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### Corporate Social Responsibility (CSR) and Employee Retention of Manufacturing Firms in Nigeria

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**Abstract:** This study conducted an empirical investigation on the impact of Corporate Social Responsibility on employee retention among manufacturing firms in Nigeria. Secondary data was engaged to analyze the impact of CSR on employee retention, which was sourced from ten listed manufacturing firms in Nigeria. The study engaged panel regression analysis and Pearson correlation analysis. Further results obtained from the panel regression analysis show that employee training costs affect significantly positively on employee retention. These results are consistent with Galbreath, 2008; Evans & Davis, 2011; Odumeru & Ogbonna, 2013; Marika, Magutu & Munjuri, 2017, who found that CSR significantly influences employee retention. The study recommends that corporate organizations in Nigeria should be socially responsible to their environment and their employees; so as to attract more talents needed to remain competitive. From the study, the concept of CSR will be viewed as a social instrument which manufacturing firms use to retain employees in their organization.

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## INTRODUCTION

Employee resource groups, data-driven strategies, diversity and inclusion, and the Nigerian startup ecosystem have all received increased attention as a result of the COVID-19 pandemic's impact on the country's workforce (Kamel, 2021). To combat employee burnout, several businesses are instituting wellness programmes, counselling services, and more flexible work schedules (Gabriel & Aguinis, 2022). Companies in Nigeria's rapidly expanding IT sector are offering attractive compensation packages to attract and keep talented employees.

Businesses in Nigeria are investing in their employees' professional progress by teaching them new skills. With the advent of remote work, businesses may now recruit from a far larger pool of talent, which may

change the dynamics of employee retention in the area. There has been a rise in the formation of ERGs (Employee Resource Groups) with the goal of promoting diversity, equity, and inclusion in the workplace (Dutton, 2018). Data-driven strategies are being implemented to pinpoint trouble spots and implement calculated changes to retention rates. Keeping a diverse staff has become a priority, thus efforts are being made to improve diversity and inclusion. Nigeria's burgeoning startup scene is drawing top talent by providing competitive salaries, exciting benefits, and a stimulating work environment.

There are pressing issues this study seeks to resolve on the subject matter of Corporate Social Responsibility contributions to employee retention (Barauskaite & Streimikiene, 2021). First, the topic of "Corporate Social Responsibility impact on employee retention" has remained common among researchers. However, literature on the topic has been poorly developed in the Nigerian context. It is observed that the rate of employee turnover is relatively high among manufacturing businesses in Nigeria. Their social responsibility to their employees and workforce has been poor and discouraging (Obeidat, 2016). The wrong notion of "soldier come, soldier go, barracks remain" has robbed many manufacturing organizations of the benefits of retaining their employees. More so, these organizations employ based on subjective and biased reasons rather than on merits; which has not helped productivity among these organizations. Hence, it is imperative to help manufacturing businesses in Nigeria understand the importance of being socially responsible towards talent retention.

Also, there is a consensus that CSR positively influences employee retention (Carnahan et al., 2017; Sarfraz et al., 2018; Kim et al., 2018; Youn et al., 2018). However, few studies such as Radwan (2015) have emerged in the literature, which found that CSR is not considered a significant tool for attracting and retaining high-potential candidates. This is based on findings that corporations show more commitment to serve the community and formulate their core business strategies accordingly, than to their employees. Hence, they are outward-seeking when engaging in CSR activities. However, Milton Friedman proposes that corporations should be inward-looking and not waste their funds on their environment; which implies that a firm can have a poor CSR practice rating but may provide adequate funds for its talent attraction and employees' retention, which is rather machinery for maximizing profit. Thus, it is possible for businesses to have poor CSR ratings, yet have effective reward systems for employee attraction and retention. If this were possible, the argument that perceived CSR rating influences employee attraction and retention would be faulty. This has been a major defect in most empirical studies, which have not examined whether the perception of the CSR rating of corporations correlates with their employee attraction and retention. Hence, it is imperative to examine the degree of CSR practices among manufacturing firms in Nigeria and examine their effects on employee retention.

