

## **EMPLOYEE'S RETENTION STRATEGIES AND PERFORMANCE IN NIGERIA'S PUBLIC SECTOR**

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### **Abstract**

*Employee retention strategies are becoming the most critical workforce management challenges in the dynamic business environments. Public Organizations in Nigeria are operating in highly competitive environment owing to today's rapidly moving dynamic, uncertain and highly competitive global markets. This study aims to examine the impact of employee retention strategies on performance of Nigeria's public sector. Secondary data obtained from relevant books, journals, websites resource were gathered and analyzed to accomplish this objective. Findings of the study establish the significance that employee retention strategies have on public sector performance in Nigeria. Moreover, the findings revealed the implication of labour turnover in the public sector and the strategies for its avoidance. In view of this, the paper argues that governments in Nigeria need to put in place, adequate employee retention policies that encourage and make employees feel valued. In addition, the conditions of services and other retention strategies in the public sector should be reviewed in line with the current economic situation of the country. These steps are necessary to achieve the much needed quality performance in the Nigeria's public sector.*

**Keywords:** *Employee, Performance, Labour turnover, retention strategies, Public sector, Nigeria*

### **INTRODUCTION**

Globalization has amplified rivalry amongst organizations as well as birthed new windows of opportunity for employees. In the view of Samuel & Kumar (2011) a lot of importance has been placed on employee retention and talent management due to globalization and as a result of the economic situation happening around the world. Retention of employees can however, be a vital source of competitive advantage for any organization since humans are the active factors who work to bring about certain ends in organizations (George, 2015). Retention of skilled workforce has become a major precedence for organizations and is said to be a major differentiator of the human capital management (Idris, 2015). The main purpose of retention in any organization, whether private or public, is to prevent competent employees from leaving the organization as this could have adverse effects on productivity and service delivery (Ng'ethe, Iravo & Namusonge, 2012).



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In Nigeria, the most critical problem of the public organizations is hiring, retaining, training and motivating professional talents which continue to affect service delivery to the citizens. Successive government have been responding to the poor service delivery in the public sector by formulating and implementing Public Sector Reforms (PRS). Among the reforms are the Udoji award, privatization, outsourcing, performance based management and generally results based management. The public sector reform programs were aimed at restoring public confidence and turning around these organizations back to profitability.

Despite the government's efforts to retain professional employees and reduce the turnover rate in the public sector, the sector still encounters challenges in retaining professional employees (Lok & Crawford, 1999; Pamela, 2003). This study therefore seeks to examine the impact of employee's retention strategies on performance in Nigeria's public sector and the extent to which labour turnover have affected service delivery in Nigeria's public sector.

### **EMPLOYEE RETENTION AND PERFORMANCE: A CONCEPTUAL DISCOURSE**

Sandhya& Kumar (2011) defines employee retention as a process in which there is a total consolation to the employee to stay with the organization for a longer period. Thus it is expected that an employee will be retained by an organization with connected incentives (training, career growth, rewards, and flexible environment) being made available to the employees. Akindele (2007) views employee retention as a process where the workers are urged to stay with the association for a maximum timeframe or until the completion of a project. While Browell (2000), it perceives retention as an act of keeping those specified number of staff that ought to be kept in the organization for reasons unknown, particularly to a rivalry organization. Thus, holding key employees are placed in strategic positions that are basic for the accomplishment of organization goals and objectives. These are positions that are seen as a source of competition to other organizations.

McKeown (2002) further broadens the view expressed by Browell (2000) view on employee's retention by noting that retention ought to be pointed just at top performing staff, since they positively affect the performance of an organization. Jain (2011) defines employee retention as a systematic effort by which employers urges current employees to stay employed by having strategies and practices addressing their different needs. Employee Retention involves taking measures (a course of action that involves meeting the needs i.e. training and development, appropriate rewards, job security etc.) to encourage employees to remain in the organization for the maximum period of time.

From the above definition, employee retention can be viewed as getting the right people into the organization first and proceeding to meeting the needs of these individuals, therefore minimizing their chances of wanting to quit. This requires managers to exert a lot of effort in ensuring that employee's turnovers are always low by increasing awareness of how critical employees are to the success of an organization (Meaghan & Bontis, 2002). Since the values of the employees to the organization are not easily replicated, the loss of a talented employees can be detrimental to the productivity and profitability of businesses, that is why retaining top talent has become a primary concern for many organizations today (Sigler, 1999; Samuel &



Chipunza, 2009). Furthermore, lots of money is spent on hiring and training the employees, the need to retain them has turned out to be particularly essential to organizations. Some of the conventional employee strategies currently being employed by most organizations in Nigeria include:

**Attractive Remuneration Package or Financial Rewards:** The provision of an attractive remuneration package or financial rewards is one is a standout amongst the most broadly talked about maintenance components, since they satisfy material and monetary desires, as well as have a social significance, with the pay level indicating the worker's relative position of influence and status inside the organization.

