

LABOUR TURNOVER AND PRODUCTIVITY AMONG EMPLOYEES IN SELECTED BREWING FIRMS IN SOUTHWESTERN NIGERIA

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ABSTRACT: *The study identified the causes of labour turnover and its effect on productivity among employees in the brewing industry in Southwestern Nigeria. This was with a view to providing information for management policy makers on maintaining a constant workforce particularly of the skilled and exceptional workers for increased productivity. The method of data collection was questionnaire to elicit information on causes of labour turnover, and the resultant effects on employee's productivity. Data were analysed using appropriate descriptive and inferential statistics such as analysis of variance (ANOVA). The results underscored the significant effect of training and career development, job satisfaction and family ties on labour turnover. The study concluded that there was significant effect of labour turnover on employees' productivity with R square = 0.076, P = 0000 which shows that 7.6% of the variation in employees' productivity in the brewing industry in Southwestern Nigeria was due to labour turnover.*

KEYWORDS: Labour turnover, Productivity, Training and Career Development, Job satisfaction, Family Ties.

INTRODUCTION

In today's competitive business world, it is an essential task to manage labour turnover as it is one of the key factors on which productivity of organisations mostly depend upon. Noticeably, people seek new and challenging jobs, attractive subsidy package, flexible schedule, leave period, freedom and independence, recognition for innovation or new idea, pay which is commensurate with performance and pleasant and safe working environment among other factors capable of keeping them on their jobs. Organisations in turn craved for a high productivity, and fewer labour turnover.

Labour turnover is one of the forms of industrial conflict; it is a hideaway by employees usually from undesirable situations. For instance, when employees are not satisfied with their working conditions, they may start nursing intention to quit which ultimately leads to voluntary withdrawal of their services. Labour turnover may also be involuntary; in which case, an employee appointment might be terminated. Involuntary labour turnover might also occur as a result of death of the employee or any form of incapacitation. Labour turnover is inevitable in any growing or declining organisation (Ologunde, 2005).

Productivity is the measure of an organisation to achieve its target production with means of workforce, authority's strategies, machineries, equipment and assets (Maertz, Campion, 1998). Labour turnover is deeply related to productivity of an organisation and is often a symptom of other difficulties being faced by both the organisation and its workforce. In order to overcome high rate of labour turnover among employees and improve employee retention, a number of

solutions have been suggested by researchers in management field. Ander and Bard (2010) cited in Ibrahim, Usman and Bagudu (2013), proposed the development of processes that will intrinsically motivate employees as a potential solution to the unusual high turnover rates recorded globally. Also, Ryan and Todd (2009) in Ibrahim, Usman and Bagudu (2013) relate job performance with employees' turnover rate. It can be inferred that employees who quit their jobs did so because of poor working conditions which are necessary tools to perform their duties. Poor working conditions due to physical elements might lead to low productivity and overall job dissatisfaction. When overall job dissatisfaction is left unattended to, leaves workers to feel undervalued and the intention to quit is heightened. Other factors which may aid turnover rate could be ineffective leadership, inadequate training, and poor employee communication. The general aim of this study is to assess factors of labour turnover among employees in the brewing industry in Southwestern Nigeria and its effects on the remaining employees' productivity.

Statement of the Problem

Labour turnover affects both workers and firms (Martin, 2003). Firms' operators do not concentrate on labour turnover which is a vital issue in management literature because of little awareness. They have little idea about how detrimental the effect of labour turnover is on the overall productivity of their organisations. They have in mind that employees can easily be come by. Furthermore, employers of labour do not really see employee as one of the most costly and seemingly difficult human resource challenges affecting their organisations adversely. Management literature reveals that labour turnover has become a perennial problem for companies; a development that often led to the expenditure of huge resources on recruitment and training of newly recruited employees. Small labour turnover may cause huge amount of production lost. Such losses could arise when the new worker who replaced the one who left is not efficient as the one who left. Also, factors such as cultural differences between newly recruited employee and existing ones might slow down job performance as well as co-workers having to spend time from their tasks to help the new worker after the replacement. Given the place of the employees in the successful operation of the organisations in this study, it is imperative for the operators of firms to manage labour turnover inventively, hence this study.

