

**EMPLOYEES' LABOUR TURNOVER AND ORGANIZATIONAL  
PERFORMANCE IN THE NIGERIAN BANKING SUB-SECTOR**

**URHODE, OvieReuben**

**DELTA STATE UNIVERSITY,  
ABRAKA.**

**DEPARTMENT OF BUSINESS ADMINISTRATION  
FACULTY OF THE SOCIAL SCIENCES  
DELTA STATE UNIVERSITY, ABRAKA.**

**AUGUST, 2018**

**EMPLOYEES' LABOUR TURNOVER AND ORGANIZATIONAL  
PERFORMANCE IN THE NIGERIAN BANKING SUB-SECTOR**

**URHODE, OvieReuben  
PG/14/15/233763  
B.Sc. Business Administration, Delsu 2007/2008**

**Dissertation written in the Department of Business Administration, Submitted to  
the Faculty of the Social Sciences in Partial Fulfillment of the Requirements for the  
Award of Master of Science (M.Sc.) Degree in Business Management of the Delta  
State University, Abraka.**

**DEPARTMENT OF BUSINESS ADMINISTRATION  
FACULTY OF THE SOCIAL SCIENCES  
DELTA STATE UNIVERSITY, ABRAKA.**

**AUGUST, 2018**

## **DECLARATION**

I declare that this is an original work carried out by me URHODE, Ovie Reuben in the Department of Business Administration Delta State University Abraka.

---

**URHODE, Ovie Rueben  
(Researcher)**

---

**Signature**

## **APPROVAL PAGE**

This is to certify that this research work was carried out by **URHODE, Ovie Reuben** in the Department of Business Administration, Faculty of Social Sciences, Delta State University, Abraka.

---

**Dr. V.I.O.Odiri**  
Supervisor

---

**Date**

---

**Dr. K.B. Bagshaw**  
Head of Department

---

**Date**

---

**Prof. C. Ewhrudjakpor**  
Dean, FSS

---

**Date**

## **DEDICATION**

This study is dedicated to our Almighty God for the grace and mercy He granted me for the accomplishment of this study.

## ACKNOWLEDGEMENTS

My profound appreciation goes to Almighty God for His Grace and Mercy during the course of this study. My sincere appreciation goes to my supervisor, Dr V.I.O. Odiri, who tirelessly provided proper guidance, needed attention, encouragement, and suggested necessary corrections to this study. Also, I sincerely acknowledge the contributions and assistance of Dr. K.B. Bagshaw, the HOD, Business Administration Department and I wish to expressed my profound appreciation to the Dean, Faculty of the Social Sciences, Prof. C. Ewhrudjakpor and big thank you to all the lecturer in the department, in the name of: Dr. E.G. Eromafuru, Dr. J.S. Oboreh, Dr. G.O. Demaki, Dr. E.J. Sakpaide. Dr. D.O. Arubayi, Dr. M.E. Tarhuror, Dr. H. OsazevbearuDr. 'E. Aruoren, Mrs. B. Iboboand former H.O.D Dr. S.E. Dedekuma.

My appreciation goes to my lovely wife, Mrs. Beauty Urhodeand my children UrhodeAvwerosuoghene and UrhodeOghenerunorSuccess,for their love and understanding during the period of this study. Also, my sincere appreciation goes to my friendsand all my course mates. My warm greeting also goes to those who in one way or the other assisted in the completion of this study.

URHODE, Ovie Reuben  
Researcher

## TABLE OF CONTENTS

COVER PAGE .....	i
TITLE PAGE.....	ii
DECLARATION .....	iii
APPROVAL PAGE.....	iv
DEDICATION.....	v
ACKNOWLEDGEMENTS.....	vi
ABSTRACT .....	ix
<b>CHAPTER ONE: INTRODUCTION.....</b>	<b>1</b>
1.1 Background to the Study .....	1
1.2 Statement of the Problem.....	3
1.3 Objectives of the Study.....	4
1.4 Research Hypotheses .....	5
1.5 Significance of the Study.....	6
1.6 Scope of the Study .....	6
1.7 Definition of Terms .....	7
<b>CHAPTER TWO: LITERATURE REVIEW AND THEORETICAL FRAMEWORK.....</b>	<b>8</b>
2.1 Conceptual Review .....	8
2.1.1 The Concept of employee turnover .....	8
2.1.2 Exploring organizational performance .....	11
2.1.3 Employee labour turnover and effect on organizational performance .....	14
2.1.4 Employee labour turnover determinants and organizational performance..	17
2.1.5 Organizational performance measurements of the study.....	25
2.1.6 Costs and consequences of employees' labour turnover .....	27
2.1.7 Strategies that minimize employees' turnover .....	28
2.2 Theoretical Framework.....	30
2.2.1 Equity Theory of Motivation .....	30
2.2.2 Firm Specific Human Capital (FSHC) Theory .....	31
2.2.3 Job-Matching Theory .....	32
2.3 Empirical Review .....	33
2.4 Synthesis of Empirical Studies .....	42

2.5	Gap of Study .....	50
2.6	Conceptual Model of the Study .....	51
<b>CHAPTER THREE: RESEARCH METHOD .....</b>		<b>52</b>
3.1	Research Design .....	52
3.2	Population of the Study .....	52
3.3	Sample Size and Sampling Technique .....	53
3.4	Research Instrument .....	54
3.5	Validity of the Instrument.....	55
3.6	Reliability of Instrument.....	56
3.7	Procedure for Data Collection .....	56
3.8	Method of Data Analysis .....	57
<b>CHAPTER FOUR: DATA PRESENTATION, ANALYSIS AND DISCUSSION OF RESULTS.....</b>		<b>59</b>
4.1	Data Presentation .....	60
4.2	Data Analysis.....	64
4.3	Test of Research Hypotheses.....	67
4.4	Discussion of Results.....	71
<b>CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS .....</b>		<b>77</b>
5.1	Summary of Findings .....	77
5.2	Conclusion .....	77
5.3	Recommendations.....	78
5.4	Contribution to Knowledge .....	79
REFERENCES .....		80
APPENDIX.....		87



## **ABSTRACT**

This examined the effects of employee labour turnover on the performance of the Nigerian banking sub-sector. Specifically, the study focused on some selected deposit money banks in three senatorial districts of Delta State, Nigeria. Questionnaire was the major instrument of data collection and was administered to employees of the selected deposit money banks across three senatorial districts in Delta State comprising of Delta North, South and Central. Performance measures of profitability, productivity, customer service and organizational achievement alongside four determinants of employee labour turnover of poor salary structure, retrenchment, excessive workload and job insecurity were utilized. The data obtained were analyzed via descriptive (simple percentage, mean and standard deviation) and inferential statistics (multiple regression) and findings indicated that employee labour turnover determinants of the study significantly affect the performance of the Nigerian banking subsector. More importantly, it was revealed that employee labour turnover determinants of retrenchment, poor salary structure and job insecurity negatively affect organizational performance of banks in Nigeria. On the basis of the findings, it was recommended among others that banks management and regulatory framework of the banking sub-sector in Nigeria should ensure that employee labour turnover determinants like poor salary structure, retrenchment and job insecurity affecting performance should be given considerable attention. As a matter of fact, there is need to urgently enact legislature aimed at curtailing the incessant retrenchment of employees of banks in such a way that they may not be easily retrenched. Also, legislature that guarantees employees of banks job security should be enacted as well as their salary structure. Besides, management should learn to consult employees to ensure they have a 'voice' via consultative bodies, regular appraisals, attitude survey and grievance system. This will provide dissatisfied employees with a number of mechanism to sort out problems before resigning.

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background to the Study

The term Human Resource Management (HRM) and Human Resources (HR) has largely replaced the term “personnel management” as a description of the process involved in managing people in an organization with the ultimate aim of enhancing optimum level of productivity in acquaintance with the art of engaging the human resource element (labour) in an organization. According to Dwomoh and Korankye (2012), organizations seek to obtain the best and highest level of output from its labour force (employees) in order to enhance the overall performance. This view is supported by the assertion of Muhammad, Muhammad and Riaz (2013) that the higher the productivity levels of an organization’s labour force, the higher the organizational performance, ratings and propensity of continuity.

Akindele (2007) opines that among the resources of an organization which includes labour, financial, material and information, labour is the most fundamental, especially when nurtured, cared for and supported. Perhaps, this buttresses why most organizations irrespective of their size and scope, invest a significant proportion of resources to make the labour force efficient and effective for improved performance. In spite of the fundamental role and huge investments committed to nurturing and supporting the labour force of firms, organizations are still finding it difficult to retain employees, hence contributing to their underperformance (Justus, Murumba & Edwin, 2012). Conceivably, this has made employee labour turnover a heated discussion in management literature (Long, Perumal & Ajagbe, 2012). Labour turnover is a ratio comparison of the number of employee a company must replace in a given time period to the average number of total employee.

In Nigeria, especially in the banking subsector, employee labour turnover has attracted significant boost from management and researchers alike, given the fact that services banks provide heavily rely on the bulk of the employees to achieve competitive advantage. In view of this, banks invest so much to train employees in order to update their knowledge, skills, and abilities. Thus, it becomes vital for employers of labour to keep and retain the workforce they have invested on so as to avoid them being attracted or enticed by competitors. Hence, it has been advocated that the mechanisms of increasing the rate of employee labour turnover within an organization, rest on managers via measuring, controlling and minimizing employee separation at all costs (MacAfee, 2007; and Magalla, 2011).

According to Ongori (2007); and Dwomoh and Korankye (2012), there are numerous factors determining the separation of workers in an organization. These factors among others include inadequate training and development, challenging responsibilities within the work environment, job security, lack of promotion, managerial style, lack of recognition, economic pressure and organizations itself. These factors *inter-alia* affects employee labour turnover, which no doubt has transcended into the underperformance of organizations (Samuel & Chipunza, 2009) and no doubt peculiar to the Nigerian banking subsector (Nwokocha & Iheriohanma, 2012).

Nwokocha and Iheriohanma (2012) posited that the Nigerian banking subsector is experiencing a decline in employee labour turnover and this situation is becoming worrisome since it has brought untold hardship to many homes in the country. For instance, in the Nigerian banking subsector, workers are laid off either openly or secretly on daily basis. The high level of turnover according to WeiBo, Kaur and Zhi (2010), poses a severe problem for the banking subsector especially if separation is voluntary by relatively high profile numbers of human capital value. Supporting the views of WeiBo,

Kaur and Zhi (2010), Brown, Garino and Martin (2007) shows that because labour turnover is costly, it lowers productivity, kills morale, losses customers to competitors and tends to get worse if it is not addressed, hence, constitutes challenges to organizations.

Labour turnover is one of the most fundamental causes of declining productivity and sagging morale in the Nigerian banking subsector; it puts a lot of pressure on management in form of the cost that it will require to train the new hands that the company may hire (Nnadi, 2010). According to Nnadi (2010), the reasons attributed to employee turnover rate and organizational performance in the banking subsector stem from the part of the employer and employees, excessive work overload; fear of retrenchment, job insecurity, poor wages and a host others. In the light of the above, this study seeks to investigate the effect of employee labour turnover on organizational performance of the banking subsector in Nigeria.

## **1.2 Statement of the Problem**

The dynamic nature of the Nigerian banking subsector constitutes a major problem for employees as it is relatively common among employees to quit their jobs every year either via voluntary or involuntary means; thus employees rarely grow with a particular bank in their employment pursuit. In recent times, it has been observed that employee labour turnover has been on the increase in the Nigerian banking subsector and has called for serious concern as it has negatively affected the performance of the sector. Aside the effect of employee labour turnover on the banking subsector performance, it has an adverse effect on the employee itself as it causes anxiety to existing staff about their job and financial security. More importantly, the effect of employee labour turnover on bank performance is like a two-edged sword that takes the paths of negative and positive.

Prior studies suggest that employee labour turnover negatively affects organizational performance (Kombo, Murumba& Edwin, 2011; Magalla, 2011; Nnadi, 2010; and Macafee, 2007) while other studies (Nwokocha&Iheriohanma, 2012; Dwomoh and Korankye, 2012; Akindele, 2007; and Ongori, 2007) indicate that employee labour turnover positively affects organizational performance. The conflicting findings in literature as regards employee labour turnover and organizational performance according to Dwomoh and Korankye (2012); Nnadi (2010); and Ongori (2007) is premised on the diverse factors affecting employee labour turnover ranging from job insecurity, fear of retrenchment, poor salary structure, excessive workloads, managerial styles among others. Given the conflicting findings in literature, there is therefore the need to resolve this conflicting finding by carrying out an investigation so as to repudiate or acknowledge the findings of prior studies

In view of the factors affecting employee labour turnover such as job insecurity, fear of retrenchment, poor salary structure, and excessive workloads and performance measures like productivity, customer services, profitability and organizational achievement provided by Gong, Law, Chang and Xin (2009); Staw and Epstein (2000); Wan and Hoskisson (2003), Van-Dyck, Frese, Baer and Sonnentag (2005); Huselid (1995); Subramony, Krause, Norton, and Bums (2008) and Salanion and Robinson (2008), this study seeks to investigate employee labour turnover so as to see whether it positively or negatively affects organizational performance in the banking sub-sector in Nigeria.

### **1.3 Objectives of the Study**

The broad objective of the study is to examine employees' labour turnover on organizational performance in Nigerian banking subsector. The specific objectives are:

1. To examine the effects of employee labour turnover on the productivity of the Nigerian banking subsector.
2. To determine the effects of employee labour turnover on the profitability of the Nigerian banking subsector.
3. To assess the effects of employee labour turnover on customer services of the Nigerian banking subsector.
4. To evaluate the effects of employee labour turnover on organizational achievement in the Nigerian banking subsector.

#### **1.4 Research Hypotheses**

In line with the objectives of the study, the following research hypotheses were formulated.

##### **Hypothesis I**

**Ho:** There is no significant relationship between employee labour turnover and the productivity of the Nigerian banking subsector

##### **Hypothesis II**

**Ho:** Employee labour turnover has no effect on the profitability of the Nigerian banking subsector.

##### **Hypothesis III**

**Ho:** Employee labour turnover has no significant effect on customer services of the Nigerian banking subsector.

##### **Hypothesis IV**

**Ho:** There is no significant relationship between employee labour turnover and organizational achievement in the Nigerian banking subsector.

## **1.5 Significance of the Study**

It is important that employers of labour have an understanding of the negative effect of labour turnover and how they affect the organization's performance and ability to achieve their strategic goals. Depending on the size of the business, an appreciation of the levels of turnover across occupations, locations and particular groups of employee (such as identified high performers) can help inform a comprehensive resourcing strategy making sure that new joiners have realistic expectation of their job and receive sufficient induction training that will keep to minimize the number of people leaving the organization within the first six months of employment. Thus the study will be significance from these points.

- i. First, the study will identify and highlights the causes and effects of employee labour turnover in the banking sector.
- ii. The findings from this case study will provide data that is beneficial to the management of commercial banks and policy makers and help them to take specific steps in redressing the challenges confronting the banking sector in the Nigeria.
- iii. This study will significant to the student of human resource management as it makes it possible for them to understand the effect of labour turnover on the banking industry.
- iv. Above all, the study contributes to existing stock of knowledge in the area of human resource management.

## **1.6 Scope of the Study**

This study investigates employees' labour turnover and organizational performance in Nigeria. However, the study is delimited in scope to the Nigeria banking subsector by selecting some money deposit banks in Ethiope East Local Government Area (LGA) of Delta State. Specifically, three (3) money deposit banks were selected namely, First

Bank Nigeria Plc., Ecobank Nigeria Plc. and Zenith Bank Nigeria Plc. In doing this, the factors affecting employee labour turnover such as retrenchment, job insecurity, excessive workload and poor salary structure were examined in this study.

### **1.7 Definition of Terms**

- **Employee Turnover:** Are employees who leave an organization for reasons that include retirement, death, marriage parenting, spousal job moves, simple job exit as well as intent to leave an organization.
- **Organizational Performance;** The actual output or results of an organization as measured against its intended outputs (or goals and objectives).
- **Employee:** A person employed for wages or salary.
- **Human Resource:** this is a process which involves managing people in organization with the ultimate aim of enhancing optimum level of productivity in companion to the art of engaging the human resource elements (Labour) in the organization.
- **Retention:** the condition of retaining something, staff, rather than losing it or stopping it. Employee retention refers to the ability of an organization to retain its employees.



## **CHAPTER TWO**

### **LITERATURE REVIEW AND THEORETICAL FRAMEWORK**

The review of literature covered issues such as the conceptual review, theoretical framework, empirical review, summary and gap in literature as well as the conceptual model of the study.

#### **2.1 Conceptual Review**

##### **2.1.1 The Concept of employee turnover**

Over the last few decades, employee turnover is one of the most explored concepts in the field of organizational behaviour. According to Ellickson (2002), employee turnover remains highly dynamic as orchestrated by the changing workplace environment in the 21<sup>st</sup> century. However, many scholars have thus developed numerous definitions of employee turnover. According to the CIPD (2014), employee turnover refers to the proportion of employees who leave an organization over a set of period (usually on 1-year basis), expressed as percentage of the total workforce numbers. Similarly, Hendry (2012) defines employee turnover as the rate at which workers leave and be replaced by others within an organization and can either be voluntary or non-voluntary.

In voluntary turnover, employees leave the organization at will, end of employment contract, at attaining retirement age, or by natural causes like death or illness; whereas involuntary turnover is mainly initiated by the human resources management where employees are either laid off, promoted, or transferred to other branches within the organization (Talent Management Alliance., 2013). While both the types of employee turnover can be harmful to organizations, they can be quite helpful in cases of replacement with better talents. Toker (2011) observes that job satisfaction is a central factor influencing employee turnover. Job satisfaction according to Munsaka(2014), is the state of fulfillment of expectations which is a cognitive resultant

effect from the nature of job and work benefits. With reference to a study conducted by Toker (2011) on the role of job satisfaction on university lecturers in Turkey, it was revealed that lecturers with high satisfaction in their job indicated low intentions to leave their job.

In the same vein, Mondy (2010) points out that job satisfaction predicts low employee turnover intentions in organizations. In this regard, employee turnover is facilitated by the lack of factors at workplace which can lead to satisfaction of the employees. Mathis and Jackson (2011) considered low work-pay to be a key factor that influences low satisfaction from the job leading to high labour turnover intentions among the employees. Though a study conducted by Ellickson (2002) suggests that good pay alone cannot guarantee employee satisfaction, and hence employee retention, Armstrong and Armstrong (2011) argued that it is important that organizations consider employee compensation as part of the factors contributing to the retention of employee.

Work-life imbalance has also been pointed out by some studies (Ion &Huckman, 2008; and Muhammad et al, 2013) as one of the key factors affecting high employee labour turnover in organizations. While the increasing economic pressures can be considered as one of the key factors that has made organizations to demand higher work-output from the employees (Pedral Enterprise Architecture, 2005), the personal lives of employees have frequently been compromised by the employers. This happens mostly in organizations with high turnover of their employee because the current workforce is usually overloaded with excessive work. With more working hours and limited time for personal life activities, Upadhaya, Munir and Blount (2014) pointed out that employees are more likely to leave their organization for better employment opportunities and hence leading to vicious circle of employee turnover.

More importantly is the fact that poor work-life balance as a result of increased employee workload is a resultant outcome of employee turnover in organizations. Another key factor that Kirby (2005) considers to be an adverse outcome of employee turnover is the break of team work spirit within the organization. It is important to note that, when employees leave an organization, the remaining counterparts experience the gap left by their counterparts within a work-group which largely affects the effectiveness of the group (Hendry, 2012; and Munsaka, 2014). In cases of poor selection criteria, cohesion between experienced and new employee becomes more obvious.

A study by Mondy (2010) on USA manufacturing industry showed that employees who were recruited in their organizations with poor job-conformity based on their qualifications and personalities had high turnover intentions because of the work related stress in the organization. Similarly, Mathis and Jackson (2011) argued that poor employee training is a major cause of employee dissatisfaction due to low motivation in their job as a result of inadequate knowledge acquisition in their job. It can therefore be said that poor selection and recruitment criteria where employees are further not subjected to training and development programs, contribute towards employee turnover intentions.

Besides, Clark-Rayner and Harcourt (2000) identified the effectiveness of organizational management and leadership to have critical role promoting employee retention or turnover within the organization. Though employee management is a complex process which requires both managerial and leadership skills (Hendry, 2012), Ellickson (2002) observes that organizational leadership that values the inputs of its employee within the organization while making critical decisions affecting the employees usually fosters higher job satisfaction among employees; and thus leading to higher turnover intentions among employees.

