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FINANCIAL BENEFITS, EMOLUMENTS AND LABOUR TURNOVER: A STUDY OF SELECTED BANKS IN ALIMOSHO LOCAL GOVERNMENT AREA OF LAGOS STATE

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Abstract

This study examined the relationship between salaries and emoluments in organizations and labour turnover among selected banks in Alimosho local government area of Lagos. Effective management of any industry or organization's welfare system is undoubtedly one of the most complex and problematic issues organizations have to grapple with. This study tried to investigate the reasons for labour turnover, examined the role salaries plays in retaining employees in the banks under study. The levels of employee's satisfaction with the salary structure adopted by the bank were also interrogated. This study adopted the survey research design. The sample for this study was drawn from selected banks in Alimosho local government area of Lagos. 300 questionnaires were administered using the total population sampling methods but only 286 were adjudged suitable for analysis. The analysis indicates that majority of the respondents were of the view that employee's salary in the banking industry is a strong determinant of labour turnover. Majority of the staff 130(45.5%) in the selected banks strongly agreed that prompt payment of salary will reduce labour turnover. A large proportion 219(76.6%) of the respondents intends to leave their job in search of a better offer because they are not satisfied with their salary. This study recommends that prompt payment of employee's salary will help to reduce high rate of labour turnover.

Keywords: *Welfare, Employees, Labour Turnover, Industry*

Introduction

The aim of private and public industry or organizations is to increase and improve productivity with the main motive of maximizing profit. In ensuring that profit is maximized, these organizations need to adequately reward employees who work at various levels in their organization.

Banking industry is considered as the most stressed out sector (Ebiringa, 2011). Therefore, the commitment among the employees is essential.

Labour turnover is the rotation of workers around the labour market, between firms, jobs and occupations; and between the states of employment and unemployment (Abassi & Hollman, 2000). In today's competitive business world, it is considered to be an important task to manage labour turnover for any industry or organization. People want diversities in their everyday life therefore seeks for new and challenging jobs with good welfare packages. The rate of labour turnover in the banking industries around the world today is quite alarming. Luthans (2008) noted that the days when employees work for a company for several years seems to be a thing of the past. There are a lot of challenges facing organizations and making it difficult for them to achieve high productivity. One is these is the high rate of labour turnover which often have negative effect on the organizations productivity. When a company does not pay its employees well, they may need to get second job to make ends meets. Performance rate is low, as workers feel little motivation to exceed standards and absentee rate tends to be high. Labour turnover tends to be high in such companies because people do want to work for an organization that doesn't pay its employees.

Research has it that over 50% of all newcomers quit their job within few years (Cascio, 2003). This implies that despite the existing welfare system implemented by organizations, some employee still lack the desired level of satisfaction and motivation to give their best performance in a place but would rather go in search for organization with better remuneration. It is therefore important that organization should establish and adopt good pay structure that can motivate employees to work hard and reduce high labour turnover. The rate of turnover is an index of organizational effectiveness. In human resources context, labour turnover is the act of replacing an employee with a new employee. An organization's turnover is measured as a percentage rate, which is referred to as its turnover rate. Turnover rate is the percentage of employees in a workforce that leave within a certain period of time. High labour turnover leads to loss of most productive staff in the organization which results in additional cost of recruiting and training new employees (Udume M. Chiazor I. & Buseni M. 2016).

There is a significant relationship between workers effectiveness and salary/money (Holley, Jennings & Wolters 2005). Salary serves as a vital system of reward or recompense in an organization and a source of staff motivation (Inyang & Akpama, 2002; Imafidon, 2003). Money is a form of pay or remuneration, and obvious extrinsic reward as well as carrot that most workers want (Armstrong, 2004). Manu (2004) argue that employees quit from organization due economic reasons.

