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Labour Turnover and Organizations' Productivity of Banks in Delta State, Nigeria: A Study of Selected Banks in Ughelli, Delta State, Nigeria

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Abstract

The study focused on "Labour Turnover and Organizations' Productivity of banks in Delta State, Nigeria". The purpose was to examine the extent to which the high rate of labour turnover affects organizations' productivity in five selected banks in Delta State, Nigeria. The study adopted the Firm Specific Human Capital (FSHC) Theory. A sample size of 327 was drawn using the purposive , question and interview methods. The study employed Purposive, Simple Random sampling and Convenience sampling techniques in the selection of the respondents. Primary and secondary data were used in the collection of data. Three research questions were raised that matched with the specific objectives which were derived from the aim of the study. The data was analyzed with the use of simple table percentages and descriptive method. The findings of the study includes: that high labour turnover affect organizational productivity in the selected banks studied. 2. Revealed that reduction in the wages or salaries of workers is a major cause of labour turnover in the selected banks and this also affects productivity in the selected banks studied. 3. Organizations' conflict causes labour turnover in the selected banks. The study made some recommendations: 1. That the banks and other organizations should try to avoid various cases that can lead to high labour turnover such as; wages reduction, factors that cause frictions among employee's relationship, develop a good policy on staff recruitment and dismissal and introduce incentives that encourage workers to stay instead of leaving the banks. 2. That promotions and incentives should be used as a tool to reduce labour turnover. 3. That organization must learn to stop hiring and firing as these could make workers to lose confidence in many organizations. 4. That organizations should make room for training and development of staff. This will encourage staff growth and full confidence and a sense of belonging.

Key words: Labour; Labour turnover; Organizational productivity; Human resource

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1. INTRODUCTION

Employee labour turnover has been on the increase for several decades and this has serious negative effects on the organizations' productivity (Abelson, Baysinger, 1984). Various scholars and authors have a different idea of the effects of employee labour turnover on organizations' productivity. According to Aldridge, Halpern, Fitzpatrick, (2002) and most others, it has a negative linear relationship that causes any additional staff who leaves the organization to reduce human and social resources and to disrupt the functioning of the organization (Hancock, Allen, Bosco, McDaniel & Pierce, 2013; Hausknecht, Trevor & Howard, 2009; Heavey, Holwerda & Hausknecht, 2013; Shaw, 2011). Whereas, others see it as having non-linear relationships where

1) An organization can benefit from any number of turnover, such as infusing new ideas, reducing labour costs, or (2) Specifically, low productivity, because the

workers have built a strong and hard-to-replace human resources.

The quantity of work implies that the creation of some goods or services is affected by whether it is good or bad. Several factors determine the quality of the workplace, such elements or factors may include education and training, personal health, working conditions and how other production factors in the organization necessary for work are organized (Borland, 1997).

Labour turnover is seen as "the movement of individuals in and out of business of organization and it is usually measured by the fact that the movements are registered by the company on the assumption that any staff or employee that leaves is ultimately replaced by a new person, he defined labour turnover as the entry of new people with different values, mindsets and beliefs to enrich the organizational culture and more talented personnel new hire can be more efficient, knowledgeable, sharp and active than workers who already are engaged in the organization (Allen, Bryant, Verdaman, 2010).

Some scholars like Michael Armstrong on the contrary view labour turnover as wasteful workforce. This has to do with the number of people who leaves an organization in view of the number of people who lost their training to an organization (Staw, 1980).

Labour turnover simply means the rate at which employees leave an organization and how regularly this takes place within a certain period in a year. Labour turnover most times arise as a result of certain unfavourable working conditions such as unsatisfactory welfare package, uncondusive environmental condition, delay in salary payment, dispute in the organization, diversity issues, discriminatory practices, excessive workload, etc. (Datta, Guthrie, Bausil, Pandey, 2010).

