

Effect of Human Resource Recruitment and Selection Practices on Employees' Retention in Microfinance Banks in Lagos State, Nigeria

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Abstract

Organizations primarily exist to accomplish specific objectives and goals. For organizations to achieve these, Human Resource Management (HRM) practices need to be embraced. The Microfinance bank subsector is challenged by inability to adopt HRM practices which may affect its performance at all levels. This study examined the interaction between HRM practices and performance of Microfinance banks in Lagos State, Nigeria. The study adopted survey research design. The target population comprised 9,708 employees of national, state and unit micro finance banks located across Lagos State, Nigeria. The study used stratified random sampling technique to select the sample of 1,548. A validated questionnaire was used for collection of data. The Cronbach's Alpha coefficients for the constructs ranged from 0.75 to 0.97 with response rate of 86.9%. Data were analyzed using descriptive and inferential (Pearson Product Moment Correlation and regression) statistics. Findings revealed that Human Resource Management practices components had significant combined effects on Microfinance bank performance ($Adj. R^2 = 0.678$, $F_{(5,1340)} = 568.330$). Recruitment and selection had significant effects on employee retention ($\beta = 0.723$, $t_{(1345)} = 132.569$, $R^2 = 0.929$, $p < 0.05$). The study concluded that Human Resource Management practices influenced the performance of Microfinance banks in Lagos State, Nigeria. The study recommended that Microfinance banks should implement effective recruitment and selection, and restructure of the operations of Microfinance banks to keep their failing business alive and increase their competition.

Keywords: Human Resource Management practices, Recruitment and selection, Motivation, Performance

Introduction

Globally, organisations exist primarily to accomplish specific objectives and goals. For organisations to achieve these specific objectives and goals, they need to embrace human resource management (HRM) practices such as recruitment and selection, training and development, employee motivation, human capital development which are vital tools for organisational survival and performance in the global business competitive environment (Kepha, 2014; Nwachukwu&Chladkova, 2017). Microfinance banks (MFBs) as organisation in Nigeria a play vital role in the economic growth and development and it also determines organisations' growth and development (Nwachukwu&Chladkova, 2017). The financial services offered by MFBs include savings, current, and loans to individuals and small businesses in rural and urban areas of the country. Micro-finance banking system in Nigeria was inaugurated in line with Banks and Other Financial Institutions Act (BOFIA) 25 1991 (as amended). The

Central Bank of Nigeria designed the Microfinance Policy, Regulatory and Supervisory Framework for Nigeria 2005 and Revised in April, 2011. Under the framework, microfinance banking is of three categories: MFBs licensed to operate as a unit bank, and with a minimum of ₦20 Million paid-up capital for each branch. MFBs licensed to operate in a state are to operate with a minimum paid-up capital of ₦1 Billion, later adjusted to ₦100 Million. National Microfinance Banks are to operate with a minimum paid-up capital of ₦2 Billion. Other regulatory provisions include even spread agenda, single ownership, corporate governance and full disclosure in line with Money Laundering Act.

Though MFBs have great potential and hold the key to economic development and poverty eradication especially at the grassroot level yet, the MFBs subsector is faced with many challenges. Ademola (2013) revealed that the aggregate of the challenges is under-performance as the sub-sector has not recorded as much successes as its counterparts in countries like Kenya, Sierra Leone and Bangladesh. Findings also revealed that beside societal distrust arising from people's experiences with its precursor, micro-finance banks', legal framework and weak capacity were some of the challenges that caused the subsector to underperform in Nigeria (Oyelere, 2014).

According to Adu-Darkoh (2014) and Ballantyne (2009), the processes of recruiting and selection have been a major concern to many individuals and organisations which need attention. It has also been observed that due to the inadequate information and evidence of how selection and recruitment are done in many organisations, the level of employee retention has dropped and caused decline in general performance of the organisations (Adu-Darkoh, 2014). Recruitment and selection practices contribute a vital role in shaping an organisation's effectiveness and performance, if organisations are able to acquire workers who already possess relevant knowledge, skills and aptitudes and are able to make an accurate prediction regarding their future abilities. Recruitment and selection also have an important role to play in ensuring workers' performance and positive organisational outcomes because organisational success is directly linked to the performance of those who work for that organisation (Adu-Darkoh, 2014; Ballantyne, 2009). For an organisation to succeed, survive, and compete effectively in this era of globalization, employers must embrace and practice recruitment and selection of employees in the best way (Adu-Darkoh, 2014). In Nigeria, Chukwu and Igwe (2012) affirmed that many organisations do not select and recruit qualified and right people to do the right job as a result of what is termed 'god fatherism' in most organisational system. Oyelere (2014) affirmed that human resource department of most Nigeria MFBs get the recruitment and selection wrong and being political in selection and recruitment processes result to poor performance of MFBs in Nigeria. This was also confirmed by Aguda and Noruwa (2015) that most recruitment and selection of employees in Nigeria MFBs lack knowledge and skills in practical microfinance banking which resulted to poor employee training and retention, and employee productivity of the MFBs.

