

# Journal of Human Resource and Leadership (JHRL)

## **STRATEGIC HUMAN RESOURCE MANAGEMENT PRACTICES AND EMPLOYEE RETENTION IN COMMERCIAL BANKS IN NAIROBI CITY COUNTY, KENYA**

William Raboso Nyaema and Dr. Phillip Wambua



## STRATEGIC HUMAN RESOURCE MANAGEMENT PRACTICES AND EMPLOYEE RETENTION IN COMMERCIAL BANKS IN NAIROBI CITY COUNTY, KENYA

<sup>1\*</sup>William Raboso Nyaema

<sup>1</sup>Post-Graduate Student: School of Business, Kenyatta University

\*Corresponding Author's Email: [williamnyaema@gmail.com](mailto:williamnyaema@gmail.com)

<sup>2</sup>Dr. Phillip Wambua

Lecturer: School of Business, Kenyatta University

### Abstract

**Purpose:** The purpose of this study was to establish the influence of strategic human resource management practices on employee retention among commercial banks in Nairobi City County, Kenya.

**Methodology:** This study adopted a descriptive survey design. The target population was all the 42 commercial banks licensed and regulated by the Central Bank of Kenya with head offices in Nairobi City County. It consisted of staff members working in the human resources department who include 42 top level managers one from each bank, 84 middle level managers two from each bank and 210 low level managers totalling to 336 respondents. The sample size was 100. Data was collected using semi-structured questionnaires. The data was analyzed using both descriptive and inferential statistics and presented using graphs, pie-charts and tables.

**Findings:** The banks were found to select the best employees but do not retain them due to poor reward structure, irrelevant job design with most employees not comfortable with their job and some not understanding their roles. The banks however were thorough in implementation of performance management and appraisal among their staff all aimed at ensuring their performance, this however neglected the welfare of the employees.

**Unique contribution to theory, practice and policy:** It was recommended that in order to for the commercial banks to improve employee retention there is need to improve their reward criteria to be in tandem with employee performance, skills and qualifications. The banks should ensure that employees are rewarded for good performance and grow in scale or job group. The study recommends that the banks should involve their staff in performance management strategies to improve their acceptability and convenience among them. The study recommends that further studies be done on the influence of reward criteria on employee performance, the analysis of the effect of performance management on employee output in Kenya and a comparative study on employee retention determinants among firms in Kenya.

**Keywords:** Human Resource Management Practices, Employee Selection, Reward System, Job Design, Performance Appraisal

## 1.0 INTRODUCTION

Employee retention as demonstrated by human resource management experts insinuates the distinctive methodologies and practices which let the workers hold fast to a relationship for a more drawn out time span. The affiliation is absolutely at mishap when the workers leave their action once they are totally arranged. Workers support considers the distinctive measures brought with the objective that an individual stays in a relationship for the most extraordinary time period (Kok, 2003). The Harvard Business Essentials (2002) portrayed upkeep as the inverse of turnover, being wilful and programmed. It is a wilful move by a relationship to make a circumstance which attracts agents for a whole deal (Chaminade, 2007). Chiboiwa (2010) authenticates that the essential explanation behind support is to shield talented specialists from leaving the relationship as this drive influences organization and productivity. According to Ngethe (2013) did a study on the determinants of scholastic staff maintenance in Public Universities in Kenya where he presumed that authority style, compensation, preparing and advancement impacted the goal to leave an association.

As indicated by Okioga (2013), key human resource management is the link between key administration and human resource management; it is the arrangement of administrative choices and activities that decide the long term execution of an association. It involves natural filtering, system definition, usage, assessment and control. Key human resource management offers an upper hand by building basic capacities of HR, vital administration in the association encourages system plan and in strategy execution by giving able HR more aggressive knowledge (Okioga, 2013).

Key human resource arranging presents the part of a vital arrangement; a vital device in deciding if an association will have the right stuff and information set up when it needs them. A viable key human resource management program will help workers in utilizing and creating abilities and information that will profit the association, the development and confidence of its management. In this way, Key human resource management is an indispensable instrument in maintaining a strategic distance from mechanical out of date quality. This study therefore sought to establish the effect of strategic human resource practices on the performance of employees among commercial banks in Kenya.

### 1.1 Problem Statement

Vital human resource management offers an upper hand by building basic capacities of HR, key administration in the business banks encourages technique detailing and in approach execution by giving skilled HR and aggressive insight (Okioga, 2013). With an uplifted rivalry for clients and offering quality administration on commercial banks in Nairobi City County, Kenya are scanning for procedures to execute to adjust business targets to workers. On the off chance that such arrangement is fruitful, banks can quicken workforce adjustment to change, enhance cost-viability of human asset choices, and increment maintenance of the best achievers and this will go far to aid the general authoritative execution.

Commercial banks in Nairobi City County, Kenya confront many difficulties in the present dynamic commercial centre and in a worldwide economy that has turned out to be progressively aggressive requiring advancement of items and administrations that can fulfil an all the more

demanding client base and building long haul client put stock in (Munyoki, 2010). As per Kiptugen (2003), in Kenya banks are proactive as opposed to receptive procedures shape the premise of key arranging. Commercial Banks in Nairobi City County, Kenya are in hardened rivalry for clients and furthermore for staff and these are combined with the assignment of holding the correct ability (GOK).

