

HUMAN CAPITAL DEVELOPMENT AND EMPLOYEE RETENTION IN THE NIGERIAN INSURANCE SECTOR

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Abstract

Human Capital Development and Employee Retention are major corporate challenges; hence, their link was investigated. Training and coaching were used as scope for the predictor variable to establish the extent of relationship with the mono-construct employee retention criterion variable. The study adopts the cross-sectional survey design amongst 204 workers of 8 registered insurance firms through questionnaire. Spearman Rank Order Correlation Coefficient and Partial Correlation Coefficient were key statistical instruments used for analysis. Revealed result shows a momentous link in human capital development and employee retention. Training and coaching also strongly correlate with employee retention. Corporate culture equally moderates the association between human capital development and employee retention. On the above premise the scholar's advice operators of firms to be deliberate by voting in reasonable fund to human capital up-scaling to enhance their commitment to firm, with scholarly evidence as an effective employee retention strategy; employees trained and developed by firms tend to feel indebted to the organization which make them normatively committed to the organization in essence disabusing their intention to leave the firm.

Keywords: Human Capital Development, Employee Retention, Training, Coaching.

Introduction

The retention of skilled employees in a dwindling economy paraded with employees hunt for better paying corporate firms has been a grim concern to leaders of public and private sector; especially in today's business environment with the intense competition of skilled employees as the determining differentiating denominator amongst firms. Organizations rely greatly on the proficiency of her employees to compete favorably. The dicey situation managers are confronted with in attempt to keep savvy skilled employees due to their high market demand has been well documented. Lee, (2006); Raub and Streit (2006) linked the much employee turnover to poor and faulty recruitment process. Hendricks (2006) equally echoed the much demand on skilled workers and encourages leaders to be proactive in managing employee's turnover when secured.

Patricia, Zingheim, Schuster and Marvin (2009), underpinned leaders' attitude in responding to the need to be agile in managing and treating essential talents of the employees as the way forward. Though, Abassi and Hollman, (2000); Sherman, Aiper and Wolfson (2006) underlined hiring praxis; leadership approach, inadequate compensation system and noxious workplace environments amongst others as basis for employee's turnover.

Consequent upon these reasons, Goud (2014) expressed worries on the cost implication of employee turnover, noting that in cost firms twice the cost to secure new employee each time a skilled employee exits an organization. Despite several attempts of scholars to curb employee's turnover, retention is still a challenge in the insurance industry. This study therefore seeks to ascertain the relationship between human capital development and employee retention with organizational culture as a moderating variable in the Nigerian insurance sector.

Study Focus

Major study focus is to examine the correlation between Human Capital Development and Employee Retention. The following concretized the focus in detail:

1. To examine the empirical association between training and employee's retention
2. To determine the link between coaching and employee's retention
3. To establish the extent to which corporate culture moderates the link between human capital development and employee's retention

Research Questions

These research questions would guide the exercise:

1. What is the extent training is associated with employee retention?
2. To what extent does coaching relate to employee's retention?
3. What is the influence of corporate culture on the association between human capital development and employee's retention?

Research Hypotheses

Tentative responses were proffered to questions asked above in the indirect negative approach.

H₀₁ There is no momentous link between training and employee retention

H₀₂ Coaching is not worthwhile empirically linked to employee retention

H₀₃ Organizational culture does not significantly affect the link between human capital development and employee retention

Methodology

Study adopts cross-sectional survey design. Owen (2002) explained this type of design to involve information gathering from an unbiased proportion of a population.

The population of the study is made up 705 employees from eight (8) insurance companies in Bayelsa State. The number distribution of the various organizations represented with alphabets for ethical considerations are shown in the table below.

Table 1 Total population

S/N	NAMES OF ORGANIZATIONS	POPULATION SUB-UNITS OF
1	S	125
2	T	110
3	U	35
4	V	45
5	W	120
6	X	135
7	Y	75
8	Z	60
Total		705

Field work 2022

Purposeful sampling technique was used on employees from each of the eight (8) insurance companies. 255 sample sizes were determined using the Taro Yemen's Technique.

Bowley's Proportional Allocation Technique (1967) was used to arrive at the number of respondents representing the various insurance companies.

$$nh = \frac{n(Nh)}{N}$$

Where; nh = number of units to be allocated to each sub-group
 Nh=? Number of respondents in each sub-group n= Total sample size

N= Total population

Illustration in calculating the company V.

$$nh = \frac{255 \times 125}{705} = \frac{31875}{705} = 45$$

Table2 Percentage Distribution

S/N	NAMES OF ORGANIZATIONS	POPULATION OF SUB-UNITS	Questionnaire distribution sub-of unit	Percentage (%)
1	S	125	45	18
2	T	110	40	16
3	U	35	13	5
4	V	45	16	6
5	W	120	43	17
6	X	135	49	19
7	Y	75	27	10
8	Z	60	22	9
		705	255	100

Spearman Rank Order Correlation Co-efficient was used to test the hypothetical statements while Partial correlation was used to test the moderating effect of corporate culture.

Content validity was utilized and Cronbach's Alpha with 0.71 benchmark Nunally (1978) was used for reliability testing.

