

Human Resource Management Practices and Employee Retention in Banking Industry in Cross River State, Nigeria.

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Abstract

The study focused on human resource management practices and employee retention in the banking industry in Cross River State, Nigeria. Two specific purposes and corresponding research questions and hypotheses were formulated to guide the study. The study adopted correlational survey research design and the population was 548 employees from 15 money depositing banks from which a sample of 226 employees was drawn using purposive random sampling technique. A 28-item researcher-made instrument titled "Human Resources Management Practices and Employee Retention questionnaire" (HRMPERQ) was used for data collection and was face validated by three educational experts from University of Uyo. The reliability of the instrument yielded a reliability coefficient of 0.76 using Cronbach Alpha method. The obtained data was analysed using linear regression for answering research question as well as testing the null hypotheses at .05 level of significance. The analysis of the research questions indicated among others that: there exist a relationship between the sub-independent variables (staff development and staff recruitment) and employees' retention. The analysis of the hypotheses also suggests a linear relationship between the above variables. Based on the findings, the study recommended among others that: the Cross River State government should through policy makers ensure the code of conduct for governing all organisations on employee rights at work place is sufficiently reviewed to corporate staff development programmes.

Keywords: Development, Employees, Management, Recruitment and Retention

Introduction

Human resources are very essential to the survival of every formal organisation. In the view of Ukpai (2015) human resource are people working in organisations that possess different specialisation, capabilities and roles required for effective and efficient realisation of organisational goals. Workers in an organisation commit the totality of their knowledge, skills, competencies, talent and other attributes that allow them contribute to their personal and social wellbeing as well as those of the organisation and wider society. Within the context of this study, employees of the banking industry are distinguished human resources equipped with requisite knowledge and skills needed to achieve the set goals of the organisation.

Human Resource Management (HRM) is considered as the act of effectively managing employees in banking industry, encouraging leadership that motivates people,

drawing on their talent, driving their participation in decision making and taking into consideration their expectations and needs. According to Mukiibi (2016), human resource management are policies and practices that govern the organization's human resources and some of these include recruitment and selection, training and development, and reward systems with business strategies. The position HRM holds is crucial in building the culture of organization and intensifying morale of employees and groups. Some HRM practices, for instance, induction, training, development, recruitment, performance appraisal, compensation, etc. help to surpass learning and boost motivation level of employees (Narula & Chaudhary, 2018).

Staff development which is one of the practices of HRM, is an organisational activity which is aimed at improving the performance of the employees in an organisational setting. According to Okoye and Ezejiofo (2013) development is aim at improving the skills and efficiency of the workers through training and education of employers. Staff development programme include activities like training, seminars, group decisions, education etc. The importance of human resource development in the growth and performance of business organizations has been extensively discussed and demonstrates by outstanding scholars all over the worlds. Anyanwu S.O, Adam J.A., Obi B., and Yelwa M. (2015) argued that investments in human capital are determined by individual optimization decisions based on the market incentives and government subsidies. Although endogenous growth models indicate that an industry with higher incentives for human capital investments would generate higher growth,. Highly skilled human resources is a pre-requisite for overall economic and national development. This implies that the security of qualified personnel has impeded the economic growth and development in banking sector. The overriding importance of staff development without which we overcome the continuing shortage of trained people as banks strive to throw off the bonds of economic backwardness and seek to achieve the socio-economic objective of our national development plan. Apart from the development of staff, recruitment and selection is another practice that is undertaken by HRM.

Recruitment as HRM practice is concerned with identifying and choosing the appropriate candidate to fill a position in an organisation. Recruitment is a bridge-building activity bringing together those with jobs to fill and those who are seeking jobs. It incorporates selection in the process of engaging the services of the best candidate. The advantage of recruitment is that it attracts a number of qualifying personnel for each particular job opening. Recruitment is the process of locating individuals who might join and encouraging them to apply for existing or anticipated job openings" (Dessler, 2007) Recruitment is the development of a pool of job candidates in accordance with the human resource plan. Further it can be explained as the process of locating, identifying and attracting capable applicants. During this process, efforts are made to inform the applicants fully about the qualifications required to perform the job and the career opportunities the organization can offer its employees.

