

## Selected Human Resource Management Practices and Employee Retention: A Case of Deposit Taking Microfinance Institutions in Nairobi, Kenya

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### ABSTRACT

*Retention of employees is increasingly becoming a real challenge in organizations. While past studies have demonstrated the importance of employee retention in organizations, few have empirically examined the effect of human resource management practices on employee retention. The overall objective of this study was to examine the effect of selected human resource management practices on employee retention in deposit-taking microfinance institutions in Nairobi, Kenya. Specifically, the study sought to establish the effect of career development, learning, and development on employee retention in deposit-taking microfinance institutions in Nairobi, Kenya. A census survey of twelve (12) licensed deposit-taking microfinance institutions was conducted in the study. The study adopted an explanatory research design. The target population comprised 320 employees from the institutions' headquarters in Nairobi. Stratified sampling was used to select the respondents from different departments of the licensed deposit-taking microfinance institutions. Primary data was collected using a structured questionnaire. The data was summarized using the mean and standard deviation. Pearson's correlation was used to examine the relationship between career development, learning and development, and employee retention. Simple and multiple regression analyses were used to test the research hypotheses. Pearson correlation results revealed that career development and employee retention ( $r = 0.161$ ,  $p$  value  $0.002$ ) were positively and significantly correlated, with a significant positive correlation between learning and development and employee retention ( $r = 0.672$ ,  $p < 0.000$ ). Further, regression analysis results show that career development, learning, and development have a significant effect on employee retention. The study also revealed that career development, learning, and development have a significant effect on employee retention. The study recommends that to enhance employee retention, organizations need to invest in career development, learning, and development.*

**Keywords:** Career Development, Human Resource Management, Learning and Development, Micro-Finance Institutions

### I. INTRODUCTION

Employees are a key resource of any organization, and ignoring the significance of retaining skilled employees during the present time when skills and knowledge of staff are the most desired requirements is not appropriate (Bidisha & Mukulesh, 2013). In the current competitive landscape, organizations have recognized employee retention as a paramount priority. This strategic focus on employee management underscores the acknowledgment that employees are regarded as invaluable assets to the organization. In the face of intensifying competition, organizations place great significance on retaining their employees, recognizing that retention serves a dual purpose. Not only does it mitigate turnover costs and expenses associated with recruitment and training, but it also safeguards against the loss of talented individuals to external opportunities or poaching (Ejiofor et al., 2006).

In the twenty-first century, organizations face the challenge of motivating and retaining employees who are committed to their ideals and aspirations while also driving enhanced productivity (Kellough, 2007). Microfinance institutions are tasked with retaining employees and fostering loyalty and commitment within their organizations. Employee retention focuses on understanding the reasons why employees choose to remain with their current organizations (Akala, 2012).

From a global perspective, there is increasing global competition for the 'best' employees brought about by the shortfall in new workforce entrants in many advanced industrial economies. It is therefore prudent that companies ensure that their employees will keep working for them in order to maintain their competitive advantage. However, a large and

perhaps growing number of employees nowadays do not want a traditional career within one company (Burke et al., 2006). Consequently, they are less loyal and more opportunistic workers than in the past (Burke et al., 2006). It follows that companies now have to make increasing efforts to retain their skilled employees. Losing such employees means a loss of investment in the fact that a new employee has to be recruited and trained. It is against this backdrop that there is a need to examine the effect of selected human resource management practices on employee retention in microfinance institutions.

This study adopted the definition of human resource management (HRM) practices as the strategies, policies, and activities implemented by an organization to effectively manage its human resources. These practices encompass a wide range of activities related to the acquisition, development, utilization, and retention of employees within an organization. Human resource management (HRM) practices play a crucial role in influencing employee retention within organizations. Two HRM practices that have received attention in this study regarding employee retention are career development and learning and development (Ying et al., 2019).

