

# Impact of Employee Turnover in Small and Medium Construction Firms: A Literature Review

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**Abstract:** The issue of employee turnover has raised quite a number of concerns in the construction industries as a result of its effect on productivity. It is a known fact that employees are important stakeholders in the firm, but unfortunately after limited resources have been used in recruiting, training and developing the employees, they leave for other organizations. Employee's turnover has drained limited resources of small and medium sized construction firms as the services of the lost employees are no longer available to be utilized by the firm. Hence, this research is aimed at assessing the impact of employee's turnover rate in small and medium construction firms in Nigeria. The study adopts a literature review approach to review existing journals in related field so as to arrive at recent findings. However, many of the researches done in this area emphasized on big firms with complex operating structures and strong research and development background. Not much research has examined this concept in the perspective of small and medium sized construction firms. The findings from this study will add to existing body of knowledge in the domain of managing employees in small and medium sized construction firms, thereby increasing job performance and productivity in the sector.

**Keywords:** *Entrepreneurial Firms; Employee Turnover; Human Resource Management; Service Organizations; Construction Firms; Nigeria*

## 1. INTRODUCTION

The uniqueness of the construction industry especially in its approach towards the management of its human resources in a very dynamic and complex working environment has been acclaimed by several authors [46, 22, 62]. They argued further that this maybe because developing the abilities of human resources and retaining them over a period of time in an organization is turning to be a great challenge for construction industries in the small and medium sized firms (SMFs). This requires sound and

competitive human resource management such as training and development to

be carried out by business organizations. This also is to ensure the growth of personnel and systematically reaping benefits from skilled and well trained personnel to ensure effectiveness and efficiency in the construction industries [44].

Employee turnover is the rate at which employee's leave a company and have to be replaced by new or existing staff. Bilau [14] opine that the construction industry is an important sector which plays a great role in the country through the creation of employment, contributing to the gross domestic product (GDP) of the country and provision of infrastructures such as highways, residential and commercial centers.

George & Jones [33] posit that in the construction industry, job satisfaction is very crucial when studying human behaviors and attitude. They added that job satisfaction is the collection of feelings and belief that people have about their current job. They are of the opinion that if job satisfaction studies are properly planned and administered, a number of significant benefits will be produced [44, 4]. Therefore, there is need to assess the rate of employees turnover in the construction firms and its effect on job performance. The issue of employee turnover has raised quite a number of concerns in the construction industries as a result of its effect on productivity. Beardwell [16] and Long et al. [45] are among few authors who argued that employees of a company are important stakeholders in the firm. They regretted that after limited resources have been used in recruiting, training and developing the employees, majority of them leave the organization for other organizations. It was put forward that employee's turnover has drained limited resources of small and medium sized construction firms (SMCFs) as the services of the lost employees are no longer available to be

utilized by the firm [14, 6, 39]. If the demands of employee's are properly addressed, turnover rate is not likely to rise. Risen level of employee's turnover implies that employees are not satisfied with their current job [2, 64]. In view of this, it is necessary to study existing documents to understand the impact, causes and nature of employee turnover in the construction industry to reach an appropriate conclusion. Earlier studies have established that human resource management is a serious challenge within SMCFs in Nigeria thereby leading to employee turnover which in turn impact on productivity.

The preceding section of this research shall focus on important themes such as follows; the perceptions on employee turnover and types of turnover, job satisfaction, job performance, the construction industry, definitions of small and medium enterprises, factors that cause job turnover and so on. The section that ends this study shall be a comprehensive conclusion that highlights evidence of findings and brief recommendation for policy direction.