With an increased rivalry for clients and offering quality administration commercial banks in Nairobi City County, Kenya and all around are scanning for techniques to actualize in order to adjust business targets to representatives. On the off chance that such arrangement is fruitful, banks can quicken workforce adjustment to change, enhance cost-adequacy of human asset choices, and increment of maintenance of the best achievers and this will go far to aid the general hierarchical execution.

Caliskan (2010) recognizes that human resource management rehearsals are one fundamental wellspring of upper hand and maintenance of staff. He suggests that creating nations should now view powerful human asset administration as a more essential part and assume a critical part in the nation's economy and furthermore in the acknowledgment of the objectives of their vision like the Kenyan Vision 2030. As indicated by Armstrong (2000), adopting a vital strategy to human asset administration practices may mean rolling out solid improvements in how representatives are adjusted. He prescribes that pay is the focal point of worker inspiration and subsequently maintenance. As indicated by Charles (2002) the different activity attributes affect person's states of mind and perceive that human needs goes about as motivational powers. As indicated by Fisher (2005) individuals are the total of representatives' endeavours that make riches to enable associations to accomplish their vision.

Kiptugen (2003) did a study on human asset rehearses in commercial banks in Nairobi City County, Kenya a contextual investigation of Kenya Commercial bank. Ngethe (2013) did a study on the determinants of scholastic staff maintenance in state funded colleges in Kenya. He prescribed that further research should be done on key human asset hones and their effect on staff maintenance. Mbugua, George Mucai (2015) completed a study on Vital Human Asset Administration Practices and Representative Maintenance in Commercial Banks in Kenya, the investigation secured enlistment, preparing and execution administration. The study suggests that comparable investigations ought to be done in different divisions of the economy on the impact of key human asset administration on the representative maintenance. The study likewise proposes that further investigations ought to be done of different components influencing representative maintenance. This investigation hence looked at setting up the connection between key human resource management hones other than the ones secured by Mbugua and worker maintenance in commercial banks in Nairobi City County, Kenya.

### **1.1.1 Research Objective**

- a) To determine the influence of selection on employee retention among commercial banks in Nairobi City County, Kenya.
- b) To establish the influence of reward system on employee retention among commercial banks in Nairobi City County, Kenya.
- c) To find out the relationship between job design and employee retention among

commercial banks in Nairobi City County, Kenya

- d) To find out how performance appraisal influences employee retention among commercial banks in Nairobi City County, Kenya.

## **2.0 LITERATURE REVIEW**

### **2.1 Theoretical Review**

#### **Expectancy Theory**

This theory argues that delegates will propel a measure of work and obligation equal to what they want to get thus. Commission pay structures utilize this theory by empowering specialists to win as much money as they need, absolutely in perspective of their movement execution (Ingersoll, 2001). Guaranteeing that agents constantly expect future compensation increments and potential work headways can keep them endeavouring to finish singular destinations. As demonstrated by Gilbert (1978), if delegates expect little pay and no improvement openings as a final product of their work, they may progress simply insignificant effort until the moment that they over the long haul look for another business for new open entryways.

Expectancy is the likelihood that a specific activity will induce a required result. On the off chance that the authority has a specific objective, some lead must be passed on to fulfil that objective. The master needs to gage the probability of different practices that will fulfil the pined for goals and select the best lead (Vroom, 2009). Thus the delegate's motivation as demonstrated by Vroom may be broadened by changing the insight or by boosting the expectation level through better correspondence and extending the genuine reward that will come to fruition. This hypothesis explains the association between the specialist and the various levelled destinations and sees the differentiations between agents in conveying work motivation which influence on turnover. The hypothesis reinforces the study that awesome human resource organization sharpens are expected to motivate agents which will bolster their foresight and in this way their upkeep in the affiliation.

#### **Theory X and Theory Y**

Theory X and Theory Y address two limiting completions of the motivation extend. Theory X propels begin that agents are naturally unwilling to work and ought to consistently be enlivened from outside sources. Theory Y propels agents can be inside stirred at work, finding fulfilment in attempting to get destinations that usage their capacities and experience (Ruhland, 2001). Neither Theory X nor Theory Y is typically better than the following. Or on the other hand perhaps, the appropriate theory depends upon the work setting and specific delegates you are overseeing. Applying the wrong hypothesis in your work environment can frustrate, befuddle and irritate representatives, prompting expanded worker turnover (Abelson et al., 1984). A gathering of representatives that sees self-inspiration and self-sufficient basic leadership as critical, for instance, isn't probably going to stick around in a work setting that incorporates strict supervision constantly. Human asset administration practices might be inside or remotely gotten and actualized thus inspiring workers remotely and inside which will diminish turnover and enhance maintenance of the staff.

### **Hierarchy of Needs Theory**

Abraham Maslow's hierarchy (1943) of prerequisites hypothesis puts people's needs into five dynamic classes, beginning with basic physical needs and progressing up to necessities for self-change and employment headway. Maslow claims that organizations must address each level of agents' issues for delegates to really give themselves to workplace goals. Fail to address labourers' issues at any level in the pecking request can make a nonattendance of fulfilment in delegates' master lives, influencing them at last to attempt to fulfil these prerequisites in solitude, maybe by finding another business who gives better open entryways.

