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Research Article

EMPLOYEE RETENTION AND PERFORMANCE: THE CHALLENGES OF LABOR TURNOVER IN NIGERIA

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Abstract

The study empirically examined the effect of labour turnover on organizational performance. The Specific objectives were to: examine the effect of dismissal on organizational performance, to investigate the effect of job security on organizational performance; and to ascertain the effect of redeployment on organizational performance. Data were primarily sourced using questionnaire instrument and simple regression statistical tool was employed in this study. Based on the findings, the study revealed that dismissal had a negative and significant effect on organizational performance, Job security had a positive and a significant effect on organizational performance and Redeployment had a positive and significant effect on organizational performance. The study recommended that management of organizations should have a strategy to remunerating their staff in order to have a positive labour turnover. Keywords: Labour turnover, dismissal, job security, redeployment, organizational performance

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INTRODUCTION

Labour turnover possesses challenge for every business whether it is a firm and/or industry. However, some amount of labour turnover is inevitable and even acceptable, particularly when it is planned and properly managed. Turnover may arise from retirements disengagement or dismissal of staff. It encompasses the movement of personnel including layoffs, firings and promotions (Abassi & Hollman, 2010). Turnover is often harmful to the efficiency of the worker and impairs the quality of production. It is a serious obstacle to the effective utilization of the organization's human and material resources (Benedict, 2012).

Labour movement happens due to a mixture of causes, beginning from extinction for low feat to the exit of highly-skilled human resource: who leaves the job after they had assisted cultivate new organizations to enviable heights (Armstrong, 2009). Although employee turnover generally conveys a negative connotation or stigma, at hand, however many forms of employee turnover and not all turnovers are assumed to be unfavourable. Some labour movements are acceptable, especially if the organization's employees encounter differences as a result of fresh entrants bringing innovations and hopes to the corporation to substitute employees who no longer have anything useful at the workplace. This is because infusing new talent in an organization re-energizes the workplace and boasts the production capacity and returns on investment (Aityan & Gupta, 2011).

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Worker's turnover is the frequency at which an organization secures and loses workers. It indicates employee's willingness to continue in an organization. Turnover could be measured at the individual firm level or industry level. High labour movement may have negative effect on an organization's production, when experienced workforce leaves too frequently and the existing workforce contains a high proportion of inexperienced employees (Anders & Bard, 2010). Employee turnover may be willingly or unwillingly stimulated. Willingly turnover is that which is affected at the volition of the worker, whereas a member of staff has no choice under involuntary or automatic turnover- such as may be informal by enduring ill-health, untimely bereavement, international travels or organization's planned extinction (Backhaus,2012).

Characteristically, the features of workforce who yield to involuntary turnover are similar work strangers (Bandam, 2012). Though, employee-effected turnover can be planned for and invariably regulated using the objective or intent of the employee as the basis. Beadles (2010) distinguishes employee turnover to be interior and exterior. Interior labour turnover movement has to do with employees who are internally transferred from their recent offices to new ones in the organization. Internal turnover produces both rewarding (such as increased morale from the varying of responsibilities and manager) and unrewarding (such as job process interference) outcomes and consequently, it is therefore pertinent to look out for this type of turnover just as it is critical to continuously review the rate of employee permanent exit from the organization.

Employee turnover rates take different dimensions across the industries when compared over time. For instance, in the United State of America, research shows that the period between last quarter of the year 2000 and the last quarter of the year 2008, and the minimum total involuntary adjusted monthly employee exit rate was 3.3 percent. Whereas, between 20012020, the yearly rates of turnover for all the employment areas indicated a calculated average of 39.6 percent before voluntary adjustments. Similarly, according to international labour organization (2021) and Bureau of labour statistic (2021), the leisure and hospitality industries were also confronted with an average yearly rate of 74.6 percent.