## 2. LITERATURE REVIEW

### 2.1 Perceptions on Employee Turnover

Hollman [35] opine that from the perception of human resources management and organizational behavior, employee turnover is the rotation of employees around the labor market, that is, between firms, jobs, occupations and between the states of employment and unemployment. Alarape [12] reported that organizations seek to retain highly productive and competent employees in order to improve organizational effectiveness. He noted that, sometimes employees are disengaged from the organizations for several reasons. Employee turnover is defined as the individual movement of employees across the membership boundary of organizations [60, 35, 44]. This definition refers to employees moving into or out of an organization. According to Halil and Selim [36], employee's turnover can be measured by dividing the amount of employees that leaves an organization per year by the average amount of employees in that same year. The result is then multiplied by 100 in order to denote it in percentage. Criticism on this formula resulted in the understanding that the formula did not make a clear distinction between characteristics of employee turnover which are avoidance known as involuntary turnover and it is defined as "movement across the membership boundary of an organization which is not initiated by the employee [65]. Voluntary turnover is when an employee terminates the employee – employer relationship in the form of resignation. Long et al. [45] reported that employee turnover not initiated by the employee could be in form of death or dismissal. Researches have shown that employee turnover can be avoidable and unavoidable, management is likely not to appreciate avoidable voluntary turnover that could result in inconvenience and disruption of work [65, 45]. They would rather avoid it by implementing preventive interventions such as increase in salary, if they are in the position to predict the situation. This could result in averting voluntary employee cessation. On the other hand, losing employees is seen as part of organizational

cycle and conceptualized as unavoidable losses and was explained by Halil and Selim [36] as "necessary casualties". Employee turnover can be advantageous in such a way that opportunities are provided for the organization to lose its less productive employees. This in turn results to the recruitment of newly and highly productive employees, hence, gaining human capital value in addition to saving cost for the organization [41, 44]. Costs that could be incurred by the organization is separation cost, replacement cost and retraining costs. The loss of skilled, relevant and talented employees could stagnate organizational performance and productivity. Solomon et al. [64] added that the loss of an employee triggers additional work stress and lowers motivation for the employees that stays behind. In order words, negatively impacting employees' group morale and organizational membership. Various studies have shown the relationship between employee's turnover and job performance and also the effect of high employee turnover rate on job performance [64, 42]. The next section presents the three types of employee turnover as presented in empirical literature.

#### 2.1.1 Voluntary Turnover

Noe [54] posit that when employees leave organizations at their own discretion, it is referred to as voluntary turnover. It is initiated by the choice of an employee. A similar definition is given by Egan [31] stating that an instance of voluntary turnover reflects an employee's decision to leave an organization, whereas an instance of involuntary employee turnover or a discharge reflects an employer's decision to terminate the employment relationship. However, Carmeli [21] explains that modeling turnover in this manner can vary significantly from an employee viewpoint to that of the employer. Long et al. [44] supported that an employee whose performance is below average may be forced out of an organization with threats of firing or with unattractive hours or assignments, yet if the employee initiates the terminations himself, they are recorded as voluntary. According to Staw [66], voluntary employee turnover can be caused by lack of job satisfaction, alternative job opportunities as well as job stress. When looking at voluntary turnover, it is important to consider attractions such as available alternatives. However, voluntary employee turnover can be predicted and in turn be controlled.

#### 2.1.2 Involuntary Turnover

Involuntary employee turnover according to Booth and Hamer [18] is a discharge that reflects an employer's decision to terminate the employment relationship. Griffith 34] reported that involuntary employee turnover includes death, retirement and dismissal. Boxall and Purcell [17] further explained that turnover initiated by an employee such as resigning to take care of a terminally ill family member should also be considered as involuntary turnover since it involves reasons over which the employee has no control. Carmelli [21] also defines involuntary turnover as the need to cut costs, downsize or restructure due to reasons which are independent of the affected employee(s).

This represents a decision or choice made by the employer. Chiu and Francesco [23] think that the distinction between voluntary and involuntary turnover is important but not straightforward. Employees leaving organizations may wish not to disclose the real reasons for leaving as they are dependent on the organization for future reference [18, 45].

