

Labour Turnover Management and Productivity in Nigerian Companies: Perspectives from Nigerian Bottling Company Ltd and 7up Bottling Company Plc, Aba – Abia State

Chinwe Obiora Onuba, Dialaoke Ikechukwu & Uchechukwu Ndubuisi

Abstract

Labour remains a key factor needed for productivity in every organization. In most cases how labour issues are treated have implied consequences on employee input towards productivity of the organization. The study examined labour turnover management and productivity in Nigerian Bottling Company Ltd and 7up Bottling Company Plc, Aba. Using the Taro-Yamane approach, a sample size of 244 staff was selected and questionnaires distributed to them. Data generated was analyzed using percentages and 5-point Likert scale. Findings revealed that workers' promotion had positive and significant relationship with output. Similarly, the study showed that workers' training had positive and significant relationship with profit of Nigerian Bottling Company Ltd and 7up Bottling Company Plc, Aba – Abia State. Based on these findings, the study recommended that management of companies in Nigeria should make training of new and old employees a top priority in order to get the best out of them as well as improve the organization's productivity. Such training should be designed on the basis of the specific workforce needs and objectives of the organization.

Keywords: Labour- Turnover, Social Exchange, Organization, Productivity

Introduction

Globally, it is believed that labour turnover has both psychological and economic implications on productivity. In terms of psychological consequences, labour turnover has been associated with a number of negative job attributes such as low level of job satisfaction, low esteem for promotion opportunities and mental stress on the part of management on how best to sort and replace exited experienced workers. This is against the backdrop that when a person departs from an organization abruptly, it throws the entire organization's production strategy into disarray. It is argued that this might have a significant impact on the organization's effectiveness and production. If the company is service-oriented, employee turnover may have an impact on the quality and/or quantity of service provided (Blau, 2014).

Labour turnover is seen as made up of varying degrees of withdrawal behaviors. Thus, it is not surprising that psychologists believe that it is the result of unfavorable workplace attitudes accentuated by factors such as income, job security, recognition and appreciation and other physical conditions of the worker (Hill & Twist, 2015). It also manifests in the form of withdrawal behaviors including lack of creativity, laziness, unwillingness to think and create as well as putting in little effort on an assigned duty (Pinder, 2018). According to a Mercer Report (2023) on the total financial impact of employee turnover, the cost of labour turnover is sometimes misunderstood, uncalculated or disregarded as a minor expense. However, its total cost is fairly high as it accounts for 36 percent of payroll loss as the actual cost of employing someone to cover absentee employees is significant.

Recently, Nigeria is experienced a turning point as an ensuing and alarming brain drain is witnessed every day. The search for greener pasture, a fulfilling life and opportunities have energized what is tagged the JAPA Syndrome. A case where a great number of Nigeria's human resource including professionals, technicians and artisans are seen trooping out of the country each day. An exodus of Nigerians quitting their jobs to seek greener pastures abroad. It is inarguable that the 'brain drain' syndrome has an impact on some businesses, such as the

Nigerian Bottling Company Ltd and the 7up Bottling Company Plc. This is because some of these are human resources that have contributed and are still contributing to the growth of these organizations. Terrible pay rates, lack of advancement, lack of training and poor work environment may have all contributed to their decision to quit companies (Adewole, 2017). There is a possibility that this might have an impact on the companies' manufacturing lines and might have affected them in terms of profit maximization (Orji, 2018). The 'brain drain' syndrome in Nigeria remains rife till today and thus it becomes necessary to determine to what extent labour turnover management correlates companies' productivity in Nigeria.

Statement of the problem

Labour turnover increases hiring costs and training expenses, which is especially problematic in organizations that need to replace individuals with specialized skills and a high educational level to fill complicated job responsibilities. Recruiting new employees to replace those who have left the company might be a positive start in the right direction. However, their ability to match the unique abilities necessary for complicated activities previously performed by top executives, as well as highly paid vocations, is subject to cost impacts, making their replacement extremely challenging for the organization. This is likely to have a noticeable negative impact on the productivity of the company.

