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EMPILOYEE RETENTION STRATEGIES AND ORGANIZATIONAL PERFORMANCE

DANIEL ESEME GBEREVBIE,
DEPARTMENT OF POLITICAL SCIENCE,
COVENANT UNIVERSITY OTA, OGUN – STATE, NIGERIA.
+234 – 8077659463, 8023628562
E-Mail: dgberevbie@yahoo.com

Abstract

The study empirically examines the relationship between employee retention strategies and organizational performance. Using a sample size of 120 respondents in a leading beverage establishment in Nigeria, the results shows that organizations with adequate employee retention strategies in form of enhanced and regular monthly salary package, workers participation in decision-making on issues affecting them, policies that favours job security and provision of incentives that bothers on staff family welfare retains and enhances employee performance. Implication of the results for practice is that any organization that fails to put in place adequate employee retention strategies is not likely to retain competent and motivated workforce in its employment and hence experience frequent labour turnover and poor organizational performance.

Keywords: Employees, Retention, Motivation, Job Security, Labour Turnover and Organizational Performance.

Introduction

Studies have shown that one of the major concerns of any organization in a high-growth business is employee retention (Peterson, 2005). This is because the human resource is the most valuable asset in any organization (Adebayo, 2001; Ejiofor and Mbachu, 2001). So, for the goals and objectives of any organization to be achieved, the importance of effective implementa-
tion of adequate employee retention strategies cannot be overemphasized.

In order to accomplish their goals, organizations put in place measures to retain their workforce for enhanced performance. However, one major problem facing organizations is on how to retain competent workforce for performance. This problem has deprived many organizations of having in their employment capable workforce needed to achieve their desired goals and objectives (Cascio, 2003; Heneman and Judge, 2003). Where competent employees are available arising from appropriate recruitment strategies of an organization, frequent labour turnover arising from non-provision of adequate employee retention strategies have made it almost impossible for organizations to have in their employment competent staff to carry out the tasks of these establishments (Cascio, 2003).

To overcome this negative development, organizations spend a lot of resources to put in place 'well packaged' incentives and 'proper working environment' to enable these staff to contribute meaningfully towards the realization of organizational goals. Despite these measures, the problem still persists in some organizations. What are the possible reasons for this development? One of the reasons that informed this study has to do with the unique role undertaken by competent workforce in bringing about the realization of the goals and objectives of organizations. In so far as competent employees are necessary for organizational performance, there is the need therefore to identify and examine how best to retain these competent employees for the achievement of the goals and objectives of organizations. The objective of this study therefore is to empirically examine the relationship between employee retention strategies and organizational performance.

Research Hypotheses

In order to achieve the objective of this study the following hypotheses stated in null form were tested:

Ho 1: There is no significant relationship between employee retention strategies and organizational performance.

Ho. 2: There is no significant relationship between labour turnover and organizational performance.

Scope and Limitations of the Study

The scope of this study is defined in terms of industry and time-frame. The study focuses on employee retention strategies
and organizational performance in Nestle Nig. Plc, a foremost beverage industry in Nigeria. The period covered by the study is 2001 to 2005. The justification for Nestle Nig. Plc is based on the fact that it is reputed to be the largest beverage manufacturing company with a market capitalization of $=N= 98,818 billion in 2005 (NARA, 2006:7). In addition, the company has the highest unit share price for more than twelve months in the Nigerian stock market. It emerged number one on the gainers chart by $=N= 38.10 per share to close at $=N= 254.10 per share on 21st August 2006 (NSE online Report, 2006; Gbrevbie, 2008).

The limitations of this study include methodological constraints in terms of which type of analytical technique is most appropriate for the work. In addition, the work is further limited to one organization in the Nigerian beverage industry. However, the factors identified in this case study may not be significantly different from what is likely to be present in another organization in the Nigerian beverage industry as it relates to employee retention strategies and performance.

**Significance of the Study**

The significance of this study lies in the fact that it will:

1. Serve as a basis for further studies in the area of employee retention strategies for organizational performance. Furthermore, it will be helpful to policy makers in organizations particularly in terms of employee acquisition, and the human resource department in terms of implementation of personnel policies and practice that will retain their competent workforce toward achieving the goals of the organization.