Similarly, it was resolved that human resources are also essential to the accomplishment of the major goal of the organization since the capability of the work force is to productively organize. The capital or materials alone may not be able to generate any result, but to a certain extent, decides the final result. Notwithstanding the workforce of any organization, if the best materials and technological knowledge are available, the productivity could also be poor. Therefore, most organizations should not only pay their workers sufficiently, but also offer them a variety of incentives to improve productivity and output (Connolly, Conlon and Deutsch, 1980).

Some studies have indicated that employee turnover is important to individuals as well as to the welfare of the nation. To add to the direct loss of human capital embodied in the leavers, there are other negative impacts of turnover on productivity. To begin with, a certain amount of output will be forgone during the vacations and training period. The administrative resources used in separation, recruitment and training could have been invested in other aspects of the production process (Tseng and Wooden, 2001).

Again, high employee turnover could adversely affect the morale of the organisation. Using a controlled experiment, Sheehan (1993) accounts that those who leave the organization affect the perceptions about those who stays and this therefore negatively affects the productivity of the organization (Ahn, 2001). It has been on record that the cost of losing an employee is between half to one and a half times the employee's annual salary (Economist, 2000). Similarly, knowledge spillover has also been seen as another factor that has much effect between turnover and productivity in organizations (Cooper, 2001).

1.1 Statement of the Problem

High labour turnover in the banking industry over some decade has been a serious challenge and a major disturbing issue to the board and management of most of the banks. Most times as one glance at the newspapers, most especially the Business Times News Paper, it is usually appointment and promotion that will flash to one's view. In any organization, employee labour turnover both direct and indirect is an expensive development.

Voluntarily, some workers or employees leave the banking sector because of obvious reasons. Personal research and investigation made by some bankers shows that most bankers leave the job because of high expectations from the management of the banks. For example, employees in banks are usually given very high target to meet every month. For that reason, most of the women that work in the banking sector usually go out of their way to do certain things which ordinarily they would not want to do just to meet up with the expected target. In most cases, any employee that feels he or she cannot go extra mile to meet up with such conditions voluntarily or ordinarily will quit the job.

Furthermore, some labour turnover that occurs in the banks is as a result of problems most staff faces. These usually affect the teller that is those that receive and counts money at the bank. There is a saying that all that glitters is not goal. The bankers, though they usually look good and dress well, they also have their own challenges pertaining to the demands of the job that border them as much as the work is concerned. Most times, before the end of the month, some bankers due to wrong calculation and or miscalculation end up paying missing money from their pocket to the bank.

Similarly, labour turnover in the banking sector occurs when workers are not appropriately compensated. Employees in the banking sectors are supposed to be compensated once they meet their target. These compensations usually come in the form of promotion or monetary increase or incentives to the salary of the worker. When workers or employees in the banking sector feel deprived of their incentives usually they will quit the job.

Preliminary inquiry and investigation also revealed that the stressful condition in which the employees in the banking sector go through is another major factor that leads to labour turnover in the sector. In the bank, the workers do not have any time for themselves and even for their families. The banking work is so time consuming and stressful. In certain situation, employees in the banking sector also go to work during the weekend just to make sure they go to balance any outstanding.

1.2 Aims and Objectives of the Study

The aim of this study is to examine the effect of labour turnover on organizations' productivity of selected Banks in Delta State, Nigeria.

1.2.1 The specific objectives are as follows:

1. to investigate the existence of labour turnover in the selected banks in Delta State, Nigeria.
2. to identify the causes of labour turnover in the selected banks in Delta State, Nigeria.
3. to determine the extent to which labour turnover effect organizations' productivity in the selected banks in Delta State, Nigeria

1.3 RESEARCH QUESTIONS

The following research questions were used for this work:

• Is there existence of labour turnover in the selected banks in Delta State, Nigeria?

• What are the causes of labour turnover in the selected banks in Delta State, Nigeria?

• To what extent do labour turnover effect organizations' productivity in the selected banks in Delta State, Nigeria?