In Nigerian competitive environment, the ability of MFBs to generate sufficient profit and the competence in planning is centered on the worth of human resources particularly when adequate resources are present to satisfy the requirement of demand forecast (Ndibe, 2014). Azeez (2017) corroborated this and stressed that Human Resources (HR) are the most valuable asset in any organisation. Even though organisations advanced with technology, they need HR to run the technology. With this advancement in the industries competition among the organisations are very high. This opens many pathways and opportunities in the hands of the HR. The major challenge faced by most of the organisation today is not only managing their workforce but also retaining them. Therefore, securing and retention of skilled workforce plays a vital role for any organisation due to the fact that knowledge and skills of the employees are central to the institution's ability to be economically competitive for growth and sustainability.

Recruitment and Selection Process

Various scholars have contributed to the field of HRM, and have offered intensive and thoughtful knowledge on the areas of HRM, especially on recruitment and selection. Bratton and Gold (2007) defined recruitment as the process of generating a pool of talented job-seekers applying to an organisation for employment. This provides the organisation the avenue to ensure that candidates with experience and qualifications most closely related to job specifications are eventually selected. Organisations become concerned when the cost of a mistake in recruitment is high. According to Armstrong (2006), recruitment is the aim to obtain, at a minimum cost, the number of suitable and qualified candidates to satisfy the needs of the organisation. Recruitment is the process of attracting prospective employees and stimulating them for applying job in an organisation. It is the process of

hiring the right kinds of candidates on the right job. Recruitment and selection activity is predominantly dealt with in two fields: a generally prescriptive human resource management or personnel management viewpoint and a very technical psychology literature that focuses on the validity (absolute and relative) of different forms of recruitment techniques, such as competency modelling, interviews and various types of psychometric testing (Kumar & Gupta, 2014).

Recruitment and selection are vital functions of human resource management for any type of business organisation (Ekwoaba, Ikeije&Ufoma, 2015). These are terms that refer to the process of attracting and choosing candidates for employment. The quality of the human resource the firm has heavily depends on the effectiveness of these two functions (Gamage, 2014). Recruiting and selecting the wrong candidates who are not capable come with a huge negative cost which businesses cannot afford. Thus, the overall aim of recruitment and selection within the organisation is to obtain the number and quality of employees that are required to satisfy the strategic objectives of the organisation, at minimal cost (Ofori&Aryeetey, 2011).

According to Adu-Darkoh (2014), recruitment is the process of finding and attempting to attract job candidates who are suitably qualified and therefore capable of filling vacancies in job positions effectively. The purpose is to encourage them to apply for the vacant position. Costello (2006) affirmed that recruitment is a set of activities and processes used to legally obtain adequate number of qualified applicants at the right place and time to enable applicants and the organisation to select each other for their own optimum interest. Furthermore, Chartered Institute of Personnel Management of Nigeria (CIPM, 2007) defined recruitment as the process of identifying and attracting or encouraging individuals with the requisite skills and profile (potential candidates) to apply to fill existing or future vacant positions in the organisation by making them aware that such vacancies exist. Jovanovic (2014) argued that recruitment is a process of attracting a great pool of high quality applicants to select the best among them.

Employee Retention

Retention of talent remains a primary concern for many organisations today. Hiring knowledgeable people for the job is essential for an employer but retention is even more important (Nyanjom, 2013). As defined by Kibui (2015), employee retention is a voluntary move by an organisation to create an environment which engages employees for long term. Employee retention encompasses talent management which is the use of an integrated set of activities to ensure that the organisation attracts, retains, motivates and develops talented people it needs now and in the future and the main purpose of employee retention is to prevent the loss of competent employees from the organisation which could have an adverse effect on productivity and service delivery (Kibui, 2015).