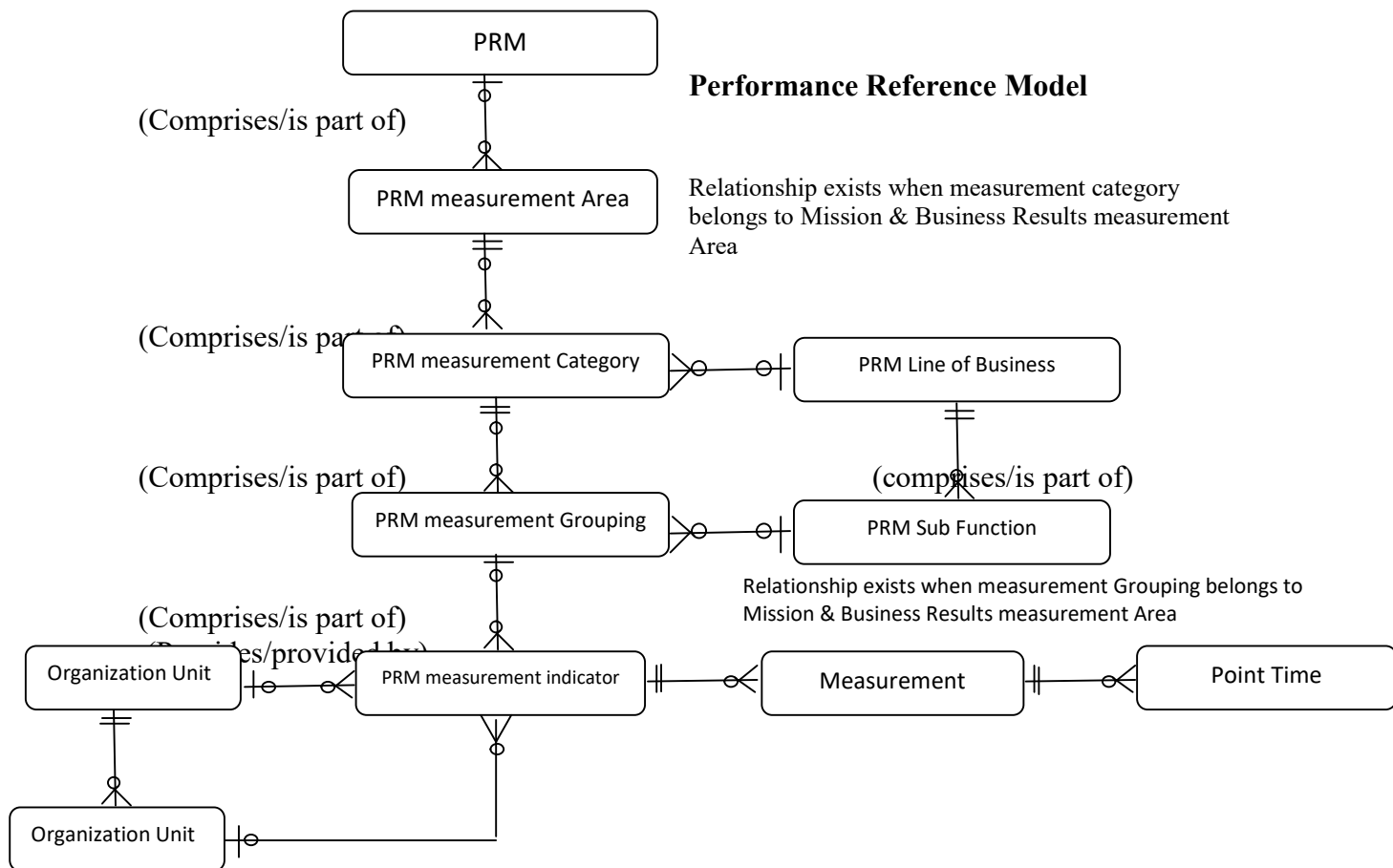
Quite importantly, Haruna, and Doorgapersad (2014) pointed out that the quality of supervision at workplace also play a critical role in enhancing employee turnover because when employees are not given opportunities to experiment with new knowledge and skills, they feel less satisfied and this can affect labour turnover. Nevertheless, the nature of interaction management usually have with employee can be considered as an important indicator of their willingness to stay in their organization or not.

### **2.1.2 Exploring organizational performance**

Performance in organizations is a multi-dimensional concept whose complexity makes it difficult to define it from a single perspective. This is so because performance is a multi-faceted organizational concept which cannot be measured using a single measurement tool (Hendry, 2012). Nevertheless, some scholars have tried to define organizational performance. According to Kirby (2005), organizational performance can be considered as an actual outcome of an organization measured against the output targets or goals, Upadhaya *et al.*, (2014) point out that, though organizational performance can be perceived on the ‘wholeness’ of goals achievement, it is important to focus on specific areas including financial, product markets and shareholder returns which altogether can be summed to determine the overall outcome in an organization.

Organizational performance has developed to be the most important issue that every organizational management is concerned about, as it determines the ability of an organization to continue with its operations. Muhammad *et al.* (2014) believed that measuring performance in an organizations is necessary as it seeks to assess the value that employees bring into the organization. The impact that the inputs in an organization has on the processes and activities within an organization play a central role in determining the strategic outcomes within the organization which is determined by the achievement of mission, vision, financial position, and goals within the organization.

Federal Enterprise Architecture (2005) established the performance reference model which explores how performance can be achieved.



**Fig. 2.1: Performance Reference Model**  
Source: Federal Enterprise Architecture, (2005)

Based on the above model of performance reference, people, technology and other fixed assets are the key inputs within a production system. According to Federal Enterprise Architecture (2005), people are the most important form of inputs because they control the efficiency of their inputs based on their competencies. As such, human capital is generally considered to be one of the most fundamental form of input that influences the overall effectiveness of inputs. As such, it can be argued that the effectiveness of the human resources within the organization determines the nature of outputs of other inputs within an organization. Though Armstrong and Armstrong (2011)

asserted that organizations without the help of technology and other resources required in a production process cannot create any meaningful output; it is important to note that without competent human resources effectiveness in transforming inputs into outputs, organizational performance cannot be guaranteed.

Furthermore, it was pointed out in the second level by Federal Enterprise Architecture (2005) that the quality of inputs brought into the organization determines the nature of outputs which are characterized by processes and activities within the organization. In essence, quality attributes, financial efficiency, productivity (quantity), and management innovations within the organization characterize the nature of innovations within the organization. Some of the key financial performance indicators are increased profitability which profits the shareholders, while making more financial resources available for re-investment (Hendry, 2012). The issue of productivity and efficiency can be measured through increased quantity of production, as well as the reduction of wastes within the organization's value chain. Other indicators like quality and innovations can be characterized by product turnover within an organization comprising of high value standard products. As such, the efficiency of workforce within an organization is considered by Kirby (2005) to be a fundamental determinant of the level of outputs within the organization.

This model differentiated between outputs and outcomes in the sense that, outputs are considered as the products, services or facilities that emanate from organization's activity; whereas outcome comprises of the direct benefits that an organization achieves from the outputs (Federal Enterprise Architecture, 2005). In the performance reference model, outcomes are marked by the achievement of mission and business results as well as customer results. Issues like customer satisfaction, timeliness in delivery of customer services, service quality, and responsiveness determine the nature

of outcomes on customer results as pointed out Kirby (2005). It is also important to note that, outcomes determines the achievement of strategic goals (both broad and specific) by an organization as they reflect the actual impact that organizational process and activities have on the organizational goals and objectives. While the performance reference model has been widely accepted by researchers as an effective framework of understanding organizational performance, it has not been without any limitations. For example, Ton and Huckman (2008) pointed out that the model lacks provision for activities outside an organization's core business activities. Nevertheless, it can be argued that the model provides a holistic approach towards understanding organizational performance with regard to its key strategic goals and objectives.

### **2.1.3 Employee labour turnover and effect on organizational performance**

Numerous studies have been conducted to investigate the underlying relationship between employee turnover and organizational performance (Clark, Rayner & Harcourt, 2000). Hendry (2012) argues that while employee turnover can impact positively on the performance of organizations, it is associated with negative impacts in most cases. This is because the loss of experienced employees can be harmful to the organization since it may interfere with the output within the organization. Muhammad *et al.*, (2013) identified four key ways through which employee turnover can impact on organizational performance to include financial performance, productivity and efficiency, quality attributes and customer satisfaction/innovation.

#### **- Financial Performance**

Achieving optimal financial performance is one of the key performance goals in every organization, as indicated by Armstrong and Armstrong (2011). High employee turnover within organizations has been empirically found to have negative effects on the financial performance of organizations. According to Muhammad *et al.*, (2013),

replacing employees can cost an organization three times more than the value that the employees will contribute to the organization within a year. This is because new employees need to be trained, as the outgoing employees also need to be compensated based on the reason why the employee left the organization. Though the competence and effectiveness of incoming employee is a key determinant of the magnitude of the financial loss incurred by the organization in case of an employee turnover (Upadhaya *et al.*, 2014), most organizations have reported negative financial performances as a result of high employee turnover.

With inexperienced employee as a result of high employee turnover within an organization, it results to low profits or to a great extent loss because the newly acquired employees tend to be less efficient in their job while consuming a lot of resources through training. As a result, Kirby (2005) argues that employee turnover may not be healthy for an organization financially because inexperienced employees are characterized by high inefficiencies and high expenses. More so, high employee turnover also leads to burnouts among the employees which may largely impact on the effectiveness within the organization, leading to the overall reduced financial performance within the organization (Ellickson, 2002).

- **Productivity and Efficiency**

The rate of production per unit of time defines productivity (Munsaka, 2014). As noted by Muhammad *et al.*, (2013), employees who are experienced in producing a particular unit of output use less energy in producing the unit within a shorter period of time than inexperienced ones. This implies that high employee turnover which leads to large number of inexperienced employees within an organization can adversely affect productivity within the organization. Though Upadhaya *et al.*, (2014) argued that employees' skills and competence is the key determinant in productivity regardless of



the length of period that the employee has been working. A study conducted by Talent Management Alliance (2013) in manufacturing sector in Saudi Arabia revealed that employees with lower job tenure struggled with attaining production goals than their experienced counterparts. As such, it can be argued that high employee turnover impacts negatively on productivity within the organization.

The concept of efficiency can also be linked with productivity in the sense that, it determined the ratio of energy used and the total output produced (Upadhaya *et al.*, 2014). As earlier pointed, employees with long working experience in their organizations experience have higher productivity efficiencies than their counterparts with no or very little experience (Ton & Huckman, 2008). It is also important to note that, efficiency is also associated with stage within organizations. A study conducted by Upadhaya *et al.*, (2014) revealed that new employees in organizations tend to be wasteful because they are not used to the activities and processes within the organization.

#### **- Quality Attributes and Customer Satisfaction**

Quality attributes of products plays a central role in determining customer satisfaction in any organization (Mondy, 2010). Since quality may take the form of tangible or intangible attributes, organizations ought to ensure that they keep talented and experienced employees who will uphold the standards required in the organizations to maintain product and service quality (Muhammad *et al.*, 2013). The views of Armstrong and Armstrong (2011) suggest that high employee turnover can negatively impact on quality levels within an organization which can lead to low customer satisfaction, given the fact that high employee turnover leads to loss of experienced employees who are replaced with new inexperienced ones (Ton & Huckman, 2008). No doubt it becomes cumbersome for an organization to maintain a highly level of standardized quality attributes in their products and services. Occasionally, employee turnover can bring new

talents into the organization, and hence lead to improved quality within the organization. A study by Muhammad *et al.* (2013) revealed that high employee turnover only has negative impact on quality attributes with an organization.

#### - **Product Development and Innovations**

In the light of the increasing competition in the business environment in recent times, it has become inevitable for organizations to invest in product development and innovations (Muhammad *et al.*, 2013). However, the competence of the workforce within an organization as identified by Talent Management Alliance (2013) is among the key factors that determine the success of new product development and innovations. A study conducted by Clark, Rayner and Harcourt (2000) in New Zealand revealed that firms that have highly dynamic and innovative product line experienced low employee turnover than their counterparts with high employee turnover. This indicates that employee turnover interferes with product development and innovations within organizations. This is because inexperienced employees struggle with innovative creations unlike experienced counterparts who can easily come up with new and more innovative product models because they are more used to the work processes.

### **2.1.4 Employee labour turnover determinants and organizational performance**

#### **2.1.4.1 Retrenchment and organizational performance**

Organizations have an important role to play in the daily lives of employees, given the fact that employee lives influence organizational performance. Many financial analysts consider performance in organizations as an engine in determining the economic, social and political progress. Continuous performance is the main focus of any organization because only through that organizations can able to grow and progress. Thus, organizational performance is one of the most important variables in achieving

organizational objectives especially on how to manage human capital which includes recruitment and retrenchment concerns.

Retrenchment according to Toker (2011) means termination of the contract of service of employees in a redundancy situation, which arises from several factors like restructuring, reduction in production, mergers and acquisitions, technological changes, economic downturn among others. A review of literature on the factors influencing retrenchment indicates that there are numerous dynamics retrenchment in an organization. For instance, banks are taking advantage of new technologies to achieve competitive advantage; hence they face serious challenges in introduction of new technology. Thus, overcoming the challenges perhaps may definitely enhance greater production by fewer employees resulting in retrenchment.

According to Wilkinson and Redman (2009), as technology advances, the skills needed to keep pace with the hardware and software also changes. Technological changes may render the banks' services uncompetitive for the existing volatile market that may lead a large number of employees leaving the banking subsector. Wilkinson and Redman, (2009) asserted that in carefully planned and well-executed mergers and acquisition between banks, various functions are rationalized; high numbers of jobs are eliminated as unessential operations are consolidated; many units are scrapped either because they no longer fit into the strategic plan of the newly merged and acquired bank.

Worrall, *et al.* (2000) conducted a study on the psychological well-being at work and it was found that there are negative impacts of downsizing. These impacts manifest in area of reduction of job security among managers and feelings of loss of control over the situation. Also the uncertainty caused by the possible loss of employee jobs cause severe stress reaction in the survivors leading to sharp increase in the work overload, longer working hours, and fewer vacation days, leading to inefficiency and burnout.

According to McCourt (2001), retrenched staff suffers a lot in terms of hunger, lack social care, cannot provide the basic needs of their families and depend on benevolent relatives and friends especially in developing countries like Nigeria.

The research findings of Allen, *et al.* (2001) suggest that job attitudes like job satisfaction, organizational commitment, job involvement, role overload, role clarity, satisfaction with top management, and turnover intentions become less favorable after downsizing. Downsizing seems to have a negative impact on a number of work-related attitudes and have significant impact on work attitudes as the impact varied over time and employees perceive retrenchment to be based on employee performance. Similarly, Baguma and Matagi (2002) study on the effects of retrenchment exercise on organizational performance and quality of work life suggest that retrenchment is a major factor determining employee labour turnover affects organizational performance.

In addition, Modise (2002) study on the impact of retrenchment of employees and measures to alleviate it revealed that retrenchment had an adverse effect on the retrenched employees and these effects range from being uncertain about their futures and experiencing low self-worth. It is worthy to note that diverse research findings point out that retrenchment (determinant of employee labour turnover), negatively affects organizational performance; hence, it was hypothesized in our study that retrenchment has no significant effect on organizational performance of the Nigerian banking sub-sector.

#### **2.1.4.2 Excessive workloads and organizational performance**

Several researchers have attempted to side-step the interrelationship between direct and indirect effects by relying on descriptions of workload alone, ignoring potentially related psychological stress resulting from excessive workloads (Hancock & Desmond, 2001). In doing so, they have circumvented a direct discussion of stress and its

role in performance degradation or enhancement. However, in leaving this issue unaddressed, these researchers have failed to infer the stress effect resulting from excessive workloads on organizational performance. Andre (2001) sees workload as a hypothetical cost incurred by a human operator to perform. Kahneman (1973) considers excessive workload to be a primary source of resource depletion. The most noticeable feature of workloads is the absence of an explicit cognitive function such as appraisal. On the contrary, the dominant perspective in the definition of workload provide ample evidence that it is believed to be much more than that.

In response to this, Hilburn and Jorna (2001) differentiated between workload and task load. They argued that task-load refers to the demand imposed by the task itself while workload is the subjective experience of the task demand. Parasuraman and Hancock (2001) made a similar differentiation that task-load is imposed on human operators from external environmental sources but not deterministically, hence workload is also mediated by the individual response of human operators to the load and their skills levels, task management strategies, and other personal. To these authors inter-alia, task-load is what the work or tasks bring as environmental loads on the system while workload concerns what is experienced by the system as it attempts to adapt accordingly. These two sets of definitions illustrate the continued overlap between direct and indirect stress effects resulting from excessive workload in management literature.

Excessive workload can arise as a result of dealing with something that places extraordinary or unusual demands on employees. Such things as excessive workload, poor understanding or working relationship with superiors, working late with little or no time to rest and so on, place special demands on employees and serve as threats to organizational performance. A lot of research work in this line has been conducted outside Nigeria, a host of studies have been conducted in different countries and in

different industrial sectors but a huge gap exists in developing countries like Nigeria. The banking subsector is of interest because in the last decade, the sector had undergone rapid and striking changes, like policy changes due to globalization and capitalization. These brought about increased competition amongst the banks in order to meet up with these changes which can bring down the existence of any bank that lacks merit.

Another reason for excessive workload in the Nigerian banking subsector is the fear that arises due to entrance of more banks, mergers, downsizing, rightsizing, and introduction of new technologies. As a result of these changes, employees in the Nigerian banking subsector are experiencing high degrees of workloads. According to Wetzels, Ruttyer and Bloemer (2000), an attempt to meet conflicting demands often leads to role stress, which eventually impacts customer orientation of these employees and job performance (Flaherty, Dahistrom, & Skinner, 1999). Given the fact that there is lack of studies on whether excessive workload affects organizational performance in developing countries like Nigeria, it was hence hypothesized in our study that excessive workload has no significant effect on organizational performance of the Nigerian banking subsector.

#### **2.1.4.3 Job Insecurity and organizational performance**

Job insecurity is defined as the non-assurance in an employee's job continuity due to the general economic conditions in the country (James, 2012). It is concerned with the probability of an individual keeping his/her job. It deals with the chances of employees keeping their jobs in order not to be unemployed (Simon, 2011): Jobs which are not backed by indefinite contract or cannot be 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 (Makawatsakul & Kleiner, 2003). It is the assurance from the organization that their employees will remain with them for a reasonable period of time without being wrongly dismissed (Adebayo & Lucky, 2012; and Simon, 2011).

Quite a number of factors such as employment contract, collective bargaining agreement, labor legislation and personal factors like education, work experience, location of job, etc. play an important role in determining the need for an individual's services and impact their personal job security (Adebayo *et al.*, 2012). In another extreme, essential or necessary skills and past experience required by employers and subject to current economic condition and business environment could also guarantee individual's job security (Adebayo *et al.*, 2012).

Generally, certain type of jobs and industry jobs has been perceived to have high job insecurity. For instance, government jobs, healthcare jobs and law enforcement jobs are deemed to be very secure while on the other hand, jobs in the private sector are widely perceived to offer lower job security which may also be according to industry, occupation and other factors (Adebayo *et al.*, 2012). However, Adebayo *et al.*, (2012) noted that employee job security eventually depends on whether they are employable or not, and if businesses have a need for their skills or not. Although, employment laws can offer some relief against unemployment risk, they only have a marginal contribution to job security of employees. The fact remain that employees need to have the right skill to have good job security.

Since the late 1970s, economic recessions, industrial restructuring, technological changes and an intensified global competition have dramatically changed the nature of work (Howard, 1995). Millions of workers have been displaced while others have become involuntarily part-time employed, hired on temporary employment contracts, or

experienced a fundamental and involuntary change in their sets of beliefs about the organization and their place in it (Jacobson, 1991).

In United States, about 500 companies alone have reduced their total workforce from an aggregate 14.1million employees to 11.6million between 1983to1993 with approximately 500,000 US employees facing job loss each year (Simons, 1998). In the Nigerian context, workers retrenchment on a massive scale started at the close of 1983 by the military government, a few months after the overthrown of civilian regime. A total of 5,000 workers were retrenched as a measure to resuscitate the depressed economy via reduction of overhead costs (Denga, 1985).