## **LITERATURE REVIEW AND HYPOTHESES**

### **Review of Corporate Social Responsibility**

The concept of corporate social responsibility (CSR) refers to the universal opinion held by a rising number of citizens that modern businesses have obligations to society that extend beyond their responsibilities to the stockholders or investors of the firm (Visser et al, 2010). Marrewijk (2003) defined CSR as company activities, voluntary, demonstrating the inclusion of social and environmental concerns in business operations and interactions with stakeholders. This is like the definition made by (McWilliams, Siegel & Wright, 2006), who stated that CSR refers to actions that appear to further some social good, beyond the interests of the firm and that is what is required by law. As different authors tend to express different feelings around the concept of CSR and the determination of CSR boundaries, Dahlsrud (2006) analyses the differences and similarities in the definitions by doing a literature analysis.

By incorporating a focus on ethics, people, communities, and the environment into corporate operations, Corporate Social Responsibility (CSR) may boost a company's value and ultimately its ability to compete. CSR goes beyond a simple list of projects undertaken for promotional, PR, or other company reasons.

Rather, it is viewed as a comprehensive set of policies, practices and programs that are integrated throughout business operations and decision-making processes (Esu, 2011). It is a combination of three separate agendas, namely Corporate Sustainability, Accountability and Governance (Osemene, 2012).

Also, it is a concept which has become dominant in business reporting. Sprinkle and Maines (2010) suggested that CSR is simply the ‘right thing to do’, and that it is a part of being a good global citizen. Another suggestion is that companies use CSR for so-called “window dressing” so as to be perceived in a way that its stakeholders support and appreciate. As such, business organizations engage in CSR activities mainly because they perceive that it is a requirement to avoid negative publicity (Sprinkle & Maines, 2010). Every company has a CSR policy and issues an annual report outlining its efforts in this area. The question of what kind of interaction there is or should be between multinational corporations, national governments, and individual individuals is at the heart of the widely accepted concept of corporate social responsibility.

Companies have no choice but to engage with the communities they serve. This is due to the fact that they are created and directed by people in the community. Therefore, the accumulation of capital is only possible due to the existence of these societies, which constitute their markets, and especially because their activities have a tridimensional impact (economic, environmental and social) on societies and their habitat (De-Regil, 2003). The practice of CSR is closely linked with the principles of ‘sustainable development’ in proposing that enterprises should be obliged to make decisions based not only on the financial economic factors but also on the social and environmental consequences of their activities (Adeyanju, 2012).

### **Employee Retention**

The capacity to maintain valuable personnel for a longer period of time than the competition is defined by Johnson (2000) as employee retention. Employee retention, as used in this research, encompasses both the strategic measures taken by companies to maintain a consistent workforce and the specific result of those measures. To keep good employees around, businesses need human resource management strategies that offer incentives for workers to stay put (Glen, 2006). Employee retention is a multifaceted issue, and there is no silver bullet solution. In literature, retention has been viewed as an obligation to continue to do business or exchange with a company on an ongoing basis (Zineldin, 2000; Sinha & Sinha, 2012). Studies have also indicated that retention is driven by several key factors, which ought to be managed congruently: organisational culture, communication, strategy, pay and benefits, flexible work schedule and career development systems (Sinha & Sinha, 2012).

Retention can be seen as a voluntary move by an organisation to create an environment, which engages employees for the long term. According to Samuel and Chipunza (2009), the most important purpose of retention is to look for ways to prevent capable workers from quitting the organization as this could have a negative effect on productivity and profitability. (Humphreys, Morgeson & Mannor, 2009) support the view that the main purpose of retention is primarily for organizational gains. According to Ivanovic (2007), retention is the process of keeping the loyalty of existing employees and persuading them not to work for another company or organization. In addressing the multi-dimensional concept of retention, Cascio (2003) perceives retention as initiatives, which the management takes to prevent employees from leaving the organization. The challenges mentioned by the latter include compensating workers fairly for their efforts, fostering cordial connections between staff and management, and sustaining a secure and healthy workplace. Employee retention can also mean any effort by a business to maintain a working environment, which supports current staff in remaining with the company (Onah & Anikwe, 2016).

