

**THE EFFECT OF HUMAN CAPITAL MANAGEMENT PRACTICES ON EMPLOYEE
RETENTION IN LARGE MANUFACTURING COMPANIES IN KENYA**

By

VERONICAH A. MUSOKA

REG: 20/04033

**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF MASTER OF BUSINESS
ADMINISTRATION (CORPORATE MANAGEMENT) IN THE SCHOOL OF
BUSINESS AND PUBLIC MANAGEMENT AT
KCA UNIVERSITY**

NOVEMBER 2022

DECLARATION

I declare that this dissertation is my original work and has not been previously published or submitted elsewhere for award of a degree. I also declare that this contains no material written or published by other people except where due reference is made and authors duly acknowledged.

Sign..... 

Date.....**23.11.2022**.....

Veronicah A. Musoka

Reg: 20/04033

Supervisor Declaration

This dissertation has been submitted for examination with my approval as University Supervisor.

Sign..... 

Date.....**23.11.2022**-----

Dr. Rose Gathii

Dissertation Supervisor

ACKNOWLEDGEMENT

Sincere appreciation is to Almighty God, who granted me the gift of life, a chance to education, and the privilege of carrying out this dissertation. I also thank my supervisor, for the continuous assistance, in the entire process of writing this dissertation.

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 research 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 that inform the study are Resource-based theory, Job characteristics theory and Expectancy 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. The study conducted normality test, multicollinearity and heteroscedasticity. 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

TABLE OF CONTENTS

DECLARATION.....	ii
TABLE OF CONTENTS	i
LIST OF TABLES	vii
LIST OF FIGURES	viii
DEFINITION OF TERMS.....	x
ABBREVIATION AND ACRONYMS	ix
ABSTRACT.....	iv
CHAPTER ONE	1
INTRODUCTION.....	1
1.0 Introduction.....	1
1.1 Background of the Study	1
1.1.1 Human Capital Management Practices	3
1.1.2 Employee Retention	6
1.1.3 Manufacturing Companies in Kenya.....	7
1.2 Statement of the Problem.....	8
1.3 General Objective	10
1.3.1 Specific Objectives.....	10
1.3.2 Research Questions	Error! Bookmark not defined.

1.4 Research Hypotheses	10
1.5 Significance of the Study	11
1.5.1 Manufacturing firms.....	11
1.5.2 Government	11
1.5.3 Scholars and Researchers	11
1.6 Scope of the Study	12
CHAPTER TWO	13
LITERATURE REVIEW	13
2.1 Introduction.....	13
2.2 Theoretical Framework.....	13
2.2.1 The Resource Based Theory.....	13
2.2.2 Job Characteristics Theory	14
2.2.3 Expectancy Theory.....	16
2.3 Empirical Review.....	17
2.3.1 Recruitment and Employee Retention.....	17
2.3.2 Training and Employee Retention	19
2.3.3 Job design and Employee Retention.....	24
2.3.4 Compensation and Employee Retention	26
2.4 Research Gap	30

2.5 Conceptual Framework.....	31
2.6 Operationalization of Variables	32
CHAPTER THREE	34
RESEARCH METHODOLOGY	34
3.1 Introduction.....	34
3.2 Research Design.....	34
3.3 Target Population.....	34
3.4 Sample and Sampling Techniques	35
3.5 Research Instrument.....	36
3.6 Pilot Study.....	36
3.7 Validity and Reliability of Research Instrument	37
3.8 Data Collection Procedure	38
3.9 Diagnostic Tests.....	38
3.9.1 Multicollinearity.....	39
3.9.2 Heteroscedasticity.....	39
3.9.3 Normality test	39
3.10 Data Processing and Analysis.....	39
CHAPTER FOUR.....	41
RESULTS AND DISCUSSION	41

4.0 Introduction.....	41
4.1 Response Rate.....	41
4.2 Demographic Characteristics.....	42
4.2.1 Gender.....	42
4.2.2 Age.....	43
4.2.3 Level of Education.....	43
4.2.4 Duration.....	44
4.3 Descriptive Statistics.....	45
4.3.1 Recruitment.....	45
4.3.2 Training.....	47
4.3.3 Job design.....	48
4.3.4 Compensation.....	50
4.3.5 Employee Retention.....	51
4.4 Diagnostic Tests.....	52
4.4.1 Multicollinearity Test.....	52
4.4.2 Test for Heteroscedasticity.....	53
4.4.3 Normality Test.....	54
4.5 Correlation Analysis.....	55
4.6 Regression Analysis.....	57

4.7 Discussion of Findings.....	59
4.7.1 Recruitment and Employee Retention.....	60
4.7.2 Training and Employee Retention.....	61
4.7.3 Job Design and Employee Retention.....	62
4.7.4 Compensation and Employee Retention	63
CHAPTER FIVE	65
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS	65
5.1 Introduction.....	65
5.2 Summary of Findings.....	65
5.2.1 Recruitment and Employee Retention.....	65
5.2.2 Training and Employee Retention.....	65
5.2.3 Job Design and Employee Retention.....	66
5.2.4 Compensation and Employee Retention	66
5.3 Conclusion	67
5.4 Recommendations.....	67
5.5 Limitations of the Study.....	68
5.6 Areas for Further Research	69
REFERENCES.....	70
APPENDICES	77

Appendix I: Introduction Letter	77
Appendix II: Questionnaire.....	78
Appendix III: Data Collection Letter	84

LIST OF TABLES

Table 1: Operationalization of Variables	33
Table 2: Reliability Test.....	38
Table 3: Response Rate.....	41
Table 4: Age of Respondents	43
Table 5: Highest Level of Education	44
Table 6: Duration	45
Table 7: Descriptive Statistics Outputs on Recruitment.....	46
Table 8: Descriptive Statistics Outputs on Training.....	47
Table 9: Descriptive Statistics Outputs on Job Design.....	49
Table 10: Descriptive Statistics Outputs on Compensation.....	50
Table 11: Descriptive Statistics Outputs on Employee Retention	52
Table 12: Multicollinearity Test Using Tolerance and VIF.....	53
Table 13: Heteroscedasticity Results	54
Table 14: Normality Outputs	55
Table 15: Correlation Matrix	55
Table 16: Model Fitness.....	57
Table 17: Analysis of Variance.....	58
Table 18: Regression of Coefficients.....	58

LIST OF FIGURES

Figure 1: Conceptual Framework	32
Figure 2: Gender of Respondents	42

ABBREVIATION AND ACRONYMS

EAC	East African Community
GDP	Gross domestic product
HCM	Human capital management
HR	Human Resource
KAM	Kenya Association of Manufacturers
NPS	National Police Service (NPS)
SMEs	Small and medium-sized enterprises
SPSS	Statistical Package for the Social Sciences

DEFINITION OF TERMS

Compensation: the benefits that an employee receives in exchange for the service they provide to their employer (Khalid & Nawab, 2018).

Employee retention: the various programs that are used by the management to encourage employees to stay in the organization (Ma, Mayfield & Mayfield, 2018).

Job design: integrating job responsibilities or content and certain qualifications that are required to perform the same (Kurdi & Alshurideh, 2020).

Recruitment: “the process of identifying, attracting, interviewing, selecting, hiring and onboarding employees (Patterson, 2018).

Training: essential work-related skills, techniques and knowledge in employees (Thompson, Peteraf, Gamble, & Strickland, 2018).

CHAPTER ONE

INTRODUCTION

1.0 Introduction

The chapter presents the background of the study where the link between human capital management practices on employee retention is explained. The section further presents the statement of the problem, the research objectives and research questions. The significance of the study and scope of the study are also presented in the chapter.

1.1 Background of the Study

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. Society has now become 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).

Globally, human capital management practices in Europe are highly structured in development of employees (Kaufman, 2019). In Asian transitional economies, HR departments develop organizational learning for knowledge organization to increase employee retention. Wilckens, Wöhrmann, Deller and Wang (2019) identified that United States a high individualism is related to development of human capital in organizations where employees are considered as critical resources. Japanese HR offers lifetime employment to employees to cultivate them through internal on-the-job training so that employees possess firm-specific knowledge and skills for productivity and quality increase. Therefore, Japanese firms rely on internal advancement in recruitment (Hayashi, Ozawa, Kawabata & Takemi, 2016). In Germany, wages and working

hours are the exclusive territory of the labor unions in a system of regional, industry-wide bargaining (Eckardstein & Konlechner, 2017).

In Africa, human capital management practices and their values have changed from time to time (Hedayati & Li, 2016). However, it continued to remain relevant in most institutions in developing countries. Today in Africa, there is a paradigm shift and stiff competition in human capital management practices as a basic element for employee retention (Horwitz, 2017). Effective human capital management practices of institutions rely on the integration of human capital development practices and sound strategies aligned to cultural values and cores business objectives. However, human capital development has been a challenging task of ensuring that employees meets the complex expectations of their institutions (Kiiza & Basheka, 2018).

Locally, 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 leaves 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).

1.1.1 Human Capital Management Practices

Human Capital Management (HCM) is concerned with obtaining, analysing and reporting on data that informs the direction of value adding strategic, investment and operational

people management decisions at corporate level and at the level of frontline management (Bloom, 2019). The organizations strength and weaknesses in human capital management can be assessed by monitoring performance of HCM drivers and general, improvement or declines in organizations performance can be tied directly to improvements or decline in HCM practices (Starr, Ganco & Campbell, 2018). HCM practices act as a catalyst for an effective human resource management. The HCM practices influence how the process is used to generate particular outcomes. Research has shown that approaches will differ between organizations depending on their panned outcomes (Chieng, Arokiasamy & Kassim, 2019). HCM practices discussed in this study includes recruitment, training, job design and compensation.

Recruitment is the process of identifying, attracting, interviewing, selecting, hiring and onboarding employees (Patterson, 2018). Recruitment involves everything from the identification of a staffing need to filling it. Depending on the size of an organization, recruitment is the responsibility of a range of workers. Recruitment is the first step in building an organization's human capital and the goals are to locate and hire the best candidates, on time, and on budget (Sarah, Sang & Ngure, 2018). Recruitment requires the use of analysis of the job in order to select and identify the needs and requirements of the organization, and it is related to the adopted strategy by the organization through human resource development planning (Goldstein, Pulakos, Passmore & Semedo, 2017).

Training is important when organizations require different skills, competitive capabilities, and operating methods. Training is strategically important in organizational efforts to build skills-based competencies (Thompson, Peteraf, Gamble, & Strickland, 2018). According to Vinesh (2019), training covers essential work-related skills, techniques and knowledge in employees. Saleem and Mehwish (2017) avers that training is an organized increase from the

know-how skills and sensations needed for staff members to execute efficiently their work in the organization. Training is an active means to enable an employee to make use of his/her capability and potential effectively for the good of the organization. Bowra, Sharif, and Niazi, (2020) found that successful organizations knew that developing human capital gave them an organizational edge in this competitive world.