Nigerian organizations experience similar effect of employee transition, and the majority of organizations recognize it to be severe and ongoing confrontation of grand distress. It is based on the above claims that this research attempts to examine turnover and preference of organizations in Cross River State. The primary purpose of this study is to investigate labour turnover and organizational performance. The specific objectives are;

1. To examine the effect of dismissal on organizational performance in Larfage and Niger Mills in Cross River State;
2. To investigate the effect of job security on organizational performance in Larfage and Niger Mills in Cross River State;
3. To ascertain the effect of redeployment on organizational performance in Larfage and Niger Mills in Cross River State,

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THEORETICAL FRAMEWORK AND LITERATURE REVIEW

This study is anchored on the motivation hygiene theory or twin factor theory. The presumption was postulated by Fredrick Herzberg in 1957. The theory assumes that motivation comes within felt needs and wants. To him, the satisfaction of these needs depends on external factors. Also, the extent to which people satisfy their internal needs depend on the opportunities provided by the work they do, and by their environment. He tried to discover the eternal of outside factors in work situation that affect peoples' feelings about job motivation.

Herzberg identified five factors that people mentioned about their job and called these factors, satisfiers or motivators. The responses revealed that such things were achievement, recognition, the work itself, responsibility and advancement or growth. He called those factors hygiene factors. Those factors include organizational policy and administration, superior, salary inter-personal/social relation and, working conditions.

Labour turnover

Worker movement is the revulsion of employees across the organizations and industries, among companies, professions and occupation and amid the types of service and redundancy (Abbasi & Hollman, 2010). Chirumbalo (2015) defines employee movement as the proportional relationship between the members of organizations, employees who had departed during the period under concern divided by the typical number of staff in that business during the period. Employee turnover is often explained to be the entire process related to completing an employment opportunity in an organization. Each time an office is vacant, whether willingly or unwillingly, a fresh worker has to be employed and taught.

The substitution period in addition to process is otherwise branded as employee turnover (Dess & Shaw, 2015). The word turnover is often allowed in efforts to examine interaction of labour in an organization as they depart despite their reasons for doing so. It could also be seen is the proportion of the total figure of labours that depart from a firm in the course of attrition, disengagement, or resignation during a period to the total figure of workers on paylist during the period under consideration (Zimmcrman & Damold,2019)

In the context of human resources, labour movement is the frequency at which an organization brings in and losses manpower. Turnover could simplistically be described by how long labour tend to continue or by the speed of movement of labour through the revolving door. The Indian labour statistics explains labour as the speed of substitution among the working employees of a certain configuration during a specific period of time. Alternatively, it indicates the movement of the employees into and out of a configuration. Whereas, for Dwomoh (2013), it is a measure of the level at which already existing employees exit and new entrants gain access into service in a given period. It may also be defined as a measurement of inarticulate labour unrest (Garino & Martin, 2017). While strike actions are regarded as the articulate expressions of discontent among workers, in the case of labour turnover. This discontent is expressed not by tricking work but by quitting the job.

The rate of labour turnover is generally expressed in a number of different formulas which involve such forms as accessions, (that is, additions to pay-roll); separations (quits, discharges, retirements, death etc); replacements (that is one accession plus separation); and average work force (that is the figure at the beginning of a session plus the figure at the end divided by two) (Griffeth & Gaertner, 2010).

Dismissal

Kelvin (2014) conducted a study on dismissal and retirement effects where he lamented that dismissal likely to result in harmful psychological and physical health outcomes for retrenched employees who lose their jobs. Their experience leaves the retained staff with a negative mind-set noting that their co-workers, mentors, coaches, and friends are going through uncertainty and discomfort after rendering a meritorious service. Martin (2013) conducted research on identify the psychological constructs underpinning the effects of dismissal.

The study reported that employees who have to find other employment before the leave their former organizations are far better than those who are dismissed and have to leave the premises immediately. It must also be acknowledged however that pressure to find a new job is only one of the defined underlying psychological constructs. It must be seen as a part of a solution rather than a total solution to the effects of dismissal loss of self-concept is based on how dismissed staff believe how others will see them as a result of their dismissed. They concluded that sacked staff could be expected to suffer a loss of self-concept and also how dismissed staff worry about what other people think about them as a result of involuntary job loss.

Mbah and Ikemefuna (2012) in his study on perception of procedural justice in the dismissal of managers. The study reported that, the way people exist from organization is likely to influence their perceptions and psychological reaction to dismissal and unemployment outcomes. Also reported that, employees who experience involuntary dismissal react more likely to perceive dismissal as a one-sided breach of psychological contract with the organization.