Research on job security has provided consistent evidence across firms, industries, and countries that declining job security level is associated with negative employee attitudes, behaviours, and health which in turn affect organizational performance (Sverke, Hellgren. & Naswall, 2002). Substantially, banking reforms have been an ongoing phenomenon around the world starting from 1980s, but became more intensified in recent time due to the impact of globalization which is precipitated by continuous integration of the world market and economies. In Nigeria, banking subsector reforms was triggered by the economic downturn cum weaknesses in banking system characterized by persistent illiquidity, undercapitalization, high level of non-performing loans, weakness in the regulatory and supervisory frameworks, weak management practices; and tolerance of deficiencies in corporate governance of banks (Uchendu, 2005). This posed a threat to the operation of many banks resulting in sudden replacement of many banks Chief Executive Officers (CEOs) for example: Union Bank, Oceanic, Intercontinental, FinBank and Afribank in August 2009.

In 2009, large numbers of bank workers were retrenched, leaving the remaining workers with fear of uncertainty and heavy workloads such that they work under tense



conditions nursing fear of losing their jobs anytime. In addition, the sector has witnessed the laying off of most qualified employees in order to minimize costs and maximize profit. This trend in the banking subsector has devastating and long lasting effects on the well-being of bank employees, coupled with its attendant effects on organizational performance. Thus, the growing interest in the ways in which workers adapt to what is now a normative situation, employment in jobs that offer only limited or no security is the major thrust of this study. Hence, it was hypothesized in our study that job insecurity has no significant effect on organizational performance of the Nigerian banking subsector.

#### **2.1.4.4 Poor salary structure and organizational performance**

This represents one of the major causes of high labour turnover. Shukla and Sinha (2013) observed that when employees are engaged in a low-wage position with inadequate benefits, there is little or no motivation to continue if a comparable employer offers even a slightly higher rate of pay. Thus, low-wage jobs usually record a higher rate of employees' turnover; although, it cost less for employers to replace employees in this category when compared to those in a high- wage positions (Handelsman, 2009). Employees who contribute significantly to an organization but whose wages fall short of the current market rate, possibly will feel cheated in the present employment and seek for employers that will pay what they considered appropriate remuneration (Firth *et al.*, 2007).

Hissom (2009) asserts that the topmost factor that causes high labour turnover rate is salary structure since employees are rational and will often prefer employment that has comparable salary structure in place. Therefore, poor remuneration remains a major cause of high employees' turnover (Rampur, 2009). Given the fact that poor salary structure is a determinant of employee labour turnover, it was hypothesized in our study

that poor salary structure has no significant effect on organizational performance of the Nigerian banking sub-sector.

### **2.1.5 Organizational performance measurements of the study**

In this study, organizational performance was measured based on the assertions of Gong, Law, Chang and Xin (2009); Staw and Epstein (2000); Wan and Hoskisson (2003), Van-Dyck, Frese, Baer and Sonnentag (2005); Huselid (1995); Subramony, Krause, Norton, and Bums (2008) and Salanion and Robinson (2008). According to these authors inter-alia, organizational performance can be measured based on profitability, productivity, sales, customer services, and achievement of organizational goals. The organizational performance measurements of the study are briefly discussed below:

- **Profitability:** Numerous researchers utilized traditional accounting measure of profit as organizational performance. One the most common indices, for example, is return on assets (Staw& Epstein, 2000; and Wan &Hoskisson, 2003). Return on assets is the annual profit or net income divided by the average assets over an accounting period. More precisely to compute the numerator, researchers usually subtract the interest expense and the interest tax savings from the annual profit. As Van-Dyck, Frese, Baer and Sonnentag (2005) highlight, return on assets is a measure of operating efficiency reflecting the long-term financial strength of organizations.
- **Productivity:** Although related to profitability, some researchers instead measure organizational performance via the productivity of employees. Productivity is the revenue divided by the total number of employees. Numerous researchers, however, prefer to compute the natural log of revenue divided by the total number of employees (e.g., Huselid, 1995; and Subramony, Krause, Norton,

&Burns, 2008). Subramony, Krause, Norton and Burns (2008) for example, showed that poor salary structure affects productivity. That is productivity, as measured by the natural log of revenue divided by the total number of employees, increase if employees, one year earlier, had reported they felt their pay was competitive.

- **Sales:** Sales are often used to gauge the performance of organizations. Nevertheless, several variants of sales have been utilized. In a study conducted by Salanion and Robinson (2008), sales relative to organizational targets were employed. That is, senior management had estimated the sales target of each year depending on the product line, characteristics of clientele, and other factors. To compute sales, actual sales was divided by target sales, and then multiplied by a percentage. Many related measures of sales are also used; typical examples are total sales growth rather than merely sales, as well as market share (Gong, Law, Chang, &Xin, 2009).
- **Customer Service:** In lieu of more objective measures of organizational performance, some researchers also assess subjective indices. One of the most common subjective indices of organizational performance is customer service. To illustrate, in the study undertaken by Salamon and Robinson (2008), customer service was rated more favorably if employees felt trusted by management.
- **Achievement of Organizational Goals:** Many indices of organizational performance disregard the goals of organizations as measure of performance. In a year for example, organizations might want to invest in expensive technology to enhance performance in the future. The profit in this year might be negligible even if the workplace fulfills its objectives. Accordingly, profit might not be a suitable measure of performance in this context. Therefore, to gauge

organizational performance, prior studies examine the extent to which the organization has fulfilled its goals. In a study conducted by Van-Dyck, Frese, Baer and Sonnentag(2005), participants rated the extent to which their organization achieve its most important goal in the last year and the degree to which the organization was successful in comparison to other companies in the same line of industry and of (about) the same size. It was found that organizations that manage errors effectively were more likely to fulfill their goals.

#### **2.1.6 Costs and consequences of employees' labour turnover**

Increased labour turnover is very costly for all business organizations (Amour, 2011). The costs associated with employee labour turnover can be viewed from two perspectives: direct and indirect costs. The generally noticeable costs in connection with turnover are the amounts of funds expensed on vacancy advertisement, headhunting, interviews, recruitment and training, loss of productivity, and cost of inefficiency of new staff. These costs have been estimated to range from 30percent to as high as 400percent of a single employee's annual salary, depending on the industry and job role being filled (Bureau of Statistics, 2008; Beam, 2009; and Wangui, 2010).

Amour (2011) recognizes that there are other hidden costs related to employees' turnover. Instead of an organization expending substantial amount of money and time trying to find replacements for disengaged employees; it could have dedicated such resources and energy in productive activities that will contribute towards moving the organization in achieving its objectives. This hidden cost of turnover is one that frequently gets ignored when considering approaches geared towards reducing employees' turnover. Organizations that spend fewer amounts of time and financial resources on solving employees' turnover problems could actually focus on increasing

productivity and customer satisfaction. This culminates in higher long-term profitability and improved quality of service (Amour, 2011).

### **2.1.7 Strategies that minimize employees' turnover**

There are strategies which could be put in place in every organization to address the problem of employees' turnover. These measures may not totally eliminate employees' turnover but surely it will reduce it to the barest minimum (Ngethe, Iravo&Namusonge, 2012). These strategies that minimize employees' turnover are briefly discussed:

- **Provision of quality leadership:** Employees' turnover can be reduced through the provision of quality leadership by management generally and by individual manager and team leader (Armstrong, 2004). Employees should be treated fairly, justly and with human dignity by managers by giving them due respect and devoid of harassment/embarrassment. This will create an atmosphere of mutual respect between managers and employees, and in turn drastically reduce employees' turnover (Shamsuzzoha&Shumon, 2010). Employees are likely going to stay with an organization ii they are convinced that their managers show interest and concern for them, if they are familiar with what is expected of them, if they are given a role that fits their capabilities and if they receive regular positive feedback and recognition. The quality of relationship an employee has with his/her immediate managers elongates employee stay in an organization.
- **Creating conducive work environment:** Another strategy which can be utilized in addressing employees' turnover is via the creation of conducive work environment for employees. Work environment is one of the factors that affect employee's decision to stay with the organization (Ngetheet *al.*, 2012). The physical condition in the place of work should be such that it has crucial amenities that will motivate

employees to do their best. Adequate provision of basic amenities like healthcare services, air conditioning, office space, furniture, suitable lighting, and proper ventilation can encourage employees to remain with their employers (Shukla&Sinha, 2013). Similarly, employers should create an atmosphere that will reduce employees' stress level at all times as this will further boost their morale to remain in the organization (Firth *et al.*, 2007). A work environment that is comfortable, relatively low in physical psychological stress, facilities and attainment of work goals will tend to produce high levels of satisfaction among employees.

- **Enhanced remuneration packages:** Attractive remuneration package is one of the extremely essential factors of reducing employees' turnover. Employees will not likely want to quit their present job for a new one if they are convinced that their current remuneration packages are above average of what is obtainable in the same or similar industry. According to Tette (2006), satisfaction with salaries is one of the key factor facilitating the commitment of employees to their organizations and careers, and consequently their decision or intent not to leave.
- **Provision of career progression opportunities:** Employees' turnover can be drastically reduced through the provision of avenues for career progression by employers. There should be opportunities for growth and promotion within the organization (Rampur, 2009). Employees look forward to working in organizations that make available to them opportunities to be promoted to new higher and more challenging positions. Dockel (2003) strongly argues that employees should not only be rewarded financially but they should also be provided with opportunities to grow within the organization. Employees who feel that they are making progress in their positions generally are motivated and will likely stay in fulfilling position. Promotion

offers opportunities for growth and is also one of Herzberg motivators which can be used to enhance employee retention (Rampur, 2009).

- **Provision of training and development opportunities:** Training and development represent another strategy for reducing employees' turnover in any given organization. Training provides employees with specific skills or helps to correct deficiencies in their performance while development is an effort aimed at providing employees with abilities the organization will need in the future (Chew, 2004). The purpose of training in work context is to develop the abilities of individual and to satisfy the current and future manpower needs of the organization. Dockel (2003) observes that opportunities for training and development are among the most important reasons why employees stay especially young and enthusiastic ones. Investment in training is one way to show employees how important they are.

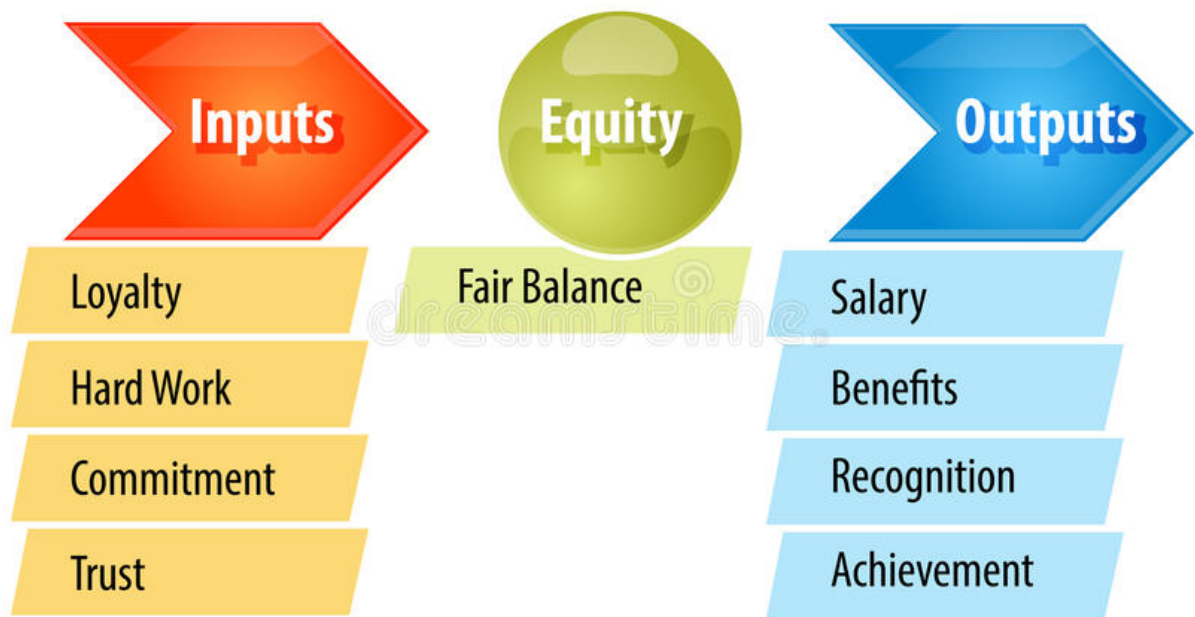
## **2.2 Theoretical Framework**

The theoretical framework of this study is anchored on three (3) theories namely equity theory of motivation, firm specific human capital (FSHC) theory and job-matching theory.

### **2.2.1 Equity Theory of Motivation**

Equity theory of motivation suggests that employees of an organization are influenced in their behavior by the relative rewards they either get or are going to receive. This theory is based on the assumption that employees are most likely to be motivated by the way they are equitably treated at work, and its behavior may be to act positively to improve their performance in that organization, or may be to act negatively by, for example, working more slowly on the ground of being under-rated or under-paid. The unequally treated skilled and experienced workers can decide to seek job elsewhere

and leave the organization which can invariably influence high labour turnover in any organization that may affect job performances at workplace.



**Fig. 2.2 Equity theory of motivation**

Basically, every individual wants to be treated fairly no matter what avenue of life is in question. Fair treatment is something that everyone appreciates and demands, given the fact that unhappiness can manifest itself in a number of ways and make employees behave contrarily within the work environment. The relevance of this theory to this study is such that in order to reduce high labour turnover in any given organization, employees should be motivated either intrinsically or extrinsically. Hence, when employees are treated fairly in the work environment, they contribute their best which invariably affects the performance of the organization.

### **2.2.2 Firm Specific Human Capital (FSHC) Theory**

There are two main theories on how employee turnover can affect organizational performance. Firstly, there is the firm specific human capital (FSHC) theory, pioneered by Becker (1975). The FSHC theory provides that if firms need to bear the cost of training, their incentives to provide staff training will be lowered by high turnover rates.



The incentive will be even weaker when firm specific and general training are less separable, as employees have lower opportunity costs of quitting (Lynch, 1993). Consequently, organizational performance falls as turnover increases. Even if FSHC is bred through learning-by-doing, its accumulation remains positively related to employees' tenure. As a result, a higher turnover rate will still lead to lower organizational performance.

In addition to the direct loss of human capital embodied in the leavers, there are other negative impacts of turnover on organizational performance. The relevance of this theory to the current study is such that output forgone during vacant and training period, administrative resources used in separation, recruitment and training could have been invested in other aspects of the production process. Moreover, high employee turnover could adversely affect the morale of organization. Using a controlled experiment Sheehan (1993) recorded that leavers alter the perceptions of the stayers about the organization and therefore negatively affect organizational performance.

### **2.2.3 Job-Matching Theory**

On the opposite side of the debate, is the job-matching theory postulated by Burdett (1978); and Jovanovich (1979a; 1979b). The key insight of this theory is that firms will search for employees and job seekers will search for firms until there is a good match for both parties. However, the conditions for an optimal matching may change over time, leading to continuous reallocation of labour. For instance, a firm that has upgraded its production technology will substitute skilled for unskilled labour (Ahn, 2001). Moreover, established firms also need 'new blood' to provide fresh stimulus to the status quo. On the other hand, a worker who has acquired higher qualifications via education, training, or learning-by-doing may seek a better career opportunity. Consequently, the job-matching theory suggests that regular employee turnover helps

both employers and employees avoid being locked in sub-optimal matches permanently (Abbasi&Holiman, 2000)

Knowledge spillover between firms is another factor that compounds the effect of turnover on organizational performance (Cooper, 2001). Knowledge spillover is more obvious if human capital is portable across firms or even industries. Megna and Klock (1993) find that increasing research input by one semi-conductor firm will increase the organizational performance of rival firms due to labour migration. Also, Borland (1997) suggests that involuntary turnover can be used as a mechanism to maintain employees' incentives. The relevance of this theory to the current study is such that higher turnover aids organizational performance.

Although FSHC and job-matching theories suggest opposite effects of turnover on organizational performance, one does not necessarily invalidate the other. In fact, there is empirical evidence supporting the coexistence of both effects, albeit the effect of FSHC appears to dominate (Glenn *et al.*, 2001). The two theories essentially answer the question of how to balance the stability and flexibility of the labour force. It is the contention here that given that FSHC and job-matching have opposite effects on organizational performance, there is a distinct possibility that a certain turnover rate will maximise organizational performance.

### **2.3 Empirical Review**

There are conflicting findings in literature as regards employee labour turnover and organizational performance. Some studies suggest that employee labour turnover negatively affects organizational performance while other studies provide contrary views (positive effect of employee labour turnover on organizational performance). For instance, Ogbeechi (2015) examined the socio-economic effects of retrenchment on employees in Nigeria using survey method via questionnaire. Descriptive statistics

(simple percentages and charts) were used in the analysis of data and it was discovered that about 2% employment were retrenched before one year of employment, 20% were retrenched after spending about 5 years working in the organization and 30% were also retrenched after working for about a decade. In addition, it was revealed that 40% of staff had worked for more than a decade before retrenchment while about 60% of the staff retrenched remained unemployed, shocked and confused at the sudden retrenchment. More importantly, the study found that retrenchment has a detrimental effect on the individual, families and society due to their inability to meet up with family and social responsibilities.

Halima and Susan (2015) investigated the effects of employee downsizing on performance of retained workforce. Primary data (structured questionnaire) was used in eliciting responses and the data obtained were analyzed via correlation statistical tool. Findings of the study indicated that employee downsizing significantly affect performance of retained workforce. The study further established that job security; morale, and workload had a significant influence on performance of retained workforce in commercial banks.

Okubanjo (2014) assessed the predictive power of organizational commitment and job satisfaction on school teacher's turnover intention in Ijebu North Local Government Area, Ogun State. Three instruments, turnover intention scale, organization commitment scale and intrinsic motivation inventory were utilized in the study and multiple regression and simple percentage were used in the analysis of data. Findings showed that the two determinant variables (organizational commitment and intrinsic motivation) when taken together, determined the criterion variable (turnover intention). Finding also indicated that organizational commitment was the most potent contributor to the prediction of turnover intention of school teachers.

In India, Abhishek (2014) conducted a research on globalization and downsizing and reported that there is a need to study and understand the various aspects of downsizing or staff retrenchment such as why and what the reasons of downsizing in India are. Primary data was used and analysis of data was done using correlation. The study found that there are positive and negative effects of downsizing on organizational performance. The positive effects are lowered personnel costs, less bureaucracy, faster decision-making, better communications, job enrichment while the negative effects found on employees are anxiety, mental tension, stress, depression, breakup of social and personal life, social stigma of losing a job, breaking of psychological contract with the organization, difficulty in getting another job and so on. Although, the negative effects on organizations can be loss of goodwill, low rating, loss of trust among employees, unhealthy environment, loss of productivity, failing to retain talent, failing to attract good candidates and so on.

Similarly, Jyoti (2014) carried out a study on hiring and firing in India and findings revealed that it is mandatory to conform to various central and state laws that ensure and protect employees before they are hired and fired. In addition, it was found that firing employees without conforming to the mandatory laws significantly affected the performance (goodwill) of most organizations in India. Primary data was used and analysis of data was done using correlation.

Shukia and Sinha (2013) examined employees' turnover in the banking sector. The study employed descriptive research design and primary data was obtained from respondents via the administration of structured questionnaire. The collected data were analyzed using mean, standard deviation and correlation statistical tool. The results of the study revealed that lack of job satisfaction and work environment ranked high among the causes of employees' turnover. In addition, it was found that employees were willing

and ready to change to a new job that promised them better remuneration and work environment.

Consolata (2013) analyzed the effects of retrenchment on organizational performance at the Telkom, Kenya. Findings established from the descriptive analysis revealed that over 60 % of the respondents agreed that there is a great improvement in work performance after retrenchment and there was also a high work effort following the same layoff as well as a positive change in work effort and performance.

In Nigeria, Nwokocha and Iheriohanma (2012) conducted a study on emerging trends in employees' retention strategies in a globalized economy. Primary data was used and analyzed using correlation statistical technique. The study argued that in order to minimize the rate of employee turnover and catch up with the current demands of global economic needs and organizational performance, organizations should adopt critical sustainable retention trends like establishing a strategic plan, involving employees in decision-making process, initiating personalized compensation plan, installing mechanisms for career planning, training and development and building flexible work programs especially for critical knowledge employees.