Job design involves integrating job responsibilities or content and certain qualifications that are required to perform the same (Kurdi & Alshurideh, 2020). It outlines the job responsibilities very clearly and helps in attracting the right candidates to the right job. Job design is a continuous and ever evolving process that is aimed at helping employees make adjustments with the changes in the workplace (Narayanan, Rajithakumar & Menon, 2019). The end goal is reducing dissatisfaction, enhancing motivation and employee engagement at the workplace. Through job design, organizations try to raise productivity levels by offering non-monetary rewards such as greater satisfaction from a sense of personal achievement in meeting the increased challenge and responsibility of one's work (Ballard & Grawitch, 2017). Job enlargement, job enrichment, job rotation, and job simplification are the various techniques used in a job design exercise (Kaufman, 2019).

Compensation contains the benefits that an employee receives in exchange for the service they provide to their employer (Khalid & Nawab, 2018). Employee compensation is generally one of the largest costs or expenses for any organization (Modau, Dhanpat, Lugisani, MaboJane & Phiri, 2018). Compensation includes monetary payments like bonuses, profit sharing, overtime pay, recognition rewards and sales commission, as well as nonmonetary perks like a company-paid car, company-paid housing (Ramirez, 2017). The compensation awarded to the employee is

dependent on the volume of effort exerted, the nature of job and skill (Ganiyu, Fields, Atiku & Derera, 2020).

1.1.2 Employee Retention

Employee retention entails the various programs that are used by the management to encourage employees to stay in the organization (Ma, Mayfield & Mayfield, 2018). Employee retention refers to policies and programmes aimed at ensuring that the organization keeps its productive employees for a long period (Modau, Dhanpat, Lugisani, Mabojane & Phiri, 2018). According to Bellows (2018), employee retention as the ability of a firm to keep its personnel. Talented and skilled employees are assets to an organization as their values cannot be easily replicated and the success of the organization greatly relies on their retention. Retaining the skilled employees however, is not easy and retaining competent employees has become a hard task because they have a broad range of options in the market (Yeswa & Ombui, 2019). There is need therefore, for execution of strategies that will aim at meeting the needs of individual employees (Wairimu & Ndeto, 2019).

Generally, employee retention rates of 90% or higher are considered good, meaning a company should aim for an average employee turnover rate of 10% or less. In 2021, the average retention rate was around 52.8%², but the individual rate varies by industry and sector. Employee retention strategies deal with retention issues facing an organization and endeavors to find effective solutions to them (Bellows, 2018). Succession planning is one of the crucial activity of an organization that enable it to retain best talent throughout and ensure that the organization has the skills it requires in order to maintain or improve performance. HR managers must know how to attract and retain skilled personnel as they determine the future of an organization (Wisnefski,

2018). Employee retention is not only about ensuring employees commitment but also ensure organizations preserve their investment of employee training (Kalliath & Beck, 2019).

1.1.3 Manufacturing Companies in Kenya

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).

The manufacturing firms in Kenya have been classified by various scholars and researchers based on different characteristics. KAM membership constitutes 40 per cent of manufacturing value-add industries in Kenya and comprises of small, medium and large enterprises (KAM, 2020). The size is measured by their total assets. Large-sized firms are the firms with total assets of above Kshs.500 million, medium-sized have between Kshs50 Million and Kshs200 million by total assets; whereas small firms are those firms having assets under Kshs 50 Million. The share of manufactured goods imported by EAC from Kenya declined from 9 per cent in 2019 to 7 per cent in 2020 (World Bank, 2021). Kenya was the largest exporter of various manufactured goods to the EAC. Its market share has declined for a range of products, including chemicals, paper and plastics (Vernon, 2020). The report indicated that the main

influence being uncertainties in the operating environment and lack of preparedness by these manufacturing firms to adjust and cope with the dynamic environment (Vernon, 2020). The study used large manufacturing firms since they have adopted the most technology and specialization.

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 will force to 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 General Objective

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

1.3.1 Specific Objectives

The study was guided by the following research 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

1.4 Research Hypotheses

The study tested the following research hypotheses;

- H₀₁:** Recruitment has no significant effect on employee retention in large manufacturing companies in Kenya
- H₀₂:** Training has no significant effect on employee retention in large manufacturing companies in Kenya
- H₀₃:** Job design has no significant effect on employee retention in large manufacturing companies in Kenya

H04: Compensation has no significant effect on employee retention in large manufacturing companies in Kenya

1.5 Significance of the Study

1.5.1 Manufacturing firms

The findings of this study was useful to the manufacturing industries as they are in a better position to understand the approaches that they can be apply in order to enhance their competitiveness and be conversant with best ways in regards to human capital management and employee retention. It is hoped that the study findings was helpful to successful manufacturing industries to take off and new companies to succeed while existing ones even grow bigger.

1.5.2 Government

The government will use the study information to develop support programs and strategies that can enhance human capital management within the government enterprises. Such finding is crucial in the evolution of appropriate policies for promoting manufacturing sectors by development and increasing the county's resources as well as ensuring development millennium goals such as vision 2030. The Government may use the finding as a policy framework within which this sector can be enhanced to create more employment opportunities and enhance organization survival.

1.5.3 Scholars and Researchers

The findings of this study was of great importance to various researchers and scholars. The documented report of this study was easily acquired in the library and equips the learners with more knowledge and applicable approaches in eliminating human capital management shortcomings. The study further provides a myriad contribution to the literature can be employed

to enhance human capital management which was part of articles that was useful to researchers who want to further in this study and to other wider stakeholders in academic circles.

1.6 Scope of the Study

The main objective of the study was to establish the effect of human capital management practices on employee retention in manufacturing companies in Kenya. Conceptually, the study seeks to establish the human capital management practices; recruitment, training, job design and compensation on employee retention in manufacturing companies in Kenya. Contextually, this study was conducted in Kenya and particularly Nairobi region which has the highest concentration of manufacturing firms. The population was 181 manufacturing firms under Kenya Association of Manufacturers (2021). Methodologically, the adopted a descriptive research design with a population comprising of the large manufacturing companies firms in Nairobi region. Primary data was gathered for the study using structured questionnaires. The primary data was collected from the Human resource managers in the manufacturing companies.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of the related literature on the effect of human capital management practices on employee retention as presented by various authors. The chapter further presents the theories used in underpinning the study.

2.2 Theoretical Framework

Theoretical framework serves to guide and support the study as it finds answers to the underlying questions. It provides a structure that helps in approaching the study in a holistic manner. The theories that inform the study are Resource-based theory, Job characteristics theory and Expectancy theory.

2.2.1 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.

2.2.2 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.

2.2.3 Expectancy Theory

The expectancy theory was proposed by Vroom (1964) to target work motivation. It explains why people perform or fail to give off their best to an organization. The theory posits that performance depends upon the perceived expectation regarding effort expending in achieving the desired outcome (Renata, Wardiah & Kristiawan, 2018). An employee who desires promotion will only achieve high performance if he/she believe his/her behaviour will lead to promotion or else he/she will not exert effort. Expectancy theory helped the study to understand how individuals are drawn to make decisions as regards various behavioural alternatives and perceptual differences among people. It also suggests that motivation is based on how much one wants something and how likely he/she could get it (Sholihah, 2017). This is because the motivational force of every individual is influenced by his or her expectancies, valances all of which depend on a personal way of perception. The formal framework of expectancy theory was developed by Vroom (1964). This framework states basically that motivation plus effort leads to performance, which then leads to outcomes.

The expectancy theory explains that in any given situation, the greater the number and variety of rewards that are available to the employee (teachers), the greater is the probability that extra effort was exerted in attaining the set goals or targets in the hope of getting the desired rewards. Sholihah (2017) agrees with this and explains that Vroom focused especially on the factors that are involved in stimulating an individual to put an effort in doing something since this is the basis of motivation. Expectancy theory of motivation explains the link between motivation and performance. The theory proposes that performance at individual level depends

on high motivation, possession of the necessary skills and abilities and an appropriate role and understanding of that role.

The strength of expectancy theory is that it is based on self-interest individual who want to achieve maximum satisfaction and who wants to minimize dissatisfaction. This theory stresses upon the expectations and perception; what is real and actual is immaterial. It focuses on psychological extravagance where final objective of individual is to attain maximum pleasure and least pain. Lastly it emphasizes on rewards or pay-offs. The theory also helps managers to understand the relationship between motivation, performance and pay. Vroom points out that motivation depends on the anticipation that effort will bring about performance (Vroom, 1964).

The Expectancy theory is relevance as it supports the variable compensation by hypothesizing that employee was motivated to put extra effort to improve their delivery when they expect pay rise, promotion, recognition and career advancement.

2.3 Empirical Review

The section reviews previous literature on the study variables that are recruitment, training, job design and compensation and their effect on the dependent variable that is employee retention.

2.3.1 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.

Omolo, Oginda and Oso (2017) investigated the influence recruitment and election had on the performance of SMEs in Kisumu, Kenya. The study found that the overall average performance of SMEs in Kisumu, was 60.71%. There was a significant positive correlation between recruitment and selection, and performance of SMEs at $\alpha = .01$. The average performance of SMEs with good recruitment and selection was 81.90%; with moderate at 67.94% and poor at 53.90%. Recruitment and selection account for 40.8% of the total variance in performance of SMEs. The study concludes that recruitment and selection have a significant influence on the performance of SMEs.

2.3.2 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.

According to Wright and Geroy (2019), employee competencies changes through effective training programs. It not only improves the overall performance of the employees to effectively perform the current job but also enhance the knowledge, skills an attitude of the workers necessary for the future job, thus contributing to superior organizational performance. Through training the employee competencies are developed and enable them to implement the job-related work efficiently and achieve firm objectives in a competitive manner. However, employee performance is also affected by some environmental factors such as corporate culture, organizational structure, job design, performance appraisal systems, power and politics prevailing in the firm and the group dynamics. If the problems exist in the firm, employee performance decreases not due to lack of relevant knowledge, skills and attitude, but because of above mentioned hurdles. To make training effective and to ensure positive effects of training on employee performance these elements should be taken into consideration. Being the intellectual property of the firm, employees proves to be a good source of gaining competitive advantage, and training is the only way of developing organizational intellectual property through building employees' competencies (Wright & Geroy, 2019).

Nassazi (2013) investigated the effect of training on employee performance in Uganda telecommunication industry. The three biggest telecommunications companies used as a case study. The Result of the study point out that training have a clear effect on the performance of the employee but these success are due to the reason that companies have good and clear policies concerning training and training and development. On the other hand, Obisi (2001) was on the concrete view that the need and objectives of the training program should be identified before offering it. This is because a well-planned training is capable of shaping them toward improving performance. It is worth noting that a well-trained worker can wisely use organizational resources and minimum level of wastages.

Nassazi (2013) holds that employees' are major assets of any organization. The active role they play towards a company's success cannot be underestimated. As a result, equipping these unique assets through effective training becomes imperative in order to maximize the job performance. Also position them to take on the challenges of the today's competitive business climate. Although extensive research has been conducted in the area of Human Research Management, the same cannot be said on employee training especially as it concerns developing countries.