Table 3 Reliability Result

Variable	Cronbach Alpha	No. of Items
Training	0.906	5
Coaching	0.865	6
Employee Retention	0.873	5
Organizational culture	0.950	6

Table 4. Questionnaire distribution and retrieval process

Number of Questionnaire Distributed	255	100%
Number of Questionnaire Retrieved	231	91%
Number of Usable Questionnaire	204	80%

Table 5 Descriptive Results

Variables	Mean Score	Standard Deviation	
Human capital development (predictor)	0.76394		4.0440
Training	3.9990	0.93609	
Coaching	4.0891	0.68855	
Employee Retention (Criterion)	4.0281	0.65550	
Organizational Culture	4.1185	0.82797	

From the score table the least 3.9990 (training) was greater than the significant level of 1.00 show a level of agreement and ascertaining the reliability of the research instrument.

**Test of Hypotheses Table 6 Showing the correlation between training and employee retention
Nonparametric Correlations**

			Training	Employee retention
Spearman's rho	Training	Correlation Coefficient	1.000	.236**
		Sig. (2-tailed)	.	.001
		N	204	204
	Employee retention	Correlation Coefficient	.236**	1.000
		Sig. (2-tailed)	.001	.
		N	204	204

** . Correlation is significant at the 0.05 level (2-tailed).

HO₁: There is no significant relationship between training and employee retention rho: 0.236, pvalue: 0.001 hence, null hypothesis one was rejected and we restate that There is a strong empirical link between training and employee retention.

**Table 7 Showing the correlation between coaching and employee retention
Nonparametric Correlations**

			Coaching	Employee retention
Spearman's rho	Coaching	Correlation Coefficient Sig. (2-tailed)	1.000	.417**
		N	204	204
	Employee retention	Correlation Coefficient Sig. (2-tailed)	.417**	.000
		N	204	204

** . Correlation is significant at the 0.05 level (2-tailed).

HO₂: there is no significant relationship between Coaching and Employee retention at a 95% confidence interval and (rho: 0.417, p-value: 0.000). Null hypothesis two was rejected hence, coaching has shown to be strongly linked to employee retention

Tests for Moderating Effects

In this section, the moderating effect of organizational culture on the relationship between human resource development and employee retention is examined. Using the partial correlation technique, at 0.05 level of significance in examining two relative models depicting association between the predictor and the criterion. The first instance or model examines the significance of a relationship between the predictor and the criterion variable, while the second instance or model controls for the moderating effect of the contextual variable in the relationship.

Table 8 Correlation of Human capital development and Employee retention

	Human Capital Development			Employee Retention		
	Correlation	Sig. (2-tailed)	N	Correlation	Sig. (2-tailed)	N
Human Dev. Capital	1		204	.797	.000	204
Retention	.797	.000	204	1		204

The table 8 shows the correlation between human capital development and employee retention; the relationship is significant with a correlation value of 0.797 and a p-value 0.000.

Table 9 Illustrating the moderating effect of organizational culture on the relation between Human Capital Development and Employee Retention

Control Variables		Human Capital Dev.		Employee Retention	
		Human Capital Dev.	Employee Retention	Human Capital Dev.	Employee Retention
Culture	Correlation	1.000	.559	.559	1.000
	Significance (2-tailed)	.	.000	.000	.
		0	201	201	0

The table 9 shows the relationship between human capital development and employee retention while controlling for the moderating effect of organizational culture. Based on the result of the analysis, when organization culture was introduced the correlation between human capital development and employee retention was .559. Therefore, based on this result we reject the previous null hypothesis and thus restate that:

The organizational culture significantly moderates the relationship between human capital development and employee retention.

Discussion of Findings

Based on the decision rule that if the rho value is greater than the p-value reject null hypothesis and accept the alternate hypothesis, the bivariate nonparametric analysis shows that the three research hypotheses were all rejected. This implies that human capital development dimensions; training and coaching shows significant relationship with employee retention. This means that organizations that invest in developing its human capital only succeed in committing them for a long-time engagement to contribute their services towards the organizational goals.

This finding is consistent with prior research. Asma, Shagufta and Tabinda (2015) research result reveal that good human resource practices such as training and development helps to minimize employee turnover. Also, Arthur, (1994); Huselid, (1995) Studies further revealed that human resource practices – training and development, compensation plans, has direct impact on employee's behaviors and attitudes, which has a major toll on organizational outcomes.

Analysis on research hypothesis three also shows that organization culture significantly moderates the relationship between human capital development and employee retention. The implication is that if organization as a cultural norm that acknowledges the human capital as the most asset it would not neglect efforts to develop them to remain competitive.

Conclusion

The results show that there is a significant link between human capital development and employee retention. Specifically,

1. Effective management of the corporate human capital is a key strategy in achieving a more sustainable workforce.
2. Training is imperative in enhancing employee's skills and competence thereby committing them normatively and retaining them on the long run.
3. Coaching is proven to be an effective employee retention strategy that integrates employee into the organization and retention.

Recommendations

The following recommendations were made:

1. Organizations should invest in the development of its human capital in order to make them committed to the organization normatively, because their commitment to the organization will retain them.
2. Organizations should make efforts to train and coach her employees as a human capital development strategy so they can be more efficient and useful to the organization.
3. Organization cultural practices should have employees at heart; this will go a long way in making them to build confidence on the organization to stay.

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