In addition, undue delay or denial of promotion is another factor that causes high labour turnover especially in the private sector to which Nigerian Bottling Company Ltd and 7up Bottling Company Plc, Aba belongs to. It is argued that employees are likely to leave when they perceive limited promotional opportunities. With the generation of young people that are usually in the employment of the aforementioned companies, they are expected to go for jobs or companies where they will achieve quick linear promotions. When this happens, the productivity and profit of the companies will be adversely affected.

Objectives of the Study

The main objective of the study was to examine the nexus between labour turnover management and productivity of companies in Nigeria. Specifically, the study

Investigated whether there is a significant relationship between workers' promotion and output in Nigerian Bottling Company Ltd and 7up Bottling Company Plc., Aba

(2) Determined whether there is a significant relationship between workers training and profit in Nigerian Bottling Company Ltd. and 7up Bottling Company Plc. Aba,

1.4 Research Questions

- (1) Is there a significant relationship between workers' promotion and output in Nigerian Bottling Company Ltd and 7up Bottling Company Plc. Aba?
- (2) Is there a significant relationship between workers training and profit in Nigerian Bottling Company Ltd, and 7up Bottling Company Plc, Aba?

Hypotheses

- (1) Workers' promotion does not have significant relationship with output in Nigerian Bottling Company Ltd and 7up Bottling Company Plc. Aba.
- (2) Workers' training does not have significant relationship with profit in Nigerian Bottling Company Ltd, and 7up Bottling Company Plc. Aba.

Turnover: Causes and Influencing Factors

According to Dale (2018), turnover basically arises from the unhappiness from job place for individual

employee. But being unhappy in a job is not the only reason why people leave one company for another. If the skills that they possess are in demand, they may be lured away by higher pay, better benefits or better job growth potential. It is important to know and recognize the difference between employees who leave the job because they are unhappy and those who leave for other reasons. There are number of factors that contribute to employee turnover including the economy, the characteristics of the job, demographics and individuals' traits. Among these factors, individuals' traits feature prominently in determining labour turnover. This is against the backdrop that individuals' traits embody promotion and workers' skills which underpin productivity of companies (Saharuddin & Sulaiman (2016). For instance, employees that are placed on jobs that are too difficult for them or whose skills are under - utilized may become discouraged and quit the job. In addition, if working conditions are substandard or the workplace lacks important facilities such as proper lighting, furniture, restrooms and other health and safety provisions, employees' work skills would be adversely affected and productivity will be undermined. Finally, if a worker feels appreciated through promotion, it is likely that his/her productivity will increase whereas the opposite is the case if a worker does not get promotion.

Management practices and labour turnover

Management practices are set of factors practiced by managers in their daily routine such as reward practice which refers to all the extrinsic rewards that the employee obtain in exchange for their salary, any inducement or additional benefit and any other benefits, grievance handling practice which refers to be perceived as fair and justice are examples of management practices. Discipline, management, career advancement that focuses on developing and inspiring workers, health and safety are also part of management practice, (Robbins & Judge, 2017). Eluus (2012) concludes that perception of employee job security, and other factors such as, job satisfactions, organisation tenure, demographic variables, organisation commitment, whether job meets individual expectations, employee learning, good industrial relations, quality of work life, and adoption of training programme are part of management practices. In advocating issues that can improve productivity to employee, Eluus (2012) came out with the following management practices that could enhance productivity of employees including respect of individual employees, sufficient staffs' training within an organization and employees support when it's authentically desirable.

Esther (2013) in the study of employees voluntarily leaving the organisation in United States public and private sectors, mentioned factors that make workers to quit from some organisations, these are approaches like managerial approach, and other managerial practice as the major management practices that contributed to employee turnover. Bynoe (2013) found out that lack of proper training on the new skills has increased stress to employees and has led to increased turnover. Factors such as better opportunity in some other company, scramble for wages, and lack of career opportunities, uneven working hours, health problems, family challenges and job dullness are some of the recommended causes of employees' turnover (Eluus, 2012).