In Kenya, Bula (2012) carried out a study on labour turnover and organizational performance in the sugar industry. Primary data via questionnaire was used in eliciting responses and the data obtained were analyzed using descriptive statistics (mean and standard deviation) and inferential statistic (correlation). The study found that salary is a major factor causing labour turnover followed by training, promotion, performance appraisal and work condition. Other factors such as recognition, job content, participation in decision making and leadership style were also considered as immediate factors. In addition, the study revealed that although lack of employee commitment and

motivation can be major causes of labour turnover, they are dependent on all the other factors causing labour turnover.

Ng'ethe, Iravo and Namusonge (2012) examined the determinants of academic staff retention in public universities in Kenya through structured questionnaire. Correlation statistical tool was used in the analysis of data obtained in the field study. The results of the study revealed that leadership influence over the behaviour or action of subordinates was a potential cause of employees' turnover in Kenyan organizations. The leadership style as identified in this study that influence employee turnover includes distributive justice - the extent to which rewards and punishments are related to job performance and fairness in the allocation of outcomes such as pay and promotions were reported to be critical to employees' retention. The study also identified other factors affecting academic staff retention to include office space, lack of equipment, air conditioning, comfortable chairs just among others.

In Australia, Anafet *al.*, (2012) examined the effect of job loss, live experience on organizational performance. The study reported that if retrenchment process is not managed efficiently, it could result in depression and consequently may create demoralization; dampen organizational performance and increases voluntary retirement. Primary data (questionnaire) and correlation was used in analyzing the field outcome of the study.

Hollenbarch (2012) assessed the human side of retrenchment on employee performance by means of primary data (structured questionnaire). The data obtained in the field survey were analyzed using both descriptive and inferential statistics and findings showed that measures for mitigating the effects of retrenchments are to provide pit-dismissal and post-dismissal counseling to all affected employees. In addition, it was found that in order to mitigate the effects of retrenchments, there is need to put in place

training program to augment personal financial skills, career goals management, and most importantly skills for developing small businesses. More importantly, it was shown that retrenchment negatively affects employee performance during pre-dismissal and post-dismissal periods.

In Tanzania, Magalla (2011) conducted an investigation on employee labour turnover and organizational performance by means of structured questionnaire. The obtained data were analyzed using descriptive statistics (mean and standard deviation) and findings indicated that labour turnover can be influenced by a number of controllable and uncontrollable factors. Controllable factors like short contract, poor working condition, poor recruitment procedure, lack of motivation, and poor or inadequate incentives and rewards influence voluntary labour turnover. Uncontrollable factors such as unequal treatment of workers, lack of promotion and growth, low wages and salary, unclear compensation procedures, less recognition and lack of employees' involvement in decision making significantly affect employee labour turnover which invariably affect organizational performance.

Kurebwa (2011) investigated the effect of organizational downsizing on leavers and survivors in Kenya. Primary data (structured questionnaire) and analysis of variance was used in the analysis of data. Findings of the study indicated that the effect of staff retrenchment does not lie on the staff affected only; it also affects those that remained in the service. In addition, it was found that these effects severely affect the overall performance of employees in the organization.

Hassan, Tahir and Muhammad (2011) assessed the effects of retrenchment on job performance with mediating effect of work life balance. Primary data and correlation was used in the analysis of data. Findings of the study showed that there is positive relationship between workload and work life balance. Furthermore, it was found that

excessive workload and work life balance was interrelated in the context of employee performance. This perhaps gives a clue that organizations can improve employee's performance by creating a balance between work and life.

Meier (2011) evaluated the changing recruitment landscape and its effect on organizational performance. Primary data and correlation was used in the analysis of data. The study found that retrenchment could be devastating as it affects not only the financial security of the individuals, it also distorts personal worth. In addition, it was found that retrenchment affects organizational performance such that retrenched employees are exposed to uncertainties, since they cannot be certain for how long they will remain unemployed.

Mercy (2011) did a study on the criteria employed by commercial banks in Kenya to determine employees to retrench. The study provides some statistical revelations. First it was found that 60% of commercial banks had retrenched once, 25% had retrenched twice and 15% had done it more than 3 times within the last 5 years. Second, it was found that 45% of banks in Kenya engaged in retrenchment provide outplacement services to the employees leaving. These services among others include counseling on managing post-retrenchment effects, financial management and opening up of new businesses, however, 55% of banks that had retrenched don't provide any outplacement services to the leavers.

Rama-Rao (2010) examined dismissal and retrenchment effects on organizational performance and findings indicated that dismissal likely results in harmful psychological and physical health outcomes for retrenched employees who lose their jobs. Also, it was found that employers leave the retained staff with a negative mindset noting that their co-workers, mentors, coaches, and friends are going through uncertainty and discomfort



after rendering a meritorious service. This study used primary data and chi-square in the analysis of data.

Gribble and Miller (2009) identified the psychological constructs underpinning the effects of retrenchment and found that employees who have time to find other employment before they leave their former organizations are far better than those who are retrenched and have to leave the premises immediately. The study also revealed that sacked staff could be expected to suffer a loss of self-concept; primary data and chi-square were used in the analysis of data.

Zatzick, Marks and Iverson (2009) conducted a research on ways aimed at downsizing in periods of organizational crisis. The study found that downsizing is a fundamental means via which organizational crisis can be resolved. More importantly, the study revealed that downsizing helps to reduce organizational costs and enhance organizational performance. This study used structured questionnaire and correlation in the analysis of data.

Ongori (2007) examined the factors affecting employee labour turnover and organizational performance in Botswana by means of questionnaire. The data obtained were analyzed via correlation statistical technique and it was observed that among of the factors that influence employees' turnover in any organization includes communication systems, uncertain supervisors' desires and conflicting job functions. These factors may be the basis on which employees may begin to experience loss of job satisfaction and may finally result in an employee leaving the organization. Factors like poor personnel policy, poor recruitment policies, poor supervisory practices and poor grievance procedures contribute to high labour turnover.

Nirmala (2006) did a study on organizational rightsizing actors, processes and outcome and found that job insecurity, increased stress from heightened

workloads, reduced self-efficacy and self-esteem are the major determinants of organizational rightsizing actors, process and outcomes. Structured questionnaire and correlation statistical tool was used in the analysis of data

Vermeulen (2005) in his study on perceptions of procedural justice in the retrenchment of managers found that the way employees exit from organization is likely to influence their perceptions and psychological reaction to retrenchment and unemployment outcomes. Also, it was found that employees who experience involuntary retrenchment react more negatively to unemployment and are more likely to perceive retrenchment as a one-sided breach of psychological contract with the organization. A structured questionnaire and correlation statistical tool were used in the analysis of data

In Kenya, Kusum (2004) evaluated the survivor syndrome and role of leadership in implementing downsizing. Primary data was employed and analyzed using descriptive and inferential statistics. Findings indicated that management usually overlooks the psychological effect of downsizing in terms of attitudes and emotions, thus management leaves the survivors frustrated, anxious, and resistant with the “wait and see” attitude; a scenario also known as ‘survivor syndrome’. The study also revealed that both management and affected employees also suffer adversely after downsizing has occurred and this no doubt affects organizational performance.

Tourish, *et al.*, (2004) conducted a study on downsides of downsizing, communication process and information needs in the aftermath of a workforce reduction strategy. The findings revealed that senior members in the organization have the opportunity to get information about the organization and also have a prior knowledge of job changes during the process of retrenchment compared to other employees. The study used primary data and analysis was done via correlation.

Kalimoet *al.*, (2003) conducted a research on the effects of past and anticipated future downsizing on survivor wellbeing. The study is descriptive in nature and findings showed that downsizing is a deliberate organizational decision aimed at systematically reducing employees via an intentionally instituted set of activities with the direct purpose of improving organizational efficiency and performance.

Makawatsakul and Kleiner, (2003) analyzed the effect of downsizing on morale and attrition management. The study is descriptive in nature and reported that effectiveness of downsizing strategies is ultimately dependent on the reactions of both the survivors and leavers of the process. Thus, the survivors' behavior is critical for the slimmed organization's effectiveness. Besides, it was found that most leavers expressed the process as 'unfairly' implemented and indicate that there were no clear criteria used to eliminate them from the organization.

Devine, *et al.*, (2003) in their research on stress-related outcome and organizational downsizing found that staff retrenchment has serious consequences on both the staff affected and also the staff on board. In addition, it was reported that stress-related outcomes affects the staff psychologically, decreases staff commitment, creates job insecurity and affects mental and physical health.

## 2.4 Synthesis of Empirical Studies

**Table 2.1: Synthesis of Empirical Review**

<b>Author(s) &amp; Year</b>	<b>Study Caption</b>	<b>Method(s)</b>	<b>Findings</b>
Ogbeechi (2015)	The socio-economic effects of retrenchment on employees in Nigeria	Survey method via questionnaire; Descriptive statistics (simple percentages and charts)	The study found that retrenchment has a detrimental effect on the individual, families and society due to their inability to meet up with family and social responsibilities.
Halima and Susan (2015)	Effects of employee downsizing on performance of retained workforce	Primary data (structured questionnaire) was used in eliciting responses and the	Findings of the study indicated that employee downsizing significantly affect performance of retained workforce. The study further established that

		data obtained were analyzed via correlation statistical tool	job security; morale, and workload had a significant influence on performance of retained workforce in commercial banks.
Okubanjo (2014)	Predictive power of organizational commitment and job satisfaction on school teacher's turnover intention in Ijebu North Local Government Area, Ogun State	Three instruments, turnover intention scale, organization commitment scale and intrinsic motivation inventory were utilized in the study and multiple regression and simple percentage were used in the analysis of data	Findings showed that the two determinant variables (organizational commitment and intrinsic motivation) when taken together, determined the criterion variable (turnover intention). Finding also indicated that organizational commitment was the most potent contributor to the prediction of turnover intention of school teachers.
Abhishek (2014)	Globalization and downsizing in India	Primary data was used and analysis of data was done using correlation.	The study found that there are positive and negative effects of downsizing on organizational performance. The positive effects are lowered personnel costs, less bureaucracy, faster decision-making, better communications, job enrichment while the negative effects found on employees are anxiety, mental tension, stress, depression, breakup of social and personal life, social stigma of losing a job, breaking of psychological contract with the organization, difficulty in getting another job and so on. Although, the negative effects on organizations can be loss of goodwill, low rating, etc
Jyoti (2014)	Hiring and firing in India	Primary data was used and analysis of data was done using correlation.	Findings revealed that it is mandatory to conform to various central and state laws that ensure and protect employees before they are hired and fired. In addition, it was found that firing employees without conforming to the mandatory laws significantly affected the performance (goodwill) of most organizations

<b>Author(s) &amp; Year</b>	<b>Study Caption</b>	<b>Method(s)</b>	<b>Findings</b>
Shukia and Sinha (2013)	Employees' turnover in the banking sector	<p>The study employed descriptive research design and primary data.</p> <p>The collected data were analyzed using mean, standard deviation and correlation.</p>	<p>The results of the study revealed that lack of job satisfaction and work environment ranked high among the causes of employees' turnover. In addition, it was found that employees were willing and ready to change to a new job that promised them better remuneration and work environment.</p>
Consolata (2013)	Effects of retrenchment on organizational performance at the Telkom, Kenya	Questionnaire and descriptive statistics	<p>Findings established from the descriptive analysis revealed that over 60 % of the respondents agreed that there is a great improvement in work performance after retrenchment and there was also a high work effort following the same layoff as well as a positive change in work effort and performance.</p>
Nwokocha and Iheriohanma (2012)	Emerging trends in employees' retention strategies in a globalized economy	Primary data was used and analyzed using correlation statistical technique.	<p>The study argued that in order to minimize the rate of employee turnover and catch up with the current demands of global economic needs and organizational performance, organizations should adopt critical sustainable retention trends like establishing a strategic plan, involving employees in decision-making process, initiating personalized compensation plan, installing mechanisms for career planning, training and development and building flexible work programs especially for critical knowledge employees.</p>

<b>Author(s) &amp; Year</b>	<b>Study Caption</b>	<b>Method(s)</b>	<b>Findings</b>
Bula (2012)	Labour turnover and organizational performance in the sugar industry in Kenya	Primary data via questionnaire was used in eliciting responses and the data obtained were analyzed using descriptive statistics (mean and standard deviation) and inferential statistic (correlation)	The study found that salary is a major factor causing labour turnover followed by training, promotion, performance appraisal and work condition. Other factors such as recognition, job content, participation in decision making and leadership style were also considered as immediate factors. In addition, the study revealed that although lack of employee commitment and motivation can be major causes of labour turnover, they are dependent on all the other factors causing labour turnover.
Ng'ethe, Iravo and Namusonge (2012)	Determinants of academic staff retention in public universities in Kenya	Structured questionnaire. Correlation statistical tool	The results of the study revealed that leadership influence over the behaviour or action of subordinates was a potential cause of employees' turnover in Kenyan organizations. The study also identified other factors affecting academic staff retention to include office space, lack of equipment, air conditioning, comfortable chairs just among others.
Anafet <i>al.</i> , (2012)	Effect of job loss, live experience on organizational performance	Primary data (questionnaire) and correlation was used in analyzing the field outcome of the study.	The study reported that if retrenchment process is not managed efficiently, it could result in depression and consequently may create demoralization; dampen organizational performance and increases voluntary retirement.

<b>Author(s) &amp; Year</b>	<b>Study Caption</b>	<b>Method(s)</b>	<b>Findings</b>
Hollenbarch (2012)	Human side of retrenchment on employee performance	Primary data. Descriptive and inferential statistics were used in the analysis of data	Findings showed that measures for mitigating the effects of retrenchments are to provide pit-dismissal and post-dismissal counseling to all affected employees. More importantly, it was shown that retrenchment negatively affects employee performance during pit-dismissal and post-dismissal periods.
Magalla (2011)	Employee labour turnover and organizational performance in Tanzania	Structured questionnaire. The obtained data were analyzed using descriptive statistics (mean and standard deviation)	Findings indicated that labour turnover can be influenced by a number of controllable and uncontrollable factors. Controllable factors like short contract, poor working condition, poor recruitment procedure, lack of motivation, and poor or inadequate incentives and rewards influence voluntary labour turnover. Uncontrollable factors such as unequal treatment of workers, lack of promotion and growth, low wages and salary, unclear compensation procedures, less recognition and lack of employees' involvement in decision making significantly affect employee labour turnover which invariably affect organizational performance.
Kurebwa (2011)	Effect of organizational downsizing on leavers and survivors in Kenya	Primary data (structured questionnaire) and analysis of variance was used in the analysis of data.	Findings of the study indicated that the effect of staff retrenchment does not lie on the staff affected only, it also affects those that remained in the service. In addition, it was found that these effects severely affect the overall performance of employees in the organization.

<b>Author(s) &amp; Year</b>	<b>Study Caption</b>	<b>Method(s)</b>	<b>Findings</b>
Hassan, Tahir and Muhammad (2011)	Effects of retrenchment on job performance with mediating effect of work life balance	Primary data and correlation was used in the analysis of data	Findings of the study showed that there is positive relationship between workload and work life balance. Furthermore, it was found that excessive workload and work life balance was interrelated in the context of employee performance.
Meier (2011)	Changing recruitment landscape and its effect on organizational performance	Primary data and correlation was used in the analysis of data.	The study found that retrenchment could be devastating as it affects not only the financial security of the individuals, it also distorts personal worth. In addition, it was found that retrenchment affects organizational performance such that retrenched employees are exposed to uncertainties, since they cannot be certain for how long they will remain unemployed.
Mercy (2011)	Criteria employed by commercial banks in Kenya to determine employees to retrench	Simple percentage and questionnaire	First it was found that 60% of commercial banks had retrenched once, 25% had retrenched twice and 15% had done it more than 3 times within the last 5 years. Second, it was found that 45% of banks in Kenya engaged in retrenchment provide outplacement services to the employees leaving. These services among others include counseling on managing post-retrenchment effects, financial management and opening up of new businesses, however, 55% of banks that had retrenched don't provide any outplacement services to the leavers.



<b>Author(s) &amp; Year</b>	<b>Study Caption</b>	<b>Method(s)</b>	<b>Findings</b>
Rama-Rao (2010)	Dismissal and retrenchment effects on organizational performance	This study used primary data and chi-square in the analysis of data.	Findings indicated that dismissal likely results in harmful psychological and physical health outcomes for retrenched employees who lose their jobs. Also, it was found that employers leave the retained staff with a negative mindset noting that their co-workers, mentors, coaches, and friends are going through uncertainty and discomfort after rendering a meritorious service.
Gribble and Miller (2009)	Psychological constructs underpinning the effects of retrenchment	Primary data and chi-square were used in the analysis of data.	It was found that employees who have time to find other employment before they leave their former organizations are far better than those who are retrenched and have to leave the premises immediately. The study also revealed that sacked staff could be expected to suffer a loss of self-concept
Zatzick, Marks and Iverson (2009)	Ways aimed at downsizing in periods of organizational crisis	This study used structured questionnaire and correlation in the analysis of data.	The study found that downsizing is a fundamental means via which organizational crisis can be resolved. More importantly, the study revealed that downsizing helps to reduce organizational costs and enhance organizational performance.
Ongori (2007)	Factors affecting employee labour turnover and organizational performance in Botswana	Questionnaire and correlation statistical tool	It was observed that among of the factors that influence employees' turnover in any organization includes communication systems, uncertain supervisors' desires and conflicting job functions. These factors may be the basis on which employees may begin to experience loss of job satisfaction and may finally result in an employee leaving the organization. Factors like poor personnel policy, etc contribute to high labour turnover.

Author(s) & Year	Study Caption	Method(s)	Findings
Nirmala (2006)	Organizational rightsizing actors, processes and outcome	Structured questionnaire and correlation statistical tool was used in the analysis of data	It was found that job insecurity, increased stress from heightened workloads, reduced self- efficacy and self-esteem are the major determinants of organizational rightsizing actors, process and outcomes.
Vermeulen (2005)	Perceptions of procedural justice in the retrenchment of managers	A structured questionnaire and correlation statistical tool were used in the analysis of data	It was found that the way employees exit from organization is likely to influence their perceptions and psychological reaction to retrenchment and unemployment outcomes. Also, it was found that employees who experience involuntary retrenchment react more negatively to unemployment and are more likely to perceive retrenchment as a one-sided breach of psychological contract with the organization.
Kusum (2004)	Survivor syndrome and role of leadership in implementing downsizing	Primary data was employed and analyzed using descriptive and inferential statistics.	Findings indicated that management usually overlooks the psychological effect of downsizing in terms of attitudes and emotions, thus management leaves the survivors frustrated, anxious, and resistant with the “wait and see” attitude; a scenario also known as ‘survivor syndrome’. The study also revealed that both management and affected employees also suffer adversely after downsizing has occurred and this no doubt affects organizational performance.
Tourish, <i>et al.</i> , (2004)	Downsides of downsizing, communication process and information needs in the aftermath of a workforce reduction strategy	The study used primary data and analysis was done via correlation.	Findings revealed that senior members in the organization have the opportunity to get information about the organization and also have a prior knowledge of job changes during the process of retrenchment compared to other employees.

Author(s) & Year	Study Caption	Method(s)	Findings
Kalimoet <i>al.</i> , (2003)	Effects of past and anticipated future downsizing on survivor wellbeing	The study is descriptive in nature	Findings showed that downsizing is a deliberate organizational decision aimed at systematically reducing employees via an intentionally instituted set of activities with the direct purpose of improving organizational efficiency and performance.
Makawatsakul and Kleiner, (2003)	Effect of downsizing on morale and attrition management	The study is descriptive in nature	It was reported that effectiveness of downsizing strategies is ultimately dependent on the reactions of both the survivors and leavers of the process. Thus, the survivors' behavior is critical for the slimmed organization's effectiveness. Besides, it was found that most leavers expressed the process as 'unfairly' implemented and indicate that there were no clear criteria used to eliminate them from the organization.
Devine, <i>et al.</i> , (2003)	Stress-related outcome and organizational downsizing	The study is descriptive in nature	It was found that staff retrenchment has serious consequences on both the staff affected and also the staff on board. In addition, it was reported that stress-related outcomes affects the staff psychologically, decreases staff commitment, creates job insecurity and affects mental and physical health.