Employee retention is another area where consistent processes can help the HR function to identify clusters of key talent, set retention benchmarks, apply retention strategies and then evaluate and refine overtime. The objective of any organisation is not only to recruit personnel but also to maintain, develop and retain such manpower. According to Kibui (2015), employee retention practices include; recruitment, selection, socialization, training and development, compensation and reward, and employee engagement.

Kibui, Gachunga and Namusonge (2014) asserted that main purpose of retention is to prevent the loss of competent employees from the organisation which could have an adverse effect on productivity and service delivery. They further revealed that the object of any organisation is not only to recruit personnel but also to maintain, develop and retain such manpower. Organisations ought to put in place effective manpower retention mechanisms to retain their staff. The retention plan should address each of the areas in which lack of commitment and dissatisfaction can arise these would include pay, jobs performance, training, career development, commitment, conflict with managers, lack of group cohesion, recruitment, selection promotion, and over marketing.

According to Kochachathu (2010), employee retention is an important element in determining the success of an organisation and it is one of the primary indicators of an organisation's health as an element of talent management; talent retention implies that the organisation intends to retain its most talented employees or those employees that will likely leave. By taking a proactive approach to develop an effective employee retention program, the anxiety of high turnover can be reduced. True employee retention takes time, effort and resources (Nyanjom, 2013). The main purpose of retention is to prevent competent employees from leaving the

organisation as this could have adverse effects on productivity and service delivery (Chiboiwa, Samuel & Chipunza, 2010). The objective of retention policies should be to identify and retain committed employees for as long as it is mutually profitable to the organisation and the employee (Sutherland, 2004). To achieve quality retention programmes, organisations ought to determine the retention factors relevant to each of their employee groups and then focus strategies on these factors.

Statement of the Problem

The importance of microfinance is to alleviate poverty, this made the Federal Government of Nigeria to adopt microfinance banking as the main source of poverty reduction in Nigeria and mandate the CBN to develop appropriate policy and framework for the operations of microfinance institutions (MFIs). Despite this, the number of beneficiaries of microfinance banks is an insignificant proportion of the people in need of their services. It has been estimated that formal microfinance banks service less than one million clients in the country where over 70% of the population of over 140 million live below poverty line (Irobi, 2008). Microfinance bank is meant for women, children and the less privilege but other categories that benefit more than the less-privilege create a service gap in the industry and the need for human resource management practices to consider the set of customers to serve best. According to Kanu and Isu (2015), the licensing of MFBs by the Central Bank in 2007 caused the emergence of greater number of MFBs in Nigeria. The challenges which contributed to the failure of earlier community banks before the conversion of the survived banks into microfinance banks are also affecting the newly established microfinance banks and their performances. These poor performances led to the failure of microfinance banks and the withdrawal of the license of 224 microfinance banks in 2010. Since then, some microfinance banks have closed shops.

Nwachukwu (2017) observed that retention of good employees in MFBs is one of the biggest challenges, which MFBs now-a-days are facing. Management and top-level executive departments of MFBs are spending their time, effort, and money to stop employee turnover and to retain key employees. According to Nwachukwu (2017), the dilemma of turnover needs to be defeated because it foists huge costs on the MFBs and declines MFBs profitability performance.

Based on these aforementioned problems, it is important to establish the relationship that exist between recruitment and selection practices, employee training, employee motivation, human capital development, rightsizing, employees' retention, employees' productivity, employees' commitment, competitive advantage and shareholders' value of selected MFBs in Lagos State, Nigeria. Consequent upon the foregoing, the present study generally examined the relationship between human resources management practices and performance of microfinance banks in Lagos State, Nigeria.

Objective of the Study

The main objective of this study is to examine the interaction between human resource management practices and performance of microfinance banks in Lagos State. The specific objectives is to examine the effect of human resource recruitment and selection practices on employees' retention in microfinance banks in Lagos State;

Research Question

The stated research objective necessitated the following research question:

What is the effect of recruitment and selection practices on employees' retention in the micro finance banks in Lagos State?

Hypotheses

In order to establish a concrete decision on this study, the following hypotheses have been formulated:

H₀1: Human resource recruitment and selection practices have no significant effect on employees' retention in microfinance banks in Lagos State.

Rationale for Hypotheses

This study hinges on human resource management practices and its influence on performance of microfinance banks, this is the core area of the study. In the study of Olowu and Adamolekun (2005), it was concluded that for an organisation to realize its goals, appropriate strategies for employee recruitment and retention are sine-qua-non to enhanced performance.

Therefore, it is hypothesized that:

H₀₁: Human resource recruitment and selection practices have no significant effects on employees' retention in microfinance banks in Lagos State.