Scholars have long acknowledged that the ability to attract and retain high-quality workers is critical to organizational competitiveness (Delery & Shaw, 2001) and a stream of research in strategic HRM has examined the linkage between HR practices and firm performance and effectiveness (Boselie, Dietz & Boon, 2005). Sinha and Sinha (2012) posit that in the future, successful organizations will be those, which can attract and adapt their organizational behaviour to the realities of the current work environment where longevity and success depend upon innovation, creativity and flexibility (Onah & Anikwe, 2016). In

addition, talent attraction is a significant determinant of organizational productivity; hence, human capital spending has remained a focal issue among corporate organizations (Swanepoel et al, 2014). As such, organizations have developed financial and non-financial reward systems to motivate these talented employees to remain with them. This implies that the more an employee is rewarded, the more likely he/she is to remain with that same organization (Mabaso & Moloi, 2016). It is then expected that a positive relationship exists between employee rewards and employee retention (Terera & Ngirande, 2014).

### **Theoretical Review**

In order to analyze the impact of CSR on employee retention, this study will adopt Vroom's expectancy theory, which proposes an individual will behave or act in a certain way because they are motivated to select a behaviour over another behaviour as a result of what they expect the outcome of that selected behaviour will be. This theory consists of three concepts namely expectancy, instrumentality and valence. Expectancy is the belief that one's effort will result in the attainment of desired performance (effort to performance). Employees generally have different expectations and self-confidence of what they are capable of doing, therefore organizations have to find out those factors that can motivate employees to deliver their best performance. Such factors include training, support from supervisors and so on. Instrumentality is the perception of outcome.

Instrumentality simply means that an employee will receive a reward if the performance expectation is met. It represents a person's belief that a particular outcome is contingent on accomplishing a specific level of outcome (Sureephong, et al., 2020). The reward may be an increase in salary, promotion, recognition and so on. Organizations should therefore ensure that promises of reward are fulfilled in order to motivate the employees to improve their performance. Valence refers to the value an employee attaches to the reward (outcome). Employees' valence depends on their needs which can be extrinsic such as money, promotion, benefits and so on or intrinsic (Emmanuel & Nwuzor, 2021). Rono and Kiptum (2017) recognized that training and compensation help to reduce employee turnover. Similarly, Nasir and Nasir (2016) found that firm age and profitability are firms' reputations, which can influence employee retention. As such, this study opines that staff training, employee compensation, firm age and firm profitability influence employee retention.

### **Empirical Review**

Corporate social responsibility (CSR) has been shown to decrease employee turnover by increasing job satisfaction, according to research by Carnahan et al. (2017). Lower turnover rates were seen for CSR-focused businesses compared to both new and established legal practices. However, after mortality-related shocks, the advantages of retention become more pronounced. Investments in CSR may boost employee departures under specific scenarios, according to the study, which also implies that CSR turnover interactions might be evaluated via a risk-management perspective.

The purpose of the study by Shaikh et al. (2022) was to look into the connection between CSR, organisational commitment, organisational identity and intent to leave the company. Organisational commitment and identification with CSR as a mediator between the desire to leave the organisation is also discussed. The information was collected from bankers working at various institutions in Pakistan. Participants were recruited using a suitable sampling method, and a total of 300 people took part in the study. Using SPSS, we ran regression and correlation analysis on the collected data to reach our results. Corporate social responsibility was found to significantly influence internal stakeholders' and workers' commitment to and identification with financial institutions. This research will be useful for businesses in determining their social duty and the many advantages they stand to gain from CSR initiatives.

Using Freeman's stakeholders model, Boutmaghzoute and Moustaghfir (2021) investigation probes how corporate social responsibility (CSR) initiatives focused on employees affect organisational loyalty. It argues that things like work satisfaction, organisational affiliation, and motivation are important

behavioural elements in facilitating this connection. The study used a triangulation technique and a single-case study design. Employee retention is positively correlated with CSR initiatives, with the influence moderated by factors including work satisfaction, organisational affiliation, and motivation. Employee participation in decision-making and strategic positioning of CSR initiatives are highlighted as keys to success in this research.