2. Be relevant to organizations to know that application of employee retention strategies that are in line with employees' preference serve to keep competent workforce in the employment of organizations for performance.

**Literature Review and Theoretical framework**

This section reviewed relevant literature. The review covers various positions and empirical works of scholars on employee retention strategies in the organization. Thereafter, the study examines basic assumptions (in spite of its weaknesses) of decision-making theory as framework for analyses.

Studies have shown that employees are more disposed to remain in the employment of an organization and put in their best for the realization of its goals when they are adequately moti-
Okoh (1998), reports that there is a relationship between employee motivation, retention and organizational performance. This is because as employees are adequately motivated, the tendency is for them to want to remain and work to achieve organizational goals.

Rewards as Strategy for Employee Retention in Organization

Studies have shown that adequate reward systems are one of the strategies organizations adopt to retain staff in their employment. This is because it helps to motivate the workforce for performance (Gomez-Mejia and Balkin, 1992; Scott, Morajda and Bishop, 2002). However, Heneman and Judge (2003) argue that for rewards to serve as strategy for staff retention, the following must be present:

1. **Rewards must be meaningful:** Organizations must provide rewards that are large and unique such that the difference could be noticeable for it to be meaningful. Any reward that is not meaningful or substantial is not likely to motivate employees and retain them in the employment of the organization.

2. **Organizations must keep to the rewards promised its employees:** If employees must be motivated by rewards, the organization itself must keep to the rewards it promised. The failure to do so will create crisis of confidence between the employees and the organization in terms of its inability to make them believe in whatever it says in the future. Once workers realized that whatever the organization says is different from what it actually carries out, the tendency is for them to want to look elsewhere for another employment.

3. **Organization's reward systems must be fair and just:** Once employees of an organization recognizes that the reward systems put in place by the organization is fair and just, the tendency is for them to want to work hard to earn the rewards. If on the other hand the staff observes that the organization's reward systems is not fair and just, discouragement may set in, and could even lead to sudden resignation of some from the employment of the organization.

Heneman and Judge (2003:690), further argue that for organization to retain its employees for enhanced performance, it must match its reward systems to employees' preferences. This
is because the match between rewards desired by employees and offered by the organization is what leads to job satisfaction. And job satisfaction in turn guarantees employee retention for organizational performance. The above implies that there is a relationship between employee retention strategies and organizational performance.

On their part, Lather and Goyal (2003:52), posit that “A person with a high level of job satisfaction holds a positive attitude toward the job, while a person who is dissatisfied with his or her job holds a negative attitude about the job.” What this means is that it is not enough for organization to think that all the reward systems put in place by it are the ‘best’ and will automatically motivate staff to want to remain in its employment; there is the need therefore for periodic appraisal of the reward systems put in place by its management to know whether it is in consonance with the wish and aspirations of employees, if their continued stay in the employment of the organization is to be guaranteed. This development calls for regular dialogue between staff and the management of an organization to determine the extent to which the reward systems as provided by it are meeting the preferences of the workforce or not.

**Labour Turnover and Organizational Performance**

Frequent labour turnover in the workplace has been found to be detrimental to organizational performance. This is especially true where an organization is losing staff to direct competitors (Chartered Institute of Personnel Development CIPD, 2006). CIPD argues that it is important for employers to have full understanding of their labour turnover and how they affect the organization’s effectiveness at achieving its overall set goals. This is so because the higher the labour turnover witnessed in an organization, the less likely that organization will experience enhanced performance due to lack of availability of competent employees arising from frequent staff resignation.

A study on organizational behaviour by Holton, Mitchell, Lee, and Inderrienden (2005) show a relationship between dissatisfaction, labour turnover and performance in the organization. What this means is that when workers start to leave an organization for employment elsewhere arising from staff dissatisfaction with the organization’s personnel policies and practice, it may get to a point where no competent applicant would be willing to pick-up employment with that organization. And to achieve
continues in the practice of dealing with its workforce on the basis of non-provision of adequate retention strategies, the inexperienced staff may start using the organization as a springboard for gaining work experience and then leave for better employment elsewhere. Once the above situation of frequent labour turnover is allowed to happen, the dream of the organization to achieve its goals in its area of operation may be in serious doubt. What this means is that there is a relationship between labour turnover and organizational performance.