**Skill recognition:** Providing skill recognition of personal job accomplishments is an effective retention strategy for employees at any age. Fulfilling peoples need for acceptance by acknowledging individual work accomplishments prolongs employment of employees. Retention, individual efficiency and performance is improved upon through skill recognition and learning opportunities

**Opportunities for career development:** It is suggested that a organization that wants to strengthen its bond with its employees must invest in the development of these employees . This does not only involves the creation of opportunities for promotion within the organization but also opportunities for training and skill development that allow employees to enhance their employability on the internal and or external labour market.

**The social atmosphere:** this refers to the social ties and work environment of organization. Effective communications improve employee identification with their agency and build openness and trust culture. Increasingly, organizations provide information on values, mission, strategies, competitive performance, and changes that may affect employees enthuse (Cappelli, 2001).

**Training:** The provision of training and development programmes for employees is very significant in facilitating growth within the organization relating to performance (Boomer, 2009). Training techniques that engages employees with challenging jobs, opportunities of career advancement, competitive salary packages, work incentives and a conducive work environment are effective retention policies for workers either young or old (Arnod, 2005).

**Organizational Commitment:** Employees that are committed to an organization tend to stay longer than those who less committed. Sears (2003) stated that “the more committed an employee is, the lesser the intention to leave the organization”. Highly committed workers were said to have higher intent to stay with an organization, a more grounded craving to go to work, and a positive attitude to work.

**Supervisory Support:** The supervisor is seen as crucial tool in organizational change. At the point when a supervisor gives tutoring, the relationship influences the protégés expertise improvement and aims to stay with the organization (Atif, Kashif, Ijaz, Muhammad & Asad,



2011). At the point when a worker's aptitude enhances, it will emphatically influence organization's productivity level. On the other hand, non-supervisory tutor may expand mentee's certainty by giving access to outside organization.

Studies have shown that employees' retention strategy which viably meets the requirements of all workers subsequently upgrades the capacity for organizations to adjust all the more successfully to continuous organizational change. In perspective of the vast expenses related to labour turnover, even in a worldwide monetary downturn described by scaling down and cutbacks, human resource managers need to formulate human resources policies enable them keep their skilled workers. Retention strategies improves an individual job satisfaction level, commitment, and duty and hence, performance (Boomer, 2009).

Performance in organizations is a multifaceted concept whose intricacy makes it hard to be characterized from a solitary point of view. This is on the account that performance cannot be measured making using a single measuring device (Hendry, 2012). However, numerous researchers have attempted to define performance. Kirby (2005) described organizational performance as the actual yield which can be considered as an actual outcome of an organization measured against the output targets or goals. Organizational performance according to upadhaya, Munir & Blount (2014), is the 'wholeness' of achieving organizational goals more also it is very vital to concentrate on particular areas such as product markets, shareholder returns and finance which by and large can be summed to decide the general result in the organization. Organizational performance has developed to be the most important issue that every organizational management is concerned about, as it determines the ability of an organization to continue with its operations. Muhammad, Muhammed & Riaz (2013), stated that it is very important for organization to measure performance as it seeks to assess the value that employees bring into the organization. The impact that the inputs in an organization has on the processes and activities within an organization play a central role in determining the strategic outcomes within the organization which is determined by the achievement of mission, vision, financial position, and goals within the organization. The inability of an organization to retain its employees results in turnover. While employee retention has been found imperative for performance, labour turnover has unfavourable consequences to organizations.

Labour turnover is the proportion of staff leaving in a given time period but prior to the anticipated end of their contract (Loquercio, Hammersley & Emmens, 2006). Kossen (1991) defines staff turnover as the amount of movement in and out of an organization. Abassi & Hollman (2000) describe labour turnover as the rotation of worker around the labour market; between firms, jobs and occupations; and between of employment and unemployment. Whenever turnover takes place, it means another organization may gain a new knowledge from the incoming employee who can become its competitive advantage. The loss of knowledge thus is however a threat for the former organization (Lucy and Hana, 2011). High labour turnover rate is a noteworthy worry for organizations as its effect can be high replacement costs, extra work load on staff, reduction in output and deficit in meeting customer demand to mention a few. These are explained in detail below.