According to Lloyd and Leslie (2009), selection process involves activities like interviews, employment history, background checks, physical examination and placement. The essence of recruitment and selection practice is to identify and assigned qualified staff to jobs for optimal performance in the organisation. In pursuance of optimal performance by an employee in an organisation,, compensation of these employees is seen as one of the practices

of HRM. Due to the fact that HRM function is indispensable to prosperity of any entrepreneurship Welbourne, 2006 cited in Narula & Chaudhary (2018) asserted that HRM practices must emphasize on structuring compatibility among employees as well as complementing individual employee personality with different job conditions. This will foster quality service delivery and staff retention.

Employee's retention in an organisation relies upon the way organisation maintains its HRM practices. Retention is a multi-dimensional factor of an organisational human resources policy which begins with recruiting the right people for the organisation and sticking them with organisation's business portfolio. In the opinion of Ghansah (2011) retention strategies should be aimed at retaining highly skilled personnel and at the same time building up under-performers. Ghansah further added that feedback on employee performance is vital to building confidence in the retention practices of organization and employee value proposition as enshrined in the vision statement must be upheld while management should be flexible in terms of work-life balance. The motivation of employees produces a culture of commitment to the objectives of the organization. This suggests that while training and placement of potential employee is expensive, employee retention is seen as one of the main objectives for all institutions including the banking industry.

The banking industry is an engine of growth in any given economy. Dwomoh and Frempong (2017) observed that employees retention in the banking industry depends on how banks design and implement their compensation and reward systems to meet employees expectation, how they are able to deal with issues regarding work life balance, build good image and create favorable working environment, provide permanent jobs, ensure that the values and beliefs of these banks are aligned with that of their employees, ability of banks to ensure fairness in the management of their staff and encouraging managers and supervisors to develop good relations with subordinates.

Although banking industry is remarkable institution that is resilient to support the economic development of the nation by efficiently performing its function as a fulcrum of financial intermediation, to effectively function as financial institution, Dwomoh and Frempong (2017), observed that the banking industry, through proper recruitment and maintenance of its staff, is expected to enhance synergy, improve efficiency, induce investors focus to trigger productivity and welfare gains. It is not surprising therefore, that for any organisation to strive and remain competitive in the economy, the implementation of HRM practices that attract and retain competent human resources becomes invaluable. These HRM practices are designed to improve and equip employees to be productive, while meeting their varying needs. Unfortunately, the employee's behaviour with regard to dissatisfaction in services, decline and withdrawal from the banking industry in Cross River State becomes worrisome to the researcher. This has given rise to the question as to the extent to which the HRM practices enhance the employee's retention. Hence, the need to determine the relationship between human resource management practices and employee retention in the banking industry in Cross River State.

Statement of the Problem

Human resources management (HRM) practices have been acknowledged as a systematic practice in an organisation by employers that takes into cognisance employee's welfare as well as optimal realisation of an organisation objectives. However, rather than the

management practices gaining the interest and commitment of employees, there appears a decline and dissatisfaction of services to employees owing to lack of interest in the banking industry in Cross River State resulting in low performance of workers and low turnover on job. The show of disappointment from the banking industry among the employees is evident in rate of retrenchment and their search for better offer with regard to their retention. This therefore calls for a study to determine the relationship between HRM practices and employees' retention in the banking industry in Cross State River.

Purpose of the Study

The main purpose of this study was to determine the relationship between human resource management practices and employee retention in the banking industry in Cross River State. The study sought specifically to :

1. Determine the relationship between staff development and employee retention in the banking industry in Cross River State.
2. Determine the relationship between staff recruitment and employee retention in the banking industry in Cross River State.

Research Questions

The following research questions guided the study.

1. What is the relationship between staff development and employee retention in the banking industry in Cross River State?
2. What is the relationship between staff recruitment and employee retention in the banking industry in Cross River State?

Null Hypotheses

The following null hypotheses were formulated and tested at .05 level of significance.

H₀₁ There is no significant relationship between staff development and employee retention in the banking industry in Cross River State.