The Maslow's theory is pertinent to the study as in positive key human resource organization practices will ensure that specialists comprehend their advancement in the levels of leadership by repaying them well and satisfying them. This motivation will mean them not leaving the affiliation and consequently upgrade upkeep.

### **Herzberg's Two-Factor Theory of Motivation**

The theory was proposed in 1959 by Frederick Herzberg. As exhibited by Herzberg, there are some activities accept that outcome fulfilment while there are other work factors that kill thwarted expectation. As indicated by Herzberg, the opposite of "Fulfilment" is "No fulfilment" and the switch of "Bafflement" is "No Dissatisfaction". Herzberg asked for these activity factors into two courses of action; hygiene variables and inspiration factors.

Herzberg's Two-Factor Theory separates inspiration and business fulfilment into two get-togethers of parts known as the inspiration segments and tidiness factors. As showed by Frederick Herzberg, "the actuating factors are the six 'occupation content' factors that join accomplishment, certification, work itself, commitment, development, and probability of change. Cleanliness factors are the 'occupation setting' factors, which merge affiliation framework, supervision, association with supervision, work conditions, association with peers, pay, solitary life, association with subordinates, status, and master consistent quality" (Ruthankoon, 2003). On an exceptionally essential level the theory segregates the variables between natural inspirations and coincidental accomplices. The ordinary flashes, known as the movement content pieces, depict things that the far reaching bunch truly do in their work; their devotion and achievements. These parts are the ones that can contribute a cerebrum boggling way to deal with the level of occupation fulfillment an ace feels at work. The headway setting factors, unmistakably, are the outward factors that some individual as a laborer does not have much control over; they relate more to the earth in which people work than to the probability of the work itself (Schermerhorn, 2003).

### **Job Embeddedness Theory**

The theory was proposed in 2001 by Mitchell et al. The speculation offers a procedure for discovering why people stay in an affiliation. It is the collection of forces that effect specialist support. It can be perceived from turnover in that its emphasis is on most of the parts that keep a laborer at work, rather than the mental strategy one encounters while ceasing.

As demonstrated by this theory, the closer one's up close and personal points of view, qualities, and goals are agreed with those of the affiliation or conceivably amass social orders, the "higher

the likelihood that a laborer will feel professionally and before long introduced" (Mitchell et al., 2001). Unmistakable instances of various leveled fit join "work learning, aptitudes and limits" (Mitchell et al., 2001). Parts related to how individuals fit inside the gathering consolidate things, for instance, atmosphere, available and accommodating access to outdoors activities and redirection, assemble culture, and individuals (neighbors and non-work colleagues) who share near religious and political viewpoints. Note that how people see their fit inside the gathering can be on the other hand related to how they see their fit inside the affiliation. For instance, an individual may love the gathering; however hate working for the affiliation. Like the past territories of embeddedness, relinquish is separated into two segments: relinquish affiliation and relinquish gathering. The more conspicuous relinquish; the more troublesome the decision to leave will be (Shaw et al., 1998).

## 2.2 Empirical Review

According to Munyoki (2010) past studies have investigated the linkage of particular Human asset administration practices to hierarchical execution. Human asset administration exercises painstakingly arranged to have a particular influence in an excellent outline in which the entire is more prominent than the entirety of the parts. Enter components in determination are; a reasonable and exact particular, successful utilization of numerous systems, disposal of excess procedures, estimation, and assessment and consistent change.

As demonstrated by Caliskan (2010), agent support should be associated with a reasonable assurance process. HR experts and enlistment workplaces, while choosing work contender for their affiliations, should consider work surveys as a fundamental bit of the enrollment strategy. In spite of the way that sensible enlistment and occupation fit strategies give a basic segment to both business satisfaction and specialist support, they ought to be joined with other motivational components to outline an intensive upkeep system that can diminish high turnover rates reasonably.