Jagero, et al (2012) examined the relationship between job training and employee performance on Courier Company. The result of the study show that works performance has a positive relationship with the training imparted to the employees. In their view the more staffs are trained the more efficient they become. Mwapira (2015) investigates the role of Employees Training in the Organization performance at Tanzania Revenue Authority, Ilala Tax Region Dar es Salaam. The result reveals that, training is an important strategic tool for improving employee performance. Therefore researcher suggest organization should keep on increasing training

budget every year believing that they will have competitive staff. Hassan (2011) scrutinizes the impact of Training and development on the performance of administrative staff in the public sector organizations a case study of the Second Vice President's Office - Zanzibar. The result of the study shows that the training has a positive impact on the performance although for the case of this specific study is different, for that there is a poor implementation and non systematic training.

2.3.3 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.

Shields and Ward (2018) investigated the determinants of job satisfaction for nurses in the UK and established the importance of job satisfaction in determining nurses' intentions to quit the National Health Service (NHS). They found that nurses who reported overall dissatisfaction with their jobs had a 65% higher probability of intending to quit than those reporting to be satisfied. Frijters, et al. (2014) examined the factors influence the quitting decision of public sector teachers in England and Wales using a panel data of 29,801 observations on 7,989 different teachers. They argued that improving job satisfaction through non-pecuniary aspects of teachers' jobs has a larger impact on improving retention than increasing pay.

2.3.4 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.

Armstrong (2017) identifies the main goals of compensation as to attract qualified, skilled people to the organization, to retain employees and to motivate employees to deliver to higher accomplishments. It also aligns core enterprise values, attracts, retains and compensations the employees for their performance, commits to fairness in dealings with organizations, uses the logic and transparency of differential job worth to determine 'internal equity, creates an affordable and sustainable enterprise over time and complies with the legal requirement of proportional income differentials across all occupational levels within the enterprise.

Karani (2019) studied the effect of compensation on the performance of National Police Service (NPS) in Trans Nzoia County, Kenya. The study was guided by specific objectives that is; to establish the forms of compensations provided to NPS, to examine the effect of intrinsic compensation strategies and to determine the effect of extrinsic compensation strategies on the performance of NPS employees. The study used a correlational research design. The study established that the NPS employees were provided with different forms of compensations which include pay and allowances, paid vacations, paid sick leaves, purchase discounts, desired work assignments, maximum security while on duty and equity in payment. Further, the study established that there is a strong effect on performance of NPS employees attributable to unit change in compensation.

Wangechi, Kiragu and Sang (2018) examined the role of reward systems on job satisfaction of employees in the county government of Nyeri, Kenya. The research problem was examined using a descriptive design. Systematic sampling was used to select the sample. The target population for this study was 162 employees. Self-administered, questionnaires were used to collect data from the target participants. Frequencies and percentages were generated from the data and presented using frequency distribution tables while multiple regression analysis was done to establish relationship of each parameter of the independent variables in the study. The reward system influenced approximately 11.3% of job satisfaction of among employees. The research found that there is a positive and a statistically significant relationship between reward systems and employee satisfaction. The study posited that staff rewards by comparing how their counterparts are rewarded in private sector in order to increase job satisfaction in County Government. In terms of policy, the County government should have in place transparent and elaborate reward systems for effective management of employee satisfaction.”

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 mention variables. The study showed a strong relationship between people beliefs, perceptions, feelings and their behaviors towards policies and procedures of an organizational management Employees as human being and the active part of a society have certain needs at different levels and these needs must be fulfilled so they feel motivated to work hard.

Drago and Wooden (2017) conducted a comparative study examining the causes of absenteeism using data from a survey of 601 workers. Their results indicated that absenteeism was lower in occupations where employees worked together closely and harmoniously and where job satisfaction was high. Weggeetal. (2014) utilized a sample of 436 employees working in a large civil service department and found that the hypothesized interaction between satisfaction and involvement was significant for both their indicators of absence behaviour. Absenteeism caused by low job satisfaction is consistent with both the involuntary and voluntary absence schools. As noted above, low job satisfaction can stimulate withdrawal. However, low job satisfaction has also been linked to a range of health issues especially mental/psychological problems and absence in this way can be thought of as involuntary.

2.4 Research Gap

The studies present research gaps; 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. 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. However, the current study focused on human capital management practices including recruitment, training, job design and compensation on employee retention in the private manufacturing sector. 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 seeks to address the gap by examining the determinants of human capital management practices on employee retention in manufacturing companies in Kenya.

2.5 Conceptual Framework

The conceptual framework aids the reader to see at a glance the proposed relationships between the variables in the study graphically or diagrammatically. Figure 1 depicts the relationship between human capital management practices and its components such recruitment, training, job design and compensation on employee retention.

Independent Variable

Dependent Variable

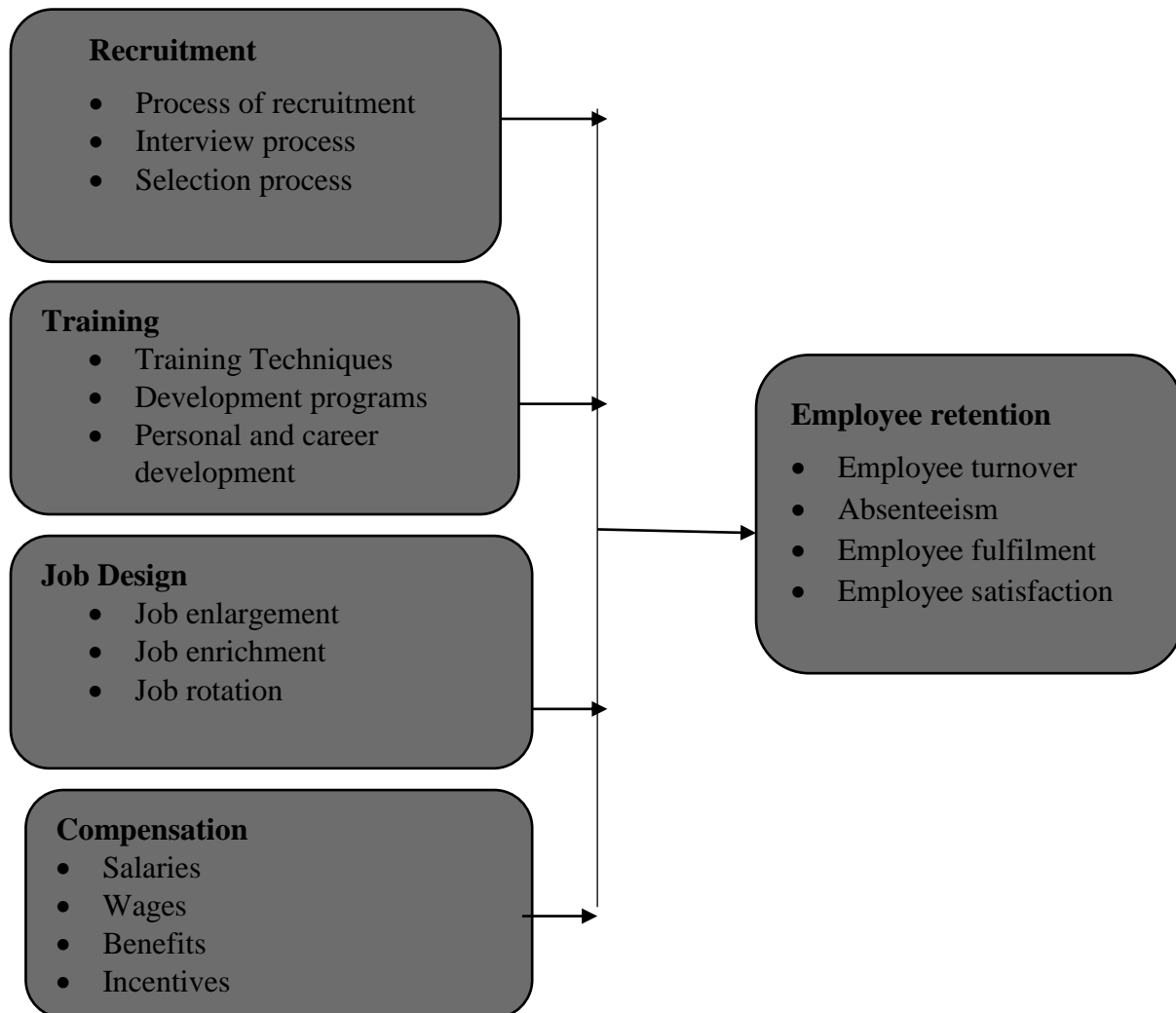


Figure 1: Conceptual Framework

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

2.6 Operationalization of Variables

The study operationalization of variables illustrates how the study independent and dependent variables was measured. This is as indicated in Table 2.1.

Table 1: Operationalization of Variables

Variables	Type of variable	Operational Indicators	Measure	Type of Scale
Recruitment	Independent	<ul style="list-style-type: none"> • Process of recruitment • Interview process • Selection process 	5-point Likert Type Scale	Interval Scale
Training	Independent	<ul style="list-style-type: none"> • Training Techniques • Development programs • Personal and career development 	5-point Likert Type Scale	Interval Scale
Job Design	Independent	<ul style="list-style-type: none"> • Job enlargement • Job enrichment • Job rotation 	5-point Likert Type Scale	Interval Scale
Compensation	Independent	<ul style="list-style-type: none"> • Salaries • Wages • Benefits • Incentives 	5-point Likert Type Scale	Interval scale
Employee retention	Dependent	<ul style="list-style-type: none"> • Employee turnover • Absenteeism • Employee fulfilment • Employee satisfaction 	5-point Likert Type Scale	Interval scale

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section outlines the methodology that was used in carrying out the study. It comprised of research design, population, sample size and sampling procedure, data collection method and data analysis and presentation.

3.2 Research Design

Research design refers to a plan outlining how information is gathered in identifying the data collection methods, the instruments to be used, how the instruments was administered, and how the information was organized and analyzed (Kisilu *et al.* 2006). The study employed descriptive research design, as it is quantitative research. This quantitative research was used to describe the characteristics of the study variables. It was designed to gain more information about variables within a particular field of study. Its purpose was to provide a picture of a situation as it naturally happens.

Thus, descriptive research design was adopted because the study sought to describe one variable in a population at the manufacturing companies. The objective was stated clearly and a clear definition of the population was given. The descriptive research design established the relationship between human capital management practices on employee retention.

3.3 Target Population

McBurney and Theresa (2010) define population as the aggregate or totality of all the subjects, members or objects that conform to a given set of specifications. The population was the large

manufacturing firms listed with KAM (2021) (Appendix III). According to KAM (2021), there are 181 the large manufacturing firms.