To establish a robust theoretical foundation, this study incorporates two prominent theories—the social cognitive theory and Herzberg's two-factor theory—to understand the dynamics of employee retention. The social cognitive theory, developed by Bandura (1986), asserts that employees are more likely to remain committed to an organization when they perceive that their contributions are valued and rewarded (Blau, 1964). According to this theory, individuals engage in a social exchange process with their organizations, where they weigh the costs and benefits of their employment relationship. When employees believe that their efforts will be recognized and appropriately compensated, they are motivated to remain with the organization. Herzberg's two-factor theory provides insights into the factors that influence employee satisfaction and retention. This theory identifies two sets of factors: hygiene factors and motivators. Hygiene factors refer to the basic elements of the work environment, such as compensation, job security, and work conditions, which, if inadequate, can lead to employee dissatisfaction. On the other hand, motivators include factors like challenging work, recognition, growth opportunities, and responsibility, which contribute to employee motivation and job satisfaction (Herzberg, 2014).

By incorporating social cognitive theory and Herzberg's two-factor theory, we aim to gain a comprehensive understanding of the factors influencing employee retention. These theories provide us with a solid framework to explore how employees' perceptions of value and reward, as well as the presence of motivational factors, contribute to their commitment and longevity within the organization.

In line with the social cognitive theory proposed by Bandura (1986), this study will establish how employees' perceptions of the recognition and rewards they receive impact their commitment to the organization. By analyzing the interplay between perceived value and commitment, we can uncover the mechanisms through which organizations can enhance employee loyalty and reduce turnover rates.

Furthermore, Herzberg's two-factor theory, which highlights the distinction between hygiene factors and motivators, will guide our examination of the factors that influence job satisfaction and dissatisfaction. By identifying the elements that contribute to employees' overall satisfaction with their work environment, we can pinpoint areas where improvements can be made to bolster employee retention efforts (Herzberg, 1959).

Through the integration of these theories, we aim to provide a comprehensive analysis of the intricate dynamics surrounding employee retention. By understanding the cognitive and motivational aspects that underlie employees' decisions to stay with an organization, we can offer valuable insights that inform HR practices and strategies aimed at fostering a loyal and engaged workforce.

In 1959, Frederick Herzberg's two-factor theory emphasized the dual nature of the factors that influence job satisfaction and job dissatisfaction. The theory categorizes these factors into hygiene factors, such as working conditions and job security, and motivators, including recognition and career growth. In this study, Herzberg's theory aligns with our goal of understanding the impact of career development and learning opportunities on employee retention. The motivational aspect of the theory sheds light on how career development initiatives can contribute to higher retention rates because employees are more likely to stay when their needs for growth and recognition are met (Herzberg, 1959).

Social cognitive theory, proposed by Albert Bandura in 1986, emphasizes the role of observational learning and self-efficacy in shaping human behavior. This theory is relevant to our study because it clarifies the process by which employees acquire new skills and behaviors through learning and development programs. By enhancing employees' self-efficacy beliefs, these programs can lead to greater confidence in their ability to succeed and make positive contributions to the organization, thus influencing their decision to stay (Bandura, 1986).

Both Herzberg's two-factor theory and social cognitive theory align with the objectives of this study by providing frameworks for understanding the motivational and learning factors that contribute to employee retention.

The specific HRM practices examined, namely career development and learning and development initiatives, can be better understood and justified in the context of these theories.

By applying these theoretical perspectives, this study sought to examine how various human resource practices impact employee retention. The social cognitive theory emphasizes the importance of recognizing and rewarding employees for their contributions, while Herzberg's theory sheds light on the significance of providing motivating factors to enhance job satisfaction and ultimately retain employees.

To contribute to the understanding of the link between human resource management practices and employee retention in Kenya, this study sought to establish the effect of human resource management practices manifested through the dimensions of career development, learning, and development on employee retention in selected microfinance institutions in Nairobi, Kenya.

The remaining sections of the paper are structured as outlined below. The subsequent part introduces an examination of pertinent literature and outlines the research hypothesis. This is followed by an overview of the research methodology, which discusses the population, sample, and data collection, measurement of variables, and data analysis techniques. The fourth section presents the results and discussions. The fifth section presents the conclusions of the study.

