

Responsiveness of Organizational Productivity to Labour Turnover Management: Nigerian Bottling Company Ltd, and 7up Bottling Company Plc, Aba, Nigeria

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Abstract

The study investigated the responsiveness of organizational productivity to labour turnover management in Nigerian Bottling Company Plc, Aba, and 7up Bottling Company, Aba, Abia State. Labour turnover management was proxied by workers' retention and workers' training while organizational productivity was proxied by sales quantity and profit. Using the Taroyamane 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 showed that workers' retention and workers' training had positive and significant effect on productivity of Nigerian Bottling Company, Aba and 7up Bottling Company, Aba. The researcher recommended that the management of Nigerian Bottling Company Plc. and 7up Bottling Company Plc., Aba, should seriously undertake policies that encourage workers to remain with the organisations such as better pay and increased allowances of employees. Secondly, Specific-designed workers' training should be adopted by the management of Nigerian Bottling Company Plc. and 7up Bottling Company Plc., Aba, in order to bring out the best out of the workers and in this way the profits of the organizations are improved.

Keywords: Labour turnover, Organization, Productivity, Sales Quantity, Employee

Introduction

Human labour remains one of the most critical factors of production that determines the productivity of an organization. Thus, the ability of organizations to retain their best brains and hardworking employees is pivotal to their overall performance. However, in recent times, organizations (especially in developing countries) have experienced and continue to experience loss of their efficient employees owing to poor remuneration and other unwholesome working conditions. This is referred to as labour turnover. Several scholars have argued that labour turnover has the effect of impeding the attainment of larger corporate objectives. This is against the backdrop that it increases training expenses, increases expenditure on induction and growth of new staff, and increases expenditure on skills development of new staff to replace the employees who have left the company (Johns, 2018).

In Nigeria, labour turnover is locally known as 'Japa' syndrome and meant emigration of Nigerian professionals to other countries, especially Europe, America and Canada. Many have argued that labour turnover is one element that may positively or negatively impact employee retention, customer satisfaction, productivity and organizational performance of Nigerian organizations (Ikoro, 2020). To this extent, there has been a persistent call for labour turnover prevention programmes that meets the needs of the worker, provides job security and ensures good standard of living. It is believed that when such program is implemented, it will lead to increased employee retention, increased customer satisfaction, increased productivity and increased performance (Ahmad & Abdullah, 2014). A poor labour turnover program will undermine the needs of the worker, increase job insecurity and lead to poor standard of living and ultimately undermine productivity (Kemal, 2013; Maimuna & Rashad, 2013).

Coming down to Aba city in Abia State, two companies have made landmarks achievement in drinks production. These two companies are Nigeria Bottling Company Plc and 7up Bottling Company. These two companies, by virtue of their performances, have elicited much attention. They are in the league of companies

with high number of employees working for them (Nigerian Bottling Company, 2019; 7up Bottling Company, 2019). Nigerian Bottling Company Plc and 7up Bottling Company Plc have different outlets in different parts of Nigeria with varying number of employees. For instance, Nigerian Bottling Company Plc, Aba, is said to have employee strength spanning over 373 (Three hundred and seventy-three). Similarly, 7up Bottling Company, Aba, has staff strength of about 265 (Two hundred and sixty-five). Most consumers have attributed the success of both companies to several factors including high level of dedication of their employees. Given that many employees might have at one time or another left the companies, one wonders to what extent organizational productivity respond to labour turnover management.

Statement of the Problem

For companies like Nigerian Bottling Company Plc. and 7up Bottling Company Plc, employee turnover is a major issue. The high rate of labor turnover in bottling businesses has risen to about 15% in Nigerian Bottling Company Plc in 2019 and 22% in 7up Bottling Company Plc. in 2019 (NBC, 2019), is one of the issues that inspired this study (7up Bottling Company, 2019; Nigerian Bottling Company, 2019). Another issue is that 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 impact on the productivity of the company.

Objectives of the Study

The broad objective of the study was to examine the responsiveness of organizational productivity to labour turnover management in Nigeria. Specifically, the study did the following:

- (i) Determine if there is a significant relationship between workers retention (pay and allowance) and sales quantity in Nigerian Bottling Company Ltd and 7up Bottling Company Plc. Aba.
- (ii) Analyze if there is a significant relationship between workers training and profit in Nigerian Bottling Company Ltd., and 7up Bottling Company Plc. Aba.

