

# Analysis of the Main Factors that Cause High Labour Turnover in Fuel Oil Retail Outlets: A Study of Petrol Stations in Nakuru Town, Kenya

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## Abstract

High labour turnover can destabilize a business due to various challenges such as; the high costs of recruitment and replacement; hidden organization costs; workers' taxing monetary and psychological costs as well as costs of disrupted work schedules. Petrol stations were chosen because high labour turnover among pump attendants had been identified to be among the most challenging aspects when operating a petrol station in Kenya. Yet, the energy business is at the core of all development efforts in any economy. The study used an exploratory research design where questionnaires were given to the respondents of the petrol stations. The population for the study consisted of 477 staff drawn from 32 petrol stations. The sample size of 33% for pump attendants and leavers was found to be sufficient to determine the precision with which population values were extracted. Factor Analysis revealed that labour turnover is influenced by several factors and the leading factor was poor pay.

**Keywords:** Attrition, Branded Petrol Stations, Forecourt attendants, High labour turnover, Independent Petrol Station, Labour turnover, Leavers, Wastage:

## 1. Introduction

The development of petrol stations dates back to 1900 in the United States after Sylvanus F. Bowser perfected a pump in 1905 that would take gasoline out of a barrel and fill a car's tank. Hence the first 'filling station' started operating the same year. As the use of cars grew from about four thousand (4000) s in 1900 to about five hundred thousand (500,000) cars in 1910, new types of filling stations began to appear – the drive in, sometimes covered by a canvas and the pump located on a lot off the street, and often next to a store that sold auto supplies and food – a business similar to the petrol stations we know today. In Kenya, the first multinational oil company –Shell, is thought to have started operations in 1900 with its establishment at the port town of Mombasa. Kenya Shell started off as a kerosene and petrol distributor. Today, we have over (sixteen) 16 mainstream oil companies engaged in retail oil business through their petrol stations spread all over the country. 60% are branded and 40% are independent outlets.

## 2. Main factors that cause high labour turnover in Petrol Stations

### Literature Review

Cooper & Lybrand (1992) observes that surveys done on causes of labour turnover show that the potential range of reasons include poor career prospects, boredom, not being interested in the work, being treated like a cog in a machine, not being valued as an employee, not having enough to do, not being properly rewarded, lack of status, poor working environment and off course inequitable or uncompetitive pay structures. In fact, pay systems can be major cause of dissatisfaction and therefore labour turnover if they do not provide appropriate rewards for contribution and responsibility and do not satisfy reasonable expectations on the appropriate return for the employee's investment of skill, effort and time. (Coopers & Lybrand, 1992)

Alan & Chloe (1981) contend that "High labour turnover is frequently an indication of low morale, poor supervision, unsatisfying work, or poor working condition," The labour turnover index done on an annualised basis is a clear indication of the rate of wastage that an organisation experiences. However when the labour turnover problem is experienced in a certain department, a stability index is calculated to give credence to the labour turnover index.(Alan & Chloe, 1998)

It has been noted that labour turnover has been declining in Kenya over time due to the increasing levels of unemployment. However, workers in an organisation do leave their respective jobs for reasons which are personal, organisational and social.

**Personal reasons-** Higher wages and better career prospects are very common reasons for people to leave their jobs in Kenya and most developing countries especially for those whose job skills are in short supply. Where career development lacks within immediate jobs, they leave to seek career prospects that are rewarding to them. According to Mungumi (2002), employees may change jobs for higher basic wage and to obtain greater earnings from commissions and gratuities.

**Organisational reasons to leave-** Strains from work overload such as qualitative overload that occurs when work to be done is too difficult and quantitative overload when there is too much to be done in the available time.

