

INNOVATIVE COMPENSATION STRATEGY AND TALENT ATTRACTION IN THE BANKING INDUSTRY IN KENYA

Hudson Mwangi Shiverenje, Mike Amuhaya Iravo, Josphat Kwasira
School of Business and Entrepreneurship, Jomo Kenyatta University of Agriculture and Technology,
Kenya

Corresponding author's email: shihud2008@gmail.com

Abstract

Organizations with innovative compensation strategy have a competitive edge in attracting and retaining high quality talents. Compensation is characterized as the aggregate sum of the financial and non-financial pay given to an employee by an employer as an end-result of work executed as required. Hence the purpose of this study was to examine the influence of innovative compensation strategy on talent attraction in the banking industry in Kenya. The study was anchored on Resource Based View and Job Choice Theory. It adopted cross-sectional and descriptive research design. The study was conducted in 43 commercial banks in Nairobi City County, Kenya with target population drawn from 2216 Operations Managers, Human Resource Managers, Marketing Managers, Supervisors and Tellers. A sample size of 339 was selected using purposive, random and proportionate stratified random sampling. Data was collected using closed and open-ended questionnaires. Reliability was established by piloting 34 questionnaires. A Cronbach's Alpha value of 0.882 was computed, which was greater than 0.7 and thus considered appropriate for the study. Validity was ensured by expert review in the field of human resources and review of related literature. Questionnaires were developed as per the study objectives and simple language which respondents could easily understand. Data was analysed using descriptive and inferential statistics. The results indicated that a moderate relationship exists between innovative compensation and talent attraction ($r=0.353$, $p<0.01$). The model coefficient was found to be significantly different from zero ($t=6.517$, $p<0.001$). This implies innovative compensation explains (0.353^2) 12.46 % of the variation in talent attraction. Further analysis showed that innovative compensation had a lower significant effect on talent attraction ($\beta = 0.143$, $P = 0.000$). However, both innovative compensation and talent attraction mechanism combined have a greater significant effect on talent attraction ($\beta = 0.233$, $P=0.000$). Thus, talent attraction mechanism had a significant moderating effect on innovative compensation and talent attraction in the banking industry in Kenya. The study recommends that banks should seek to have a strategy of communicating innovative compensation systems to potential talents so that they have access to such information that affects talent attraction.

Keywords: banking industry, employer branding, innovative compensation, talent attraction, talent attraction mechanism

Introduction

Human resource management professionals are facing the challenge of attracting a high-quality workforce as economies become more that knowledge based. This quality work force offers the employer a nascent source of sustained competitive advantage to organizations. Recruitment, a key human resource function, is moving away from transactional thinking and beginning to understand how to better connect and engage with relevant talent prospects (Sahay, 2015). Employers' leaders are aware that attracting qualified and talented individuals is one of their most pressing challenges since it includes practices and processes followed by the employers with the objective to encourage prospective candidates to become a part of an organization (Sahay, 2015). Besides, identifying talent is time consuming and very costly.

Global surveys and studies show that attracting the right talent has become a crucial issue for firms in developed world. Bureau of Labor Statistics (2014) survey indicate that on average in the USA, there are approximately 515,000 retail job openings every month waiting to be filled. And most employers find it challenging to identify and attract the right talent, as qualified workforce is scarce in the labour market when required. Chhabra and Sharma (2014) indicated that firms should have in place adequate strategies and proper plans to attract the best pool of quality and quantity individuals available from the labour market.

Furthermore, the researchers presented an agenda for researching and establishing employer branding as an effective practice for human resource management and outlined research issues that need to be addressed to develop employer branding as a useful organizational framework for strategic human resource management. To Banerjee and Gupta (2019), talent attraction is one of the major challenges for HRMs. In addition, the time taken in finding the right talent from the huge pool of applications has increased significantly, adding up to the hiring cycle. In today's competitive labour market, employers need to highlight their brand image to prospective job-seekers, so that there is higher chance of recruiting the best talent that fits their manpower requirement.

Several researchers have suggested that a talented, quality workforce will become a more important source of competitive advantage for firms in the future. Drawing on social identity theory and signaling theory, Greening and Turban (2000) hypothesize that firms can use their corporate social performance (CSP) activities to attract talents. Specifically, signaling theory suggests that a firm's CSP sends signals to prospective talents about what it would be like to work for a firm. Social identity theory suggests that potential applicants have higher self-images when working for socially responsive firms over their less responsive counterparts. Greening and Turban (2000) conducted an experiment in which they manipulated CSP and found that prospective job applicants are more likely to pursue jobs from socially responsible firms than from firms with poor social performance reputations.

