

# HUMAN RESOURCE MANAGEMENT AND EMPLOYEES RETENTION IN THE ORGANISATIONS

<sup>1</sup>Jonathan Amunno, <sup>2</sup>Justice C. Ngwama and <sup>3</sup>Agemo Michael Olawale

<sup>1,2,3</sup> Department of Administration and Management  
Crawford University, Igbesesa, Ogun State

## Abstract

*The main objective of the study is to examine the effect of human resource management practices on employee retention. The study adopted a survey research design for its methodology. TaroYamane formula was employed as the best statistical method to select a sample of ninety-three (93) respondents from a population size of one hundred and twenty-two (122). Ninety three copies of questionnaire distributed and Eighty-five copies questionnaires were returned. Eighty (80) were found to be correctly filled and fit for analysis. The formulated hypotheses were tested using simple linear regression analysis. The study found that training and development has a weak significant effect on employee retention as the R Square value was 0.038. The study found that performance appraisal has a weak influence on employee retention as the R Square value was 0.15. Lastly, the study found that compensation has a weak significant effect on employee retention as the R Square value was 0.192, Beta value was 0.438. however, low R-squared value indicated that the independent variables are not explaining much in the variation of your dependent variable regardless of the variable significance. The study therefore recommended that the management should ensure that the human resource department intensify efforts to create policies and adopt best practices that would generate the needed commitment from the employees. Line managers or supervisors should suggest necessary training programs and work with the management to organize these training for their subordinates and the management should ensure that the training and development of its workforce becomes part of the organization's policy as training and development in any organization contributes to achieving effectiveness and efficiency of organization's goals.*

**Keyword:** Compensation, Development, Employee Retention, Resource, Training, Performance Management

## Introduction

Employee retention is one of the much debated topics in the modern business world and identifying the reasons for employee turnover and implementing the necessary policies to retain employees seems to be crucial. Retaining a large number of talented employees within an organization will provide an important source of competitive edge for an organization (Mahmood&Zafar, 2016 in Wijesiri et. al, 2019). Human resource management appears to consider people's dimension in management. There seems to be a challenge, since every organization constitute people, acquiring their services, fine-tuning their skills, motivating them to higher levels of performance and

ensuring that they continue to maintain their commitment to the organization seems prerequisites to achieving organizational objectives (Chukwuka, 2016 as cited in Chukwuka&Nwakoby, 2018).

Organisations are faced with the challenge of ensuring effective human resource management in the areas of recruitment and selection of employees, utilization of staff and retention, improvement of staff performance and disengagement of staff is a necessity in today's turbulent business world. One of the critical and technical function of the human resource department in every organization may be employee retention, and the effectiveness of this function could easily be measured by the rate of employee turnover in such organization. Banerjee (2019) asserted that the biggest challenge in current work scenario is how to engage people on the job as long as possible by carving a proper career path for them and shaping their future prospects in job. However, a high turnover rate in any organization may be caused by the absence of career growth and development opportunities, lack of good remuneration structure, lack of promotion and motivation, poor performance appraisal, toxic work environment and poor compensation plan among others. The absence of these best HR practices may likely result to many organizational problems. Chew and Chan (2008) in Abesiri and Jayasekara (2016) put it forward that, when the managers fail to retain their staff, they may likely have to face with some challenges in organizations such as the high cost of requirement and selection, the delay and productivity loss during the assimilation period, the likely loss of business opportunity, poor customer relationship, and hidden cost of loss productivity.

Hence, this study sought to examine the effect of human resource management practices on employee retention using an organization in Igbesa, Ogun State as a case unit.

### **Objective of the Study**

The main objective of the study is to examine the effect of human resource management practices on employee retention. The specific objectives are to;

- i. examine if training and development has any significant effect on employee retention.
- ii. investigate to what extent performance appraisal affects employee retention positively.
- iii. evaluate the significant effect of compensation on employee's retention.

## **Literature Review**

This section deals with the review of literature on the study. The section also presents empirical literature. The theoretical framework consists of some relevant underpinning theories.