1.4 Significance of the Study

The study made important contributions in the following areas:

(i) Theoretical Significance
(ii) Practical/Policy Significance

1.4.1 Theoretical Significance

This work contributes to literatures that already exist on topics related to labour turnover and organizations' productivity. Previously, several studies have been done on Labour Turnover and Organizational Productivity in organizations. But none has actual focus on the banking sector. Most of the works on labour turnover looked at it generally. But none has actually focused on the banking sector and how it affects productivity in the selected banks in Delta State, Nigeria.

This work, have therefore filled this gap and broaden the knowledge on the Labour Turnover in selected banks in Delta State, Nigeria.

1.4.2 Practical/ Policy Significance

The outcome of this work shall be of great benefit to different groups such as, policy makers that are in charge for employment/recruitment in work organizations. Such groups include but not limited to the following Managing Directors, Labour Unions, Employment Agencies, Personnel Managers, Human Resource Managers and Owners/Directors of Organization etc.

1.5 Scope of the Study

The work focused on labour turnover and organizations' productivity in banking sectors in Delta State, Nigeria. Out of the multitude of banks in Delta State, Nigeria, five (5) selected banks were chosen. The five selected banks are First Bank Nigeria Limited, Zenith Bank Plc, Eco Bank Plc, Union Bank Plc. and Fidelity Bank Plc.

2. THEORETICAL FRAMEWORK

The theory adopted for this work was examined in this section.

Basically, there are two major theories on how employee turnover affects the production or productivity of any organization. One of these theories is the Firm Specific Human Capital (FSHC) Theory. This theory was propounded by (Becker, 1975). Its assumption is that if an organization need to bear the cost of training, their incentives to provide staff training will be lowered by high quitting 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). Therefore, organizations' productivity falls as turnover increases. Even when Firm Specific Human Capital is formed through learning, its' accumulations remain positively related to employees' tenure. As a result, a higher turnover rate will still lead to lower productivity (Sheehan, 1993).

Accordingly, recent theoretical studies indicate that employee labour turnover is important to individuals as well as to the welfare of the nation. To add to the direct loss of human capital embodied in the leavers, there are other negative impacts of labour turnover on productivity. To begin with, a certain amount of output will be forgone during the vacations and training period. The administrative resources used in separation, recruitment and training could have been invested in other aspects of the production process (Tseng and Wooden, 2001).

Furthermore, high employee turnover could adversely affect the morale of the organisation. Using a controlled experiment Sheehan (1993) accounts that those who leaves the organization affects the perceptions about those who stays and this therefore negatively affects the productivity of the organization.

The second theory is the Job Matching Theory. This theory was pioneered by Jovanovic (1979a; 1979b) and Burdett (1978). The main assumption of this theory is that organizations will look for employees and job seekers will seek for organizations until they get a good match for each party. Nevertheless, the conditions for an optimal matching may change over time, leading to continuous reallocation of labour (Jovanovic, 1979). For instance, an organization that has upgraded its production technology will substitute skilled for unskilled labour (Ahn, 2001). Notwithstanding organizations that are already established needs 'fresh workers' that will bring new ideas to the organization. Therefore, the Firm Specific Human Capital (FSHC) Theory and its adjoining models adequately fit into this work and were adopted for the study.

3. RESEARCH METHOD

Here the various methods, techniques and processes adopted for the study were examined.

3.1 Research Design

The study made use of survey design. The research is aimed at establishing the effect of labour turnover on an organization's productivity of selected Banks in Delta State, Nigeria. The design is appropriate since the researcher could get the intended result in detail.