## II. LITERATURE REVIEW

Effective human resource management (HRM) plays a vital role in organizations. It consists of a series of interconnected decisions that shape the employer-employee relationship and aim to unlock the full potential of individuals for the mutual benefit of both parties (Armstrong, 2006; Matthis & Jackson, 2004; Milkovich & Newmen, 1999). Extensive research has identified several key HRM practices, including but not limited to: strategic human resource planning, recruitment and selection processes, job analysis techniques, compensation and rewards systems, performance evaluation methods, learning and development initiatives, career management programs, employee relations strategies, and welfare provisions (Armstrong, 2006; Matthis & Jackson, 2004; Milkovich & Newmen, 1999).

These HRM practices have the potential to motivate employees by providing them with a sense of security, autonomy, recognition, and improved self-worth, which in turn leads to effective commitment (Dockel et al., 2006). Employee retention, a critical aspect of HRM, has been found to be influenced by various HRM practices. Among these practices, career development and learning and development have been widely recognized for their potential impact on employee retention.

Job flexibility, embracing career and life options, has been identified as a crucial incentive for employees (Eyster et al., 2008). Employers are increasingly offering greater job flexibility, including flexible career options such as training, mentoring, workstation accommodations, job mobility, and reduced work hours, as well as life options such as counseling services and health and wellness programs (Boomer Authority, 2009; Eyster et al., 2008). However, organizations must also acknowledge that providing these options may lead some employees to leave the company and pursue opportunities elsewhere. The role of career development is crucial in maintaining a balance between an individual's personal career goals and the workforce requirements of an organization (Lips-Wiersma & Hall, 2007).

Numerous studies have consistently demonstrated that organizations offering meaningful opportunities for career growth are more likely to retain their employees (Arthur et al., 2005; Li & Greenhaus, 2017). When employees perceive that their organization supports their ambitions and offers chances for advancement, they display increased motivation to stay with the organization and contribute to its overall success (Tansley, 2011).

Learning and development programs are another essential aspect of HRM practices that can significantly impact employee retention. These programs involve providing employees with training, workshops, seminars, and other learning opportunities to enhance their knowledge, skills, and competencies. When organizations invest in employee development, it signals their commitment to supporting employees' professional growth and contributes to higher job satisfaction and engagement (Colombo & Rebughini, 2017). As a result, there is an increased likelihood of employees remaining loyal to the organization and utilizing their recently developed skills and knowledge within their respective positions.

The link between career and development, learning and development, and employee retention can be understood through various mechanisms. First, these practices enhance employees' sense of competence and self-efficacy, making them feel more confident in their abilities and more engaged in their work (Colombo & Rebughini, 2017; Tansley, 2011). When employees perceive that their organization is investing in their development, it fosters a sense of loyalty and commitment, making them less likely to seek opportunities elsewhere.

Secondly, the provision of career growth possibilities and avenues for learning serves to instill in employees a genuine sense of direction and satisfaction. When individuals can discern a well-defined pathway for their careers and are presented with opportunities for advancement and personal development, they become more inclined to experience contentment in their work and maintain a high level of motivation towards staying with the company (Li & Greenhaus, 2017). Moreover, when organizations implement programs that facilitate continuous learning and provide developmental experiences, they contribute to establishing an atmosphere that emphasizes the importance of acquiring knowledge while fostering feelings of unity and active involvement among staff members.

Furthermore, career development and learning opportunities contribute to the overall employability and marketability of employees. By acquiring new skills and knowledge, employees become more valuable assets to the organization and more competitive in the job market (Tansley, 2011). This increased marketability can act as a deterrent to leaving the organization, as employees recognize the long-term benefits of staying with an employer that invests in their development.

Several studies have examined the impact of HRM practices on employee retention in the context of microfinance institutions in Kenya. A study conducted by Nganga (2019) investigated the effect of HRM practices on employee retention in the microfinance sector. The results indicated that microfinance institutions can elevate employee job satisfaction and tenure by prioritizing training and growth initiatives, thereby equipping staff with the necessary competencies and expertise relevant to their individual responsibilities. Additionally, employees who perceived greater support from their organizations in these areas were more likely to stay with the institution. The study might not have accounted for other factors or variables that could influence employee retention, such as individual characteristics, external market conditions, or organizational changes presenting a lack of control for confounding variables. This study adopted individual factors as the moderating variables.