Landelahni (2010) survey established the challenges the financial sector was experiencing in attracting and retaining employees as slow recovery for the sector, scarcity of crucial staff locally and globally and high employee mobility. And hence, they require key strategies in terms of skills growth, training and enhancement of talent management. Global HR Trends (2014) survey shows that talent recruiting is undergoing rapid disruption, challenging firms to leverage social networks, aggressively market their employment brand, and re-recruit employees. Besides, respondents showed that talent acquisition a major challenge in Kenya.

Attracting the best and quality workforce has become so competitive amongst organizations (Berthon, Ewing and Hah, 2005), for that reason organizations want to be seen as attractive employers in the labour market (Lievens and Highhouse, 2003). Study findings by Tikson, Hamid and Mardiana (2018) in Citibank, Indonesia on talent attraction revealed that men are more attracted by good promotion opportunities within the organization compared to women who prefer a conducive working environment. This quality workforce offers an organization a nascent source of sustained competitive advantage. According to Sahay (2015), employers'

leaders are aware that attracting qualified and talented individuals is one of their most pressing challenges since it includes practices and processes followed by the employers with the objective to encourage prospective candidates to become a part of a firm. Besides, identifying the right talent is time consuming and costly. Chhabra and Sharma (2014) indicated that firms should have in place adequate strategies and appropriate plans to attract the best pool of quality and quantity individuals available from the labour market. Talent acquisition trends (2019) in Kenya show that attracting quality talent was a top challenge across most functions as 63% of respondents from companies with over 500 employees cited it as a challenge.

Despite the various studies on the influence of innovative compensation strategies on talent attraction globally, few studies have been done in Kenya. Katua, Mukulu and Gachunga (2014) investigated the effect of human resourcing strategies on performance of commercial banks in Kenya. However, the study was tilted towards performance in banks. Furthermore, a study by Muthusi, Ogolla, and Kituku (2019) established that there was a relationship between employer branding strategy and employee attraction in mobile service providers in Nairobi. However, the study focused on the mobile service providers.

Most empirical studies reviewed focused on college students as the sample in recruitment research with mixed results and the bulk of evidence from the developed world, with little evidence from developing countries (Joo, Moon & Choi, 2016; Story, Castanheira & Hartig, 2016; Renaud, Morin & Fray, 2016). Moreover, differences in talent attraction strategies, the sample period, sample size, sampling technique, country geographical coverage, and the choice of empirical methodology have been quoted as the main reasons for the different outcomes in the literature. While there have been several studies on specific recruiting practices in Kenya, there has been little attention given to employer branding as a strategic tool to be used by banks in talent attraction. Attracting candidates with the right experience, tasks and qualifications with the right skills, talent well-suited for organizations has been a challenge. Thus, it is against this background that the study examines how innovative compensation can be used to attract the right talent in the banking industry in Kenya.

Objective of the Study

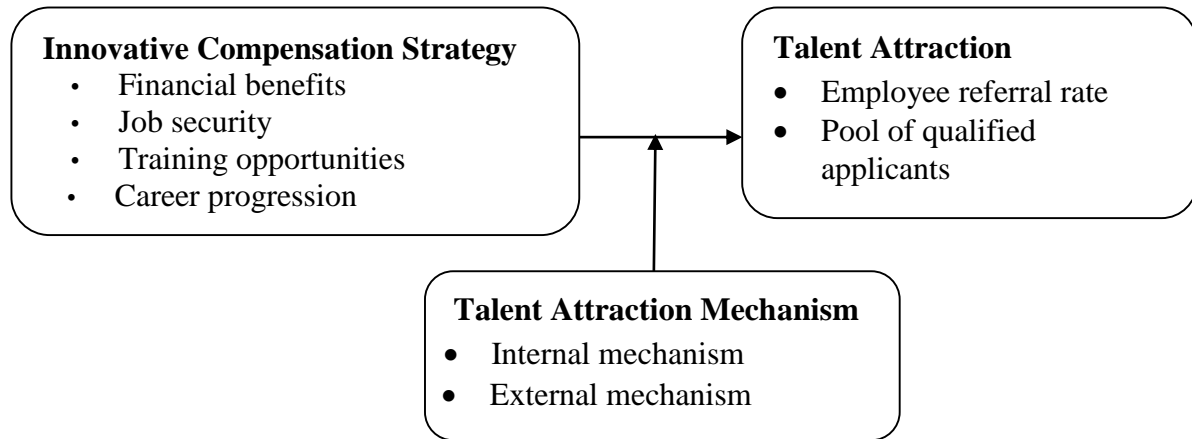
To determine the influence of innovative compensation strategy on talent attraction in the banking industry in Kenya.