Ruby (2012) had studied on the effects of dismissal staff rationalization. It was shown that the entire organization has high number of graduates with about 38 percent being degree holder within its ranks, 27 percent with diplomas and only 38 percent being certificate holders. Majority of staff with about 34 percent had worked over 25 years might have been dismissed and therefore a FIFO (first in first out) method could as oppose to LIFO (last in first out) alternatively those who were nearing retirement may have been dismissed. Majority of the employees who represent 75 percent were able to complete the task assigned to them and only 25 percent indicated that they do not accomplish the delegation work on time. This could be attributed to the fact the most of workers have been in service for more than five years and are well verse with the duties. 85 percent of the staff believed that their productivity has increased only 15 percent indicated that their productivity has reduced drastically. The study concluded that dismissal/downsizing has showed a negative effect on employees who were currently serving with the organizations. Staff rightsizing may not necessarily be worse but the way in which the whole exercise is handled determines its failure or success.

Job security

Job security is the assurance in an employee's job continuity due to the general economic conditions in the country (Benedict, 2012). It is concerned with the possibility or probability of an individual keeping his/her job (Armstrong, 2009). It deals with the chances of employees keeping their jobs in order not be unemployed (Bandam, 2012). Jobs which are not backed by indefinite contract or cannot guaranteed for reasonable period are deemed to lack job security. It is also seen as the employees free from the fear of being dismissed from his/her present employment or job loss. Some professions and employment activities have greater job security than others, job security is an employee's assurance or confidence that they will keep their current job for a longer period as they so wish. That their employees will remain with them for a reasonable period of time without being wrongly dismissed (Vnoukova,2013).

There are some authors who think that enough job security associated with work. If employees should be cut first to leave, they are those with less experience work. Job security often implies security of a job within a particularly organization and job security related to an individual's career. So, in short, job security has to do with how much a person feels safe and protected in the fact of losing his involuntary. however, during the exploration about different attitudes to job security has also revealed that another concept that includes job security and it is security of employment, it has to do with rights and mechanisms to reinforce these right about the fact of staying in work of an individual more than to remain in the job in a particular organization, but this is a very broad concept and involves many other factors that lie outside the main purpose of the study as for example employment policies of a given country, the macro and micro parameters. Job security remains a hallmark of employment and related issues in the public sector. This is a very big advantage because it allows true and professional staff committed to the job and devotes full attention to work than to worry about their job security. On the other hand, is a security measure for some not very professional because employees do not bother to improve their performance as it does not jeopardise their work. So, job security in public organizations seems to be quite safe in terms of theoretical approaches about.

On the other hand, Armstrong (2009) states that nowadays an eternal career no longer exists in the case of public administrator, he does not enjoy it most certainly has had in building an everlasting career in the public sector. As quoted by Armstrong (2009) author Hiltrop work suggest that security is part of a new psychological contract between employer and employee created. however, this author believes that this contract about job security should be defined as follows: there is no job security. The employee will be employed until he is able to add value to the organization and is personally responsible for finding new ways to add value, to return the employee has the right to seek job interesting and important is free and resources to perform it well, it gets a salary that reflects his contribution and takes experience and training necessary to be employable in this organization or elsewhere (Armstrong, 2009).

Redeployment

Armstrong (2009) view redeployment as an offer to be employed elsewhere in organization either at the same or job or on a different job. Schwaiger (2014) revealed that redeployment is undertaken in order to avoid dismissal due to redundancy. They state that when an employee refuses an offer of suitable alternative employment, redundancy pay will be withheld. Employees, who accept redeployment to a post with a lower grade receive their existing salary for a period of twelve months from the date the reemployment starts. Thereafter, their salary will be adjusted to the maximum of the new grade/range. An employee declared 'surplus' may be redeployed to a position within the department (or another department) where there is a similar match of skills between the employee and the skill requirements of the position.

