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Effect of Human Capital Management Practices on Employee Retention in Large Manufacturing Companies in Kenya

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Abstract

Employee retention is vital as it brings implications for organizational competitiveness in an increasingly global landscape. Retaining key employee is a vital source of competitive advantage for any organization. The general objective of this study was to establish the effect of human capital management practices on employee retention in manufacturing companies in Kenya. The study specific objectives was to determine the influence recruitment on employee retention, training, job design and compensation on employee retention in manufacturing companies in Kenya. The theories informing the study were Resource-based theory and Job characteristics theory. The population was 181 large manufacturing firms and the sample size of 124. A Human Resource Manager was purposively selected from each of the 124 manufacturing firms. The study adopted a descriptive research design. Primary data was collected using questionnaire. The data was analyzed using descriptive and inferential statistics. A regression model was used to test the effect of human capital management practices on employee retention performance of manufacturing firms. The results indicated that recruitment and employee retention is positively and significantly related. The results further indicated that training and employee retention is positively and significantly related. The results further indicated that job design and employee retention is positively and significantly related. Lastly, results showed that compensation and employee retention is positively and significantly related. The study concluded that human capital management practices on employee retention in large manufacturing companies in Kenya. The study recommends that HR managers should endeavor that their recruitment, selection and retention process always focuses businesses objectives. The study recommends that HR managers should design specific training programmes that target this group of employee with the aim of enhancing their readiness in taking up tasks and accepting changes in the sector. Remuneration of employees who have upgraded should be reviewed according to human resources policy

Keywords: *Recruitment, Training, Job Design, Compensation & Employee Retention*

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1.1 Introduction

Employees are the most valuable assets of an organization. Their significance to organizations calls for not only the need to attract the best talents but also the necessity to retain them for a long term (Khalid & Nawab, 2018). In any organization, employees stay as the most important asset as it is the human resource function, which dictates the management and utilization efficiency of the other organizations assets (Ma, Mayfield & Mayfield, 2018). One of the challenges facing many organizations is the retention of critical employees. The society is increasingly becoming knowledge based where human capital is considered a key resource and indispensable to the survival of businesses (Kurdi & Alshurideh, 2020). In an era where skills and knowledge of employees are amongst the main competitive enablers, organizations cannot ignore the significance of attracting and retaining talented people (Modau, Dhanpat, Lugisani, MaboJane & Phiri, 2018). The manufacturing sector is characterized by a volatile talent demand–supply equation set against erratic attrition trends and boundless cutthroat competition, and organizations have never had a tougher time in finding, managing and nurturing talent (Narayanan, Rajithakumar & Menon, 2019).

The value of human capital is apparent in modern manufacturing organizations that have invested heavily in production innovations such as advanced manufacturing technology, statistical process control, and computer numerically controlled machine tools (Lee, Hom, Eberly & Li, 2018). Such initiatives depend heavily on employee skills and commitment as key components in the value creation process. Accordingly, it is instrumental for manufacturing firms to harness the productive potential of their employees in order to achieve superior performance (Nanjundeswaraswamy, Sanjana & Kavya, 2020). In most manufacturing firms, manufacturing strategies that emphasize quality and flexibility tend to require the increase of skills of employees thereby necessitating a human-capital-enhancing approach to human resource that focus on skill acquisition and development (Melhem, 2019). The human capital enhancing practices are the processes and procedures that are an emerging area of HR and are becoming an important part of the firm's strategy (Ganiyu, Fields, Atiku & Derera, 2020). These human capital enhancing practices are among the critical elements that develop organizational capability that in turn provide sustainable competitive advantage (Ballard & Grawitch, 2017).

Retention of employees in the public division is among the major factors affecting the managers of an organization due to employee turnover that is high, the manpower that's skilled and economic growth (Muyela & Kamaara, 2021). Many employees leave their jobs for various reasons some which include organizational and social aspects like marriage where an employee leaves to join their family (Wairimu & Ndeto, 2019). However, despite the fact that there is high rate of unemployment turnover rates are recorded, where most individual leave formal employment for self-employment and switching of jobs from one company to another is moderately high. Employee turnover rates in most organizations have drawn concerns from the scholars in Human Resource Management and in the behavioral science due to its effects on organizational performance (Awino & Korir, 2020).