3.4 Sample and Sampling Techniques

Sampling is the process of obtaining information about an entire population by examining only a part of it (Bryman & Bell, 2013). Simple random sampling was adopted using Yamane (1967) simplified formula to calculate the sample size for the employees which provided the number of responses that should to be obtained using the equation;

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

Where:

n = sample size

N = population size

e = the level of precision

1 = Constant

$$n = 181 / [1 + 181(0.05)^2]$$

$$n = 124.$$

Therefore, the 124 large manufacturing firms was randomly selected from the 181 manufacturing firms. Human resource managers was used as the unit of observation since they are informed on matters of capital management practices in the organizations. A Human resource manager was purposively selected from each of the 124 manufacturing firms and therefore the sample size was 124 Human Resource Managers.

3.5 Research Instrument

Primary data was collected using questionnaire. The questionnaires was administered through the use of online survey tools and through research assistants. According to Blumberg, Cooper and Schindler (2014), the use of structured questions on the questionnaire allowed for uniformity of responses to questions.

The questionnaire was in 2 sections. Section A contained demographic information and section B with questions to capture perception on human capital management practices. The key variables included the independent variables, which are recruitment, training, job design and compensation. The use of questionnaire ensured collection of data from many respondents within a short time and respondents was free to give relevant information because they was assured of their anonymity as indicated by Dalati and Gómez (2018) and Rominger (2018).

3.6 Pilot Study

The purpose of the pilot test was to refine the questionnaire so that respondents have no problems in answering the questions and thus eliminate problems in recording the data. In addition, it enables obtain assessment of the question's validity and reliability before engaging in the main data collection. Preliminary analysis using the pilot test data can be undertaken to ensure that the data collected enables the investigative questions to be answered (Saunders, Lewis & Thornhill 2012). According to Mugenda and Mugenda (2003), a pretest sample ranges from 1% to 10% depending on the sample size. In this study, 10% of the sample size was used for the pilot test. Given the sample size is 124, 13 questionnaires which represents 10% of the sample size was piloted by issuing them to respondents who werenot be included in the final study sample. Therefore, 13 questionnaires was piloted in Thika Rubber Industries Limited and

Campwell Industry, which provide similar characteristics large manufacturing firms. The responses from piloting were not be included in the main study.

3.7 Validity and Reliability of Research Instrument

Saunders, Lewis and Thornhill (2012) states that validity is the accuracy and meaningfulness of inferences, which are based on the research results. This study used content validity. To ensure content validity, the questionnaire was subjected to thorough examination by the project supervisor who evaluate the statements in the questionnaire for relevance.

Reliability is the consistency of a set of measurement items (Cronbach, 1951). Cronbach's alpha was used to test the reliability of the measures in the questionnaire (Cronbach, 1995). The study used a 10% of the sample size was used for the pilot test. Therefore, 13 questionnaires was piloted by issuing them to respondents who were not included in the final study sample. The questionnaire response was entered into statistical package for social sciences (SPSS) and Cronbach's alpha coefficient was generated to assess reliability. The closer Cronbach's alpha coefficient was to 1, the higher the internal consistency reliability (Sekaran, 2006). A coefficient of 0.7 was used as recommended by Cronbach (1951). The results are as shown in Table 2.

Table 2: Reliability Test

Variables	Items	Cronbach Alpha
Recruitment	5	0.716
Training	5	0.801
Job Design	5	0.729
Compensation	5	0.802
Employee Retention	5	0.873

The results indicated that the statements under recruitment (0.716), training (0.801), job design (0.729), compensation (0.802), and employee retention (0.873) had a Cronbach alpha of above 0.7 and thus the statement were considered reliable.

3.8 Data Collection Procedure

Data collection refers to acquisition of subjects and collection of information needed for an investigation; techniques of collection varied depending on the research design, (Kothari, 2012). Primary data was used for this study and was collected by using a structured questionnaire. The study used online questionnaires, drop and pick method. Further, scheduled phone calls was used to follow-up on the questionnaires response progress from the respondents.

3.9 Diagnostic Tests

The study conducted normality test, multicollinearity and heteroscedasticity. The diagnostics was conducted to avoid doing regression analysis with spurious results.

3.9.1 Multicollinearity

Multicollinearity refers to a situation in which more than two explanatory variables in a multiple regression model are highly linearly related. Multicollinearity was tested using variance inflation factor VIF. Multicollinearity was found present if VIF value is above 10. This is according to Bryman and Bell (2013) who indicated that where $VIF \geq 10$ indicate presence of Multi-collinearity. Where the values are above 10, multicollineariry was corrected by removing the highly correlated independent variables.

3.9.2 Heteroscedasticity

According to Williams (2016), heteroscedasticity gives equal weight to all observations and causes the standard errors to be discriminated and consequently results in an incorrect conclusion when testing the hypothesis. Breusch-Pagan was used to check for existence of heteroscedasticity in the data collected. The rule of the thumb is that the data is homoscedastic and was tested at 0.05 significance level. If the p-value is larger than the critical 0.05, then concluded that the data does not suffer from heteroscedasticity.

3.9.3 Normality test

The assumption of normality enables one to make accurate statistical inferences from test of hypothesis (Field, 2009). This study uses the Jarque-Bera test statistic (Bera & Jarque, 1982) to test for the normality of the residuals. The rule of thumb is that the data is normal. If the p-value was above the critical 0.05, then concluded that the data is normally distributed.

3.10 Data Processing and Analysis

Data analysis according to Kothari (2012) involves a number of closely related operations which are performed with the purpose of summarizing the collected data and

organizing them in such a manner that they answer the research questions. Before the actual analysis of data using SPSS, data was cleaned, edited, checked for accuracy and coded. Data was analyzed using descriptive and inferential statistics. Quantitative data collected using a questionnaire was analyzed by the use of descriptive statistics using the Statistical Package for Social Sciences (SPSS) and was presented through percentages, means, standard deviations and frequencies.

A regression model was used to establish the effect of human capital management practices on employee retention. This helped to evaluate the relationships between the dependent and independent variables of the study. The regression was:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where;

Y = Employee Retention

X₁ = Recruitment

X₂ = Training

X₃ = Job Design

X₄ = Compensation

β₀ = Constant Term;

β₁, β₂, β₃, β₄ = Beta coefficients;

ε = Error Term.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.0 Introduction

This chapter focused on data analysis, findings and interpretation. Results were presented in tables and diagrams. The analyzed data was arranged under themes that reflected the research objectives.

4.1 Response Rate

“The response rate was analyzed to show the representative from the sample size. A response rate is very important to the credibility of the research results. A low response rate may decrease the statistical power of the data collected and undermine the reliability of the results. It may also undermine the ability of the researcher to generalize the results to the larger target audience. This is further complicated by the fact that a low response rate can be indicative of a non-response bias within the sample. A low response rate can give rise to sampling bias if the non-response is unequal among the participants regarding exposure and/or outcome.

The study administered 124 questionnaires to Human resource managers of the large manufacturing firms and the results are as shown in Table 3.

Table 3: Response Rate

Response	Frequency	Percent
Returned	116	93.55%
Unreturned	8	6.45%
Total	124	100%

“

According to Mugenda and Mugenda (2003) and Kothari (2004), a response rate of above 50% is adequate for a descriptive study. Babbie (2004) also asserted that return rates of above 50% are acceptable, 60% is good and 70% is very good. Thus, the response rate of 93.55% under this study was very good for study.

4.2 Demographic Characteristics

This section consists of information that describes basic characteristics including gender, age, highest level of education and the duration of Human Resource managers of the large manufacturing firms.

4.2.1 Gender

The respondents were asked to indicate their gender and the results are as shown in Figure 2.

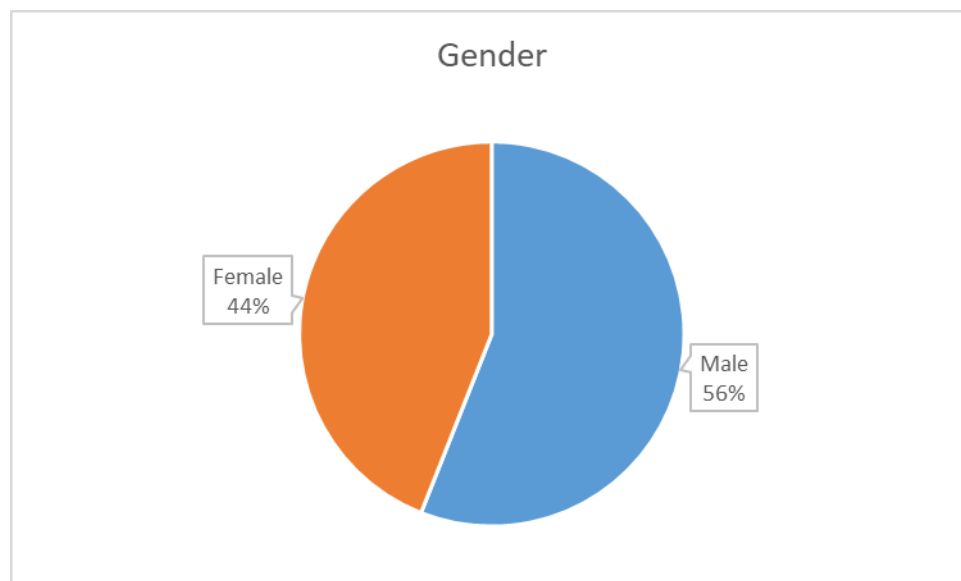


Figure 2: Gender of Respondents

The results show that majority of the respondents were men who represented 56% of the sample while 44% were female. This indicated that the composition of the Human Resource managers of the large manufacturing firms had more male than female staff representation.

According to Zaid, Wang, Adib, Sahyoun and Abuhijleh (2020), there is strong evidence that gender diversity positively affects firm performance. The implication of gender diversity in the organization is that it is likely to improve transparency and positively influence corporate governance, especially in organizations that lack strong external oversight mechanisms.

4.2.2 Age

The respondents were asked to indicate their age bracket and the results are as shown in Table 4.

Table 4: Age of Respondents

Age	Frequency	Percentage
31years to 40years	51	44.0%
41years to 50years	55	47.4%
Over 50years	10	8.6%
Total	116	100

Source: Field Survey Data (2022)

Results indicated that most of the respondents were aged between 41 to 50 years represented by 47.4% and they were followed by 31-40 years at 44%. Those with above over 50 years were at 8.6%. This indicated that the Human Resource managers were middle and above middle age level. According to a study conducted by Zenger and Folkman (2017), younger leaders are rated significantly more effective than their older counterparts. The implication of a workforce composed of different age demographics is that it creates an environment where each generation brings different skills and talents to the organization.

4.2.3 Level of Education

The respondents were asked to indicate their highest level of education and the results are as shown in the Table 5.

Table 5: Highest Level of Education

Education	Frequency	Percentage
Diploma	8	6.9%
Bachelor's	24	20.7%
Master	60	51.7%
PhD	24	20.75%
Total	116	100

Source: Field Survey Data (2022)

The results indicated that most of the respondents had attained a master's degree and this was represented by 51.7% followed by those with PhD at 20.75%. Further, those who had bachelors' were at 20.7% and the respondents who had Diploma was the least with 6.9%. The level of education outcomes suggest that, the respondents were adequately educated and that they able to comprehend to the questions raised and give substantial reaction since they would be advised to understanding as guided by their level of instruction which for this situation majority share having graduate as their education level. According to Mesároš, *et al* (2017), education level is a first step and presumption for better performance and results of every manager. The implication of the education level was that achievement of higher level of education by the employees increases the precondition for its successful results in the management of the organization. Knowledge and a high level of education is only one prerequisite for achieving successful results.