Labour turnover

Labour turnover could be a function of negative job attitudes, poor motivation in workplace, low job satisfaction, job insecurity and the general condition of the labour market (Armstrong, 2004). Labour turnover is an important feature of the labour market: for example, in OECD countries, approximately 10-15% of workers quit their jobs every year (OECD Economic Outlook, 1999). According to Young (2013), employee turnover can be categorized as voluntary and involuntary. Labour turnover affects both workers and firms. The CIPD (2012) defines Labour turnover as the number of employees who leave an organization voluntarily or involuntarily over a set period of time, it is usually expressed as a percentage of the total workforce. This study will focus on voluntary turnover as this is the form of labour turnover that organizations and HR professionals are unable to influence. Employee turnover is the rotation of workers around the labor market, between firms, jobs and occupations, and between the states of employment and unemployment (Abassi & Hollman, 2000). Labour turnover that occur in any organization might be either voluntary or involuntary. Further there is need to analyze the number of workers who leave an organization and the reasons why they leave, so as to make improvements.

Sources of Employee Turnover

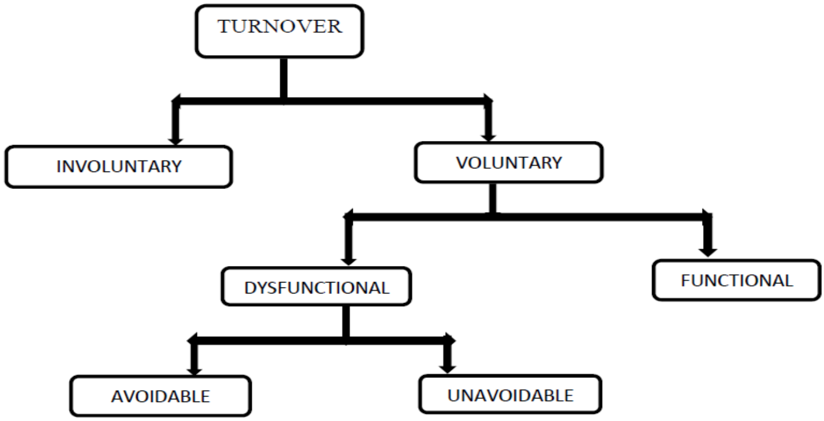
Job related factors: the experience of job related stress (job stress), the range factors that lead to job related stress (stressors), lack of commitment in the organisation and job dissatisfaction make employees to quit (Firth, 2004). Insufficient information on how to perform the job adequately, unclear expectations of peers and supervisors, ambiguity of performance evaluation methods, extensive job pressures, and lack of consensus on job functions or duties may cause employees to feel less involved and less satisfied with their jobs and careers, less committed to their organizations, and eventually display a propensity to leave the organisation

Voluntarily and involuntary turnover: involuntary turnover is the one in which employee has no choice in the termination as it might be due to long term sickness, death, moving overseas, or employer-initiated termination. Other factors have been classed as involuntary turnover in the past such as the need to provide care for children or aged relatives. Voluntary turnover often results in departing employees migrating to competing firms,

Organizational factors: organisational instability has been shown to have a high degree of high turnover. Indications are that employees are more likely to stay when there is a predictable work environment and vice versa (Zuber, 2001). In situations where organizations are not stable employees tend to quit and look for stable organisations because with stable organisations they would be able to predict their career advancement.

Framework of Labour Turnover

Griffeth and Hom (2001) provided a framework of staff turnover as represented below.



Importance of Pay

For any industry to achieve success, the monetary variables should be designed to be attractive and enticing because it motivates the employees to join and remain with the organization (Udume M. Chiazor I. & Buseni M. 2016).

Pay represents by far the most important and contentious element in the employment relationship, and is of equal interest to the employer, employee and government.

- To the employer because it represents a significant part of his costs, is increasingly important to his employees' performance and to competitiveness, and affects his ability to recruit and retain labour force of quality.
- To the employee because it is fundamental to his standard of living and is a measure of the value of his services or performance.
- To the government because it affects aspects of macro-economic stability such as employment, inflation, purchasing power and socio-economic development in general.