The manufacturing industry is a major player in the Kenyan economy and is the fourth biggest sector after agriculture, transport and communication (Kenya Association of Manufacturers, 2020). They include commercial food and allied, building, engineering and electrical, footwear and personal use, leather, medical equipment, metal welding, mining, paper and paper board, plastics and rubbers, textiles and timber sector. Although Kenya is the most industrially developed

country in East Africa, the manufacturing sector in Kenya constitutes 10 per cent of the industrial sector contribution to GDP. Kenya Vision 2030 identifies the manufacturing sector as one of the key drivers for realizing a sustained annual GDP growth of 10 per cent (Vernon, 2020). About 87% of the total registered manufacturing firms in Kenya are active and majority of these firms are locally owned (Agbiogwu, Ihendinihu & Okafor, 2020).

1.2 Statement of the Problem

Employee retention is vital as it brings implications for organizational competitiveness in an increasingly global landscape. Retaining key employee is a vital source of competitive advantage for any organization (Al Mamun & Hasan, 2017). Success and competitiveness of any organization is mainly depends on the talented, efficient and committed workforce. Retaining of these workforce is depended on how the employer facilitate and fulfills the employees needs by providing compensation, rewards, work environment, effective interpersonal relationship, training related to job content. If these factors are not fulfills, the employees could quit the job.

In Kenya, the manufacturing sector stands at approximately 57% of the total population and accounts for 11% of the Gross Domestic Product (Wanjohi, 2020). However, over 70% of the manufacturing sector experience employee retention challenges which negatively affects their production and service delivery (Mwangi, 2017). According to Muiruri, Ngugi and Kihara, (2021), nearly 70% of manufacturing firms in Kenya have reported having difficulties in replacing staff especially millennial and young employees due to insufficient skills and experience. Ng'ethe et al (2020) posits that over 50 % of the individuals recruited in to the manufacturing sector leave within the first 2 years and one in four of new hires will leave within 6 months. As such, Njue and Kiiru (2018) notes that despite the efforts put on human resource departments by manufacturing firms in Kenya to enhance workers retention, employee turnover rates continue to increase. It is critical to focus on human capital management practices that will grow and develop employees and ensure contributions to quality performance. This study postulates that by adapting human capital management practices, the manufacturing sector can help employees identify organizational priorities and focus their efforts, while still emphasizing continuous self-improvement, ultimately helping to increase overall performance.

In an empirical perspective, several employee retention researches have been undertaken in various organizations and in different parts of the world. Sultana, Hasan and Rahman (2017) for instance examined the issues influencing employees' retention and documented that salary, job security and leadership were key factor but the study's context was not manufacturing sector. In Kenya, Nyanjom (2018) studied the employee retention determinants in the state corporations and documented training and career development, performance appraisal, commitment and compensation enhanced workers retention but the study focused on parastatals. Ng'ethe *et al* (2020) explored the retention of academic staff determinants in public universities and revealed that leadership style and promotion influence staff retention but the study was based on public academic institutions. From the reviewed studies, it evident that most studies of employee retention have been undertaken in different contexts with very few covering the manufacturing sector making it difficult to generalize the results to the sector hence contextual gaps. Further, the studies used different methodologies and different variables to those being examined by this study hence empirical and methodological literature gaps. This study therefore sought to address the gap by examining the determinants of human capital management practices on employee retention in manufacturing companies in Kenya.

1.3 Objective of the Study

The objective of this study was to establish the effect of human capital management practices on employee retention in large manufacturing companies in Kenya.

The study was guided by the following specific objectives;

- i) To determine the influence recruitment on employee retention in large manufacturing companies in Kenya
- ii) To examine the influence of training on employee retention in large manufacturing companies in Kenya
- iii) To assess the influence of job design on employee retention in large manufacturing companies in Kenya
- iv) To evaluate the influence of compensation on employee retention in large manufacturing companies in Kenya

2.0 Literature Review

2.1 Theoretical review

2.1.1 The Resource Based Theory

The resource-based theory was developed by Birger Wernerfelt in 1984. The theory states that competitive advantage is attained when firms have a pool of human resource which cannot be imitated or substituted by rivals; firms which recruit and retain competent individuals have the capability of generating human capital advantage. The resource-based theory emphasizes firm resources as fundamental determinants of competitive advantage and performance. The central premise of the resource-based theory is that firms compete on the basis of their resources and capabilities (Barney, Ketchen & Wright, 2021).