Under the aegis of the self-determination and needs-satisfaction theory, Bibi et al.'s (2020) research investigates hotel employees' perceptions of CSR within a suggested conceptual model. The model compares the effects of two types of CSR on employees: instrumental CSR and volunteer CSR -- on their sense of well-being, sense of purpose, levels of hedonic and eudemonic pleasure, and propensity to think outside the box. In order to test the presumptions, structural equation modelling (SEM) was used. The study's findings revealed that hotel workers' perceptions of instrumental CSR have a beneficial effect on their fundamental requirements being met and that hotel workers' perceptions of volunteer CSR have an effect on workers' sense of personal worth. Employees' hedonic happiness and eudemonic happiness were both significantly impacted by their levels of basic needs fulfilment and self-esteem, respectively. Significant contributions to employee creativity come from both hedonic and eudemonic sources of satisfaction, with the latter being more important.

Kim et al. (2020) looked at how factors such as corporate social responsibility (CSR), organisational identity (OI), HQWL, and intention to remain (IS) affect workers' happiness and loyalty. Based on the data, it appears that ethical and philanthropic CSR dimensions have a major bearing on these factors.

Marika, Magutu, and Munjuri (2017) and Sarfraz, Qun, Abdullah, and Alvi (2018) each conducted a different empirical study to examine the connection between corporate social responsibility (CSR) and key organisational performance metrics. Marika et al. conducted a survey of University of Nairobi senior business students to determine how much CSR influences organisational attractiveness. These findings imply that potential employees' decisions to seek employment with an organisation can be influenced by how that organisation manages its economic, legal, ethical, charitable, and environmental duties of CSR. In the meantime, Sarfraz et al. investigated the association between employee outcomes for SMEs in Pakistan and their opinion of CSR. They discovered that organizational justice partially mediates the association between employees' perceptions of CSR and employee outcomes. Both investigations employ quantitative methodologies, with Sarfraz et al. testing their assumptions using statistical software (SPSS). These studies offer crucial information about how CSR functions in SMEs to improve employee outcomes and attract recruits.

## **METHODS**

The study adopts the ex-post facto research design to achieve the research objective, making use of existing datasets from annual reports of firms uploaded on reputable databases. Lately, there has been a shift in CSR focus to internal stakeholders of companies and more people-centric forms of CSR. Premised on the underpinnings contained in the theoretical framework stated above, this study adopts a model from Vroom's expectancy theory that captures the influence of staff training, employee compensation and firm age on employee retention. CSR is a widely researched subject due to its applicability in different fields and sectors. While most studies have focused more on the impact of CSR on a firm's outcome, this study focuses more on internal forms of CSR within organizations and how it affects human capital retention.

Employees have become valuable resources for organizations and they provide a competitive advantage for a firm's survival. Also, in a contemporary and competitive working environment, businesses are facing a hard time keeping key valuable employees. There is a need to provide sustainable solutions. The study made use of secondary sourced data. The data was sourced from ten manufacturing firms in Nigeria. These ten firms were chosen for the study for the period of 2009 – 2018. The population of manufacturing firms

in Nigeria is 66; this depicts that the sample size of 10 firms is adequate as recommended by Shabbir and Wisdom (2020) who posits that 10% of a population serves as an appropriate sample size. Firms were also selected using judgmental sampling and the availability of data in their annual report.

The research model can be expressed mathematically as:

$$RET = f(TRA, COM, AGE) \tag{1}$$

Equation (1) is restated in linear form as:

$$RET_{it} = o_{it} + 1 TRA_{it} + 2 COM_{it} + 3 AGE_{it} + E_{it} \tag{2}$$

Where

RET<sub>it</sub> is Employee retention (proxied with the number of the firm’s employees)

TRA<sub>it</sub> is the Cost of Staff Training

COM<sub>it</sub> is Employee Compensation

AGE<sub>it</sub> is the Firm’s Age

o<sub>it</sub> is the constant,

1 – 3 are the parameter estimates

E<sub>it</sub> = Random or stochastic error term in time “it”

**Table 1: Definition and Measurement of Variables**

| Variable                            | Definition   | Source                       |
|-------------------------------------|--|------------------------------|
| <b>RET (Employee retention):</b>    | This is measured using the number of the firm’s employee turnover rate.                      | Choi and Dickson (2009)      |
| <b>TRA (Cost of Staff Training)</b> | This is measured as the natural logarithm total cost incurred on staff training              | Okere et al. (2018)          |
| <b>COM (Employee Compensation)</b>  | This is measured using the natural logarithm of all monies paid to employees as compensation | Flammer and Luo (2014)       |
| <b>AGE (Firm’s Age)</b>             | This is measured as the age of each of the manufacturing firms                               | Valtakoski and Witell (2018) |

**Source:** Author’s Computation (2023)

**Method of Data Analysis**

The method applied in this study was descriptive and analytical. The descriptive method involves describing the data obtained from the questionnaire and using averages and percentages from the responses obtained. However, to satisfy the test of two hypotheses of the study, panel regression analysis and Pearson moment product correlation were employed.