**Performance Criteria of Organizations**

Boyne, Farrell, Law, Powell and Walker (2003:32) posit that information on performance is very important to management of any organization. This is because it helps management to ascertain whether their organizations are improving, deteriorating or stagnant. In addition, it enables organizations to adjust with a view to improving on its services for the enhancement of its survival and growth. However, there is the problem of evaluating criteria for performance of organizations in their service delivery to ascertain how well they are performing. For instance, while performance may be judged in the private sector in terms of higher returns on investment for the shareholders - profitability, it may however be judged in terms of efficient service delivery on the part of customers (Boyne et al, 2003:14).

In this study, our criterion for the measurement of performance is efficiency expressed in the following formula:

\[
\text{Efficiency} = \frac{\text{Cost of Output}}{\text{Value Input}}
\]

Enhanced performance of organization’s service delivery culminates in higher profits and returns on investment in form of improved dividends to the shareholders. As a result, efficiency expressed in profitability shall be the criterion for the measurement of performance in Nestle Nig. Plc.

**Theoretical Framework**

This study adopts the decision-making theory as its analytical framework. The significance of the theory lies in its identification of the importance of decisions in organizations in the area of the strategies to be adopted to retain the workforce for organizational performance. The decision-making theory finds its early manifestation in the works of some scholars like Simon (1945; 1960); Weber (1947); Mintzberg (1973); Mintzberg and Waters.
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and more recent that of Iyayi (2002) and Miller, Hickson and Wilson (2003) in their studies on decision-making in organizations.

One of the major assumptions of decision-making in an organization according to these scholars is that organizational decisions are rational, and that these rational decisions are necessary to facilitate the smooth running of organizations in their quest to achieve enhanced performance (Miller et al., 2003). Another major assumption of the decision-making in an organization is that the whole concept and purpose of organizations revolve around decision-making (Tonwe, 1994). This means that decision-making is at the very heart of business success of any organization. Furthermore, it implies that the success and failure of any organization at any point in time is considered to be a function of the decisions taken by the management team as it affects a particular or whole aspect of that organization. This assumption is particularly relevant to this study and the success of an organization in its desire for enhanced performance (Gberevbie, 2008).

It has however, been argued by some scholars that the assumptions of rationality in human behaviour in decision-making theory are highly contentious. This is because human beings including administrators – management team take decisions on their subjective views of a particular problem. Another major weakness of decision-making is the fact that it is almost impossible to identify and evaluate all possible alternatives open for a particular action before decisions are taken, this is because time and resources may be a constraint in identifying and evaluating all possible options for decisions (Tonwe, 1994; Simon, 1960 and 1945). Despite the weaknesses of decision-making in organizations as pointed above, it is worthy to state that the decision-making theory is adopted in this study because it identified the importance of decisions in organizations as a catalyst in their desire to realize their goals of enhanced performance (Gberevbie, 2008).

Research Methodology

The purpose of this section is to discuss the methods adopted in this study to determine the relationship between employee retention strategies and organizational performance in Nestle Nig. Plc, a foremost organization in the Nigerian beverage industry. In doing this, sampling technique, sample size, method and in-
instrument for data collection and the analytical technique adopted for data analysis are discussed. Data are presented and analyzed; hypotheses are tested using the chi-square ($\chi^2$) analytical technique.

**Sample Size and Sampling Technique**

The study is based on a sample size of 120 respondents in Nestlé Nig. Plc based in Lagos. The study adopted the simple random sampling technique. This technique was adopted because it is a fair and unbiased means of selecting sample size. It enables equal advantage for all items in the sample to be chosen (Ogbeide, 1997:34).

**Techniques for Data Collection**

The study adopts primary data from survey research through standardized questionnaires administered to 120 respondents in Nestle Nig. Plc. This is to find out the relationship between employee retention strategies and organizational performance. Questionnaires enables vital information, which cannot be obtained from written records to be at the disposal of the researcher. This is because in a questionnaire, the respondent's anonymity is assured (Goel, 1988).