### 2.1.3 Avoidable and Unavoidable Turnover

Buhler [20] reported that avoidable turnover results from life decisions that extend beyond an employer's control, such as a decision to move to a new area or a job transfer for a spouse. Avoidable turnover is something organizations can prevent by hiring, evaluating and motivating their employees more efficiently. Chiu and Francesco [23] opine that it is important to evaluate whether the organization is dealing with voluntary turnover that could have been prevented. Such information is very important as it will help the organization in knowing the type of intervention needed to enhance the retention of employees [23, 67]. According to Luecke [47], the phenomenon of employee turnover is psychological, organizational and costly.

### 2.3 Job Satisfaction

Job Satisfaction refers to the positive or negative aspect of employees attitudes towards their jobs [38, 67]. Job satisfaction is a terminology used to describe whether employees are contented, happy and whether their desires and needs are fulfilled at work. Job satisfaction is a factor in employees' motivation, positive employee morale in the work environment and employees goal achievement [42, 43].

Job satisfaction plays a very great role in the life of an employee of SMCFs because it affects positively on the personal and social adjustment of the employee. Job satisfaction for the employees can be affected anytime by different factors such as personal problems or environmental conditions. Alarape [12] suggested that satisfaction to the employees can be provided by focusing importantly on the job characteristics including rewards. A simple suggestion made by Musa and Danjuma [52] is that the extent to which a job fulfills the needs of the employee will determine the level of job satisfaction of the employee. Muntaner [49] divides job satisfaction into five basic components i.e. the satisfaction with overall human resource policies, satisfaction with the compensation, satisfaction with the supervisor's behavior and attitude, satisfaction with the extent of task clarity and the satisfaction with the career growth opportunities in the organization.

### 2.2 Job Performance

Thwala et al. [67] reported that job performance of employees is an important factor in SMCFs in Nigeria and this refers to whether an employee does his job well or not. Job performance consists of behaviors that employees do in their jobs that are relevant to the goals of the organization. Carmeli [21] define job performance as based on employee behavior and whether the outcome is vital for the organizational success. Evenson [30] explained job

performance as a combination of employee's behaviors. Further he described that it can be monitored, measured and evaluated as outcomes at employee level and linked with the organizational goals. Therefore job performance is a vital determinant for organizational success. There are different dimensions relating to job performance. David [24] suggested three important factors that affect job performance, namely ability variables (the requirement that helps to achieve the job performance), motivation variables (linked with employees to determine the job performance) and opportunity variables (work environment, temperature, noise level, leadership and characteristics of the job) jointly affect performance. Huselid [37] described performance as a reflection of three characteristics. Which are, performance related to capacity of an employee to perform, employees' willingness to perform and organizational support. Jones et al. [40] suggested five factor models' linkage between the personality and job performance in the organizational context are emotional stability, openness, conscientiousness; agreeableness and extroversion affect job performance. Considering the Usman et al. [69] presumptions, job performance is classified as performance traits, task performance, and social behavior. The researchers go further that task performance as a plan for the target achievement, achieve all organizational goals, optimize the use of resources; social behavior as relations with others, always helpful to others; performance trait is a maximum effort of extension and work in a methodical way.

### 2.4 Measuring Job Performance

Dubem [28] put forward that most organizations measure performance using supervisory ratings. He however, argued that the data are not very useful since they are highly subjective. Abiola [7] adds to this that in most jobs an objective measure of productivity does not exist. He further maintained that the consistency of worker performance is greatest when conditions of work are stable, but in practice work conditions are never stable. This makes it even harder to objectively measure performances. Alinaitwe et al. (2007) opine that the performance of many employees probably will be measured despite the lack of availability of generally accepted criteria. Dantong [25] argue the problem of objective measuring, however according to Awe [10] the problem even increases because most employers believe they can rate the productivity of their employees, and that it could be done in an inefficient manner.