Furthermore, it is argued that human resource is one of the organization's resources and a subset that enables them to achieve their competitive advantage and a subset of those that lead to superior long-term performance (Araya-Castillo, Oradini, Yáñez-Jara & Duque, 2019). Thus, firms should constantly evaluate their workforce in order to ensure that they have the right people with right skills in the right places and at the right time, this helps to ensure and maintain a sustainable competitive advantage (Collins, 2021). Resource based theory adopts two assumptions for analysing sources of competitive advantage and performance. First, this theory assumes that firms within an industry may have heterogeneous with respect to the bundle of resources they control; second, the theory assumes resource heterogeneity may persist over a certain period because the resources used to implement firm's strategies are not perfectly mobile across different firms (Alvarez & Barney, 2017).

The resource-based theory is relevant to this study because it focuses on the necessity of a firm to have right people with right skills and the right place which is in the heart of recruitment and selection. Resource-based theory prompts criticism and the most prevalent being that theory is static, for example, the theory fails to either address the impact of organization action on resource effectiveness over time (Makadok, 2001). Priem and Butler (2001) identified second important problem namely exogenous nature of value in resource-based theory and concluded that the resource-based view theory has contributed very little to the explanation or prediction of competitive advantage.

2.1.2 Job Characteristics Theory

Job characteristics theory was developed by Hackman and Oldham (1975) to explain how and why core job characteristics influence key job outcomes, such as job satisfaction, job performance, and employee retention and turnover intentions. The theory assumes that the design of a job will influence the perception of employees towards the job. This will also influence employee productivity, attitude, and intentions to stay or leave. When a job is designed to utilize a variety of employee skills and to enhance task identity and significance. The employee was more satisfied with the job and will most likely stay on the job. Other factors that can boost employee stay include task autonomy and feedback (Kigathi, 2018). These core job characteristics influence three critical psychological states, that is, experienced meaningfulness of work, experienced responsibility for work outcomes, and knowledge of the results (Jayaram & Engmann, 2014). These in turn influence the work outcomes which high internal work motivation, high growth job satisfaction, high general job satisfaction, high work effectiveness, low absenteeism rates and low turnover.

Skill variety in job design is the degree to which a job requires a variety of challenging skills and abilities. Task identity is the degree to which a job requires completion of a whole and identifiable piece of work. Task significance is the degree to which the job has a perceivable impact on the lives of others, either within the organization or the world at large. Autonomy is the degree to which the job gives the worker freedom and independence in scheduling work and determining how the work was carried out. Feedback is the degree to which a worker gets information about the effectiveness of his or her efforts, either directly from the work itself or from others (Hackman & Oldham, 1975). When a job is designed to effectively consider all these aspects, it was satisfying to the employee and therefore lead to high retention rates. However, a poorly designed job will not provide the expected satisfaction which may lead to high employee turnover (Morris & Venkatesh 2015). Some job characteristics can constrain an employee by standardizing and structuring work processes, limiting the number of ways an employee can perform his or her job, and restricting the information and resources required to perform the job.

The theory is relevant in this study as it explains how job design can influence employee satisfaction and thereby affecting the decision to stay or leave. The job characteristics theory is also relevant to this study in that it recognizes the key role played by relationships among employees and team work in the organization in influencing employee motivation, satisfaction and retention.

2.2 Empirical review

2.2.1 Recruitment and Employee Retention

Janes (2017) conducted a study on the influence of recruitment, selection, and retention on performance outcomes of registered family-owned businesses in Mwanza region. The study adopted descriptive survey research design and involved both qualitative and quantitative data. Simple random sampling technique was used to select a sample size of 693 respondents from the target population of 5,185 registered family-owned businesses owners. The findings of the study indicated the use of ineffective recruitment, selection and retention methods, and processes in family-owned businesses. Selection and retention was found to have a positive significant relationship with performance outcomes while recruitment was found to have a weak relationship with performance outcomes. Further, the finding indicated that business factors partially moderate the relationship between recruitment, selection, retention and performance outcomes.