Operationalization of Variables

Independent and dependent variables of this study, human resource management practices and performance of microfinance banks shall be operationalized as thus using the statistical connotations and numerical values as thus:

$$Y = f(X)$$

Where Y= Performance of Microfinance Banks - Dependent Variable

$$Y = (y_1, y_2, y_3, y_4, y_5)$$

Where:

$$y_1 = \text{Employees' Retention (ER)}$$

Hypothesis 1

$$y_1 = f(x_1)$$

$$y_1 = \alpha_0 + \beta_1 x_1 + \varepsilon_i \text{ _____ Equation 1}$$

Scope of the Study

The study focused on the interaction between human resource management practices and performance of Micro Finance Banks in Lagos State, Nigeria. Human resource management practices were measured with sub-variables such as; recruitment and selection practices, employee training, employee motivation, human capital development and rightsizing while employees' performance were measured with sub-variables such as; employees' retention.

Method

This chapter presents the research methodology adopted for the study which includes the research design, population of the study, sample frame, the sample size, sampling techniques, various attempts at instrument validity and reliability, model specification, method of data collection and analysis, pilot study, ethical, apriori and limitation of methodology.

Research Design

This study adopted survey design because it provides the opportunity to describe the variables through the collection of primary data with the use of structured questionnaire. The purpose of using survey design is to collect detailed and factual information that describes an existing phenomenon. The design was chosen because it is capable of providing a snapshot of the attitudes and behaviours including thoughts, opinions, and comments about the population of the study.

Population

The population of this research is 9708 employees of national, state and unit microfinance banks located across Lagos State, Nigeria. Micro financebanks cut across all States in Nigeria but majority are found in Lagos State, which is the commercial nerve centre of the country.

Sample Size and Sampling Technique

A database of one hundred and eighty five (185) micro finance banks in Lagos State as stated by Central Bank of Nigeria (2016) provides the sample frame from which employees of microfinance banks from the five geo-political zones in Lagos State (Badagry, Mainland, Epe, Island, and Ikorodu) were selected regardless of their location in the state. This research work considered all participating microfinance banks in Lagos State. Senior and junior staff of participating banks were selected within the framework in Table 1

Table1: Sample Frame

	Division	Total	Percentage %
1.	Mainland	50	27.03%
2.	Island	63	35.05%
3.	Epe	9	4.86%
4.	Ikeja	40	21.62%
5.	Badagry	23	12.43%
	Total	185	100%

Source: Researcher’s desk research result (2017)

The study made use of mixed method comprising of stratified sampling and simple random sampling techniques. Stratified sampling technique was used to select microfinance banks from five geo-political zones in Lagos State (Badagry, Mainland, Epe, Island, and Ikorodu) and ensured that all microfinance banks in the state were considered regardless of their location in the state. Simple random sampling technique was used to select employees of the banks comprising of junior and senior management staff from each bank.

Method of Data Collection

This study made use of primary data gathered from the retrieved questionnaires. Copies of the designed questionnaire were administered to the respondents in each of the five divisions by the researcher and trained research assistants. The research assistants are literate and hence, they require little training and supervision to carry out their assigned duties. Permission was obtained from the relevant authority of the banks as appropriate before the respondents were enjoined to complete the questionnaire.

Research Instrument

The hypothesized relationships were tested using data collected through self-administered, questionnaire containing essentially close-ended items. Research instrument used in generating data for this study was titled Human Resource Management Practices and Performance of MFBs (HRMPPM). Copies of the questionnaire were administered to senior and junior staff of micro finance banks in Lagos State, Nigeria.

The questionnaire is made up of two parts A and B. Part A contained seven main questions that deal with demographic characteristics of the respondents. While Part B contained items that deals with the Human Resource management practices and the five identified variables of the hypotheses that covered five sections. Section A on recruitment and selection practices; section B on training; section C on motivation; section D on human capital development; section E on rightsizing, section F on retention, section G employees’ productivity, section H on employees’ commitment, section I on competitive advantage, and section J on shareholders’ value. These parameters were used as measures of microfinance banks’ performance. Part B used a structured 6-point modified Likert scale battery of Very High (6) High (5) Averagely High (4) Averagely Low (3), Low (2) and Very Low (1). The respondents were then asked to indicate the extent to which they agree or disagree with various items in each of the section.