### **Concept of Human Resource Management**

The concept of human resources management was first defined by Bakke (1996) as cited in Mufeed and Gulzar (2015) who said that the general type of activity in any function of management is to use resources effectively for an organization objective. The function which is related to the understanding, maintenance, and development effectively employment and integration of the potential in the resources of people.

However, human resource management emerged fully fledged later when the Michigan (1984) in Mufeed and Gulzar (2015) calls the Harvard framework developed by Beer et al (1984) made statement on the human resource concept, revealing the need to take human resources management beyond just selection and compensation to broader issues that demand more comprehensive and more specific and strategic matching model of human resources management held that human resource systems and the organization structure should be managed in a way that connects with organizational strategy and further explained that there is human resource cycle that consist of four generic processes or functions that are performed in all organization and this include selection ,performance appraisal, reward and compensation, training and development. Human Resource Management combines tasks that are used for efficient and effective management of employees in the organizations. Organizations are using HR practices in order to manage employees align with Human Resource Management. Many researchers have conducted studies in HR related to HR practices and they have given different definitions according to their studies (Wijesiri et. al, 2019).

Human resource management refers to the policies and practices involved in carrying out the human resource aspects of a management position including recruitment and selection, human resource planning, training and development, performance appraisal, compensation, job analysis, and labor relations (Dessler, 2007, Daifallah&Bassam, 2017).

Also human resource management is defined as a strong term used to define the policies, philosophy, practices and procedures interrelated in managing people within an organization (Guest, 1997 in Mariyam&Zubair, 2015).

### **Human Resource Practices**

Human Resource Practices refers to the management of people within the internal environment of organizations, comprising of activities, policies, and practices involved in planning, obtaining, developing, utilizing, evaluating, maintaining, and retaining the appropriate numbers and skill mix of employees to achieve the organization's objectives (Jeet&Sayeeduzzafar, 2014 as cited in Wijesiri et. al, 2019). HR practices are designed in a way to achieve organizational goals, to have positive employer employee relationship and to create value to the organization (Marescaux, De Winne, & Sels, 2012 in Wijesiri et. al, 2019). Flexible and innovative HR practices are helping to gain competitive advantage through employees (Wijesiri et. al, 2019).

Human Resource Management Practices refer to a combination of a set or bundle of practices or systems that firms may adopt to manage how the organization handles its most important asset – people, to attain and sustain and inimitable competitive advantage to achieve superior performance (Sagwa, Obonyo&Ogutu, 2015).

Wright et al. (2003) in Daifallah and Bassam (2017) defined human resource management practices as the organizational activities directed at managing the pool of human capital and ensuring that the capital is employed toward the fulfillment of organizational goals. Human resource management practices are therefore a set of interconnected practices that create an environment that can produce high commitment among employees and encourages them to perform their best, which eventually leads to higher organizational performance (Daifallah&Bassam, 2017).

### **Training and Development**

Training & development refers to a systematic development of the knowledge, skills and attitudes required by employees to perform a given task or job adequately (Olaniyan&Ojo, 2008 as cited in Wijesiri et. al, 2019). Different models have developed in order to design effective training programs. Kirkpatrick level is one such model which has four main stages named as reaction, learning, behavior and result. Training programs increase personnel efficiency, professional growth, and smooth and more effective organization's

operations also the same study reveals that training plays a vital role in the success of an organization as it provides the employees an opportunity to improve their competencies (Olaniyan & Ojo, 2008 as cited in Wijesiri et. al, 2019).

### **Performance Management**

Performance management is ensuring achieving organizational goals in an efficient and effective manner. Performance management encompasses activities such as joint goal-setting, continuous progress review and frequent communication, feedback and coaching for improved performance, implementation of employee-development programs and rewarding achievements (Sahoo & Mishra, 2012). Performance management must be clearly linked to the delivery of strategic priorities and the language used should be simple and understandable (Atkinson, 2012). An effective performance management system should include job description, an appropriate selection process, accomplishment-based performance standards, outcomes and measures, effective orientation, education and training, coaching and feedback, periodic performance-development discussions and an effective compensation and recognition system which leads to increase in productivity. There are three stages of strategic. The first stage is establishing the strategic structure of the Performance Management System. In the second stage consists of designing the reporting structure, and the third stage creating the culture needed to become a performance-driven organization (Sahoo & Mishra, 2012). As today's business world is competitive attracting and retaining the right talented people is one of the main challenges any organization has to face. One way of the effective method to engage and commit employees towards the organization is managing employee performances. This leads to ensure that employees retain with the organization for a longer period of time (Pandita & Ray, 2018).

