
Performance Management and Employee Retention in Commercial Banks in Akwa Ibom State, Nigeria

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ABSTRACT: *In this study, the influence of performance management on employee retention in commercial banks in Akwa Ibom State was studied. The survey research design was considered and adopted in the study. The study had a population of 497. The sample size was 384 as determined through Cochran's sample size determination formula. The sampling method employed in the study was random sampling. The questionnaire was used in data collection. Data obtained in the study were analyzed using simple regression method. It was established that performance management (Beta =0.046, t=4.182, p<0.05) has a significant influence on employee retention in commercial banks in Akwa Ibom State. It was concluded that performance management could account for employee retention in commercial banks in Akwa Ibom State. It was recommended that commercial banks in the state should strengthen their performance management practice as this had the capacity to influence employee retention.*

KEY WORDS: performance management, employee retention, commercial banks, Nigeria

INTRODUCTION

Every organisation depends on human resources in carrying out their operations. The quality of human resources in terms of skills profile, experience, abilities and knowledge is fundamental to its success, competitiveness and growth. Human resources are seen as being the most important variable contributing to organisational success. As observed by Ulahand Yasmin (2013), it is difficult for organisations to survive without its human resource. It therefore, becomes imperative for organisations to have an understanding of its human resources so as to be able to manage them properly and also get the best from them. This would be possible when there is an integration of employees' and organisational goals, a philosophy propagated by Strategic Human Resource Management (SHRM).

SHRM practices are organisational activities used for managing human resources, and making sure that they are effectively deployed to realize the goals of the organisation in question (Tiwari and Saxena, 2012). SHRM bridges business strategy and human resource management. SHRM focuses on the position that there should be a linkage

between the strategy of a firm and the deployment of its manpower. Such strategy covers a number of human resource dimensions such as employee compensation, employee training and development, recruitment and selection, career development, performance management, health and safety, industrial relations among others. In this article, performance management is considered.

Performance Management came into effect to address concerns of organisations on performance (Tiwari and Saxena, 2012). Performance management is viewed as an employee management instrument which focuses on managing employees and their work environment, in such a way that an employee or team could achieve set organisational goal (Esu and Inyang, 2016). It is also viewed as an incorporated process whereby managers work with their employees to set goals, determine and analyze results and reward employees' job actions, in order to improve their performances with the aim of having a positive effect on organisational success (Mondy and Noe, 2013). As a concept, performance management is targeted at enhancing performance, accountability, efficiency, communication, and productivity; and retention among employees.

Employee retention is concerned with ensuring the continued stay of an organisation's employees in the services of a particular organisation, over a given period of time. It is usually calculated by dividing the total number of an organisation's employees on the last day of the period under review by the total number of employees on its first day, and then dividing it by hundred to have its percentage value. Employee retention is extremely necessary in a competitive industry like the banking sector (Esu and Inyang, 2016). This is because over time, some bank employees tend to gain the confidence of their customers, thereby influencing and ensuring their continued patronage.

Statement of the Problem

The issue of employee retention is of serious concern to all organisations. This is because when employees leave their current organisations, investment in them is lost, their skills and talent can no longer be utilized. More so, the organisation concerned can barely benefit from training cost incurred on the departing employees. Ultimately, customers suffer from poor service with resulting poor performance by the organisation. As employees leave their organisations in the banking industry, gaps are created, such organisations are no longer adequately staffed while service delivery suffers. A common response by affected banks has been to embark upon recruitment with a view to filling vacancies. In the process, a lot of resources are expended; costs are incurred in training while the new employees may need some time to fully onboard. Social and behavioural scientists have often argued that performance management could elicit employee retention. This position stimulated the interest to conduct this study on performance and employee retention in Commercial Banks in Akwa Ibom State.

Research Objective

To determine the extent of the influence of Performance Management on employee retention in Commercial Banks in Akwa Ibom State.

Research Hypothesis

H₀ Performance Management has no significant positive influence on employee retention in Commercial Banks in Akwa Ibom State.

