

The Moderating Effect of Human Resource Audit on the Relationship between Salary Structure and Turnover Intention: Evidence from Nairobi County Government, Kenya

Francis Kafunah¹, Stanley Kipsang², Jones Bor³

¹Department of Management Science and Entrepreneurship, School of Business and Economics, Moi University, Eldoret, Kenya, ²Department of Management Science and Entrepreneurship, School of Business and Economics, Moi University, Eldoret, Kenya,

³Department of Marketing and Logistics, School of Business and Economics, Moi University, Eldoret, Kenya

Corresponding Author Email: shiyukash@gmail.com

DOI Link: <http://dx.doi.org/10.6007/IJARBSS/v15-i9/26503>

Published Date: 12 September 2025

Abstract

High turnover intention in public sector organizations, such as Nairobi County Government in Kenya, undermines operational efficiency and service delivery. This study assesses the moderating effect of human resource (HR) audits on the relationship between salary structure and turnover intention among 350 staff members. Anchored in equity theory and conservation of resources theory, data were gathered via self-administered questionnaires and analyzed using moderated regression. Findings reveal a positive direct effect of salary structure on turnover intention ($\beta = .336$, $p < .05$). HR audits significantly moderate this relationship ($\beta = 0.3295$, $t = 6.2664$, $p < 0.0001$, $\Delta R^2 = 0.0445$), indicating that robust audits mitigate turnover risks by enhancing perceived fairness and transparency in compensation. This moderation underscores the value of systematic HR evaluations in public administration. Policy recommendations include regular HR audits to align salary structures with retention goals. Limitations and avenues for future research are outlined.

Keywords: Turnover Intention, Salary Structure, Human Resource Audit, Moderation, Public Sector, Kenya

Introduction

Turnover intention, an employee's cognitive inclination to leave their organization, serves as a reliable predictor of actual turnover and imposes significant costs on public sector entities (Hom et al., 2023). In Kenya's devolved system, Nairobi County Government faces persistent challenges with employee retention, driven by compensation disparities and inadequate oversight (Munyiri & Ndung'u, 2021). Salary structure, which defines pay levels, increments,

and equity, directly influences turnover intention through perceptions of fairness (Gerhart & Rynes, 2023). However, the role of HR audits—systematic evaluations of HRM practices—in moderating this relationship remains underexplored in African contexts.

HR audits ensure compliance, efficiency, and alignment with organizational goals, potentially buffering the negative impacts of flawed salary structures (Aggarwal et al., 2022). Equity theory (Adams, 1965) suggests that audits enhance perceived justice in compensation, reducing turnover intention. Conservation of resources theory (Hobfoll, 1989) posits that audits preserve employee resources by fostering trust and transparency.

This study addresses a literature gap by examining HR audits as a moderator in the salary structure-turnover intention link within a public sector setting. Prior research has focused on direct effects (e.g., Al-Suraihi, 2021), but moderation analyses in devolved governments are scarce. The objective is to assess the moderating effect of human resource audit on the relationship between salary structure and turnover intention in Nairobi County Government, Kenya. This contributes to HRM strategies for retention in resource-limited environments.

Literature Review

Turnover Intention

Turnover intention encompasses thoughts of quitting, job search, and departure likelihood, influenced by dissatisfaction and external factors (Mobley, 1977). In Kenya's public sector, it is amplified by economic instability and poor management (Hassan et al., 2022).

Salary Structure

Salary structure frameworks ensure equitable pay, impacting satisfaction and retention (Cascio & Boudreau, 2022). Inequitable structures foster turnover intention via perceived inequities (Jiang et al., 2023). Kenyan studies link public sector pay gaps to high attrition (Sultana & Modak, 2013).

Human Resource Audit

HR audits evaluate policies for compliance and effectiveness, identifying gaps in compensation (Rana & Malik, 2017). They promote transparency, reducing turnover by aligning practices with employee expectations (Aggarwal et al., 2022).

Theoretical Framework

Equity theory implies audits moderate by enhancing fairness perceptions in salary allocation (Adams, 1965). Conservation of resources theory suggests audits conserve psychological resources, weakening the salary-turnover link (Hobfoll, 1989). Hypothesis: HR audit moderates the relationship between salary structure and turnover intention, such that stronger audits attenuate positive effects.

Methodology

Research Design and Sample

Employing a post-positivist paradigm and explanatory design, the study sampled 350 Nairobi County staff using simple random and systematic techniques. Questionnaires were piloted in Kiambu County for reliability and validity. Items used a 5-point Likert scale. Factor analysis validated constructs (loadings > .60).

Data Analysis

Descriptive statistics profiled respondents. Moderated regression tested the interaction (Aiken & West, 1991), with centering of variables. Assumptions were met.

Results*Descriptive Statistics*

Sample: 55% male; ages 31-40 (40%); tenure 11-20 years (35%). Means: Turnover Intention (M=3.2, SD=0.8), Salary Structure (M=3.5, SD=0.7), HR Audit (M=3.4, SD=0.7).