### **Compensation and Reward Management**

Compensation and Reward can simply be explained as something which is used by employers in order to recompense their employees for a loss or to recognize their work/performance and efforts in relating to their job role (Huang & Kleiner, 2005). This compensation can be in the form of financial or Non-financial benefits. This compensation should be aligned with organizational structure and, business strategy to achieve goals and objectives of the organization. According to Hsieh & Kleiner (2003), a general compensation system consists of three main components including a base

compensation, indirect compensation and rewarding incentives. Having an organized and transparent reward system may help to attract, engage and retain key staff of an organization which finally helps to achieve higher organizational financial performances (Lardner, 2015). Monetary and Non-monetary benefits are main concerns employees are considering when selecting an organization to work or for the retention (Coffey, 2013). Implementing good reward and compensation policies allows to retain talented employees within the organization because when employees are satisfied, they will stay in the organization for a longer time period (Chiekezie, Emejulu, & Nwanneka, 2017). Human needs are different from one another so if organizations need to retain their employees, they should establish effective compensation and reward system (Wijesiri et. al., 2019).

### **Concept of Employee Retention**

According to Kumudha and Harsha (2016), employee retention is the ability of an organization to sustain its challenging employees and hence maintain a lower turnover ratio. An organization is able to achieve this by adopting various employee retention facilities. An employee retention activities that make steps starting from analyzing the major contributors in the organization, and designing a level of schemes to involve them with the organization to ensure that they do not leave. The success of these programs is measured by simple analytics like retention ratio, and turnover ratio (Kumudha & Harsha, 2016).

Employee retention was viewed as keeping the capable well-performing employees in the organization for a longer period to achieve competitive advantage (Peters & Sheridan, 1988, Chukwuka & Nwakoby, 2018). Allen (2008) in Chukwuka and Nwakoby (2018) defines employee retention as the ability of an organization to retain its key employees.

Frank et al., (2004) cited in Azeez (2017) believe that employee retention is the exertion by a business to keep attractive labourers with a specific end goal to meet business targets.

Employee retention is a process through which employees are motivated to stay in the organization for longer period of time (Hom & Griffeth, 1995 as cited in Bibi, Pangil, & Johanim, 2016).

Similarly, Giri (2008) in Bibi, Pangil, and Johanim, (2016) defined employee retention as the techniques employed by the management to help the

employees stay with the organization for a longer period of time. Employees are considered as the most valuable asset of all organizations as they provide competitive advantage to an organization, therefore, retaining them in their job is essential (Ngethe, Iravo&Namusonge, 2012, Bibi in Pangil, &Johanim, 2016).

Get Les McKeon as cited in Kaur (2017), employee retention is defined as "A systematic effort by employers to create and foster an environment that encourages current employees to remain employed by having policies and practices in place that address their diverse needs.

Kaur (2017) state that employee retention is a process in which the employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project. Retention Strategies helps organizations provide effective employee communication to improve commitment and enhance workforce support for key corporate initiatives.

### **Factors Affecting Employees Retention**

According to Kumudha and Harsha (2016) the major problems in an organization that affect employee retention are:

- i. Limited promotional facilities for employees career growth.
- ii. Lack of relationship between employees and their leaders.
- iii. Poor communications between employees and the top management team
- iv. Lack of training and updating with new software.
- v. Salary and Benefits are not satisfactory
- vi. Support and guidance are very less from supervisor
- vii. Commitment of the employees are considered very few
- viii. The amount of challenge in their job are little
- ix. Career development procedures are not attractive

The list of retention factors and literature review is not meant to be exhaustive of all possible theories or variables related to employee retention and turnover (Griffeth et al., 2000 in Kaur, 2017).