Cooper and Marshal (1978) have shown that quantitative overload is associated with labour turnover, coronary heart diseases, alcoholism, absenteeism and low motivation to work as well as low self-esteem. Less unchallenging and work under load causes some employees to leave because duties they perform are less challenging than they were made to believe or expected (Werther & Davis, 1993). Similarly, some employees do not like the working conditions of the job. Work under load occurs when there is little or nothing to be done, or when the work is too easy. This causes adverse reactions among certain groups of workers. Those who value complexity in their work like scientists and some administrators show high level of job dissatisfaction when they have too little to do or are not challenged by their work Mungami (2002). Overspecialisation of jobs brings lower levels of job satisfaction and can lead to high labour turnover rates Werther and Davis (1993). Similarly, some employees discover the job duties or reporting relationships become unacceptable after a reorganisation of the departments.

**Social reasons-** This includes leaving due to family commitments. Some employees may oblige to leave for unavoidable reasons e.g. When a spouse, usually the husband is transferred to a different location, the wife will be expected to move with him thereby resigning from her job with a view to look for a new employer after the family has moved. Such an employee is highly likely to quit as the best option rather than being left behind. Others may quit because they want early retirement to venture into other activities etc. (Mungami, 2002)

### 3. Research Methodology

#### Research Design

This was ex-post facto since the researcher did not have control over the variables and can only report. Such descriptive research involved the use of selected items to be studied with the aim of obtaining complete and accurate information giving precision in achieving the objectives of the study. It enabled the researcher to collect and analyse data in order to answer questions concerning the current status of the subject associated with high labour turnover in the fuel oil retail sector.

#### Target population and sample

The population of interest for this study was the pump-attendants of the thirty two (32) petrol stations within Nakuru Town, who number three hundred and fifty six (356), (in both branded and independent), all the thirty two operators of the said petrol stations and eighty nine (89) former pump attendants who left in the last one year. They were traced by use of their forwarding addresses and telephone numbers left with the former employers. (Mugenda & Mugenda, 2003) Suggests that the sample size determines the precision with which population values can be estimated. Since stratified random sampling was used the recommended 33% of the population of the pump attendants and leavers was applied, but for operators/managers, 100% of the population was used as they are in charge of the petrol stations and their views are crucial to the study.

**Table 1: Sampling Design**

Stratum	Population	Percentage	Sample size
Pump attendants	356	33%	117
Petrol station operators/managers	32	100%	32
Leavers	89	33%	30
Total	477		174

### 4. Findings

#### Demographic Characteristics of Leavers

A total of 11 respondents were interviewed. The males were 62.5% and females 37.5%. There were equal numbers in the age brackets of 26-30 and 31-45 years old, each 44.4% and the rest 11.1% in the age bracket of 20-25. Majority are married 66.7%, and the rest 33.3% are single. 72.7% have college diploma while 27.3% have secondary school certificate. The majority left after serving 3-4 years 54.5% followed by those who served 1-2 years, at 27.3%. According to Torrington et al (1987), uncompetitive or unfair pay systems are common triggers of voluntary turnover as people leave in search of greener pastures.

**Work Related Factors**

**Pump Attendants Responses**

**Table 2: Basic Salary Range**

Basic Salary Range			
		Frequency	Valid Percent
Valid	5001 – 10000	40	80.0
	10001 – 15000	7	14.0
	15001 and above	3	6.0
	Total	50	100.0
Missing	System	1	
Total		51	

According to Mungami (2002) employees may change jobs for higher basic wage and to obtain greater earnings from commissions and gratuities

**Table 3: Choice of Job**

Is your current job the job you always wanted to do?			
		Frequency	Valid Percent
Valid	Yes	12	24.0
	No	38	76.0
	Total	50	100.0

From Table 3, when asked if the current job is what they always wanted to do, 76.0% said no and 24.0% said yes. Considering the unemployment rates in Kenya, we may understand why employees are doing jobs that are not their referred type.

