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MULTIVARIATE ANALYSIS OF ORGANISATION'S INTERNAL ENVIRONMENT DRIVERS ON EMPLOYEES TURNOVER INTENTION IN SMALL AND MEDIUM SCALE ENTERPRISES IN CROSS RIVER STATE, NIGERIA



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#### **ABSTRACT**

**Purpose:** The study examined the effect of firm's internal environment drivers: managerial style; employee motivation; job security; organisational culture; organisational climate; remuneration/compensation on employees' turnover intention in Small and Medium Scale Enterprises Cross River State, Nigeria.

**Methodology:** The study adopted the cross sectional survey research design, while the two-stage sampling procedure involving simple random and judgmental sampling techniques was used in selecting the element. The Ordinary Least Square regression statistical technique was utilised in the test of research hypotheses.

**Results:** The study established that the firm's internal environment drivers, all have an inverse significant influence on employee turnover intention in SMEs.

Policy Recommendations: The study recommended that managers should espouse managerial styles that promote work freedom, autonomy, delegation and builds group team spirit in order to foster work harmony and employee commitment. Employment hires should be governed by formal contracts mutually agreed upon between the employer and employee. Management should provide incentives and opportunity where highly goal oriented employees could be co-opted as co-owner of the firm over the years and have the privilege/right to the share in the end of year contract bonus or profit, as this would build a strong sense of employee's commitment and job security.

**Keywords**: managerial style; employee turnover; job security; organisational culture; organisational climate



#### INTRODUCTION

This study adapts an excerpt of Effiong, Usoro and Ekpenyong (2017) research study position on "the impact of labour turnover on SMEs performance in Cross River State, Nigeria". According to Effiong et. al: "Managing the human capital of the organisation is the most important and probably the most difficult task for managers (Armstrong, 2009). This is a truism due to the dynamic and complex varying individual behaviours and attitudes as expressed at the workplace. The human resources of most organisations are the most difficult to obtain, the most expensive to maintain and the hardest to retain (Grant & Smith, 1977). Thus, from the above premises, it could be argued therefore that a firm's ability to retain its efficient and goal oriented workforce is strategic to the firm's success. Employee turnover describes the rate of hires and attritions of workers in a business organisation. Put simply, it reflects the inflow and outflow of employees in the organisation. Turnover of employees can be appraised for the individual firms or for the industry in whole. Thus, where an organisation experiences high labour turnover rate compared to its competitors, it portrays that workers in the firm have a shorter tenure than those of its competitors' firms operating in the same industrial sector. High rate turnover of skillful employees could present a risk for a firm as a result of human capital training, development, knowledge and skills lost. More so, competitors within the same industry could hire these goaloriented skillful employees.

Employee turnover rates proffer a valued gimmick of benchmarking the appropriateness and cogency of human resource policies as well as practices in an organisation (Armstrong, 2009). Thus, where staff turnover is substantially higher compared to other organisations in the same industry, this should instigate managerial action for investigation why this occurred and remedial strategies and policies taken to address it. Nevertheless, in most organisations, some level of employee's turnover is inevitable, healthy, and even important for the firms, as it helps bring in new ideas, skills and enthusiasm to an organisation's workforce. However too much of it could severely reduce productivity, demoralize incumbents, damage a firm' public image and sometimes disorientate its customers. While on the other hand, too little mobility may stultify employee's ambitions and results in a moribund organisation (Tamunomiebi, 2003).

Small and Medium Scale Enterprises are fundamental and crucial to economic stability, development and growth of a nation as they form the bedrock of any economy in pursuit of self-reliance and sufficiency. They are recognised as key catalyst for private sector development (Ndiulor, 1992; Okongwu, 2001). Hence, the strength of the Nigerian economy is built greatly on the development, growth and strength of her SMEs (Etuk, 1984). The economic significances of SMEs in employment generation, national up growth, breeding of indigenous managerial deftness and competence, entrepreneurial ingenious and technological innovativeness is therefore unarguable. In advance and developing economies, SMEs are overwhelming in numbers in comparison to the large businesses. In Nigeria, the World Bank SME Unit (2001) posit that eighty seven per cent of her going concerns are SMEs, contributing about 62.1 per cent to the economy's Gross National Product (GNP) and generate fifty eight per cent of all employment at the national level. Ariyo (2005) Federal office of statistics, (2001 cited in Muritala, Awolaja &



Bako, 2012) and Ihua, (2009) also buttressed this position that in Nigeria, about 97 per cent of her operating businesses are SMEs, employing almost 50 per cent of the country's workforce and contributes about 50 per cent to the economy's industrial market output. Aina (2007) also argued that SMEs accounts for almost 10 per cent and 70 per cent of the Nigeria's industrial market output and employments.

It is on this background that the study carried out a multivariate analysis of organisational internal environment drivers on employees' turnover intention in Small and Medium Scale Enterprises in Cross River State, Nigeria. This of course would enable management of these businesses to comprehend the forces influencing employees' turnover intention by providing an insight into employees' retention challenges, so as to articulate proactive human resources management strategies and practices to curb the problem of unstable employment regime in SMEs.

#### Statement of the problem

According to Effiong et. al (2017): "SMEs are crucial to economic stability, growth and development of a nation in promoting private sector development. In Nigeria, particularly Cross River State, though SME have played a role in advancing the economy, however, they have not been able to contribute fully to the economy as in other countries due to their poor performance. Their dismal performance has been linked to labour turnover among others (Tamunomiebi, 2003; Ebigie & Umoren, 2003). Tamunomiebi, (2003), and Ebigie and Umoren, (2003) also posited that SMEs frequently encounter the problem of inability to retain or maintain their efficient workforce on a long term basis."

"The study's problem therefore is to establish if the internal environment drivers of the firm - management style; employee motivation; job security; organisational culture; organisational climate; remuneration/compensation could be associated with employees' turnover intention in SMEs in Cross River State? This becomes an imperative issue for research as the factors responsible for the currently unsatisfactory performance of SMEs in Nigeria and Cross River State in particular may go well beyond the much perceived and well-advertised lack of finance, inadequate business infrastructure and lack of access to markets among others. This study is necessary because understanding employees' turnover intention in SMEs in Nigeria and Cross River State in particular is crucial to providing solutions to the problem of unstable employment regime. In addition, it will also enhance the development of long term human resource management plans and strategies for SMEs (Effiong et. al., 2017).

#### Objectives of the study and research hypothesis

- 1. To establish the effect of firms' internal environment drivers management style; employee motivation; job security; organisational culture; organisational climate; and remuneration/compensation on employees' turnover intention in SMEs in Cross River State.
- H<sub>o</sub>1. There is no significant relationship between firms' internal environment drivers and employee turnover intention in SMEs in Cross River State.



#### LITERATURE REVIEW

# The concept of employees' turnover intention

Employees remain the core issue in labour turnover or retention, and their actions and behaviour produce multiplier effects that have some influence on the firms' performance. Management gets things done through people in order to attain organisation's set goals and objectives. However, the role human resources play in organizational outcome depends, to a large extent, on how The management of human resources is expected to play a key role in people are managed. helping firms gain competitive advantages (Noe, Hollenbeck, Gerhart & Wright, 1994). People differ in their work behaviour. These work environment behaviour differences between and within individuals are often produced by physiological, psychological, economical, and siocultural factors - physical differences, mental capabilities, life experiences, culture, perceptions of a situation, age, sex, level of education, skills, abilities, traits, health and energy level, family responsibilities, present standard of living, other available income, financial status, years with employer, years on job and lastly level of job in organisational hierarchy etc. It follows therefore that individuals from different backgrounds are likely to react differently to management policies and practices. Thus, such organizational variables as managerial style, motivation, job security, organisational culture and climate, remuneration/compensation etc., impact on workers' behaviour, and labour turnover rates in small businesses have often been linked to these variables among others (Ebigie & Umoren, 2003, Mobley, 1982, Shaw, 1980). Studies have shown that good human resource management practices contribute to improving performance through reduced turnover rate; improved productivity; better return on asset and return on equity; and enhanced profit margin (Delery & Doty, 1996; Huselid, 1995; Kalleberg & Moody, 1994; MacDuffie, 1995; Youndt, Shell, Dean & Lepak, 1996).