### **Human Resource Practices and Employee Retention**

Organisations undertake several functions (such as accounting, marketing, research and development), however, managing human resource is one of its

key functions. There has been immense realisation of the impact of strategic use of HRM practices and visionary organisations are setting the pace to leverage this aspect for competitive advantage (Khan, 2010).

According to Bratton and Gold (2009), HRM is a strategic approach to managing employment relations which emphasises that leveraging people's capabilities is critical to achieving competitive advantage, this being achieved through a distinctive set of integrated employment policies, programmes and practices. Thus, effective HRM practises can be the main factor accounting for the success of an organisation (Stavrou-Costea, 2005). HRM practises can also be used to elicit some positive behavioural outcomes as well as advance the skills and abilities of employees.

Research has unveiled three major viewpoints on HRM practices. The universalistic approach posits that, the implementation of specific sets of best practices could lead to organisational improvements (Kochan&Osterman, 1994; Pfeffer, 1994). The contingency approach which explains that the various HRM practices are context specific and thus different organisational milieu may warrant different strategies (Arthur, 1994). Then the configurational approach argues that a good fit between various HRM practices and organisational strategy would improve the HRM-firm performance relationship (Becker & Gerhart, 1996).

It is worth mentioning that, in spite of the effect of these HRM practices on employee retention, other factors such as an employee's family or job satisfaction can moderate the effect of the practices on retaining employees.

### **Theoretical Framework**

The study was based on the following theories and models:

#### **Ability Motivation Opportunity – AMO Theory**

The Ability, motivation and opportunity (AMO) theory argues that the formula; performance= Ability + motivation + opportunity to participate provide the basis for developing Human resources system (HR) that attend to the requirement, motivations and the quality of their job. Going by the work of Appelbaum et al (2002), performance is considered as a function of employee ability (A), motivation (M) and opportunity to participate or contribute (O). when human resources (HR) practices that these variables are improved, the corresponding effect will be a better engagement of employee potential and discretionary decision. In organized settings where this kind of work reform is



practiced, the expected outcome will be superior performance for both individual employees and the organization as a whole. We can classify the independent variables of this research work under the Ability, Motivation and Opportunity (AMO) dimension, each of the three dimension of Human resources practices can be expected to have unique effects on commitment while analyzing the “ability” framework of the Ability, motivation and opportunity theory, a review of literature reveals that skill enhancing practices have positive impact on commitment, particularly on the consistency of positive results been generated. It is expected that motivation enhancing practices should positively influence commitment and result in motivational outcomes. Consistent with the perceived organizational support arguments, human resources practices such as compensation, reward generating, performance appraisal, incentives and other reward for performance signal positive estimation of employee efforts thus increasing reciprocal obligation (Meyer and Allen, 1997, Rhoades et al, 2001). The opportunity component in the Ability, Motivation and opportunity (AMO) model combines a set empowerment enhancing practices. The Ability, Motivation and opportunity (AMO) theory has not been devoid of criticism, its treatment of Human Resources (HR) practices are positively related to commitment and positively related turnover, adding complexity to the measurement of human resources practices provides a deeper understanding of their impact. Having reviewed selected HR practices under the Ability, Motivation and opportunity theory, an assertion can be made to the extent that it is the prime building block of human resources architecture, for employees to engage in the sort of discretionary behavior that is advantageous to the organization the three conditions of AMO must apply.

- i. There must be an adequate amount of employee with the required “Ability” (skills, experience, knowledge, e.t.c) to do current and perhaps future jobs.
- ii. There must be satisfactory “Motivation” for them to engage their abilities. these motivation factors may be financial or non-financial but will almost certainly include social rewards.
- iii. There must be an “opportunity” to engage in discretionary behavior (thus the importance of job definition). Opportunity is the invitation to participate and get involved, this occur both within the job itself in terms of how the job can best be done (known as on-line participation) and outside the job as a member of a team or work area, and a “citizen” of the organization (off-line participation). This is where opportunity may not exist and certainly can be created, which provide space for wider participation and involvement so employees contribute

knowledge and ideas on how things should be done and how to respond to the change.