Similarly, another study by Muthoni (2018) examined the impact of HRM practices on employee retention in microfinance institutions. The study revealed that HRM practices such as employee involvement in decision-making, fair compensation, and recognition programs positively influenced employee retention. Employees who experienced a sense of worth and acknowledgment for their contributions exhibited a greater likelihood of sustaining their dedication and commitment to remain in the organization. Participants might have provided responses that they believed were socially desirable or aligned with what they perceived as favorable in the workplace, rather than expressing their true experiences or opinions and presenting a social desirability bias limitation. This study adopted stratified sampling to ensure bias reduction while using sample data.

Furthermore, a study by Odera (2020) explored the relationship between HRM practices, employee job satisfaction, and retention in microfinance institutions. The findings indicated that HRM practices, including employee development programs, performance appraisal systems, and work-life balance initiatives, significantly influenced employee job satisfaction and subsequent retention. Companies that offered sufficient prospects for training and advancement while fostering a favorable equilibrium between work and personal life encountered elevated employee contentment and reduced rates of employee turnover. The research might have utilized a cross-sectional methodology, which captures information at a single instance. This limitation in design implies that it's not feasible to determine causation, and the enduring impacts of HRM strategies on prolonged employee job satisfaction and tenure over time cannot be thoroughly explored, thus revealing a gap attributed to the cross-sectional design. This study adopted an explanatory research design.

A study by Kamau and Njihia (2019) examined the impact of leadership styles on employee retention in Kenyan MFIs. The results indicate that transformational leadership positively correlates with employee retention, indicating that leaders who inspire and motivate their subordinates are more likely to retain talented employees. While the study identified a positive correlation between transformational leadership and employee retention, it might not have fully accounted for other factors that could influence retention rates, such as compensation, career development opportunities, or the broader economic environment, presenting a lack of control for other factors. This study focused on additional human resource factors, which were career development, learning, and employee retention.

Gachau and Ogindo (2016) discussed the relationship between organizational culture and employee retention in MFIs. The results indicated that a positive and supportive organizational culture significantly influenced employee retention. Institutions that fostered a culture of teamwork, trust, and employee empowerment had higher employee retention rates. However, the study's research gap was that it had not accounted for other critical factors influencing employee retention, such as compensation packages, career development opportunities, or job market dynamics.

A study conducted by Makworo and Abok (2014) centered on elements influencing employee retention within Kenyan state corporations. The research revealed that recruitment and selection processes, along with learning and development growth initiatives, in addition to compensation, exhibited a positive and statistically significant impact on

employee retention at Kenya Power and Lighting Company. Additionally, organizational culture, rewards, career development, and the work environment were found to significantly affect the implementation of employee retention strategies within the organization. However, the study's limitation is its focus on a single organization, which restricts generalization of the findings.

Al-Sharafi et al. (2018) investigated the impacts of non-financial approaches, training initiatives, and the advancement of careers on employee retention within telecommunications firms operating in Yemen. The research, conducted with a participant sample of 100 non-managerial personnel from four telecommunications companies in Yemen, identified that training yielded a positive influence on employees' contentment and tenure. However, career development was not considered to be a significant component of employee satisfaction or retention.

A study conducted by Houssein et al. (2021) aimed to investigate the influence of employee engagement, work-life balance, and career growth on employee retention in the financial sector in Djibouti. Employing a quantitative methodology with a participant group of 100 respondents, the research established a significant and positive correlation between employee engagement, career advancement, and the retention of employees.

Learning and development not only enhance employees' knowledge but also contribute to their performance improvement (Jason, 2008). Training enables employees to apply new knowledge and skills to increase their efficiency and effectiveness, resulting in improved job performance and reduced reliance on external assistance. Moreover, training can help employees enhance their skills and job performance, leading to career advancement within the organization. The literature indicates that organizations have recognized the importance of learning and development and its alignment with talent management, leading to improved organizational outcomes and employee retention (Oladapo, 2014).