Relationship between Salaries and Labour Turnover

Salary can be defined as a fixed amount of money paid to a worker usually measured at monthly and annual basis, not hourly, as opposed to wages, salary is a fixed amount of money or compensation paid to an employee by an employer in return of work done. Money has motivation value, it seems logical to postulate that there must be some relationships between salary and labour retention, and can therefore expect that an increase in salary would lead to increase performance and reduce labour turnover. Heery and Noon (2001) defined pay as payment which include many components like basic salary, benefit, bonus pay and incentives. According to Erasmus, Van Wyk and Schenk (2001) view salary as what an employee gets against his work after fulfilling his duty, which include all type of financial and non-financial reward Employee performance will increase if they are highly paid. According to Armstrong (2004) poor salary/wage affects workers attitude to work and increase labour turnover labour turnover. Logan (2008) argued that most workers leave their work place for another in search for greener pasture in form of better salary/wages.

Barton (2002) suggested that organization should take into account financial rewards like salary because it has strong influence on job satisfactions thereby reducing labour turnover. Cowin's (2002) indicated that salary is an important component for the retention of employee in an organization because if they feel inequity between themselves and co-worker at the same rank in different organization, they got dissatisfied and disappointed. Robbins (2001) described that Herzberg motivation;

hygiene theory tells hat salary is one of those hygiene factors which eliminate job dissatisfaction. Expectancy theory described that people put extra effort because they want to be rewarded in terms of money, promotion etc. People expect that if they work well in their workplace then their performance will increase and automatically their pay will increase and this will cause in their satisfaction.

Economically, man works and earns salary which is then used more directly to satisfy needs, usually physiological for purchasing food, shelter, and clothing as well as for acquiring other good things of life. It is believed that a well-paid employee will see no reason to leave or quit his/her present job. Organizations' that seek competitive and distinctive advantage must give ample room for increased pay, bonuses and higher wages and hence ensure organizational retention (Kinicki and Kreitner, 2003). People work for organizations in exchange of money to satisfy their immediate needs. The pay which comes in exchange for work done gives employees a sense of satisfaction and eventually facilitates employee retention. So, for organization to survive and be productive, the employees must be attracted, rewarded and retained (Burgess & Ratto, 2003)

The use of monetary reward in form of salary has become indispensable in stimulating employees' performance. In every organization, especially in the manufacturing sectors, the use of pay, bonus, compensation, profit sharing, etc has played a major role in motivating and retaining workers for higher performance and commitments (Osibanjo, Adeniji, Falola, and Heirsmac, 2014). Studies have indicated that when salaries of workers are paid consistently, then it motivates them to work willingly without the use of coercion, while the absence of this leads to intention of workers to leave, absenteeism, labour turnover, pilfering, lower commitment and morale. Monetary incentive is mostly use to encouraged competent people to join and remain in the organization and to motivate employees to achieve high level of performance (Falola, Ibidunni and Olokundun, 2014; Oribabor, 2000; Ogunbameru, 2004; Robbins, 2005). A study by Greenberg and Baron (2003): which focused on the significant influence of pay and other monetary-related variables on labour turnover affirmed that when workers who exerted greater efforts to performance and commitment are not adequately compensated and motivated financially, they tend to leave or quit the job. Griffeth (2000) noted that pay and pay-related variables have a modest effect on turnover. According to Logan (2008), most workers leave their work place for another in search for more pay in form of salary/wages and other fringe benefits. Pay motivates employees Motivation determines whether an employee will do his/her work properly. Motivation increases workers performance (Aamodt, 2007).

The Herzberg Two Factor Theory

Herzberg two factor theories was an attempt to establish factors responsible for job satisfaction and dissatisfaction. He identified two set of factors as hygiene factors and motivators. According to Herzberg (1975), the hygiene factors are pay and security, working condition, interpersonal relationship, company policy and supervisors and these are characteristic of the work place. The motivators are achievement, recognition, the work itself, responsibility, advancement and growth.

The first set of factors is akin to monetary reward while the second set of factors associated with non-monetary rewards provided in organizational concern possess potentials to motivate employee performance and create job satisfaction while monetary reward as hygiene factors are required to stem the possible feeling of dissatisfaction from organizational workforce.