In this study five-point likert-style rating scale method of questionnaire is employed to obtain information from respondents. The likert-style rating method of questionnaire design enables researchers to ask respondents on how strongly they agree or disagree with a statement or series of statements on a five point scale, e.g. 5 - Strongly Agree, 4 - Agree, 3 - Undecided, 2 - Disagree, 1 - Strongly Disagree. In addition, structured interview with staff of Nestle Nig. Plc is carried out with a view to eliciting information on employee retention strategies as it affects organizational performance. According to Fontana and Frey (2000:649), structured interview is a process whereby the interviewer asks all respondents the same series of pre-established questions with a limited set of response categories. The advantage of the structured interview is that it enables respondents to focus on the specific questions put forward to them by the interviewer. Furthermore, the study adopted secondary data obtained from relevant journals, books, company records and the internet.

**Return Rate of the Questionnaire**

Out of the 120 questionnaires administered to respondents in Nestle Nig. Plc, 138 were returned, representing a 115% return rate.
Nestle Nig Plc, 99 were received, which represents 82.5 percent of the total questionnaires administered. However, out of the 99 questionnaires returned, two or 2.02 percent were not analyzed due to improper completion. Consequently, data analysis for this study is based on 97 or 80.83 percent of the total administered questionnaires and not the sample size of 120.

**Data Presentation and Analysis**

The purpose of this section is to present and analyze data generated from respondents in the case study from the administered questionnaires. Tables 1 – 4 below show the sample characteristics of respondents.

**Table 1: Respondents by Gender**

<table>
<thead>
<tr>
<th>Gender</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>82</td>
<td>84.54</td>
</tr>
<tr>
<td>Female</td>
<td>15</td>
<td>15.46</td>
</tr>
<tr>
<td>Total</td>
<td>97</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: Fieldwork (2006)*

The table shows that 82.54 percent of respondents were male, while 15.46 percent were female. This indicates that more of the respondents in this study were male.

**Table 2: Respondents by Years of Service**

<table>
<thead>
<tr>
<th>Years of Service</th>
<th>Number</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 10</td>
<td>35</td>
<td>36.08</td>
</tr>
<tr>
<td>11 – 20</td>
<td>30</td>
<td>30.93</td>
</tr>
<tr>
<td>21 – above</td>
<td>32</td>
<td>32.99</td>
</tr>
<tr>
<td>Total</td>
<td>97</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: Fieldwork (2006)*

The table shows that 36.08 percent of respondents were those who served the organization between 10 years and below, 30.93 percent served between 11 and 20 years, while 32.99 percent served for 21 years and above. This indicates that more of the respondents in this study served the organization between 10 years and below.
Table 3: Respondents by Educational Qualification

<table>
<thead>
<tr>
<th>Educational Level</th>
<th>Number</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>WASC/OND/NCE</td>
<td>20</td>
<td>20.61</td>
</tr>
<tr>
<td>HND/B.Sc.</td>
<td>63</td>
<td>64.95</td>
</tr>
<tr>
<td>Masters Degree</td>
<td>7</td>
<td>7.22</td>
</tr>
<tr>
<td>Others</td>
<td>7</td>
<td>7.22</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>97</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: Fieldwork (2006)*

The table indicates that 20.61 percent of respondents were WASC/OND/NCE holders, 64.95 percent were HND/B.Sc Degree holders, and 7.22 percent were Masters Degree holders, while 7.22 percent of respondents were holders of other professional certificates. This shows that more of the respondents in this study were holders of HND/B.Sc Degrees.

Table 4: Respondents by Job Status

<table>
<thead>
<tr>
<th>Job Status</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Staff</td>
<td>52</td>
<td>53.61</td>
</tr>
<tr>
<td>Junior Staff</td>
<td>45</td>
<td>46.39</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>97</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: Fieldwork (2006)*

The table shows that 53.61 percent of respondents were senior staff, while 46.39 percent of the respondents were junior staff. This indicates that more of the respondents in this study were senior staff.

Hypotheses Testing

In this section, two hypotheses earlier stated in the work are tested to achieve the objective of the study. The objective of the study is to find out the relationship between employee retention strategies and organizational performance. The Chi-square ($\chi^2$) analytical technique is used to test for significant relationship between variables.

**Hypothesis One**

$H_0$: It is hypothesized that there is no significant relationship between employee retention strategies and organizational performance.
performance. The table 5 below shows the reaction of respondents to the question raised.