Research Questions

In line with the specific objectives of the study, answers were sought for the under-listed questions:

- (i) Is there a significant relationship between workers' retention (pay and allowance) and sales quantity in Nigerian Bottling Company Ltd. and 7up Bottling Company Plc. Aba?
- (ii) Is there a significant relationship between workers training and profit in Nigerian Bottling Company Ltd., and 7up Bottling Company Plc. Aba?

Hypotheses

Two hypotheses were tested in the study and they are stated in their null forms as follows:

- (i) H01: There is no significant relationship between workers' retention (pay and allowance) on sales quantity in Nigerian Bottling Company Ltd. and 7up Bottling Company Plc. Aba.
- (ii) H02: There is no significant relationship between workers training and profit in Nigerian Bottling Company Ltd., and 7up Bottling Company Plc. Aba.

Conceptual Review

Labour Turnover

Labor turnover, also known as staffing turnover, is defined as the ratio of employees who leave a firm due to

attrition, dismissal, or resignation to the total number of employees on the payroll during that time period (Orji, 2018). It is used to assess staff retention. Labour turnover could also be conceptualized as the movement of people into and out of an organization and it is usually measured by recording movements out of the firm on the assumption that a leaver will eventually be replaced by a new employee. In this way, labour turnover is simply seen as the level of employee wastage and this implied the number of people leaving an organization in relation to the number of employees coming in with the attendant loss to an organization in terms of the resources wasted on their training. (Rees, 2018).

Productivity

Productivity of an organization is best determined by its level of performance. The performance of an organization determines its sustainability in the competitive business world. Therefore, organizational performance is one of the most important variables in the management indicator or organizational productivity. Although the concept of organizational performance is very common in the academic literature, its definition is difficult because of its many meanings. According to Hendry (2012), organizational performance is a multi-dimensional concept whose complexity makes it difficult to be defined from simple perspective. However, Upadhaya, Munir and Blount (2014) asserted that organizational performance encompasses three specific areas of firm outcomes: financial performance (profits), return on assets, return on investment; product market performance (sales, market shares); and shareholders' return or economic value added.

Empirical Literature

A research was conducted by Eluus (2012) on the causes and effects of high labour turnover in a depressed economy. Historical and survey research design was adopted in the study using population comprising 300 staff drawn from seven (7) industries. Stratified random sampling technique was employed drawing a sample size of 240 staff. Percentages and chi-square test were employed for analysis. The study revealed that high labour turnover has significant effect on an organization.

Kiunsi (2014) examined the influence of management practice and attitudes on employee turnover. Case study design was adopted in the research. A total number of 96 respondents were drawn from Kibaha district using purposive and random sampling techniques. Quantitative data was analyzed using computer excel to derive tables and pie charts. Finding indicates that among the management practice behind employee turnover incentives cut and the cuts of allowances and is leading among others which is 27.1% whereas failure to creating good relationship with colleagues, underutilization of employee skills, improper placement (Misallocation), poor grievance procedures (unfair and injustice treatment), rising false hope for growth and advancement are considered too. Incentive cut and cuts of allowances have direct and an immediate effect to employees than other management practices.

Molefakgotla, Ntebogang and Kattogo (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. 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 and lack of up to date technology to perform jobs were variables used in the study. 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.

Mobly (2017) studied effects of turnover to the production and productivity using a selection of companies from government and private sectors. 44 employees were interviewed to measure turnover effects and remedies. The results showed that, on average, turnover rate in government sectors is 8.87% whereas in private sectors it is

26.67%. The study further showed that less salary is the highest among the causes of turnover which is 33% whereas irregular payment, improper management and better job option are other considerations too. In conclusion, the study argued that to minimize or reduce turnover rates, standard salary structure would be the highest among other choices. Standard increment and medical facilities can also attract more employees and enhance productivity.