3.2 Population of the Study

In Delta State, Nigeria which was the scope of this work, the following banks have different branches in different locations in the state. First Bank Nigeria Plc has twenty 25 (25), Zenith Bank Plc., has fifteen (15) branches, Eco bank has thirty seven (37) branches, United Bank for Africa has twenty two (22) branches and Fidelity Bank Plc has five (5) branches. In all the research for convenient studied and distributed questionnaires to one branch of each of the banks located at Ughelli, Delta State, Nigeria. So each of the branches represented the whole selected banks studied. Using purposive sampling technique, interview and questionnaire, the total number of respondents and questionnaires filled were 327. To the sample size is 327

3.3 Sampling Procedure

The study made use of Purposive, Simple Random sampling and Convenience sampling techniques. First, the staffs of the selected banks that were on duty were included purposefully. Moreover, the recent name list of employee taken from the selected banks used as a sampling frame for the study were also included in the study.

3.4 Source of data

The work made use of primary and secondary sources of data collection. The primary Data includes information got directly from the respondents either by one on one interview, questionnaires, etc. While the secondary data involved data that are already in existence. Examples of such data were got from literatures, e-library, bookshops, text books, internets etc.

3.5 Method of Data Analysis

The study used both qualitative and quantitative research techniques to analyze the data. Quantitative data analysis carried out using graphs, tables', frequency distribution, and percentages, descriptive methods to determine the effect of turnover on organizations' productivity.

4. PRESENTATION OF DATA AND ANALYSIS

Data collected from the field was presented and analyzed in this section.

4.1 Demographic Data of Respondents

Table 1
Age Distribution of Respondents

Sex	Frequency	Percentage
Male	186	57
Female	141	43
Total	327	100

Source: Fieldwork, 2025

From the Table 1 186 respondents representing 57% are males while 141 respondents representing 43% are females. This shows that the majority of the respondents who took part in this study are male.

Table 2
Distribution of Respondents by Bank Name

Name of Bank	Frequency	Percentage
FBN	65	16
Zenith Bank	70	18
Eco Bank	48	12
Union Bank	66	17
Fidelity Bank	78	20
Total	327	100

Source: Fieldwork, 2021

Table 2 shows that 65 respondents or 16% are from First Bank, 70 respondents or 18% are from Zenith Bank while 48 respondents or 12% is from Ecobank, while 66 respondent or 17% were from Union Bank, 78 respondents or 20% were from Fidelity Bank while 69 or 17% of the questionnaires were not retrieved.

Table 3
Qualification of Respondents

Opinion of respondents	Frequency	Percentage
Ond	75	23
HND/B.Sc	155	47
Master	61	19
Ph.D	36	11
Total	327	100

Source: Fieldwork, 2021

Table 3 shows that 75 representing 23% respondents hold OND, 155 (47%) are HND/B.Sc holders 61 or 19% are Masters Degree holders, while 36 (11%) are Ph.D holders.

Table 4
Rank of Respondents

Opinion of respondents	Frequency	Percentage
CEO/MD	158	48
GM	80	24
Departmental Heads	44	14
Senior Officer	45	14
Total	327	100

Source: Fieldwork, 2021

Table 4 shows that 158 respondents representing 48% are CEO/MDs of the various banks, while 80 representing 24% of respondents are General Managers, 44 respondents representing 14% are Heads of Department and 45 respondents 14% are senior staff.

4.2 Analysis of Research Objectives

This part of the work focused on analysis of research questions

Research Question 1

Does high labour turnover affect organizations' productivity?

Table 5
To know if high labor turnover has an effect on organizations' productivity

Opinion of respondents	Frequency	Percentage
Agree	246	75
Disagree	42	13
Neutral	39	12
Total	327	100

Source: Fieldwork, 2021

Table 5 reveals that 246 or 75% respondents agree that high labour turnover affect the productivity of the organizations, whereas 42 or 13% disagree while and 39 or 12% were neutral in their responses.

Research Question 2

Table 6
What are the causes of high labour turnover?