<table>
<thead>
<tr>
<th>Responses</th>
<th>0-10 Years</th>
<th>11-20 Years</th>
<th>21+ Years &amp; Above</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>21</td>
<td>18</td>
<td>26</td>
<td>65</td>
</tr>
<tr>
<td>Agree</td>
<td>9</td>
<td>9</td>
<td>3</td>
<td>21</td>
</tr>
<tr>
<td>Undecided</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Disagree</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>35</td>
<td>30</td>
<td>32</td>
<td>97</td>
</tr>
</tbody>
</table>

Source: Fieldwork (2006)

Chi-square ($\chi^2$) formula: $\chi^2 = \frac{(f_o - f_e)^2}{f_e}$

**Question:** The strategies put in place to motivate staff such as career development, implementation of policies on job security and opportunities to earn promotion in my organization have helped to retain competent staff.

**Research Decision**

Calculated $\chi^2 = 5.56$

Critical or table $\chi^2 = 15.51$

Degree of freedom ($d/f$) = 8

Alpha ($\alpha$) = 0.05 percent

**Research Result:** Calculated $\chi^2$ of 5.56 is less than the critical or table $\chi^2$ of 15.51 @ alpha ($\alpha$) level of 0.05 percent. This means that data are not statistically significant. The research result is to reject the research hypothesis (Hr) and accept null hypothesis (Ho.), which states that there is no significant relationship between employee retention strategies and organizational performance.

**Interpretation:** Data are not statistically significant because
critical (x²) of 15.51 is greater than calculated x² of 5.56 @ alpha (α) level of 0.05 percent. What it means is that there is no evidence to prove that respondents’ views on employee retention strategies and organizational performance have any relationship with their years of service in the organization. However, out of the 97 respondents sampled in this study, 86 or 88.65 percent agree that employee retention strategies enhance organizational performance.

**Hypothesis Two**

Ho: This hypothesis states that there is no significant relationship between labour turnover and organizational performance. The table 6 below shows the reaction of respondents to the question raised.

**Table 6: Job Status and Labour Turnover**

<table>
<thead>
<tr>
<th>Responses</th>
<th>Senior Staff</th>
<th>Junior Staff</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>30</td>
<td>33</td>
<td>63</td>
</tr>
<tr>
<td>Agree</td>
<td>18</td>
<td>7</td>
<td>25</td>
</tr>
<tr>
<td>Undecided</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Disagree</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Strongly</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Disagree</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>52</strong></td>
<td><strong>45</strong></td>
<td><strong>97</strong></td>
</tr>
</tbody>
</table>

**Source:** Fieldwork (2006)

**Chi-square (x²) formula:**

\[ x^2 = \frac{(O - E)^2}{E} \]

**Question:** Frequent staff resignation or dismissal in an organization brings about a sense of job insecurity and employee de-motivation, hence affects negatively organizational performance.

**Research Decision**

Calculated x² = 5.55

Critical or table x² = 9.49

Degree of freedom (d/f) = 4

Alpha (α) = 0.05 percent

**Research Result:** Calculated x² of 5.55 is less than the critical or...
table \( x^2 \) of 9.49 @ alpha (\( \alpha \)) level of 0.05 percent. This means that data are not statistically significant. The research result is to reject the research hypothesis (Hr) and accept null hypothesis (Ho.), which states that there is no significant relationship between labour turnover and organizational performance.

**Interpretation:** Data are not statistically significant because critical \( (x^2) \) of 9.49 is greater than calculated \( x^2 \) of 5.55 @ alpha (\( \alpha \)) level of 0.05 percent. What it means is that there is no evidence to prove that respondents' views on labour turnover and organizational performance have any relationship with their job status in the organization. However, out of the 97 respondents sampled in this study, 88 or 90.72 percent agree that labour turnover affects negatively organizational performance.

**Employee Retention Strategies in Nestle Nig. Plc.**

This section looks at employee retention strategies in Nestle Nig. Plc from the point of view of staff and the organization. To get the views of employees on retention strategies in Nestle Plc., the following question was put forward to them. Kindly list those rewards you are currently enjoying that will enable you to remain in the employment of your organization. Presented below are the staff responses: The 82 or 84.53 percent of respondents that answered the above question, listed the following as rewards to include: good condition of service; free medical services for staff, spouse and four children; good salary structure; staff recognition in decision-making on issues affecting their welfare; provision of staff buses; ability of management to fulfill promises made to staff (Fieldwork, 2006).