#### The concept of Management styles

Management styles are an integral part of a leader characteristics, approaches and procedures of decisions making and his interrelationship with subordinates. A manager is a person that is mandated to lead a business entity and is saddled with the responsibility of accomplishing an organisational set goals, objectives and mission statement. He achieves this fit through strategic management planning, organising, leading, coordinating, communicating, directing and controlling the activities/operations of the entire organisation utilizing adequate decisions and means efficiently and effectively. The manager's position/job entails some typical managerial activities which require special skills and features that make it distinct from other jobs. Thus, managerial rationality in task achievement relies heavily on the elements of economic principles, logical order, quantitative techniques, psychological reasoning, decision theories and management information system etc. (Morris & Pavett, 1992). All these elements are executed by individual managers depending on their individual personality traits and physical qualities: behaviour, skills and knowledge, aptitude, temperament, attitude, flexibility and motivation. Against this background of these assertions about elements, it has been observed that the personal traits of most managers often reflect on the managerial style he or she often adopts. Thus, a manager's behaviour mostly influences his management style and indeed it is a strong indicator/predictor of a manager's actions, approach/interrelationship with his subordinate.



# The concept of Job security

Job security is an assurance and probability of employee job continuity in the organisation (Uchitelle & Leonhardt, 2006). It is the warranty the employee holds that his gainful employment would continue throughout his work life. Employment with high job security level is an affirmation of a very low chance of a worker been unemployed. Hence, terms of employment contract, collective bargaining/agreement and labour legislations that forefend arbitrary terminations and layoffs usually give rise to job security. The condition of political and economic affairs in a State also affects job security. Davy, Kinicki and Scheck (1997) and Orpen (1993), posited that job security correlates with the State economy, existing conditions of business, and the employees level of professional skills. Notably, it has been observed that workers enjoy higher level of job security in during economic expansion period than recession times. Also to mention is that laws (like 1964 Civil Rights Act) bolster employee's job security as it make it illegal for employers to fire an employees for certain or no reasons.

Typically, public sector jobs (civil service) in various ministries like healthcare, education and law enforcement etc., are considered to have higher job security compare to private sector jobs which is conceived to offer lower job security and this ofcourse usually varies from one industry, location, occupation to other (De Witte, 1999). This view of course may not be far from people's perception of the ownership structure and the application of due process in dealing with staff recruitment and disciplinary measures. Individual's characteristics like work industry and location, job functional area, level of education, work experience, age etc., are no doubt key determinants of an employee's services need, as this definitely impacts on the worker's job security. Imperatively employee's job security significantly depends on the acquisition of the requisite skills and experience that are of high demand by employers; this ofcourse is also dependent on the prevailing business environment and the economy's state of affairs. High profile employees who possess the job's requisite professional qualifications, skills and experience, usually enjoy substantial job security since their services are of higher demand by firms. (Uchitelle & Leonhardt, 2006).

# The concept of organisational culture

Organisational culture evolved as predominate management theory studies' theme amid the preceding decade (Pettigrew, 1979). It implies people behaviors that are integral part of an organisational setting and defines the connotations humans attach to their actions. It is an expression and symbolization of the organisation's visions, values, beliefs, norms and ethics, working language, systems and habits. It defines the collective behaviours pattern and assumptions inculcated into fresh organisational associates as to how they should perceive, think and feel in the firm, as this explains and affects the way individuals, groups or working teams collaborate, cooperate, relate and interact with one another, clients, and stakeholders, (Schneider, 1990; Wikipedia, 2013).

Ravasi and Schultz (2006) also posited that "organisational culture is a set of shared mental assumptions that guide interpretation and action in organisations by defining appropriate behavior for various situations". There is no universal organisational culture, since it varies from one organisation to another. Firms have differing culture and subcultures (Deal & Kennedy, 2000; Kotter & Heskett, 1992). Culture can be maneuvered and revised contingent upon the



firm's leadership and cohorts. Organisations are predominately influenced by their managers' and associates' attitudes and values they bring into the work environment (Bandura, 1986). An organisation's distinctive personality is shaped by its top executive's charisma. Hence, organisations managed by an autocratic and tyrannical executive team usually create an organisational culture of fear (Ivancevich, Konopaske, & Matteson, 2013). In big business establishments, differing executive/management team's characteristics co-existing in the organisation produces diverse and most times conflicting cultures.

An organisation cultural value cogently varies among firms. It is these variations that sometimes significantly affect and account for the attrition of newly recruited employees' rate of voluntarily termination of their employment (Deal & Kennedy, 2000; Kotter & Heskett, 1992). The correlationship that exists between a worker's job performance and his retention varies with each organisation's cultural values (Kerr & Slocum, 1987; Schneider, 1990) (Deal & Kennedy, 2000; Kotter & Heskett, 1992). (Ivancevich, Konopaske, & Matteson, 2013) (Bandura, 1986) (Deal & Kennedy, 2000; Kotter & Heskett, 1992). Ravasi and Schultz, (2006). The human resource policies, practices, strategies, recruitments and placements, development procedures, promotions and rewards system are indeed strongly influence by an organisation's cultural value (Kerr & Slocum, 1987; Kopelman, Brief & Guzzo, 1990; Schneider, 1990).

#### The concept of organisational climate

The premier reference of organisational climate dates back to a research conducted by Lewin, Lippitt and White (1939). The subsequent first synoptic elucidation of organisational climate was postulated by Argyris (1958) whom in a bank study examined group dynamics. Thereafter, McGregor (1960) then refined the concept to specifically refer to the viewpoint of managerial climate. He was among the first author who associated organisational climate to managerial leadership style (Longe, 2012).

Nair, (2006) asserted that today's business organisations encounter frequent business challenges than before. These predicaments are not industry or organisation base specific and are regardless of ownership structure or business size. Brown and Leigh (1996) emphasized that organisational climate has presently become a vital ingredient of a firm's success, as it is a motivational tonic that ignites and inspires workers to exert more effort to higher performance.

Organisational climate construct provides a managerial telescope to comprehending the dynamic and complex human behaviour expressed in the workplace (Allen, 2003; Al-Shammari, 1992; Ashforth, 1985; Glission & James, 2002; Tustin, 1993; Woodman & King, 1978). Empirical studies published for the past 50 has been compelling over the effect, significant and role of organisational climate on firms' performance (Campbell, Dunnette, Lawler & Weick, 1970; Forehand & Gilmer, 1974; Glick, 1985; Hellriegel & Slocum, 1974; James & Jones, 1974; Joyce & Slocum, 1979; Litwin & Stringer, 1968; Naylor, Pritchard & Ilgen, 1980; Payne & Pugh, 1976; Schneider & Reichers, 1983; Tagiuri & Litwin, 1968; Woodman & King, 1978).



# The concept of remuneration/compensation

Remuneration is used to describe the financial arrangement between employers and workers. It is the compensation that a worker is paid in exchange for job done or services rendered (Armstrong, 2009; Hartzell, 2006; Inyang & Akpama, 2005; Nwachukwu, 2000). Typically, this connotes monetary reward: wage or salary. Wages are money paid to daily, hourly-rated or casual workers, while salary is a fixed compensation or money paid to an employee at regular intervals, say yearly, quarterly, monthly or even weekly (Inyang & Akpama, 2005, Nwachukwu, 2000). Wages and salaries have seniority base elements. Salaries are a vital source of worker's income and this have a multiplier effect on their living standard. Salaries could impact on a worker's productivity and job performance. Sequel, the method and amount of payment are very crucial to the firm's management and employees. Job remuneration is a mechanism that could promote worker's morale, increase job motivation and enhance team cohesion. Basically, there are two methods of remunerating workers: piece or time rate method (Dessler, 2008; Drury, 2011).

Piece Rate Method: This remuneration technique is based on units/pieces the worker produces. The underscoring of this method is on quantity as against quality. It enhances easy computation of worker's cost per unit. The supervision's cost per unit is often low as the work processes and procedures need less inspection and supervision. It increases workers morale and motivation since the workers' salaries relate directly with their job output performance. However, the shortcoming of Piece Rate system is that it often results to resource wastages, increase direct material cost, poor workers' teamwork and unity, work quality deterioration, and workers job insecurity.