Literature/Theoretical Underpinning

Performance Management is a process which focuses on identification, measurement and development of the performances of every employee and teams and alignment of performance with the strategic goals of an organisation (Aguinis and Pierce, 2018). Briscoe and Claus (2013) opined that performance management is the structure through which an organisation sets work goals, determine organisational performance standards, assign responsibilities, evaluate work performance, provide performance feedback, while determining training and development needs and distribute rewards. Aguinis and Pierce (2016) view performance management (PM) as a constant process which involves the identification, measurement, and development of the performance of employees and that of teams and ensuring that performance aligns with the organisation's strategic goals. The fact that employee performance management is an ongoing process shows that there is a synergy with strategic goals. Briscoe and Claus (2013) further viewed performance management as a system through which an organisation sets work goals, determine their performance standards, assign tasks and evaluate work, while providing performance feedback, determining training and development needs and distributing rewards.

The need for high performing employees is necessitated by productivity losses, potential losses of business opportunities, poor customer relationship and losses associated with high turnover rate. Chaminade (2007) explains that retention is a deliberate move by organisations to create an environment that engages employees for a longer period of time. In fact, the vocal purpose of employee retention is to avert competent and quality employees from leaving the organisation, since their departure could have adverse effect on the productivity and profitability of an organisation (Samuel and Chipunza, 2009).

The retention of well-motivated employees is very important to the success and performance of an organisation. According to Moncarz, Zhao and Kay (2009), scholarly researches from the mid 1990s have not only focused on determining the reasons for employee turnover in organisations, but they also further concerned with determining those factors which could positively influence their stay as well as the benefits associated with the retention of valued and quality employees. Thus, the major challenge faced by many organisations today is that of formulating effective employee retention strategies which could enable an organisation to retain those employees that are considered significant to the attainment of organisational goals and objectives (Chiboiwa, Samuel and Chipunza, 2010). While the retention of employees has so many benefits, research has proven that employee turnover is very expensive for any organisation.

The Social Exchange Theory provided the theoretical foundation for this study. The theory was developed by Blau in 1964. This theory was further expanded by Gouldner

(1960) and Homans (1958). The theory suggests that there is an undetermined obligation that exists between two or more parties in a relationship, in which a party in the relationship is expected to do some kind of favour to the other party, and there also exists an expectation of some undetermined future return from the other party. The Social Exchange theory is a theory which explains that there is an unspecified cooperation and collaboration amongst two or more parties which often results in a mutual benefit for all parties involved in a relationship.

This study further shows that both parties in a relationship reach an agreement to do a thing based on a comparison of the cost of doing a thing in relation to the level of reward or benefit provided by that thing. Most researchers have adopted the social exchange theory as the theoretical foundation for employee-employer relations (Bambacas and Kulik, 2013; Moen, Kelly and Hill 2011; Gong, Chang and Cheung 2010). Mohd and Mohmad (2012) in their study found that compensation, job autonomy, job security as well as working conditions had strong and negative link with respondents' intention to leave. Nyakundi (2011) revealed that training, promotion and pay were key HRM practices in maintaining teachers in the country. Marlize and Gilberto (2014) established that for company to stem the tide of employee turnover and retain employees' services, they needed to emphasize more on employee training and development. Mbugua (2015) discovered that a positive relationship was in place between training, recruitment and performance management and employee retention in the Kenya's banking industry.

METHODOLOGY

The survey research design was used in this study. The population of this study was made up of 497 employees of select Commercial Banks in the three senatorial districts of Uyo, Ikot Ekpene and Eket in Akwa Ibom State. The population was considered suitable in view of the fact that the banks studied have their presence in the three senatorial districts of the state and so would offer insights into the studied variables. The banks were selected based on their peculiarities in service delivery. These banks are; Access Bank, First Bank, Zenith Bank, United Bank for Africa (UBA) and First City Monument Bank (FCMB). A sample size of 384 was derived using Cochran's formula for sample size determination. The sampling method considered was simple random while the sampling frame was nominal roll for staff in branches of the banks concerned with a sampling ratio of 54%. The questionnaire instrument used in the study recorded an average Cronbach Alpha value of 0.814. The method of data analysis was regression model :

$$ERT = \beta_0 + \beta PM + \varepsilon$$

Where; ERT, is the dependent variable (Employees retention); PM - Performance Management; β_0 is the intercept ; β - the Beta coefficient; ε = error term.