Objectives of the Study

The specific objectives of the study were to:

- a. identify the causes of labour turnover among employees in the brewing industry in southwestern Nigeria;
- b. examine the effects of labour turnover on employee's productivity in the industry.

Research Hypotheses

Ho: There is no significant statistical effect of factors of labour turnover such as job satisfaction, job commitment, training and career development, job security and family ties on the actual rate of labour turnover among employees in brewing industry in Southwestern Nigeria.

Ha: There is significant statistical effect of factors of labour turnover such as job satisfaction, job commitment, training and career development job security and

family ties on the actual rate of labour turnover among employees in brewing industry in Southwestern Nigeria.

Ho: There is no significant statistical effect of labour turnover on employees' productivity in brewing industry in Southwestern Nigeria.

Ha: There is significant statistical effect of labour turnover on employees' productivity in brewing industry in Southwestern Nigeria.

Conceptual Definition of Terms

Labour Turnover

This refers to a situation where a worker quits an organisation in order to take on a new job. Labour turnover in this study was pinned to voluntary resignations resulting from workers seeking better job opportunities, career prospects, job satisfaction and family ties. Labour turnover in this study was not considered as dismissals, redundancies, retirements, maternity leave, death in service and long term sickness because this cannot be controlled by either the employee or the employer.

Productivity

Productivity was considered here as the measure of an organisation targeted production level with the means of workforce, authority's strategies, and equipment as well as other assets. It is an indicator of how much an organisation is creating relative to its inputs.

Job Satisfaction

Job satisfaction was considered in this study as the feelings of unhappiness associated with doing a particular job as expressed by the job holder.

Training and Career Development

This was considered as the on-the-job and off-the-job trainings workers were exposed to in their organisations.

Family Tie

This was seen in this study as the association between the employees and their immediate families which makes them to desire to live and work for their livelihood in towns and cities their wives and children reside.

LITERATURE REVIEW

There have been a number of factors that appear to be consistently linked to labour turnover among workers in both public and private establishments. A number of studies on labour turnover showed that age, tenure, job satisfaction, job content, intentions to remain on the job, and commitment were all negatively related to employees' turnover. The higher the variables, the lower the turnover. Early studies on labour turnover focused on the association between job satisfaction, perceived alternative opportunities and turnover. Later, researchers began to focus on the role of both actual and perceived opportunities in explaining individual turnover

decisions. Afterwards, researchers have indicated that actual opportunities are a superior predictor of individual turnover than perceived opportunities. Griffeth, Hom and Gaertner (2000), confirmed that perceived alternatives reticently predict labour turnover. Nevertheless, while actual alternatives appear to be a better predictor of turnover, there is also well-established evidence of the link between perceived alternative and actual turnover.

The relationship between satisfaction and turnover has been consistently found in many turnover studies. Lum, Kervin, Clark Reid and Sirola, (1998) indicated that overall job satisfaction is negatively linked to turnover but explained little of the variability in turnover. Griffeth and Gaertner (2000) found that overall job satisfaction modestly predicted turnover. Boxall, Macky and Rasmussen (2003) in their investigation found the reason for people leaving their employer was for motivating work in another place. It is widely accepted that the effect of job satisfaction on turnover is less than that of organisational commitment.

In a study by Martin, 2003, he found a complex relationship between turnover and training. He suggested that establishments that enhance the skills of existing workers have lower turnover rates. However, turnover is pronounced when workers are trained to be multi-skilled, which may imply that this type of training enhances the prospects of workers to find work away. Researches on the link between turnover and training has found that off-the-job training is associated with higher turnover presumably because this type of training imparts more general skills (Martin, 2003). Training that is sponsored by the individual worker may trigger job search. In contrast, when employers pay for training costs, there will be reduction in workers' turnover rate. In a study of six local labour markets in Britain, Elias (1994) found that women who received employer-provided and job related training had a lower probability of changing company or be self-employed, but for their male counterparts, training made no significant difference to this type of turnover.

Productivity is an indicator of how much an organisation is creating relative to its inputs. In order to earn high employee's productivity, there is need to develop organisations that are effective and efficient as well as an enabling climate appropriate to the well-being of employees. Our organisations have to be productive if they are to meet the needs of the society. Effective and efficient organisations are essential to our society and to each employee. Without efficient businesses, schools, hospitals and other organisations we would revert to the kind of subsistence living that has characterised vast population of the ancient time.