### 2.5 Options for Measuring Job Performance

Dantong et al. [26] states in his research that there are four different performance dimensions on which employees are measured, namely: quality, quantity, dependability and job knowledge. This theory combined with Vroom's (1964) theory results in the work of Hunter (1986). He designed the route in which most employers can rate their employee's productivity. Figure 1 shows Hunter's (1986) job performance scheme for rating employee's productivity as cited in Bilau (2011).

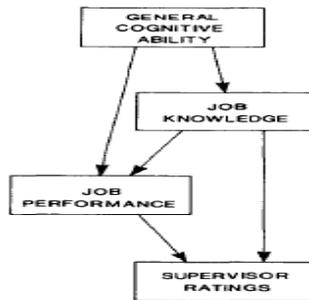


Figure 1; Hunter's (1986) job performance scheme

Hunter (1986) as cited in Bilau [14] reported that learning the job is the key to job performance therefore; general cognitive ability is the key predictor of job performance. He maintained that general cognitive ability together with job knowledge indicates job performance and allows the employee's supervisor to rate performance. According to Hunter this is a simplified but an effective and objective way to measure employee performance. Ayangade et al. [11] added to the statement of Hunter (1986) that employees with good abilities in combination with sufficient experience are twice as productive after two years and therefore learning the job is indeed a key to performance. The supervisory ratings based on ability provide more objective measurements.

### 2.6 Construction Industry and National Economy

The construction industry plays a crucial role in the process of national economic growth. Its contributions to GDP range between 3-7% in developing nations and 5-9% in developed nations [34, 71, 23]. The industry contributes about a quarter of the summative physical investment to the economy. The industry helps in developing and sustaining development through housing provision and infrastructural development and maintenance. Besides, the industry is bestowed with employment generating capacity for skilled, semi-skilled and unskilled labour either directly or indirectly [71]. The development of every nation is largely rested on the industry's contribution. This is largely because products of the industry are required to provide the needed public infrastructure and private physical structures for economies to thrive. The industry is therefore, not only important for its finished product, but other functions with resultant positive effect on national economic growth [49, 71].

### 2.7 Definitions of Small and Medium Enterprises

The term SMEs is an acronym for "small and medium enterprises". In this case there are firms or businesses which are small and medium in sizes. They are firms or businesses arising as a result of entrepreneurial activities of individuals. Several definitions and meanings of SMEs exist. This is due to their global diversity and characteristics [52, 5, 13]. It was affirmed by Arowomole [3] that a single universally accepted definition of SMEs has not been easy as different countries have different criteria for defining SMEs. Adding that many countries

have defined it in terms of manpower, management structure and capital investment limit. The author further noted that experts in this field have also contributed to the diversity in SMEs definitions. One crucial thing to note about SMEs definition is that certain criteria have been used to define what SME stands for most especially according to countries, sizes and sectors. Musa and Danjuma [52] explains that the main reason why SME definition varies particularly from industry to industry; county to country; size to size and number of employee is to accurately reflect industry, country, size and employment differences. Baumbach [15] defined SME in terms of employment, asset value and dollar sales. Ajagbe et al. [6] and Ismail et al. [39] posit that Small and Medium Enterprises (SME) represent a business and not a public limited company. They are businesses having not less than 250 workers in the case of manufacturing and service industries including trading businesses, having a million naira as per current financial statements. The points highlighted above bear witness and demonstrate that the common criteria for defining SMEs include: employment, number of employees, size, industry, country, asset value etc. This is consistent with the findings of Musa and Danjuma [52]. They contended that the most valid measures for defining SME are number of employees and size.