4.2.4 Duration

The respondents were asked to indicate how long they have been in manufacturing sector and the results are as shown in the Table 6.

Table 6: Duration

Duration	Frequency	Percentage
Less than 1 year	3	2.6%
1-5years	10	8.6%
6-10 years	55	47.4%
11 years and above	48	41.4%
Total	116	100

The results indicated that most of the respondents had been in the manufacturing sector for 6-10 years and this was represented by 47.4% followed by those with 11 years and above at 41.4%. Further, those who had less than 1- 5 years were at 8.6% and the least was less than 1 year at 2.6%. The more the duration of work in a sector is likely to reflect more experience.

4.3 Descriptive Statistics

This section presents the descriptive results on recruitment, training, job design, compensation and employee retention. For purposes of presentation, the results for strongly (5) agree and agree (4) were combined as agree while strongly disagree (1) and disagree (2) were combined as disagree.

4.3.1 Recruitment

The first objective of the study was to determine the influence recruitment on employee retention in large manufacturing companies in Kenya. The study evaluated the respondents' level of agreement with the various statements on the recruitment using a scale of 1 – 5 where 5- strongly agree, 4- agree, 3- neutral, 2- disagree and 1- strongly disagree. The findings are as illustrated in Table 7.

Table 7: Descriptive Statistics Outputs on Recruitment

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	S.D
In our manufacturing firm, there are clear sources of recruitment	9.5%	5.2%	12.9%	36.2%	36.2%	3.84	1.24
In our manufacturing firm, there are laid out processes of recruitment	6.0%	3.4%	22.4%	26.7%	41.4%	3.94	1.15
In our manufacturing firm, interview process are conducted strategically	3.4%	6.9%	21.6%	29.3%	38.8%	3.93	1.09
In our manufacturing firm, the selection process is competitive	8.6%	8.6%	19.0%	30.2%	33.6%	3.72	1.26
In our manufacturing firm, recruitment is overseen by the Human resource department	6.9%	4.3%	25.0%	35.3%	28.4%	3.74	1.13
Average						3.83	1.17

The respondents were asked if there are clear sources of recruitment and 72.4% agreed while 14.7% disagreed with the statement. The respondents were asked if there are laid out processes of recruitment and 68.1% agreed while 9.4% disagreed with the statement. The respondents were asked if the interview process are conducted strategically and 68.1% agreed while 10.3% disagreed with the statement. When asked if the selection process is competitive, 63.8% agreed while 17.2% disagreed with the statement. Lastly, the respondents were asked if recruitment is overseen by the Human resource department and 63.7% agreed while 11.2% disagreed with the statement. The overall mean was 3.83 that showed that majority agreed to the statements on recruitment with variations of 1.17. The findings agree with Janes (2017) who conducted a study on the influence of recruitment, selection, and retention on performance and found that 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. Omolo, Oginda and Oso (2017) who investigated the influence recruitment and election had on the performance found a significant positive correlation between recruitment and selection, and performance of SMEs.

4.3.2 Training

The second objective of the study was to determine the influence training on employee retention in large manufacturing companies in Kenya. The study evaluated the respondents' level of agreement with the various statements on the training using a scale of 1 – 5 where 5- strongly agree, 4- agree, 3- neutral, 2- disagree and 1- strongly disagree. The findings are as illustrated in Table 8.

Table 8: Descriptive Statistics Outputs on Training

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	S.D
In our manufacturing firm, relevant training techniques are adopted	3.4%	6.0%	23.3%	31.0%	36.2%	3.91	1.07
In our manufacturing firm, development programs are conducted regularly	2.6%	4.3%	25.9%	41.4%	25.9%	3.84	0.95
In our manufacturing firm, we promote personal and career development	3.4%	6.9%	15.5%	27.6%	46.6%	4.07	1.10
In our manufacturing firm, employees training is individually assessed	5.2%	2.6%	28.4%	27.6%	36.2%	3.87	1.10
In our manufacturing firm, training is matched to skills	4.3%	5.2%	25.0%	36.2%	29.3%	3.81	1.05
Average						3.90	1.06

The respondents were asked if relevant training techniques are adopted and 67.2% agreed while 9.4% disagreed with the statement. When asked if development programs are conducted

regularly, 67.3% agreed while 6.9% disagreed with the statement. The respondents were asked if they promote personal and career development and 74.2% agreed while 10.3% disagreed with the statement. The respondents were asked if employees training is individually assessed and 63.8% agreed while 7.8% disagreed with the statement. Lastly, the respondents were asked if training is matched to skills and 65.5% agreed while 9.5% disagreed with the statement. The overall mean was 3.90 that showed that majority agreed to the statements on training with variations of 1.06. The findings are consistent with Sahinidis and Bouris (2018) who found that that there is a significant correlation between the employee perceived training effectiveness and their commitment, job satisfaction and motivation. The findings are also in line with Asimwe (2019) who indicated that through trainings, employees are willing to embrace changes in their performance, acquire new skills to deliver quality work.

4.3.3 Job design

The third “objective of the study was to determine the influence job design on employee retention in large manufacturing companies in Kenya. The study evaluated the respondents’ level of agreement with the various statements on the job design using a scale of 1 – 5 where 5- strongly agree, 4- agree, 3- neutral, 2- disagree and 1- strongly disagree. The findings are as illustrated in Table 9.

Table 9: Descriptive Statistics Outputs on Job Design

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	S.D
In our manufacturing firm, job responsibilities are clearly outlined	6.0%	5.2%	20.7%	32.8%	35.3%	3.86	1.14
In our manufacturing firm, job enlargement is used to increase employee engagement	6.9%	2.6%	28.4%	29.3%	32.8%	3.78	1.14
In our manufacturing firm, job enrichment is used in motivation	6.9%	5.2%	18.1%	32.8%	37.1%	3.88	1.17
In our manufacturing firm, job rotation is used to enhance employee skills	5.2%	5.2%	23.3%	31.0%	35.3%	3.86	1.12
In our manufacturing firm, employee tasks are aligned to their skills	2.6%	7.8%	24.1%	31.0%	34.5%	3.87	1.06
Average						3.85	1.13

The respondents were asked if job responsibilities are clearly outlined and 68.1% agreed while 11.2% disagreed with the statement. The respondents were asked if job enlargement is used to increase employee engagement and 62.1% agreed while 9.5% disagreed with the statement. When asked if job enrichment is used in motivation, 69.9% agreed while 12.1% disagreed with the statement. The respondents were asked if job rotation is used to enhance employee skills and 66.3% agreed while 10.4% disagreed with the statement. Lastly, the respondents were asked if employee tasks are aligned to their skills and 65.5% agreed while 10.4% disagreed with the statement. The overall mean was 3.85 that showed that majority agreed to the statements on job design with variations of 1.13. The findings are in tandem with Tufail, Bashir and Shoukat (2017) who found there was a positive and significant relationship between job design and employee organizational citizenship behavior and counterproductive work

behavior The findings by Samuel, Thornware, John and Andrew (2019) 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.

4.3.4 Compensation

The fourth objective of the study was to determine the influence compensation on employee retention in large manufacturing companies in Kenya. The study evaluated the respondents' level of agreement with the various statements on the compensation using a scale of 1 – 5 where 5- strongly agree, 4- agree, 3- neutral, 2- disagree and 1- strongly disagree. The findings are as illustrated in Table 10.

Table 10: Descriptive Statistics Outputs on Compensation

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	S.D
In our manufacturing firm, employees' salaries are competitive	4.3%	6.0%	25.0%	30.2%	34.5%	3.84	1.10
In our manufacturing firm, employees' wages are competitive	8.6%	4.3%	25.9%	32.8%	28.4%	3.68	1.18
In our manufacturing firm, we offer benefits to employees	8.6%	5.2%	16.4%	36.2%	33.6%	3.81	1.21
In our manufacturing firm, we offer incentives to employees	3.4%	7.8%	20.7%	30.2%	37.9%	3.91	1.10
In our manufacturing firm, rewards are given based on performance	6.0%	6.0%	25.9%	25.9%	36.2%	3.8	1.17
Average						3.81	1.15

The respondents were asked if employees' salaries are competitive and 64.7% agreed while 10.3% disagreed with the statement. When asked if employees' wages are competitive, 61.2% agreed while 12.9% disagreed with the statement. The respondents were asked if they offer benefits to employees and 69.8% agreed while 13.8% disagreed with the statement. The respondents were asked if they offer incentives to employees and 68.1% agreed while 11.2% disagreed with the statement. Lastly, the respondents were asked if rewards are given based on performance and 62.1% agreed while 12.0% disagreed with the statement. The findings are consistent with Admassie (2019) examined the impact of compensation on employees' employee retention and the results showed that there was a moderate significant positive relationship between transparency of compensations and employees' employee retention. The findings by 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 established a strong and positive correlation between performance appraisal and employee motivation and compensation.

4.3.5 Employee Retention

The dependent variable was to determine the employee retention in large manufacturing companies in Kenya. The study evaluated the respondents' level of agreement with the various statements on the employee retention using a scale of 1 – 5 where 5- strongly agree, 4- agree, 3- neutral, 2- disagree and 1- strongly disagree. The findings are as illustrated in Table 11.

Table 11: Descriptive Statistics Outputs on Employee Retention

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	S.D
Our manufacturing firm has little employee turnover	6.0%	1.7%	26.7%	30.2%	35.3%	3.87	1.11
Our manufacturing firm has low absenteeism	6.0%	4.3%	24.1%	37.9%	27.6%	3.77	1.09
Our manufacturing firm has high employee fulfilment	2.6%	6.0%	28.4%	31.0%	31.9%	3.84	1.03
Our manufacturing firm has experienced employee satisfaction	6.0%	6.0%	20.7%	34.5%	32.8%	3.82	1.14
Our manufacturing firm has motivated employees	8.6%	6.9%	19.0%	40.5%	25.0%	3.66	1.18
Average						3.79	1.11

The respondents were asked if their firm has little employee turnover and 65.5% agreed while 7.7% disagreed with the statement. When asked if their firm has low absenteeism, 65.5% agreed while 10.3% disagreed with the statement. The respondents were asked if their firm has high employee fulfilment and 62.9% agreed while 8.6% disagreed with the statement. The respondents were asked if their firm has experienced employee satisfaction and 67.3% agreed while 12.0% disagreed with the statement. Lastly, the respondents were asked if their firm has motivated employees and 65.5% agreed while 15.5% disagreed with the statement.

4.4 Diagnostic Tests

The diagnostic tests conducted included Multicollinearity Test, Test for Heteroscedasticity and Normality Test.