Time Rate Method: This emolument system is precisely connected with time spent on job task by a worker. The worker's pay is a fixed pre-determined amount monthly, weekly, daily, or hourly, irrespective of unit output produced. This method of remuneration is easily computed. It minimises resource wastage and reduces incident of job accident. The pay system emphasis is on quality as against quantity output. It is propitious to newly hires as there is no reduction in their salary during job learning or training. This compensation system promotes and encourages workers' unity as workers belonging to a certain group/cadre are indeed remunerated equally. However, the demerit of this pay method is that it requires close supervision. It does not promote or motivate work efficiency, as no pay distinction is made between inefficient and efficient workers. It tends to lower a worker's morale.

#### **Theoretical underpinning**

#### **Resource-based view theory**

Certain features of theories are articulated and conceptualised of long before they are contemporaneously brought and formally adopted into the veridical academic theorization framework. This same could be said with respect to Resource Base View theory. Its origin or emergence can be traced backward to earlier researches. Retrospectively, elements or essential features can be observed in studies by Chandler (1962, 1977), Coase (1937), Penrose (1959), Selznick (1957), Stigler (1961), and Williamson (2000), where emphasis was placed on the prominence of resources and its implications for organisation's goal attainment and performance. Barney (1991) and Prahaled and Hamel, (1990) posited that the Resource-Based View theory



(RBV) argues that the firm's resources that are not holistically mobile, heterogeneous in nature, inimitable, non-substitutable and rare, are significant valuables that contribute to a firm's sources of sustainable competitive advantage.

The developing and increasing acceptance of a firm's internal resources as against it's external resources (such as industry position, market share etc.) as sources of advantageous competition conferred legitimacy to human capital's assertion that workers are strategically crucial to a firm's success (Hoskisson, Hitt, Wan, & Yiu, 1999). In the firm's strategy management discourse, RBV has hype in putting 'employee' on the radar screen for a firm success. RBV theory focuses on the critical examination and analysis of a firm's internal environment resources; specifically, it explores the worth potentiality of the internal resources (Boxall & Purcell, 2011). This view path deviates from the conventional or traditional approach that appraises how the firm's external variables impact on a firm's competitive and emulous advantage (Hoskisson, Hitt, Wan & Yiu, 1999).

Under the RBV theoretical construct, workers are taken as critical resources whose skills, competency, knowledge and abilities are extremely valuable to achieve the organisation's goal accomplishment and business success. RBV tenets assumption is that all human resources (employees) are indeed strategically valuable. In reality, however, it is not every single worker that possesses the potentials to inject 'core skillfulness, work efficiency and technical competence' into a firm and subsequently create or build a business competitive advantage (Boxall & Purcell, 2011).

Sequel, for human resource to qualify as a potential source of a firm's competitive advantage, it must meet up with certain specific criteria as noted by Barney (1995): the resources must be inimitable, non-substitutable, rare and valuable,. Collectively, human resources that fulfill these criterions would create and build a highly skillful, competent, strongly inspired and motivated workforce that demonstrates productive behaviours (Wright, Dunford & Snell, 2001). Ofcourse, it is these talent laden workers that business organization seek to retain and re-engineer.

Organisations would usually invest in training and development of those of its employees who holds potential and critical knowledge and skills. However, the retention of these key staff remains challenging, particularly in most small business settings, where workers are very few. Regrettably, these human resource functions have consistently faced controversy to justifying its role in the organisation (Drucker, 2012; Stewart & McGoldrick, 1996). Thus, in times of boom, firm quickly justify expenditures on staffing, employee involvement systems, compensation and reward, training and development etc, but when confronted with low business climate, turnover, profitability, financial stress and difficulties or recession, this crucial business human resource, fall prey to the earliest cutbacks. This is an enigma as RBV theory objects to this notion. It theorization vehemently debunk this business behaviour and strongly emphasizes that "employees" are the cornerstone of a firm's success and therefore reiterated the significant and need for firms to retain, train and develop them.

Firm's staff may be categorized in terms of contribution, value and ability. Obviously, it is impracticable to assume that small going concerns may want to retain each one individual worker, most particularly poor performers (Griffeth & Hom, 2001). Turnover of unmotivated workers lacking ability and skillfulness and have no value added contribution to a firm's business



success is a desirable and plausible outcome for any business (Wagar & Rondeau, 2006). This research's focus is mainly on key workers whom are depicted as those with scarce skills, technical competence, good workplace behaviour and high performance profiles in the firm. This research therefore pinpoints on the retention of these effective, efficient and high quality performance workers conceptualised as star and solid citizens (Ordiorne, 1985). Ordiorne (1985) produce a typology of performance chart. He classified workers into groups: chronic underachievers, marginal performers, solid citizens, and stars. Under the RBV framework, solid citizens and stars are sources that are more likely to promote or create a firm's competitive advantage. They are the highly skillful, resourceful, goal oriented staff that foster creativity, innovation and possesses technical know-how whilst chronic under-achievers and marginal performers strive to positively influence business outcomes. Explicitly, this categorised typology framework facilitates the identification of employees that are most valuable and critical to an organisation's goal mission accomplishment.

The nitty-gritty intendment derived from Ordiorne's typology is that not every individual staff possesses potentials that contribute value to an organisation's success. Apparently, the impact of a star employee leaving the firm would be in no doubt, have much effect and greater consequences than the repercussion felt by the attrition of a chronic-under achiever (Griffeth & Hom, 2001).

#### Herzberg's Hygiene Theory

This theory centers on organisational factors that lead to satisfaction at work. Herzberg (1966) assumed the existence of an association between job satisfaction and work productivity. He piloted a study on job attitudes of 200 accountants and engineers; he observed that employee's productivity was not only dependent on the worker's job satisfaction but also on the firm's workplace motivation. Thus, certain work environment factors which contribute to employee's job satisfaction may not result to work motivation. He opined that some organizational job factors motivate workers to higher levels of performance while others lead to job dissatisfaction and eventual labour turnover. His hygiene theory is a two factor theory of satisfiers and dissatisfies. The satisfiers or motivators include recognition, achievement, possibility of growth, responsibility and the job itself while dissatisfiers or hygiene factors are salary, job security, management style, company's policies and administration, interpersonal relations, working conditions, and supervision (Herzberg, Maunser, Snyderman, 2010; Nwachukwu, 2004).

Herzberg stated that these organisational variables when they are adequate in the firm, employees would not be dissatisfied, notwithstanding, neither would they be satisfied. Accordingly if managers intend to motivate employees on their jobs, he propounds emphasizing recognition, achievement, growth and development, responsibility, and the work itself, as the characteristics that most employees find indeed intrinsically rewarding. Herzberg's hygiene theory has led to considerable work on so – called job enrichment that is the design of jobs so that they contain the optimum number of motivators. To encourage motivation, it is advocated that employers must encourage job enrichment and when these factors deteriorate to levels below that which the employee considers unacceptable, then job dissatisfaction ensues and finally labour turnover set



in (Nwachukwu, 2004). Thus, job satisfaction correlates negatively with poor workers morale, increase in absenteeism, and labour attrition.

In spite of the popularity of the two-factor theory, scholars have leveled criticisms against it in that it tends to ignore situational variables. For instances, needs change over a period of time, and what motivate individuals at one period of life may be drastically different at another time (Inyang & Akpama, 2005). Also questioned, is Herberg assumption of the existence of a relationship between job satisfaction and worker productivity, when in fact his research methodology employed only looked at satisfaction, not productivity, thus to make such study relevant one must assume a high degree of consociation between satisfaction and productivity (Robbins, 2005). Also, it floundered on the simplistic assumption that a happy worker would be a highly productive worker.

However, Herzberg's hygiene theory has contributed immensely to the work on job enrichment, as most of the organisational factors (the hygiene factors) company policy, working conditions, status, job security, remuneration and interpersonal relations that are identified in it are also the factors that often induce high labour turnover rates.