The Ability, Motivation and Opportunity (AMO) theory is at the heart of human resource management in the sense that all organization intending to optimize individual employee contribution must situate workable policies in the three broad areas and these are designed to influence the achievement of organization strategies.

## Methodology

This section discusses the area of study, research design, sample size and sampling techniques, research instruments and data analyses as applicable to this research work. It gives step by step details of how the study samples were chosen, instrument validation and statistical treatment of data.

### Research Design

The study adopted a descriptive survey research design to elicit data from the respondents to the questions raised in the study in order to draw an inference. The population of the study consisted of all members of staff of Engee Pet Manufacturing Company Nigeria Limited, Igbesa, Ogun State selected across various department such as: Warehouse, Quality Assurance & Control, Stores, Logistics, Electrical & Instrumentation, Safety, Environmental, Health & Safety and others. The total number of the elements in the population amounted to one hundred and twenty-two (122). Below is the composition of the population across the selected firms:

Table 3.0: Presentation of the Population

S/N	DEPARTMENT	NUMBER OF EMPLOYEE
1.	Warehouse	24
2.	A/QC	08
3.	Stores	08
4.	Logistics	16
5.	E & I	19
6.	Process	11
7.	Admin	08
8.	M & U	12
9.	EHS	08
10.	Others	08
	Total	122

Source: Field Survey, 2022.

### Sample and Sampling Technique

To select the sample size for this research work, Taro Yamane formula was employed:

Yaro Yamane Formula:

$$n = \frac{N}{1 + N (e)^2}$$

Where:

n = is the sample size

e = is the level of significance or limit of tolerable error

1 = is a constant

N = is the finite population

Five percent (5%) error margin was considered suitable for the study.

Through substitution of values from the above formula we have that:

$$\begin{aligned} n &= \frac{122}{1 + 122 (0.05)^2} \\ &= \frac{122}{1 + 122 \times 0.0025} \\ &= \frac{122}{1.3075} \\ &= 93 \end{aligned}$$

Therefore, the sample size for this study was ninety-three (93) respondents.

The population of the study consisted of all members of staff across the departments in the case units. A 5-point Likert scale questionnaire with a Cronbach Alpha Coefficient value of .085 was the instrument used to elicit response from the respondents. Eighty-five (85) copies of questionnaires were retrieved out of the questionnaires administered to a sample size of ninety-three (93), drawn out of a population size of one hundred and twenty-two (122) with Taro Yamane Statistical Sampling using Taro

### Method Data Analysis

The retrieved questionnaire were screened and five 85 copies of questionnaires were found to be badly filled, therefore, Eighty (80) questionnaires were found fit and useful for the analysis. The data collected were presented through the use of frequency tables and the analysis was done with the aids of statistical Package for Social Science (SPSS, version 22) as the response with the highest number of assertion was considered to be superior across all questions raised in the questionnaire. Hence, conclusion was drawn from the percentages.

## Data Analysis

The section presents the analysis of inferential Data.

Hypotheses Testing

Hypotheses Testing

Ho<sub>1</sub>: Training and Development has no significant effect on Employees' Retention.

Ho<sub>2</sub>: Performance Appraisal has no positive effect on Employees' Retention.

Ho<sub>3</sub>: Compensation has no significant effect on Employees' Retention.

### Regression Analysis and Interpretation

#### Research Hypothesis One

Ho<sub>1</sub>: Training and Development has no significant effect on Employees' Retention.

Below is the regression analysis and result of the variables in the hypothesis stated above:

Table 4.5: 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	.196 <sup>a</sup>	.038	.026	.46770	.038	3.109	1	78	.082

a. Predictors: (Constant), Training and Development

Table 4.5 revealed that several information such as the R, R Square, Adjusted R Square etc. it shows R Square of .038 accounting for 3.8%, suggesting that 3.8% variance explained by the independent variable in the dependent variable.