Chandrasekara and Perera (2019) analyzed the effect of recruitment practices on employee retention in selected large scale apparel firms. The study was a mixed approach. Under the quantitative approach, the data were collected from a randomly selected sample of 127 sewing machine operators (SMOs) in selected large scale apparel firms in Kandy district by using a structured questionnaire consisting of 47 statements with five point Likert scales. The study found out that there was a significant positive relationship between the recruitment practices and the employee retention in selected large scale apparel firms in Kandy district. Further, it revealed that the employee retention is positively correlated with the recruitment strategies and the recruitment policy. It is concluded that there was a positive effect of recruitment practices on employee retention in selected large scale apparel firms in Kandy district and it is essential for the HR department in the apparel firms to have much concern on these recruitment practices and follow them effectively in order to improve the employee retention.

Kepha, Mukulu and Waititu (2018) sought to establish the influence of recruitment and selection on the performance of employees in research institutes in Kenya. The study adopted descriptive and correlation research designs. Its results revealed that the correlation between employee performance and recruitment and selection were highly significant, at 0.374 ($P=0.000$). The study recommended that research institutes strictly adhere to job specifications when filling vacant positions.

Katou and Budhwar (2019) in a study on the Greek manufacturing firms found that recruitment and selection was positively related to all organizational performance variables, such as efficiency, innovation and quality. Simmons (2013) in his paper asserts that companies can only succeed in the long-term if they recruit and motivate people who are able to respond to and shape the challenges of the future. These are the individuals with the capacity to create competitive advantage from the opportunities presented by changing markets, with the desire to learn from customers, consumers, suppliers and colleagues, and who possess the ability to build and influence long-lasting and influence partnerships.

2.2.2 Training and Employee Retention

Sahinidis and Bouris (2018) based their study which aimed to investigate the relationship between perceived employee training effectiveness and job satisfaction, motivation and commitment on employees and lower managers, on five large Greek organizations. The study indicated that indicating that there is a significant correlation between the employee perceived training effectiveness and their commitment, job satisfaction and motivation and high correlations were found between the latter three variables. To develop the desired knowledge, skills and abilities of the employees and to perform well on their job, an organization requires effective training programs that may also effect employee motivation and commitment towards a specific organizational goal.

Damei (2020) conducted a study on the effect of job training on employee retention in three Telecommunication companies in Somalia. The sample size was 150 respondents from the population of 260 employees of three telecommunication companies in Somalia. The results showed a positive significant relationship between job instruction and employee retention, a positive relationship between job rotation and employee retention and a positive significant relationship between coaching, mentoring and employee retention when tested at 95% confidence interval. Finally, the researcher recommends that employee effectiveness and commitment,

management of the institutions should formulate strategies to establish employee training policy in order to improve their employee performance and employee retention.

Moncarz, Zhao and Kay (2019) investigated U.S. employee retention policies and programs and also explored the effect of the management company's employee turnover plan. The results showed that employee retention outside management is influenced by work culture, recruitment, promotion and training. In addition, mission, management, rewards, recognition, and compensation of the organization tend to reduce the turnover rate of non-executive personnel. Recruitment and promotion are one of the factors listed above that affect executive retention. After careful analysis of the data, it was concluded that effective loyalty plans would continue to ensure loyalty and employee satisfaction, and would be beneficial to both employees and employers.

Allen (2017) clarified that training has the straight connection with the employee retention. Moreover, training supports the company to maximize the employee retention as well as reduce the employee turnover. In this way, when employees are new training procedure, they assume that the company is intense on them and should improve their occupation. The study posits that the organization think about them so able and vital, that is the reason the employer is contributing on each employee. It prompts employee retention yet training isn't appropriate to hold employees. Moreover, support of question or coaching relating to managerial support's responsibilities in pertinence to job training of the employees.

Asimwe (2019) conducted a study on the effects of employee training on employee retention. A cross-sectional survey design involving 220 employees of the NGO Partners in Health was conducted. A sample of 44 employees was drawn using a systematic random selection from the up-to-date employees' registry. Data was collected using a self-administered questionnaire. The findings on the effect of employee training on job performance showed that overall training enriches employee commitment in change processes that boost their performance. Results indicated that through trainings, employees are willing to embrace changes in their performance, acquire new skills to deliver quality work. Similarly, as employees improve their performance, they understand how largely they contribute to organizational goals; they are empowered to take on higher responsibilities making them love what they do.