Dale (2018) also pointed out that grievances handling practice that are perceived as unfair and injustice are among the causes of employee turnover. High grievance rates allied with conflicting situation rather than cooperative labour relations and hence associated with lower plant productivity and if not effectively resolved could lead to less productivity, lower quality of work, products and customer services, distraction from corporate goals, low job morale, loss of confidence and communication between employees, managers and supervisors, which can lead to increased staff turnover (Dale 2018). Managerial controllable 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 also mentioned by Homans (2018) as other factors that cause voluntary employee's turnover in both public and private sectors including microfinance and health institutions in Tanzania.

Empirical Literature

Benedict, Josiah, Ogungbenle and Akpeti, (2012) studied the effect of labour turnover in Brewery Industry in

Nigeria. Design was cross sectional survey using percentages. Findings showed that the effect of labour turnover were reduced production, increased cost of recruitment increased work disruption, increased scrap and overtime, and additional labour turnover/ it concluded that reduced production had the foremost effect on labour turnover as it affects output and profit.

Mabindisa (2013) studied the impact of staff turnover on organizational effectiveness and employee performance. Survey research design was employed. Findings suggested that salary is the primary cause of staff turnover. It highlighted that high staff turnover increases workload of employees, it discovered that it causes reduction in effective service delivery to the customers it reduces that unhealthy customer relations causes staff turnover. Variables used included organizational effectiveness and employee performance.

Kiunsi (2014) investigates on management practices behind employee turnover in Kibaba District Council. Survey research design was employed with the result showing a summary of variations of employee's attitude (feeling) views behind management practices. Of all involved employees, 65(68%) respondents indicated negative attitudes towards management practices. This implies that employees are dissatisfied with the existing management practices as they lead to bitterness, anger, sense of isolation, discrimination, segregation, harassment and the like. Moreover, result shows that 22(23%) respondents were neutral (neither satisfied nor dissatisfied) with management practices, and 9(9%) respondents were satisfied with the prevailed management situation. It is evident that management practices are the major cause of employee's turnover in the studied district council.

Molefakgotla, Ntebogang and Kattego (2014) investigated the impact of staff turnover on performance: a case of North West provincial department of South Africa using descriptive survey design. Data were presented with descriptive statistics and analyzed with chi-square. These variables of staff turnover such as lack of competitive salary package, lack of opportunity to earn performance bonus like overtime, no good training and developing opportunity, lack of recognition and reward for good performance, lack of promotion for good performance, lack of opportunity to work independently, lack of up-to-date technology to perform jobs. Findings indicated that majority of employees were dissatisfied due to many reasons thereby causing lots of voluntary resignations among employees. Low productivity resulted from ignorance of managers about the causes of dissatisfaction.

Akinruwa, Ajayi and Akeke (2014) investigated the effect of labour turnover in the Nigerian banking industry using survey design. Data analysis was done with multiple regressions. The variables included retrenchment, leadership style, training, job insecurity, work load, and unrealistic target. Findings indicated that excessive work load had negative relationship with performance while other variables had positive relationship.

Akafor and Boateng, (2015) studied impact of reward and recognition on job satisfaction and motivation in Ghana using descriptive survey design. Analysis of variance (ANOVA) was employed in analyzing the data. Three variables were adopted in the study namely; reward and motivation, academic/ administrative staff perception about reward and motivation, and the challenges of reward implementation in private tertiary institutions. Findings indicated that reward had a positive impact on work motivation but no significant relation between reward and job satisfaction. Both academic and administrative staff perceived reward as fair.

Ampommah and Cudijor (2015) studied the effect of employee turnover on organizations using Electricity Company of Cape Coast Ghana as a case study. Five variables included job insecurity, demographic and personal characteristics of employees, job dissatisfaction, organizational work environment, promotion and alternative employment. Positive effects were established between promotion channels for employees, introduction of new ideas and skills in organizations and replacement of poor performance. Negative relationship existed between additional costs of recruitment and replacement, poor quality of work deficiently in attracting new staff and loss of skill manpower.

Nyanga (2015) studied the assessment of employee turnover and organizational efficiency a case study of international livestock research institute Nairobi Kenya using survey design Variables included actual reasons for turnover, impact of turnover, and possible mitigation of turnover. Data analysis was done with SPSS. Findings showed that the institute experienced high cases of employee turnover arising from lack retention, strategies. High rate of turnover impacted negatively on the institute. Lack of training reduced employees' skill development. Management was not concerned with workers training and skill development which reduced employee exposure.