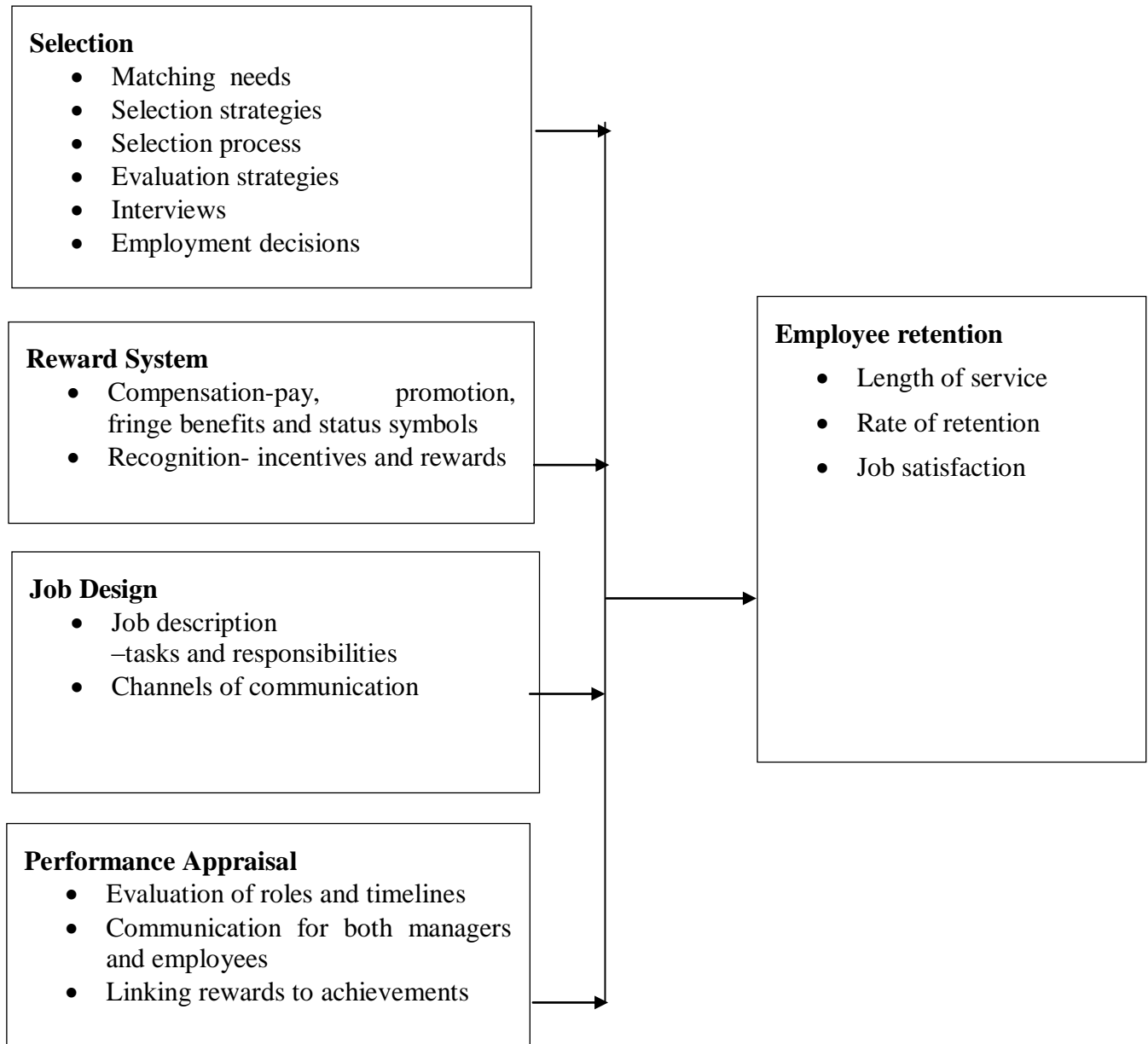
As indicated by Zhu (2007), representatives might be remunerated with reference to their level of skill. Expertise based pay joins pay to the level of aptitudes utilized as a part of the activity and, now and then, the procurement and use of extra abilities by the individual doing the activity or competency. In fitness related pay plot the practices and properties of an individual needs to use to play out a part viably are evaluated notwithstanding unadulterated aptitude. Associations assess the potential cost of expertise based pay and additionally its advantages thoroughly before its presentation.

In the perspective of Garg and Rastogi, (2006) on the investigation of how another model of occupation configuration influence inspired workers' Performance, upheld that all around composed occupations can positively affect both representative fulfilment and nature of execution. The apparent work requests, work control and social help through occupation configuration prompts high efficiency (Love and Edwards, 2005 as referred to in (Garg and Rastogi, 2006). In like manner Campion, *et al.*, (2005) proposed that the idea of work substantially affect a worker's execution and demeanor. This study will hope to discover the impact of occupation outline on worker maintenance in Commercial Banks in Nairobi City County, Kenya.

### 2.3 Conceptual framework

#### Independent Variables

#### Dependent Variable



### 3.0 RESEARCH METHODOLOGY

This study adopted a descriptive survey design. The target population was all the 42 commercial banks licensed and regulated by the Central Bank of Kenya with head offices in Nairobi City County. It consisted of staff members working in the human resources department who include 42 top level managers one from each bank, 84 middle level managers two from each bank and



210 low level managers totalling to 336 respondents. The sample size was 100. Data was collected using semi-structured questionnaires. The data was analyzed using both descriptive and inferential statistics and presented using graphs, pie-charts and tables. A multiple linear regression model was used to test the significance of the influence of the independent variables on the dependent variable

## 4.0 RESULTS AND DISCUSSIONS

### 4.1 Response Rate

Out of the selected sample of 100 respondents, 15 (i.e. 15%) did not respond, hence only 85(85%) questionnaires were used in the subsequent analysis. This correlates with Mugenda and Mugenda (2003) recommendation that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. This clearly shows that the response rate in this study was excellent.