**Panel Ordinary Regression analysis**

Regression is a statistical tool used to provide the equation of a line. This was employed to analyse the secondary data obtained from the selected manufacturing firms for the period of 2009 – 2018. This is pertaining to examining the impact of CSR practice on employee retention amongst manufacturing firms in Nigeria. However, panel regression will be employed to accommodate panel data for this

**RESULTS AND DISCUSSION**

**Descriptive Analysis**

**Table 2: Summary Statistics of Data Series**

| <b>Statistics</b>   | <b>RET</b> | <b>TRA</b> | <b>COM</b> | <b>AGE</b> |
|---------------------|------------|------------|------------|------------|
| <b>Mean</b>         | 502.8862   | 7.647045   | 0.452010   | 56.60000   |
| <b>Maximum</b>      | 4932.000   | 42.40034   | 5.336250   | 140.0000   |
| <b>Minimum</b>      | 550.0000   | 0.626276   | 0.022723   | 11.00000   |
| <b>Std. Dev.</b>    | 890.4698   | 9.275072   | 0.850387   | 33.20795   |
| <b>Skewness</b>     | 2.759932   | 2.090885   | 4.070539   | 1.200399   |
| <b>Kurtosis</b>     | 12.37573   | 7.332494   | 21.63246   | 3.725109   |
| <b>Observations</b> | 100        | 100        | 100        | 100        |

**Source:** *Author’s Computation (2023)*

From the results obtained, employee retention among manufacturing firms investigated averaged 502.88 (503 approximate) persons; with highest and lowest values of 4932 persons and 550 persons. The standard deviation value (80.469) indicates low employee retention among the firms. Kurtosis value (12.3757) is higher than 3.0, which suggests that there were few manufacturing firms with high employee retention; the majority of them had low employee retention.

Employee training (TRA) averaged ₦7.6 billion but had the lowest and highest values of ₦42.4 billion and ₦0.62 billion respectively. The standard deviation value (9.275) is high, and it suggests low employee training among the firms investigated. The kurtosis value (7.332) is higher than 3.0. This indicates there is no presence of outlier values. As such, few firms were involved in employee training. It is found from Table 2 that board compensation averaged ₦0.452 billion. The highest and lowest values of board compensation for the firms are ₦5.336 billion and ₦0.022 billion. The standard deviation value is 0.8503, which is high, and it indicates low board compensation among the firms investigated. The kurtosis statistic (21.632) is higher than 3.0, and thus there are outlier values. This indicates that few of the firms engaged in high board compensation.

Firm age averaged 56.6 (57) years. The highest and lowest firm ages are 140 years and 11 years. The standard deviation value is 33.207, which is high, and it indicates that most of the banks are the year in banking service. Kurtosis statistic (1.2003) is lower than 3.0, and thus there are no outlier values. This indicates that many of the banks have experience in banking.

**Analysis of CSR & Employee Retention**

**Table 3: Relationship between CSR and employee Retention**

| <b>Variables</b> | <b>RET</b> | <b>TRA</b> | <b>COM</b> | <b>AGE</b> |
|------------------|------------|------------|------------|------------|
| <b>RET</b>       | 1          | 0.631039   | 0.115736   | 0.205886   |
| <b>TRA</b>       | 0.631039   | 1          | 0.365076   | 0.206386   |
| <b>COM</b>       | 0.115736   | 0.365076   | 1          | 0.051739   |
| <b>AGE</b>       | 0.205886   | 0.206386   | 0.051739   | 1          |

**Source:** *Author’s Computation (2023)*

Table 2 summarizes the relationship between employee retention, CSR practice, employee training, board compensation, and firm age. This analysis is conducted to examine the presence of multiple correlations among the data series. A correlation coefficient above 0.8 indicates the presence of multiple correlations (Okere et al., 2018). From the coefficients obtained, employee retention has a positive relationship (0.631039) with employee training; a positive relationship (0.115736) with board compensation; and a positive relationship (0.205886) with firm age. Employee training has a positive (0.365076) with board compensation; and a positive (0.206386) relationship with firm age. Lastly, board compensation has a positive (0.051739) relationship with firm age. These results show that the model estimated is free from multiple correlations.