Amed, Sabia Amhad and Billar (2016) investigated the impact of employee turnover on organizational effectiveness in television sector in Pakistan using survey design. Correlation and regression were used for data analysis. With survey design Variables included (1) firm stability (2) pay level (3) industry (4) work situation (5) training/supervision. Findings indicated that there is significant relationship between employee turnover and organizational effectiveness.

Theoretical Framework

The Social Exchange Theory

Social exchange theory (SET) was developed by George Homans in 1958. It establishes that the relationship between two social entities (employers and employees) depends on the extent to which each of these entities respects social rules and norms of exchange implicitly and explicitly agreed upon between the two parties. Some examples of the attributes defining the quality of such relationships include trust, loyalty and commitment. These attributes depend on factors such as love, status, information, money, goods and services that are generally invested by people into relationships. The Social Exchange Theory claims that the social rules and norms of exchange encompass the rule of reciprocity, as well as other explicitly negotiated rules. According to Homans (2011), Blau (2012) and Amerson (2016) as cited by Cropanzano and Mitchel (2017) the rule of reciprocity advocates that one should be treated according to how he or she is treating others. This means that an employee might voluntarily decide to quit the organization if there is a breach of prior agreements. Consequently, management efforts to reinforce implicitly or explicitly agreed upon rules can be considered as a retention strategy, especially for talented employees.

Thus, applying the social exchange theory to the research, we agree that there are responsibilities for both the employer and employee, as this will go a long way ensuring organizational growth and productivity. It is expected that employers show a great deal of commitment towards creating an enabling environment towards motivating the employee towards productivity as enshrined in their contractual agreement. As such, issues like promotion and training can motivate the worker towards increased input affecting output and maximization of profit. This when applied can serve as a retention and motivating strategy to encourage employees in their commitment to the organization.

Research Design

Survey research design was adopted using questionnaire distributed to workers of Nigerian Bottling Company Ltd and 7up Company Plc, Aba.

Population of the study

The total population of this study is 624 workers of both Nigeria Bottling Company Ltd. and 7up Bottling Company Plc., Aba.

Sample Size of the Study

The sample size for the study was determined statistically by using the formula provided by Taro Yamane so as to have a workable sample size for the study. According to Yamane (1967: 886), the Taro Yamane sample size determination formula is given as thus;

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

Where:

n = Sample size

e = Level of significance or tolerable error (0.05)

N = Population size

1 = Constant

Thus,

$$n = \frac{624}{1 + 624(0.05)^2}$$

$$n = \frac{624}{1 + (624)(0.005)}$$

$$n = \frac{624}{1 + (1.56)}$$

$$n = \frac{624}{2.56}$$

$$n = 243.75$$

$$n = 244 \text{ approx}$$

Presentation of Data in Percentages

Responses to if there is a significant relationship between workers' promotion and output in Nigerian Bottling Company Ltd and 7up Bottling Company Plc. Aba?

Response	Frequency	Percentage
Strongly Agree (SA)	56	22.95
Agree (A)	108	44.26
Undecided (UN)	24	9.84
Disagree (D)	52	21.31
Strongly Disagree (SD)	4	1.64
Total	244	100

Field survey

From the responses extracted from the questionnaires distributed, it was observed that 108 employees comprising 44.26% of the sample size agree that there is a significant relationship between workers promotion and output, 56 employees comprising 22.95% strongly agree, 52 employees comprising 21.31% disagree, 24 employees comprising 9.84% were undecided while 4 employees comprising 1.64% of the sample size strongly disagree.

Responses to if there is a significant relationship between workers training and profit in Nigerian Bottling Company Ltd, and 7up Bottling Company Plc, Aba?