Furthermore, the following question was put forward to staff about their views on the measures put in place to prevent labour turnover in Nestle Nig. Plc. Kindly list measures put in place by your organization to prevent frequent labour turnover. Presented below are the staff responses. The 76 or 78.35 percent of respondents that answered the above question listed the following as measures put in place by Nestle Nig. Plc to include: end of year bonus; extra pay for meeting set target; proper working environment; confirmation of staff appointment in six months after successful confirmation interview; prompt payment of pension and gratuity to discharged staff; constant rewards for job well done; and humane treatment of staff in terms of words and actions (Fieldwork, 2006).
### Staff Remuneration in Nestle Nig. Plc. (2004 – 2005)

#### Table 7: Salary Range (per annum) (Excluding Directors) in Nestle Nig. Plc. (2004 and 2005)

<table>
<thead>
<tr>
<th>S/n.</th>
<th>Salary Range (=₦=)</th>
<th>2005 (Number)</th>
<th>2004 (Number)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>0 — 200,000</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>2.</td>
<td>200,001 — 400,000</td>
<td>85</td>
<td>10</td>
</tr>
<tr>
<td>3.</td>
<td>400,001 — 600,000</td>
<td>426</td>
<td>281</td>
</tr>
<tr>
<td>4.</td>
<td>600,001 — 800,000</td>
<td>379</td>
<td>441</td>
</tr>
<tr>
<td>5.</td>
<td>800,001 — 1,000,000</td>
<td>185</td>
<td>212</td>
</tr>
<tr>
<td>6.</td>
<td>1,000,001 — 1,200,000</td>
<td>85</td>
<td>40</td>
</tr>
<tr>
<td>7.</td>
<td>1,200,001 — 1,400,000</td>
<td>43</td>
<td>50</td>
</tr>
<tr>
<td>8.</td>
<td>1,400,001 — 1,600,000</td>
<td>32</td>
<td>26</td>
</tr>
<tr>
<td>9.</td>
<td>1,600,001 — 1,800,000</td>
<td>11</td>
<td>18</td>
</tr>
<tr>
<td>10.</td>
<td>1,800,001 — 2,000,000</td>
<td>16</td>
<td>13</td>
</tr>
<tr>
<td>11.</td>
<td>2,000,001 — 2,500,000</td>
<td>19</td>
<td>20</td>
</tr>
<tr>
<td>12.</td>
<td>2,500,001 — 3,000,000</td>
<td>24</td>
<td>25</td>
</tr>
<tr>
<td>13.</td>
<td>3,000,001 — 3,500,000</td>
<td>11</td>
<td>15</td>
</tr>
<tr>
<td>14.</td>
<td>3,500,001 — 4,000,000</td>
<td>9</td>
<td>7</td>
</tr>
<tr>
<td>15.</td>
<td>4,000,001 — 4,500,000</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>16.</td>
<td>4,500,001 — 5,000,000</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>17.</td>
<td>5,000,001 — and above</td>
<td>29</td>
<td>29</td>
</tr>
</tbody>
</table>

**Source:** NARA (2006:34).

Table 7 above shows the ranges of amount of monthly salaries Nestle Nig. Plc. paid to its staff other than directors in 2004 and 2005. The least paid category of workers – cleaners and messengers received maximum of =₦= 33,333.00 per month, while the highest paid category of workers from the table above – senior and management staff, received =₦= 416,666.75 and above per month as salary excluding certain benefits. The data presented above
further goes to support the argument that proper reward system—good monthly salaries and incentives as provided to the workforce by organizations are important factors for the retention of competent staff for enhanced performance.

To further motivate its employees and retain them for enhanced performance, Nestle Nig. Plc. entered into international management exchange programme. As a result, some managers are currently working in various Nestle locations in Egypt, Guinea, Benin Republic, Ghana, Iran and Switzerland (NARA, 2006:17). Commenting on the position of Nestle Plc to train and retain its staff for performance, the company’s chairman said:

We are determined to give regular and appropriate training to our workforce so that they can acquire the latest methods of performing their duties efficiently, thereby contributing their quota to the progress of the company (NARA, 2006: 17).