Moderated Regression

Salary structure positively predicts turnover intention ($\beta = .336$, $p < .05$, $R^2 = .11$). The interaction term (Salary Structure $\times$ HR Audit) is significant ($\beta = 0.3295$, $t = 6.2664$, $p < .0001$, 95% CI [0.2261, 0.4330], $\Delta R^2 = 0.0445$), confirming moderation. At high HR audit levels (+1 SD), the salary-turnover link weakens; at low levels (-1 SD), it strengthens.

Model	Predictor	β	SE	t	p	ΔR^2
Step 1	Salary Structure	.336	.066	5.12	<.05	.11
Step 2	HR Audit	.250	.055	4.55	<.05	.06
Step 3	Interaction	.3295	.053	6.27	<.0001	.0445

Discussion

Results support the hypothesis: HR audits moderate the salary structure-turnover intention relationship, contributing 4.45% additional variance. Robust audits mitigate turnover by ensuring equitable compensation (Aggarwal et al., 2022), aligning with equity theory (Adams, 1965). This effect is pronounced in public sectors with oversight needs (Rana & Malik, 2017). Compared to prior findings, the moderation strength exceeds private sector studies (Luu, 2021), reflecting public administration's regulatory emphasis.

In Kenya, audits can address devolution-related inefficiencies (Cheruiyot & Kwasira, 2013), enhancing retention.

Conclusion and Recommendations*Conclusion*

HR audits significantly moderate the adverse impact of inadequate salary structures on turnover intention in Nairobi County Government. Organizations should prioritize regular audits for transparency and fairness. Policymakers can integrate audits into HRM frameworks to bolster public sector stability. Limitations: Cross-sectional data limits causality; self-reports may bias results. Future research: Longitudinal designs and comparative studies across counties.

Recommendations

- 1. Implement Regular HR Audits:** Conduct systematic HR audits to evaluate and align compensation and training practices with organizational goals. Audits should focus on transparency, equity, and employee feedback to enhance trust and engagement (Aggarwal et al., 2022).
- 2. Integrate HRM Practices:** Adopt an integrated approach to HRM, combining competitive salary structures, relevant training programs, and robust HR audits to create a cohesive

system that enhances employee retention and organizational performance (Boon et al., 2019).

References

- Adams, J. S. (1965). Inequity in Social Exchange. In L. Berkowitz (Ed.), *Advances in Experimental Social Psychology* (Vol. 2, pp. 267-299). Academic Press.
- Aggarwal, A., Mittal, R., & Gupta, S. (2022). Role of HR audits in enhancing employee engagement and retention. *International Journal of Business and Management*, 17(3), 112–128.
- Aiken, L. S., & West, S. G. (1991). *Multiple Regression: Testing and Interpreting Interactions*. SAGE.
- Al-Suraihi, W. A. (2021). Salary structure and turnover intention among medical laboratory technologists. *Journal of Healthcare Management*, 66(2), 89–102.
- Cascio, W. F., & Boudreau, J. W. (2022). The Future of Compensation: Trends and Strategies. *Organizational Dynamics*, 51(2), 98-113.
- Cheruiyot, P. K., & Kwasira, J. (2013). *Challenges of devolving Human Resource Function in Kenya: A case study of Nakuru County*. Proceedings of JKUAT –SHRD Research Conference.
- Gerhart, B., & Rynes, S. L. (2023). *Compensation: Theory, evidence, and strategic implications* (2nd ed.). SAGE Publications.
- Hassan, M. (2022). Turnover intention in Kenya's public sector. *Journal of African Business*, 23(1), 45-60.
- Hobfoll, S. E. (1989). Conservation of resources: A new attempt at conceptualizing stress. *American Psychologist*, 44(3), 513–524.
- Hom, P. W., Lee, T. W., & Mitchell, T. R. (2023). Turnover and retention research: A glance at the past, a closer look at the present, and a venture into the future. *Annual Review of Organizational Psychology and Organizational Behavior*, 10, 147–176.
- Jiang, L., Liu, X., & Zhao, M. (2023). Perceptions of salary structure fairness and employee turnover intention: An empirical study. *Journal of Organizational Behavior*, 44(2), 179-198.
- Luu, T. T. (2021). Socially responsible HRM and organizational identification: The role of HR audits. *Asia Pacific Journal of Human Resources*, 59(4), 567–589.
- Mobley, W. H. (1977). Intermediate linkages in the relationship between job satisfaction and employee turnover. *Journal of Applied Psychology*, 62(2), 237–240.
- Munyiri, E., & Ndung'u, J. (2021). Labor market dynamics in Kenya. *Kenyan Journal of Economics*, 15(2), 89-104.
- Rana, M. H., & Malik, M. S. (2017). Impact of human resource (HR) practices on organizational performance: Moderating role of Islamic principles. *International Journal of Islamic and Middle Eastern Finance and Management*, 10(2), 186-207.
- Sultana, N., & Modak, P. C. (2013). Comparison between Public and Private Pay Structures in Bangladesh. *Journal of Science Foundation*, 8(1-2), 89–96.