He concluded that such factors as company policy, supervision, interpersonal relations, working conditions, and salary are hygiene factors rather than motivators. According to the theory, the absence of hygiene factors can create job dissatisfaction, but their presence does not motivate or create satisfaction. He stated that the motivators were elements that enriched a person's job. He found five factors in particular that were strong determiners of job satisfaction: achievement, recognition, the work itself, responsibility, and advancement. These motivators (satisfiers) were associated with long-term positive effects in job performance while the hygiene factors (dissatisfiers) consistently produced only short-term changes in job attitudes and performance, which quickly fell back to its previous level. Satisfiers describe a person's relationship with what she or he does, many related to the tasks being performed. Dissatisfiers, on the other hand, have to do with a person's relationship to the context or environment in which she or he performs the job. The satisfiers include factors such as company policy, pay, salary, promotion, job security, company policy and administration, it relates to what a person does while the dissatisfiers relate to the situation in which the person does what he or she does.

Hygiene factors include which includes salary, job security, working conditions, organizational policies, and technical quality of supervision do not motivate employees and they can cause dissatisfaction if they are missing. As simple as adding music to the office place or implementing a no-smoking policy can make people less dissatisfied with these aspects of their work. However, these improvements in hygiene factors do not necessarily increase satisfaction.

In applying **two Factor Theories** theory to this research, the importance of pay cannot be overemphasized in retaining employees and reducing labour turnover. According to Rothwell & Kazanas (2004), salary/wages and other payment packages play a critical role in workers' motivation and commitment.

Salary plays a major role in encouraging workers especially in the industry. Udume (2016) opined that though salary may not be a controlling variable to employee satisfaction and retention, it influences decision to join, stay or quit the organization. Organizations with a motivating pay may create a center of attention and keep hold of qualified personnel and thereby recruiting costs (Bartlett & Cornelius 2001).

Methods of the Study

A survey research that involves the assessment of public opinions using questionnaire was used for this research. The questionnaire involved structured and unstructured format. This research involved the use primary and secondary sources of data collection. There are 16(sixteen) banks in Alimosho local government with different branches spread across the area. The study populations for this study were the staff of selected banks branch of Zenith Bank, UBA, Fidelity Bank, Sterling Bank, Diamond Bank, Skye Bank, Gurantee Trust bank, Ecobank, First bank, Access bank in Alimosho local government area of Lagos. The selection of the branches was judgmental based on their staff strength. The staff strength of the selected bank branches was 300. The sample size for this study is 300. The sample size was drawn from selected branches of the following banks; Zenith, UBA, Fidelity, Sterling, Diamond, Skye, GTB, Ecobank, First, Access and Sterling bank in Alimosho local government area of Lagos. The total number of questionnaire administered to the staff of the selected branches of the banks in Alimosho local government area of Lagos understudy was 300 but 286 were adjudged suitable for analysis. The research instrument used in collecting data for this study is the questionnaire.

The data generated through the use of the questionnaire were analyzed with the use of the statistical package for social sciences (SPSS), expressed in frequency, tables, charts, graphs and percentages for presentation. The study hypotheses were tested using cross tabulations and the chi-square statistical technique.

Data Analysis and Result Presentation

Table 1: Socio-demographic Characteristics of the Respondents

Gender	**Frequency**	**Percentage**	**Qualification**	**Frequency**	**Percentage**
Male	118	41.3	HND	64	22.4
Female	168	58.7	BSc	120	42.0
Total	286	100.0	MSc/MBA	102	35.7
Age	**Frequency**	**Percentage**	Total	286	100.0
18-25	75	26.2	**Years of service**	**Frequency**	**Percentage**
26-33	133	46.5	1-5	136	47.6
34-41	58	20.3	6-10	86	30.1
42-49	20	7.0	11-15	47	16.4
Total	286	100.0	16 -20	17	5.9
Marital status	**Frequency**	**Percentage**	Total	286	100.0
Single	138	48.3	**Salary Per Month**	**Frequency**	**Percentage**
Married	139	48.6	Less than 50000	54	18.9
Divorced	9	3.1	50000-100000	96	33.6
Total	286	100.0	100000-150000	29	10.1
			150 and above	107	37.4
			Total	286	100.0

Source: Field Survey, 2016

Table 2: Distribution of Respondents by adequate payment made for the responsibilities discharged