Response	Frequency	Percentage
Strongly Agree (SA)	60	24.59
Agree (A)	104	42.62

Undecided (UN)	24	9.84
Disagree (D)	52	21.31
Strongly Disagree (SD)	4	1.64
Total	244	100

Field survey

From the responses extracted from the questionnaires distributed, it was observed that 104 employees comprising 42.62% of the sample size agree that there is a significant relationship between workers training and profit, 60 employees comprising 24.59% strongly agree, 52 employees comprising 21.31% disagree, 24 employees comprising 9.84% were undecided while 4 employees comprising 1.64% of the sample size strongly disagree.

Test of Hypotheses

A 5-point Likert scale will be used to validate attributes raised. The scaling is represented thus, Strongly Agree (SA) 5 points, Agree (A) 4 points, Undecided (UN) 3 points, Disagree (D) 2 points, Strongly Disagree (SD) 1 point. A cut off mean score of 3.50 will be used to validate attributes. Where if the mean score is below cut off point, we accept attribute raised.

Ho¹ Workers' promotion does not have significant relationship with output in Nigerian Bottling Company Ltd and 7up Bottling Company Plc. Aba.

Response	F	%	X	%
Strongly Agree (SA)	56	22.95	280	31.39
Agree (A)	108	44.26	432	48.43
Undecided (UN)	24	9.84	72	8.07
Disagree (D)	52	21.31	104	11.66
Strongly Disagree (SD)	4	1.64	4	0.45
Total	244	100	892	100

To calculate the mean score for the attribute (Workers' promotion does not have significant relationship with output in Nigerian Bottling Company Ltd and 7up Bottling Company Plc. Aba); we have:

$$\frac{\sum x}{\sum F} = \frac{892}{244}$$

$$= 3.66$$

Since the calculated mean score is 3.66 and is above the cut off 3.50, we reject the attribute and accept that promotion has a significant relationship with output in Nigerian Bottling Company Ltd and 7up Bottling Company Plc. Aba.

Ho²: There is no significant relationship between workers training and profit in Nigerian Bottling Company Ltd., and 7up Bottling Company Plc. Aba, Nigeria

Response	F	%	X	%
Strongly Agree (SA)	60	24.59	300	33.48
Agree (A)	104	42.62	416	46.43
Undecided (UN)	24	9.84	72	8.04
Disagree (D)	52	21.31	104	11.61
Strongly Disagree (SD)	4	1.64	4	0.45

Total	244	100	896	100
-------	-----	-----	-----	-----

To calculate the mean score for the attribute (Workers’ training does not have significant relationship with profit in Nigerian Bottling Company Ltd and 7up Bottling Company Plc. Aba); we have:

$$\frac{\Sigma x}{\Sigma F} = \frac{892}{244}$$

$$= 3.67$$

Since the calculated mean score is 3.67 and is above the cut off 3.50, we reject the attribute and accept that workers training has a significant relationship with profit in Nigerian Bottling Company Ltd and 7up Bottling Company Plc. Aba.

5.1 Conclusion

Effective management of workers’ training and promotion had been identified as key to labour turnover for workers in both Nigerian Bottling Company Plc. and 7up Bottling Company Plc., Aba This comes on the heels of the findings of the study which showed that workers training had positive and significant correlation with profit-making in Nigerian Bottling Company Plc. and 7up Bottling Company Plc. In addition, the study showed that prompt promotion of workers had positive and significant correlation with output of Nigerian Bottling Company Plc and 7up Bottling Company Plc, Aba. Based on these outcomes, the study concluded that favourable labour turnover avoidance policies are vital for enhancing productivity in Nigerian Bottling Company Plc. and 7up Bottling Company Plc, in Nigeria.

5.2 Recommendations

- (1) Management should make training of newly and old employees a top priority in order to get the best out of them as well as improve the organization’s profit. Such training should be designed on the basis of the specific workforce needs and objectives of the organization. This should be accomplished through the development of proper and effective training and human resource development policies which will guide training procedures and help in the implementation of training strategies.
- (2) Efforts should be made by management of these organizations to ensure prompt promotion of their staff (at all levels) in order to help them enjoy better living standards and as such become more willing and dedicated to remain at work rather than to leave for another organization.

References

Adewole, O.O. (2017). Labour turnover and productivity among employees in selected brewing firms in Southwestern Nigeria. *International Journal of Small Business and Entrepreneurship Research*, 5(4):17-28.

