

Salient factors affecting employee turnover in Nigerian banking sector

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Abstract

Objective: The purpose of this study is to critically examine some salient factors that causes employee turnover in the Nigerian banking sector.

Methods/Statistical Analysis: This is achieved through discussing some variables such as career growth, Job alternatives, compensation, work environment and job satisfaction. This is a systematic literature review which deployed the five stages of Dube and Pare.

Findings: The literature reveals that there are relationship between the main variables however there is need for a survey to measure the extent and influence of each.

Application/Improvement: The authors recommend that an empirical study be carried out in order to ascertain the relationship and influence of career growth, Job alternatives, Compensation, work environment and Job satisfaction on Turnover or the intention to leave.

Keywords: Career growth, Job alternatives, Compensation, Work environment & Job satisfaction

1. Introduction

The history of banking in Nigeria started from the year 1891, a lot of policies and policy reviews were made between 1891 to date however one of the major was the 2006 banking consolidation. In ¹asserted that in their effort to stimulate and develop the economy, comparisons and reviews should be made by the government in order to learn from other countries experience and lessons of the banking crises after which measures are to be established and implemented. There is a seriously manifested challenge which is lack of awareness. Therefore, disclosure and transparency about the financial standing of the banks, irregular enforcement, lack of enabling business environment, job security must all be addressed in order to achieve stability and mitigate the fragile banking system which leads to high turnover¹. In the contemporary world, organizations continue to face new work challenge as a result of rapid change in technology, new regulations, new ways of organizational communication, environmental and social aspects². The new emphasis of organisation in the wake of these technological breakthroughs is on human resources that are essential to the growth and productivity of any organization.

The growing difficulty experienced by organizations to retain their employees has contributed to the importance of human resource management in recent years. In response to the escalating turnover of employees, banks and business organizations of all sizes are involved in all kinds of strategies and activities by exploring various means of retaining employees for a longer period. The loss of talented and skilled workers can contribute to a decline in sustained competitive advantage, profit and productivity, which may ultimately affect the performance of organisations³. However, there is much spending on the workforces by the administrations in terms of development and training and other strategies in order to ensure they retain them in their organization or banks. Hence, managers at all costs must try to reduce worker's turnover in their banks. A wide variety of aspects is being explored to understanding the issues of employee turnover⁴, although, there isn't one universally accepted ordinary framework for considerate by the personnel turnover practice entirely.

In the Nigerian banking sector and or generally, employee turnover stands for percentage judgment of the number of employees which an organization must loses for a while to the ordinary number of total personnel^{5, 6}. It gives a great concern to the individual banks which experience employee turnover for the simple fact that it is expensive, mainly in inferior expending job roles, for which the employee turnover level is highest^{5,7}. Turnover of employee could also be seen as the spin of personnel around the employment bazaar; among firms, banks, careers, occupations; and between the states of employment and unemployment^{8, 9}. However, a new employee must be

hired and trained. Hiring and training is one things that an organisation must do each time a position is vacated within the organisation either voluntarily or otherwise. This process is what managers often call turnover.

Employee turnover has been defined as the proportion of the number of bank or managerial staff who must have left during the period being considered divided by the average number of staffers in that body throughout the period¹⁰. Employee turnover on another hand refers to alternative of labours around the labour bazaar, in the middle of organizations, deals and jobs. Company benefits, employee attendance, remunerations, and work performance these are entirely issues or influences which pivotal role was played in employee turnover. Dual factors that stand as a link to the employee's progression over sequential steps of withdrawal have been suggested⁸. In turnover technique, usually every person would give one reason or the other for their choice of turnover. Nevertheless, these aspects are mostly on the vertebral which influences or serves as dynamic strength or push-cart for a particular element¹¹.

While, there is no any normal structure for understanding the reason for employee's turnover as whole as mentioned earlier in the introduction aspect, quite a good number of reasons have been identified and are beneficial in understanding employeeturnover⁴. It was found that career growth⁴, work environment⁶, training and development⁵ considering the Nigerian economic background the following few factors were considered in order to assess employee turnover in the Nigerian banking sector.

2.1. Work environment

Conducive working environment is one aspect that is key for both employer and employee most especially the employee because if working situations are unsatisfactory or the working place has poor accommodations such as poor lighting, furniture, restrooms, other health and safety provisions, the staff may not endure or want to stay for a long time within the organisation or bank². Organizational ambiguity has been shown to have a high degree of great turnover. Consequently, studies have shown that staffs are more expected to stay when their expectation on the working environment are met and vice versa⁸. In organizations or banks where there is great level of uncertainties high level of staff will also be there turnover⁴. Employer or a manager losing a particular key worker may drastically affect or have influence in achieving the planned or set goal and financier assurance can be reduced in the bank as well which has negative impact. Some of the main roots of turnover are Earnings, Working environment, job security, etc. Turnover largely occurs as a result of discontent from place of work. On another hand employees develop the intent to leave the bank or organisations due to some disappointment in their present workplace⁹.

2.2. Job alternatives

Job alternatives are a major factor in employees' decisions to leave their jobs¹². Job alternatives are related to availability of alternative jobs outside the organization¹³. Many researchers have emphasized that job alternatives affect employee turnover and their intention¹⁴. For example, it was found that job alternatives had an important bearing on the turnover intention¹⁴. Since employees believe that with other employers they can meet their requirements, this may be the reason, which leads to higher turnover¹². Previous researchers have recommended that studies of job turnover should include job alternatives in order to be more comprehensive and acceptable¹⁰. Job alternatives has also been defined as the "availability of alternative jobs in the working environment in this case banking" and is a labour market variable that has been emphasized by economists¹⁰. If working opportunities are available elsewhere, employees are less likely to remain in the job¹⁴.