Moving an employee from one department to another has more effects on the performance. The new departments offer new challenges to the employee in terms of learning new ways of work, social behaviours and psychological orientations and cultural orientations, for instance from human resources to administration or marketing to production. He notes that the challenges offered to the employee by the new environment work format, social arrangements and other work demands makes the employee eager, curious and develop interest in the knowing. He explains that in trying to understands the new requirements the employee must be more motivated, innovative, creative to learn and be proactive efficient and effective in order assimilate the developments. He concludes that the new mind-set of high performance (Sornaya,2018).

Organizational performance

The ultimate objective of human resource procedures is to align corporate performance and human resource practices with a view to achieve organizational goals and objectives. Managers must be able to determine whether or not their workers are doing an effective job, within a minimum of errors and disruptions. Effective management means getting results through top performance will be determined by job satisfaction and motivation which are conceived as an employee's attitude towards his/her work, organizational rewards, social environment, organization and physical environment in which work is performed. Performance in firms is managed through performance management programmes such as performance contracting, staff performance appraisals and other forms of evaluation.

Performance management is the process by which executives, managers and supervisors work to align employee performance with the organizational goals. As there are many stakeholders that management is accountable to in any business, the contribution of individual performance to the entire company performance is of ultimate importance. (Stam, 2019). Although, labour turnover increase administrative cost, interrupts the company's plan work in progress, and causes technical adversity to the company, however there are positive rewards attributed to it. There rewards are substitution of disengaged workforce with fresh entrants who perhaps come with business know-how, information, techniques and skilful talent. Labour movement can be a viable means of organizational transformation. Meanwhile, more knowledge workers with lower salary could be substitute others with fabulous, salary. Under this arrangement, the business may experience some kind of transformational reorganization and unification of a number of positions, which can improve organizational productivity.

Empirical literature

Many studies were carried out in developed and developing countries. Sutherland (2010) investigated the relationship between labour turnover and organisational performance in Canada. Two research questions and hypotheses were formulated and used in the study. A linear regression model was developed based on high labour turnover, low labour turnover and performance. Descriptive and survey research designs were adopted. A sample of 205 Bank personnel were used for the study. A structured four-point Likert-type scale questionnaire was developed and used for data collection. The hypotheses were tested with linear regression inferential statistics at 0.05 level of significance. The results indicated that high labour turnover and low labour turnover have relational effects on banks performance. It was recommended among others that management of Banks should consider staff remuneration as an important factor that determines labour turnover to a great extent.

Vangel (2011) carried out a study on Impact of Employee Turnover on Organisational Effectiveness in Tele Communication Sector. The target population for this research study was the employees of telecom sector of district for this study, survey method was adopted by floating questionnaire which served as a tool for collecting research data. The research results have revealed that employee turnover depending upon factors such as (firm stability, pay level, industry, work situation, training and supervision) have significant impact on organizational effectiveness; these factors are correlated with each other as well. This research study has correlation and regression analysis, the current research study found that there is a significant relationship between employee turnover and organizational effectiveness. To investigate employee turnover in detail, this research article examines the causes of employee turnover, its drawbacks and suggest some strategies on how telecom sector can retain their employees and optimize turnover rate.

Benedict (2012) assessed effect of Labour Turnover in Brewery Industries in Nigeria (A Study of Guinness Brewery Industries Plc and Bendel Brewery Ltd in Benin City. A crosssectional survey was utilized to collect data for answering research questionnaires and testing hypothesis in this research work. The data collected from questionnaire instrument were also analyzed using percentage. The research finding showed that the effect of labour turnover was reduced production, increase cost of recruitment, work disruption, increased scrap and overtime and additional labour turnover. Reduced production was found to have the foremost effect on labour turnover and this affects output and profit. A comparison of the effect of labour turnover between Bendel Brewery and Guinness Brewery showed that Bendel Brewery rated increase cost of recruitment and training replacements as the major effect of labour turnover while Guineas Brewery rated reduced production. The variables that were hypothetically tested as the causes of turnover had significant effect on brewery industries in Nigeria

MATERIAL AND METHODS

The research design selected for this work was survey design. This was necessary because it involved gathering directly from the respondents, where feelings, attitudes and behaviours determine their turnover intention and actions. The study area was Larfage and Niger Mills in Cross River state. The sample technique adopted for the study was simple random, while sample size of the study was determined using Taro Yamane (1967) technique. Primary source of data was employed using a structured questionnaire. Data obtained were presented in tables and expressed in simple percentages for easy understanding, analysis and interpretations. The statistical tool used in testing the hypotheses was simple regression, this is an inferential statistical procedure which measures effect of independent on dependent variables.