The data shown in the table below indicates that 22(7.7%) of the respondents strongly agreed that adequate payment is made for the responsibilities discharged, 51(17.8%) agreed that adequate payment is made for the responsibilities discharged, 50(17.5%) undecided, 131(45.8%) disagreed and 32(11.2%) strongly disagreed that adequate payment is made for the responsibilities discharged. From the table majority of the staff in the selected banks disagree that adequate payment is made for the responsibilities discharged

Adequate payment is made for responsibilities discharged

	Frequency	Percent
Strongly Agree	22	7.7
Agree	51	17.8
Undecided	50	17.5
Disagree	131	45.8
Strongly Disagree	32	11.2
Total	286	100.0

Source: Field Survey, 2016

Table 3: Distribution of Respondents leaving job because they are not satisfied with their salary

The data shown in the table below indicates that 58(20.3%) of the respondents strongly agreed to leave the job because they are not satisfied with the salary they are paid in the organisation 95(33.2%) agreed to leave the job because they are not satisfied with the salary they are paid in the organisation, 68(23.8%) undecided, 53(18.5%) disagreed to leave the job because they are not satisfied with the salary they are paid in the organisation and 12(4.2%) strongly disagreed to leave the job because they are not satisfied with the salary they are paid in the organization. From the table majority of the staff in the selected banks agreed to leave their job because they are not satisfied with the salary they are paid in the organisation.

Intend leaving job because am not satisfied with my salary

	Frequency	Percent
Strongly Agree	58	20.3
Agree	95	33.2
Undecided	68	23.8
Disagree	53	18.5
Strongly Disagree	12	4.2
Total	286	100.0

Source: Field Survey, 2016

Hypothesis Testing

Table 4: Cross tabulation showing relationship between employees salary and labour turnover in the banks understudy

Salary and emolument	Leaving (labour turnover)		Total
	Yes	No	
Yes	19(6.6%)	29(10.1%)	48(16.8%)
No	134(46.9%)	104(36.4%)	238(83.2%)
Total	153(53.5%)	133(46.5%)	286(100%)

This table indicates that of the total sample size of 286, 48 respondents agreed with a 'Yes' response to the fact that they are satisfied with their salary and 238 of them responded with a 'No' ordering a level of disagreement to the question posed. Also 153 respondents on the other hand intend leaving their job because they are not satisfied with the salary they are paid in their organizations while 133 disagreed with a No response, saying that they do not intend leaving their jobs.

Table 5: Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.488[a]	1	.034
Continuity Correction[b]	3.841	1	.050
Likelihood Ratio	4.491	1	.034
Linear-by-Linear Association	4.472	1	.034

This table above shows the main value of interest is the Pearson Chi-Square value. Based on this result, it was concluded that there is a significant relationship between salary and labour turnover. P= .034 which is a significant level of less than .05.

Conclusion

From the findings of this study, it can be concluded that payment of salary is very important in every organization. It reduces labour turnover in the organization. Without good payment structures in an organization, employees would leave their job in search of better offers. Salaries plays a major role in motivating employees to perform their duties more efficiently and effectively.

High labour turnover leads to loss of most productive staff in the organization. This results in additional cost of recruiting and training new employees. Labour turnover affects the organization as the most productive staff often leave their job. The researcher notes that if employers pay attention to employees salaries, it motivates them and makes them perform better on the job to achieve productive results. Productivity of employees will generate profits for the organization. Employees need to feel the hard work they put into their job matches what they get back from it and pay is an important component of this evaluation. It is known that pay is important to employees.

Pay provides great satisfaction to workers and also helps in retaining them. It makes employees happy and contented and it brings about improvement in their general efficiency. It also helps in securing the willing cooperation of the workers, once they are satisfied, they will be less tempted to leave the organization.

Recommendations

Premised on the findings from this study, it recommends that to reduce labour turnover, prompt payment of salary, remuneration and improved salary should be given to employees. These reduces labour turnover in every organization or industry.

Payment of employee salary will help to retain competent employees in the organization. Turnover is thus reduced, along with costs associated with recruiting, selecting, and training replacements. The salary packages put in place by managers provide an attraction to the workers to stay longer on the job. In absence of prompt payment, the workers often leave the job in search for a better placement.

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