#### RESEARCH METHODOLOGY

The research methodology was adapted from Effiong, et. al (2017)

"The study adopted the cross sectional survey research design. The study was carry out in the eighteen Local Government Area of Cross River State. Cross River State was chosen for this study because it is Nigeria's foremost tourist destination, endowed with abundant human, material and natural resources and with a peaceful serenity and potentials of entrepreneurial development. SMEs are the main stay of the State's economy SMEs also play key role in tourism The study covered firms registered with the Microfinance and Enterprise development. Development Agency (MEDA), Cross River State as at 2012 and had been in operation for a minimum of five years. The firms" registration with the State agency MEDA, served as accreditation to the business legality. A two stage sampling procedure involving simple random and judgmental (to ensure typical kinds of businesses are included) sampling techniques were used in selection of samples. The population of the study was 42,361. The responses rate was 368, representing 92 per cent from a total of 396 administered questionnaire, after the sample size was determine using Taro Yamane formula (1967) as follows:"

$$n = N/1 + (N \cdot e^2)$$

Where n = Sample size

N = actual Population

e = is the error limited (0.05 on the basis of 95 per cent confidence level).

This is computed as follows:

$$n = 42,361 / [1 + (42,361 \times 0.05^{2})]$$

42,361 / [1 + 105.90] n

396. sample size. n



# **Model specification**

The regression model is specified as:

(1) 
$$LT = \alpha O + \beta_1 MLS + \beta_2 EM + \beta_3 JS + \beta_4 OC + \beta_5 OCL + \beta_6 RC + \epsilon$$

Where: LT Labour turnover = **MLS** Management leadership Style = Employee motivation **EM** = JS Job security = Organisational culture OCOrganisational climate **OCL** = RCRemuneration/compensation = Error term 3 =

#### **DATA ANALYSIS**

# The management style of the firms studied

The results are presented in Table 1. From this table, 57 (15.49 per cent) of the respondents strongly agreed that their boss allows them freedom to do their work solely using their own initiative, 100 (27.17 per cent) agreed, 10 (2.72 per cent) were undecided, 46 (12.50 per cent) disagreed while 155 (39.14 per cent) strongly disagreed with the statement.

Fifty four (14.67 per cent) of the respondents strongly agreed that their boss allows them to use their own judgment in solving problems, 43 (11.68 per cent) agreed, 7 (1.90 per cent) were undecided, 67 (18.21 per cent) disagreed while 197 (49.75 per cent) strongly disagreed with the statement.

Thirty two (8.70 per cent) of the respondents strongly agreed that their managers normally consults staff for their inputs before making major decisions, 42 (11 .41 per cent) agreed, 8 (2.17 per cent) were undecided, 47 (12.77 per cent) disagreed while 239 (60.35 per cent) strongly disagreed with the statement.

Fifty three (14.40 per cent) of the respondents strongly agreed that their manager urges and encourages staff to put in greater effort at work, 32 (8.70 per cent) agreed, 17 (4.62 per cent) were undecided, 73 (19.84 per cent) disagreed while 193 (48.74 per cent) strongly disagreed with the statement.

Forty seven (12.77 per cent) of the respondents strongly agreed that their manager approaches work in a collaborative, cooperative and team-building way, 38 (10.33 per cent) agreed, 43 (11.68 per cent) were undecided 36 (9.78 per cent) disagreed whereas 204 (51.52 per cent) strongly disagreed with the statement.



Thirty nine (10.60 per cent) of the respondents strongly agreed that their manager's approach towards resolving interpersonal and boundary disputes between staff normally helps in solving conflicts in the Department/unit, 68 (18.48 per cent) agreed, 46 (12.50 per cent) were undecided 67 (18.21 per cent), disagreed while 148 (37.37 per cent) strongly disagreed with the statement.

From the above analyses, it is explicit that majority (over 62 per cent) of the respondents strongly hold the view that their managers' leadership styles have been counter-productive and inappropriate as this does not encourage workplace autonomy, job commitment and group team spirit/ performance.

**Table1: Distribution of responses on management style** 

Items	SA	per cent	A	per cent	U	%	D	%	SD	%
My boss allows me freedom to do my work solely using my own initiative.	57	15.49	100	27.17	10	2.72	46	12.5	155	39.14
My boss allows me to use my own judgment in solving problems.	54	14.67	43	11.68	7	1.90	67	18.2	197	49.75
My manager normally consults staff for their inputs before making major decisions.	32	8.70	42	11.41	8	2.17	47	12.7 7	239	60.35
My manager urges and encourages staff to put in greater effort at work.	53	14.40	32	8.70	17	4.62	73	19.8 4	193	48.74
My manager approaches work in a collaborative, cooperative and teambuilding way.	47	12.77	38	10.33	43	11.6 8	36	9.78	204	51.52
My manager's approach towards resolving interpersonal and boundary disputes between staff normally helps in solving conflicts in my Department/ unit.	39	10.60	68	18.48	46	12.5	67	18.2	148	37.37

Sources: Fieldwork.

#### The level of employee motivation in the firms studied

The results are as presented in Table 2.



Forty two (11.41 per cent) of the respondents strongly agreed that their firm's work procedures support staff in meeting their target and makes work interesting, 89 (24.18 per cent) agreed, 45 (12.23 per cent) were undecided, 89 (24.18 per cent) disagreed while 103 (26.01 per cent) strongly disagreed with the statement.

Forty three (11.68 per cent) of the respondents strongly agreed that their firm gives room for growth and self actualization, 76 (20.65 per cent) agreed 42 (11.41 per cent) were undecided, 86 (23.37 per cent) disagreed while 121 (30.56 per cent) strongly disagreed with the statement.

Sixty (16.30 per cent) of the respondents strongly agreed that their firm encourages staff to take challenges and responsibility, 64 (17.39 per cent) agreed, 23 (6.25 per cent) were undecided, 94 (25.54) disagreed, whereas 127 (32.07 per cent) strongly disagreed with the statement.

Fifty four (14.67 per cent) of respondents strongly agreed that their firm's structure promotes staff effective role performance, 32. (8.70 per cent) agreed, 46 (12.50 per cent) were undecided, 46 (12.50 per cent) disagreed whereas 190 (47.98 per cent) strongly disagreed with the statement.

Sixty (16.30 per cent) of the respondents strongly agreed that their firm's managers normally delegate authority and responsibility to staff, 45 (12.23 per cent) agreed, 74 (20.11 per cent) were undecided, 64 (17.39 per cent) disagreed while 125 (31.57 per cent) strongly disagreed with the statement.

Forty three (11.68 per cent) of the respondents strongly agreed that remuneration (reward system) of their firm encourages job satisfaction, 32 (8.08 per cent) agreed, 34 (9.24 per cent) were undecided, 36 (9.78) disagreed, 223 (56.31 per cent) strongly disagreed with the statement.

From the above analyses, it study revealed that majority (over 61 per cent) of the respondents affirmed that their job lack motivation. The managers lack the skills of providing job enrichment which would have motivated employees and create job satisfaction.



Table 2: Distribution of responses on employee motivation

Items	SA	per cent	A	per cent	U	per cent	D	per cent	SD	per cent
My firm's work procedures support staff in meeting their target and makes work interesting.	42	11.41	89	24.18	45	12.23	89	24.18	103	26.01
My firm gives room for growth and self actualization.	43	11.68	76	20.65	42	11.41	86	23.37	121	30.56
My firm encourages staff to take challenges and responsibility.	60	16.30	64	17.39	23	6.25	94	25.54	127	32.07
My firm's structure promotes staff effective role performance.	54	14.67	32	8.70	46	12.50	46	12.50	190	47.98
My firm's managers normally delegate authority and responsibility to staff.	60	16.30	45	12.23	74	20.11	64	17.39	125	31.57
The remuneration (reward system) of my firm encourages job satisfaction.	43	11.68	32	8.70	34	9.24	36	9.78	223	56.31

Source: Fieldwork.

#### The level of job security of the firms studied

The results are presented in Table 3

Forty four (11.96 per cent) of the respondents strongly agreed that all employment of staff in their firm are governed by a formal contract which is agreed to by the employee (staff) and employer (the company), 53 (14.40 per cent) agreed, 32 (8.70 per cent) were undecided, 97 (26.36 per cent) disagreed while 142 (35.86 per cent) strongly disagreed with the statement.