Validity of Instrument

The validity of the measuring instruments was reviewed by the supervisor in line with research context. However, Average Variance Extracted (AVE) > 0.5 was treated as an additional evidence of convergent validity, the

construct validity of all variables involved in the study were established through Exploratory Factor Analysis using varimax extraction method.

Reliability of Instrument

Reliability test was conducted to ascertain whether the variables of the study measured consistently the factors intended. For the purpose of this study internal consistency measure using Cronbach's Alpha was adopted for assessing reliability of all the variables. The reliability was conducted to ascertain whether the internal consistency of measures is indicative of the homogeneity of the items in the measure that taps the variables. In addition, it is conducted to reduce errors and give stable results of the data collection. The reliability for each of these variables was ascertained at a threshold of 0.7 and above. The pilot study result showed a high level of internal consistency for the entire variables. The overall Cronbach's alpha for the whole instrument is 0.75. The result showed that the questionnaire has a high level of reliability.

Method of Data Analysis

Data analysis for this study was done using descriptive and inferential analysis. Descriptive analysis was used to analyse the respondents' demographic characteristics such as age, gender sex, marital status, educational background. The inferential analysis was done using simple Linear regression analysis was used to test hypothesis.

Model

The model used in establishing relationship between the variables of the study was specified in this section as:

$$Y = f(X)$$

Where Y= Performance of Microfinance Banks - Dependent Variable

$$Y = (y_1)$$

Where:

$$y_1 = \text{Employees' Retention (ER)}$$

Where X = Human Resource Management Practices - Independent Variable

Therefore,

$$X = (x_1)$$

Where:

$$x_1 = \text{Recruitment and Selection Practices (RSP)}$$

The equation that explain the relationship between the dependent and independent variables based on the hypothesis is expressed as follows:

Hypothesis 1

$$y_1 = f(x_1)$$

$$y_1 = \alpha_0 + \beta_1 x_1 + \varepsilon_i \dots \dots \dots \text{Equation 1}$$

Result

The unit of analysis, in this study, was the microfinance as each microfinance bank has unique sets of human resource management practices. Copies of structured questionnaire were distributed to 1548 respondents. After follow-ups, 1346 copies of the questionnaires were retrieved and considered usable for the analysis. This represented 86.9% response rate which is significant enough to draw a baseline and valid for conclusion and reliability of the research problem on the relationship between human resource recruitment and selection practices on employees' retention in micro finance banks in Lagos, Nigeria. The response rate to the questionnaire administered was as presented in Table 3.

Table 2: Respondents’ Response Rate

Sample Size	Number	Percentage %
Correctly filled and Returned	1346	86.9
Not Returned and not completely filled	202	13.1
Total	1548	100

Source: Researcher’s Field Results, 2017

Table 2 represents the response rate from the questionnaire administered to the target respondents for the study. The result presented in this study, therefore, was based on the responses from the questionnaire that were correctly filled and returned. Inspection of the missing data patterns showed that the number of missing values on the study variables was small and random. Further, missing patterns in the few cases did not reveal systematic values on the items of the independent variables and the dependent variable. Since the missing values were small and randomly distributed, imputation of missing values was not considered necessary; and missing values were excluded pairwise in the SPSS 22.0. This option removes cases that have a missing value on the variables being correlated or regressed only (Pallant, 2005).

Research Question: What is the effect of human resource recruitment and selection practices on employees’ retention in the microfinance banks in Lagos State?

In this section, the researcher sought the respondents’ perception as regards the various aspects defining human resource recruitment and selection practices. The respondents indicated the extent they agreed to the various statements that defined human resource recruitment and selection practices variable. These responses were captured in a six point likert scale and the general level of acceptance was determined by calculating the means and standard deviation for the various statements as per the responses, and tabulated in descending order of means. The results were as presented in Table 4.2.