Source: Researcher's Compilation, 2017

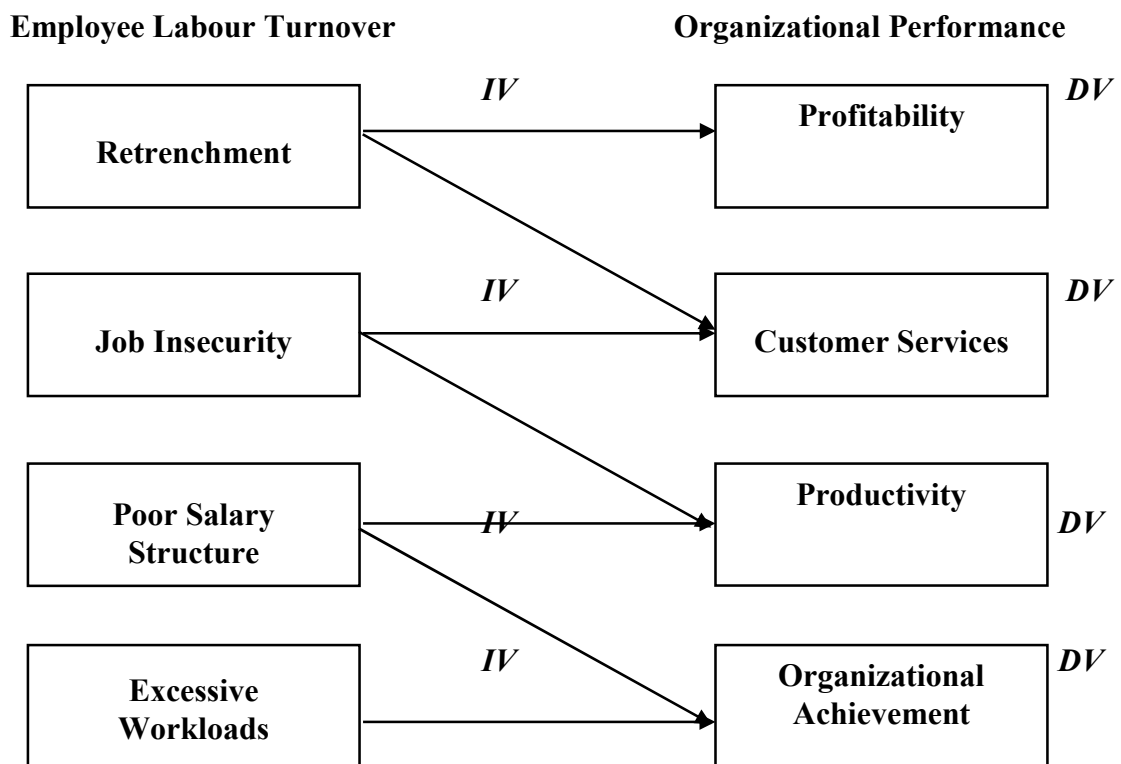
## 2.5 Gap of Study

Prior studies indicate that there are two conflicting research findings on the effect of employee labour turnover and organizational performance. While some research findings indicated that employee labour turnover positively affects organizational performance, there are other studies that suggested that organizational performance is negatively affected by employee labour turnover. The conflicting findings in literature as regards employee labour turnover and organizational performance according to

Dwomoh and Korankye (2012); Nnadi (2010); and Ongori (2007) is based on the diverse factors affecting employee labour turnover such as job insecurity, fear of retrenchment, poor salary structure, excessive workloads, managerial styles and so on. On the basis of the conflicting findings of prior researches, this study was carried out to either repudiate or acknowledge if employee labour turnover have a negative or positive effect on organizational performance in the Nigerian banking sub-sector.

## 2.6 Conceptual Model of the Study

The conceptual model of the study is based on four (4) factors identified to affect employee labour turnover such as retrenchment, job insecurity, poor salary structure and excessive workloads as a function of organizational performance measures of the study which include profitability, organizational achievement, customer services, and productivity. The conceptual model of the study is given below:



**Fig. 3: Conceptual Model of the Study**  
*Conceptualized by the Researcher, 2017*

## **CHAPTER THREE**

### **RESEARCH METHOD**

This chapter highlights the method and procedure used in the research i.e. the research design, population of the study, sample size and sampling techniques, instrument and method of data collection, method of data analysis and validity and reliability of the research instrument.

#### **3.1 Research Design**

The research design used in this study is the cross-sectional survey design. Cross-sectional survey design is concerned with observations and helps in collecting of data with the use of survey to make inference about a population of interest at one point in time, while trying to measure their perception on a subject matter. In cross-sectional survey design, data are obtained from the research participants at a specific point in time or in the course of a single; relatively brief period. By and large, the data are obtained from various groups or types of individuals in cross-sectional research.

This research design helps the researcher to gain certain degree of flexibility, enabling the presentation and analysis of result structure to go via series of variations that will show the robustness of the findings. Ohaja (2006) posited that a survey is required whenever the views of members of the public forms the major source of primary data for a study.

#### **3.2 Population of the Study**

The population of this study is the entire deposit money banks employees in the three (3) senatorial districts of Delta State, Nigeria. The total number of deposit money banks employees in the three (3) senatorial districts of Delta State is about six thousand, three hundred and thirteen (6,313) (Enterprises Development Agency of Nigeria, EDAN,

2018). A breakdown of the population (i.e. number of deposit money banks employees in the three senatorial districts of Delta State is presented in table 3.1.

**Table 3.1: Showing the Total Deposit Money Banks Employees in Delta State**

Senatorial District	Small Sized Banks	Large-Sized Banks	Total
Delta South	1,126	168	1,294
Delta Central	1,879	118	1,997
Delta North	2,981	41	3,022
<b>Total</b>	<b>5986</b>	<b>327</b>	<b>6313</b>

Source: EDAN, 2018

### 3.3 Sample Size and Sampling Technique

The sample for this study was drawn from the population of the study of 6,313 employees of deposit money banks in Delta State of Nigeria. The choice of the sample therefore was based on the Taro-Yamane (1964) sample size determination formula adopted to calculate the actual sample size. The formula is given as follows:

$$n = \frac{N}{1 + Ne^2}$$

Where

n = Sample size

N = Population size

1 = Constant

e = Error limit margin of error of level of significant

(accepted error at 5% i.e. 0.05)

$$n = \frac{6313}{1 + \{6313(0.05)^2\}}$$

$$= 376$$

Using the Taro-Yamane (1964) sample size determination, the study sample is 376. Table 3.3 shows the distribution of the sample size across three senatorial districts in Delta State of Nigeria which is based on the percentage of the total number of employees of deposit money banks of the three senatorial districts.

**Table 3.2: Sample Size Distribution based on the Percentage of Total Number of Employees of Deposit Money Banks in the Three Senatorial Districts in Delta State**

Senatorial Districts	Banks Employees	Percentage Representation	Sample Size
Delta South	1,294	20.5%	77
Delta Central	1,997	31.6%	119
Delta North	3,022	47.9%	180
<b>Total</b>	<b>6,313</b>	<b>100%</b>	<b>376</b>

Source: Researcher's Computation, 2018

The multi-stage sampling technique was used for the study. Multi-stage sampling signifies a more intricate form of cluster sampling in which larger clusters are additionally subdivided into smaller, more-targeted groupings for the purposes of surveying (Gilbert, 1996). The deposit money banks employees in Delta was clusterly divided into the three senatorial districts; respondents were equally drawn purposively based on the location of the banks in their locality.

### **3.4 Research Instrument**

The primary instrument of data collection adopted by the study is the questionnaire. A structured questionnaire was designed to obtain data from the respondents on employee labour turnover and organizational performance. The researcher adopted the questionnaire survey to collect data on the dependent variables - organizational performance of banks which include profitability, organizational achievement, productivity and customer services and independent variables which are retrenchment, excessive workload, poor salary structure and job insecurity. The

questionnaire is designed into two sections i.e. the first section provides questions on the socio-demographic information of respondents which were designed in a close ended form and the second section provide questions on the thematic issues which include the measures of employee labour turnover and organizational performance. The questions are subjected to a four-point Likert-style responses which ranged 1=Strongly Disagree, 2=Disagree, 3=Disagree and 4=Strongly Agree.

In order to reduce fatigue by the target respondents, the questions in the questionnaire were made precise at the same time retaining important information. Thus the questions were not designed to exhaust the time of the respondents. The researcher hopes that this approach is able to guarantee objectivity, frankness and originality by the respondents. Few questions were designed to confirm the authenticity of the responses to some questions previously indicated in the questionnaire. The researcher also spent more time with few respondents who complained of lack of time to respond to the questions.

### **3.5 Validity of the Instrument**

In this study, the validity of the measuring instrument was observed by adhering to the self-evident measures. Self-evident procedures refer to the degree to which the instrument gauges what it is supposed to measure. On this note, it is usually classified as face and content validity. In ensuring face-validity, the structured questionnaire was subjectively appraised on the basis of relevance of the questions. The questionnaire was given to the research supervisor to check whether the questions were relevant, unambiguous and clear. The supervisor further critically evaluated it and suggestions made were implemented. The relevant content that was inputted in the questionnaire to guide the achievement of the study's objectives was derived from reviewed materials.



### **3.6 Reliability of Instrument**

In testing for the reliability of instrument, Cronbach Alpha reliability test technique was used. The procedure follows entails the administration of the validated instrument to 10% of the sample size which amounted to 38 employees of deposit money banks located in Delta State which do not form part of the study. The justification for chosen deposit money banks employees in Delta State for the pilot study is hinged on the accessibility and closeness to the researcher. The pilot survey conducted was done in two-fold: 38 employees of deposit money banks were administered questionnaires to and data was collected. After two weeks a re-survey was also carried following the initial survey. Data derived from both survey were correlated to find the stability of the instrument over a period of time, using Cronbach Alpha reliability test. The Cronbach Alpha reliability test decision states that if the alpha value is more than 0.50 it means that the items in the questionnaire instrument is reliable for the research and vice versa. The result of the pilot test shows an *alpha* value of 0.7959 (see Appendix II) which is found to be consistent, then the instrument was deemed reliable.

### **3.7 Procedure for Data Collection**

The data was collected by the researcher through the instrumentality of the questionnaire. To collect the data, the researcher administered the questionnaire with the help of three (3) research assistant to respondents at the three (3) senatorial districts in Delta State of Nigeria. The researcher ensured that the administered questionnaires were collected without errors. The instruments were administered based on the above described multi-stage sampling procedure. Questionnaires received from the field were collated, coded and data retrieved in line with the items coding principle developed by the researcher, using Microsoft Excel package.

### 3.8 Method of Data Analysis

The responses from the completed questionnaires were coded and analysed using descriptive statistics such as frequency counts, simple percentages, mean and standard deviation and inferential statistical technique (multiple regression). The mean and standard deviation were used to validate the research questions. The mean benchmark is 2.00, hence the mean benchmark of 2.00 validates a particular research question and if otherwise does not invalidates the research question. Multiple regression statistical technique was employed given the multiple dependent and independent variables of the study. Hence, the outcome of the multiple regression was used to test the stated hypotheses at 0.05% alpha level of significance with a view to either rejecting or accepting each of them. In the regression model, statistical test such as the R-value, Adjusted R<sup>2</sup> value, t-test, F-test, the standardized beta value, etc. are the test result that assisted in taking the decision on whether to reject or accept the stated null hypothesis. Given the above, the following multiple regression models were estimated:

#### ***Model 1: Employee Labour Turnover and Productivity***

$$PROD = f(PSAS, JINS, RETRN, EXWO) \quad - \quad eq \ 1a$$

$$PROD_i = \alpha_0 + \beta_1 PSAS_i + \beta_2 JINS_i + \beta_3 RETRN_i + \beta_4 EXWO_i + \mu_i \quad eq \ 1b$$

#### ***Model 2: Employee Labour Turnover and Profitability***

$$PROF = f(PSAS, JINS, RETRN, EXWO) \quad - \quad eq \ 2a$$

$$PROF_i = \alpha_0 + \beta_1 PSAS_i + \beta_2 JINS_i + \beta_3 RETRN_i + \beta_4 EXWO_i + \mu_i \quad eq \ 2b$$

#### ***Model 3: Employee Labour Turnover and Customer Service***

$$CSERV = f(PSAS, JINS, RETRN, EXWO) \quad - \quad eq \ 3a$$

$$CSERV_i = \alpha_0 + \beta_1 PSAS_i + \beta_2 JINS_i + \beta_3 RETRN_i + \beta_4 EXWO_i + \mu_i \quad eq \ 3b$$

#### ***Model 4: Employee Labour Turnover and Organizational Achievement***

$$ORGA = f(PSAS, JINS, RETRN, EXWO) \quad - \quad eq \ 4a$$

$$ORGA_i = \alpha_0 + \beta_1 PSAS_i + \beta_2 JINS_i + \beta_3 RETRN_i + \beta_4 EXWO_i + \mu_i \quad eq\ 4b$$

Where:

PROD = Productivity (a measure of organizational performance)

PROF = Profitability

ORGA = Organizational Achievement

CSEVE= Customer Service

GRSZ = Growth in Size(a measure of performance)

PSAS = Poor Salary Structure (determinant of employee labour turnover)

JINS = Job Insecurity

RETRN= Retrenchment of employee

EXWO= Excessive workload

$\alpha_0, \beta_1, \beta_4$  = Regression coefficients

$i$  = Individual deposit money banks in the senatorial districts in Delta

State

$\mu_t$  = Error Term

A-priori expectation is such that employee labour turnover will significantly affect organizational performance of the Nigerian banking sub-sector. The statistical analysis was conducted by via STATA 13.0.

## **CHAPTER FOUR**

### **DATA PRESENTATION, ANALYSIS AND DISCUSSION OF RESULTS**

This study seeks to investigate the effect of employee labour turnover on the performance of the Nigerian banking sub-sector. Specifically, the study focused on some selected deposit money banks in the three (3) senatorial districts of Delta State, Nigeria. Primary data in the form of questionnaires were administered to employees of the selected deposit money banks across the three (3) senatorial districts in Delta State which comprised of Delta North, South and Central. Besides, the study focused on performance measures of profitability, productivity, customer service and organizational achievement and four (4) determinants of employee labour turnover such as poor salary structure, retrenchment, excessive workload and job insecurity. In this study, three hundred and seventy-six (376) questionnaires were administered to the employees of the selected deposit money banks employees in the selected senatorial districts of Delta State out of which three hundred and fifty-three (353) questionnaires were completed and retrieved, representing 93.9% response rates.

The responses from the respondents were subjected to both descriptive statistics such as mean, standard deviation, correlation and inferential statistics (multiple regression). The results of the descriptive statistics were supported by graphical representations (pie chart, bar chart and histogram), especially in the aspect of socio-demographic characteristics of the respondents. The statistical analysis was done by means of STATA 13.0 version. The results of the study were presented in order of precedence: preliminary analysis (descriptive statistics) came first, which was closely followed by test of research hypotheses. The discussion of finding concludes this chapter.

#### 4.1 Data Presentation

**Table 4.1: Demographic Variables of Respondents**

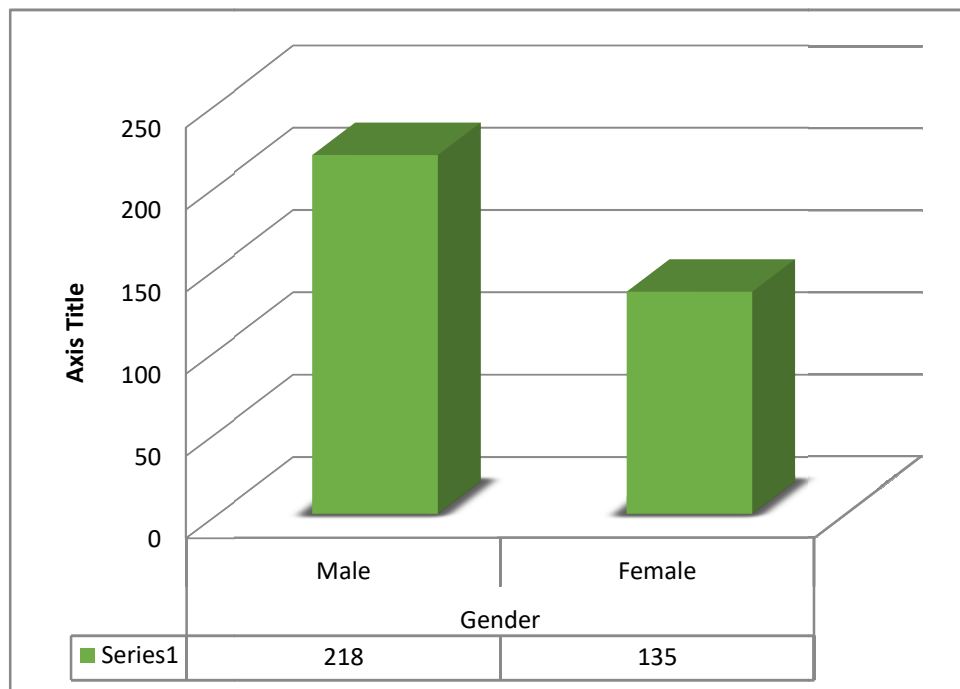
Ranks	Variables	Respondents	Frequency N=353	Percent(%)
1	Gender	Male	218	61.76%
		Female	135	38.24%
		<b>Total</b>	<b>353</b>	<b>100.0%</b>
2	Marital Status	Single	127	35.98%
		Married	211	59.77%
		Others	15	4.25%
		<b>Total</b>	<b>353</b>	<b>100.0%</b>
3	Age	18-37years	133	37.68%
		38-57years	166	47.03%
		58-77years	54	15.30%
		78years & above	-	-
		<b>Total</b>	<b>353</b>	<b>100%</b>
4	Level of Education	PhD	11	3.12%
		M.Sc./MBA	27	7.65%
		OND	62	17.56%
		B.Sc./HND	253	71.67%
		<b>Total</b>	<b>353</b>	<b>100.0%</b>
5	Location of Bank	Rural Area	123	34.84%
		Urban Area	230	65.16%
		<b>Total</b>	<b>353</b>	<b>100.0%</b>
6	Years Worked with Organization	0-5years	236	66.86%
		6-10years	90	25.50%
		11-15years	18	5.10%
		16-20years	9	2.55%
		21years & above	-	-
		<b>Total</b>	<b>353</b>	<b>100.0%</b>

Source: Field Survey, 2018

Presented in Table 4.1 is the demographic variables of three hundred and fifty-three (353) employees of some selected deposit money banks across the three senatorial districts of Delta State, Nigeria which comprised of Delta North, Central and South. The result revealed that 218(38.24%) of the respondents are male while 135(61.76%) are female. On the marital status of the respondents, it was shown that 127(35.98%) and 211(59.77%) are single and married respectively while only 15(4.25%) are either divorced or widowed. The data shows that 133(37.68%) and 166(47.03%) of the

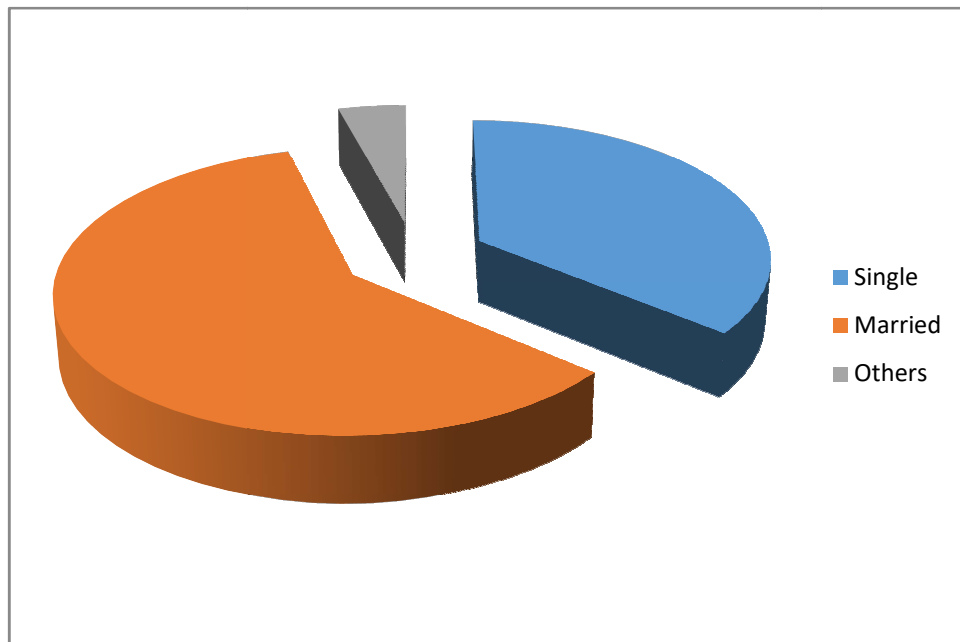
respondents are within the age brackets of 18-37years and 38-57years respectively while only 54(15.305) within the age brackets of 78years and above. On level of education, it was observed that 11(3.12%) and 27(7.65%) of the respondents had PhD and M.Sc. degrees respectively while 62(17.56%) and 253(71.67%) had OND and B.Sc./HND degrees respectively. It thus shows that majority of the respondents had good qualifications and may be able to comprehend the issues raised in the questionnaire.