Research Hypothesis

H₀₁: Innovative compensation strategy has no significant influence on talent attraction in the banking industry in Kenya.

Conceptual Framework

Figure 1 illustrates the relationship between innovative compensation, talent attraction mechanism and talent attraction in the banking industry in Kenya.



Independent Variables

Moderating Variable

Dependent Variable

Figure 1: Conceptual Framework

Literature Review

Theoretical framework

Jay Bryan Barney was the proponent of RBV theory in 1991. The assumption of RBV of the firm is a strategic asset which is rare, valuable, imperfectly imitable and non-substitutable. Competitive advantage can only occur in situations of firm resource heterogeneity and firm resource immobility. Firm resource heterogeneity refers to the resources of a firm which includes physical, human and organizational capital and how different these resources are across firm. Firm resource immobility refers to the inability of competing firms to obtain resources from other firms. Barney (1991) further posits that a firm's assets can only be the basis of sustained competitive advantage once these resources are valuable.

Resources are valuable when they enable a firm to implement strategies that improve the firm's efficiency and effectiveness. RBV theory suggests that a firm's resources are the key determinants of its performance and this significantly contributes to service delivery. Resources include organizational processes, assets, information and knowledge as well as attributes that help the firm to develop and implement strategies to enhance efficiency, effectiveness, image, awareness and quality services or products. In addition, how rare a valuable firm resource must be in order to have the potential for generating a competitive advantage is a difficult question. As an HR function, recruitment provide value to a firm. This is because firms require diverse skills mix and individual employees differ in terms of skills and levels of skills, thus there is heterogeneous demand for and supply of labour.

Thus, talent attraction as a HR function enables a firm to source for highly skilled individuals with high ability. Hence, a firm can attract individuals of superior ability through employer branding strategies. Besides, in order for a resource to be considered a sustained competitive advantage, HRs must be inimitable. A firm's ability to create a competitive advantage depends in part on its ability to effectively manage human resourcing decisions. This in turn implies the need to attract HRs based on their ability to support value creation efforts, manage risk and implement firm strategies. Mavrinac and Siesfield (1997) revealed that 35% of institutional investor's valuation of a firm is accredited to non-financial factors, such as management resoluteness and know-how, innovativeness, the capability to attract and retain talent, compensation practices, and the quality and execution of the corporate strategy.

The Job Choice Framework comprises of three theoretical categories that explain individuals' job choice decisions: objective theory, subjective theory, and critical contact theory (Appiah-Padi, 2014). The proponent of the theory was Behling, Labovitz and Gainer (1968). The assumption of the theory is that recruitment choice is dependent on analysis of certain tangible firm components existing within a firm. According to the theory, job seekers evaluated job and organizational attributes that fell under these different theories and then weighed the attributes in terms of their relative importance to the potential employee. These attributes are working environment, remuneration and benefits, image of the firm, brand and reputation, opportunities for career growth, training and development opportunities, friendly managers, nature of work to be done, flexible working time, use of ICT and size of firm.

The thrust of the objective theory is that people are economic beings; consequently, their preference for specific jobs is driven by economic value. The degree to which potential job candidates may derive maximum economic benefits from a given position is the primary determinant in their decision making. They are thus influenced by factors relating to monetary value, such as salary and benefits packages, job location, study opportunities, and prospects for advancement. Subjective theory refers to job candidates as social and psychological beings, who base job choice decisions primarily on factors congruent with their personalities as well as their perceptions of the job setting and how the jobs may fulfil specific psychological and sociological needs (Pounder, Crow, & Bergerson, 2004).

The critical contact theory suggests that prospective candidates make decisions about jobs based on either the actual nature of their recruitment/search experience or their perception of it. If persons are comfortable with how the search process unfolds, they are more likely to give positions positive thought. The theory advances the idea that an applicant's view while interacting with the firm plays a vital role in decision making. To Behling, Labovitz and Gainer (2005), an individual's decision to join a firm may depend on any of these three factors. These theories assume that candidates have a free choice of employers and careers.

Empirical literature review

The search and competition for talented staff requires firms to invest resources in employment-related branding strategies. In many established economies, changing demographics and

economic conditions have given rise to progressively competitive labour markets, where competition for good employees is robust. Consequently, strategic investments in attracting suitably qualified and skilled employees are recommended (Wilden, Gudergan and Lings, 2010). Besides competitive labour markets, competition for potential talents is likely to become an increasingly significant issue as the worldwide population ages. Firms need to develop strategies to ensure that their human-resource base remains adequate for the challenge of doing business. In increasingly competitive employment markets, developing strategies to become an employer of choice and to increase the number of applicants per advertised vacancy can facilitate the recruitment of suitable employees and provides a strategic advantage to the firm. According to Hanson, Dowling, Hitt, Ireland and Hoskisson (2002), by adopting a RBV of the firm, the significance of human capital as a source of competitive advantage becomes apparent, and securing qualified staff becomes a strategic imperative.