### 2.8 Challenges Faced By Small and Medium Enterprises

It underscores the belief that there exist fundamental problems which confront SMEs but which hitherto have either not been addressed at all or have not been wholesomely tackled [6, 39, 13]. A review of literature reveals indeed the following number of problems, which are enormous, fundamental and far-reaching:

- i) **Inadequate and inefficient facilities:** This challenge comes as a result of non-functional infrastructural facilities, which tend to escalate costs of operation as SMEs are forced to self-provision of such facilities as roads, water, electricity, transportation, communication.
- ii) **Lack of access to loan:** Lack of easy access to funding/credits which can be traceable to the reluctance of banks to extend credit to them due to inadequate documentation of business proposals, lack of appropriate and adequate collateral, high cost of administration and management of small loans as well as high interest rates.
- iii) **High cost of packaging appropriate business proposals:** When it comes to packaging an appropriate business proposal, the SMEs find it difficult due to the cost of packaging which in turn prevents them from getting approval to execute the proposed venture.
- iv) **High tax rate from regulatory agencies:** High incidence or multiplicity of regulatory agencies taxes and levies that result in high cost of doing business could discourage entrepreneurs. This is due to the absence of a harmonized tax regime, which would enable manufacturers to build in recognized and approved levies and taxes payable.

- v) Initiatives from government: Lack of initiative and administrative framework or linkage to support and sustain SMEs' development, which to a large extent, is also a reflection of poor technological capability or intellectual resource.

### 2.9 Contributions of SMEs to National Development

Abdullah et al. [4] opine that small and medium sized enterprises have been a source of economic development through its vast creation of employment, wealth creation and innovation by introducing competitive strategies which set them apart from other firms. These include their ability to re-engineer products and service delivery to meet clients' demand by making sure innovative techniques are put in place. Such firms have contributed immensely to national economy of many countries both developed and developing [14, 5]. For instance, about a decade ago in Nigeria, SMEs represent about 90% of the industrial sector in terms of number of enterprises and furthermore they contribute a scanty 1% to the national GDP [59, 13]. This is significant when compared to countries like Indonesia, India and Thailand, where SMEs contribute almost 40% of their GDP. In many other countries SMEs form an important part of the business landscape, but they are faced with significant challenges and obstacles that compromise their efficient ability to function and to give or contribute to the Nigerian economy. The Corporate Affairs Commission in Nigeria estimates that 90% of all Nigerian businesses in 2001 employed less than fifty people. Similarly, a study that was conducted by the International Finance Corporation about the same period estimating 96% of all businesses in Nigeria are SMEs, compared to 53% in the USA and 65% in the EU. The SMEs in these two parts of the world accounts for 50% of their respective country's GDP [6, 39]. This clearly shows that given necessary support, SMEs could play an important role in the development processes of the Nigerian economy, because, it has proved to be one of the most viable sectors with economic growth potential. Ogundele [58] reported that the contributions of small and medium firms contribute to national development in the following ways:

- i) Small scale industries generate employment for the citizens.
- ii) Through the establishment of manpower development support schemes, and their involvement in the training and retraining of entrepreneurs. SMEs have provided a pool of potential entrepreneurs and business people who are well equipped to start and successfully manage industries whether small or large.
- iii) Small scale industries have stimulated rural development and the achievement of a meaningful level of broad economic and rural development.
- iv) It has upgraded the social status of youths by showcasing them as very successful entrepreneurs and operators of small scale industries.

### 2.10 Factors that Cause Turnover

Solomon et al. [64] highlighted that controlling employee turnover can constitute a complex and challenging task for

both the workplace and administrators. They researchers go forward to opine that managers may have difficulty understanding or accepting employee turnover within their organization, due to a myopic perspective of the situation. However, identifying the underlying causes, quantifying the problem, and identifying possible solutions to high employee turnover can prove to be valuable information for managers who wish to make substantial difference [50, 67]. Numerous researchers have tried to identify the various contributing factors to employee turnover in the workplace in addition to the causes of turnover and dissatisfaction [65, 64, 5]. In addition, traditional theories have focused on how employees make their decision to leave the workplace [42, 43]. Within these studies, several of the following factors have continued to surface in relation to turnover, showing that there are leading underlying factors that exist in causing the act of turnover.