Furthermore, it was found that 123(34.84%) of the studies banks are domiciled in rural areas while 230(65.16%) in urban areas. On the years worked by respondents for their respective banks, it was shown that 123(34.84%) and 90(25.50%) of the respondents have worked for 0-5years and 6-10years respectively while 18(5.10%) and 9(2.55%) for 11-15years and 16-20years. None of the respondents have worked for 21years and above in all the sampled banks of the study. At a glance, these results are represented in histograms pie and bar charts.



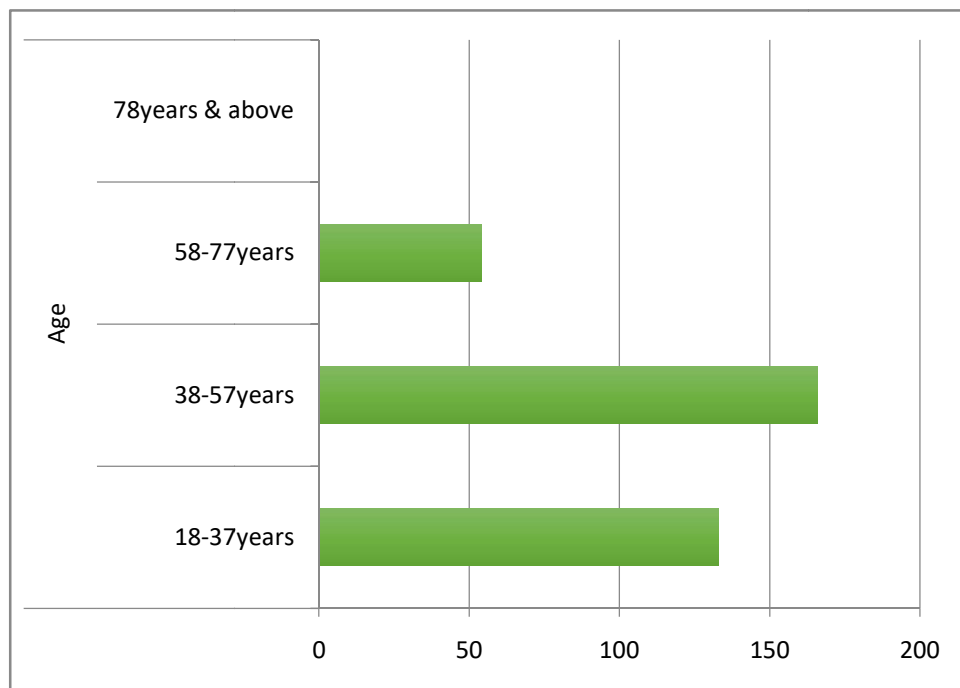
*Fig. 1: Bar Chart Showing the Gender of Respondents*

Presented in figure 1 is the gender of respondents. The highest gender was recorded by male, followed by female.



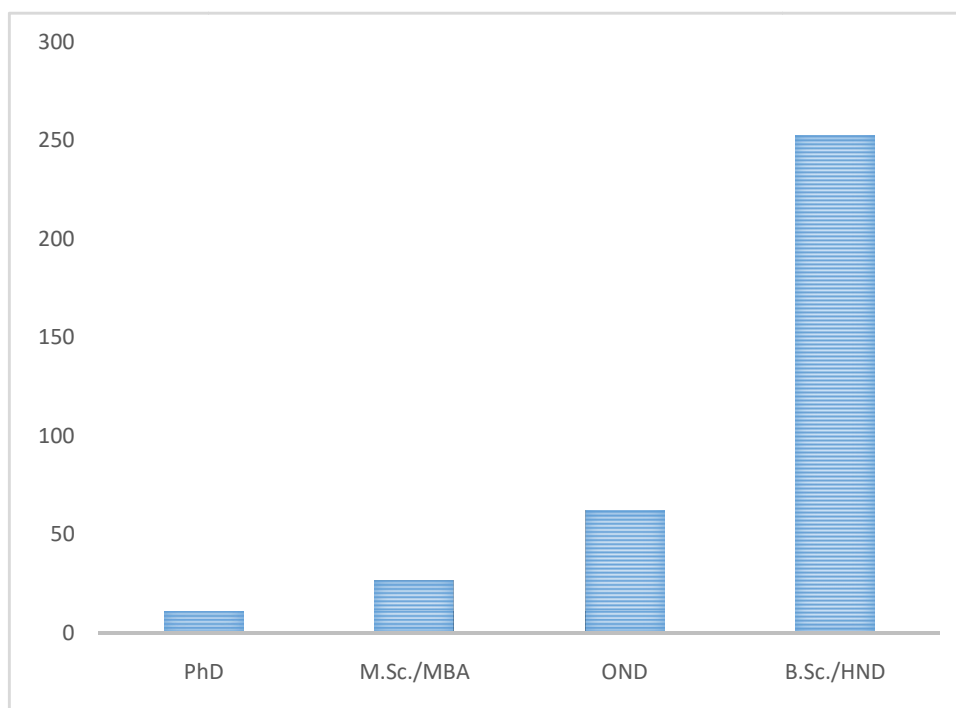
*Fig. 2: Pie Chart Showing the Marital Status of Respondents*

Presented in figure 2 is the marital status of respondents. The highest marital status was recorded by married, followed by single.



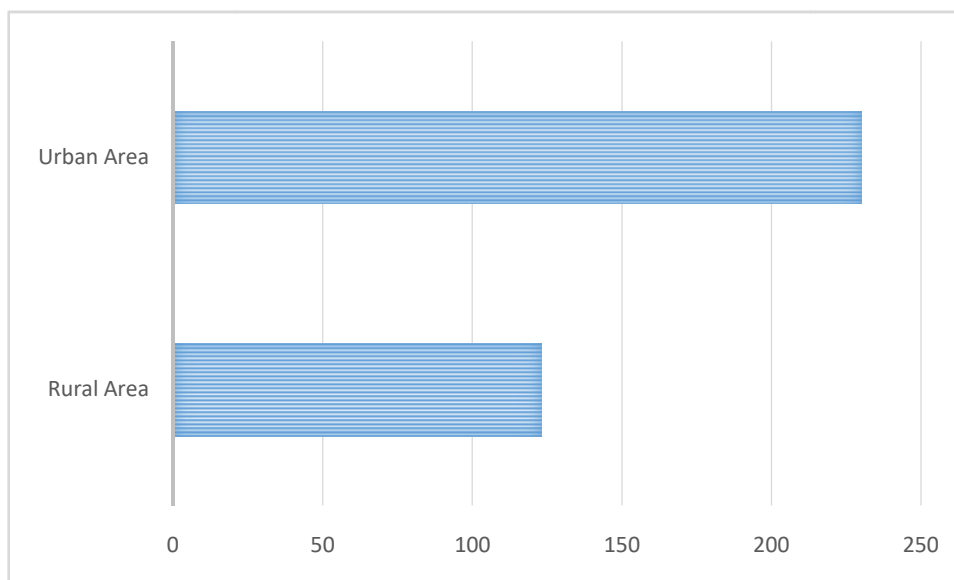
*Fig. 3: Bar Chart Showing the Age of Respondents*

Presented in figure 3 is the age of respondents. The highest age was recorded in 38-57years, followed by 18-37years.



*Fig. 4: Line Chart Showing Respondent's Level of Education*

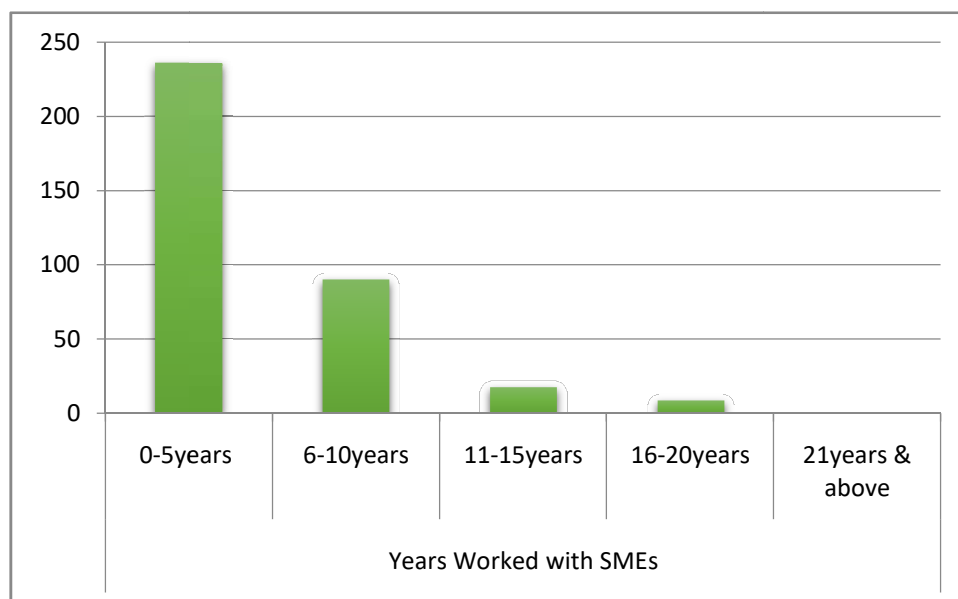
Presented in figure 4 is the respondent's level of education. The highest level of education was recorded by first degree (B.Sc./HND), followed by OND.



*Fig. 5: Pyramid Showing the Location of Deposit Money Banks*

Presented in figure 5 is the location of deposit money banks under investigation. The highest numbers of deposit money banks are domiciled in urban areas, followed by rural areas.





*Fig. 6: Bar Chart Showing the Years Worked with Bank*

Presented in figure 6 is the number of years respondents have worked with their respective banks. The highest period worked was recorded in 0-5years, followed by 6-10years.

## 4.2 Data Analysis

**Table 4.2: Mean Response of Productivity (PROD) among Deposit Money Banks in Delta State of Nigeria**

Variable	Obs	Mean	Std. Dev.	Min	Max
q1	353	2.657224	1.44553	1	4
q2	353	2.694051	1.435109	1	4
q3	353	2.611898	1.38563	1	4
q4	353	3	1.402109	1	4
q5	353	1.793201	1.309823	1	4
q6	353	2.07932	1.413992	1	4

*Source: Field Survey, 2018*

Table 4.2 presents the questions on productivity level (PROD) among the selected deposit money banks in Delta State of Nigeria. The result showed that out of the six (6) items on productivity level, five (5) items scored above 2.00 cut-off point of the mean while one (1) item is below the cut-off point of the mean. This suggests that the five (5) items that scored above the cut-off point determines productivity level among the

selected deposit money banks while the other one (1) item below the cut-off point of mean is not fundamental of productivity of deposit money banks.

**Table 4.3: Mean Response of Profitability Levels (PROF) among Deposit Money Banks in Delta State of Nigeria**

Variable	Obs	Mean	Std. Dev.	Min	Max
q7	353	1.96034	1.372875	1	4
q8	353	2.01983	1.423086	1	4
q9	353	2.504249	1.420471	1	4
q10	353	2.456091	1.474759	1	4
q11	353	1.736544	1.27531	1	4
q12	353	2.167139	1.423363	1	4

*Source: Field Survey, 2018*

Table 4.3 presents the questions on profitability level (PROF) among the selected deposit money banks in Delta State of Nigeria. The result showed that out of the six (6) items on profits level, four (4) items scored above 2.00 cut-off point of the mean while two (2) items were below the cut-off point of the mean. This suggests that the four (4) items that scored above the cut-off point determines profitability levels among the selected deposit money banks while the other two (2) items below the cut-off point of mean are not fundamental to the profitability levels of deposit money banks.

**Table 4.4: Mean Response of Customer Service (CSERVE) among Deposit Money Banks in Delta State of Nigeria**

Variable	Obs	Mean	Std. Dev.	Min	Max
q13	353	2.492918	1.375756	1	4
q14	353	2.74221	1.356321	1	4
q15	353	2.86119	1.388056	1	4
q16	353	2.25779	1.441611	1	4
q17	353	2.189802	1.469658	1	4
q18	353	2.985836	1.302237	1	4

*Source: Field Survey, 2018*

Table 4.4 presents the questions on customer service (CSERVE) among the selected deposit money banks in Delta State of Nigeria. The result showed that all the six

(6) items on customer service scored above 2.00 cut-off point of the mean. This suggests that all the six (6) items that scored above the cut-off point are determinants of customer service operations or activities among the selected deposit money banks.

**Table 4.5: Mean Response of Organizational Achievement (ORGA) among Deposit Money Banks in Delta State of Nigeria**

Variable	Obs	Mean	Std. Dev.	Min	Max
q19	353	2.759207	1.422758	1	4
q20	353	1.971671	1.362773	1	4
q21	353	2.209632	1.46016	1	4
q22	353	2.484419	1.48875	1	4
q23	353	2.793201	1.418129	1	4
q24	353	2.583569	1.473039	1	4

*Source: Field Survey, 2018*

Table 4.5 presents the questions on organizational achievement (ORGA) among the selected deposit money banks in Delta State of Nigeria. The result showed that out of the six (6) items on organizational achievement, five (5) score above 2.00 cut-off point of mean; while one (1) score below 2.00 cut-off point of mean. This suggests that all five (5) items that scored above the cut-off point are determinants of organizational achievement among the selected deposit money banks.

**Table 4.6: Mean Response of Employee Labour Turnover (ELT) among Deposit Money Banks in Delta State of Nigeria**

Variable	Obs	Mean	Std. Dev.	Min	Max
q25	353	2.087819	1.444305	1	4
q26	353	2.694051	1.435109	1	4
q27	353	2.611898	1.38563	1	4
q28	353	3	1.402109	1	4
q29	353	1.793201	1.309823	1	4
q30	353	2.07932	1.413992	1	4

*Source: Field Survey, 2018*

Table 4.6 presents the questions on employee labour turnover determinants (ELT) among the selected deposit money banks in Delta State of Nigeria. The result showed

that out of the six (6) items on employee labour turnover, five (5) score above 2.00 cut-off point of mean; while one (1) score below 2.00 cut-off point of mean. This suggests that all five (5) items that scored above the cut-off point are good measures of employee labour turnover among the selected deposit money banks.

### 4.3 Test of Research Hypotheses

#### Hypothesis I

**Ho:** There is no significant relationship between employee labour turnover and the productivity of the Nigerian banking subsector

**Table 4.7: Employee Labour Turnover and Productivity Result**

Source	SS	df	MS	Number of obs = 353		
Model	2642.42966	4	660.607415	F( 4, 348) = 216.72		
Residual	1060.76786	348	3.04818349	Prob > F = 0.0000		
				R-squared = 0.7136		
				Adj R-squared = 0.7103		
Total	3703.19751	352	10.5204475	Root MSE = 1.7459		

prod	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
psas	.7330702	.0278685	26.30	0.000	.6782583	.787882
jins	.1059587	.0313061	3.38	0.001	.0443859	.1675316
retrn	.0487451	.1222301	0.40	0.690	-.1916575	.2891477
exwo	.0496976	.1137234	0.44	0.662	-.173974	.2733692
_cons	1.307793	.4797336	2.73	0.007	.3642506	2.251335

*Source: Field Survey, 2018*

Presented in Table 4.7, is the regression result of employee labour turnover determinants (poor salary structure: PSAS; job insecurity: JINS; retrenchment: RETRN; and excessive workload: EXWO) and organizational performance measure (productivity: PROD). The R-squared for PROD is 0.7136, suggesting that the independent explains about 71.36% of the systematic variations in PROD for the selected deposit money banks. The f-ratio indicates that productivity (PROD= 216.72 Prob< f = 0.0000) is

significantly affected by employee labour turnover. In addition, the p-value of PROD (0.000) is an indication that there is significant relationship between productivity and employee labour turnover among the selected deposit money banks. On the basis of the above results, the null hypothesis was rejected and the alternate hypothesis was accepted. This implies that there is significant relationship between employee labour turnover and the productivity of the Nigerian banking subsector. In addition, the t-values of the variables is an indication that all the determinants of employee labour turnover of the study positively affect organizational productivity

## Hypothesis II

**Ho:** Employee labour turnover has no effect on the profitability of the Nigerian banking subsector.

**Table 4.8: Employee Labour Turnover and Profitability Result**

Source	SS	df	MS	Number of obs = 353		
Model	3227.24839	4	806.812097	F( 4, 348) = 808.22		
Residual	347.391884	348	.998252542	Prob > F = 0.0000		
Total	3574.64027	352	10.155228	R-squared = 0.9028		
				Adj R-squared = 0.9017		
				Root MSE = .99913		

prof	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
psas	-.0661947	.0159482	-4.15	0.000	-.0975618	-.0348276
jins	-.0435056	.0179155	-2.43	0.016	-.0787418	-.0082694
retrn	-.0920226	.0699484	-1.32	0.189	-.2295973	.0455522
exwo	.9109294	.0650803	14.00	0.000	.7829293	1.03893
_cons	2.374333	.2745363	8.65	0.000	1.834374	2.914292

*Source: Field Survey, 2018*

Presented in Table 4.8, is the regression result of employee labour turnover determinants (poor salary structure: PSAS; job insecurity: JINS; retrenchment: RETRN; and excessive workload: EXWO) and organizational performance measure (profitability: PROF). The R-squared for PROF is 0.9028, suggesting that the independent explains

about 90.28% of the systematic variations in PROF for the selected deposit money banks. The f-ratio indicates that productivity (PROF= 808.22 Prob< f = 0.0000) is significantly affected by employee labour turnover. In addition, the p-value of PROF (0.000) is an indication that there is significant relationship between profitability and employee labour turnover among the selected deposit money banks. On the basis of the above results, the null hypothesis was rejected and the alternate hypothesis was accepted. This implies that there is significant relationship between employee labour turnover and the profitability of the Nigerian banking subsector. In addition, the t-values of the variables is an indication that all the other determinants of employee labour turnover (PSAS, JINS, and RETRN) negatively affect organizational profitability except EXWO that positively affect organizational profitability of the banking sub-sector.

### Hypothesis III

**H<sub>0</sub>:** Employee labour turnover has no significant effect on customer services of the Nigerian banking subsector.

**Table 4.9: Employee Labour Turnover and Customer Service Result**

Source	SS	df	MS	Number of obs = 353		
Model	2511.32038	4	627.830096	F( 4, 348) = 321.59		
Residual	679.391037	348	1.9522731	Prob > F = 0.0000		
				R-squared = 0.7871		
				Adj R-squared = 0.7846		
Total	3190.71142	352	9.06452108	Root MSE = 1.3972		

cserv	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
psas	-.068971	.022303	-3.09	0.002	-.1128366	-.0251053
jins	.8103234	.0250541	32.34	0.000	.761047	.8595998
retrn	.0228987	.09782	0.23	0.815	-.1694941	.2152915
exwo	-.0479276	.0910122	-0.53	0.599	-.2269306	.1310755
_cons	2.85388	.383928	7.43	0.000	2.098769	3.608992

*Source: Field Survey, 2018*

Presented in Table 4.9, is the regression result of employee labour turnover determinants (poor salary structure: PSAS; job insecurity: JINS; retrenchment: RETRN;

and excessive workload: EXWO) and organizational performance measure (customer service: CSERV). The R-squared for CSERV is 0.7871, suggesting that the independent explains about 78,71% of the systematic variations in CSERV for the selected deposit money banks. The f-ratio indicates that productivity (PROF= 321.59; Prob< f = 0.0000) is significantly affected by employee labour turnover. In addition, the p-value of CSERV (0.000) is an indication that there is significant relationship between customer service and employee labour turnover among the selected deposit money banks. On the basis of the above results, the null hypothesis was rejected and the alternate hypothesis was accepted. This implies that there is significant relationship between employee labour turnover and customer service of Nigerian banking subsector. In addition, the t-values of the variables is an indication that all the other determinants of employee labour turnover (PSAS and EXWO) negatively affect organizational profitability except JINS and RETRN that positively affect organizational profitability of the banking sub-sector.