According to Swart (2015), bridging the performance gap refers to implementing a relevant training intervention for the sake of developing skills and abilities of the workers and enhancing employee performance. He further elaborates the concept by stating that training facilitate organization to recognize that its workers are not performing well and a thus their knowledge, skills and attitudes needs to be molded according to the firm needs. There might be various reasons for poor performance of the employees such as workers may not feel motivated anymore to use their competencies, or maybe not confident enough on their capabilities, or they may be facing work- life conflict. All the above aspects must be considered by the firm while selecting most appropriate training intervention that helps organization to solve all problems and enhance employee motivational level to participate and meet firm expectations by showing desired performance. As mentioned by (Swart et al. 2015) this employee superior performance occurs only because of good quality training programs that lead to employee motivation and their needs fulfilment.

2.2.3 Job Design and Employee Retention

Tufail, Bashir and Shoukat (2017) conducted research on the impact of job design on employee's organizational citizenship behavior and counter-productive work behavior in the banking sector of Faisalabad in Pakistan. Data sampled from 170 frontline managers of the bank on a linear regression model. It was found there was a positive and significant relationship between job design and employee organizational citizenship behavior and counterproductive work behavior in the banking sector in Faisalabad, Pakistan.

Samuel, Thornware, John and Andrew (2019) carried out a study on job design and satisfaction in public institutions in Nairobi County. The researcher inquired on work conditions and job design. He sampled people under the age of 40 years to provide information concerning their job satisfaction. The researcher did not sample people in the education sector, pensioners, apprentices, trainees, interns, people in the military or those doing community service. The study found out that when assigning an employee to a workplace with an enriched job in the sense that he has a high degree of autonomy and varied tasks, this would increase the job satisfaction independent of his personal suitability for such a workplace. Enriched jobs increase the satisfaction of all employees.

Weilinghoff (2016) conducted a study on the effect of job design on employee retention and performance. The study focused on job description, job specifications, job rotation and job simplification. This study was conducted in German hospitals and involved a literature review and five semi structured interviews. The study identified the design practices that were largely practiced in the German hospitals. These included job description and job simplification. Job description enabled employees to clearly understand their roles and responsibilities. This made employees more satisfied and engaged which enhanced employee retention and performance. Job simplification enabled jobs to be divided into smaller components thus making them more manageable for employees.

Macf and Mam (2015) investigated the effect of job design on employee satisfaction, engagement, retention and performance in Sri Lanka. The study applied a correlation design. Data was collected through questionnaires administered to 103 respondents. The study results indicated a positive and significant relationship between job design and employee engagement and retention. Job design involved specification of job roles, clarity in job description, and job enrichment. Job enrichment was practiced by providing employees with additional responsibilities which made them more motivated. Job rotation was also practiced which provided employees with more flexibility and work satisfaction.

Wakio (2019) conducted a study on the influence of job design on employee retention in level four and five hospitals in Machakos County. The study was carried out in Level 4 and Level 5 hospitals. A sample of 86 employees was selected. The study utilized descriptive survey design. The data was collected using questionnaires mainly, and a mixture of purposive and stratified sampling technique. The data were then analyzed both inferential and descriptive statistics using the Statistical Package for Social Sciences (SPSS) and findings tabulated accordingly. The study findings indicated that job design had a significant positive effect on employee retention.

2.2.4 Compensation and Employee Retention

Admassie (2019) examined the impact of compensation on employees' employee retention in Ethiopian Universities. The sample size of the study contained 280 lecturers and administrative staff in the different departments of Universities. Data was collected using structured questionnaire

technique. The data obtained was processed using the statistical package for social science and was analysed using both descriptive and inferential statistics. The result discussion indicated that there was a moderate significant positive relationship between transparency of compensations and employees' employee retention, fair distribution compensation and employees' satisfaction low significant positive relationship between equity compensations and employees' satisfaction consistency and continuity of compensation and employees' satisfaction. The study found that compensation management systems collectively have significant effect on employees' employee retention.

