



## Labour turnover of a government parastatal in Port Harcourt, Nigeria

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### Abstract

This study investigates the problems of labour turnover in a government parastatal in Nigeria. A case study method was adopted and Risonpalm Nigeria Limited, Port Harcourt formed the focus of the study and the method of data collection was primary. The statistical tool used for testing the hypothesis is the Chi-square. In the process, we found that there is a high rate of labour turnover in the company. We found some causative factors like poor welfare, bad training and etc. Taking cognizance of the fact that a high rate of labour turnover is dysfunctional, we made certain recommendations to ameliorate the situation. This ranges from creating avenues for employees to climb the rung of the corporate ladder, provision of adequate welfare facilities, better pay, provision of good training facilities, recognition of hard work, as well as the avoidance of incessant retrenchment. We do not intend to put an end to turnover per say that is dysfunctional; rather these measures are only intended to bring the rate down to a healthy level as to aid organizational effectiveness.

**Keywords:** Labour, labour turnover, labour force, employment, Risonpalm

### INTRODUCTION

Risonpalm Nigeria Limited is a Rivers State government of Nigeria parastatal challenged with the responsibility of growing and harvesting enough palm fruits to meet the country's demand for oil. This could not be realized as a result of high labour turnover. In every situation that involves an entrance, there is also an exit. The organization is not an exception to this truism. People go into and out of the organizations as Commons (1995) points out. The labour contract is not really an enduring commitment of the employee, since he is free to leave his job if he can find a better one, and neither is it such a commitment on the part of the employer. Even the continuation of time causes some employees to grow older, retire, die or become incapacitated. Environmental factors cause a constant ebb and flow in the workforce of many organizations. This is the problem of labour turnover in the organizations, including Nigerian government parastatals. Flippo (1990) defines it as the movement into and out of an organization by the workforce. It therefore follows that both sides: the entry and the exit have to be taken cognizance of when talking about labour turnover. It is also note worthy that it involves the human element in the organizations. Whatever the resources an organization has, it needs man to achieve its objectives. It is therefore imperative that attempts be made as far as possible to create the right condition for a contended body of employees. With today's high cost of labour, companies should not only be aware of the problems but also should seek or identify the causes and attempt to remove or reduce them so that the organization can function in harmony without much human disruption.

One is not recommending a stagnant organization. Some degree of turnover is both inevitable and healthy because they arise from reasons that are socially and economically sound. In a period of recovery in the business cycle, there is

usually an increase in size, thus requiring additional men. Turnover also facilitates the separation of “old hands” and inflow of new blood to avoid making the organization moribund. Having said that, it now becomes clear or apparent that what one sees as unhealthy is not labour turnover percent, but a high rate of it. This study therefore is significant as it will enable management know whether the degree of turnover is normal or too high for efficiency.

## Hypothesis

H01: There is no significant relationship between labour turnover and organizational performance.

## REVIEW OF RELATED LITERATURE

Curran (1988) defines labour turnover as the voluntary termination of a period of employment. From this definition, it could be seen that forced exits are not considered; neither is there any recognition of replacement. Arguing in the same perspective, Chaplin (1988) had suggested that those studying organizational structure might focus more on voluntary separations as a problem for the organization. Also, Bryan (1988) says it refers to the severance of employees from employers. These arguments are considered deficient if we are to tackle the problem of labour turnover in all its ramifications. Entry must be given the same pride of place as exit. If one is to follow a logical sequence, entry actually comes before exit.

Flower et al. (1983) opines that where there is high turnover, certain factors must be responsible. Either the organization is not paying its employees as much as other employees in the area, or there are no promotion prospects or the jobs are not challenging. From the above explanation, several issues come into focus. Firstly, at what point do we consider turnover to be high? This is rather a difficult question to answer. The determination of what is seen as high level of turnover may depend on the custom and practice of the industry or the geopolitical environment under consideration. However, “rule of thumb” is that an organization should not have more than 2%-3% labour turnover in any given year. This however depends on certain variables that are likely to infringe on the activities of the organization (e.g. seasonal jobs, casual jobs, economic, political and climatic conditions). Secondly, it becomes apparent that it is not just a spontaneous occurrence without a cause but a manifestation of some dissatisfactory conditions within the organization. It could also be that certain things outside the organization are luring employees out of the organization.