**4.3.3 Hausman Test**

The Hausman test is to justify the use of the random effect model, for estimating the model. According to the null hypothesis, the random effect model will be estimated. Hence, if the null hypothesis is rejected, the fixed effect model will be estimated.

**Table 4: Hausman Test Results**

| <b>Correlated Random Effects - Hausman Test</b> |                          |                     |              |
|---|--------------------------|---------------------|--------------|
| <b>Equation: EQ01</b>                           |                          |                     |              |
| <b>Test cross-section random effects</b>        |                          |                     |              |
| <b>Test Summary</b>                             | <b>Chi-Sq. Statistic</b> | <b>Chi-Sq. d.f.</b> | <b>Prob.</b> |
| <b>Cross-section random</b>                     | 26.871927                | 3                   | 0.0000       |

**Source:** *Author’s Computation (2023)*

**Note:** (\*) (\*\*) indicate significance at 5% and 10% levels respectively

Testing at a 5% level of significance, the null hypothesis does not hold. Hence, the study concludes that it is not appropriate to estimate the random effect model.

**Table 5: OLS Regression Results (Dependent Variable: Employee Retention)**

| Variable                   | Coefficient | Std. Error         | t-Statistic | Prob.     |
|----------------------------|-------------|--------------------|-------------|-----------|
| C                          | 0.867811    | 0.082842           | 10.47545    | 0.0000    |
| TRA                        | 0.069598    | 0.001215           | 57.26740    | 0.0000    |
| COM                        | -0.140534   | 0.008429           | -16.67324   | 0.0000    |
| AGE                        | 0.002763    | 0.001160           | 2.381233    | 0.0192    |
| <b>Weighted Statistics</b> |             |                    |             |           |
| <b>R-squared</b>           | 0.972240    | Mean dependent var |             | -0.557435 |
| <b>Adjusted R-squared</b>  | 0.971372    | S.D. dependent var |             | 7.177797  |
| <b>S.E. of regression</b>  | 1.010154    | Sum squared resid  |             | 97.95938  |
| <b>F-statistic</b>         | 1120.729    | Durbin-Watson stat |             | 1.956125  |
| <b>Prob(F-statistic)</b>   | 0.000000    |                    |             |           |

**Source:** *Author's Computation (2023)*

**Note:** (\*) (\*\*) indicate significance at 5% and 10% levels respectively

**Interpretation and Analysis of Regression Results**

Table 3 shows the findings of a panel least square regression analysis of the relationship between training expenses, board compensation, and the ages of 10 publicly traded Nigerian manufacturers and employee retention. The F-Statistic probability is 0.000000, hence the model is statistically significant and has a strong fit. As can be seen from the outcomes, both the raw and adjusted R-squared values are quite high: 0.972240 (97.22%) and 0.971372 (97.13%, respectively). According to these results, the independent factors (investment in employee training, remuneration for members of the board of directors, and the age of the company) account for 97% of the total variance in the dependent variable (worker retention). The absence of serial autocorrelation in the findings is shown by a Durbin-Watson value of 1.956125.

The cost of training employees has a significant coefficient of 0.069 at the 5% level (P = 0.0000). This suggests that the training costs of listed Nigerian manufacturing businesses have a favourable and considerable impact on staff retention. The board compensation coefficient is -0.1405, and its 0.0000 P value is statistically significant at the 5% level. This data reveals that for listed Nigerian manufacturing businesses, the influence of board remuneration on staff retention is negative and considerable. The coefficient of firm age is 0.002, and its P-value of 0.0192 is statistically significant at the 5% level of significance. This suggests that the length of time a company has been in business has a positive and statistically significant effect on its ability to keep its employees.