H₀₂ There is no significant relationship between staff recruitment and employee retention in the banking industry in Cross River State.

Methodology

The research design that was adopted for the study was the correlational survey research design to establish the relationship between human resource practices and employee retention in the banking industry. The study was carried out in Cross River state. There are 15 money deposit banks in the state with branches spread among the various local government areas there in, The choice of Cross River State is premised on the economic activities evident in the state with less security threats which allows active banking services. The population of the study was made up of 548 respondents comprising 48 managers and 500 employees (accountants, customer relation officers, marketing officers), from the 15 Money Deposit Banks in Cross River State (National Bureau of Statistics, 2017). The sample size of 226 employees was drawn using the Krejcie and Morgan (1970) model for the determination of sample size. This sample was purposively drawn from 15 Money Deposit Banks in Cross River State. Instrument for data collection for the study was a researcher's structured questionnaire titled, 'Human Resources Management Practices and Employee Retention Questionnaire (HRMPERQ). The questionnaire was given to three education experts for face-

validation. Two of the experts were from Department of Vocational Education, and one from Department of Curriculum Studies, all from the University of Uyo. These validates were requested to read the items of the instrument one after the another, make corrections, indicate the suitability of the items, language used and the arrangement of the items in logical and chronological sequence having attached the research questions, hypothesis and objectives of the study as guide. Their comments, suggestions and other inputs were included in the instrument and used for the final copy. The instrument was trial tested using 30 employees (three bank managers and other bank employees such as accountants, customer relation officer, and marketing officers) from five money deposit banks in Calabar, Cross River State, which were not used for the study, but share the similar characteristics such as mode of operation and recruitment. The internal consistency of the instrument of was determined using Cronbach Alpha Test. This yielded reliability coefficients of .894 for independent variables and .814 for dependent variable. The use of this statistical tool for reliability testing is in line with Olaitan and Ndomi (2001) for instrument reliability. The researcher with the aid of two research assistants administered the 226 copies of the questionnaire out of which 221 properly completed and retrieved for data analysis. The linear regression was used to answer the research questions and to test the null hypotheses at .05 level of significance. Decision on research questions was based on the R² value. More so, the R² value would be expressed in percentage to show the strength of linear relationship or linear association. The relationship between the independent variable and the dependent variable was expressed in term of magnitude and decisions taken based on the following limit: .00 to 0.1 = negligible relationship, .10 to .29 = week relationship and .30 to .49 = moderate relationship, .050 to .69 = substantial relationship and .70 to 1.00 = very strong relationship. The decision for accepting a null hypothesis was that if $p > .05$ there is no significant relationship, which means that the hypothesis was retain, but if $p < .05$ there is significant relationship, which implies that the hypothesis was rejected.

Results

Research Question 1: What is the relationship between staff development and employee retention in the banking industry in Cross River State?

Linear regression was used to answer this question. The data are as shown on Table 1.

Table 1: Regression Analysis on Staff Development and Employee Retention

Variable	R	R ²	% of contribution	Adjusted R	Remark
Staff Development	0.733	0.537	53.7	0.545	Very strong relationship
Employee Retention					

As shown in Table 1, correlation coefficient (R) .733 which is greater than zero, shows that there is a positive linear relationship between staff development and employees retention. This implies that for every increase in staff development there is a corresponding

.733 unit increase in employees' retention score. The R^2 of .537 indicates that 53.7% of the variance in staff development determines employees' retention in banking industry in Cross River State.

Research Question 2: What is the relationship between staff recruitment and employee retention in the banking industry in Cross River State?

Linear regression was used to answer this question. The data are as shown on Table 2.

Table 2: Regression Analysis on Staff Recruitment and Employee Retention

Variable	R	R ²	% of contribution	Adjusted R	Remark
Staff Recruitment	0.695	0.483	48.3	0.481	Substantial relationship
Employee Retention					

As shown in Table 2, correlation coefficient (R) .695 which is greater than zero, shows that there is a positive linear relationship between staff recruitment and employee retention. This implies that for every increase in staff recruitment there is a corresponding .483 unit increase in employee retention score. The R^2 of .483 indicates that 48.3% of the variance in staff recruitment determines employee retention in banking industry in Cross River State.