Table 3: Descriptive Statistics on Recruitment and Selection Practices

Items	Very High	High	Averagely High	Averagely Low	Low	Very Low	Mean	Standard Deviation
Internet recruitment	284 21.1%	909 67.5%	141 10.5%	6 0.4%	0 0.0%	6 0.4%	5.08	.632
Radio/Television Advertisement	353 26.2%	845 62.8%	130 9.7%	18 1.3%	0 0.0%	0 0.0%	5.14	.627
Recommendations from existing employees	355 26.4%	797 59.2%	150 11.1%	44 3.3%	0 0.0%	0 0.0%	5.09	.706
Newspaper advert	210 15.6%	833 61.9%	291 21.6%	6 0.4%	6 0.4%	0 0.0%	4.92	.651
Employment test before selection	344 25.6%	800 59.4%	196 14.6%	6 0.4%	0 0.0%	0 0.0%	5.10	.640
In-house (internal recruitment)	631 46.9%	642 47.7%	67 5.0%	6 0.4%	0 0.0%	0 0.0%	5.41	.607
Talent hunting	765 56.8%	477 35.4%	98 7.3%	6 0.4%	0 0.0%	0 0.0%	5.49	.650
Professional association(s)	744 55.3%	527 39.2%	63 4.7%	12 0.9%	0 0.0%	0 0.0%	5.49	.630
Recruitment from school	833 61.9%	465 34.5%	30 2.2%	18 1.3%	0 0.0%	0 0.0%	5.57	.608

Job fairs	365 27.1%	803 59.7%	166 12.3%	12 0.9%	0 0.0%	0 0.0%	5.13	.643
Average Mean							5.24	.639

Source: Field Survey, 2017

Table 3 shows respondents' opinions on human resource recruitment and selection practices. Table 4 shows that by combining responses under very high, high, and averagely high, 1,334 (99.1%) of the respondents indicated that their internet recruitment is high. Also 1,328 (98.7%) of the respondents indicated that their Radio/Television Advertisement is high. Furthermore, 1,302 (69.7%) of the respondents accepted that recommendation from existing employees for recruitment and selection practices is high in the organisation. Majority of the respondents (1,334 or 99.1) indicated newspaper advert is high. Similarly, majority of the respondents (1,340 or 99.6%) indicated that employment test before selection is high. In addition, 1,340 (99.6%) of the respondents accepted that in-house (internal recruitment) is high. Table 4.2 shows that 1,340 (99.5%) of the respondents stated that talented hunting is high in the organisations. The analysis also showed that majority of the respondents (1,334 or 99.2%) indicated that professional association involvement in human resource recruitment and selection practices is high. Also, 1,325 (98.6%) of the respondents asserted that recruitment from school is high. Moreover, majority of the respondents (1,334 or 99.1%) affirmed that a job fair is high. The average score for human resource recruitment and selection practices is 5.24 meaning that, on average, the respondents indicated that human resource recruitment and selection practices in micro-finance banks is high. The standard deviation is .639. The findings imply that there were no variances in the responses.

Table 4 presents results of descriptive analysis of the data gathered on employee retention. The respondents were asked to indicate to what extent they agreed to the various statements that defined employee retention. These responses were also captured in a six point likert scale and the general level of acceptance determined by calculating the means and standard deviation for the various statements as per the responses.

Table 4: Descriptive Statistics on Employee Retention

	Very High	High	Averagely High	Averagely Low	Low	Very Low	Mean	Standard Deviation
Sharing of tasks according to employees' ability	355 26.4%	797 59.2%	150 11.1%	44 3.3%	0 0.0%	0 0.0%	5.09	.706
Staff engagement in management decision	210 15.6%	833 61.9%	291 21.6%	6 0.4%	6 0.4%	0 0.0%	4.92	.651
Ability to balance work and home life	344 25.6%	800 59.4%	196 14.6%	6 0.4%	0 0.0%	0 0.0%	5.10	.640
Talent retention management	631 46.9%	642 47.7%	67 5.0%	6 0.4%	0 0.0%	0 0.0%	5.41	.607
Job security	765 56.8%	477 35.4%	98 7.3%	6 0.4%	0 0.0%	0 0.0%	5.49	.650
Reward packages (monetary and non-monetary incentives)	744 55.3%	527 39.2%	63 4.7%	12 0.9%	0 0.0%	0 0.0%	5.49	.630
Conducive work environment	833 61.9%	465 34.5%	30 2.2%	18 1.3%	0 0.0%	0 0.0%	5.57	.608
Average Mean							5.30	0.642

Source: Field Survey, 2017

Table 4 shows the respondents’ opinions on various issue about employee retention in the surveyed microfinance banks in Lagos State. The table shows that 1,202(96.7%) of the respondents affirmed that sharing of tasks, according to employees’ ability, is high. Also, 1,334 (99.1) of the respondents accepted that staff engagement in management decision is high. Further analysis as to whether employees has ability to balance work and home life revealed that 1,340 (99.6%) of the respondents accepted that ability to balance work and home life is high. As to whether there is talent retention management in the surveyed microfinance banks, 1,340 (99.6%) of the respondents believe so by indicating that talent retention management is high. Furthermore, 1,340 (99.5%) of the respondents accepted that job security is high. 1,334 (99.2%) of the respondents agreed that reward packages (monetary and non-monetary incentives) is high. The analysis further revealed that 1,328 (98.6%) of the respondents affirmed that conducive work environment is high among the surveyed microfinance banks in Lagos State. The average score is 5.30 meaning that, on average, the respondents, generally, indicated that employee retention in the surveyed micro-finance banks is high. The standard deviation is 0.642. This implies that there were no variances in the responses.