More explanations; Goldthorpe et al. (1979) suggests three broad causal areas from which stay or quit decisions originate;

- (i) General economic factors (e.g. prevailing levels of employment, alternative job opportunities, and comparative pay),
- (ii) Organizational factors (e.g. overall job satisfaction, size or work unit),
- (iii) Personal or individual factors (e.g. age, length of service). They went further to shed more light by saying that on the economic front, the significant factor is the prevailing level of economic activity. Generally, labour turnover decreases in recession and increases in boom conditions. However, economic factors alone do not provide a complete explanation of the problem. A host of organizational factors have been studied in relation to labour turnover.

## METHODOLOGY

For the purpose of this research, a case study method was adopted. This facilitated a rigorous and in-depth research to come out with more reliable findings. The Risonpalm Nigeria Limited was the focus of study. Periods of three years (2010, 2011, and 2012) were considered. Based on this, we distributed thirty-five (35) copies of questionnaire. However, only thirty-one (31) representing a response rate of approximately 89% were completed and returned. Firstly, we used the Basic Turnover Index:

$$\frac{\text{Number of men leaving in period} \times 100}{\text{Average number employed in period}}$$

In addition to the above method, we made a Cohort Analysis to determine the survival rate of employees for the different years. Though we separately calculated the turnover rate for junior and senior staff with the Basic Index, we lumped all of them (junior and senior staff) together in the Cohort Analysis. What is of importance in the Cohort Analysis was the number of people leaving the company rather than who is leaving. It was just to determine the survival rate of employees. Also, we applied statistical tools such as percentages for the analysis of the questionnaire.

## Analysis and Presentation of Findings

In the data analysis, the use of simple percentage was employed for better understanding. The table below shows an analysis of the questionnaire distributed and the response rates.

**Table 1.** Response Rate

Respondents	Number administered	Number valid	Returned Invalid	Response rate %
Senior	15	12	3	80
Junior	20	18	2	90
Employees	35	30	5	86

**Source:** Survey Data, 2014

Table 1 above shows that a total of thirty five (35) copies of questionnaire were administered, out of which thirty one (31) were returned and out of the thirty one (31), one (1) was not properly completed and therefore was rejected. The valid number, which forms the sample size, is 30 and this represents 86% response rate. For the specific question necessary for the hypothesis, the statistical tool used for testing the hypothesis is the Chi-square and based on their results, it will be accepted or rejected. The degree of freedom (DF) = (R-1) (C-1)

$$= (2-1) (2-1)$$

$$= 1$$

Decision: Since the calculated value of  $X^2$  (7.4) is greater than the critical value (3.84) at 1 df and of .05 level of significance, we therefore accept the alternative hypothesis and reject the null.

## DISCUSSION OF FINDINGS

From the analysis of the data, labour turnover for the junior staff for 2010, 2011, and 2012 using the Basic Turnover Index method were 0.5%, 23.7% and 8.2% respectively. Also, the labour turnover for senior staff for the periods 2010, 2011, and 2012 were 0%, 29.8% and 7.7% respectively.

Nevertheless, we proceeded to the computation of a Cohort Analysis to ascertain the survival rate of employees without discriminating between junior and senior staff. From the analysis, the survival rate of employees for the periods 2010, 2011, and 2012 were 99.6%, 75.2% and 90.2% respectively. From the above analysis, one significant phenomenon that has emerged is that there has been a high rate of labour turnover in the junior staff category of the Risonpalm Nigeria Limited. The rate of turnover has also been fairly high in the senior staff category. It is only in the first year (2010) that there was remarkable stability in both categories.

The first issue we considered was the place of residence. From our analysis, it was found that out of the 30 persons that responded, only nine (9) persons, representing 30% live close to their place of work. On the other hand, twenty one (21) persons representing 70% do not live close to the place of work, and when we tried to find out how the relationship between their residence and place of work affects them, fifteen (15) persons, representing 71.4% said it does. On the issue of married ones living in the same place with their families, all but one of them live with their families and the issue of moving away to join their families elsewhere does not arise. We therefore do not see this as a causative factor. The second area that we looked at was supervision. From the analysis, we discovered that twenty eight (28) persons, representing 93.3% of those that completed the questionnaire enjoy a good relationship with their supervisors. Also, asked if they are satisfied with the method of supervision, we found that twenty three (23) persons do not enjoy good relationships with their supervisors and are dissatisfied with the method of supervision that are relatively small.