**Table 4: Orientation or Induction**

Did you undergo any orientation or induction session when you were employed?			
		Frequency	Valid Percent
Valid	Yes	37	82.2
	No	8	17.8
	Total	45	100.0

As noted from Table 4, the majority of the employees at 82.2% underwent orientation or induction session when they were employed while 17.8% did not. According to Torrington et al (2005), good induction practices reduce early employee turnover as it helps starters to adjust emotionally to the new workplace

**Table 5: Training Programme or Course**

Have you ever been taken through a training program or course by your employer since being employed			
		Frequency	Valid Percent
Valid	Yes	35	68.6
	No	16	31.4
	Total	51	100.0

From the findings in Table 5, 68.6% of the employees were taken through a training programme or work related course by the employer since being employed while the rest, 31.4% were not. There is a view that trained employees are more employable and hence more likely to leave in order to develop their careers. (Mungami, 2002)

**Table 6: Promotion or Salary Increase after Training**

If trained, were you given a promotion or salary increase after training?			
		Frequency	Valid Percent
Valid	Yes	17	44.7
	No	21	55.3
	Total	38	100.0

Of interest to note in Table 6, is the fact that the majority of those trained were not given promotion or salary increase after the training (55.3%). Only 44.7% were given promotion or salary increase. According to Coopers and Lybrand (1992), it is necessary to ensure that selection and promotion match the capacities of individuals to the demands of the work they have to do. (Coopers & Lybrand, 1992)

**Table 7: Basis of Promotion in your Position**

What is the basis of promotion in your organization?			
		Frequency	Valid Percent
Valid	Merit	8	17.0
	tribalism/nepotism/favouritism	3	6.4
	Experience	36	76.6
Total		47	100.0

From Table 7, promotion is mostly based on experience at 76.6%, followed by merit at 17.0% and the rest at 6.4% being based on other factors including tribalism, nepotism and favouritism. Coopers and Lybrand (1992) found that rapid turnover can result from poor promotion decisions.

**Table 8: Supervision from your Boss or Superior**

Do you receive appropriate supervision from your boss or superior			
		Frequency	Valid Percent
Valid	Yes	47	92.2
	No	4	7.8
Total		51	100.0

Table 8 reveals that the majority of the employees at 92.2% claim that they receive appropriate supervision from their bosses or superiors. Torrington et al 1987 stated that dissatisfaction with management and supervision is a common reason for resignations hence the need for training in human capital management.

**Table 9: Trade Union Membership**

Are you a member of workers trade union			
		Frequency	Valid Percent
Valid	Yes	6	12.2
	No	43	87.8
Total		49	100.0

Table 9 shows that the majority of employees at 87.8% are not members of a trade union. According to Freeman and Medof (1984), unions allow workers to articulate grievances with the hope of redress thus providing an alternative to quitting. (Freeman, 1980)

**Table 10: Previous Work in another Petrol Station**

Did you work in another petrol station before joining this organization			
		Frequency	Valid Percent
Valid	Yes	17	34.0
	No	33	66.0
Total		50	100.0

Table 10 shows that a high percentage of employees, 66.0% had worked in another petrol station before moving to the current station. This reflects on the subject of study as a serious challenge in the industry.

### Employers Responses

An ordinal measurement scale was used to measure the perception of the respondents on each of the items on why pump attendants quit employment based on a 5 point Likert scale as shown below:

1- Strongly agree; 2 –agree; 3 – neither; 4 – disagree; 5 – strongly disagree.

**Table 11: The Characteristics of Employees who are most likely to leave Employment**

	Strongly agree		Agree		Neither		Disagree		Strongly disagree		Total F
	F	%	F	%	F	%	F	%	F	%	
young employees(below 35 yrs.) in this organization are more likely to quit than older ones	5	33.3	5	33.3	1	6.7	4	26.7	0	0	15
female workers in this organization are more likely to quit than males	2	14.3	6	42.9	1	7.1	4	28.6	1	7.1	15
the less educated an employee is the more likely they are to stay	7	46.7	2	13.3	2	13.3	4	26.7	0	0	15
Married employees are more likely to leave than single ones	1	6.7	4	26.7	2	13.3	5	33.3	3	20.0	15
the longer serving employees (5 years plus) are less likely to leave	3	20.0	7	46.7	1	6.7	3	20.0	1	6.7	15
The lower the salary of an employee the more likely he will leave	5	35.7	2	14.3	1	7.1	4	28.6	2	14.3	15
the more skilled employees are more likely to stay	3	20.0	3	20.0	1	6.7	5	33.3	3	20.0	15