#### 2.10.1 Job Satisfaction

Long et al. [42] and Long et al. [43] described job dissatisfaction as the positive emotional state resulting from appraisal of one's job or experience. Job satisfaction was related to resignation, thus employees having job dissatisfaction leave their current employer more easily [65, 5]. According to George and Jones [33], the relationship between job satisfaction and turnover is stronger in all organizations. Wilcox et al. [71] found that military personnel have strong binding relationship with their job and retention as compared to civilians. The relationship between job dissatisfaction and employee turnover is reciprocal to each other and this relationship is high when unemployment rate is low in the society, and similarly low when unemployment rate is high. Even though people are not satisfied with their jobs, they will be less likely to quit if there are few alternatives [70]. Also, the vast majority of evidence supports the claim that job satisfaction leads to organizational commitment [40].

#### 2.10.2 Salary/Pay

Okuntade [55] described pay as something given in exchange for services rendered in an organization. It plays a central role in retaining and rewarding high quality employees but at the expense of the overall labor cost for any organization. Also by binding pay with performance, an employer can monitor and control specific activities and level of performance. Conversely, employees need to prove their worth in order to stay longer with the organization by providing quality work or else run the risk of getting their employment terminated. Edoghogho [29] concluded that pay has a strong determination to job satisfaction. There are basically two categories of pay linked with employee job satisfaction, one is satisfaction with pay itself and the second is the prospects of financial rewards in the future for a job well done. There is a longstanding interest of two items which are correlated with job satisfaction. When pay is not given much emphasis in an organization, higher productivity would not be achieved due to job dissatisfaction of the employee which in turn brings about turnover in the organization.

### 2.10.3 Role Stressors

Staw [66] suggested three role stressors which contribute to employee turnover. These three role stressors are; role conflict, role ambiguity and role overload. Almost the opposite of lack of responsibility, role stress is a result of work environment perceptions and thus, influences affective responses such as organizational commitment. Role ambiguity results when an employee is uncertain how to perform the job. Onuka et al. [57] mentioned that this could occur when there are undefined management positions within an organization. Role conflict is experienced when an employee receives two or more sets of expectations or demands that are incompatible and cannot be simultaneously satisfied [69, 67].

The first two, (role ambiguity and role conflict) are stressors that are experienced within the organizational framework itself. Unlike the first two, role overload is when extra organizational variables are added into the context of the workplace. An example of this could be work-family conflict, where the pressures of the two roles conflict and one or both areas are in need of consideration. Work-Family conflict is likely to bring about the intention to leave an organization. The company will be less likely to pressure the employee or manager into a conflicting situation that could contribute to the work-family conflict, knowing that increased levels of role conflict will negatively affect commitment to the organization. This is something that must be considered when promoting an employee considering that in many organizations promotions are often contingent upon geographic relocation [27, 28].

### 2.10.4 Poor Employee's Training.

Usman et al. [69] views training to be a method used to increase job related employee knowledge. The authors posit that employees starting new jobs need to be introduced to the job, its duties, and what is expected of them. The training should only be the beginning process to mold the employee into the corporate culture and ideals. Ameh and Osegbo [9] posit that components of training sessions are program content, training methods, employee input, and an assurance that the training meets organizational needs. In situations that certain essential trainings are not offered to the employees, it brings about poor performance from the employee which in turn leads to employee turnover.

### 2.10.5 Fringe Benefits

A fringe benefit is an indirect reward given to an employee or group of employees as a part of organizational membership which affects performance and retention of employees [25]. At the organizational level, fringe benefits are critical in attracting, retaining and motivating the employees to contribute their best towards organizations success [48]. Many organizations do not only use the fringe benefit to reward and recognize employees effort and contributions but also as a motivational tool to improve employees productivity through performance, thereby preventing the intention to leave and increasing career satisfaction. Fringe benefits have traditionally been

designed to attract and retain employees and to motivate them to increase their efforts and output towards the realization of organizational goals [61]. The absence of fringe benefits in an organization will influence employees thought towards leaving the organization, thereby leading to high employee turnover rate.