The third variable considered was wage and salary. From the analysis, ten (10) persons out of the thirty (30) that completed the questionnaire do not compare their salary with that of others. But twenty (20) persons, representing 66.7% do. It was also discovered that six (6) persons out of the thirty (30) that responded considered their remuneration adequate. However, twenty four (24) persons, representing 80% think they are not adequately remunerated. Nineteen (19) persons, out of the thirty (30) persons who responded, representing 36.7% also said that remuneration is not prompt and regular.

The fourth variable that we considered was promotion. A total of thirty (30) employees responded. But of this, twenty (20) persons or 66.7% said they have been promoted before. However, ten (10) persons or 33.3% said they have never been promoted. The fifth variable that was considered was job security in the company. Thirteen (13) persons out of the thirty (30) respondents agree that there is. However, seventeen (17) persons or 56.7% said there is no job security in the company. We moved from there to consider the economic variable. When we asked if the current state of the economy as regards employment affects their decision to stay, eight (8) persons out of the thirty (30) respondents said it

does not. However, the economy affects the decision of twenty two (22) persons or 73.3% of them to stay.

The next area that was considered was medical facilities. Only one (1) person, out of the thirty (30) persons that completed the questionnaire said he does not enjoy the medical facilities. In the area of insurance and welfare, a greater proportion of the employees are insured; even the ones that are not, do not just seem to worry about it. In the area of welfare, they mentioned several of them that they enjoy. However, they still consider them inadequate and needed improvements. Twenty five (25) persons or 83.3% of the thirty (30) that completed the questionnaire consider the welfare facilities inadequate and would prefer a company with better welfare facilities. The next variable considered was training. Six (6) people out of the thirty (30) that responded are of the opinion that the company has good training facilities and that training is made available at the company's expense. However, twenty four (24) persons or 80% said there are no good training facilities. The next and the final one was a general question, which required respondents to mention some other factors that can make them quit the job. They mentioned inter-alia, non-implementation of policies, threats from management, and non-recognition of hard-work. These are worth noting, as they will also help in finding a solution to the unhealthy level of turnover at the Risonpalm Nigeria Limited.

## CONCLUSION

From the findings above, it is pertinent to conclude that place of residence is an issue. It is worthy of note that some of those who said living far away from their place of work does not affect them would also prefer to live close to the place of work. The part that could be played by remuneration in the decision to stay or quit cannot be over-emphasized. There is little question about the relationship between pay and turnover. Employees at the Risonpalm Nigeria Limited see their pay as inadequate as well as not being regular and prompt. We do not know the parameter used in Risonpalm Nigeria Limited for promotion. But for a worker to put in a number of years without promotion would definitely not argue well for production and stability if opportunities exist elsewhere. From the high percentage of those whose colleagues have been retrenched before, it could be inferred that the level of job security may not be adequate. This could also be seen as a contributor to the alarming rate of turnover in the company. Finally, the importance of training cannot be over-emphasized. It develops the knowledge and skill pattern of the employees, which goes a long way to enhance effectiveness. It is also worthy of note that all the twenty four (24) persons would have preferred a company with better training facilities. Those who see training as a means of moving up the "corporate ladder" would definitely feel bad about this inadequacy.

## RECOMMENDATIONS

In the place of the study, apart from the year 2004 in which we recorded a 0.5% and 0% turnover rate for the junior and senior staff categories respectively, the rate of turnover for the other years are astronomical – ranging from 7.7% to 29%. This is a clear deviation from the rule of thumb. We therefore make the following recommendations to the management to correct this dangerous trend.

(1) People go to work among other reasons to advance on the job. Stagnation in the place of work would lead to high turnover. Hence management should try as much as possible to create avenues for employees to advance on their job. And where such avenues exist, they should be made visible to the employees.

(2) Welfare facilities are seen as inadequate by most of the employees. Management should take steps to improve in this area. We strongly recommend the provision of a staff bus to take workers to and from work. This is because most of them stay far away from the place of work and are affected by this.

(3) Management should seek other sources of revenues to cushion the liquidity position of the company rather than resorting to retrenchment. It has a negative effect on existing workers.

(4) Good training facilities should be provided.

(5) There should be recognition of hard work. Having made all these recommendations, we do not say we have provided an "elixir" to all the problems associated with turnover in the organization. We do not intend to make the organization stagnant. However, this will go a long way to bring the level of turnover to a desirable and healthy level for Risonpalm Nigeria Limited.

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