**High replacement costs:** Voluntary quits is process in which an employee quits his/her job and taking along capital investment made by the organization. According to John (2000), after the employee leaves a lot of financial and material resources are required in replacing the employee. The subsequent replacement cost includes a search for a possible substitute, followed by choosing among the substituting candidate, the prospective employee, the potential candidate goes through the induction process and finally, the selected employee is being trained formally and informally until he or she accomplishes performance levels proportionate to the employee that left. Mullins (2005) shares similar view when he stated that recruiting and engaging entails manifold cost ranging from money spent on conducting interviews, paper works, agency fees and advertising.

**Extra work load on Staff:** Labour turnover also results in extra work load for the remaining staff member's performance and on organizational effectiveness. John (2000) state that employee have to work extra hours to compensate for the work of those that have resigned. The increased workload leads to low morale and high levels of stress which in turn leads to absenteeism amongst employees.

**Reduction in output:** Another effect of labour turnover is reduction in output. Output would be influenced to some degree or it would be kept up at the cost of additional time payment. Simon and Kristian (2007) state that employee turnover is expensive and disruptive in that it involves the adjustment of programmes and schedules and expensive which could lessen productivity level.

**Deficit in meeting customer demand:** Labour turnover affects the sales and profitability of organization. Gardner (2009) asserts that employee turnover may have devastating effects on service rendered by the organization and these may bring deficits in meeting customer demand. This leads to customer irritation and increase in complaints.

From the above, it can be deduced that if labour turnover is not managed properly it would affect the organization adversely in terms of personnel costs and in the long run it would affect its liquidity position. The personal cost is categorized into two groups namely the direct and indirect cost. The direct cost consists of replacing employee, provisional staff, recruitment and selection and management time. While the indirect cost includes organizational memory, morale, pressure on remaining staff, cost of learning and product/service delivery.

## METHODOLOGY

The study which is largely descriptive and analytical, adopts secondary sources to gather data for analysis. The secondary data were obtained from the relevant textbooks, journals and internet resource which were reviewed and analyzed. Efforts were made to ensure that the secondary data were from reliable publications from credible journals and online database such as Elsevier, Ebscohost, Jstor and Sage, Spectrum Publisher, e.t.c. The reliance on secondary data stems from the fact that it provides a foundation upon which the researcher gains insight and in-depth perspective on the subject matter and which from their makes conclusion and recommendations (Long-Sutehall, Sque & Addington-Hall, 2010).



## **EMPLOYEE RETENTION STRATEGIES AND PERFORMANCE IN NIGERIA'S PUBLIC SECTOR**

The Nigerian public according comprises of the civil service identified as the federal, state, state ministries as well as the local government councils, government institutions of learning, research institute and other allied systems, parastatals comprising of the Federal and State corporations like the Nigerian Railway Corporation, Nigerian Port Authorities, Nigerian Television Authority (NTA), Federal and State Radio Corporations, The Nigerian Postal Service (NIPOST), among others and public enterprises (Idris, 2014).

The Nigeria's Public Sector is the largest employer of labour and has been found to be at the heart of the development of the nation. To accomplish the enormous responsibility of public organizations in the country, competent personnel are required. These personnel are drawn from a pool of potential applicants. They are the people who are ready to serve an organization with their ability, talent, and drive in the achievement of its goals (Osibanjo, Adeniji, Falola & Heirsmac, 2014). It is therefore imperative that in order to achieve the stated goals, appropriate recruitment of its workforce from a pool of potential applicants and retention strategies to keep the workforce in the organization have been found to be very crucial. In fact, need to secure and manage competent work force in the Nigerian public sector stems from the need for effective and efficient delivery of goods and services to the citizens (Gberevbie, 2009). Retention strategies are the means, plan or set of decision making behaviour put in place by organizations to retain their competent workforce for performance (Gberevbie, 2009).

Despite low compensations paid to public sector workers as compared to some private organizations, studies have shown that public sector employees have high employee retention. One of the retention strategies responsible for this is the high security of job in the sector. Job security encourages employees to stay in the employment of public organizations. Job security is a potent strategy for employee retention in the public sector and it creates self confidence in employees and allows them contribute maximally to the organizational goals. In this regards, policies and practice that promote the feeling of job security are good strategies capable of guaranteeing personnel retention for performance (Gberevbie, 2009; Osibanjo, Adeniji, Falola & Heirsmac, 2014).