Gross and Friedman (2004) contend that firms are currently acknowledging the vital role reward programs plays in the achievement of business strategy. Hence, reward strategy of most firms has been deliberately created in order to support an employer's unique human capital strategy. Further scientific literature from firm attractiveness points out that a firm's ability to attract potential talents depends on a wide range of inter-related elements including its brand image and the attributes of both the job on offer that includes competitive compensation and autonomy to make decisions and work environment itself that include diversity management and work-life balance.

Previous studies have shown that firms with established employer brand are capable of attracting talents to their firms at a much lower compensation level. Besides, job applicants seem more tolerant with firms who have established employer brands than those without employer brands (Kucherov & Zavyalova, 2012; Chapman, et al., 2005). Kucherov and Zavyalova (2012) study showed that employer brand allows 26% economic advantage in terms of labour cost, attracting talent at relatively cheaper cost. Adeosun and Ohiani (2020) carried out a study which explored the drivers of attracting and recruiting quality talents on hiring practices in Nigeria. The study revealed that firms can leverage on digitization, salary, brand name, referral, job security as core factors in attracting and recruiting quality talents.

Besides, CLC (2006) study reveal that when a firm is attracting talents from their prior jobs to new ones, an increase of 11% only in terms of compensation will be required in attracting candidates who feel the employer value proposition is attractive, while a rise of 21% will be required to lure applicants who feel the employer value proposition is unattractive. These set of unique, relevant and compelling employer benefits a firm offers in return for the skills, capabilities and experiences a worker brings to a firm plays a key role in hiring. This implies that employer branding plays a key role in talent attraction as it enables firms to attract candidates at lower cost than those without established employer brands.

On empirical level, study by Chapman, Uggerslev, Carroll, Piasentin and Jones (2005) revealed direct innovative compensation such as pay and organizational benefits positively and significantly attract potential talents. Wayne and Casper (2012) results revealed that a firm's

reputation in compensation, work-family and diversity efforts significantly improved college students' attraction to a firm. This is because such firms are perceived as prestigious, supportive and enhances the potential job seeker's job performance. The results suggest that a strong brand derived from employee-centered HR practices is vital for talent attraction.

Schlechter, Thompson and Bussin (2015) study results in South Africa showed that non-financial reward has a significant effect on potential employees' attractiveness and thus a positive impact on talent attraction. Schlechter, Hung and Bussin (2014) study on a set of financial reward elements in South Africa revealed that remuneration, the inclusion of benefits and variable pay were significant in talent attraction within a reward package. Additionally, Li and Roloff (2007) study in USA revealed that individuals were more attracted to firms that used mixed compensation distribution system of non-financial benefits, competitive salary and bonuses, job security, opportunities for career development and advancement. Devina, Astrini, and Syaebani (2016) study findings in Indonesia established that when firms offer an attractive pay to their employees, it affects talent attraction.

Tews, Michel and Bartlett (2012) study results revealed that job seekers are more likely to pursue employment with organizations that offers organizational fun, innovative perks and career advancement opportunities. The sources of talented staff can be internal or external with studies showing the best strategy to create a large talent pool is the internal sources since employees already have skills, qualifications and knowledge of business processes and can easily be integrated and transit into their work settings (Rao, 2010). Renaud, Morin and Fray (2016) study on the effect of innovative perks and training and ethics on applicant attraction in Canada indicated that innovative perks, training and ethics have a significant effect on talent attraction.

Chhabra and Sharma (2014) study on job seekers attraction to firms identified common attributes which were compensation system adopted, career prospects and growth, brand name, organizational culture, employee empowerment, training and development, supportive and encouraging colleagues, innovative employer-novel work practices, job security, recognition, a healthy friendship with supervisor, customer-oriented firms, and acceptance and belonging which attracted talent. Nalband and Al Awadh (2017) study in financial Sector in Saudi Arabia showed that attractive compensation, good performance management practices, job advertisements and leadership are critical in talent attraction.

Research Methodology

The study adopted cross-sectional survey and descriptive research design. Kothari (2004) states that cross-sectional studies are observational and are known as descriptive research. Creswell (2013) argues that descriptive survey designs are used in preliminary studies to allow the researcher to gather information, summarise, present and interpret it for the sake of clarification. Cross sectional study design uses survey techniques to gather data and allow researchers to compare many different variables at the same time (Orodho, 2005). According to Saunders, Lewis and Thornhill (2012) surveys using questionnaires allows data collection which can be analysed quantitatively using descriptive and inferential statistics.