Null Hypotheses 1: There is no significant relationship between staff development and employee retention in the banking industry in Cross River State.

Summary of results of testing null hypothesis 1 is presented on Table 3

Table 3: Regression Analysis on staff development and employee retention in the Banking industry in Cross River State.

Model	Sum of Squares	Df	Mean square	F	Sig.	Decision
Regression	4340.6	1	4340.6			Significant
Residual	3747.6	224	16.73	259.5*	.001	
Total	8088.3	225				

* = Significant at $p < .05$

The analysis in Table 3 shows the F-value is 259.5 and the p-value (.001) is less than the level of significance (.05) at 225 degree of freedom. This implies that there is a significant linear relationship between staff development and employee retention. Therefore, the null hypothesis which stated that there is no significant relationship between staff development and employee retention in the banking industry in Cross River State is rejected. It therefore concluded that significant relationship exist between staff development and retention of employee in the banking industry

Null Hypotheses 2: There is no significant relationship between staff recruitment and employee retention in the banking industry in Cross River State.

Summary of results of testing null hypothesis 2 is presented on Table 4.

Table 4: Regression Analysis on staff recruitment and employee retention in the banking industry in Cross River State.

Model	Sum of Squares	Df	Mean square	F	Sig.	Remark
Regression	3908.3	1	3908.4			
Residual	4179.9	224	18.7	209.0*	.000	Significant
Total	8088.3	225				

* = Significant at $p < .05$

The analysis in Table 4 shows the F-value is 209.0 and the p-value (.000) is less than the level of significance (.05) at 225 degree of freedom. This implies that there is a significant a linear relationship between staff recruitment and employee retention. Therefore, the null hypothesis which stated that there is no significant relationship between staff recruitment and employee retention in the banking industry in Cross River State is rejected. It is therefore concluded that significant relationship exist between staff recruitment and retention of employee in the banking industry

Discussion of Findings

Result of the study indicated that there is a very high relationship between staff development and employee retention in banking industry in Cross River State. In addition, the finding also shows a significant linear relationship between staff development and employee retention. The finding is in consonance with the findings of Hussain and Rehman (2013) reported that training and development; and employment security have a significant impact on employees' retention. Healthfield (2005) who suggested that perceptions of human resources practices such as providing training and job security by the company are important determinants of employee retention. Again the findings agreed with the findings of Shama (2009) who in a study found a positive correlation between investment in training and employee commitment. The findings may be due to the fact that staff development offers to employees' opportunities to improve on their skills and knowledge as it has to do with the job; and this comes with the organisation investing in her employees to build and develop their skills in a way it will help to enhance the productivity level of the organisation.

Findings further indicated a very high relationship between staff recruitment and employee retention in banking industry in Cross River State. In addition, the result there is a significant linear relationship between staff recruitment and employee retention. A finding of this study is also in line with the findings of Wambui (2014) who reported that there is a positive relationship between the employees training and employee recruitment employees' retention. The findings could be because the main idea surrounding recruitment is to ensure that sufficient pool of would be personnel who can consistently fulfill their roles are recognised and employed for the achievement of the organisational goals.

Conclusion

On the basis of the findings of this study and discussion of same, it was concluded that effective HRM practices can be the main factor accounting for the success of an organisation. Also, HRM practices can also be used to elicit some positive behavioural outcomes as well as advance the skills and abilities of employees. However, rather than the foregoing practices gaining the interest and commitment of employees, there appear to be on

a decline and dissatisfaction of services to employees owing to lack of interest in the banking industry in Cross River State. Therefore, staff development and staff recruitment significantly relates to employees retention in banking industries in Cross River State.

Recommendations

Based on the findings of this study, the following recommendations were made:

1. Banking industries should ensure that both direct and indirect initiatives are set aside for employees to enhance their productivity at their various work places.
2. Employers of labour in banks should set out adequate measures in their various organisations that will be favourable to employees especially the committed ones.
3. Bank managers should on a frequent note organise workshops and the likes where their staff would be presented with opportunities to develop themselves in knowledge and skills for optimum work output.

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