Others retention strategies in the Nigeria's public sector include training, career development; free staff transportation services; provision of food through subsidized canteen services, subsidized staff quarters, staff welfare services such as medical services for staff, their spouses and four children. In addition, there tends to be regular promotion of employees to motivate and retain personnel for performance (Gberevbie, 2009; Nwokocha & Iheriohanma, 2012).

Despite the high employee retention rate in the Nigeria's public sector, the emerging trend in the country is that globalization has greatly affected employee retention (Nwokocha and Iheriohanma, 2012). Globalization has enhanced the mobility of labour, and has also accelerated the rate of employee turnover in both private and public organizations in Nigeria.



Moreover, factors such as inequity in the compensation packages of organizations, employees' dissatisfaction and autocratic managerial pattern have affected employee retention in most public organizations in Nigeria. The effects of the concomitant turnover are disruption in production, cost of training new employees, the recruitment and selection cost and knowledge lost. As a panacea to minimize the rate of employee turnover and catch up with the current demands of global economic needs and organizational performance, public organizations in Nigeria need to intensify their critical sustainable retention trends such as establishing a strategic plan, involving employees in decision-making process, initiating personalized compensation plan, installing mechanisms for career planning, training and development and building flexible work programs especially for critical knowledge – employees (Gberevbie, 2010). These will help to retain core employees in this era of globalization. Certain variables are crucial in influencing employees' decision to remain in an organization which include training and development, recognition/reward for good performance, a competitive salary package and job security (Nwokocha & Iheriohanma (2012).

It is important to reiterate the fact that to be able to retain employees is an indication of success and it demonstrates that the organization is a valued place of work and that there is a positive outcome for the organization's performance and productivity (Galbreath (2010). Communication has also been identified as a retention strategy for high performance in the public sector (Smith & Rupp, 2004). Free communication between staff and supervisors helps enhance the employees' performance and more also bring about cooperation among them. Openness in communication creates the presence of teamwork and a willing spirit among the employees hereby creating a healthy and conducive work atmosphere, propelling progress. Another employee strategy in the Nigerian public sector is a work balance policy. Adoption of this strategy leads to low rate of employee absenteeism as there is a proper balance between work and life which will boost employees' productivity and minimize stress (Johnson, 2004).

Employee's career advancement or promotion is another strategy for retention and performance in the Nigeria's public sector (Johnson, 2004). With this strategy public sector employees would not want to quit their jobs and they also feel committed to perform better, in order to demonstrate that they are the perfect individuals for the job and along these lines perform better which would earn them promotion and career advancement (Moncarz, Zhao & Kay, 2009). When employees are trained the job skills and techniques get to be learned. The procedure and equipment to be used are taught thus making the employee be highly skilled in their work. This result to the employee to work efficiently and effectively to meet the target set for them and handle a satisfactory volume of work, hence high performance by the employee (Smith & Rupp, 2004).

## **CONCLUSION AND RECOMMENDATIONS**

The study examines the impact of employee retention strategies on performance of Nigeria's public sector. Findings of this study reveal that robust strategies for retaining employees have a positive impact on organizational performance. On the contrary however, it appears that



labour turnover has a negative impact on performance. Organization that lack adequate retention strategies will experience high labour turnover which may lead to disruption in production, cost of training new employees, the recruitment and selection cost and knowledge lost in the long run have an adverse effect on the organization's performance. As a result, there is a need to focus on allocating both human and material resources for attracting, developing, engaging and retaining talent in in this era of globalisation. This is equally important in order for the public sector to deliver the much needed quality service to the citizens. Based on the findings, this paper recommends that government should strive more put in place adequate employee retention policies such as engaging them in the decision making process that will encourage employees and make them feel valued. In addition, the Nigeria's public organization should visit their policies on worker's compensation which includes salary administration and benefits packages and try to make it more competitive with the private sector in the country. The menace of administrative corruption associated with personnel administration in Nigeria's public sector must be nipped in the bud. Antigraft agencies in the country should not only limit itself to fighting political corruption, they should also beam their search lights to administrative corruptions associated with managements of employees' compensation in the public sector. It is important to note that allocating resources both in term of human and material, for attracting, developing, engaging and retaining talent is indispensable for the much needed performance in the Nigeria's public sector.

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