Yego (2017) examined the influence of teacher compensation on employees' retention in Uasin Gishu County, Kenya. The research used a descriptive survey study research design. The data collection tool that was used was the structured questionnaire which was issued to the teachers. The method of data analysis that was used was the descriptive and the inferential method of data analysis on SPSS. The study findings were interpreted to mean that in the current setting, pay was the most important factor that influenced employee output. This therefore meant that for teachers, what they receive whether from the parents or from the school or Teachers Service Commission (TSC) is the most important motivating factor that will enhance their performance. Appreciation was also found to be second most important motivator for employee output. This meant that gifts and tokens from parents and the school and certificates issued to teachers also greatly influenced the teachers' output in the school. The findings however noted that both promotion and recognition had a negative influence on employee output. This was interpreted to mean that these two practices besides being favoured by the teachers in the school are hardly employed as techniques to enhance the employee output.

Armstrong (2016) posited that pay, recognition, promotion and quality of working life, and the influence of the group with whom employees are being identified is related to perception and attitude relevant to all the above-mentioned variables. The study showed a strong relationship between people beliefs, perceptions, feelings and their behaviors towards policies and procedures of an organization's management. Employees as human beings and the active part of a society have various needs at different levels and these needs must be fulfilled so they feel motivated to work hard. Zhang (2012) on the impact of compensation on employee performance shows that performance appraisal has a positive and significant relationship with employee performance. The study also tested other variables and established a strong and positive correlation between performance appraisal and employee motivation and compensation.

Waithira (2018) studied the effects of compensations strategies on employee performance of Farm Concern International, Kenya. Case study design was adopted for the study that also targeted 152 employees of Farm Concern International. The findings revealed that, first, most employees were not content with their pay and there was uncertainty on whether the current monetary compensations in the firm led to improved employee performance. Second, it was revealed that the non-monetary compensations being employed in the firm were favorably received and were spurring employee performance. It was also established that the promotion schemes in the firm were instrumental in improving employee performance. Lastly, it was established that recognition strategies as currently practiced in the firm were having a considerable outcome on employee performance. The study recommends that management should adopt performance-based pay, by compensating employees based on their productivity and job performance which is expected to motivate employees more and to align their behavior towards improving performance and output.

2.3 Conceptual Framework

Figure 1 depicts the relationship between human capital management practices and its components such recruitment, training, job design and compensation on employee retention.