Karemu et al. (2014) carried out an investigation concerning an in-depth evaluation of career management and its ramifications on the tenure of medical personnel in public hospitals within Kenya. The research brought to light that human resource strategies positively and significantly influence the retention of medical professionals, including doctors and nurses, at Kenyatta National Hospital. In research conducted by Bano et al. (2011), the focus was on employee retention within the corporate sector of Islamabad, Pakistan. The results revealed that an individual's ability to learn and grow had a notable impact on their attitude towards work as well as the overall effectiveness of the organization itself. This influence manifested in various ways, such as heightened dedication, reduced turnover rates, and increased contributions made by employees. The study emphasized the need for organizations to effectively manage their human resource practices to gain a competitive advantage over their rivals.

Alicja (2007) conducted research on the status of human resources in Polish businesses and identified career and retention management as significant challenges for organizations. Learning and development practices implemented by organizations can directly or indirectly affect job satisfaction and employee retention. Organizations invest in training and development programs to enhance employees' skills and sustain their careers, recognizing the importance of intellectual resources acquired through learning and development (Armstrong, 2006).

Overall, the literature suggests that HRM practices, particularly career development and learning and development, play a crucial role in enhancing employee retention. These practices provide employees with opportunities for growth, increase job satisfaction, and contribute to the organization's overall success. However, further research is needed to explore the effects of human resource management strategies and approaches that organizations can adopt to effectively improve employee retention. Taking into consideration the aforementioned theoretical arguments and past empirical evidence, this study tested the following hypothesis:

H0: Career development and learning and development have no significant effect on employee retention.

### III. METHODOLOGY

#### 3.1 Research Design

This study adopted an explanatory research design. The nature of this research study is to examine the factors that caused a certain phenomenon to occur (Cooper & Schindler, 2003). This study sought to examine the effect of HRM practices on employee retention. The independent variables are career development, learning, and development; the dependent variable is employee retention. The research further implemented a cross-sectional sample survey among the employees working in deposit-taking microfinance institutions located in Nairobi, Kenya.

#### 3.2 Population and Sample

According to Central Bank of Kenya data, as of December 2021, there were only 14 licensed deposit-taking microfinance institutions. The unit of analysis was the employee, hence the targeted population constituted of the employees for all the institutions from the head office of each institution within Nairobi Central Business District, which

totals to 320 as obtained from the human resource departments of the microfinance institutions. A sample of 117 employees drawn from various departments was used for the study.

### 3.3 Data Collection

Primary data was collected using a structured questionnaire. The questionnaire was used to collect data regarding the profiles of the respondents and study variables. The questionnaire was self-administered with an introduction letter detailing the essence of the data collection, with assistance from research assistants. Data was collected using a five-point Likert scale ranging from strongly disagree (1), disagree (2), uncertain (3), agree (4), and strongly agree (5).

### 3.4 Measurement of Variables

Career development was measured using the conceptualization of Mensah (2014) in terms of career and development growth, while learning and development were measured using learning and development programmes. Employee retention was measured using job satisfaction and the intention to leave (Mensah, 2014).

### 3.5 Data Analysis and Presentation

Both descriptive and inferential statistical techniques were used to analyze the data. Descriptive statistics such as mean, percentages, and standard deviation were used to summarize data on the profiles of respondents and institutions. The correlation analysis employed Pearson's correlation coefficient to evaluate the relationship between the selected practices of human resource management and the retention of employees. For testing the research hypotheses, multiple regression analysis was used, and all hypotheses were tested at a significance level of 0.05.

To test hypothesis, the following multiple regression model was developed:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$$

Where:

Y is employee retention,  $X_1$  = Career development,  $X_2$  = Learning and development,  $\beta_0$  = constant,  $\beta_1 - \beta_2$  = Regression coefficients and  $\varepsilon$  = error term.