Causes of labour turnover	Frequency	Percentage
Wage reduction	70	21.4
Recession	55	16.8
Organizational conflict	202	61.8
Total	327	100

Source: Fieldwork, 2021

Table 6 shows the response rate of respondents on the causes of frequent labour turnover in the various selected banks studied. Out of the total, 70 respondents representing 21.4% indicate that wage reduction cause labour turnover in the organizations. Whereas, 55 respondents representing 16.8% acclaimed that recession is a major cause of labour turnover and the final group which was the majority of 202 respondents representing 61.8% ascertained that organizational conflict causes labour turnover in the organizations. With the various reports or responses to this question, it is obvious that organizational conflict is a major cause of labour turnover in the various selected banks studied. This also indicates that any organization where there is a serious conflict, labour turnover is also bound to prevail.

Research Question 3

Table 7
What are the effects of labour turnover on organizations' productivity?

Causes of labour turnover	Frequency	Percentage
Low productivity	190	58.10
Reduction in man power	60	18.34
Recession	77	23.54
Total	327	100

Source: Fieldwork, 2021

The Table 7 shows that 190 respondents representing 58.10% claimed that high labour turnover leads to low productivity in the selected banks. While 60 respondents representing 18.34% agreed that a reduction in manpower in organization affect productivity in the selected banks studied. While 77 respondents representing 23.54% were of the opinion that recession causes labour turnover and this in turn affects organizations' productivity. The responses provided by the respondents indicate that labour turnover is the major cause of low productivity in the selected banks.

5. DISCUSSION OF FINDINGS

The findings of this study show that high labour turnover affects organizational productivity in the selected banks studied. It also revealed that a reduction in the wages or salaries of workers is also a major cause of labour turnover in the selected banks and this also affects productivity in the selected banks studied. Similarly, the majority of the respondents also ascertained that organizational conflict causes labour turnover in the selected banks. With the various reports or responses from the respondents, it is obvious that organizational conflict is a major cause of labour turnover in various organizations most especially in the selected banks studied. This also indicates that any organization where there is a serious conflict, labour turnover is also bound to prevail.

6. SUMMARY

The aim of this study is to examine the effect of labour turnover on the organizations' productivity of the selected Banks in Delta State, Nigeria. The research questions upon which field data were based include; If there is existence of labour turnover in the selected banks in Delta State, Nigeria? What are the causes of labour turnover in the selected banks in Delta Nigeria? To what extent does labour turnover effect organizations' productivity in the selected banks in Delta State, Nigeria etc? This work adopted the Firm Specific Human Capital (FSHC) Theory of Becker (1975) and the Job Matching Theory of (Jovanovic and Burdett, 1978).

The study made use of survey design. The data collated were presented using the simple percentage and the tabular form. The findings of the study include:

1. High labour turnover affects organizations' productivity in the selected banks studied. 2. Revealed that reduction in the wages or salaries of workers are a major cause of labour turnover in the selected banks and this also affects productivity in the selected banks studied. 3. Organizations' conflict causes labour turnover in the selected banks.

CONCLUSION

In the light of the above findings, the researcher concludes as follows; that high labour turnover has a negative and adverse effect on organizations' productivity, especially as it relates to the banks studied, that high labour turnover reduces productivity of an organization.

That based on the above implications that banks and other organizations should endeavour to eliminate factors that leads to high labour turnover. Therefore the questions which guided this study have been proven from various viewpoints.

RECOMMENDATIONS

Subsequent to the findings and conclusions drawn, the following recommendations were made:

• The bank should have an appropriate counseling unit to investigate and interrogate staff on issues relating to staff welfare to avoid constant labour turnover by staff

• Owners and management of banks and the selected banks studied should give room for their staff to go on vacation once in a while. Since there is a popular saying that all work and no play makes Jack a dull boy.

• Management and owners of the selected banks should compensate adequately in terms of promotion and other incentives to avoid labour turnover.

• The selected banks studied must avoid any situation where a staff is retrenched from duty without proper investigation.

• That the selected banks should create opportunity for staff to air their grievances pertaining to the working conditions of the bank.

• Human Resource Managers in the following banks and other organizations should regularly have one on one discussion with staff to know their opinion on the running of the banks

• Owners and managers and Management of the selected banks and other banks should reduce the target that usually imposed on the staff.

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