The study period 2018-2022 was considered appropriate and satisfactory to deliver data that give reliable results. Both descriptive and inferential statistical techniques were used in data analysis. SPSS version V. 26 was utilized to analyse the data. The descriptive statistics show the measure of central tendencies and dispersion using the mean, range and standard deviation. A detailed description was provided for the interpretation of data, drawing conclusions and recommendations. The inferential statistics was utilised to provide the relationship between the variables. Moreover, Pearson correlation was used to determine the strength of the independent variable on the dependent variable. Regression analysis was conducted to determine the influence of the independent variable on the dependent variable. Regression analysis was used to test the hypothesis at 95% confidence level (level of significance = .05). To determine the accuracy of the statistics in the regression and models of best fit, diagnostic assessments for multicollinearity, normality, linearity, heteroskedastic and autocorrelation tests were performed.

Yamane (1967) formula was used to calculate sample size of 339 at P= 0.5 and confidence level of 95%.

$$n = \frac{N}{1 + N(e)^2}$$

Where,

n = sample size, N = total population, e = error margin/level of precision and 1 = constant

$$n = \frac{2216}{1 + 2215(0.05 \times 0.05)}$$

$$n = 339$$

Table 1 gives the stratum for the sample size for supervisors and tellers who were proportionally stratified (Kothari, 2011).

$$n_i = \frac{N_i}{N} \times n$$

Where,

n_i = the sample size for the strata, N_i = the population size of the strata, N = the total population size and n = the total sample size. Using the formula, researchers generated the strata categories for supervisors and tellers. However, operations managers, marketing managers and HR managers were purposely sampled because of experience, strategic position and information they have about the bank.

Table 1: Sample Size

Population Group	Population	Sample size
Operations Managers	43	43
HRM	43	43
Marketing Managers	43	43
Supervisors	634	64
Tellers	1, 453	146
Total	2,216	339

To analyse the data, the researcher regressed talent attraction on employer branding strategy variable which resulted in multiple linear regression represented by:

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

$$Y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \mu$$

Where: -

Y_i = Talent attraction, β_0 = constant (coefficient of intercept), X_1 = Organizational Reputation, X_2 = Innovative Compensation, X_3 = Organizational Environment, X_4 = Corporate Social Responsibility, $\beta_1 - \beta_4$ are partial slope coefficients for predictor variables and μ = error term

Results and Discussion

The study analysed the views of the respondents in respect to innovative compensation and talent attraction.

Demographic characteristics

A total of 302 respondents participated in the study, representing 89.09 percent, were considered very satisfactory to make conclusions (Neuman, 2000; Arora & Arora, 2003). To ensure scale reliability, 34 questionnaires were administered. With a Cronbach's Alpha coefficient of 0.849, greater than the acceptable limit of 0.7, it revealed a strong internal consistency amongst measures of variables (Bryman, 2008; Kline, 1999; Sekaran & Bougie, 2016). Furthermore, data on gender established that 55.6% were male, while 44.4% were female. Jain and Bhatt (2015) indicated that females accord more importance to transfer policies, leave allowance, location, flexible working conditions and work life balance while choosing their employer than males. Besides, Kirai (2013) established that women experience innumerable obstacles in their career progression. Moreover, the findings revealed that majority, at 66.2%, were aged between 41-50 years. Additionally, level of education revealed that the majority had Masters' degree at 53.6%, while 31.1% had postgraduate diploma. Study by Owino and Kwasira (2016) shows that the level of education influences the conveyance of managerial skills in firms. Education level is a pointer of skills, knowledge and capability to perform and deliver effectively and efficiently in the banking industry. On working experience, results revealed that the majority, at 39.1% had experience of 10 – 15 years. The number of years shows how acquainted a respondent has in the banking industry thus enhancing respondent's chance to effectively respond to the items under study.

Descriptive statistics for talent attraction

The findings revealed that the respondents agreed (Mean = 4.195; Std Dev =0.759) with the statement that the *bank's innovative compensation has led to increased pool of applicants* for talent attraction. Moreover, respondents noted that with (Mean=3.954; Std Dev =0.768), the bank's talent attraction mechanism has led to increased pool of qualified applicants. Respondents also agreed with (Mean=4.298; Std Dev =0.665) that bank's innovative compensation has led to increased level of referrals. Lastly, respondents agreed with (Mean=3.566; Std Dev =0.878) that the bank's talent attraction mechanism has led to increased rate of referrals. The findings are consistent with Khalid and Tariq (2015) study on two firms

in Pakistan on the impact of employer brand on recruitment and selection process which revealed that using employer branding would increase referrals, large applicant pool and competitive employees.