Fifty one (13.86 per cent) of the respondents strongly agreed that their firm's managers uses due process in dealing with staff disciplinary matters, 58 (15.76 per cent) agreed, 35 (9.51 per cent) were undecided, 89 (24.18 per cent) disagreed while 135 (34.09 per cent) strongly disagreed with the statement.



Thirty five (9.51 per cent) of the respondents strongly agreed that their managers uphold the principle of objectivity in staff performance appraisal, 47 (12.77 per cent) agreed, 26 (7.07 per cent) were undecided 94 (25.54 per cent) disagreed while 166 (41.92 per cent) strongly disagreed with the statement.

Fifty two (14.13 per cent) of the respondents strongly agreed that their manager do not encourage tribalism or nepotism in the work environment, 49 (13.32 per cent) agreed, 34 (9.24 per cent) were undecided, 99 (26.90 per cent) disagreed while 134 (33.84 per cent) strongly disagreed with the statement.

Forty five (12.23 per cent) of the respondents strongly agreed that their firm's managers generally regard the staff as partners and team players to achieve set goals/objectives. 42 (11.41 per cent) agreed, 32 (8.70 per cent) were undecided, 102 (27.72 per cent) disagreed while 147 (37.12 per cent) strongly disagreed with the statement.

Forty five (12.23 per cent) of the respondents strongly agreed that their manager do not apply threat of termination or dismissal to push worker towards higher productivity, 56 (15.22 per cent) agreed, 26 (7.07 per cent) were undecided, 126 (34.24 per cent) disagreed while 115 (29.04 per cent) strongly disagreed with the statement.

From the above analyses, it was noted that majority (over 63 per cent) of the respondents stressed that their job has no or low level of job security. This implies that employees have no confidence in their employer for staff retention as they see their job as been at the mercy of the management who could dismiss or terminate their employment at course for no justifiable reason.



Table 3: Distribution of responses on job security

		011505	<b>J</b> • •							
Items	SA	per cent	A	per cent	U	per cent	D	per cent	SD	per cent
All employment of staff in my firm is governed by a formal contract which is agreed to by both the employee (staff) and employer (the company)	44	11.96	53	14.40	32	8.70	97	26.36	142	35.86
My firm's managers use due process in dealing with staff disciplinary measures.	51	13.86	58	15.76	35	9.51	89	24.18	135	34.09
My firm's managers uphold the principle of objectivity in staff performance appraisal.	35	9.51	47	12.77	26	7.07	94	25.54	166	41.92
My firm's managers do not encourage racism, tribalism or nepotism in the work environment.	52	14.13	49	13.32	34	9.24	99	26.90	134	33.84
My firm's managers generally regard the staff as partners and team players to achieve set goals/objectives.	45	12.23	42	11.41	32	8.70	102	27.72	147	37.12
My firm's managers do not apply threat of termination or dismissal to push worker towards higher productivity.	45	12.23	56	15.22	26	7.07	126	34.24	115	29.04

Source: Fieldwork.

# Organizational culture of the firms studied

The results are presented in Table 4.

Forty six (12.50 per cent) of the respondents strongly agreed that their firm's healthy organisational values help to reduce counter-productive behaviour / employees turnover, 39



(10.59 per cent) agreed, 21 (5.70 per cent) were undecided, 98 (26.63 per cent) disagreed, while 164 (44.56 per cent) strongly disagreed with the statement.

Fifty six (15.22 per cent) of the respondents strongly agreed that their firm's set of share mental assumptions of the organisation that guide interpretation and staff action do encourage group team work/productivity, 54 (14.67 per cent) agreed, 15 (4.07 per cent) were undecided, 108 (29.35 per cent) disagreed, while 135 (36.68 per cent) strongly disagreed with the statement.

Seventy two (19.56 per cent) of the respondents strongly agreed that their firm's organisational vision does agree with their social values and believes, 34 (9.24 per cent) agreed, 19 (5.16 per cent) were undecided, 86 (23.36 per cent) disagreed, while 157 (42.66 per cent) strongly disagreed with the statement.

One hundred and twenty five (33.97 per cent) of the respondents strongly agreed that their firm's pattern of collective behaviours and norms that are taught to staff as a way of perceiving, thinking and feeling is hostile and do not promote interpersonal relationship/work harmony, 89 (24.18 per cent) agreed, 13 (3.53 per cent) were undecided, 56 (15.22 per cent) disagreed, whereas 85 (23.10 per cent) strongly disagreed with the statement.

One hundred and sixty seven (45.38 per cent) of the respondents strongly agreed that the conflicting organisational working norms/value/language that co-exist due to different characteristics of the management team affects the way staff and groups interact with each other over work procedures and goal attainment, 105 (28.53 per cent) agreed, 18 (4.89 per cent) were undecided, 43 (11.68 per cent) disagreed, while 35 (9.51 per cent) strongly disagreed with the statement.

Fifty six (15.22 per cent) of the respondents strongly agreed that their firm's managers/leaders incessant manipulation and altering of the organisational culture help promote good staff work behaviour/productivity, 36 (9.78 per cent) agreed, 23 (6.25 per cent) were undecided, 106 (28.80 per cent) disagreed, while 147 (39.94 per cent) strongly disagreed with the statement.

From the above analyses, it was noted that majority (over 58 per cent) of the respondents opined that their managers create conflicting organisational working norms, value and language that are counter-productive. This causes interpersonal relationships, group team work and working harmony to be undermined and then labour turnover set in.



Table 4: Distribution of responses on organizational culture

	a :			per		per		per	~-	
Items	SA	per cent	A	cent	U	cent	D	cent	SD	per cent
My firm's healthy organisational values help to reduce counterproductive behaviour/employees turnover	46	12.50	39	10.59	21	5.70	98	26.63	164	44.56
My firm's set of share mental assumptions of the organisation that guide interpretation and staff action do encourage group team work/productivity.	56	15.22	54	14.67	15	4.07	108	29.35	135	36.68
My firm's organisational vision does agree with my social values and believes.	72	19.56	34	9.24	19	5.16	86	23.36	157	42.66
My firm's pattern of collective behaviours and norms that are taught to staff as a way of perceiving, thinking and feeling is hostile and do not promote interpersonal relationship/work harmony.	125	33.97	89	24.18	13	3.53	56	15.22	85	23.10
The conflicting organisational working norms / value / language that co-exist due to different characteristics of the management team affects the way staff and groups interact with each other over work procedures and goal attainment	167	45.38	105	28.53	18	4.89	43	11.68	35	9.51
My firm's managers/leaders incessant manipulation and altering of the organisational culture help promote good staff work behaviour/productivity	56	15.22	36	9.78	23	6.25	106	28.80	147	39.94

**Source: Fieldwork** 



# Organizational climate of firms studied

The result is as presented in Table 5. As shown in the table, 39 (10.60 per cent) of the respondents strongly agreed that their firms recurring patterns of behaviour/ attitudes/feelings that characterise life in the organisation enhances workers productivity, 67 (18.21 per cent) agreed, 54 (14.67 per cent) were undecided, 79 (21.47 per cent) disagreed, while 129 (35.05 per cent) strongly disagreed with the statement.

One hundred and ninety four (52.72 per cent) of the respondents strongly agreed that their firm's shared perception of the way things are done in the organisation is unfriendly/counterproductive to the organisations vision, 88 (23.91 per cent) agreed, 27 (7.34 per cent) were undecided, 47 (12.77 per cent) disagreed, while 12 (3.26 per cent) strongly disagreed with the statement.

Fifty five (14.95 per cent) of the respondents strongly agreed that the work climate in the organisation enable staffs to associate and group interrelate in articulating work improvement innovations and procedures, 64 (17.39 per cent), agreed, 42 (11.41 per cent) were undecided, 98 (26.63 per cent) disagreed, while 109 (29.62 per cent) strongly disagreed with the statement.