4.4.1 Multicollinearity Test

Multicollinearity test was conducted to determine if two or more of the predictor (independent) variables in the regression model was highly correlated. Variance inflation factor

(VIF) were used to test multicollinearity and VIF of below 10 indicated acceptable limits. If the VIF value of exploratory variables are greater than 10, then variables were regarded as highly collinear.

Table 12: Multicollinearity Test Using Tolerance and VIF

	Collinearity Statistics	
	Tolerance	VIF
Recruitment	0.315	3.171
Training	0.317	3.159
Job Design	0.487	2.055
Compensation	0.294	3.400

Source: Field Survey Data (2022)

From the findings above all the variables had tolerance values >0.2 and VIF values <10 as shown in Table 12 and thus according to Myres (2015) who indicated that where $VIF \geq 10$ indicate presence of Multicollinearity, there was no multicollinearity among the independent variables.

4.4.2 Test for Heteroscedasticity

Heteroscedasticity is the circumstance in which the variability of a variable is unequal across the range of values of a second variable that predicts it. Running a regression model without accounting for heteroscedasticity would lead to unbiased parameter estimates. To test for heteroscedasticity, the Breusch-Pagan/Godfrey test was used. Heteroscedasticity test was run using Breusch-Pagan / Cook-Weisberg test in order to test whether the error terms are correlated across observations in the cross sectional of the data (Long & Ervin, 2000). The hypothesis was that;

H₁: The data is Homoscedastic.

If the p-value is less than 0.05, the hypothesis is rejected.

The Breusch-Pagan results are presented in Table 13.

Table 13: Heteroscedasticity Results

Breusch-Pagan / Cook-Weisberg test for heteroscedasticity

H₀: Constant variance

Variables: fitted values of Employee Retention

chi2(1)	=	65.27
Prob > chi2	=	0.061

Source: Field Survey Data (2022)

Results in Table 13 show that the p-value is greater than the 5%. Then the hypothesis was not rejected at a critical p value of 0.05 since the reported Chi2 (1) = 65.27 and p-value was 0.061 > 0.05 and thus the data did not suffer from heteroscedasticity.

4.4.3 Normality Test

Test for normality determines if the data is well modeled and normally distributed (linear). To test the normality of the variables, Shapiro–Wilk test was used as it has the highest power among all tests for normality. The hypothesis was tested at a critical value at 0.05, where the rule is that reject H₀ if the probability (P) value is less than 0.05 or else do not reject. The dependent variable should be normally distributed because the study was analyzed using a multiple regression model where the condition of normality must be satisfied (Quataroli & Julia, 2012). The hypothesis was that;

H₁: The data is normal.

The results for normality are as shown in Table 14.

Table 14: Normality Outputs

	Shapiro-Wilk		
	Statistic	df	Sig.
Recruitment	0.953	116	0.334
Training	0.935	116	0.591
Job Design	0.960	116	0.480
Compensation	0.952	116	0.171
Employee Retention	0.938	116	0.714

a Lilliefors Significance Correction

Source: Field Survey Data (2022)

The results indicated that using the Shapiro-Wilk test of normality, the data is normal since the p-values are above 0.05 for all the variables and thus we do not reject the alternative hypothesis (H₁). Therefore, the variables on recruitment, training, job design, compensation and employee retention are normal in distribution and hence subsequent analysis can be carried out.

4.5 Correlation Analysis

Correlation analysis was conducted to establish the relationship between the independent and dependent variables. The correlation matrix is presented in Table 15.

Table 15: 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

Source: Field Survey Data (2022)

The results in Table 15 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 job design 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.

4.6 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. According to Chatterjee and Hadi (2015), regression analysis is a statistical process of estimating the relationship among variables. It includes many techniques for modeling and analyzing several variables, when the focus is on the relationship between a dependent and one or more independent variables. More specifically, regression analysis helps one to understand how the typical value of the dependent variable changes when any one of the independent variable is varied, while the other independent variables are held fixed (Gunst, 2018). The results presented in Table 16 present the fitness of model used of the regression model in explaining the study phenomena.

Table 16: 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 17.

Table 17: 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 18.

Table 18: 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).

4.7 Discussion of Findings

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 variables of interest were recruitment, training, job design and compensation on employee retention. The pre-estimation tests conducted on Multicollinearity Test, Heteroscedasticity and Normality Test indicated that the underlying assumptions were fit for regression analysis.

4.7.1 Recruitment and Employee Retention

The first objective of the study was to determine the influence recruitment on employee retention in large manufacturing companies in Kenya. Correlation results indicated that recruitment and employee retention in large manufacturing companies in Kenya is positively and significantly related ($r= 0.765^{**}$, $p=0.000$). The regression of coefficients results showed that recruitment and employee retention is positively and significantly related ($\beta=0.205$, $p=0.005$). This implies that a unitary increase in recruitment leads to increase in employee retention by 0.205 units holding other factors constant. The P-value of $0.005 < 0.005$. The null hypothesis that recruitment has no significant effect on employee retention in large manufacturing companies in Kenya was rejected.

The findings agree with Janes (2017) who conducted a study on the influence of recruitment, selection, and retention on performance and found that 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. The findings are in line with Chandrasekara and Perera (2019) who analyzed the effect of recruitment practices on employee retention in selected large scale apparel firms and found 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. The findings by Kepha, Mukulu and Waititu (2018) sought to establish the influence of recruitment and selection on the performance of employees in research institutes revealed that the correlation between employee performance and recruitment and selection were highly significant. Omolo, Oginda and Oso

(2017) who investigated the influence recruitment and election had on the performance found a significant positive correlation between recruitment and selection, and performance of SMEs.

4.7.2 Training and Employee Retention

The second objective of the study was to determine the influence training on employee retention in large manufacturing companies in Kenya. Correlation results indicated that training and employee retention in large manufacturing companies in Kenya is positively and significantly related ($r = .775^{**}$, $p = 0.000$). The regression of coefficients results showed that training and employee retention is positively and significantly related ($\beta = 0.217$, $p = 0.002$). This implies that a unitary increase in training leads to increase in employee retention by 0.217 units holding other factors constant. The P-value of $0.002 < 0.005$. The null hypothesis that training has no significant effect on employee retention in large manufacturing companies in Kenya was rejected.

The findings are consistent with Sahinidis and Bouris (2018) who found that there is a significant correlation between the employee perceived training effectiveness and their commitment, job satisfaction and motivation. The findings are also in line with Damei (2020) whose 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. The findings by Moncarz, Zhao and Kay (2019) indicated 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. The findings are also in line with Asimwe (2019) whose 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.

4.7.3 Job Design and Employee Retention

The third objective of the study was to determine the influence job design on employee retention in large manufacturing companies in Kenya. Correlation results indicated that job design and employee retention in large manufacturing companies in Kenya is positively and significantly related ($r = .690^{**}$, $p = 0.000$). The regression of coefficients results showed that job design and employee retention is positively and significantly related ($\beta = 0.155$, $p = 0.009$). This implies that a unitary increase in job design leads to increase in employee retention by 0.155 units holding other factors constant. The P-value of $0.009 < 0.005$. The null hypothesis that job design has no significant effect on employee retention in large manufacturing companies in Kenya was rejected.

The findings are in tandem with Tufail, Bashir and Shoukat (2017) who found there was a positive and significant relationship between job design and employee organizational citizenship behavior and counterproductive work behavior. The findings by Samuel, Thornware, John and Andrew (2019) 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. The findings are consistent with Weilinghoff (2016) who established that 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) 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. Wakio (2019) study findings indicated that job design had a significant positive effect on employee retention.

4.7.4 Compensation and Employee Retention

The fourth objective of the study was to determine the influence compensation on employee retention in large manufacturing companies in Kenya. Correlation results indicated that compensation and employee retention in large manufacturing companies in Kenya is positively and significantly related ($r = .758^{**}$, $p = 0.000$). The regression of coefficients results showed that compensation and employee retention is positively and significantly related ($\beta = 0.156$, $p = 0.038$). This implies that a unitary increase in compensation leads to increase in employee retention by 0.156 units holding other factors constant. The P-value of $0.038 < 0.005$. The null hypothesis that compensation has no significant effect on employee retention in large manufacturing companies in Kenya was rejected.

The findings are consistent with Admassie (2019) examined the impact of compensation on employees' employee retention and the results showed 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. 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 findings by 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 established a strong and positive correlation between performance appraisal and employee motivation and compensation.

The findings are in line with Waithira (2018) who studied the effects of compensations strategies on employee performance and established that, 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. Armstrong (2017) identifies the main goals of compensation as to attract qualified, skilled people to the organization, to retain employees and to motivate employees to deliver to higher accomplishments. The findings by Karani (2019) established that the employees were provided with different forms of compensations which include pay and allowances, paid vacations, paid sick leaves, purchase discounts, desired work assignments, maximum security while on duty and equity in payment. Further, the study established that there is a strong effect on performance of employees attributable to unit change in compensation. However, the findings by Yego (2017) who examined the influence of teacher compensation on employees retention noted that both promotion and recognition had a negative influence on employee output.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the study findings, its conclusions and recommendations, presented in consideration to the study objective on the effect of human capital management practices on employee retention in large manufacturing companies in Kenya.

5.2 Summary of Findings

5.2.1 Recruitment and Employee Retention

The first objective of the study was to determine the influence recruitment on employee retention in large manufacturing companies in Kenya. Correlation results indicated that recruitment and employee retention in large manufacturing companies in Kenya is positively and significantly related. The regression of coefficients results showed that recruitment and employee retention is positively and significantly related. The results indicated that a unitary increase in recruitment leads to increase in employee retention by 0.205 units holding other factors constant. The null hypothesis that recruitment has no significant effect on employee retention in large manufacturing companies in Kenya was rejected.

5.2.2 Training and Employee Retention

The second objective of the study was to determine the influence training on employee retention in large manufacturing companies in Kenya. Correlation results indicated that training and employee retention in large manufacturing companies in Kenya is positively and significantly related. The regression of coefficients results showed that training and employee retention is positively and significantly related. The results indicated that a unitary increase in

training leads to increase in employee retention by 0.217 units holding other factors constant. The null hypothesis that training has no significant effect on employee retention in large manufacturing companies in Kenya was rejected.

5.2.3 Job Design and Employee Retention

The third objective of the study was to determine the influence job design on employee retention in large manufacturing companies in Kenya. Correlation results indicated that job design and employee retention in large manufacturing companies in Kenya is positively and significantly related. The regression of coefficients results showed that job design and employee retention is positively and significantly related. The results indicated that a unitary increase in job design leads to increase in employee retention by 0.155 units holding other factors constant. The null hypothesis that job design has no significant effect on employee retention in large manufacturing companies in Kenya was rejected.

5.2.4 Compensation and Employee Retention

The fourth objective of the study was to determine the influence compensation on employee retention in large manufacturing companies in Kenya. Correlation results indicated that compensation and employee retention in large manufacturing companies in Kenya is positively and significantly related. The regression of coefficients results showed that compensation and employee retention is positively and significantly related. The results indicated that a unitary increase in compensation leads to increase in employee retention by 0.156 units holding other factors constant. The null hypothesis that compensation has no significant effect on employee retention in large manufacturing companies in Kenya was rejected.