**Table 12: Employees who are most likely to Leave Employment**

	Mean	Mode	Median
Young employees (below 35yrs) in this organization are more likely to quit than older ones	2.26	1	4
Female workers in this organization are more likely to quit than males	2.53	2	1
The less educated an employee is the more likely they are to stay	2.2	1	3
Married employees are more likely to leave than single ones	3.3	3	2
The longer serving employees (5 yrs. plus) are less likely to leave	2.46	2	4
The lower the salary of an employee the more likely he will leave	1.93	1	2
The more skilled employees are more likely to stay	3.13	4	5

From Table 12, 66.6% of employers agree that young employees (below 35 years of age) are more likely to quit than the older ones. Young (1970) and Silcock (1954) found that age is related to rates of labour turnover which decreases with increasing age. Majority of employers at 42.9% agree that female workers are more likely to quit than males. Freeman (1980), Blan and Khan (1981), Klein et al (1991), all researchers, have agreed that labour turnover is high among females than males and specifically higher in married women. 46.7% of the employers strongly agree that the less educated an employee is, the more likely they are to stay. Mungami (2002) found that more educated employees find it easier to find other jobs hence they are more likely to leave than the less educated. The majority of employers at 33.3% disagreed that married employees are more likely to leave than the single ones. This is in line with Mungami (2002) findings that employees who are not married had a higher propensity to leave work than the married ones. The employers at 46.7% agree that the longer serving employees (5 years plus) are less likely to leave. This is in agreement with studies done by Fowler (1996) who observed that labour turnover is highly related to employees' length of service. He noted that the longer employees stay and get used to their work and the organization, they establish lasting relationships with those around them. (Fowler, 1996) The employers at 35.7% strongly agree that the lower the salary of an employee, the more likely he will leave. Torrington et al (1987) refers to salary as a 'pull factor' as employees leave in order to improve their living standards when offered a higher pay by different employer. 33.3% of employers disagree that the more skilled employees are likely to stay. There is a school of thought that the more skilled, the more employable hence the tendency to leave. (Mungami, 2002)

**Characteristics of Those who resign voluntarily**  
**Table 13: Voluntary Resignation Based on Gender**

Which gender is likely to resign voluntarily?			
		Frequency	Valid Percent
Valid	Male	5	35.7
	Female	9	64.3
Total		14	100.0

From Table 13, females at 64.3% are more likely to resign voluntarily than males at 35.7%. This can be explained by the fact that women may leave jobs due to family commitments such as taking care of young children and other domestic chores (Freeman, 1980)(Klein & Weiss, 1991).

**Table 14: Voluntary Resignation based on Age**

Which age bracket is likely to resign voluntarily?			
		Frequency	Valid Percent
Valid	young (below 35 yrs.)	13	86.7
	Old (above 35 yrs.)	2	13.3
Total		15	100.0

Table 14 reveals that the young at 86.7% are more likely to resign voluntarily than the old at 13.3%. Young (1970) and Silcok (1954) found an inverse relationship between rates of turnover and age. This is because changing occupation becomes more difficult and threatening with age.

**Table 15: Voluntary Resignation based on Education**

Which education level is likely to resign voluntarily?			
		Frequency	Valid Percent
Valid	college graduates	11	78.6
	non-graduates	3	21.4
Total		14	100.0

Table 15 shows that College graduates at 78.6% are more likely to resign voluntarily than non-graduates at 21.4%. Mungami (2002) found that this is due to the fact that more educated employees find it easier to get other jobs.