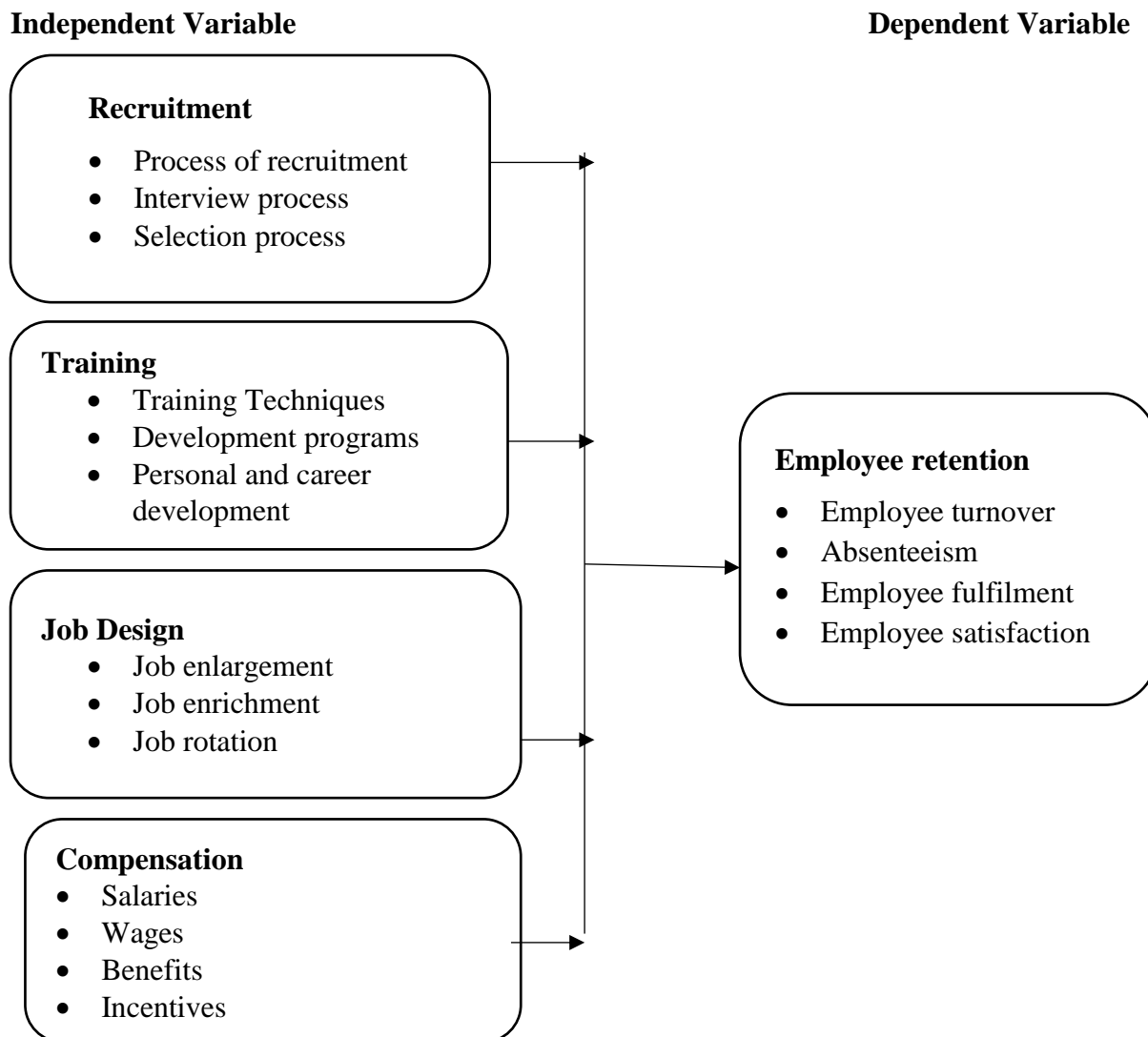


Figure 1: Conceptual Framework

The independent variables are recruitment, training, job design and compensation while the dependent variable was employee retention. The indicators of each variable are also presented.

3.1 Research Methodology

The population was 181 large manufacturing firms and the sample size of 124. A Human resource manager was purposively selected from each of the 124 manufacturing firms. The study adopted a descriptive research design. Primary data was collected using questionnaire. The data was analyzed using descriptive and inferential statistics. A regression model was used to test the effect of human capital management practices on employee retention performance of manufacturing firm

4.1 Results and findings.

The study administered 124 questionnaires to Human resource managers of the large manufacturing firms. A total of 116 were filled and returned thus realizing a response rate of 93.55%

4.2 Correlation Analysis

Correlation analysis was conducted to establish the relationship between the independent and dependent variables. The correlation matrix is presented in Table 1.

Table 1: Correlation Matrix

	Employee Retention	Recruitment	Training	Job Design	Compensation
Employee Retention	1.000				
Recruitment	.765**	1.000			
Training	.775**	.557**	1.000		
Job Design	.690**	.652**	.471**	1.000	
Compensation	.758**	.587**	.578**	.455**	1.000
	0.000	0.000	0.000	0.000	0.000

The results in Table 1 revealed that recruitment and employee retention in large manufacturing companies in Kenya is positively and significantly related ($r= 0.765^{**}$, $p=0.000$). The results further indicated that training and employee retention in large manufacturing companies in Kenya is positively and significantly related ($r= .775^{**}$, $p=0.000$). Job design and employee retention in large manufacturing companies in Kenya is positively and significantly related ($r= .690^{**}$, $p=0.000$). Lastly, results showed that compensation and employee retention in large manufacturing companies in Kenya is positively and significantly related ($r= .758^{**}$, $p=0.000$). This implies that an increase in recruitment, training, job design and compensation leads to an increase on employee retention in large manufacturing companies in Kenya since the coefficients are positively related.

4.3 Regression Analysis

The study carried out regression analysis to establish the statistical significance relationship between recruitment, training, job design and compensation on employee retention in large manufacturing companies. The results presented in Table 2 present the fitness of model used of the regression model in explaining the study phenomena.