Table 2: Descriptive Statistics for Talent Attraction

Statement	Min	Max	Mean	SD
<i>Bank’s innovative compensation has led to increased pool of applicants</i>	1	5	4.195	0.759
Bank’s talent attraction mechanism has led to increased pool of qualified applicants	1	5	3.954	0.768
Bank’s innovative compensation has led to increased level of referrals	2	5	4.298	0.665
Bank’s talent attraction mechanism has led to increased level of referrals	1	5	3.566	0.878
Average Mean = 4.003; N=302				

Descriptive statistics for innovative compensation

The study sought to determine the influence of innovative compensation on talent attraction in the banking industry in Kenya. The findings revealed that the respondents agreed (Mean = 4.474; Std Dev =0.655) with the statement that bank provides competitive salary that affects talents attraction. Respondents also agreed with (Mean = 3.444; Std Dev =1.266) that bank providing strong job security has an effect on talent attraction. Furthermore, the findings indicated that with (Mean = 4.487; Std Dev = 0.507) that bank’s friendly human resources policies influences talent attraction in the banking industry in Kenya. In addition, respondents concurred with (Mean = 4.298; Std Dev =0.759) that banks’ offer of competitive non-financial benefits affect talent attraction. Moreover, respondents agreed with (Mean=4.311; Std Dev = 0.740), that banks provision of opportunities for career progression influences talent attraction. Finally, respondents were in agreement that with (Mean =4.282; Std Dev = 0.474), appropriate training programs provided by banks affects talent attraction in the banking industry in Kenya.

The findings agree with Nalband and Al Awadh (2017), Adler and Ghiselli (2015), Honeycutt and Rosen (1997) and Wayne and Casper (2012) which established that attractive compensation such as pay, HR policies and flexible work schedules and organisational benefits are prized by potential employees and positively and significantly associated with attraction. Gender was further found to have a significant main effect, indicating that the presence of non-financial rewards was more attractive in job offerings for women than for men. Thus, the study reveals non-financial rewards have a positive effect on talent attraction.

Furthermore Sokro (2012) study established that availability of career advancement opportunities and reward systems provided by firms was a means of attracting workers in the banking sector in Ghana. Yet, findings by Galetic, Klindzic and Nukic (2016) revealed statistically significant differences in assigning importance to various nonmaterial rewards by students and staffs, where the former assigned more importance to promotion opportunities, prestigious work position and job security while the latter assigned more status to ethics,

leadership, autonomy and teamwork. This research finding is significant as it revealed the role of innovative compensation that addresses the needs of different segments of employees

Table 3: Descriptive Statistics for Innovative Compensation Strategy

Statement	Min	Max	Mean	SD
Bank provides competitive salary	1	5	4.474	0.655
Bank provides strong job security	1	5	3.444	1.266
Bank has friendly HR policies	3	5	4.487	0.507
Bank provides competitive non-financial benefits	2	5	4.298	0.759
Bank provides good opportunities for career progression	2	5	4.311	0.740
Bank provides appropriate training programs	2	5	4.282	0.474
Average Mean = 4.216, N=302				

Correlation between innovative compensation and talent attraction

The results indicate that there is a moderate positive and statistically significant correlation between innovative compensation and talent attraction ($r=0.353$, $p<0.01$) at 0.01 level of significance. This implies that innovative compensation is related to talent attraction in the banking industry in Kenya. An investigation conducted by Renaud, Morin and Fray (2016) on the effect of innovative perks and training and ethics on applicant attraction in Canada established a significant and positive correlation effect of innovative perks, training and ethics effect on job seekers.

Table 4: Correlation of Variables Matrix

Variable	Talent Attraction
Innovative Compensation	
Pearson's r (2-tailed)	.353**
p-value	.001
N	301

**Correlation is significant at the 0.01 level (2-tailed).

Descriptive statistics for talent attraction mechanism

The moderating variable was Talent Attraction Mechanism in the banking industry in Kenya. Talent attraction mechanism was assessed by nine items on a five-point Likert scale, tabulated in Table 5. The findings revealed that with an average mean score of 3.636, respondents agreed with most of the items apart from two items; one scoring a mean of 2.156 where respondents did not agree that banks use college hiring and career fairs and the other scoring 2.127 where respondents indicated that the bank does not use word of mouth to attract talent. The standard deviation for 5 out of the 9 of the items were above 1.00, indicating that respondents did not agree to some of the items.