Forty five (12.23 per cent) of the respondent strongly agreed that employees perception of the psychological climate of the organisation/environment help promote their job involvement, effort and performance, 37 (10.05 per cent) agreed, 54 (14.67 per cent) were undecided, 87 (23.64 per cent) disagreed, while 145 (39.40 per cent) strongly disagreed with the statement.

One hundred and sixty five (44.84 per cent) of the respondents strongly agreed that how the organisation and the job environments are perceived and interpreted by individual employees do not foster work harmony to inspire performance, 116 (31.52 per cent) agreed, 24 (6.52 per cent) were undecided, 32 (8.70 per cent) disagreed, while 31 (8.42 per cent) strongly disagreed with the statement.

Sixty eight (18.48 per cent) of the respondents strongly agreed that the firm's managers/leaders do create good psychological climate that builds team spirit to help achieve set organisational goals, 56 (15.21 per cent) agreed, 19 (5.16 per cent) were undecided, 109 (29.61 per cent) disagreed, while 116 (31.52 per cent) strongly disagreed with the statement.

From the above analyses, it was found that majority (over 60 per cent) of the respondents perceived their workplace atmosphere as being unfriendly and is not supportive of the promotion of good group interaction between members.



**Table 5: Distribution of responses to organisational climate** 

		per				per		per		
Items	SA	cent	A	per cent	U	cent	D	cent	SD	per cent
My firms recurring patterns of behaviour/ attitudes/ feelings that characterise life in the organisation enhances workers productivity.	39	10.60	67	18.21	54	14.67	79	21.47	129	35.05
My firm's shared perception of the way things are done in the organisation is unfriendly /counter-productive to the organisations vision.	194	52.72	88	23.91	27	7.34	47	12.77	12	3.26
The work climate in the organisation enable staffs to associate and group interrelate in articulating work improvement innovations and procedures.	55	14.95	64	17.39	42	11.41	98	26.63	109	29.62
Employees perception of the psychological climate of the organisation/environment help promote their job involvement, effort and performance	45	12.23	37	10.05	54	14.67	87	23.64	145	39.40
How the organisation and the job environments are perceived and interpreted by individual employees do not foster work harmony to inspire performance.	165	44.84	116	31.52	24	6.52	32	8.70	31	8.42
My firm's managers/leaders do create good psychological climate that builds team spirit to help achieve set organisational goals.	68	18.48	56	15.21	19	5.16	109	29.61	116	31.52

Source: Fieldwork



# Remuneration/compensation of employees of firms studied

Forty three (11.68 per cent) respondents strongly agreed that their remuneration is adequate for their job level and the industries' pay rates, 65 (17.66 per cent) agreed, 10 (2.72 per cent) were undecided, 129 (35.05 per cent) disagreed, while 121 (32.88 per cent) strongly disagreed with the statement.

One hundred and eighty six (50.54 per cent) of the respondents strongly agreed that their firm do not have any standardized remuneration system, 85 (23.10 per cent) agreed, 32 (8.70 per cent) were undecided, 34 (9.24 per cent) disagreed, while 31 (8.42 per cent) strongly disagreed with the statement.

Fifty five (14.95 per cent) of the respondents strongly agreed that their firm pays the workers timely and as at when due, 69 (18.75 per cent) agreed, 23 (6.25 per cent) were undecided, 94 (25.54 per cent) disagreed, while 127 (34.51 per cent) strongly disagreed with the statement.

Sixty four (17.39 per cent) of the respondents strongly agreed that their firms usually reimburse their medical expenses as part of fringe benefit, 58 (15.76 per cent) agreed, 45 (12.23 per cent) were undecided, 94 (25.54 per cent) disagreed, while 107 (29.07 per cent) strongly disagreed with the statement.

One hundred and sixty nine (45.92 per cent) of the respondents strongly agreed that their remuneration affects their work behaviour and performance, 124 (33.70 per cent) agreed, 34 (9.24 per cent) were undecided, 32 (8.70 per cent) disagreed whereas nine (2.44 per cent) strongly disagreed with the statement.

Finally, 43 (11.68 per cent) of the respondents strongly agreed that their firm pays overtime and piece work differential remuneration incentive to encourage workers to higher performance, 52 (14.13 per cent) agreed, 13 (3.53.40 per cent) were undecided, 144 (39.13 per cent) disagreed, while 116 (31.52 per cent) strongly disagreed with the statement.

From the above analyses, it was found that majority (over 70 per cent) of the respondents were of the view that their compensation was inadequate and do not reflect their job level and industry standards. It was also observed that the firms mostly had no standardized remuneration systems.



**TABLE 6: Distribution of responses to remuneration/compensation** 

Items	SA	per cent	A	per cent	U	per cent	D	per cent	SD	Per cent
My remuneration is adequate to my job level and the industries standards	43	11.68	65	17.66	10	2.72	129	35.05	121	32.88
My firm do not have any standardized remuneration system	186	50.54	85	23.10	32	8.70	34	9.24	31	8.42
My firm pays the workers timely and as at when due.	55	14.95	69	18.75	23	6.25	94	25.54	127	34.51
My firm reimburses my medical expenses as part of fringe benefit.	64	17.39	58	15.76	45	12.23	94	25.54	107	29.07
My remuneration affects my work behaviour and performance.	169	45.92	124	33.70	34	9.24	32	8.70	9	2.44
My firm pays overtime and piece work differential remuneration										
incentive to encourage workers to higher performance.	43	11.68	52	14.13	13	3.53	144	39.13	116	31.52

Source: Fieldwork.



**TABLE 7: Distribution of responses on labour turnover** 

		per		per		per		per		per
Items	SA	cent	A	cent	U	cent	D	cent	SD	cent
I would seriously consider resigning my employment if my manager does not allow me freedom to perform my duties/carryout task.	215	58.42	101	27.45	32	8.70	14	3.80	6	1.63
I would seriously consider resigning my employment if my manager does not decentralize/delegate authority and responsibility.	159	43.21	117	31.79	34	9.24	24	6.52	34	9.24
I would seriously consider resigning my employment if my manager adopts tribalism and nepotism in the work place.	189	51.36	118	32.07	32	8.70	24	6.52	5	1.35
I would seriously consider resigning my employment if my manager does not motivate his staff to perform.	200	54.35	114	30.98	43	11.68	8	2.17	3	0.81
I would seriously consider resigning my employment if my firm's manager victimizes me or other subordinate staff.	174	47.28	120	32.61	23	6.25	24	6.52	27	7.33
I would seriously consider resigning my employment if my manager does not implement industrial democracy in making decisions or work procedure.	178	48.37	97	26.36	25	6.79	39	10.60	29	7.88
I would seriously consider resigning my employment if my firm's organisational climate is perceived to be unfavourable to me.	189	51.36	78	21.20	22	5.98	36	9.78	43	11.68
I would serious consider resigning my employment if my firm's managers/leaders do not create good psychological climate that builds teamwork spirit in achieving set organisational goals.	201	54.62	64	17.39	39	10.60	33	8.97	31	8.42
I would seriously consider resigning my employment if my firm's organisational culture does not conform to my cultural values and believes.	218	59.24	78	21.20	21	5.70	32	8.70	19	5.16



I would seriously consider resigning my employment if my firm's pattern of collective behaviours and norms is hostile and do not promote interpersonal relationship/work harmony.	213	57.88	74	20.11	22	5.98	54	14.67	5	1.35
I would seriously consider resigning my employment if I am not satisfied with my remuneration package.	186	50.54	87	23.64	32	8.70	40	10.87	23	6.25
I would seriously consider resigning my employment if my firm continually owes/fails to pay staff remuneration as at when due.	194	52.72	82	22.28	37	10.05	31	8.42	24	6.52
Most of the employees in your organisation who left the firm yearly did so voluntarily (i.e. resigned their employment).	200	54.35	83	22.55	32	8.70	33	8.97	20	5.43
Most of the employees in your organisation who left the firm yearly did so involuntarily (i.e. their employment were terminated or dismissed).	68	18.48	59	16.03	25	6.79	107	29.08	109	29.62

**Source: Fieldwork** 

#### The reasons adduced for labour turnover in the firms studied

A total of 215 (58.42 per cent) respondents strongly agreed that they would seriously consider resigning their employment if their manager does not allow them freedom to perform their duty or carry out their tasks, 101 (27.45 per cent) agreed, 32 (8.70 per cent) were undecided, 14 (3.80 per cent) disagreed, while six (1.63 per cent) strongly disagreed with the statement.