Table 2: Model Fitness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.843a	0.71	0.7	0.48772

The variables recruitment, training, job design and compensation were found to be satisfactory variables in explaining employee retention. This is supported by coefficient of determination also

known as the R square of 0.71. This means that recruitment, training, job design and compensation explain 71% of the variations in the dependent variable, which is employee retention. This results further means that the model applied to link the relationship of the variables was satisfactory.

The Analysis of Variance (ANOVA) results are shown in Table 3.

Table 3: Analysis of Variance

	Sum of Squares	df	Mean Square	F	Sig.
Regression	64.75	4	16.187	68.052	.000b
Residual	26.403	111	0.238		
Total	91.153	115			

The findings further confirm that the regression model is significant and supported by F= 68.052, p<0.000) since p-values was 0.000 which is less than 0.05. The study conducted a regression of coefficient analysis to establish the statistical significance relationship between the independents variables; recruitment, training, job design and compensation on the dependent variable that was employee retention.

The regression of coefficient results are as shown in Table 4.

Table 4: Regression of Coefficients

	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	1.228	0.14		8.762	0.000
Recruitment	0.205	0.072	0.259	2.851	0.005
Training	0.217	0.067	0.295	3.246	0.002
Job Design	0.155	0.059	0.194	2.643	0.009
Compensation	0.156	0.074	0.198	2.102	0.038

$$Y = 1.228 + 0.205X_1 + 0.217X_2 + 0.155X_3 + 0.156X_4$$

Where;

Y = Employee retention; X₁ = Recruitment; X₂ = Training; X₃ = Job Design; X₄ = Compensation;
 β₀= Constant Term;

β₁, β₂, β₃, β₄= Beta coefficients;

The constant of 1.228 showed that when recruitment, training, job design and compensation are held constant, employee retention would remain at 1.228 units. The regression of coefficients results show that recruitment and employee retention is positively and significantly related (β=0.205, p=0.005). The results further indicated that training and employee retention is positively and significantly related (β=0.217, p=0.002). The results further indicated that job design and employee retention is positively and significantly related (β=0.059, p=0.009). Lastly, results showed that compensation and employee retention is positively and significantly related (β=0.156, p=0.038).

5.1 Conclusion

Based on the findings, the study concluded that human capital management practices on employee retention in large manufacturing companies in Kenya. The study concludes that recruitment positively and significantly influence employee retention in large manufacturing companies. Therefore an increase in recruitment would lead to a significant increase in employee retention. The study concluded that training positively and significantly influence employee retention in large manufacturing companies. Thus, an increase in recruitment would lead to a significant increase in employee retention.

The study concluded that job design positively and significantly influence employee retention in large manufacturing companies. Thus, an increase in job design would lead to a significant increase in employee retention. A well designed job will bring satisfaction to the employees and they perform well by employing all their energies in the work. Lastly, the study concludes that compensation positively and significantly influence employee retention in large manufacturing companies. An increase in compensation would lead to significant increase in employee retention.

6.1 Recommendations

The study recommends that HR managers should endeavor that their recruitment, selection and retention process always focuses businesses objectives. They should also develop effective and operational recruitment, selection and retention policies to govern their recruitment, selection and retention process, this will make their recruitment, selection and retention process more fair and reliable.

The study recommends that HR managers should design specific training programmes that target this group of employee with the aim of enhancing their readiness in taking up tasks and accepting changes in the sector. Further the organization should carry out an audit to find out why training most likely motivates the top level to be committed to taking initiatives in helping other employees but not the other cadres of employees.

Manufacturing companies should promote rotation of job, job enrichment, enlargement of job and simplification of job in their place of work by putting in place mechanisms to deal with the employees. The management should advocate for job enlargement that promotes employee motivation hence improved performance and job enrichment encourages employees to work hard. This will enhance the employees' job design and retention.

Compensation used in the manufacturing companies should be regularly reviewed with the changing times. Remuneration of employees who have upgraded should be reviewed according to human resources policy. This will not only enhance motivation but it will encourage more staff to pursue training thereby enhancing the quality of the staff which will translate to better, employee performance.

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