#### Hypothesis IV

**Ho:** There is no significant relationship between employee labour turnover and organizational achievement in the Nigerian banking subsector.

**Table 4.10: Employee Labour Turnover and Organizational Achievement Result**

Source	SS	df	MS	Number of obs = 353		
Model	400.385822	4	100.096455	F( 4, 348) =	10.64	
Residual	3274.38894	348	9.40916363	Prob > F	=	0.0000
				R-squared	=	0.1090
				Adj R-squared	=	0.0987
Total	3674.77476	352	10.439701	Root MSE	=	3.0674

orga	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
psas	.2283486	.048963	4.66	0.000	.1320479	.3246493
jins	.1778087	.0550026	3.23	0.001	.0696293	.2859881
retrn	.0338999	.2147499	0.16	0.875	-.3884711	.4562709
exwo	-.0700684	.1998042	-0.35	0.726	-.4630441	.3229074
_cons	7.833335	.8428593	9.29	0.000	6.175596	9.491075

*Source: Field Survey, 2018*

Presented in Table 4.10, is the regression result of employee labour turnover determinants (poor salary structure: PSAS; job insecurity: JINS; retrenchment: RETRN; and excessive workload: EXWO) and organizational performance measure (organizational achievement: ORGA). The R-squared for ORGA is 0.1090, suggesting that the independent explains about 10.90% of the systematic variations in ORGA for the selected deposit money banks. The f-ratio indicates that productivity (ORGA= 10.54; Prob< f = 0.0000) is significantly affected by employee labour turnover. In addition, the p-value of ORGA (0.000) is an indication that there is significant relationship between organizational achievement and employee labour turnover among the selected deposit money banks. On the basis of the above results, the null hypothesis was rejected and the alternate hypothesis was accepted. This implies that there is significant relationship between employee labour turnover and organizational achievement in the Nigerian banking subsector. In addition, the t-values of the variables is an indication that determinant of employee labour turnover (EXWO) negatively affects organizational profitability except PSAS, JINS and RETRN that positively affect organizational profitability of the banking sub-sector.

#### **4.4 Discussion of Results**

This investigated the effects of employee labour turnover on the performance of the Nigerian banking sub-sector. Specifically, the study focused on some selected deposit money banks in the three (3) senatorial districts of Delta State, Nigeria. Questionnaires were administered to employees of the selected deposit money banks across the three (3) senatorial districts in Delta State which comprised of Delta North, South and Central. However, the study focused on performance measures of profitability, productivity, customer service and organizational achievement and four (4) determinants of employee labour turnover such as poor salary structure, retrenchment, excessive



workload and job insecurity. Three hundred and seventy-six (376) questionnaires were administered to the employees of the selected deposit money banks employees in the selected senatorial districts of Delta State out of which three hundred and fifty-three (353) questionnaires were completed and retrieved, representing 93.9% response rates. The data obtained were analyzed using both descriptive statistics such as mean, standard deviation, correlation and inferential statistics (multiple regression).

First, on productivity and employee labour turnover, the study revealed that out of the six (6) items on productivity level, five (5) items scored above 2.00 cut-off point of the mean while one (1) item is below the cut-off point of the mean. This suggests that the five (5) items that scored above the cut-off point determines productivity level among the selected deposit money banks while the other one (1) item below the cut-off point of mean is not fundamental of productivity of deposit money banks (see Table 4.2).

Second, on profitability and employee labour turnover, the result showed that out of the six (6) items on profits level, four (4) items scored above 2.00 cut-off point of the mean while two (2) items were below the cut-off point of the mean. This suggests that the four (4) items that scored above the cut-off point determines profitability levels among the selected deposit money banks while the other two (2) items below the cut-off point of mean are not fundamental to the profitability levels of deposit money banks (see Table 4.3).

Third, on customer service and employee labour turnover, the result showed that all the six (6) items on customer service scored above 2.00 cut-off point of the mean. This suggests that all the six (6) items that scored above the cut-off point are determinants of customer service operations or activities among the selected deposit money banks (see Table 4.4).

Fourth, on organizational achievement and employee labour turnover, the result showed that out of the six (6) items on organizational achievement, five (5) score above 2.00 cut-off point of mean; while one (1) score below 2.00 cut-off point of mean. This suggests that all five (5) items that scored above the cut-off point are determinants of organizational achievement among the selected deposit money banks (see Table 4.5). More importantly, the result of employee labour turnover dimensions revealed that out of the six (6) items, five (5) score above 2.00 cut-off point of mean; while one (1) score below 2.00 cut-off point of mean. This suggests that all five (5) items that scored above the cut-off point are good measures of employee labour turnover among the selected deposit money banks (see Table 4.6).

The test of results have some insightful revelation. The regression result of employee labour turnover determinants such as poor salary structure (PSAS), job insecurity (JINS), retrenchment (RETRN), and excessive workload (EXWO) and organizational performance measure productivity (PROD) showed that the R-squared for PROD is 0.7136, suggesting that the independent explains about 71.36% of the systematic variations in PROD for the selected deposit money banks. The f-ratio indicates that productivity ( $PROD = 216.72$  Prob <  $f = 0.0000$ ) is significantly affected by employee labour turnover. In addition, the p-value of PROD (0.000) is an indication that there is significant relationship between productivity and employee labour turnover among the selected deposit money banks. On the basis of the above results, the null hypothesis was rejected and the alternate hypothesis was accepted. This implies that there is significant relationship between employee labour turnover and the productivity of the Nigerian banking subsector. In addition, the t-values of the variables is an indication that all the determinants of employee labour turnover of the study positively affect organizational productivity (see Table 4.7).

On employee labour turnover determinants and organizational performance measure (profitability: PROF) revealed that the R-squared for PROF is 0.9028, suggesting that the independent explains about 90.28% of the systematic variations in PROF for the selected deposit money banks. The f-ratio indicates that productivity (PROF= 808.22 Prob< f = 0.0000) is significantly affected by employee labour turnover. In addition, the p-value of PROF (0.000) is an indication that there is significant relationship between profitability and employee labour turnover among the selected deposit money banks. On the basis of the above results, the null hypothesis was rejected and the alternate hypothesis was accepted. This implies that there is significant relationship between employee labour turnover and the profitability of the Nigerian banking subsector. In addition, the t-values of the variables is an indication that all the other determinants of employee labour turnover (PSAS, JINS, and RETRN) negatively affect organizational profitability except EXWO that positively affect organizational profitability of the banking sub-sector (see Table 4.8).

On employee labour turnover and organizational performance measure (customer service: CSERV), the R-squared for CSERV is 0.7871, suggesting that the independent explains about 78,71% of the systematic variations in CSERV for the selected deposit money banks. The f-ratio indicates that productivity (PROF= 321.59; Prob< f = 0.0000) is significantly affected by employee labour turnover. In addition, the p-value of CSERV (0.000) is an indication that there is significant relationship between customer service and employee labour turnover among the selected deposit money banks. On the basis of the above results, the null hypothesis was rejected and the alternate hypothesis was accepted. This implies that there is significant relationship between employee labour turnover and customer service of Nigerian banking subsector. In addition, the t-values of the variables is an indication that all the other determinants of employee labour

turnover (PSAS and EXWO) negatively affect organizational profitability except JINS and RETRN that positively affect organizational profitability of the banking sub-sector (see Table 4.9).

Finally, on employee labour turnover and organizational performance measure (organizational achievement: ORGA), the R-squared for ORGA is 0.1090, suggesting that the independent explains about 10.90% of the systematic variations in ORGA for the selected deposit money banks. The f-ratio indicates that productivity (ORGA= 10.54; Prob< f = 0.0000) is significantly affected by employee labour turnover. In addition, the p-value of ORGA (0.000) is an indication that there is significant relationship between organizational achievement and employee labour turnover among the selected deposit money banks. On the basis of the above results, the null hypothesis was rejected and the alternate hypothesis was accepted. This implies that there is significant relationship between employee labour turnover and organizational achievement in the Nigerian banking subsector. In addition, the t-values of the variables is an indication that determinant of employee labour turnover (EXWO) negatively affects organizational profitability except PSAS, JINS and RETRN that positively affect organizational profitability of the banking sub-sector (see Table 4.10).

The findings of the study conforms to prior studies of Kombo, Murumba and Edwin (2011); Magalla (2011); Nnadi (2010); and MacAfee (2007) suggesting that employee labour turnover determinants such as poor salary structure, job insecurity and retrenchment negatively affects organizational performance of the banking sub-sector in Nigeria. On the contrary, the study revealed that one determinant of employee labour turnover (excessive workload) positively affects organizational performance of the banking sub-sector in Nigeria and thus conform to prior studies of Nwokocha and Iheriohanma (2012); Dwomoh and Korankye (2012); Akindele (2007); and

Ongori(2007). Hence, we argued that the conflicting findings in management literature as regards employee labour turnover and organizational performance is premised on the diverse factors or determinants of employee labour turnover as suggested by Dwomoh and Korankye (2012); Nnadi (2010); and Ongori (2007).

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Summary of Findings**

This examined the effects of employee labour turnover on the performance of the Nigerian banking sub-sector by focusing on some selected deposit money banks in the three (3) senatorial districts of Delta State, Nigeria. Questionnaire was the major instrument of data collection and was administered to employees of the selected deposit money banks across the three (3) senatorial districts in Delta State which comprised of Delta North, South and Central. However, performance measures of profitability, productivity, customer service and organizational achievement and four determinants of employee labour turnover like poor salary structure, retrenchment, excessive workload and job insecurity were used. The data obtained were analyzed via descriptive and inferential statistics and it was found out that:

1. There is significant relationship between employee labour turnover and the productivity of the Nigerian banking subsector
2. Employee labour turnover has effect on the profitability of the Nigerian banking subsector.
3. Employee labour turnover has significant effect on customer services of the Nigerian banking subsector.
4. There is significant relationship between employee labour turnover and organizational achievement in the Nigerian banking subsector.

#### **5.2 Conclusion**

The academic literature on employee labour turnover and organizational performance showed conflicting findings, suggesting that employee labour turnover negatively affects organizational performance on one hand and on the other hand,

employee labour turnover positively affects organizational performance. Perhaps, the conflicting findings according to Dwomoh and Korankye (2012); Nnadi (2010); and Ongori (2007) is premised on the diverse factors affecting employee labour turnover. However, findings of the present study conforms to prior studies of Kombo, Murumba and Edwin (2011); Magalla (2011); Nnadi (2010); and MacAfee (2007) suggesting that employee labour turnover determinants such as poor salary structure, job insecurity and retrenchment negatively affects organizational performance of the banking sub-sector in Nigeria. On the contrary, the study revealed that one determinant of employee labour turnover (excessive workload) positively affects organizational performance of the banking sub-sector in Nigeria and thus conform to prior studies of Nwokocha and Iheriohanma (2012); Dwomoh and Korankye (2012); Akindele (2007); and Ongori (2007). Hence, job insecurity, poor salary structure and retrenchment are the most common factors of employee labour turnover hindering organizational performance of banks in Nigeria. This study concludes that employee labour turnover has hindered the performance of banks in Nigeria and thus calls for some policy recommendations.

### **5.3 Recommendations**

On the basis of the findings of this study, the following recommendations were proffered:

- i. Banks management and regulatory framework of the banking sub-sector in Nigeria should ensure that employee labour turnover determinants like poor salary structure, retrenchment and job insecurity affecting performance should be given considerable attention.
- ii. As a matter of fact, there is need to urgently enact legislature aimed at curtailing the incessant retrenchment of employees of banks in such a way that they may

not be easily retrenched. In addition, legislature that guarantees employees of banks job security should be enacted as well as their salary structure.

- iii. Management should learn to consult employees to ensure they have a “voice” through consultative bodies, regular appraisals, attitude survey and grievance system. This will provide dissatisfied employees with a number of mechanism to sort out problems before resigning.
- iv. The bank management should introduce better overtime pay and workers encouraged to take up the opportunity.

#### **5.4 Contribution to Knowledge**

The study has contributed to knowledge in the following ways:

- i. The study has established that organizational performance of an organization depends largely upon its human resources due to its dynamic nature.
- ii. The study has reaffirmed the position of prior studies that employee labour turnover such as retrenchment, job insecurity and poor salary structure negatively affects the performance of the banking sub-sector in Nigeria.
- iii. This study established that excessive workload significantly affects the performance of the banking sub-sector in Nigeria.
- iv. This study used a different methodology in its investigation compared to what is obtaining in prior studies, which may have affected the results of prior studies on employee labour turnover and organizational performance.



## REFERENCES

- Akindele, R.A. (2007). *Fundamental of Human Resources*. Ile-Ife: Cedar Productions.
- Au, H. (2009). Development and Validation of a Multi-dimensional Leadership Style Questionnaire, *African Journal for the Psychological Studies of Social Issues*.14(1). 57- 81.
- Amour, T. (2011).The hidden costs of employees' turnover.*Entrepreneur*.Available at Argyle, M. (1989).*The Social Psychology of Work*. London: Penguin.
- Armstrong, M (2004). *A handbook of Human Resource Management Practice*, 9th edition. London: Kogan-Page Limited
- Armstrong, M. and Armstrong, M. (2011) *Armstrong's Handbook of Strategic Resources resource management*, 1st edn., London, Kogan Page.
- Armstrong, P. (2000). *Human Resources Management*, London: Kogan Pate Pennsville.
- Baxter, L & Davis, T. (1988).*Managing the Nigerian Worker*, Longman Nig. Ltd., 55-61.
- Beam, J. (2009). What is employee turnover? Retrieved from <http://www.wisegeek.com/what-isemployee-turnover.htm>
- Boundless (2015).Herzberg's two-factor theory.*Boundless Management*.Retrieved 21 Aug. 2017 from <https://www.boundless.com/management/textbooks/boundless-mariagementtextbooklorganizational-behavior-5/employee-needs-and--motivation-46/herzberg-s-two- factor-theory-23 9-6609/>
- Brown, S., Garino, G. & Martins, C. (2007).Labour Turnover and Firm Performance.1(2). 201- 211
- Buitendach, J.H. & De Witte, H. (2005).Job insecurity, extrinsic and intrinsic job satisfaction and affective organizational commitment of maintenance workers in a parastatal".*S. Afr. Bus. Manage*, 36 (2), 27-37.
- Bula, K. (2012). *Managing the Nigerian Worker*, Longman Nig. Ltd. p. 55-61.
- Bureau of Statistics (2008). Job openings and labour turnover survey. Retrieved from: Chen, Y., & Fang, W. (2008).The moderating effect of impression management on the organizational politics- performance relationship.*Journal of Business Ethics*, 79(3). 263- 277.
- Chew, J. (2004). Managing MNC expatriates through crises: A challenge for international human resource management. *Research and Practice in Human Resource Management*, 12(2). 1-30.
- CIPD (2014) Employee turnover and retention. Available at: <http://www.cipd.co.uk/hr-resources/factsheets/employee-turnover-retention.aspx>> [Sept 10, 2018].

- Clark-Rayner, P. and Harcourt, M. (2000). The determinants of employee turnover behaviour: New evidence from a New Zealand Bank', *Research & Practice in Human Resource Management*, 8(2): 61-71.
- Creswell, J. (2008) *Research Design: Qualitative, Quantitative, and Mixed Methods Approach*. New Jersey; Sage Publications,
- Crowther, D. and Lancaster, G. (2012) *Research Methods*. New Jersey: NJ Wiley.
- Delaney, J., & Huselid, M. (1996). The impact of human resource management practices on perceptions of organizational performance. *Academy of Management Journal*, 39, 949- 969.
- Delerey, A. & Doty, F. (1996). *Leadership and Performance beyond Expectations*. New York, Free Press.
- Dess, S. & Shavy, H. (2001). Human resource management: A contemporary approach.
- Dockel, A. (2003). The effect of retention factors on organizational commitment: An investigation of high technology employees. Master of Human Resource Thesis. University of Pretoria.
- Dwomoh, G. & Korankye, T. (2012). Labour turn-over and its impact on performance of Banks in Ghana. *European Journal of Business and Management*. 4(7), 201-208.
- Dwomoh, J. (2012). The influence of super-leader behaviours on organization commitment, job satisfaction and organisational self-esteem in a self-managed work team. *Leadership and Organizational Development Journal*. 26 (2), 1 20-127.
- Ellickson, M. (2002) Determinants of job satisfaction of municipal employees', *Public Personnel Management*, 31(3): 343-358.
- Federal Enterprise Architecture (2005) *Performance reference model*. New York: Author.
- Firth, L., David, J. M., Kathleen, A. M., & Claude, L. (2007). How can managers reduce employee intention to quit? *Journal of Management Psychology*, 19(2). 170-187.
- Ghuari, P. & Gronhaug, K. (2005) *Research methods in business studies*, 3rd ed. Harlow: Pearson Education Ltd.
- Glebbeck, A. C., & Bax, E. H. (2004). Is high employee turnover really harmful: An empirical test using company records. *Academy of Management Journal*, 47, 277-286.
- Gogia, P. (2010, September 14). *Equity Theory of Motivation*. Retrieved from <http://www.businessihub.com/equity-theory-of-motivation/>. Good Practice Note, Managing Retrenchment. 1-28

- Gong, Y., Law, K. S., Chang, S., & Xin, K. R. (2009). Human resources management and firm performance: The differential role of managerial affective and continuance commitment. *Journal of Applied Physiology*, 94, 263-275.
- Handeisman, J. (2009). Understanding and remedying employee turnover. Retrieved from: Fountain University Journal of Management and Social Sciences: 5(1) Special Edition, (2017), 105—112
- Haruna, P.F. & Doorgapersad, S.V. (2014) *Public Administration Training in Africa: Competencies in Development Management*. Kinshasa: CRC Press.
- Hendry, C. (2012) *I-human Resource Management*. London: Routledge.
- Hissom, A. (2009). Understanding and controlling employee turnover. Retrieved from: [http://datablsgov/PDO/servlet/surveyoutputservlet?](http://datablsgov/PDO/servlet/surveyoutputservlet?https://explorable.com/two-factor-theory-of-motivation)  
<https://explorable.com/two-factor-theory-of-motivation>.
- Huselid, M. A. (1995). The impact of human resource management practices on turnover, productivity, and corporate financial performance. *A code my of Management Journal*, 38, 635-672.
- Justus, W., Kombo, A., Murumba, N. & Edwin, M. (2011). The factors contributing to labour turnover in the sugar industry in Kenya (a case of Sony Sugar Company limited) *International Research Journal*, 2(5)1138-1148 .
- Kirby, J. (2005). ‘Towards a Theory of High Performance’, *Harvard Business Review*, Jul/Aug 30-38.
- Lawler, F., Porter, L., & Vroom, V. (2009). Motivation and management Vrooms expectancy theory. *Value Based Management Website*. Retrieved August 8, 2017, From <http://www.valuebasedmanagement.net/methods room expectancy theory.html>
- Long, C.S., Perumal, P. and Ajaghe, M.A. (2012). The Impact of Human Resource Management Practices on Employees’ Turnover Intention: A Conceptual Model” *International Journal of Contemporary Research in Business*, 4(2) 629-641.
- Macafee, D. (2007). Labor commitment and social change in developing areas. Connecticut: Greenwood Press Publishers. Labor commitment and social change in developing areas. Connecticut: Greenwood Press Publishers.
- Magalla, B, W. (2011). Factors leading to voluntary labour turnover in Tanzania’s Local Government Authorities (LGAS). The case study of Mkuranga District Council. A dissertation for award of MPA (HRM) degree at Mzumbe University, Dar es Salaam Business School. Dar Es Salaam, Tanzania.
- Man, P. (2010). History of labour turnover in the U.S. Iowa state university press, IA
- Marczyk, G. (2005) *Essentials of research design and methodology*, Boston: McGraw-Hill Publishers.
- Mathis, R. & Jackson, J. (2011) *Human resource management: Essential perspectives*, London, Cengage Learning.