**Table 1: Response Rate**

Rate	Frequency	Percentage
Response	85	85
Non-response	15	15
<b>Total</b>	<b>100</b>	<b>100</b>

### 4.3 Descriptive Findings and Analysis

#### 4.3.1 Selection and Employee Retention

The study sought to establish the level of adoption of selection and employee retention among commercial banks in Nairobi CityCounty, Kenya. The respondents were requested to indicate the extent to which they agreed with the following statement relating to the adoption of selection and employee retention in their respective commercial banks on a scale of 1-5. The findings were as tabulated below;

**Table 2: Selection and employee Retention**

Indicator	Mean	SDEV
My bank is doing a good job of selecting the right employees	3.86	0.904
The bank utilizes psychometric testing	1.44	0.882
The Bank targets specific professionals to fill a specific need	3.01	0.711
The Bank employs head-hunting strategies to select potential candidates	2.57	0.871
The Bank utilizes testing/ examination to evaluate the potential of the target employees	4.11	0.801
The Bank does ranking of potential candidates according to job related requirements	2.99	0.687
The Bank utilizes internet and other technologies to select potential candidates	3.15	0.655

Table 2 above indicates that the commercial banks in Nairobi CityCounty, Kenya are doing a good job in selecting the right employees (3.86). The employees equally agreed that the commercial banks utilize testing/examination to evaluate the potential of target employees (4.11). However the respondents were indifferent or neutral on whether the banks did ranking of potential candidates according to job related requirements, the banks utilized internet and other technologies to select potential candidates, the banks employed head-hunting strategies to select potential candidates and also whether the banks targeted specific professionals to fill a specific need as indicated by a mean of 2.99, 3.15, 2.57 and 3.01. This indicates that a significant number of the commercial banks either employed the strategies or not. The respondents disagreed that the banks employed psychometric testing to select the right employees as indicated by a low mean of 1.44 and standard deviation of 0.882. This study concurs with that of Munyoki (2010) on the human resource management among commercial banks in Kenya where he established that most banks did not apply scientific methods of recruitment and selection. The study also indicated there was rampant canvassing which compromised the process.

#### 4.3.2 Reward System and Employee Retention

The study also sought to determine the extent to which the commercial banks employed reward system to improve employee retention. The respondents were requested to indicate the extent to which they agreed with the following statements regarding the use of reward system and employee retention in their respective institutions on a scale of 1-5 where Strongly agree=5, Agree=4, Neutral=3, Disagree=2 and Strongly Disagree=1. The findings were as presented in the table below;

**Table 3: Reward System and Employee Retention**

<b>Indicator</b>	<b>Mean</b>	<b>SDEV</b>
The unionizable employees in the bank are represented by a union	1.56	0.825
The Bank offers incentives e.g. bonuses, special packages to retain employees	2.11	0.806
Job grade or group progression is based on merit	1.88	0.711
The salary structure for employees is reviewed regularly	2.31	0.725
The Bank generally has a higher rate of compensation compared to competitors	2.45	0.658
The Bank has a formal employee merit review process	1.89	0.661
The bank gives recognition for achievements	2.77	0.547

As indicated in Table 3, most of the bank staffs that are unionizable are not represented by a union as indicated by a mean of 1.56. The banks were found not to offer sufficient incentives to staff based on their performance nor is the job grade or group progression based on merit as indicated by a low mean of 2.11 and 1.88. The respondents did not disagree that the salary structure for employees is reviewed regularly, the banks generally have a higher rate of compensation compared to competitors nor have a formal employee merit review process as indicated by a mean of 2.31, 2.45 and 1.89. The respondents were however neutral on whether the banks gave recognition for achievements as indicated by a mean of 2.77. This generally indicates that the reward system among the commercial banks in Nairobi CityCounty, Kenya is

still below expectations precipitating to high employee turnover as also established by Clare (2011) on her study on reward criteria among commercial banks in the UK.

#### 4.3.3 Performance Appraisal and Employee Retention

The study sought to find out the state of performance appraisal among commercial banks in Nairobi CityCounty, Kenya. The respondents indicated the extent to which they agreed with the statements with regard to the use of performance appraisal and employee retention in their respective bank on a scale of 1-5 where 1 (strongly disagreed) while 5 (strongly agree). The findings were as indicated below;

**Table 4: Performance Appraisal and Employee Retention**

Indicator	Mean	SDEV
The Bank has a clear action value plan used to measure the performance	2.05	0.547
The Bank practices target setting for all its employees	4.21	0.601
The Bank sets realistic targets for the employees	2.54	0.722
The Bank practices regular forecasting to evaluate whether it is still on track on employee retention	2.66	0.814
The Bank practices performance management for all its employees	3.74	0.524
The management carries out performance, targets and forecast for timely and corrective action	3.11	0.801
The Bank gives incentives to compensate its employees' performance	1.78	0.791

The table above indicates that commercial banks in Nairobi CityCounty, Kenya do not have a clear action value plan used to measure the performance of their staff (2.05), do not set realistic targets for the employees (2.54) and do not give incentives to compensate its employees' performance (1.78). The respondents were indifferent on whether the banks practiced regular forecasting to evaluate whether they are still on track on employee retention (2.66), the bank management carries out performance, targets, and forecast for timely and corrective action (3.11). However the study established that the banks practice target setting for all their employees (4.21) and also practiced performance management for all its employees (3.74). This generally indicates that the commercial banks tracked and managed the performance of their staff but didn't set realistic targets for them resulting in overload and also did not compensate them for their peak performance. The banks were more focussed on the output of each employee and contact hours per day to improve firm profitability and revenue as also established by Almond (2003) in his study on the financial sector employee appraisal in Britain.