## IV. RESULTS & DISCUSSIONS

### 4.1 Response Rate

Data was collected from staff drawn from different departments of deposit-taking microfinance institutions in Nairobi. A total of 177 questionnaires were distributed, out of which 131 were carefully completed and promptly submitted, yielding a commendable response rate of 74.0%. In this investigation, the obtained response rate exceeded the desirable minimum threshold of 70% as suggested by Mugenda (2008), signifying favorable participation from the survey participants.

### 4.2 Validity and Reliability Tests

#### 4.2.1 Validity

Validity pertains to the precision and significance of conclusions drawn from the research findings (Mugenda, 2008). If the data genuinely represents the variables, the conclusions derived from it remain both accurate and meaningful. Within this study, the evaluation of the content validity of the research instrument was conducted with the assistance of experts from the Faculty of Commerce at Egerton University to establish its validity.

#### 4.2.2 Reliability

Cronbach's alpha coefficient was computed to check the reliability of the instrument. The alpha coefficient possesses a theoretical range of 0 to 1, and any values greater than the threshold of 0.7 are deemed satisfactory for ensuring the accuracy of the model (Nunnally, 1978). Various aspects, such as career development, learning and development, and employee retention, were subjected to a reliability test. The results are shown in Table 1.

**Table 1***Coefficient of Cronbach's Alpha*

Dimensions	Cronbach's Coefficient Alpha
Career Development	0.732
Learning and Development	0.712
Employee retention	0.769

As shown in Table 1, Cronbach's Alpha values for each of the variables are all above the threshold of 0.7. Therefore, all the questionnaire items were considered to meet internal consistency criteria.

### 4.3 Descriptive Statistics of Study Variables

This section presents the findings derived from descriptive analyses of career development, learning and development and employee retention.

#### 4.3.1 Career Development

The study examined career development practices in the institutions. This was effected through the calculation of means and standard deviations. Participants were requested to express their agreement levels utilizing a five-point Likert-scale format. The results are presented in Table 2.

**Table 2***Career Development*

Career development statements	N	Min	Max	Mean	Standard Deviation
I believe the career development program provided in our Institution leads us to job satisfaction	131	1.00	5.00	4.12	0.95
I believe the career development program provides me with the knowledge and skills to employ clear career progression	131	1.00	5.00	4.10	0.95
I believe the career progression program provided me with the knowledge and skills to effectively execute duty	131	2.00	5.00	3.63	1.20
There are opportunities for employees to advance their career	131	2.00	5.00	3.70	1.11
Overall mean				3.89	

According to the results shown in Table 2, the mean score for career development was found to be 3.89. Amongst the different items listed, the one with the highest score was 'I am convinced that our institution's career development program promotes employee engagement' (mean = 4.12, SD = 0.95), while the item with the lowest score was 'I believe that the career progression program equipped me with adequate knowledge and skills to perform my duties effectively' (mean = 3.63, SD = 1.20). In general, these findings suggest that respondents agreed with statements concerning career development within their respective organizations. Therefore, these results can be interpreted to mean that the organizations actively implement career development initiatives.

Career development opportunities for employees are an important aspect of HRM that is expected to have positive effects on their self-esteem, morale, and satisfaction (Khaleel et al., 2016). It is also believed that providing such opportunities will enable employees to gain additional knowledge, skills, and abilities, which can lead to improved performance, commitment, and retention. If employees do not experience the anticipated benefits from career development programs, they may become dissatisfied with their employer. For many employees, training serves as a symbol of their organization's investment in them. When this need is not met by the employer, individuals may reconsider staying with the company even if there are promises of future training (Adeniji et al., 2018), aligning with the findings presented in this study.

#### 4.3.2 Learning and Development

The study established learning and development methods implemented within the deposit-taking institutions. This was examined through the utilization of mean and standard deviation as analytical tools. In order to gather data, participants were requested to express their level of agreement on a five-point Likert-type scale. These responses were then summarized and analyzed. The results are presented in Table 3.