Human capital theory which was an extension of Adam's Smith explanation of wage differentials by the net advantages or disadvantages between employments; this points to loss of firm specific human and social capital. This negative observation was buttressed by the results of several studies. The study carried out on high-tech start-ups in California by Baron, Hannan and Burton (2001), they reported that turnover was disruptive. Sometimes, employees' turnover benefits firms positively. This might happen when a poor performer is replaced by a more skilled employee and when a retired employee is replaced by a younger one (Phillips, 1990)

METHODOLOGY

Research Design

The study used descriptive design as it established associations between variables affecting labour turnover and productivity. Labour turnover was the independent variable while the dependent variable was employees' productivity. The field was the regular work place. The firms in the study are quoted on the Nigerian Stock Exchange and have appreciable number of employees.

Sample Size and Sampling Technique

Convenience sampling technique was used to select the firms in the study. A sample of three hundred respondents was used for the study. The population which was one thousand and five-hundred consist the following strata of workers: semi-skilled, skilled and management staff. Simple random sampling was used to select respondents from each stratum.

Instruments/Measures

Structured questionnaire was used in eliciting information from the respondents. Likert 5 points rating scale was used in capturing data on factors of labour turnover and employees' productivity. Explanatory variables such as age, sex, educational qualifications, and length of service were used to examine the relationships between these variables and labour turnover. Statistical test was carried out to support observations from cross-tabulations of the elicited information on the dependent and independent variables. In this study, productivity was considered as the measure of an organisation's targeted production level with means of workforce, authority's strategies, machines equipment and other assets. Appropriate descriptive and inferential statistics were used to examine the direct effects of labour turnover on employees' productivity.

RESULTS

Table 1: Demographic Characteristic of Respondents: Age

Age	Frequency(N)	Valid Percentage (%)
19-25	42	14.4
26-32	38	13.1
33-39	87	29.9
40-46	89	30.6
47 and above	35	12.0

Source: Field survey, 2017

Table 2: Demographic Characteristic of Respondents: Length of Service

Length of Service	Frequency(N)	Valid Percentage (%)
3 years or less	88	30.2
More than 3 years but less than 6 years	82	28.2
6 years but less than 9 years	70	24.1
9 years but less than 15 years	34	11.7
12 years but less than 15 years	11	3.8
15 years or more	6	2.1

Source: Field survey, 2017

Table 3: Demographic Characteristic of Respondent: Educational Qualification

Educational Qualification	Frequency(N)	Valid Percentage (%)
West Africa Secondary School Certificate(WASC)	31	10.5
Ordinary National Diploma(OND)	57	19.4
Nigeria Certificate in Education(NCE)	43	14.6
First Degree(B.Sc.)	130	44.2
M.Sc./MA	27	9.5
PhD	3	1.7

Source: Field survey, 2017

Table 4: Distribution of Respondents by factors of Productivity

	Strongly Agree(SA)	Agree (A)	Neutral (N)	Disagree (D)	Strongly Disagree(SD)	Weighted Mean
Spirit of cooperation and team work	92(31.1)	116(39.6)	35(11.9)	36(12.2)	12(4.1)	3.84
Spending time to help co-workers	112(38.3)	138(46.8)	15(5.2)	25(8.6)	1(0.4)	3.77
Satisfaction with workload	82(27.1)	112(40.0)	49(16.6)	36(12.2)	12(4.1)	3.74
Training and career development	113(39)	123(42.4)	31(10.5)	23(7.8)	1(0.3)	4.12

Source: Field survey, 2017

Table 5: Identification of Causes of Labour Turnover

Factors of labour turnover	Strongly Agree(SA) N (%)	Agree (A) N (%)	Neutral (N) N (%)	Disagree (D) N (%)	Strongly Disagree(SD) N (%)	Weighted Mean N (%)
Job satisfaction	71(24.1)	107(37.6)	53(18)	50(16.9)	10(3.4)	3.62
Job Commitment	137(47.8)	127(43.1)	19(6.4)	6(2.0)	2(0.7)	4.35
Training and Career Development	111(39)	125(42.4)	31(10.5)	23(7.8)	1(0.3)	4.12
Job Security	91(31.0)	97(34.0)	23(8.2)	72(24.5)	7(2.4)	3.67
Family Tie	115(39.7)	141(48.5)	11(3.7)	21(7.1)	3(1.02)	4.19