#### 4.3.4 Job Design and Employee Retention

The study also sought to assess the role of strategic job design on improving employee retention among the commercial banks in Nairobi CityCounty, Kenya. The respondents were to rate the extent to which they agreed with the following statements regarding job design and employee retention among the commercial banks in Nairobi City County, Kenya on a scale of 1-5. The findings were as tabulated below;

**Table 5: Job Design and Employee Retention**

<b>Indicator</b>	<b>Mean</b>	<b>SDEV</b>
My job in this Bank is well described and organized	1.53	0.811
Job design is relevant with the Bank's objectives	1.28	0.901
Employees fit in the Bank's job design	2.09	0.671
I have been issued with a job description which clearly outlines my duties	3.65	0.513
I have a good understanding of my role	2.01	0.825
There are regular updates to the job design within the bank	3.11	0.487

Table 7 above indicates that the respondents disagreed that their jobs in their respective banks were well described and organized (1.53), the job designs were relevant with the banks' objectives (1.28). The study further established that the employees didn't have a good understanding of their roles among the banks (2.01) and also did not fit in the banks' job design (2.09). However they agreed that they had been issued with job descriptions which clearly outlined their duties (3.65). The study established that a significant number of the banks did have regular updates to the job design of their staff (3.11). This generally indicates that job design among commercial banks in Nairobi CityCounty, Kenya was not up to date and the employees did not understand clearly their job descriptions with irregular assignment of duties to staff without regard to their skills and specialities. These findings are in tandem with those of Sokoya (2000) who did a study on the employee retention among banks in Alberta, UK. The study established that employees among commercial banks didn't have a specific job design which makes them to do any kind of assignment. This contributed negatively to employee retention.

#### 4.3.5 Employee Retention

The study finally sought to determine the state of employee retention given the application of the above human resource management practices. The table below presents the findings;

**Table 6: Employee Retention**

<b>Indicator</b>	<b>Mean</b>	<b>SDEV</b>
The rate of retention in the Bank is high	4.51	0.802
I have no intention of leaving the Bank	1.25	0.771
Within this Bank my work gives me satisfaction	2.54	0.705
I am optimistic about my own future within this Bank	3.14	0.688
If it were up to me, I will definitely be working for this Bank for the next 12 months	2.85	0.823
If I could start over again, I would choose to work for another company	3.89	0.822
If I received an attractive job offer from another company, I would take the job	4.01	0.706
The work I am doing is very important to me	3.25	0.648
I love working for this Bank	2.71	0.852
I think my bank is one of the organizations with a good job retention policy for its employees	2.08	0.599

From table 6, it is evident that the respondents strongly agreed that the rate of retention among commercial banks in Nairobi CityCounty, Kenya is high as indicated by a mean of 4.51 and standard deviation of 0.802. The employees significantly indicated that they intended to leave their current employers (1.25) and their work within the banks were not giving them satisfaction (2.54) but were indifferent on their future within their respective banks (3.14). The respondents indicated that they were neutral on working for the same employer for the next 12 months (2.85) but they agreed that given a chance to start over again they would definitely work for another company and not the current bank (3.89) and also given an attractive job offer they will definitely decamp (4.01). The bank staffs were neutral on their jobs being important to them (3.25) and also loving working with their respective employers (2.71). The employees disagreed that their banks are among those organizations with good job retention policy for their employees (2.08). This study therefore signifies that employee retention among the commercial banks in Nairobi CityCounty, Kenya is still very poor.

#### 4.4 Regression Model Specification and Estimation

The researcher conducted multiple regression analysis to establish the influence of strategic human resource management practices on employee retention among commercial banks in Nairobi CityCounty, Kenya. The findings are indicated in subsequent sections;

**Table 7: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.899	0.851	0.811	0.595

The table above indicates the model summary. From the findings, R was 0.899, R square was 0.851 and adjusted R squared was 0.811. An R square of 0.851 implies that 85.1% of changes in employee retention among commercial banks in Nairobi CityCounty, Kenya are explained by the independent variables of the study. There are however other factors that influence employee retention among commercial banks in Nairobi CityCounty, Kenya that are not included in the model which account for 14.9%. An R of 0.899 on the other hand signifies strong positive correlation between the variables of the study.

**Table 8: ANOVA**

Model	SS	Df	MS	F	Significance
Regression	638.04	15	42.536	12.8469	0.012
Residual	281.40	85	3.311		
<b>Total</b>	<b>919.44</b>	<b>100</b>			

From the ANOVA table above, the value of F calculated is 12.8469 while F critical is 4.465. Since the value of F calculated is greater than F critical, the overall regression model was significant and therefore a reliable indicator of the study findings. In terms of p values, the study indicated 0.012 which is less than 0.05 and therefore statistically significant.