Theoretical Framework

The Expectancy-Confirmation Theory

The study was anchored on the expectancy-confirmation theory (ECT) proposed by Vroom in 2006. The expectancy-confirmation theory argues that the expectations prior to an event and the subsequent evaluation after the event combine to determine satisfaction with the event. The theory claims that people enter work organizations with expectations and values and if these expectations and values are met by the organization, they will likely remain a member of the organization. Thus, the theory claimed that employees join the organization with some expectations and therefore negative behaviours such as absenteeism and turnover intention will occur if those expectations are not met (Rathakrishnan et al., 2016). The expectancy-confirmation theory is as one of the fundamental theories at the heart of turnover management and retention research. This is against the backdrop that turnover intention can be associated with the expectation of employees on issues such as rewards, training, working conditions and recognition. In Nigeria Bottling company Plc. and 7Up Bottling Company Plc. Aba, Nigeria, worker's expectations such as rewards, training, working conditions and recognition are some of those expectations by the employees as affirmed by this theory. When these expectations are met, productivity will ultimately be enhanced.

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,

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

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

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

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

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

$$n = 243.75$$

$$n = (244 \text{ approx.})$$

Presentation of Data in Percentages

Responses to if there is a significant relationship between workers’ retention (pay and allowance) and sales quantity 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)	26	10.66
Disagree (D)	50	20.49
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 promotion and output, 60 employees comprising 24.59% strongly agree, 50 employees comprising 20.49% disagree, 26 employees comprising 10.66% 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)	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 training and profit, 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.

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 There is no significant relationship between Workers’ retention (pay and allowance) and sales quantity in Nigerian Bottling Company Ltd and 7up Bottling Company Plc. Aba.

Response	F	%	X	%
Strongly Agree (SA)	60	24.59	300	33.41
Agree (A)	104	42.62	416	46.33
Undecided (UN)	26	10.66	78	8.69
Disagree (D)	50	20.49	100	11.14
Strongly Disagree (SD)	4	1.64	4	0.45
Total	244	100	898	100

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

$$\frac{\sum x}{\sum F} = \frac{898}{244}$$

$$= 3.68$$

Since the calculated mean score is 3.68 and is above the cut off 3.50, we reject the attribute and accept that Workers’ retention (pay and allowance) has significant relationship with sales quantity 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)	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’ training does not have significant relationship with profit 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 workers training has a significant relationship with profit in Nigerian Bottling Company Ltd and 7up Bottling Company Plc. Aba.

Discussion of Findings

In Nigerian Bottling Company Plc, Aba and 7up Bottling Company, Aba, retention of workers had positive and significant effect on sales quantity. This outcome corroborates Cloutier, Morin and Renaud (2013) and Kacmar et al., (2016) which found a direct relationship between retention of workers and sales quantity. This finding might be attributed to the experience that comes with retaining workers in a firm and when this happens, they employ such experience in carrying out of different tasks in the organization which add value to a firm because they possess capabilities (e.g., knowledge, skills, and abilities) that support organizational functioning thereby increasing the company's productivity.

Similarly, the study showed that workers' training had positive and significant effect on profit of Nigerian Bottling Company Plc, Aba and 7up Bottling Company, Aba. This finding corroborates with Mbiya, Egessa and Musiega (2014) and Mohammed (2016) which argued that workers' training positively and significantly affects profit of firms. This finding might be attributed to improvement in skills, knowledge and ability for doing a particular job which comes with training of workers. When the skills are improved, knowledge enhanced and ability improved, productivity of the worker is increased.

Conclusion

In this study, retention of workers and workers training were identified as pivotal in the discourse of labour turnover management. This explains why the two factors (variables) were adopted as proxies for labour turnover management in the study while sales quantity and profit of firms were adopted as measures of productivity. From empirical findings, there was evidence of a positive and significant effect of retention of workers and workers' training on productivity in both Nigerian Bottling Company Plc. and 7up Bottling Company Plc., Aba. Thus, the study concluded that productivity of Nigerian Bottling Company Plc. and 7up Bottling Company Plc., Aba, responded positively and significantly to labour turnover management.

Recommendations

Based on the findings of the study, the under-listed recommendations were made:

- (i) The management of Nigerian Bottling Company Plc. and 7up Bottling Company Plc., Aba, should seriously undertake those policies that encourages workers to remain with the organisations such as better pay and increased allowances of employees.
- (ii) Specific-designed workers' training should be adopted by the management of Nigerian Bottling Company Plc. and 7up Bottling Company Plc., Aba, in order to bring out the best out of the workers and this way the profits of the organizations are improved.

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