5.3 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.

5.4 Recommendations

Based on the study findings, the following recommendations were made;

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.

5.5 Limitations of the Study

The study was confined to the large manufacturing companies and the findings may not apply wholesomely to other organizations in Kenya in general as some issues which were addressed are specific to the large manufacturing companies. However, it is believed that the findings addresses issues of human capital management practices in large manufacturing companies. The study was limited to four variables namely recruitment, training, job design and compensation on employee retention. The fear on confidentiality was a limitation which was

addressed by explaining to the respondents that their identity was held and responses will only be used for research purposes.”

5.6 Areas for Further Research

The results of the regression analysis indicated that human capital management practices explained 71.1% change in employee retention in large manufacturing companies. This indicated that there are other factors besides the innovative strategies which future studies can undertake and expound on. In addition the scope can be expanded to other organizations which would make the findings more representative.

REFERENCES

- Admassie, G. A. (2019). Impact of rewards management system on employees' satisfaction in case of DebreBirhan University Administrative Staffs. *J Invest Manag*, 8, 16-24.
- Agbiogwu, A. A., Ihendinihu, J. U., & Okafor, M. C. (2020). Impact of environmental and social costs on performance of Nigerian manufacturing companies. *International Journal of Economics and Finance*, 8(9), 173-180.
- Al Mamun, C. A., & Hasan, M. N. (2017). Factors affecting employee turnover and sound retention strategies in business organization: A conceptual view. *Problems and Perspectives in Management*, (15, Iss. 1), 63-71.
- Alvarez, S. A., & Barney, J. B. (2017). Resource-based theory and the entrepreneurial firm. *Strategic entrepreneurship: Creating a new mindset*, 87-105.
- Araya-Castillo, L., Oradini, N. B., Yáñez-Jara, V. M., & Duque, Á. A. (2019). Analysis of the entry mode choice from both transaction costs and resource based theory. *Revista Perspectiva Empresarial*, 6(1), 7-20.
- Asimwe, J. (2019). *Effects of Employee Training on Employee retention in the NGO World: A Case of Partners in Health Rwanda* (Doctoral dissertation, United States International University-Africa).
- Awino, M., & Korir, M. (2020). Career Training, Rewards System and Employee Commitment; Moderating Approach; Evidence from Kenyan Manufacturing Firms. *African Journal of Education, Science and Technology*, 5(4), 28-39.
- Barney, J. B., Ketchen Jr, D. J., & Wright, M. (2021). Resource-based theory and the value creation framework. *Journal of Management*, 47(7), 1936-1955.
- Bloom, N., Brynjolfsson, E., Foster, L., Jarmin, R., Patnaik, M., Saporta-Eksten, I., & Van Reenen, J. (2019). What drives differences in management practices?. *American Economic Review*, 109(5), 1648-83.
- Bromiley, P., & Rau, D. (2016). Operations management and the resource based view: Another view. *Journal of Operations Management*, 41, 95-106.
- Chandrasekara, C. M. B. R. D., & Perera, G. D. N. (2019). The Effect of Recruitment Practices on Employee Retention in Selected Large Scale Apparel Firms in Kandy District, Sri Lanka.
- Chieng, H. P., Arokiasamy, L., & Kassim, K. A. A. (2019). Human resource management practices and their impact on construction organizational performance. *Global Business and Management Research*, 11(1), 392-406.

- Christeen, G. (2015). Retaining professional workers: What make them stay? *Employee Relations*, 37, 102-121. doi.org/10.1108/ER-10-2013-0151
- Christini, A., Gaj, A., Leoni, R. (2013). Flat Hierarchical structure, Bundles of new work practices and firm performance. *Rivista Italiana Degli Economisti*, 8(2), 3013-341.
- Collins, C. J. (2021). Expanding the resource based view model of strategic human resource management. *The International Journal of Human Resource Management*, 32(2), 331-358.
- Curtis, S., & Wright, D. (2018). Retaining employees—the fast track to commitment. *Management Research News*, 24(8/9), 59–64.
- Damei, M. Y. (2020). The Effect of Job Training on Employee Retention in Somalia. *Quest Journals, Journal of Research in Business and Management*, 8, 9-17.
- Daniels, D.R., Erickson, M.L., & Dlik, A. (2018). Here to say – Taking competencies the next level. *Work at Work Journal*, 10(1), 70-77.
- Danvila del Valle, L., Castillo, A., Miguel, R., & Duarte, A. (2019). The effect of training on performance in service companies. *International Journal of Manpower*, 30(4), 393-407.
- Daud, N.B. (2016). *Human resource management practices and firm performance. The moderating roles of strategies and environmental uncertainties Pulau Pinan*. Universiti, sains Malaysia, School of social sciences.
- Davidson, H. (2018). Recruiting for success: challenges and solutions. *Human Resource Management international digest* 12(7), 24-28. doi.10.110809670730410563856.
- Davies, D., Taylor, R., & Survey, C. (2016). The role of appraisal, remuneration and training in improving staff relations in the Western Australian accommodation industry: A comparative study. *Journal European Training*, 25(6), 366-373.
- Davis, D.M. (2015). Library retirements: What we can expect. *Merican Libraries*, 36(8), 16.
- Davis, T., Maggie, C., Neil, F. (2017). *Talent assessment, a new strategy for talent management*. United States. Gower.
- De Kok, J. M. P., Lorraine M., Ublaner, A., & Roy, T. (2016). Professional HRM Practices in Family Owned-Managed Enterprises. *Journal of Small Business Management*, 44(3), 441-460.
- Dean, T. J., Robert L.B., & Victor, S. (2019). Environmental Regulation as a Barrier to the Formation of Small Manufacturing Establishments: A Longitudinal Examination. *Journal of Environmental Economics and Management*, 40(1): 56–75.
- Deci, E.L., & Ryan, R.M. (2018). The what and why of goal pursuits: Human needs and the self-determination of behaviours. *Psychological Inquiry*, 11(4), 227-268.

- Dreher, G.F., & Dougherty, T.W. (2015). *Human resource strategy: A behavioural perspective for the general manager*. New Delhi: Tata McGraw-Hill Publishing Company Limited.
- Eckardstein, D., & Konlechner, S. (2017). Employer Behavior: Human Resource Management Research and Teaching in Germany and Austria. In *Human Resources, Labour Relations and Organizations* (138-151). Nomos Verlagsgesellschaft mbH & Co. KG.
- Ganiyu, I. O., Fields, Z., Atiku, S. O., & Derera, E. (2020). Measuring the effectiveness of work–life balance strategies in the manufacturing sector. *SA Journal of Human Resource Management*, 18(1), 1-10.
- Goldstein, H. W., Pulakos, E. D., Passmore, J., & Semedo, C. (2017). The Psychology of Employee Recruitment, Selection and Retention. *Global Business and Management Research*, 11(1), 392-406.
- Hackman, J. R., & Oldham, G. R. (1975). Development of the job diagnostic survey. *Journal of Applied psychology*, 60(2), 159.
- Hayashi Mehdiabadi, A., & Li, J. (2016). Understanding talent development and implications for human resource development: an integrative literature review. *Human Resource Development Review*, 15(3), 263-294.
- Horwitz, F. (2017). International HRM in South African multinational companies. *Journal of International Management*, 23(2), 208-222.
- Janes O, S. A. M. W. E. L. (2017). *The Influence of Recruitment, Selection and Retention on Performance Outcomes of Registered Family-Owned Businesses in Mwanza Region, Tanzania* (Doctoral Dissertation, Kisii University).
- Janssen, B. D (2019). Fairness Perceptions as a Moderator in the Curvilinear Relationships Between Job Demands, Job performance and job satisfaction. *Academy of Management Journal*, 44(5), 1039–1050.
- Jayaram, S., & Engmann, M. (2014). Developing skills for employability at the secondary level: Effective models for Asia. *Prospects*, 44(2), 221-233.
- KAM (2020). Kenya Association of Manufacturers. Retrieved from <https://kam.co.ke/>
- Katou, A. A., & Budhwar, P. S. (2019). The link between HR practices, psychological contract fulfillment, and organizational performance: The case of the Greek service sector. *Thunderbird International Business Review*, 54(6), 793-809.
- Kaufman, B. E. (2019). *Managing the human factor: The early years of human resource management in American industry*. Cornell University Press.
- Kepha, O., Mukulu, E., & Waititu, G. A. (2018). The influence of recruitment and selection on the performance of employees in research institutes in Kenya. *International Journal of Science and Research*, 3(5), 132-138.

- Khalid, K., & Nawab, S. (2018). Employee participation and employee retention in view of compensation. *SAGE Open*, 8(4), 2158244018810067.
- Kigathi, P. N. (2018). *Factors influencing retention of health workers in the public health sector in Kenya: A case study of Kenyatta national hospital* (Doctoral dissertation, JKUAT).
- Kiiza, M., & Basheka, B. C. (2018). Indigenous Human Resource Management Practices in Africa: empirical lessons from four sub-regions. In *Indigenous Management Practices in Africa*. Emerald Publishing Limited.
- Kluger, A. N., & DeNisi, A. (2016). The effects of feedback interventions on performance: a historical review, a meta-analysis, and a preliminary feedback intervention theory. *Psychological Bulletin*, 119(2), 254–84.
- Kopelman, R. E. (2016). *Managing Productivity in Organizations: A Practical, People- Oriented Perspective*. New York: McGraw-Hill.
- Kouzes, J., & Posner, M. (2015). *The leadership challenge: How to keep getting extraordinary things done in organizations* (Rev. ed.). San Francisco: Jossey- Bass.
- Kurdi, B., & Alshurideh, M. (2020). Employee retention and organizational performance: Evidence from banking industry. *Management Science Letters*, 10(16), 3981-3990.
- Lam, S. S. K., Yik, M. S. M., & Schaubroeck, J. (2012). Responses to formal performance appraisal feedback: the role of negative affectivity. *Journal of Applied Psychology*, 87(1), 192–201.
- Lebas, E. E. (1995), Mohrman, S. A., & Ledford, G. E. (1995). Creating high performance organizations: Practices and www.ccsenet.org/ijbm International Journal of Business and Management 9(2); 2014
- Lee, T. W., Hom, P., Eberly, M., & Li, J. (2018). Managing employee retention and turnover with 21st century ideas. *Organizational dynamics*, 47(2), 88-98.
- Li , F., Li, Y., & Erping, E. (2019). Task Characteristics and Team Performance: the Mediating Effect of Team Member Satisfaction. *Social Behavior and Personality*, 37(10), 1373–1382.
- Locke, E. A. (1976). The nature and causes of job satisfaction. *Handbook of industrial and organizational psychology*, 1297–1349.
- Locke, E., Shaw, K., Saari, L., & Latham, G. (1981). Goal-setting and task performance: 1969–1980. *Psychological Bulletin*, 90, 125–152.
- Love, P. E. D., & Edwards, D. J. (2015). Taking the pulse of UK construction project managers' health: influence of job demands, job control and social support on psychological well-being. *Engineering, Construction, and Architectural Management*, 12(1), 88–101.