The findings are supported by Kimes (2009), St-Onge (2007), El-Kot and Leat (2008), Rao (2010), and Gërkhani and Koster (2015) study which revealed that succession planning is a

significant source for senior and mid-level managers since such a method allowed the employers to rapidly influence their internal talent that comprehends the internal working of the firm, rivals, and clients very well hence such personnel make valuable professional judgments. This is reinforced by Rao (2010) study which revealed that applicants who are referred by current employees showed a better person-organization and person job fit largely since current employees provide realistic job previews. Such internal information about their new job helps applicants' make easy transitions into their work environments.

Table 5: Descriptive Statistics for Talent Attraction Mechanism

Statement	Min	Max	Mean	SD
Bank uses succession planning to develop internal talent for future leadership positions	1	5	3.848	1.297
Bank transfers and deploys employees as a way of developing employees	1	5	4.329	0.857
Bank uses employee referrals as a source of talent attraction	1	5	3.762	1.317
Bank offers internships and graduate programs as a source of talent attraction strategy	1	5	3.438	1.309
Bank uses college hiring and career fairs as a source of talent attraction	1	5	2.156	1.046
Bank uses printed advertisements in newspapers to attract employees	1	5	4.509	0.706
Bank uses HR consultants to attract employees	1	5	4.189	0.953
Bank uses social media and websites to attract employees	1	5	4.358	0.679
Bank uses word-of-mouth to attract employees	1	5	2.137	1.167
Average Mean = 3.636, N=302				

Regression model for innovative compensation.

To test the model, the study adopted a simple regression model to help determine the influence of innovative compensation strategy on talent attraction in the banking industry in Kenya. The resulting model was of the form:

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

Model summary for innovative compensation

Table 6(a) present a summary of regression model result. The R and R squared are 0.353 and 0.124 respectively. The results shows that there exists a moderate positive and statistically significant correlation between innovative compensation and talent attraction ($r=0.353$, $p<0.01$). This implies innovative compensation explains (0.353^2) 12.46 % of the variation in talent attraction in the banking industry in Kenya.

Table 6(a): Model Summary for Innovative Compensation

Model	R	R ²	Adjusted R ²	R ² Change	F Change	df1	df2	p
1	0.353	0.124	0.121	0.124	42.468	1	299	< .001

ANOVA for innovative compensation

A simple regression model was fitted to the data with innovative compensation as the independent variable and talent attraction as dependent variable and the model was found to be significant (F (1,299) =42.47, p< 0.001) with R squared=0.124 as shown in table 6 (b).

Table 6(b): ANOVA for Innovative Compensation

Model		Sum of Squares	df	Mean Square	F	p
1	Regression	7.916	1	7.916	42.468	< .001
	Residual	55.731	299	0.186		
	Total	63.647	300			

Regression coefficients innovative compensation

The model coefficient was found to be significantly different from zero (t=6.517, p< 0.001). The model equation generated for innovative compensation is;

$$Y = 3.786 + 0.252X_1,$$

which implies for every unit measure of innovative compensation leads to 0.252 increase in talent attraction as shown in Table 6 (c). Thus, the null hypothesis based on the objective was rejected;

H₀₁: Innovative Compensation strategy has no significant influence on talent attraction in the banking industry in Kenya.

The results of multiple regressions, as presented indicate that innovative compensation had a significant influence (p = 0.010) at 5 percent confidence on talent attraction after moderation. Thus, the null hypothesis was rejected. The results also indicated that there was a positive relationship. By rejecting the null hypothesis, the results indicated that innovative compensation has a significant effect on talent attraction in the banking industry in Kenya.

Table 6(c): Regression Coefficients Innovative Compensation

Model		Unstandardized Coefficients		Standardised Coefficients	t	p
		B	Std Error	Beta		
1	(Constant)	3.786	0.027		142.603	< .001
2	(Intercept)	2.719	0.166		16.418	< .001
	Innovative Compensation	0.252	0.039	0.353	6.517	< .001

1. Predictors: (Constant), Innovative Compensation

2. Dependent Variable: Talent Attraction

Overall multiple regression model

An overall regression model was carried out to determine the effect of innovative compensation on talent attraction in the banking industry in Kenya. Table 7 shows the summary of regression coefficients for multiple regression. The overall joint model equation generated was;

$$Y = 2.48 - 0.051X_1 + 0.143X_2 + 0.061 X_3 + 0.205X_4$$

The beta coefficient confirmed the relative strength for every variable as a predictor of talent attraction. The findings indicate that innovative compensation ($p = 0.01$, $\beta = 0.143$) had a significant influence ($p < 0.05$) on talent attraction before moderation. This result show that innovative compensation influenced talent attraction by 14.3%.

