairobi City County, Kenya. Findings revealed that talent identification, talent attracting and hiring influences performance of commercial banks in Nairobi City County, Kenya

The study also concludes that employee compensation has a positive and significant effect on performance of commercial banks in Nairobi City County, Kenya. Findings revealed that salaries, bonuses and benefits influence performance of commercial banks in Nairobi City County, Kenya.

Recommendations

This study recommends that the management of commercial banks should invest in a more strategic and data-driven talent acquisition process. This includes leveraging advanced recruitment technologies, enhancing employer branding, and developing partnerships with educational institutions to attract top talent. Additionally, continuous training and upskilling should be prioritized to ensure that new hires remain adaptable and contribute to long-term organizational success.

The management of commercial banks should also adopt competitive and transparent compensation structures that reflect industry standards. This includes offering a balanced mix of salary, bonuses, and non-monetary benefits such as health insurance, retirement plans, and professional development opportunities.

Suggestions for Further Studies

This study focused on to investigating the effect of talent management practices on performance of commercial banks in Nairobi City County, Kenya. Having been limited to commercial banks in Nairobi City County, Kenya, the findings of this study cannot be generalized to other financial institutions in Kenya. The study therefore suggests further studies on the influence of talent management practices on performance of other financial institutions in Kenya.

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