- Lowry, P. E. (1994). Selection methods: comparison of assessment centers with personnel records evaluations. *Public Personnel Management*, 23(3), 383–95.
- Ma, Q. K., Mayfield, M., & Mayfield, J. (2018). Keep them on-board! How organizations can develop employee embeddedness to increase employee retention. *International Academic Journal of Human Resource and Business Administration*, 3(7), 83-103.
- Makadok, R. (2001). Toward a synthesis of the resource-based and dynamic-capability views of rent creation. *Strategic management journal*, 22(5), 387-401.
- Mausolef, C. (2014). Learning from Feedback in Performance Measurement Systems. *Public Performance & Management Review*, 28(1), 9–29.
- Melhem, I. I. A. B. (2019). *The Mediating Effect of Job Satisfaction on the Relationship Between Belongingness and Challenging Work Towards Employee Retention*. Universiti Sains Islam Malaysia.
- Modau, F. D., Dhanpat, N., Lugisani, P., MaboJane, R., & Phiri, M. (2018). Exploring employee retention and intention to leave within a call centre. *SA Journal of Human Resource Management*, 16(1), 1-13.
- Moncarz, E., Zhao, J., & Kay, C. (2019). An exploratory study of US lodging properties' organizational practices on employee turnover and retention. *International Journal of Contemporary Hospitality Management*. 2(2), 405-414
- Muiruri, E. M., Ngugi, P. K., & Kihara, A. (2021). Influence of Human Capital on Competitiveness of Food and Beverage Manufacturing Firms in Kenya. *International Journal of Strategic Management*, 1(1), 20-36.
- Muyela, D., & Kamaara, M. (2021). Effect of Talent Management Practices on Employee Performance in the Civil Service in Kenya: A Case Study of Manufacturing Sector State Departments in the Ministry Of Industry, Trade and Cooperatives. *Journal of Human Resource Management*, 5(2), 107-120.
- Nanjundeswaraswamy, T. S., Sanjana, C. M., & Kavya, M. A. (2020). Employee retention in manufacturing units. *Proceedings on Engineering*, 2(1), 3-12.
- Narayanan, A., Rajithakumar, S., & Menon, M. (2019). Talent management and employee retention: An integrative research framework. *Human Resource Development Review*, 18(2), 228-247.
- Njue, P. K., & Kiiru, D. (2018). Human resource management practices and performance of manufacturing companies in Nairobi City County, Kenya. *International Academic Journal of Human Resource and Business Administration*, 3(4), 207-227.
- Nyanjom, C. R. (2018). *Factors influencing employee retention in the state corporations in Kenya*. University of Nairobi.

- Omolo, J. W., Oginda, M. N., & Oso, W. Y. (2017). Effect of recruitment and selection of employees on the performance of small and medium enterprises in Kisumu municipality, Kenya.
- Omusebe, J. A., Wanjohi, P., Ismael, N., & Iravo, M. (2020). Role of supplier's use of green manufacturing technology on organizational performance of energy and petroleum state corporations in Kenya. *International Academic Journal of Procurement and Supply Chain Management*, 3(1), 1-17.
- Patterson, F. (2018). Designing and Evaluating Selection and Recruitment in Healthcare. In *Selection and Recruitment in the Healthcare Professions* (pp. 1-26). Palgrave Macmillan, Cham.
- Priem, R. L., & Butler, J. E. (2001). Is the resource-based "view" a useful perspective for strategic management research?. *Academy of management review*, 26(1), 22-40.
- Renata, R., Wardiah, D., & Kristiawan, M. (2018). The Influence of Headmaster's Supervision and Achievement Motivation on Effective Teachers. *International Journal of Scientific & Technology Research*, 7(4), 44-49.
- Sahinidis, A. G., & Bouris, J. (2018). Employee perceived training effectiveness relationship to employee attitudes. *Journal of European Industrial Training*.
- Sarah, M., Sang, A., & Ngure, S. W. (2018). Ethical Issues in Recruitment, Selection and Employee Performance in Public Universities in Nyeri County, Kenya. *Strategic Management Journal*, 39(8), 2226-2254.
- Sholihah, H. (2017). Motivating English teachers based on the basic needs theory and an expectancy theory. *EduLite: Journal of English Education, Literature and Culture*, 2(2), 405-414
- Starr, E., Ganco, M., & Campbell, B. A. (2018). Strategic human capital management in the context of cross-industry and within-industry mobility frictions. *Strategic Management Journal*, 39(8), 2226-2254.
- Sultana, Z. M., Hasan, I., & Rahman, M. (2017). Factors affecting knowledge transfer in public organization employees. *Islam, MZ, Hasan, I. and Rahman, MH (2015). Factors Affecting Knowledge Transfer in Public Organization Employees, Asian Social Science*, 11(4), 223-233.
- Thompson, A. E., & O'Sullivan, L. F. (2018). Understanding variations in judgments of infidelity: An application of attribution theory. *Basic and Applied Social Psychology*, 39(5), 262-276.
- Vroom, V. H. (1964). Work and motivation.
- Wairimu, M., & Ndeto, M. (2019). Influence of human resource management strategies on employee retention in pharmaceutical companies in Nairobi City County, Kenya.

International Academic Journal of Human Resource and Business Administration, 3(7), 246-267.

Waithira, K. M. (2018). Effects of Rewards Strategies on Employee Performance of Farm Concern International, Kenya.

Wakio, R. (2019). *Influence of work environment on employee retention in level four and five hospitals in Machakos County*.

Wernerfelt, B. (1984). A resource-based view of the firm. *Strategic management journal*, 5(2), 171-180.

Wilckens, M. R., Wöhrmann, A. M., Deller, J., & Wang, M. (2019). Organizational Practices for the Aging Workforce: Development and Validation of the Later-Life Work Index. *Innovation in Aging*, 3(1), S763-S764.

Yeswa, L. S., & Ombui, K. (2019). Influence of talent management strategies on employee retention in hotel industry in Kenya. *International Academic Journal of Human Resource and Business Administration*, 3(7), 83-103.

APPENDICES

Appendix I: Introduction Letter

Dear Respondent,

I am a researcher from the KCA University undertaking a study to examine the **EFFECT OF HUMAN CAPITAL MANAGEMENT PRACTICES ON EMPLOYEE RETENTION IN MANUFACTURING COMPANIES, KENYA** as a requirement to fulfil my master's degree. The study is purely for educational purposes and any responses you give was treated confidentially. You was required to respond to the questions from Section A Section to D. Your honest response was highly appreciated.”

Veronicah A. Musoka

REG: 20/04033

Appendix II: Questionnaire

Section A: Background of Respondents

Kindly tick in the boxes as appropriate

1. What is your gender?

I. Male_ []

II. Female_ []

2. What is your age?

i. Below_20 years

ii. 21years to 30years

iii. 31years to 40years

iv. 41years to 50years

v. Over 50years

3. What is your highest level of education?

a. Secondary []

b. Diploma []

c. Bachelor's []

d. Master []

e. PhD []

5. How many years have you been in the Human resource department?

a. Less than 1 year []

b. 1-5years []

c. 6-10 years []

d. 11 years and above []

Section B: Recruitment

This section contains statements on Recruitment in manufacturing firms in Kenya. Please express your agreement and disagreement by marking the appropriate box.

Use the scale where; 1= Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree 5= Strongly_ Agree

Statement	1	2	3	4	5
In our manufacturing firm, there are clear sources of recruitment					
In our manufacturing firm, there are laid out processes of recruitment					
In our manufacturing firm, interview process are conducted strategically					
In our manufacturing firm, the selection process is competitive					
In our manufacturing firm, recruitment is overseen by the Human resource department					

Section C: Training

This section contains statements on Training in manufacturing firms in Kenya. Please express your agreement and disagreement by marking the appropriate box.

Use the scale where; 1= Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree 5= Strongly_ Agree

Statement	1	2	3	4	5
In our manufacturing firm, relevant training techniques are adopted					
In our manufacturing firm, development programs are conducted regularly					
In our manufacturing firm, we promote personal and career development					
In our manufacturing firm, employees training is individually assessed					
In our manufacturing firm, training is matched to skills					

Section D: Job Design

This section contains statements on job design in manufacturing firms in Kenya. Please express your agreement and disagreement by marking the appropriate box.

Use the scale where; 1= Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree 5= Strongly_ Agree

Statement	1	2	3	4	5
In our manufacturing firm, job responsibilities are clearly outlined					
In our manufacturing firm, job enlargement is used to increase employee engagement					
In our manufacturing firm, job enrichment is used in motivation					
In our manufacturing firm, job rotation is used to enhance employee skills					
In our manufacturing firm, employee tasks are aligned to their skills					

Section E: Compensation

This section contains statements on compensation in manufacturing firms in Kenya. Please express your agreement and disagreement by marking the appropriate box.

Use the scale where; 1= Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree 5= Strongly_ Agree

Statement	1	2	3	4	5
In our manufacturing firm, employees' salaries are competitive					
In our manufacturing firm, employees' wages are competitive					
In our manufacturing firm, we offer benefits to employees					
In our manufacturing firm, we offer incentives to employees					
In our manufacturing firm, rewards are given based on performance					

Section F: Employee Retention

This section contains statements on employee retention in manufacturing firms in Kenya. Please express your agreement and disagreement by marking the appropriate box.

Use the scale where; 1= Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree 5= Strongly_ Agree

Statement	1	2	3	4	5
Our manufacturing firm has little employee turnover					
Our manufacturing firm has low absenteeism					
Our manufacturing firm has high employee fulfilment					
Our manufacturing firm has experienced employee satisfaction					
Our manufacturing firm has motivated employees					

Appendix III: Data Collection Letter



Thika Road, Ruaraka
P.O. Box 56808-00200 Nairobi Kenya
Pilot Line: +254 20 8070408/9

Tel: +254 20 3537842
Fax: +254 20 8561077
Mobile: +254 734 888022, 710 888022
Email: kca@kca.ac.ke
Website: www.kca.ac.ke

SCHOOL OF GRADUATE STUDIES

KCA/SGS/Sept.22/1

27th September 2022

TO WHOM IT MAY CONCERN

Dear Sir/Madam,

RE: VERONICAH A. MUSOKA REG: 20/04033

It is my distinct pleasure to introduce to you Ms. Veronicah Musoka who is a student in our institution pursuing a Master of Business Administration at the School of Business.

Veronicah is conducting a research on a topic titled: *"Effect of Human Capital Management Practices On Employee Retention in Large Manufacturing Companies, Kenya"* which is part of the requirements of the program she is pursuing. The research as well as the data procured thereof shall be used for academic purposes only.

Any assistance accorded to her is highly appreciated.

In case of further inquiry, do not hesitate to contact the undersigned.

Yours faithfully,

Dr. Nyaribo Misuko

Dean, School of Graduate Studies