One hundred and fifty nine (43.21 per cent) of the respondents strongly agreed that they would seriously consider resigning their job if their manager does not decentralize authority or delegate responsibility, 117 (31.79 per cent) agreed, 34 (9.24 per cent) were undecided, 24 (6.52 per cent) disagreed, while 34 (9.24 per cent) strongly disagreed.

One hundred and eight nine (51.36 per cent) of the respondents strongly agreed that they would seriously consider resigning their employment if their manager adopts tribalism and nepotism in the work place, 118 (32.07 per cent) agreed, 32 (8.70 per cent) were undecided 24 (6.52 per cent) disagreed, five (1.35 per cent) strongly disagreed with the statement.

Two hundred (54.35 per cent) of the respondent strongly agreed that they would seriously consider resigning their employment if their manager does not motivate his staff to perform, 114 (30.98 per cent) agreed, 43 (11.68 per cent) were undecided, eight (2.17 per cent) disagreed while, three (0.81) strongly disagreed with the statement.



One hundred and seventy four (47.28 per cent) of the respondents strongly agreed that they would seriously consider resigning their employment if their firm's manager victimizes them or other subordinate staff, 120 (32.61 per cent) agreed, 23 (6.25 per cent) were undecided, 24 (6.52 per cent) disagreed, while

27 (7.33 per cent) strongly disagreed with the statement

One hundred and seventy eight (48.37 per cent) of the respondents strongly agreed that they would seriously consider resigning their employment if their manager does not implement industrial democracy in making decisions or work procedure, 97 (26.36 per cent) agreed, 25 (6.79 per cent) were undecided, 39 (10.60 per cent) disagreed, while 29 (7.88 per cent) strongly disagreed with the statement.

One hundred and eighty nine (51.36 per cent) of the respondents strongly agreed that they would seriously consider resigning their employment if their firm's organisational climate is perceived to be unfavorable to them, 78 (21.20 per cent) agreed, 22 (5.98 per cent) were undecided, 36 (9.78 per cent) disagreed, while 43 (11.68 per cent) strongly disagreed with the statement.

Two hundred and one (54.62 per cent) of the respondents strongly agreed that they would seriously consider resigning their employment if their firm's managers/leaders do not create good psychological climate that builds teamwork spirit in achieving set organisational goals, 64 (17.39 per cent) agreed, 39 (10.60 per cent) were undecided, 33 (8.97 per cent) disagreed, while 31 (8.42 per cent) strongly disagreed with the statement.

Two hundred and eighteen (59.24 per cent) of the respondents strongly agreed that they would seriously consider resigning their employment if their firm's organisational culture does not conform to their cultural values and beliefs, 78 (21.20 per cent) agreed, 21 (5.70 per cent) were undecided, 32 (8.70 per cent) disagreed, while 19 (5.19 per cent) strongly disagreed with the statement.

Two hundred and thirteen (57.88 per cent) of the respondents, strongly agreed that they would seriously consider resigning their employment if their firm's pattern of collective behaviours and norms is hostile and do not promote interpersonal relationship/work harmony, 74 (20.11 per cent) agreed, 22 (5.98 per cent) were undecided, 54 (14.67 per cent) disagreed, while five (1.35 per cent) strongly disagreed with the statement.

One hundred and eighty six (50.54 per cent) of the respondents strongly agreed that they would seriously consider resigning their employment if they are not satisfied with their remuneration package, 87 (23.64 per cent) agreed, 32 (8.70 per cent) were undecided, 40 (10.87 per cent) disagreed, while 23 (6.25 per cent) strongly disagreed with the statement.

One hundred and ninety four (52.72 per cent) of the respondents strongly agreed that they would seriously consider resigning their employment if their firm continually owes/fails to pay staff remuneration as at when due, 82 (22.28 per cent) agreed, 37 (10.05 per cent) were undecided, 31 (8.42 per cent) disagreed whereas 24 (6.52 per cent) strongly disagreed with the statement.

Two hundred (54.35 per cent) of the respondents strongly agreed that most of the employees in their organisation who left the firm yearly did so voluntarily (that is, resigned their employment), 83 (22.55 per cent) agreed, 32 (8.70 per cent) were undecided, 33 (8.97 per cent) disagreed while 20 (5.43 per cent) strongly disagreed with statement.



Sixty eight (18.48 per cent) of the respondents strongly agreed that most of the employees in their organisation who left the firm yearly did so involuntarily (that is, their employment were terminated or dismissed), 59 (16.03 per cent) agreed, 25 (6.79 per cent) were undecided, 107 (29.08 per cent) disagreed, while 109 (29.62 per cent) strongly disagreed with the statement.

From the above analyses, it was explicit that majority (over 63 per cent) of the respondents would voluntarily resign their employment because of bad or inappropriate management style, lack of employees' motivation, poor job insecurity, conflicting and unfavorable organisational cultures and climates, poor and unfair remuneration and compensation.

#### Interpretation of research model

Model 1: 
$$LT = \alpha O + \beta_1 MLS + \beta_2 EM + \beta_3 JS + \beta_4 OC + \beta_5 OCL + \beta_6 RC + \epsilon$$

The Ordinary least square regression technique was used to estimate the internal environment drivers in the model, while the chi-square statistical technique was used to estimate the categorical demographic variables in the model.

The OLS result is presented in Table 4.13. This depicts an R<sup>2</sup> value, the coefficient of multiple determinant of 0.614. This implies that about 61 per cent variation in the dependent variable labour turnover is jointly explained or caused by changes in the internal environment drivers – management style, job security, employee motivation, organizational culture, organizational climate and remuneration/fringe benefit. Therefore, the remaining 39 per cent change in the dependent variable labour turnover could be explained or caused by other variables not included in the model, but represented by the stochastic error term. The high adjusted R<sup>2</sup> value of 0.56 shows that the model fits the data well, meaning that the model is 56 per cent goodness fit.

The F-statistics was used to test the robustness of the  $R^2$  because a high  $R^2$  may have occurred by chance. The F-ratio of 34.16 which is significant at five per cent level of significance with the degree of freedom n - 2 (that is 368 - 2 = 366), means that the high  $R^2$  (adjusted) did not occur by chance; this indicates that there exists a significant relationship between the dependent variable, labour turnover, and the explanatory independent internal environment drivers – management style, employee motivation, job security, organizational culture, organizational climate and remuneration/compensation.

The estimated coefficients for the internal environment drivers – management style, employee motivation, job security, organizational culture, organizational climate and remuneration/compensation are all negative. This means that there exists an inverse relationship between these variables and labour turnover. In order words an improvement in the internal environment drivers – management style, employee motivation, job security, organisational culture, organisational climate and remuneration/compensation would lead to a decrease in labour turnover. This result is in line with earlier research findings of Boxall, Macky & Rasmussen (2003); Griffeth, Hom, & Gaertner, (2000); Herzberg, (1968), Huselid, (1995), and Mobley, Griffeth, Hand, & Meglino (1979). The result is significant at a 0.05 level of significance since their values are greater than the critical t-value of 1.96.



Table 8: Regression results

DEPENDENT VARIABLE: LT

Variable	Estimated Coefficients	Standard Error	T-Statistic	P- Value
Constant	-18.863	2.972	-6.346	.000
MLS	-0.53	0.12	-4.42	.000
EM	-0.130	0.031	-4.197	.000
JS	-0.132	0.058	-2.268	.024
OC	-0.87	0.05	-17.40	.000
OCL	-1.73	0.41	-4.22	.001
RC	-2.78	0.78	-3.56	.001

 $\begin{array}{lll} R & = & 0.673 \\ R\text{-Square} & = & 0.614 \\ \text{Adjusted R-Square} & = & 0.563 \\ F\text{- Statistic} & = & 34.16 \end{array}$ 

# Test of research hypotheses

Hypothesis one

H<sub>o</sub>1. There is no significant relationship between firm's internal environment drivers and employees' turnover intention in SMEs in Cross River State.