RESULTS/FINDINGS**Table 1: Demographic Characteristics of Respondents**

Variables	Categories	Frequency	Percentage%
Sex	Male	129	63.46
	Female	75	36.54
Age	Below 30	103	50.49
	30-40	47	23.04
	41-50	39	19.12
	51and above	15	7.35
Education	SSC/WAEC	-	-
	OND/NCE	-	-
	BSc/HND	54	26.47
	Masters	3	1.47
	OTHERS	147	72.06
Length of service experience	Below 1 year	18	8.82
	1-2 Years	49	24.02
	3-4 years	81	39.71
	5 -9 years	47	23.04
	10 years and above	9	4.41

Source: Field Data (2021)

Table 1 is an analysis of the demographic characteristics of respondents that took part in the study. From the table, the gender distribution shows that out of the 204 respondents, 129 of them were male representing 63.46% while 75 people were female representing 36.54%. It also indicates that one hundred and three (103) respondents were between 21 – 30 years representing 50.49%, 47 of the respondents were between the age of 31 – 40 years representing 23.04%, also 39 respondents were between 41 – 50 years representing 19.12% while 15 of the respondents were aged 50 and above representing 7.35%. It can be deduced that none of the respondents was in the range of school certificate nor OND holders. One hundred and forty-seven (147) respondents had HND/BSC representing 72.06% and fifty-four (54) respondents had master degree representing 1.47%. Three (3) of the respondents indicated they had Ph.D. The table also shows the number of respondents that had work experience of less than 1 year as eighteen (18), representing 8.82%. Forty-nine (49) respondents had worked for between 1-4 years, representing 24.02%, while eighty-one (81) of them had worked between 5-9 years of experience representing 39.71%. Forty-seven (47) of the respondents had worked between 10-14 years of experience representing 23.04% and nine (9) of them had worked for at least 15 years and above representing 4.41%.

Table: 2: Percentage Analysis of Performance Management and Employees Retention in Commercial Banks in Akwa Ibom State

Dimension of Performance Management	SA	A	D	SD	UN
Our business is driven by a clear mission carefully explained to employees	44 (21.57%)	109 (53.43%)	23 (11.27%)	21 (10.29%)	7 (3.43%)
Periodic evaluation of achievement is common in our system	29 (14.22%)	124 (60.78%)	26 (12.75%)	29 (14.22%)	9 (4.41%)
Meetings are held periodically to discuss Performance	36 (17.65%)	116 (56.86%)	27 (13.24%)	19 (9.31%)	6 (2.94%)
Feedback is given staff to ascertain how they are contributing to organisational goal achievement	24 (11.76%)	128 (62.75%)	27 (13.24%)	17 (8.33%)	8 (3.92%)
Mean	33	111	26	22	8

Source: Field Data (2021)

Table 2 shows the result of the impact of Performance Management on employees' retention in Commercial Banks in Akwa Ibom State. In the table, 44 respondents representing 21.57% strongly agreed that their business is driven by a clear mission carefully explained to employees; 109 respondents representing 53.43% agreed; 23 respondents representing 11.27% disagreed; 21 respondents representing 10.29% strongly disagreed while 7 respondents representing 3.43% were undecided. When asked if periodic evaluation of evaluation was common in their system, 29 respondents representing 14.22% strongly agreed that Periodic evaluation of achievement is common in their system; 124 respondents representing 60.78% agreed; 26 respondents representing 12.75% disagreed; 29 respondents representing 14.22% strongly disagreed while 9 respondents representing 4.41% were unable to give their opinion on this. Again, respondents were asked if meetings were being held periodically to discuss Performance. On this, 36 respondents representing 17.65% strongly agreed that meetings be being held periodically to discuss Performance; 116 respondents representing 56.86% agreed; 27 respondents representing 13.24% disagreed; 19 respondents representing 9.31% strongly disagreed as 6 respondents representing 2.94% were undecided. On whether feedback was given staff to ascertain how they were contributing to organisational goal achievement, 24 respondents representing 11.76% strongly agreed that feedback was being given staff to ascertain how they were contributing to organisational goal achievement; 128 respondents representing 62.75% agreed; 27 respondents representing 13.24% disagreed; 17 respondents representing 8.33% strongly disagreed as 8 respondents representing 3.92% were undecided. The analysis indicates that majority of the respondents, 144(70.59%) were of the opinion that performance management had an impact on employees retention in Commercial Banks in Akwalbom State.