Table 4.6: ANOVA<sup>a</sup>

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	.680	1	.680	3.109	.082 <sup>b</sup>
Residual	17.062	78	.219		
Total	17.742	79			

a. Dependent Variable: Employee Retention

## b. Predictors: (Constant), Training and Development

Table 4.6 shows the ANOVA which demonstrates the model fit. It shows that the model is not fit, suggesting that the model does not fit the data

Table 4.7: Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	3.110	.235		13.210	.000
Training and Development	.132	.075	.196	1.763	.082

a. Dependent Variable: Employee Retention

Table 4.7 revealed the relationship between Training and Development and Employee Retention. It shows that Training and Development is not statistically and significantly related to Employee Retention with  $p > 0.05$ , in this case  $p = 0.082$ . In other words, Training and Development does not in any way affect Employee Retention. The beta shows .196 accounting for 19.6%.

The regression outcome presented on table showed the significant effect of training and development on employee retention was a weak positive significance ( $R^2 = 0.038$ ,  $F = 3.109$ ,  $p < 0.082$ ). The regression results show that there is a positive significant effect of training and development on employee retention, therefore, the null hypothesis ( $H_{01}$ ) which states that Limited training and development has no significant effect on employee retention was rejected.

### Hypothesis Two

$H_{02}$ : Performance Appraisal has no positive effect on Employees' Retention. Below is the regression analysis and result of the variables in the hypothesis stated above:

Table 4.3.4: 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	.394 <sup>a</sup>	.155	.145	.43831	.155	14.351	1	78	.000

a. Predictors: (Constant), Performance Appraisal

The model summary as depicted in Table 4.3.4 shows that the R Square and Adjusted R Square among others. It shows that the R Square is .155 accounting for 15.5% of the variance explained by the independent variable in the dependent variable with Adjusted R of .145 representing 14.5%.

Table 4.3.5: ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.757	1	2.757	14.351	.000 <sup>b</sup>
	Residual	14.985	78	.192		
	Total	17.742	79			

a. Dependent Variable: Employee Retention

b. Predictors: (Constant), Performance Appraisal

The ANOVA table depicted in table 4.3.5 below revealed how the model fits the data. It shows that model is fit, suggesting that the model fits the data utilised for the study. The model fit is significant at  $p < 0.05$  as  $p = 0.000$ .

Table 4.3.6: Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.340	.314		7.450	.000
	Performance Appraisal	.314	.083	.394	3.788	.000

a. Dependent Variable: Employee Retention

The coefficient table as indicated below shows that the relationship between performance appraisal and employee retention is statistically significant at  $p > 0.05$ , in this case  $p = 0.000$ . It suggests that performance appraisal significantly affects employee retention. Hence, performance appraisal is a significant predictor of employee retention.

The regression outcome presented on table showed the significant effect of performance appraisal on employee retention was a weak positive significance ( $R^2 = 0.155$ ,  $F = 14.351$ ,  $p < 0.000$ ). The regression results show that there is a positive significant effect of performance appraisal on employee retention, therefore, the null hypothesis ( $H_{01}$ ) which states that performance appraisal has no significant effect on employee retention was rejected.

### Research Hypothesis Three

$H_{03}$ : Compensation has no significant effect on Employees' Retention.

Below is the regression analysis and result of the variables in the hypothesis stated above:

Table 4.3.7: 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	.438 <sup>a</sup>	.192	.181	.42880	.192	18.494	1	78	.000

a. Predictors: (Constant), Compensation

The model summary as depicted in Table 4.3.7 shows that the  $R^2$  and Adjusted  $R^2$  among others. It shows that the  $R^2$  is .192 accounting for 19.2% of the variance explained by the independent variable in the dependent variable with Adjusted  $R^2$  of .181 representing 18.1%.

Table 4.3.8: ANOVA<sup>a</sup>

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	3.400	1	3.400	18.494	.000 <sup>b</sup>
Residual	14.342	78	.184		
Total	17.742	79			

a. Dependent Variable: Employee Retention

b. Predictors: (Constant), Compensation

The ANOVA table depicted in table 4.3.8 below revealed how the model fits the data. It shows that model is fit, suggesting that the model fits the data utilised for the study. The model fit is significant at  $p < 0.05$  as  $p = 0.000$ .