 $H_A1$ : There is significant relationship between firm's internal environment drivers and employees' turnover intention in SMEs in Cross River State.

Decision rule: Reject Ho if t-cal < 1.96 the critical value, otherwise

Accept Hi if t-cal > 1.96 the critical value

*Internal environment drivers:* 

#### Management style.

From table 13, using t-statistic to test for the statistical significance of the estimated coefficients; the calculated t-statistic value is 4.42 and the table value is 1.96 at 95 per cent confidence level. Given that the calculated t- statistic value is greater than the table value, that is 4.42 > 1.96 with



the degree of freedom n - 2 (that is 368 - 2 = 366) and at five per cent level of significance, the null hypothesis is rejected, and the alternative accepted. Therefore, the leadership style of the manager has a significant effect on employees' turnover intention in SMEs.

# **Employee motivation**

From table 13, using t-statistic to test for the statistical significance of the estimated coefficients; the calculated t-statistic value is 4.19 and the table value is 1.96 at 95 per cent confidence level. Given that the calculated t-statistic value is greater than the table critical value, that is 4.19 > 1.96 with the degree of freedom n - 2 (that is 368 - 2 = 366) and at five per cent level of significance, the null hypothesis is rejected, and the alternative accepted. Therefore, there is a significant relationship between employee motivation and employees' turnover intention in SMEs.

# **Job security**

From table 13, using t-statistic to test for the statistical significance of the estimated coefficients; the calculated t-statistic value is 2.268 and the table critical value is 1.96 at 95 per cent confidence level. Given that the calculated t-statistic value is greater than the table critical value, that is 2.268 > 1.96 with the degree of freedom n - 2 (that is 368 - 2 = 366) and at five per cent level of significance, the null hypothesis is rejected, and the alternative accepted. Therefore, job security has a significant effect on employees' turnover intention in SMEs.

#### **Organisational culture**

From table 13, using t-statistic to test for the statistical significance of the estimated coefficients; the calculated t-statistic value is 17.40 and the table critical value is 1.96 at 95 per cent confidence level. Given that the calculated t-statistic value is greater than the table critical value, that is 17.40 > 1.96 with the degree of freedom n - 2 (that is 368 - 2 = 366) and at five per cent level of significance, the null hypothesis is rejected, and the alternative accepted. Therefore, organisational culture has a significant effect on employees' turnover intention in SMEs.

### **Organisational climate**

From table 13, using t-statistic to test for the statistical significance of the estimated coefficients; the calculated t-statistic value is 4.22 and the table critical value is 1.96 at 95 per cent confidence level. Given that the calculated t-statistic value is greater than the table critical value, that is 4.22 > 1.96 with the degree of freedom n - 2 (that is 368 - 2 = 366) and at five per cent level of significance, the null hypothesis is rejected, and the alternative accepted. Therefore, organisational climate has a significant effect on employees' turnover intention in SMEs.

# Remuneration/compensation

From table 4.13, using t-statistic to test for the statistical significance of the estimated coefficients; the calculated t-statistic value is 3.56 and the table critical value is 1.96 at 95 per cent confidence level. Given that the calculated t-statistic value is greater than the table critical value, that is 3.56 > 1.96 with the degree of freedom n - 2 (that is 368 - 2 = 366) and at five per



cent level of significance, the null hypothesis is rejected, and the alternative accepted. Therefore, remuneration/compensation has a significant effect on employees' turnover intention in SMEs.

#### **DISCUSSION OF FINDINGS**

The study established that the causes of employees' turnover intention in SMEs business included internal environment drivers: counter-productive leadership style used by the managers, low level of motivation, job insecurity, poor workplace organisational culture, and climate, and low remuneration/compensation.

It was found from the study that there is a significant inverse relationship between management styles and employees' turnover intention in SMEs. This implies that an improvement in management styles would significantly decrease employees' turnover intention in SMEs. Over sixty per cent of the respondents strongly held the opinion that the management style of their managers/owners was inappropriate, poor and/or counter-productive. This affects the workers attitude to work and results into high employees' turnover rate and the multiplier effect of poor performance (low return on investment) of the SMEs. Also, there would be a loss or decrease in productivity, since new hires need some time to develop skills and techniques on the job to become effective and efficient. This finding is line with Likert's (1967) postulation that management style directly influences workers productivity and effectiveness in the organisation. Huselid (1995), Mobley (1982) and Shaw (1980) also posited that there exist a significant negative relationship between employees' turnover and productivity.

The study found that there is a significant inverse relationship between employee motivation and employees' turnover intention in SMEs. This implies that an improvement in employee motivation would significantly decrease the employees' turnover rate in SMEs. Over sixty five per cent of the respondents cogently indicated that lack of motivation makes the job uninteresting for them. The study found that there is a significant inverse relationship between job security and employees' turnover intention in SMEs. This means that an improvement in job security of the organisation would significantly decrease employees' turnover rate in SMEs. Over sixty five per cent of the respondents indicated that they experienced a high level of job insecurity. This factor is to a large extent responsible for the productivity of workers to transit from job-to-job. The study established that there is a significant inverse relationship between organisational culture and labour turnover rate in SMEs. This implies that an improvement of organisational culture would significantly decrease employees' turnover rate in SMEs. Over sixty five per cent of the respondents indicated that the culture in their organisation (conflicting work norms, values, language arising from the different characteristics of the employees and management) did not encourage or promote group integration, interpersonal relationship and workplace harmony. The study found that there is a significant inverse relationship between organisational climate and employees' turnover intention in SMEs. This means that an improvement in organisational climate would significantly decrease employees' turnover rate in SMEs. Over fifty five per cent of the respondents were of the view that the work climate in their organisation (employee's perception of the psychological climate and patterns of behaviour/attitudes/feelings that characterise work life) did not foster team spirit, enhance association among staff, job involvement, or inspire employee performance. The study revealed that there is a significant



inverse relationship between remuneration/compensation and employees' turnover intention in SMEs. This means that an improvement/increase in remuneration/compensation would significantly decrease employees' turnover rate in SMEs. Sixty three per cent of the respondents indicated that their remuneration/compensation is inadequate for their job level and this does not encourage higher performance.

#### Conclusion

It was also established that the management style, employee motivation, job security, organisational culture, organisational climate, and employee's remuneration/compensation, all have significant negative relationships with employees' turnover intention in SMEs in Cross River State.

Poor managerial skills among SMEs managers resulting from lack of knowledge of employee behaviour and other inadequacies have negative implications for the motivation and morale of employees at the workplace. Indeed, low level of motivation and morale tends to drive high labour turnover among workers. The relatively high employees' turnover found among SMEs is therefore indicative of the managers' lack of the requisite skills and knowledge required for igniting intrinsic motivation and/or extending appropriate instruments that engineer extrinsic motivation. Continued lack of motivation ultimately results in the loss of morale and dissatisfaction with the job.

Also unclear terms of engagement, lack of fixed tenure of office, poor, haphazard and arbitrary salary and wage structures and ambiguous conditions of service usually found in SMEs has a tendency to create a sense of job insecurity in the affected workers. Thus, Effiong, et. al, (2017) opined that this employees do often see themselves as ephemeral member of the firm and will tend to leave the organization as soon as opportunity arises voluntarily.

#### Recommendations

Managers of SMEs should adopt management styles that promote work autonomy, freedom, delegation and build group or team spirit. This will help boost workers' commitment and engender a sense of partnership in collectively achieving set standards, goals and objectives of the firm.

Managers of SMEs should inculcate the skills of motivation, which are necessary for inspiring, engineering and galvanizing workers towards higher productivity. This skill set can be developed through formal training, coaching, mentoring etc.

All staff employment is governed by formal contracts which are acceptable and agreed to by both parties (the employer and the employee).

Management should create incentives and opportunity where highly goal oriented employee could be co-opted as co-owner of the business over the years and have the privilege and right to partake in the share of end of year profit or end of contract bonus, as this would build a strong sense of job security and employee's commitment and thus discourage erratic movement of employees form one organisation to another.



Equity, justice and fairness should be applied in all staff matters, particularly in such sensitive issues as discipline, reward/compensation, and promotion.

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