**Table 9: Regression Coefficients**

Model	Unstandardized coefficients		Standardized Coefficients	t	Sig
	B	Std Error	Beta		
Constant	5.49	0.674		8.012	0.000
Selection	0.655	0.022	0.811	14.15	0.001
Reward system	0.876	0.033	0.120	11.04	0.002
Job design	0.945	0.029	0.127	1.15	0.000
Performance appraisal	0.860	0.031	0.384	4.42	0.001

The resultant regression equation becomes;

$$Y = 5.49 + 0.655X_1 + 0.876X_2 + 0.945X_3 + 0.860X_4$$

## 5.0 DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

### 5.1 Findings

The study established that a significant number of the commercial banks either employed the strategies or not in strategically selecting the right employees for the right job. The study found out that most of the unionizable staff among banks in Nairobi City County, Kenya were not represented by a union. The study established further that the reward system among the commercial banks in Nairobi City County, Kenya is still below expectations precipitating to high employee turnover.

The study further established that the commercial banks tracked and managed the performance of their staff but didn't set realistic targets for them resulting in overload and also did not compensate them for their peak performance. This contributed to low employee retention.

The study established that job design among commercial banks in Nairobi City County, Kenya was not up to date and the employees did not understand clearly their job descriptions. It was clear that irregular assignment of duties to staff without regard to their skills and specialities has led to high turnover among the commercial banks. The job design among the bank staff is not clear and their unfriendly to them. The study realized that employee retention among the commercial banks in Nairobi City County, Kenya is still very poor.

### 5.2 Conclusions

The study concluded that the strategic selection, reward systems, job design and performance appraisal have a positive and significant effect on employee retention among commercial banks in Nairobi City County, Kenya. The banks were found to select the best employees but do not retain them due to poor reward structure, irrelevant job design with most employees not comfortable with their job and some not understanding their roles. The banks however were thorough in implementation of performance management and appraisal among their staff all aimed at ensuring their performance. This however neglected the welfare of the employees.

### 5.3 Recommendations

It was recommended that in order to for the commercial banks to improve employee retention there is need to improve their reward criteria to be in tandem with employee performance, skills and qualifications. The banks should ensure that employees are rewarded for good performance and grow in scale or job group. The study recommends that the banks should involve their staff in performance management strategies to improve their acceptability and convenience among them. The study further recommends that the hiring and firing of employees should have a laid down procedure to avoid unprocedural dismissal of employees which worsens their job security prompting a search for other jobs. The banks should ensure that the performance appraisal outcome should be a yardstick for employee promotion and salary increment.

### REFERENCES

- Abeyssekera R (2007). *The impact of human resource practices on marketing executive turnover of leasing companies in Sri Lanka*. Contemporary Management Research, 3 (3), 233 – 252.
- Affan, Bilal, Muhammand (2012). Impact of human resource practices on employees perceived performance in banking sector of Pakistan. *Africa journal of businessmanagement*, 4(3), 253–272.
- Armstong, M and Baron A (2002). *Strategic HRM: the key to improved business performance*, London: CIPD
- Batt, R. (2002). Marrying customer services: human, resource practices, quit rates and sales growth. *Academy of Management Journal*, 45 (3), 587 – 597
- Beardwell Julie, (2002). *Human Resource Management: a contemporary approach*. 6<sup>th</sup> edition. New York: Financial times prentice hall
- Becker, B & Gerhart, B. (1996) The impact of human resource management on organizational performance: *Academy of management journal*. 6 (3), 187 – 247
- Boon, C. (2011). The relationship between perceptions of HR practices and employee outcomes: examining the role of person-organization and person-job fit. *International Journal Of Human Resource Management*. 45 (3), 587–597
- Boxall, P. & Purcell, J (2000). *Strategy and human resource management*. Basing stoke: palgraue MacMillan
- Boxall, P., & Purcell, J. (2003). *Strategy and Human Resource Management*. London: MacMillan
- C. H., & Bruvold, N. T. (2003). Creating value for employees: investment in employee development. *International Journal of Human Resource Management*, 14, 981-1000.

- Capelli, P (2001). *Making the most of on-line recruiting*, Harvard Business Reviews, 70 (3), 134 – 148.
- Chandler, G.N., and G.M. Mcevy, (2000).“*Human resource management, TQM and firm performance in small and medium – size enterprises.*”*Entrepreneurship:theory and practice*, 25(1), 43-58
- Charles NDs (2002).*Human resource management practices, faculty morale and the impact on teaching performance university effectiveness.* PHD dissertation, the Argosy University, Sarasota, Florida.
- Charles, H. and Gareth J. (1998).*Strategic Management Theory* 8<sup>th</sup> edition. Prentice Hall, India
- Chew, J.C. (2004). *The influence of human resource management practices on the retention of core employees of Australian organization*: London: Murdoch University.
- Chew J, Chan CCA (2008). Human resource practices, organizational commitment and intention to stay. *International journal of manpower*. 29 (6), 503 – 522.
- Cho, S., Woods, R. H., Jang, S., Erdem, M., 2005. Measuring the impact of human resource management practices on hospitality firms’ Performances, *International Journal of Hospitality Management*
- Dockel, A. (2003). *The effect of retention factors on organizational commitment. An investigation of High Technology Employees.* Master of Human Resource Thesis. Pretoria South Africa.
- Felicity A., Eric K. and David A. (2013), Effect of human resource management practices on employee retention: perspectives from the mining industry in Ghana *International Research Journal of Arts and Social Sciences Vol. 2(2)* pp. 30-48, March, 2013
- Fisher, C.D. And Southey, G. (2005). International Human Resource Management in the introductory HRM course. *International journal of human resource management*, 16, 599 – 614
- Ghansah, E. (2011). *The Role of Employee Retention on Job Performance: A Case Study of Accra Brewery Company Limited, Accra.* A Masters Thesis of Kwame Nkrumah University of Science and Technology.
- Huselid, M.A (1995). The impact of human resource management practices on turnover, productivity, and corporate financial performance. *Academy of Management Journal*, 38(3), 635-672.
- Kamoche, K. N., *Managing Human Resources in Africa*. London: Routledge.
- Khan, M. A. (2010). Effects of human resource management practices on organisational performance, an empirical study of oil and gas industry in Pakistan. *European Journal of Economics, Finance and Administrative Sciences*, 24, 158-175.
- Kothari; C.R (2009). *Research Methodology: Methods and techniques*, New Delhi: New Age International Publishers.