**Table 3***Learning and Development*

Learning and development statements	N	Min	Max	Mean	Standard Deviation
I am committed to Learning and development and have become productive	131	2.00	5.00	3.62	1.04
Learning and development increases my potential and leads to engagement	131	2.00	5.00	3.64	1.03
My employer involves me in learning and development decision making	131	2.00	5.00	4.21	0.68
My employer rewards me through learning and development	131	2.00	5.00	2.93	0.99
My employer regularly talks with me about my learning and development progress	131	2.00	5.00	3.59	1.07
Overall Mean				3.60	

As shown in Table 3, the overall mean was 3.60. The respondents affirmed that 'My employer involves me in learning and development decision making' (mean = 4.21, SD = 0.68) while the item with the least mean score was 'My employer rewards me through learning and development' (mean = 2.93, SD = 0.99). These results were interpreted to mean that the more employees were involved in learning and development talks, the more likely they would be committed and engaged to remain within the same company.

Low employee retention has been attributed to high absenteeism, poor productivity, and a lack of learning and development (George, 2011). According to a study conducted by Jacinta in 2015, organizations aim to accomplish their strategic goals by creating an environment conducive for employees to excel and unleash their full potential, benefiting the organization. The research findings also indicate that employers should involve employees in decision-making processes concerning learning and development. This is crucial as it fosters a sense of inclusion, enables employees to understand the organizational vision, and helps them identify their role within the company (Kennedy & Daim, 2010).

**4.3.3 Employee Retention**

The study established employee retention in the institutions. This was examined using the mean and standard deviation. The respondents were asked to rate their level of agreement on a five-point Likert-type scale, and their responses were summarized using the minimum, maximum, mean, and standard deviation presented in Table 4.

**Table 4***Employee Retention*

Employee retention statements	N	Min	Max	Mean	Standard Deviation
I intend to work with this organization for as long as possible	131	1.00	5.00	3.91	1.21
My job utilizes my skills	131	2.00	5.00	3.60	0.75
I am content with the chance to expand my career professional growth in this company	131	1.00	5.00	3.27	1.31
I get opportunities for updating my skills	131	3.00	5.00	4.47	0.69
I have a clear career advancement path	131	2.00	5.00	4.30	0.80
I will remain with this organization even if am offered a better opportunity elsewhere	131	1.00	5.00	3.40	1.23
Overall mean	131			3.83	

As tabulated in Table 4, the overall mean score for employee retention was (M = 3.83). The item 'I get opportunities for updating my skills' had a higher mean score (mean = 4.47, SD = 0.69) and the item 'I am content with the chance to expand my career professional growth in this company' had a lower mean score (mean = 3.27, SD = 1.31). The respondents have varied levels of agreement when it comes to the item 'I have a clear career advancement path', as evidenced by a standard deviation of 0.80. However, on average, the majority (mean = 4.30) do agree on this aspect. However, the item 'I will remain with this organization even if I am offered a better opportunity elsewhere' had a mean score (mean = 3.40, SD = 1.23), which indicated that the respondents neither strongly agreed nor strongly disagreed with looking for better opportunities elsewhere. The overall mean score of (mean = 3.83) signifies a consensus among survey participants in terms of their agreement with the given statements, showing their intention to stay in their organizations.

The findings of this study are supported by the findings of Al Kurdi et al. (2020), who noted that retaining skilled employees is considered an important advantage source for any organization. Nevertheless, while an organization seeks to retain its employees, different challenges also need to be faced. Employees who are creative are encouraged to stay in organizations, while employees who are weak performers with low productivity are encouraged to leave (Kar & Misra, 2013). Employee retention is preferable to hiring a new employee as a substitute for an effective employee, as well as taking into account the cost of hiring the new employee. According to Lee and Way (2010), retaining a productive workforce is important for any organization because if the organization cannot retain its employees, it will not be able to exploit its human asset progress inside the organization.

#### 4.4 Correlation Matrix

To examine the relationship between career development and learning and the development and retention of employees, Pearson correlation analysis was used. Table 5 summarizes the results.