Table 7: Results for Multiple Regression Model

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig
	B	Std. Error			
(Constants)	2.48	0.27		9.188	0
1. Organizational reputation	-0.051	0.069	-0.051	-0.741	0.010
2. Innovative compensation	0.143	0.055	0.204	2.584	0.010
3. Organizational environment	0.061	0.002	0.051	2.113	0.010
4. CSR	0.205	0.083	0.220	2.485	0.014

a. Dependent Variable: Talent Attraction

ANOVA results for regression model

ANOVA for the moderated effect was computed to determine that the data used to compute the regression model has not been computed by chance as shown in table 8. Results revealed that moderated model of talent attraction with independent variable has F statistic of 55.555, which is greater than F-critical (4,294) of 2.40 and the P-value is 0.000. The results with a p-value of 0.000 being less than 0.05 indicates that the overall regression model is statistically significant and is useful for forecast purposes at 95% level of confidence.

Table 8: ANOVA Results Regression Model

ANOVA^c

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	8.206	3	2.735	15.377	.000 ^a
	Residual	52.473	295	0.178		
	Total	60.679	298			
2	Regression	9.206	4	2.735	55.555	.000 ^b
	Residual	53.473	294	0.178		
	Total	60.679	298			

a. Predictors: (Constant), CSR, Organizational Reputation, Innovative Compensation, Organizational Environment
 b. Predictors: (Constant), CSR, Organizational Reputation, Innovative Compensation, Talent Attraction Mechanism, Organizational Environment
 Dependent Variable: Talent Attraction Mechanisms

Overall moderated regression model

Table 9 presents the moderated regression results of independent variables, talent attraction mechanism and talent attraction. The moderated model is:

$$Y = 3.51 + 0.12X_1 + 0.233X_2 + 0.212X_3 + 0.415X_4$$

The regression equation above has revealed that holding independent variables to a constant talent attraction will be 3.51. Innovative compensation had positive coefficient of 0.233 with a significant $p = .010$ which was lower than $.05$. The study revealed that innovative compensation had a significant effect on talent attraction in the banking industry in Kenya. Analysis show that innovative compensation had a lower significant effect on talent attraction as the beta coefficient ($\beta = 0.143$, $P = 0.010$) before moderation. However, an interaction of innovative compensation and talent attraction mechanism had a greater significant effect on talent attraction ($\beta_2 = 0.233$, $P = 0.010$) and improves the beta value from $\beta = 0.143$ to $\beta_2 = 0.233$.

Table 9: Regression Coefficients of Moderated Model

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	3.51	0.120		9.188	0.000
Organizational reputation	0.120	0.001	0.112	0.741	0.000
Innovative compensation	0.233	0.050	0.212	2.584	0.010
Organizational environment	0.212	0.001	0.192	2.212	0.004
CSR	0.415	0.021	0.406	2.485	0.020

a. Dependent Variable: Talent attraction

Hypothesis test results

Table 10 presents summary for hypothesis test results. The results of multiple regressions indicate that innovative compensation had a significant positive influence ($p = 0.010$) at 5 percent confidence on talent attraction after moderation. Hence, the null hypothesis was rejected. This confirmed that talent attraction mechanism moderates the relationship between innovative compensation and talent attraction. The findings agree with Nalband and Al Awadh (2017), Adler and Ghiselli (2015), Honeycutt and Rosen (1997) and Wayne and Casper (2012) study which established that attractive compensation such as pay, HR policies and flexible work schedules and organizational benefits are prized by potential employees and positively and significantly associated with talent attraction. Additionally, non-financial reward benefits were found to have a significant effect on talent attraction (Schlechter, Thompson & Bussin, 2015).

Table 10: Summary for Hypothesis Test Results

Hypothesis	Statement	β and P Values	Decision Rule
HO ₀₁	Talent attraction mechanisms does not moderate the relationship between IC and talent attraction	$\beta=0.233$ $p=0.010$	Null Hypothesis Rejected

Conclusion and Recommendation

Based on the study findings, there is positive correlation between innovative compensation and talent attraction and enhancing innovative compensation leads to increased referrals and pool of qualified applicants, thus influencing talent attraction. Additionally, results show that both financial and non-financial benefits play an important role in talent attraction in the banking industry in Kenya. However, the findings also showed that banks do not offer strong job security. Job security is not guaranteed and thus the study recommends that banks should ensure employees feel secure in their jobs. The current study was limited as the study's key respondents were restricted to the banking industry. Securing appointments was a challenge. Moreover, it was difficult to obtain certain information because of bureaucracy, and information was considered classified and confidential.

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