- Krueger, A., and Rouse, C. 1998. The effect of workplace education on earnings, turnover, and job performance, *Journal of Labor Economics*, 16(1), 61-94
- Leach, D. & Wall, T. (2000). *What is Job design?* Retrieved March 10, 2017 from [http://www.shef.ac.uk/~iwp/publications/whatis/job\\_design](http://www.shef.ac.uk/~iwp/publications/whatis/job_design).
- Maslow, A. H. (1943). *A Theory of Human Motivation*. *Psychological Review*, 50(4), 370-96
- Maslow, A. H. (1970a). *Motivation and personality*. New York: Harper & Row.
- Mayring, P. (2007) *Qualitative Inhaltsanalyse' [Qualitative Content Analysis] in Flick, Uwe; Kardorff, Ernst von; Steinke, Ines (eds.), Qualitative Forschung – EinHandbuch.* (468-475)
- Mathis, R. L., & Jackson, J. H. (2004). *Human Resource Management (11th ed.)*, Singapore: Thomson Asia Pte. Ltd
- Mathooko, J and Mathooko, P (2011) *Academic proposal writing 2<sup>nd</sup> edition*, Nairobi: Global research Akademik& mentoring Services
- Mbugua, George Mucai (2015). *Relationship between Human Resource Management Practices and Employee Retention in Commercial Banks in Kenya*, PHD thesis, Jomo Kenyatta University of Agriculture and Technology
- Mello J.A. (2005). *Strategic human resource management (2<sup>nd</sup> edition*”), New York: South – western college.
- Meyer, J. P., & Herscovitch, L. (2003), Commitment in the workplace: Toward a general model. *Human Resource Management Review*, 11, 299-326.
- Mitchell, T. R., Holtom, B. C., Lee, T. W., Sablinski, C. J., & Erez, M. (2001b). Why people stay: Using job embeddedness to predict voluntary turnover. *Academy of Management Journal*, 44(6), 1102–1121.
- Nachmias, C. F. and Nachmias, D. (1992). *Research Methods in Social Science*. London: Education Arnold.
- Narsimhe, S. (2000), *Organizational knowledge, human resource management and sustained competitive advantage*. 10(1), 123 – 136.
- Ngethe, J.M. (2013). *Determinants of Academic Staff Retention in Public Universities in Kenya*, PhD Thesis, Jomo Kenyatta University of Agriculture and Technology.
- Ng’ethe, J.M., Namusonge, G.S. & Iravo, M.A. (2012). Influence of Leadership Style on Academic Staff Retention in Public Universities in Kenya, *International Journal of Business and Social Science* 3(21), 297-303
- Njue. N. (2011) *Research methods for beginners* Cykim Ltd Platinum Publishers
- Okioga Charles (2013), *The contribution of Human Resource strategies to the organizational*

success; a case of commercial banks in Kisii County

- Olorunjuwon, S. M. (2008) Using Motivational Strategy as Panacea for Employee Retention and Turnover in Selected Public and Private Sector Organisations in the Eastern Cape Province of South Africa. Thesis for University of Fort Hare.
- Ondiek, J.A. (2008) Techniques of Writing Research Proposals and Reports in Education and Social Sciences. Nairobi: Kanazja Publishers.
- Orodho, J. A. (2005). Techniques of Writing Research Proposals and Reports in Educational and Social Sciences, Nairobi: Kenya. HP enterprises.
- Otutku H. and Otturkler H. (2009), “The determinants of human resource practices: an empirical investigation in the Turkish manufacturing industry,” *Ege Academic Review*, 9(1), 73–93
- S.M., Karanja, K. & Namusonge, G.S. (2012). Role of Human Resource Management Practices on Performance of Financial Cooperatives Based in Nairobi County, Kenya. *International Journal of Humanities and Social Science* 2(22), 289-299
- Smeenk S. G. A., Eisinga R.N., Teelken J. C. and Doorewaard J.A.C.M. (2006), “The effect of HRM practices and antecedents on organizational commitment among university employees”, *International Journal of Human Resource Management*, 17(12), 2035 – 2054
- Wisdom J. Tettey (2006). Staff retention in African universities: elements of a sustainable strategy. Canada: Faculty of communication and culture, university of Calgary, Alberta,
- Zhu, Y., Rowley, C. (2007) „HRM with “Asian” characteristics: a hybrid people – management system in East Asia, *international journal of HRM*, 18 (5), 745 – 768.