**4.4 Research Findings and Implications**

Results obtained from the panel regression analysis show that employee-training costs impact significantly positively on employee retention. This indicates that employees who are trained and well motivated financially are more likely to be retained compared to employees with less training and financial motivation. This result agrees with kim et al (2020); Lee and Chen (2018); Ma, (2011) who acknowledged empirical

investigations that firms, which engage in training and financial motivations of their employees, tend to stand out from their competitors; which helps reduce employee turnover.

Further results reveal that firm age positively influences employee retention. Hence, older firms have higher reputations that are more likely than younger firms, to retain their employees. In addition, it is found that board compensation has a negative impact on employee retention. This indicates that higher payouts to executive managers imply lesser funds to compensate other employees, which in turn would encourage higher employee turnover.

A significant correlation is observed between employee training costs, firm age, board compensation, and employee retention, as determined by the panel regression analysis. Given the positive correlation between employee retention and training (Fernando & Sutha, 2022), it follows that companies can derive economic benefits from investing in employee development, which results in a more motivated and proficient workforce. Additionally, firm age influences retention, as more established companies might have developed a reputation for dependability and stability, factors that can attract and retain top-tier personnel.

Investing in training programs can provide businesses with a competitive edge, given that motivated and well-trained personnel can positively impact innovation, customer satisfaction, and operational efficiency in line with the findings of Boutmaghzoute and Moustaghfir (2021); Zainee and Puteh (2020). Organizations that are more established may leverage their reputation to attract and retain personnel, thereby motivating newer firms to prioritize the development and maintenance of a favourable corporate image.

Policymakers ought to advocate for the adoption of employee training and development policies by businesses, including but not limited to tax rebates, incentives, and other forms of support. In addition, policies ought to strike a balance between executive remuneration and fair compensation for other staff members, given that the adverse effect of board compensation on employee retention indicates the necessity for fair distribution throughout the organization.

It is imperative for organisations to balance executive compensation and employee retention while aligning their HR strategies with overarching business objectives; thus, strategic HR management is critical. Achieving an equitable compensation structure that recognises and appreciates leadership contributions is critical for promoting employee retention and satisfaction.

## **CONCLUSION**

This study investigated the impact of Corporate Social Responsibility on employee retention among manufacturing firms in Nigeria. Results obtained from the panel regression analysis show that employee training costs impact significantly positively on employee retention. This indicates that employees who are trained and well-motivated financially are more likely to be retained compared to employees with less training and financial motivation. This result agrees with (Ma, 2011), who acknowledged empirical investigations that firms which engage in training and financial motivations of their employees tend to stand out from their competitors; which helps reduce employee turnover.

Further results reveal that firm age positively influences employee retention. Hence, older firms have higher reputations that are more likely than younger firms, to retain their employees. Also, it is found that board compensation has a negative impact on employee retention. This indicates that higher payouts to executive managers imply lesser funds to compensate other employees, which in turn would encourage higher employee turnover.

In conclusion, the study states that CSR is an important tool for attracting and retaining employees. In particular, the study concludes that CSR impacts positively on employee attraction. As such, the study concludes that training and financial motivation of employees help to reduce employee turnover. This

implies that firms which are less socially responsible to their employees run the risk of losing them to their competitors. Furthermore, this study concludes that training employees (internal corporate social responsibility) helps to retain employees.

Consequently, this study recognizes that corporate social responsibility is an effective tool in the attraction and retention of employees within an organization. In addition, the study concludes that board compensation impacts negatively on employee retention. Therefore, it is imperative to allocate corporate funds efficiently among employees so as to reduce labour turnover. Nevertheless, the study's findings focus on manufacturing firms and cannot be generalized to firms in other sectors of the economy.

The following recommendations are reached:

1. Corporate organizations in Nigeria should be socially responsible to their employees so as to attract more talent needed to remain competitive.
2. While internal CSR is important, firms should not discard external CSR investments as both are key firm strategies for positive outcomes.
3. Corporate organizations in Nigeria should be willing to attend to the needs of their environment, which makes them socially acceptable and important for their improved performance through sales maximization.
4. Corporate organizations in Nigeria should be devoted to training their employees, as well as motivating them financially so as to retain them.

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