RESULTS

Hypothesis one

Ho1: Dismissal does not have a significant effect on organizational performance

Test statistics is simple regression

Level of significance used is 5 percent i.e 0.05

Decision rule: Accept H_0 if the critical table value of t statistics is greater than the calculated value and otherwise accepts H_1. If the calculated value is less than the critical table value. It was observed that the sources of variation for regression (x) Sum of squares is 650.85 while for residual (y) was 3029.91. Their respective degrees of freedom are 1 and 194 with a corresponding mean sum of 650.85 and 15.618 respectively. F value is 41.672. The unstandardized regression coefficient for constant is 10.737 while for dismissal is .422 respectively. The t-value for the predictor and criterion variable is 9.38 at .05 while the sig. value is .000 which is less than the chosen alpha. Since the significant value of .000 is less than the chosen alpha .05 significance level therefore, the null hypothesis was rejected and the alternate hypothesis was upheld. This implies that dismissal has a positive and significant effect on organizational performance

Hypothesis two

Ho. Job security does not have a significant effect on organizational performance Test statistics is simple regression.

Level of significance used is 5 percent i.e 0.05

Decision rule: Accept H_0 if the critical table value of t statistics is greater than the calculated value and otherwise accepts H_1 .if the calculated value is less than the critical table value. The result of the analysis revealed the sum of squared derivation for job security is 582.593 (x) while for the residual (y) is 1378.279. The degree of freedom is 1 and194 with a mean Sum of 582.59 and 7.105 respectively. The F calculated value was found to be 82.003. Similarly, the un-standardized regression slope (constant) is .400 while the regression coefficient is .771. Transformation of Beta (ß) generates t-value of 14.524 with a critical t-value (sig. value) of .000. Since the significant value of .000 is less than the chosen alpha .05 level of significance. The result states that job security does have a significant effect on organizational performance

Hypothesis three

Ho3: Redeployment does not have a significant effect on organizational performance

Test statistics is simple regression

Level of significance used is 5 percent i.e 0.05

Decision rule: Accept H_0 if the critical table value of t statistics is greater than the calculated value and otherwise accepts $H_{1.\,if}$ the calculated value is less than the critical table value. The result of the analysis revealed the sum of squared derivation to be 309.634 (x) while for the residual (y) is 1376.488. The degrees of freedom are 1 and194 with a mean Sum of 309.634 and 7.095 respectively. The F calculated value was found to be 43.639. Similarly, the unstandardized regression slope (constant) is 13.289 and .291 for redeployment, while the regression coefficient is .771. Transformation of Beta (ß) generates t-value of 17.23 with a critical t-value (sig. value) of .000. Since the significant value of .000 is less than the chosen alpha .05 level of significance, the null hypothesis was rejected and the alternate hypothesis was accepted and concluded that redeployment has a positive and significant effect on organizational performance

SUMMARY OF FINDINGS

The major finding of this study include:

1. Dismissal has a positive and significant effect on organizational performance
2. Job security has a positive and a significant effect on organizational performance
3. Redeployment has a positive and significant effect on organizational performance

CONCLUSION AND RECOMMENDATIONS

The study examines labour turnover and its effect on organizational performance. the study revealed that labour turnover has a positive and significant effect on organizational performance. In the context of human resources, labour movement is the frequency at which an organization brings in and losses man power. Turnover is vital in any organization; it is the speed of substitution among working employees of a certain configuration during a specific period of time. It is the measure of the level at which already existing employees and new entrants gain access into service in a given period. It is concluded that labour turnover significantly affected organizational performance. Based on the findings, the following are recommended

1. Management of organizations should have a strategy to remunerating their staff in order to have a positive labour turnover.

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2. Management should also increase the rate of training and recruitment which will lead to an effective labour turnover.
3. Management should devise effective strategy that will and the organization achieves its goals and objectives'.

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