Organizational Performance - Nestle Nig. Plc.

The performance of Nestle Nig. Plc. between 2001 and 2005 is presented in bar graph 1 - 6 below:

Bar Graph 1  
Company Sales

Source: NARA (2006:7)
Bar Graph 2
Operating Profit

(N million)

Source: NARA (2006:7)

Bar Graph 3
Net Profit

(N million)

Source: NARA (2006:7)
Bar Graph 4  Earnings per Share

(Earnings per Share)

(Year)

Source: NARA (2006:7)

Bar Graph 5  Market Capitalization

(Source: NARA (2006:7)

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The Bar Graphs 1, 2, 3, 4, 5 & 6 above, show that both sales, operating profit, net profit, earning per share, market capitalization and shareholders' dividend increased in Nestle Nig. Plc. between 2001 and 2005. For instance, market capitalization rose from $N= 27.06$ billion in 2001 to $N= 98.8$ billion in 2005. Shareholders' dividend rose from $N= 2.3$ billion in 2001 to $N= 5.3$ billion in 2005.

**Discussion of Findings**

The purpose of this section is to discuss the findings of this work in line with the objective of the study. Two hypotheses were formulated and tested using the chi-square ($\chi^2$) analytical technique. The result of the test shows that there is no significant relationship between respondents' years of service and their views on employee retention strategies as it relates to organizational performance. Further test shows that there is no significant relationship between respondents' job status and their views on labour turnover as it relates to organizational performance. However, the overall results obtained from the questionnaire shows that out of the 97 respondents sampled in this study, 86
or 88.65 percent agree that employee retention strategies enhance organizational performance. In the same vein, out of the 97 respondents sampled in this study, 88 or 90.72 percent agree that labour turnover affects negatively organizational performance. Based on the analyses of data on employee retention strategies and labour turnover as they relate to organizational performance, the study found out that:

1. There is a relationship between adequate employee retention strategies as adopted by organizations and performance. The implication of this finding to organizations in their quest for enhanced performance is that the more inadequate provision of employee retention strategies in an organization, the more likely poor performance would be experienced in that organization.

2. Further finding shows that there is a relationship between labour turnover and organizational performance. This implies that any organization that fails to put in place adequate incentives for the motivation of its employees to prevent frequent labour turnover is not likely to achieve its goals of profit maximization. This finding could be interpreted to mean that the lower the rate of labour turnover in an organization, the higher the performance that organization is likely to experience. Conversely, the higher the rate of labour turnover in an organization the lower the performance that organization is likely to experience.

Conclusion

The study examined the relationship between employee retention strategies and organizational performance. It was found in the study that adequate employee retention strategies are needed if organizations are to retain competent workforce for the realization of their goals and objectives. To achieve this, organizations must take into consideration; the preferences of their employees in terms of what would motivate them to want to stay working for the organization. This is necessary since the availability of competent staff enhances organizational goals, therefore their absence due to lack of adequate retention strategies in the workplace could hinder organizational performance.

Based on the findings of the study, the following employee retention strategies are hereby recommended for the motivation
and retention of competent workforce for organizational performance: humane treatment of staff through words of encouragement from management; informing staff on a regular basis on why certain actions are taken and the likely results from those actions; implementation of policies that show management’s confidence in members of staff in their day-to-day activities; organizational policies and practice that view members of staff as friends and partners in progress; policies on staff recognition and promotion that emphasizes hard work, honesty and integrity rather than undue favouritism of staff arising from sentiment on the part of management.

In addition, rewards that bother on staff and their family members would go a long way to retain staff for performance. These rewards may include: contribution towards the educational training of staff's children; provision of interest-free loan for the acquisition of landed property to members of staff; robust housing allowance or highly subsidized staff quarters; regular annual increment of salaries and promotion; and assisting staff with interest-free loan to acquire shares in the capital market. These rewards the study believes are more likely to give hope to staff in terms of post-retirement condition of living.

References


Fieldwork (2006) “Result of Interview and Questionnaire (Open) with Staff of Nestle Nig. Plc. on 5th - 10th June, Lagos.


Ogbeide, U. (1997) *Statistical Techniques for Social and Manage-