Source: Field survey, 2017

Table 6: Effects of Causes of Labour Turnover on Employees' turnover behaviour

Causes of labour turnover	Sum of square	Degree of freedom	Mean square	F Value	P Value	Measure of effect(Partial Eta square η^2)
Job satisfaction	89.254	4	22.314	6.633	0.00	0.084
Job Commitment	16.772	4	4.193	1.160	0.032	0.016
Training and Career Development	158.07	4	39.702	12.709	0.000	0.149
Job Security	174.655	4	43.664	14.179	0.000	0.164
Family Tie	180.691	4	45.173	14.818	0.000	0.170

Source: Field survey, 2017

Testing Hypotheses**Table 7a: Analysis of variance (ANOVA) on effect of training and career development on labour turnover**

Source	Sum of square	Degree of freedom	Mean square	F Value	Sig.	Measure of effect(Partial Eta square η^2)
Corrected Model	158.807	4	39.702	12.709	.000	.149
Intercept	1854.251	1	1854.251	593.555	.000	.672
Q8	158.807	4	39.702	12.709	.000	.149
Error	905.952	290	3.124			
Total	32516.000	295				
Corrected total	1064.759	294				

1. Ho: There is no significant statistical effect of workers' flow factors on labour turnover among employees in brewing industry in Southwestern Nigeria.

a. R Squared = .149 (Adjusted R Squared = .137)

Source: Field survey, 2017

Table 7b: Analysis of variance (ANOVA) of effect of job security on labour turnover

Source	Sum of square	Degree of freedom	Mean square	F Value	Sig.	Measure of effect(Partial Eta square η^2)
Corrected Model	174.655	4	43.664	14.179	.000	.164
Intercept	11825.201	1	11825.201	3839.879	.000	.930
Q8	174.655	4	43.664	14.179	.000	.164
Error	839.998	290	3.080			
Total	32416.000	295				
Corrected total	1064.653	294				

a. R Squared = .164 (Adjusted R Squared = .152)

Source: Field survey, 2017

Table 7c: Analysis of variance (ANOVA) of effect of job satisfaction on labour turnover

Source	Sum of square	Degree of freedom	Mean square	F Value	Sig.	Measure of effect(Partial Eta square η^2)
Corrected Model	89.254	4	22.314	6.633	.000	.084
Intercept	3132.293	1	3132.293	931.174	.000	.763
Q13	89.254	4	22.314	6.633	.000	.084
Error	975.505	290	.364			
Total	32516.000	295				
Corrected total	1064.759	294				

a. R Squared = .164 (Adjusted R Squared = .071)

Source: Field survey, 2017

Table 7d: Analysis of variance (ANOVA) of effect of family ties on labour turnover

Source	Sum of square	Degree of freedom	Mean square	F Value	Sig.	Measure of effect(Partial Eta square η^2)
Corrected Model	180.691	4	45.178	14.818	.000	.170
Intercept	5505.426	1	55.5.426	1805.939	.000	.862
Q8	1180.691	4	45.173	14.818	.000	.170
Error	884.290	290	3.049			
Total	32516.000	295				
Corrected total	1064.759	294				

a. R Squared = .170 (Adjusted R Squared = .158)

Source: Field survey, 2017

Table 8: Effects of Labour Turnover on Employees' Productivity

Source	Sum of square	Degree of freedom	Mean square	F Value	Sig.	Measure of effect(Partial Eta square η^2)
Corrected Model	477.528	4	11.382	5.930	.000	0.076
Intercept	29843.708	1	29843.708	1482.418	.000	.836
Q13	477.528	4	119.382	5.930	.000	.076
Error	5838.215	290	20.132			
Total	246015.000	295				
Corrected total	6315.742	294				

2. Ho: There is no significant statistical effect of labour turnover on employee's productivity

a. R Squared = .076 (Adjusted R Squared = .063)

Source: Field survey, 2017

DISCUSSION OF RESULTS

In this study, age was found to be negatively related to labour turnover in that 72.5% of the respondents fall between age 33 and above. This shows that the older a worker, the less likely he or she to leave an organisation. This finding is in support of a review article of studies by Mobley (1982) which found that age was negatively related to labour turnover. Also, Griffeth, Hom and Gaetner (2000) found that age have negative relationship with turnover; the higher the variable the lower the employees' turnover.