### 2.10.6 Alternative Employment Opportunity

Alternative employment opportunity also known as perceived ease of movement is the perception of the availability of job alternatives [55]. This perception is an uncontrollable factor because it is closely associated with the external environment such as the availability of job vacancies and employment rate. Ruchi [63] revealed the significant relationship between availability of job and voluntary turnover. Albert [1] investigated that employees with higher educational background perceived more employment opportunity considering their qualification as a competitive advantage over less educated employees. This perception triggers the turnover intentions in an organization which will in turn bring about high employee turnover rate.

### 2.11 Factors that Leads to Employee Performance

Research has shown that the same factors that causes employee's turnover are equally the factors that leads to job performance in the small and medium sized construction firms.

**2.11.1 Salary:** Mohammed [51] perceives pay as something given in exchange for services rendered in an organization. It plays a great role in retaining and rewarding high quality employees but at the expense of the overall labor cost for any organization. Also by binding pay with performance, an employer can monitor and control specific activities and level of performance. Conversely, employees need to prove their worth in order to stay longer with the organization by providing quality work or else run the risk of getting their employment terminated. Pay is a strong determinant of job satisfaction [57]. There are basically two categories of pay linked with employee job satisfaction, one is satisfaction with pay by itself and the second is the prospects of financial rewards in the future for a job well done.

**2.11.2 Effective Leadership:** Lack of support, particularly from supervisors decreases employee's ability to cope with their jobs and increases the likelihood that they will quit [53]. According to Zimmerman [72] management researchers have blamed bad supervision as a prime cause of high employee turnover rate.

**2.11.3 Employee's Training:** Training is a method used to increase job related employee knowledge. Employees beginning a new job need to be introduced to the job, its duties, and the expectations that will be placed upon them. This training should be only the beginning process to mold the employee into the corporate culture and ideals. Ruchi [63] mentioned the items involved in training sessions which include program content, training methods, employee input, and an assurance that the training meets organizational needs. When vital trainings are not given to

the employees, it brings about poor performance from the employee which in turn leads to employee turnover

*2.11.4 Fringe Benefits:* A fringe benefit is an indirect reward given to an employee or group of employees as a part of organizational membership which affects performance and retention of employees [32]. At the organizational level, fringe benefit is critical in attracting, retaining and motivating the employees to contribute their best towards organizations success [48, 27]. Many organizations do not only use the fringe benefit to reward and recognize employees effort and contributions but also as a motivational tool to improve employees productivity through performance, thereby preventing the intention to leave and increasing career satisfaction. Fringe benefits have traditionally been designed to attract and retain employees and to motivate them to increase their efforts and output towards the realization of organizational goals [61]. The absence of fringe benefits in an organization will influence employees thought towards leaving the organization, thereby leading to employee turnover rate.

### *2.12 Effects of Employees Turnover on Job Performance*

*2.12.1 Incurred Cost:* Employee turnover affect organizations in terms of measurable financial costs as well as intangible knowledge-based and productivity costs. According to a 2008 SHRM study, the cost to replacing and hiring new staff may be as high as 60% of an employee's annual salary, whereas total costs of replacement, including training and loss of productivity, can range from 90% to 200% of an employee's annual salary. Those expenditures can be difficult to absorb in a SMCFs.

*2.12.2 Decreased Performance:* Loss of employee talent hinders the development of new products, disrupts client relationships and delays customer deliverables. These production delays, along with replacement costs of employee turnover, negatively affect overall business performance and success.

*2.12.3 Cost of Recruitment and Training:* When employees leave a firm and needed to be replaced by a new employee, the firm will need to replace an advert which entails a cost and also the training of new employee on the work he is to carryout in the organization, thereby incurring a cost on the firm.