Relating Tables 3 and 4 together, human resource recruitment and selection practices and employees’ retention have the same trends of variations. The average scores of human resource recruitment and selection practices and employees’ retention are above 5.0 indicating that human resource recruitment and selection practices promote employees’ retention in the surveyed microfinance banks in Lagos State. The findings reveal that human resource recruitment and selection practices in most of the surveyed microfinance banks in Lagos State are from schools. Also, the exercise are done through Professional association(s) and talent hunting. The finding reveals that the surveyed Microfinance banks have conducive work environment, reward packages (monetary and non-monetary incentives), and job security. They also have talent retention management. These findings provide answer to research question one and enables the researcher to achieve objective one.

Restatement of Hypothesis One

H₀₁: Human resource recruitment and selection practices have no significant effects on employees’ retention in microfinance banks in Lagos State.

In order to test the hypothesis, linear regression analysis was used. In the analysis, employees’ retention was dependent variable, while human resource recruitment and selection practices was independent variable. Data used to test the hypothesis were collected using ten items measuring the Human resource recruitment and selection practices, and seven items measuring employees’ retention. The items in the human resource recruitment and selection practices scale consisted of statements that measured the human resource recruitment and selection practices used by the selected microfinance banks on a scale of 1 to 6. Similarly, the items measuring employees’ retention consisted of statements that measured the extent to which they applied by the banks, on a scale of 1 to 6. The responses of all items for each variable were summed together to form score for the variables. Table 6 presents the results of the analysis.

Table 5: Summary of Linear Regression Analysis Human resource recruitment and selection practices and Employees’ retention in microfinance banks in Lagos State

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	-.848	.287		-2.959	.003
Recruitment and Selection Practices	.723	.005	.964	132.569	.000
R = 0.964; R ² = 0.929; F _(1,1344) = 17574.514					

a. Dependent Variable: Employee Retention
 Source: Researcher’s Field Survey Results (2017)

Interpretation

Table 5 shows the regression analysis between human resource recruitment and selection practices and employees' retention. Table 6 shows the Unstandardized coefficient of human resource recruitment and selection practices to be .723 ($p=0.000$) meaning that human resource recruitment and selection practices have significant effects on employees' retention in microfinance banks in Lagos State. This is further shown by $F = 17574.514$ and $t = 132.569$ with $p < 0.05$. This implies that human resource recruitment and selection practices had statistically significant effects on employees' performance. Further evidenced is the percentage of variance in employees' retention explained by human resource recruitment and selection practices was 0.929 ($R^2 = 0.929$). This implies that human resource recruitment and selection practices explain 92.9% of the variations in employees' retention. It also means that when human resource recruitment and selection practices were used employees' retention in microfinance banks changed by 92.9%. The estimated model produced by the result is expressed as: R^2

$$\text{Employees Retention} = -.848 + .723\text{Recruitment and Selection Practices} \dots \text{eq. (i)}$$

Where:

ER = Employees retention

RSP = Recruitment and Selection Practices

The regression model shows that when the value of human resource recruitment and selection practices is constant at zero, value of employee retention in microfinance banks in Lagos State was -0.848. This means that employees' retention is negative when human resource recruitment and selection practices are not implemented in the microfinance banks. The regression coefficient of human resource recruitment and selection practices was 0.723, which implies that a unit change in human resource recruitment and selection practices resulted in .723 ($\beta=0.723$) change in employees' retention in microfinance banks in Lagos State. This means that human resource recruitment and selection practices have positive effect on employees' retention. Therefore, the null hypothesis one (H_{01}) which states that resource recruitment and selection practices have no significant effects on employees' retention in microfinance banks in Lagos State is hereby rejected.

Discussion

The hypothesis was to assess the effect of human resource recruitment and selection practices on employees' retention in microfinance banks in Lagos State. The findings have revealed that human resource recruitment and selection practices have significant effect on employees' retention in microfinance banks in Lagos State. This finding is supported by the coefficient of determination which shows that the variations in employees' retention are explained by human resource recruitment and selection practices. The effect of human resource recruitment and selection practices is also statistically significant. The study also provide evidence to infer that that human resource recruitment and selection practices play important role in ensuring employees' retention.