- Mondy, R.W. (2010) *I-human resources management*, 11th ed. Upper Saddle River, NJ, Prentice Hall.
- Muhammad, N.T., Muhammad, R. & Riaz, A. (2013) The impact of employee turnover on the efficiency of the organization', *Interdisciplinary Journal of Contemporary Research in Business, Institute of Interdisciplinary Business Research*. 4(9): 1-27.
- Munsaka, T. (2014) *Human resources management: A critical analysis of Zimbabwe 's unemployment crisis from 1990 to 2012*. Johannesburg, SA: Grin Verlag GmbH.
- Ngethe, J. M., Iravo, M. E., & Namusonge, (3.S. (2012). Determinants of academic staff retention in public universities in Kenya: Empirical review. *International Journal of Humanities and Social Science*, 2(1 3), 205-212.
- Nnadi, H. (2010). Employee retention and turnover: using motivational variables as a panacea. *African Journal of Business Management*, 3(8), 4 10-1 15.
- Nwagbara, U. (2011). *Rethinking Labour Turnover: Prospecting For Shared Leadership*. Prentice Hall.
- Nwokocha, I., & Iheriohanma, E. B. J. (2012). Emerging trends in employee retention strategies in a globalizing economy: Nigeria in focus. *Asian Social Science*, 8(10), 14-25.
- Obiwuru, T.C., Okwu, A.T., Akpa, V.O. & Nuwankwere, I.A. (201 1). Effects of Leadership Style on Organisational Performance: A Survey of Selected Small Scale Enterprises in Ikosi-Ketu Council Development Area of Lagos State, Nigeria. *Australian Journal of Business and Management Research*. 1(7), 100-111.
- Okubanjo, A. O. (2014). Organizational commitment and job satisfaction as determinant of primary school teachers' turnover intention. *Higher Education of Social Science*, 7(1), 173-179.
- Ologunde, A.O., Asaolu, T.O., Elumilade, D.O. (2011). *Labour Turnover Among University in Southwestern Nigeria Issues, Solutions And Lessons*. 1-211.
- Ongori, H. (2007). A review of the literature on employee turnover. *African Journal of Business Management*, 49-054
- Ostroff, C. (1992). The relationship between satisfaction, attitudes, and performance: An organizational level analysis. *Journal of Applied Psychology*, 77, 963-974.
- Pettrnan, B. O. (1975). *Labour Turnover and Retention*. Hampshire: Goer Press.
- Pfiffer, J. and Viega, J. (1999). Putting people first for organisational success. *Academy of Management Executives*, 13(2): 38-48.
- Price, J.L. (2007). *The Study of Turnover*, 1st edition, Iowa State University Press. p. 10-25.

- Purcell, O. (2003). People and performance: How people manage impacts on organizational performance. London: CIPD.
- Ram, T. &Prabhakar, G. (2010).Creating Wealth in Organizations: The Role of Strategic Leadership.*Academy of Management Executive*. 15: 81-94.
- Rampur, S. (2009).*Causes of employee turnover*.Retrieved from: <http://www.buzzle.cdm/articles/causes-of-employee-turnover.html>.
- Redmond, B. (2010). Lesson 4: Expectancy theory: Is there a link between my effort and what I want? *The Pennsylvania State University Website*.Retrieved from <https://cms.psu.edu>
- Rhodes, J., Hung, R. Lok, P., Ya-HuiLien., B., & Wu, C. (2008). Factors influencing organizational knowledge transfer: implication for corporate performance. *Journal of Knowledge Management*, 12, 84-100.
- Salamon, S. D., & Robinson, S. L. (2008). Trust that binds: The impact of collective felt trust on organizational performance. *Journal of Applied Psychology*, 93, 593-601.
- Samuel, M. O., &Chipunza, C. (2009). “Employee retention and turnover: using motivational variables as a panacea”. *African Journal of Business Management*, 3(8), 410-415.
- Saunders, M., Lewis, P. and Thornhill, A. (2009) *Research Methods for Business Students*.5th edn. Harlow: Pearson Education Limited.
- Sekaran, U. (2003).*Research Methodology for Business: A Skill Building Approach*, 4th Edition. Singapore: John Wiley.
- Senol, F. (2011). The Effect of Job Security on the Perception of External Motivational Tools: A study in Hotel Business. *Journal of Economic and Social Studies*, 1(2), 33-67.
- Shah, S.S.H., Jaffari, A.R., Aziz, J., Eaz, W., UI-Haq I. and Raza, S.N. (2011).Workload and Performance of Employees.*Interdisciplinary Journal Of Contemporary Research In Business*, 3(5)256-267.
- Shainsuzzoha, A. H. M., &Shumon, R. H. (2010). Employee turnover: A study of its causes and effects to different industries in Bangladesh. *International Journal of Humanities and Social Science*, (Special Issue.), 64-68.
- Shukla, S. &Sinha, A. (2013).Employees’ turnover in banking sector: Empirical evidence. *IOSR Journal of Humanities and Social Science*, 11(5), 57-61.
- Simon,M. K. (2011) *Dissertation and scholarly research.’ Recipes for success*. Seattle, WA: Dissertation Success, LLC.
- Sincero, S M. (2008), Two-factor theory of motivation. Retrieved 21 August 2017.
- Staw, B. M. & Epstein, L. D. (2000). What bandwagons bring: Effects of popular management techniques on corporate performance, reputation, and CEO pay.*Administrative Science Quarterly*, 45, 523-556.

- Storey, J. (2001) Human resource management: A critical text. (2nd ed.) London: Thomas Learning.
- Subramony, M., Krause, N., Norton, J. & Burns, G. N. (2008). The relationship between human resource investments and organizational performance: A firm-level examination of equilibrium theory, 93, 778-788.
- Sultana, A., Irum, S., Ahmed, K. and Mehrnood, N. (2012). Impact of Training on Employee Performance: A study of Telecommunication Sector in Pakistan. *Interdisciplinary Journal of Contemporary Research In Business*, 4(6), 646-661.
- Susan M. Heathfield (20011). *The Human Resource Guide*. California USA.
- Talent Management Alliance (2013) 'Talent management strategies to drive business growth in APAC and the Middle East', *People in the Energy East Proceedings*, 19<sup>th</sup> to 18<sup>th</sup> March 2014.
- Taylor, S. (2002). The employee retention handbook. London: Chartered Institute of Personnel.
- Taylor, S. (2006), Arc you keeping your employees happy? London.
- Tettey, J. W. (2006). Staff Retention in African Universities: Elements of a Sustainable strategy. Washington, DC: World Bank.
- Thang, N.N., Thu, N.Y. and Buyens, D. (2008). "The Impact of Training on Firm Performance: Case of Vietnam" Working Paper, 1-26.
- Toker, B. (2011). 'Job satisfaction of academic employ be: An empirical study on Turkey', *Quality Assurance m Education*, Vol. 19. No. 2, pp. 156-169.
- Ton, Z. &Huckman, R.S. (2008) 'Managing the impact of employee turnover on performance: The role of process conformance', *Organization Science*, 19(1): 56-68.
- Trochim, W.M.K. (2006) *Research Methods*, 2nd Edition. New Delhi: Himal Impressions.
- Upadhaya, B., Munir, R., & Blount, Y. (2014) 'Association between Performance Measurement Systems and Organizational Effectiveness', *International Journal of Operations & Production Management*, 34(7), 2-2.
- vanDyck, C., Frese, M., Baer, M. &Sonnentag, S. (2005). Organizational error management culture and its impact on performance: A two-study replication. *Journal of Applied Psychology*, 90, 1228-1240.
- Wan, W. P., &Hoskisson, R. IZ. (2003). Home country environments, corporate diversification strategies and firm performance. *Academy of Management Journal*, 46, 27-45.

- Wangui, C. K. (2010). Perceived factors that influence labour turnover at Zain Kenya Limited. An Unpublished MBA Research Project Submitted to School of Business, University of Nairobi
- WeiBo, Z., Kaur, S. & Zhi, I. (2010). A critical review of employee turnover model (1938- 2009) and development in perspective of performance. *African Journal of Business Management*. 4(19). 4146 4158
- Wermeling, L. (2009) Social work retention research: Three major concerns. *Journal of Sociology, Social Work and Social Welfare*, 3(1): 1-8.
- Wilson, J. (2010) *Essentials of Business Research*. California: Sage Publication Inc. [www.amyhosson.com/MyWritings/Understanding%20and%20Controlling%20Employee%20Turnover.pdf](http://www.amyhosson.com/MyWritings/Understanding%20and%20Controlling%20Employee%20Turnover.pdf) [www.entrepreneur.com/article/220254](http://www.entrepreneur.com/article/220254)
- Zikmund, G.W. (2000) *Business research methods*, (6th ed.) New York: The Dryden Press. Harcourt College Publishers.
- Zlotnic, J. (2005) Factors influencing retention of child welfare staff: A systematic review or research, Report from the Institute for the Advancement of Social Work Research Centre for families and institute for Human Services Policy.

**APPENDIX I**  
**QUESTIONNAIRE**

Department of Business Administration,  
Faculty of the Social Sciences,  
Delta State University,  
Abraka,  
Delta State.

Dear Respondent,

I am a postgraduate student of the above named Department/Institution. I am currently conducting a research on the **“Employees’ Labour Turnover and Organizational Performance in the Nigerian Banking Sub-Sector”**.

In this regard, your responses towards this questionnaire will go a long way towards ensuring the success of this research. I promise that your responses will be treated with utmost confidence and will only be used for the purpose of research. Receive my highest regard as I anticipate your cooperation.

Thank you.

Yours faithfully,

URHODE, OvieReuben  
**Researcher**



## SECTION A:

### Bio-data of Respondents

1. **Gender:** Sex: Male ☐ Female ☐
2. **Marital Status:** Single ☐ Married ☐ Others ☐
3. **Age:** 18-37yrs ☐ 38-57yrs ☐ 58-77yrs ☐ 78yrs-above ☐
4. **Education Level:** M.Sc.MBA ☐ HND/B.Sc. ☐ OND ☐ Professional Degree ☐
5. **Location of Bank:** Urban Area ☐ Rural Area ☐
6. **How long have you been working with your Bank?** 0-5yrs ☐ 6-10yrs ☐ 11-15yrs ☐ 16-20yrs ☐ 21yr and above ☐

## SECTION B: Thematic Questions

*Instruction: In section B kindly tick [☐] the option that best describe your opinion.*

**Key: Strongly Disagree (1) Disagree (2) Agree (3) Strongly Agree (4)**

S/N	CUSTOMER SERVICE	1	2	3	4
1	Over the years, there has been improvement in the customer service of my bank				
2	The improvement in the customer service can be attributed to efficient and effective skilled workers				
3	My bank engage in improved customer service strategy driving employee labour turnover				
4	The decline in the customer services of my bank can be attributed to lack of skilled and experienced workers				
5	The customer services of my bank will improve in years to come if adequate employees are recruited and retained				
6	Customer service is correlated with employee labour turnover				
	<b>PROFITABILITY</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
7	In my Bank, the profit level has been on the increase				
8	In my bank, the increase in profitability level can be attributed to employee labour turnover				
9	My bank engage in improved management strategy that can drive profitability				
10	The decline in the level of profitability can be attributed to lack of skilled and experienced workforce				
11	The profit of my bank will increase in years to come if experienced and skilled workforce are available				
12	Profitability is correlated with employee labour turnover				

	<b>PRODUCTIVITY</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
13	There has been significant increase in the level of productivity in my bank				
14	The increase in the level of productivity can be linked to increased labour turnover				
15	My bank engage in measures aimed at improving productivity level				
16	The reduction in the level of productivity in my bank can be linked to lack of qualified, skilled and experienced workforce				
17	My bank have numerous productivity problems				
18	Productivity is correlated with employee labour turnover				
	<b>ORGANIZATIONAL ACHIEVEMENT</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
19	Over the years, there has been increase in my organizational achievement				
20	The increase in the organizational achievement can be attributed to increased labour turnover				
21	My bank motivates employees in order to strive towards the organizational goals				
22	The motivation incentives given by my bank has propelled them to attain their achievement				
23	My bank will attain more achievement in years to come if adequate and skilled employees are available				
24	Organizational achievement is correlated with employee labour turnover				
	<b>EMPLOYEE LABOUR TURNOVER</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
25	In my bank, employee labour turnover is a major issues				
26	Employee labour turnover has affected the performance of my bank				
27	Poor salary structure is a factor affecting employee labour turnover				
28	Excessive work overload is a factor influencing employee labour turnover				
29	Job insecurity affects employee labour turnover in my bank				
30	Retrenchment of workers is a common syndrome in my bank				

Thank you for filling the questionnaire.

## **APPENDIX II**

### **Reliability Results**

#### **Cronbach Alpha (Demographic Variables)**

Average interitem covariance:	.188853
Number of items in the scale:	11
Scale reliability coefficient:	0.8620

#### **Cronbach Alpha (Organizational Achievement)**

Average interitem covariance:	.1606793
Number of items in the scale:	6
Scale reliability coefficient:	0.3418

#### **Cronbach Alpha (Profitability)**

Average interitem covariance:	.2683736
Number of items in the scale:	6
Scale reliability coefficient:	0.4793

#### **Cronbach Alpha (Productivity)**

Average interitem covariance:	.1935619
Number of items in the scale:	6
Scale reliability coefficient:	0.4012

#### **Cronbach Alpha (Customer Service)**

Average interitem covariance:	.2953532
Number of items in the scale:	6
Scale reliability coefficient:	0.4961

#### **Cronbach Alpha (Employee Labour Turnover)**

Average interitem covariance:	.1611563
Number of items in the scale:	6
Scale reliability coefficient:	0.3387

#### **Cronbach Alpha (Demographic, Employee Labour Turnover and Organizational Performance Variables)**

Average interitem covariance:	.1231263
Number of items in the scale:	50
Scale reliability coefficient:	0.7959

(R)

13.0

<http://www.stata.com>

```

Stata network per
. tabulate gender

```

1	135	38.24	38.24
2	218	61.76	100.00

```
. tabulate maritalstatus
```

1	127	35.98	35.98
2	211	59.77	95.75
3	15	4.25	100.00

```
. tabulate age
```

1	133	37.68	37.68
2	166	47.03	84.70
3	54	15.30	100.00

```
. tabulate levelofeducation
```

1	11	3.12	3.12
2	27	7.65	10.76
3	62	17.56	28.33
4	253	71.67	100.00

## Demographic Variables Results

Statistics/Data Analysis

13.0

StataCorp

College Station, Texas 77845 USA

<http://www.stata.com>

stata@stata.com

979-696-4601 (fax)

```
. tabulate locaionofsmes
```

```
. tabulate workyears
```

92

```

      _____
     /         /         /         /         /
    /         /         /         /         /
   /         /         /         /         /
  /         /         /         /         /
 /         /         /         /         /
/         /         /         /         /

Statistics/Data Analysis

(R)
13.0
Copyright 1985-2013 StataCorp LP
StataCorp
4905 Lakeway Drive
College Station, Texas 77845 USA
800-STATA-PC
979-696-4600
979-696-4601 (fax)
http://www.stata.com
stata@stata.com

```

## Productivity

Variable	Obs	Mean	Std. Dev.	Min	Max
q1	353	2.657224	1.44553	1	4
q2	353	2.694051	1.435109	1	4
q3	353	2.611898	1.38563	1	4
q4	353	3	1.402109	1	4
q5	353	1.793201	1.309823	1	4
q6	353	2.07932	1.413992	1	4

Variable	Obs	Mean	Std. Dev.	Min	Max
q7	353	1.96034	1.372875	1	4
q8	353	2.01983	1.423086	1	4
q9	353	2.504249	1.420471	1	4
q10	353	2.456091	1.474759	1	4
q11	353	1.736544	1.27531	1	4
q12	353	2.167139	1.423363	1	4

Variable	Obs	Mean	Std. Dev.	Min	Max
q13	353	2.492918	1.375756	1	4
q14	353	2.74221	1.356321	1	4
q15	353	2.86119	1.388056	1	4
q16	353	2.25779	1.441611	1	4
q17	353	2.189802	1.469658	1	4
q18	353	2.985836	1.302237	1	4

## Detailed Output of Descriptive Statistics

```
(R)
 _ _ _ _ _ / _ _ _ _ _ / _ _ _ _ _ /
/_/_/_/_/_/_/_/_/_/_/_/_/_/_/_/_/_/_/_/_/
Statistics/Data Analysis      13.0   Copyright 1985-2013 StataCorp LP
                                     StataCorp
                                     4905 Lakeway Drive
                                     College Station, Texas 77845 USA
                                     800-STATA-PC           http://www.stata.com
                                     979-696-4600         stata@stata.com
                                     979-696-4601 (fax)
```

3-user Stata network perpetual license:

## Organizational Achievement

```
. summarize q19 q20 q21 q22 q23 q24
```

Variable	Obs	Mean	Std. Dev.	Min	Max
q19	353	2.759207	1.422758	1	4
q20	353	1.971671	1.362773	1	4
q21	353	2.209632	1.46016	1	4
q22	353	2.484419	1.48875	1	4
q23	353	2.793201	1.418129	1	4
q24	353	2.583569	1.473039	1	4

## Employee Labour Turnover

Variable	Obs	Mean	Std. Dev.	Min	Max
q25	353	2.087819	1.444305	1	4
q26	353	2.694051	1.435109	1	4
q27	353	2.611898	1.38563	1	4
q28	353	3	1.402109	1	4
q29	353	1.793201	1.309823	1	4
q30	353	2.07932	1.413992	1	4

## APPENDIX Va

### Detailed Output of Regression

```

_____ (R)
/_____/_____/_____/_____/_____/
_____/_____/_____/_____/_____/ 13.0
Statistics/Data Analysis

Copyright 1985-2013 StataCorp LP
StataCorp
4905 Lakeway Drive
College Station, Texas 77845 USA
800-STATA-PC http://www.stata.com
979-696-4600 stata@stata.com
979-696-4601 (fax)

```

3-user Stata network perpetual license:

```
. regress prod psas jins retn exwo
```

Source	SS	df	MS	Number of obs =	353
Model	2642.42966	4	660.607415	F( 4, 348) =	216.72
Residual	1060.76786	348	3.04818349	Prob > F =	0.0000
				R-squared =	0.7136
				Adj R-squared =	0.7103
Total	3703.19751	352	10.5204475	Root MSE =	1.7459

prod	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
psas	.7330702	.0278685	26.30	0.000	.6782583	.787882
jins	.1059587	.0313061	3.38	0.001	.0443859	.1675316
retn	.0487451	.1222301	0.40	0.690	-.1916575	.2891477
exwo	.0496976	.1137234	0.44	0.662	-.173974	.2733692
_cons	1.307793	.4797336	2.73	0.007	.3642506	2.251335

.



### Detailed Output of Regression

3-user Stata network perpetual license:

```
. regress prof psas jins retnr exwo
```

prof	Coef.	Std. Err.	t	P> t	[95% Conf. Intervall]	
psas	-.0661947	.0159482	-4.15	0.000	-.0975618	-.0348276
jins	-.0435056	.0179155	-2.43	0.016	-.0787418	-.0082694
retrn	-.0920226	.0699484	-1.32	0.189	-.2295973	.0455522
exwo	.9109294	.0650803	14.00	0.000	.7829293	1.03893
_cons	2.374333	.2745363	8.65	0.000	1.834374	2.914292

### Detailed Output of Regression

3-user Stata network perpetual license:

```
. regress cserv psas jins retn exwo
```

cserv	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
psas	-.068971	.022303	-3.09	0.002	-.1128366	-.0251053
jins	.8103234	.0250541	32.34	0.000	.761047	.8595998
retrn	.0228987	.09782	0.23	0.815	-.1694941	.2152915
exwo	-.0479276	.0910122	-0.53	0.599	-.2269306	.1310755
_cons	2.85388	.383928	7.43	0.000	2.098769	3.608992

### Detailed Output of Regression

3-user Stata network perpetual license:

```
. regress orga psas jins retnr exwo
```

Source	SS	df	MS	Number of obs =	353
				F( 4, 348) =	10.64
Model	400.385822	4	100.096455	Prob > F =	0.0000
Residual	3274.38894	348	9.40916363	R-squared =	0.1090
				Adj R-squared =	0.0987
Total	3674.77476	352	10.439701	Root MSE =	3.0674

orga	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
psas	.2283486	.048963	4.66	0.000	.1320479	.3246493
jins	.1778087	.0550026	3.23	0.001	.0696293	.2859881
retrn	.0338999	.2147499	0.16	0.875	-.3884711	.4562709
exwo	-.0700684	.1998042	-0.35	0.726	-.4630441	.3229074
_cons	7.833335	.8428593	9.29	0.000	6.175596	9.491075