Table 4.3.9: Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.785	.176		15.798	.000
Compensation	.291	.068	.438	4.300	.000

a. Dependent Variable: Employee Retention

The coefficient table as indicated below shows that the relationship between Compensation and employee retention is statistically significant at  $p > 0.05$ , in this case  $p = 0.000$ . It suggests that compensation significantly affects employee retention. Hence, Compensation is a significant predictor of employee retention.

The regression outcome presented on table showed the significant effect of compensation on employee retention was a weak positive significance (R Square = 0.192,  $F = 18.494$ ,  $p < 0.000$ ). The regression results show that there is a positive significant effect of compensation on employee retention, therefore, the null hypothesis ( $H_{01}$ ) which states that compensation has no significant effect on employee retention was rejected.

## Discussion of Findings

The regression analysis conducted on training and development and employee retention showed a weak positive influence of training and development on employee retention with R Square = 0.038, Beta = 0.196,  $t = 1.763$  at  $p < 0.082$ . This finding is in with that of Evelyn, Esther and Gichuhi (2018), as they found



that training and development had a significant positive influence on employee retention. The finding of Haideret *al* (2015) is in consonance with that of this study as they found in their study that training and development have a negative impact on employee retention. Also, Mariyam and Zubair (2015) in their study found did not find any significant influence of training and development nor performance appraisal on employee retention. However when training and development is linked with career development, there is a positive and significant influence on employee retention. The findings of Daifallah and Bassam (2017) indicated that training and development is one of the three dimensions of HR practices that had a significant positive impact on employee retention.

The regression analysis done on performance appraisal and employee retention showed a weak positive significance of performance appraisal on employee retention with  $R^2 = 0.155$ ,  $Beta = 0.394$ ,  $t = 3.788$  at  $p < 0.000$ . The study of Mariyam and Zubair (2015) found no significant influence of performance appraisal on employee retention but when performance appraisal is linked with reward and compensation there is a positive and significant influence on employee retention. Also, Daifallah and Bassam (2017) in their study found that performance appraisal has no impact on employee retention.

The regression analysis done on compensation and employee retention showed a weak positive significance of compensation on employee retention with  $R^2 = 0.192$ ,  $Beta = 0.438$ ,  $t = 4.300$  at  $p < 0.000$ . This finding is in assonance with that Aslamet. al (2015) as they concluded in their study that the most significant variable in their research study is reward and compensation. It has a great effect on the performance of employees. Also, Haider, Rasli and Yusoff (2015) stated in their study that compensation has a positive relationship with employee retention.

## Conclusion

The study examined the effect of human resource management practices and employee retention. The study concludes that training and development has a positive significant effect on employee retention because when employee are trained and equipped with varieties of skilled it create in them a sense of indebtedness and obligation which would remain committed to the organization. The study concludes that performance appraisal has a positive significant effect on employee retention since the focus of the employee is the outcome of the appraisal, the manner at which an appraisal is conducted has

a resultant effect on employees' satisfaction which would in turn determine their loyalty and belongingness to their organization. When a performance appraisal process is transparent and clear with feedback discussed regularly with the employee, it will help them gain better understanding of their strengths and weaknesses and then adjust their behavior accordingly. The study also concludes that compensation has a positive significant effect on employee retention because when employees are compensated in a transparent and equitable manner, employees would love to remain in such organization where their efforts are well appreciated.

## Recommendations

Based on the above findings, the study therefore recommends that:

- i. Organisations should ensure that the human resource department intensify efforts to create policies and adopt best practices that would generate the needed commitment from the employees.
- ii. The management should work to refine their HRP to a more worker-centric one and also ensure that pending issues are noted are resolved as quick as possible, this could be achieved through a town hall meeting between the management and workers' representatives.
- iii. Employee participation in performance appraisal process should be encouraged and the process should be made transparent, fair and equitable.
- iv. Job expectations and objectives should be communicated and the resources to achieved the set objectives be made available. A proper system of individual feedback needs to be established and training for further improvement

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