The respondents who have spent between three years or more in the industry in the present study were found to be 69.8% of the total respondents; this is in agreement with the study of Mangione in Mobley (2000) where length of service was found to be one of the best predictors of labour turnover rate.

This study revealed that employees with a higher qualification affect productivity positively as 55.4% of the respondents hold at least a bachelor degree or a higher qualification. It could therefore be estimated that increasing average education by one year would raise aggregate productivity by at least 5%, with possibly a stronger effect in the long-run.

The weighted means of respondents who indicated that "spirit of cooperation and team work", "spending time to help co-workers who were new", "satisfaction with work load", "Training and career development" were 3.84, 3.77, 3.74, and 4.12 respectively. This study therefore concluded that all of the factors of productivity identified are potent factors which affect employees' productivity in the brewing industry investigated in southwestern Nigeria.

Of all the factors identified as causes of labour turnover, the most potent factor was “job commitment” closely followed by ‘family ties’ while job satisfaction was least potent of the factors identified as causes of labour turnover in the target industry in Southwestern Nigeria (see table 3). This is an indication that employees’ job satisfaction does not necessarily contribute directly to employees’ productivity.

Table 4 shows the effect of causes of labour turnover on employees’ productivity. Of the variations in labour turnover, “overall job satisfaction”, “employee job commitment”, “job training and career development”, “job security”, and “family ties”, accounted for 8.4%, 1.6%, 14.9%, 16.4%, and 17% respectively. The finding in this study corroborates some turnover studies conducted by Griffeth et. al (2000) which confirmed that the causes of turnover include job satisfaction, organisational commitment, comparison of alternatives, job security and training and career development.

The test of hypothesis on effect of labour turnover on employee’s productivity shows there is statistically significant effect on labour turnover on employees’ productivity; as shown in table 8, the study concludes that 7.6% of the variation in employees’ productivity was accounted for by labour turnover. The finding thus confirms the assertion of Lee and Mitchell, 1994 that losing a single key worker can decrease the likelihood of a project’s success and capable of reducing investors’ confidence in the firm. When an employee leaves an organisation, it can have a variety of effects on the organisation as well as the individual employee and the society at large (Mobley, 1982).

Implications for Practice and Theory

Labour turnover may lead to a healthy organisation and it could be detrimental to its successful operation. Too high labour turnover must be avoided by firms’ operators by taking cognizance of the following. Firms should improve on their staffing process. Employers should give employees a realistic job preview before placement to avoid creating unrealistic expectations. For instance, firm managers are expected to invite applicants to expose would-be employees to actual performance of tasks for which they would be employed before committing themselves to employment contracts. Firms should develop their managers’ capacities to improve on their human relations abilities with their subordinates; hence, supervising managers should be made to be responsible for the labour turnover in their teams particularly when it involves their talented team members.

Recommendations for Future Research

This study did not include religion and ethnicity as factors of labour turnover. Hence, further researchers should take note because influence of religion and ethnicity may determine the intent to leave decisions among employees in brewing industry in Southwestern Nigeria. Also, a complete mathematical model to measure labour turnover rate among workers in brewing industry can be done. If the skill of the employee is expressed in terms of weight or in percentage, a mathematical model then could be possible to measure the direct relationships among wage and salary structures, fringe benefits, location advantage, job security, social and economic factors to turnover; this could chart a new course to control labour turnover for managerial concern.

CONCLUSION

From various analysis and interpretation carried out, it is obvious that labour turnover has significant effects on employee's productivity. Labour turnover is a scorching issue for any organisation. For steady productivity, it is essential for an organisation to maintain its skilled and gifted workforce. But most of the times it is a herculean task to control labour turnover within an organisation. This study revealed a range of factors which consistently affect labour turnover among employees in the brewing industry. These include job training and career development, job satisfaction, job commitment, and family ties. Demographic characteristics – age, and tenure are negatively related to labour turnover.

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