Test of Hypothesis

H₀: Performance Management has no significant positive influence on employees' retention in Commercial Banks in Akwa Ibom State.

H₁: Performance Management has a significant positive influence on employees' retention in Commercial Banks in Akwa Ibom State.

Table 3: Regression Analysis Result on the influence of Performance Management on employees retention in Commercial Banks in Akwa Ibom State

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.811 ^a	.658	.592	1.36438

Goodness of Fit ^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	197.041	1	158.031	106.124	.000 ^b
	Residual	126.306	202	1.682		
	Total	323.347	203			

Coefficients^a

Model		Unstandardized Coefficients	Std. Error	Standardized Coefficients	t	Sig.
1	(Constant)	2.013	.103		4.329	.000
	Performance Management	.046	.011	.423	4.182	.000

Independent Variable: Performance Management

Dependent Variable: Employee Retention

Source: SPSS Output

Table 3 shows the result of regression analysis on the influence of Performance Management on employees' retention in Commercial Banks in Akwa Ibom State. The model summary showed a R² of 0.592 which implies that 59.2% of employee's retention in Commercial Banks in Akwa Ibom State was influenced by Performance Management. The model also showed a goodness of fit at 95% (p-value <0.05). Thus, performance management showed significant impact at 95%. Based on the result, the null hypothesis that performance management has no significant positive influence on employee's retention in Commercial Banks in Akwa Ibom State was rejected while the alternative is accepted. Hence, training and development influences employees' retention in Commercial Banks in Nigeria.

DISCUSSION AND IMPLICATION TO RESEARCH AND PRACTICE

Results of test of hypothesis in this study indicated that performance management influenced employees retention in Commercial Banks in Akwa Ibom State. This led to the rejection of the hypothesis. Also, the descriptive analyses showed that majority of respondents were of the opinion that performance management would influence employees retention in Commercial Banks in Akwa Ibom State. This gave an indication

that respondents considered that employees retention in Commercial Banks in Akwa Ibom State could be enhanced through appropriate modeling of performance management by the banks. In the descriptive analysis, respondents indicated that their business was being driven by a clear mission carefully explained to employees; that periodic evaluation of achievement is common in their system; meetings are held periodically to discuss performance and that feedback was being given staff to ascertain how they are contributing to organisational goal achievement. Previous studies had indicated similar outcome. These studies were those of Rafique and Mohammad (2016); Murriithi, Ofunya and Kamau (2015); and Guchait and Cho (2010) who found performance management led to turnover intent and turnover. Poister (2013) asserts that performance management is a system that assesses quality and quantity of an employee work and is very crucial in the achievement of various significant outcomes related to Organisational success, including employee commitment, employees' retention and quality employees among others. Thus, results of this analysis evidence the fact that employees in Commercial Banks would be influenced into deciding to stay with their current employer given that performance management is considered and practised.

CONCLUSION AND RECOMMENDATION

Employee turnover is one issue that is not healthy for any organisations, including Commercial Banks. The study sought to examine the effect of performance management on employee retention in Commercial Banks in Akwa Ibom State. In this study, it has been established that performance management was an important consideration of employees and that this variable significantly predicted decisions by employees to remain with their current banks. Therefore, given the fact that banks would want to keep the services of their competent employees, they should look in the direction of performance management. Following the result of this research, it is recommended that commercial banks in the state should strengthen their performance management practice as this had the capacity to influence employee retention. The study only obtained data from employees of five commercial banks and as such the result becomes difficult to generalize. Further study should endeavour to collect data from more banks in order to aid generalization of findings.

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