The findings of this study are supported by Penrose (1959) Resource Based View (RBV) theory and others who have extended the theory such as Wernerfelt's (1984), Rumelt (1984), Barney (1996), and Dierickx and Cool (1989) that link organisational resources with performance of the organisation through the development of human capital rather than just aligning human resources to current strategic goals (Torrington, 2015). The RBV provides a theoretical enlightenment of how the human resources of an organisation can add to performance and lower employees' turnover. Researchers such as Agoi (2016), cited by Maina (2012), indicated that the best human resource practice areas are recruitment and selection, socialization, job design, training, communication/participation, career development, performance management, employee reward and job security. It is plausible that when employees judge the organisation to be fair and supportive in their treatment of workers, particularly with regards to the availability and frequency of promotional opportunities, adequacy of pay and good supervision, positive feelings of well-being was created, which is likely to stimulate that by increasing their loyalty to the organisation and reducing turnover (Nasurdin, Ramayah& Osman, 2012).

This finding is supported by the finding of Pilbeam and Corbridge (2006) that recruitment and selection of employees is fundamental to the functioning of an organisation. The authors further stressed that inappropriate selection decisions reduce organisational effectiveness, invalidate reward and development strategies. Similarly, the finding concurs with those of Karemu, Gikera, and Marie Josein (2014) that the relationship between employee recruitment and selection strategies and employee retention was found to be statistically significant. It was noted that the directions and strengths of this effect vary across individual employee recruitment and

selection strategies. Gabriel (2015) stated that an appropriate recruitment/selection and retention of employees that are best suited for a particular position, enhances employees' performance and organisational growth. Ngaira and Oyagi (2016), in their research, concluded that all the employee retention strategies need to be improved because they have been found to have a huge role to play on organisational performance. In support of the finding of this study, the study of Anyim, Ekwoaba and Ideh (2012) affirmed that recruitment methods give an expansive pool of qualified candidates, combined with a dependable and legitimate selection administration, will have a significant influence over the quality and kind of abilities new comers have. Ekwoaba, Ugochukwu and Ndubuisi (2015), in their study also found that the point of recruitment is to guarantee that the organisation demand for labour is met and retained by drawing in potential workers in a financially savvy and opportune way.

The finding of this study is also in consonance with with the findings of Odland and Ruzicka (2009), and Olowu and Adamolekun (2005) which indicated that organisational conditions of administrative leadership pertaining to selection and recruitment, compensation and personal circumstances were significant predictors in teachers' retention in their schools. Abdul-Hameed, and Shaik-Mohamed (2016), studied the relationship among the HRM Practices, and Organisational Performance in a quantitative research, a sample of 250 nurses was drawn from the population of 600 nurses using a structured questionnaire from four Leading hospitals in Tiruchirapalli district, India. The results of Partial Least Square Path Modelling (PLS-PM) of the study shown that out of the five HRM practices, two HRM practices viz., Recruitment and Selection, Training and Development were found to be significant in employees' retention and organisational performance.

Conclusion

The aim of this study was to explore the relationship between human resource recruitment and selection practices on employees' retention of microfinance banks in Lagos State, Nigeria. Based on the above analysis and discussion, a number of important conclusions can be drawn from this study. The independent variables for the study include: recruitment and selection have been explored independently, such that a distinction has been made between them, and an understanding as a specific concept has been established. This clarification has provided a basis from which further examination of human resource practices may proceed. The study revealed that there is a significant relationship between human resource recruitment and selection practices on retention of microfinance banks' thus affecting performance.

Recommendations

This study found out that there is a positive and significant effect of human resource recruitment and selection practices on microfinance banks' performance in Lagos State. In view of the stated findings and conclusions, the study make recommendations that

1. Recruitment and selection process determines the kind of employees the organisation has. The study recommends consistency in recruitment and selection activities. It is, therefore, recommended that the process be objective.
2. Job specifications should, therefore, be developed and strictly adhered to during the process. There is also need to have an interview panel that is professional and not biased. For this reason, microfinance banks should look for better ways of vetting the panel and in case they should use consultancy firms for this purpose, then such firms should have proven experience of integrity.
3. Within the interview panel, there should also be experts in various types of selection tests which are to be administered in the process.
4. Microfinance banks should have clearly defined recruitment policies which are consistent with the prevailing law.

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