*2.12.4 Lower Knowledge Base:* New employees who come in to replace the outgoing employees will not have the basic knowledge and expertise to execute his task.

*2.12.5 New Employees are Accident Prone:* Employees who are new in an organization are accident prone due to their little knowledge of the organizations environment.

### *2.13 Effective Methods to Reduce Employee Turnover*

According to authors in the field of study, the following are some of effective methods that will help in minimizing employee's turnover rate:

*2.13.1 Employee's Training:* Training employees reinforces their sense of value. Through training, employers help employees achieve goals and ensure they

have a solid understanding of their job requirements [65, 29].

#### *2.13.2 Mentoring Program*

A mentoring program integrated with a goal-oriented feedback system provides a structured mechanism for developing strong relationships within an organization and is a solid foundation for employee retention and growth. With a mentoring program, an organisation pairs someone more experienced in a discipline with someone less experienced in a similar area, with the goal to develop specific competencies, provide performance feedback and design an individualized career development plan [48].

#### *2.13.3 Feedback to Employees*

It is important for companies to give feedback and coaching to employees so that their efforts stay aligned with the goals of the company and meet expectations. During an employee's first few weeks on the job, an employer should provide intensive feedback. Employers should also provide formal and informal feedback to employees throughout the year [61].

#### *2.13.4 Instill a Positive Culture*

Organizations should establish a value based system hinged on culture such as honesty, excellence, attitude, respect, and teamwork. Firms that create the right culture will have an advantage when it comes to attracting and keeping good employees [68].

#### *2.13.5 Recruit from within the Organisation*

Another way an employer can lessen the impact of employee turnover is to hire from within, since current employees have already discovered that they are a good fit in the organization [61, 48].

## 3. RESEARCH CONCLUSION

The study identifies major ways by which employee turnover in Nigeria construction firms can be minimized to the nearest minimum. The effect and impact of employee's turnover on job performance are mostly as a result of poor resource management in the firm. From the study, factors that causes employees turnover in SMCFs were ranked with salary coming first under financial factor, secondly fringe benefits, lack of financial management and lastly unequal and or substandard wage. The study suggests an urgent need for construction firms to engage in anticipatory strategic planning and approaches to minimize employee's turnover rate. This study has presented the importance of assessing employee's turnover rate on job performance of SMCFs and possible ways of minimizing the turnover rate within construction firms in Abuja and Nigeria at large. This has been done by using employee training, mentoring programme, feedback to employees, recruit from within the organization, provision of positive work environment, recognize and reward employee's handwork. The factors that causes employees turnover in the construction firms were highlighted under some factors which include financial factors, management factors, organizational factors and personality factors. If continually ignored, employee turnover rate will be on the increase and job performance will be affected. This research presents valuable possible ways to minimize employee turnover in SMCFs and the construction industries at large. Although

this cannot be achieved in hidden, therefore more relevant information is needed for more assessment of employee turnover rate on job performance of SMFs. It is expected that the underlisted recommendations are made to enhance the minimization of employee turnover in the construction industries.

- i) Employees in an organization should be given additional training to the ones they already had and also they should be given the opportunity to go for further studies.
- ii) Construction firms should learn to recruit and train employees within the firm (internal recruitment).
- iii) Construction firms should provide positive working environment for its employees for the betterment of their work.
- iv) Employees who are hard working with the firms should be identified and rewarded for their hard work.

However, this study was able to assess employee turnover and its effect on job performance and measures by which it can be minimized. A more comprehensive data and analysis on employee's turnover would involve getting more information from clients on how employee's turnover has affected the completion of their projects. This study has placed the author among researchers who have contributed to resource management in both developed and the developing countries. Having understood the causes of employee's turnover rate, and ways in which employee turnover rate can be minimized. This research also suggested that construction firms should learn to recruit and train employees within the construction firm (internal recruitment).

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