2.3. Career growth

This could be seen as the understanding of employees about the value of their career prospects³. There could be hitches in job development which may manifest during an employee's service tenure in the organisational any time which works as stressor for them. These stressors can encompass a group of hitches like being stagnated at a location, destitute of any pressures of downsizing or hopes of enhancement⁵. To almost all employees career advancement is more significant than remuneration in Europe or America but it is calculated in line with the correspondent salary in Asian and African context⁸. "Moving Up or Moving Out" amounts to job progress as basic for turnover⁸. Another reason for high employee turnover could be owing to the fact that there is no or feeble prospective chance for developments or upgrades. However, clarity of role and adequacy of resources to complete the given job or task can reduce role ambiguity and create a feeling of being the right person for the given job¹⁵. Employees fancy other banks or organisations with higher posts and increased remuneration packages to them⁴.

2.4. Compensation

Fundamentally, low salary, incentives, profit packages are some of the reason responsible for high employee turnover rate. Whenever an employee is working and earning low wage and on top of that with some restricted or limited benefits, it will mean that the motivation to stay might not be there especially when compared with an alternative job with a relatively upper frequency of pay. "While lower disbursing career roles involve overall high middling of employee turnover, they also come with the aspect where they cost organisations less per surplus employee than the higher disbursing career roles which involves so many factors; one of them is training. Nevertheless, they sustain the cost regularly. For these reasons, most organisations emphasises on employee withholding tactics irrespective of remuneration levels." Bank Personnel who make more, but whose incomes drop short of the successful market rate, may underrate or be dissatisfied with their present bank hence, they'll look for another bank that will recompense them what they're worth^{7,6}.

2.5. Job satisfaction

One factor that is very significant to the issues of turnover is Job satisfaction and this is because of the role it plays in the working lives for all groups. Absence of job satisfaction could result in low productivity, poor performance and job turnover¹⁶. Enhancing job satisfaction is considered as one of the appropriate tools to increase productivity and reduce turnover; more satisfied workers are more productive and have less intention to change their jobs¹⁷.

Job satisfaction refers to an attitudinal mutable that reflects how folks feel about their careers, overall, as well as how they feel about various specific aspects of their jobs¹⁷. Job satisfaction could also be defined as the amount of pleasure an employee derives from his or her job¹⁷. Job satisfaction is among the most important determinants of turnover intention¹⁴. A study has examined the effect of job satisfaction, organizational commitment and job alternatives on turnover intention in IT firms in Pakistan and found that job satisfaction had a negative effect on turnover intention¹⁶. Job satisfaction also has a negative relationship with undesirable behaviours of the employees like absenteeism and turnover intention rate¹¹. For example, a study tested the effect of job satisfaction on turnover intention in a Chinese retail organization and found a negative relationship between employee turnover intention and job satisfaction¹⁰. One IT study¹⁸ examined the causal relationship between education and training and job satisfaction and the results are consistent with the contents of the existing researches, which suggests that a staff trained through education and training has an effect on the job satisfaction and overall performance. Training is indeed a foundational antecedent to important workplace outcomes¹⁹. Therefore, job satisfaction is in a nutshell found to be one of the factors that significantly affects employee turnover in the Nigerian banking sector.

3. Methodology

Principles of inductive categorization was used therefore all stages were observed and in the end a critical and systematic literature review was achieved and the result is reflected in this article from critical literature reviews and existing managerial theories and development or proposition of a framework that could bring out some salient factors that should be considered at the same time could serve as solution to some of the contemporary challenges²⁰.

4. Results and discussion

Employee turnover might be seen to be the percent judgment of the volume of employees a bank ought to alternate or replace within a particular time frame towards the regular volume of entire personnel. Employee turnover is an issue in many organizations especially banks; turnover of the employee is not cheap in lesser paying job tasks, where the employee turnover rate is on the high-side⁵. Turnover symbolizes the volume of employees in and out of a particular body, presently in relation to the turnover percentage.

A study postulated the understanding of employee turnover as the discontinuance of association withan organisation of the individual employee on failing to meet their expectations, financial compensation and related advantages from the business⁵. Another researcher states that employee's turnover is a scale of hard work around the workforce in the bazaar⁷, amongst employees' and professions, contracts and administrations. Earnings, job performance company benefits, worker attendance, and are factors that shows an important role in employee

turnover⁸

Another study suggested dual issues which are linked using the employee's progression over consecutive steps of extraction⁸. In turnover technique everybody highlights single good motive for his or her turnover decision, but then you will find constantly more aspects around the vertebral that works as dynamic strength or push-cart of your element¹¹. Though, there's no ordinary structure for comprehending the employees' turnover technique totally, numerous factors might be considered in understanding employee turnover⁴. It had been discovered that career growth⁴, work environment⁶, job alternatives⁷, training and development⁵ are foundational when investigating employee turnover. Therefore, keeping in mind the Nigerian economic contextual, few factors were considered in order to assess employee turnover in the Nigerian banks. Considering the turnover rate and the trend in the literature, it is imperative to delve further into these factors.

5. Conclusion

By virtue of the aforementioned, it is obvious that employees have attempted to utilize vigour, energy, capacity and drive even if they are not given needed support they have to attain their tasks through morality. Stress at the office or workplace might have direct impact on their efficiency or any other aspects or areas of their existence. It is suggested that there is a need to improve the operational circumstances and the operational relationships among employees in the organizations. It is important for any bank to provide or deliver a friendly environment hence the relationship between the employees and their respective Supervisors should be positive, close and good. By so doing the bank will be able to develop and retain its staffs. Progress of employees is the progress of the bank and the sector in general.

6. References

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