Ahmed, P.Z; Sabir, S; Khosa, M; Ahmad, I & Bilal, M. A (2016). Impact of employee turnover on organisational effectiveness in tele communication sector of Pakistan. *IOSR Journal of Business and Management*, 18(11), 88-96.

Akafo, V & Boateng, P.A. (2015) Impact of reward and recognition on job satisfaction and motivation. *European Journal of Business and Management*, 7(24), 112-122.

Akinruwa, T. E., Ajayi, S. O. & Akeke, N.I. (2014). Effect of labour turnover on performance of Nigerian banking industry: A case of Ado-Ekiti Metropolis, Ekiti State. *European Journal of Business and Management*, 6(28): 125-132.

- Ampomah, P. & Cudjor, S. K. (2015). The effect of employee turnover on organizations: A case study of Electricity Company of Ghana, Cape Coast. *Asian Journal of Social Sciences and Management Studies*, 2(1). 21-24.
- Benedict, A. C., Josiah, M., Ogunbenle, S.K. & Akpeti, E. (2012). The effect of labour turnover in brewery Industries in Nigeria: A case study of Nigerian Brewery Pic. and Bendel Brewery Ltd. in Benin City. *Asian Journal of Business Management*, 4(2), 114-123.
- Blau, G.J. (2014). Job involvement and organisational commitment as interactive predictors of tardiness and labour turnover. *Journal of Management*. 12, 577-584
- Dale, S.B., (2018). *Personnel, the management of people at work*. New York: Mac Millan Publishers Co.
- Eluus V. O. (2012). Causes and effects of high labour turnover in a depressed economy. PhD Dissertation. St. Clements University Turks & Caicos Islands.
- Esther K. (2013). Determine the perceived factors that contribute to employee labour turnover in Kenya ports authority. *Journal of Chartered Institute of Personnel and Development*, 5(4), 339-347.
- Hill, J. M., & Trist, E. L. (2015). Changes in accidents and other absences with length of service: A further study of their incidence and relation to each other in an iron and steel works. *Journal of Human Relations*, 8, 121–152.
- Homans, E. (2011). Human Resource Management: Shocks as causes of turnover: What they are and how organisations can manage them. *International Journal of Technology Management*, 3, 34.45.
- Kiunsi, K. H. (2014), Examining the influence of management practice and attitudes on employee turnover. *The International Journal of Business & Management*, 11(2), 156 – 167.
- Mabindisa, V. (2013). Impact of staff turnover on organizational effectiveness and employee performance at the department of home affairs in the Eastern CapeProvince, South Africa. MSc Thesis, Department of Human Resource Management, Faculty of Management Science, Durban University of Technology, South Africa.
- Nyaga, R. (2015). Assessment of employee turnover on organizational efficiency: A case study of International Livestock Research Institute. A research project report submitted to the Chandaria School of Business in partial fulfillment of the requirement for the degree of Master of Science in Organizational Development (EMOD).
- Orji, C. A. (2018). Lecture manual on human resources management Imo State University Owerri. Bureau of labour statistics: Job openings and labour turnover survey, News Release:
- Pinder, S.D., (2018). Job security regulations and worker turnover: A study of the Indian manufacturing sector. *Indian Economics. Review*, 37(2): 141 - 152.
- Saharuddin, S & Sulaiman, S (2016). The effect of promotion and compensation to working productivity through job satisfaction and working motivation of employees in the department of water and mineral resources energy north Aceh district? *International Journal of Business and Management Invention* 5(10), 33-40.
- Yamane, T. (1965). *Statistics: An introductory analysis* (2nd Edition). New York: Harper and Row

Chinwe Obiora Onuba (Ph.D), Department of Industrial Relations and Personnel Management, Michael Okpara University of Agriculture, Umudike

Ikechukwu Dialaoko (Ph.D), Department of Industrial Relations and Personnel Management, Michael Okpara University of Agriculture, Umudike

Uchechukwu Ndubuisi is from School of General Studies Michael Okpara University of Agriculture, Umudike