**Table 16: Voluntary Resignation and Work Experience**

Which experience level is likely to resign voluntarily			
		Frequency	Valid Percent
Valid	less than 5 years	9	60.0
	more than 5 years	6	40.0
Total		15	100.0

From Table 16, the study noted that employers at 60.0% are of the view that employees with less than 5 years of experience are more likely to resign than those with more than 5 years' experience at 40.0%. This follows what Fowler (1996) observed that new employees have higher rates of labour wastage due to induction crisis than employees who have stayed longer in the organization.

**Table 17: Voluntary Resignation and Marital Status**

Which marital status is likely to resign voluntarily			
		Frequency	Valid Percent
Valid	Married	3	20.0
	Unmarried	12	80.0
Total		15	100.0

Table 17 shows that majority of employers at 80.0% do agree that single employees are more likely to resign than married employees at 20.0%. This was found to be so by Mungami (2002).

When asked about the first reason why employees would stay in the organisation, majority cited good interpersonal relationships with manager and supervisors, 33.3%; second reason being that job is on permanent basis, 40.0%, and third reason being favourable working organisation culture, 26.7%.

### Leavers Responses

The Following Reasons were given by Leavers to explain why they Left.

**Table 18: First Reason for Leaving Employment**

What is the first reasons that made you leave			
		Frequency	Valid Percent
Valid	new management forced me out	1	6.3
	distance from my home is far	1	6.3
	low pay	6	37.5
	leaving workplace late	2	12.5
	I was transferred	1	6.3
	termination of contract between dealer and company	3	18.8
	change of ownership	1	6.3
	went for further studies	1	6.3
	Total	16	100.0

From Table 18, when asked about the first reason why they left the organization, majority at 37.5% said to seek higher pay. According to Torrington et al (1987) salary is a 'pull factor' as employees leave to seek higher pay and improve their living standards when offered a higher pay by a different employer.

**Table 19: Second Reason for Leaving Employment**

What is the second reasons that made you leave			
		Frequency	Valid Percent
Valid	new management forced me out	1	10.0
	low business turn-out	1	10.0
	low pay	2	20.0
	poor management	3	30.0
	Harassment by owners and managers	1	10.0
	theft by workmates	1	10.0
	change of ownership	1	10.0
	Total	10	100.0

Table 19 shows that, the second reason that made them leave, was poor management at 30.0%. This may be due to managers and supervisors who are not trained in human capital management and people skills Torrington et al (1987). They maintain that employees must not be frustrated by untrained supervisors and managers.

**Table 20: Third Reason for Leaving Employment**

What is the third reasons that made you leave			
		Frequency	Valid Percent
Valid	low business turn-out	1	12.5
	low pay	2	25.0
	poor management	1	12.5
	harassment by owners and managers	1	12.5
	unpaid overtime work	1	12.5
	poor communication skills	1	12.5
	Tribalism	1	12.5
	Total	8	100.0

From Table 20, among the seven reasons given, 25.0% of the employees once again cited low pay as the reason for leaving. Pay is a 'pull factor' Torrington et al (1987). Mungami (2002) found out that employees may change jobs for higher basic wage and to obtain greater earnings from commissions and gratuities.

### Summary of Findings

As earlier reviewed in literature, voluntary labour turnover is in the decline in Africa due to lack of sufficient employment opportunities. However, some of the well documented justifications for quitting jobs by employees include leaving for higher earnings and better prospects, Nigam and Singer (1974). From this study, it was found that most pump attendants leave due to low pay at 60.0%. Generally, the findings of the study agree with those already done by (Andisi, 2006) that employee turnover is greatly influenced by salary/pay. It was also established that the leavers are young (below 35 years) at 86.7%. This was consistent with the findings of Young (1970) and Silcok (1954), who found that voluntary labour turnover decreases with increasing age. Poor working

or unsatisfactory working conditions were also found to contribute to employees' quitting. Other reasons include inability to have grievances settled by management, unmet expectations of nature of work and family commitments.

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