**Table 5**

*Pearson Correlation Matrix*

Indicator		Employee retention	Career development	Learning & Development
Employee retention	Pearson Correlation	1		
	Sig. (1-tailed)			
	N	131		
Career development	Pearson Correlation	0.161**	1	
	Sig. (1-tailed)	0.002		
	N	131	131	
Learning and development	Pearson Correlation	0.672**	0.588	1
	Sig. (2-tailed)	0.000	0.762	
	N	131	131	131

\*\* Correlation is significant at the 0.05 level (1-tailed)

The results of the correlation analysis presented in Table 5 show that career development was positively and significantly correlated to employee retention ( $r = 0.161$ ,  $p < 0.05$ ). Learning and development were positively and significantly correlated to employee retention ( $r = 0.672$ ,  $p < 0.05$ ). The findings show that the relationship between learning and development and career development was positive but not significant ( $r = 0.588$ ,  $p > 0.05$ ). Therefore, an increase in employees' involvement in career development decision-making in deposit-taking microfinance institutions leads to an increase in employee retention.

#### 4.5 Test of Hypothesis

The study sought to establish the joint effect of career development and learning and development on employee retention. It was hypothesized that career development and learning and development jointly have no significant effect on employee retention. The data was analyzed using a multiple regression model. The results are tabulated in Table 6.

**Table 6**

*Multiple Regression Results on the Joint Effect of Career Development, Learning and Development on Employee Retention*

Model summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	0.837 <sup>a</sup>	0.714	0.588	0.27024	
ANOVA					
Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	5.648	2	2.824	19.336	.000 <sup>b</sup>
Residual	5.331	128	0.042		
Total	10.979	130			
Coefficients <sup>a</sup>					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.969	0.473		4.162	0.000
Career development	0.575	0.069	0.679	8.306	0.002
Learning and development	0.113	0.063	0.170	1.799	0.000

a) Predictors (Constant) : Career development, Learning and development

b) Dependent Variable : Employee Retention

From Table 6, the model summary on the joint effect of career development and learning and development on employees' retention shows that R square is 0.714, which shows that 71.4% of the variation in employee retention is explained by the dimensions of career development and learning and development. This means that the remaining 28.6% was affected by factors outside of this research study.

From Table 6, ANOVA results show that the model was significant ( $F = 19.336$ ,  $p < 0.05$ ), and therefore the null hypothesis that career development and learning and development jointly do not have a significant effect on employee retention is rejected and the alternative hypothesis that career development and learning and development jointly have a significant effect on employee retention is accepted.

From the standardized coefficients in Table 6, career development had the greatest effect on employee retention, which was positive and significant ( $\beta = 0.679$ ,  $t = 8.306$ ,  $p < 0.05$ ). The effect of learning and development on employee retention was positive and significant ( $\beta = 0.170$ ,  $t = 1.799$ ,  $p < 0.05$ ).

The results of this study are consistent with those of Kadiresan (2012), which examined performance assessment, training, and the development of human resource management practices related to organizational engagement and intention to leave. Research results have shown that there is a significant relationship between career management and retention. Furthermore, Chitalu (2011) showed that one of the key factors in retaining qualified employees is the provision of professional development opportunities. This result is also consistent with Waleed's (2011) research on the relationship between personnel practices and employee retention in public sector institutions. The study concludes that proper training and career development contribute positively to employee retention by making employees feel recognized for their strengths and creating opportunities to further develop their competencies.

## V. CONCLUSIONS & RECOMMENDATIONS

### 5.1 Conclusions

This study showed that career development had a significant effect on employee retention, which implies that career development is essential for a higher rate of employee retention. Thus, the study recommends that microfinance institutions could institute career development as part of their mitigation measures to create a competitive advantage and improve their employee retention rate. This is because career development has been proven to have a positive impact on employee retention and, thus, on essential talent management practices. The study also found a significant effect of learning and development on employee retention. The study, therefore, recommends that microfinance institutions need to develop effective learning and development programs to enhance employee retention.

### 5.2 Recommendations

The study was limited in terms of the scope of the variables. Career development and learning and development were the only two variables factored into the selected human resource practices, while employee retention was also

limited to job satisfaction and intent to leave variables. Although the variables were helpful in getting insights, perceptions vary over time, and other human resource management practices may affect the study. Therefore, future research could examine the influence of other human resource management practices within different sectors to enhance understanding of the linkages between human resource management practices and employee retention.

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