
Labour Turnover And Business Performance. A Case Study Of Bodmas Investments Limited

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Abstract

"Labour turnover" is the term which is a big concern for many organisations in the world. Many institutions are increasingly finding it difficult to retain employees. Turnover is becoming a serious problem in today's corporate environment. Turnover costs for many organizations are very high and can significantly affect financial performance of an institution. Although there has been a lot of research and studies which have been conducted on this topic, most of these studies and research focused on the causes of the labour turnover and little or no focus has been made on examining the impacts and advising different strategies which can be used by the managers within their organisation to make sure that they don't lose their employees. The purpose of this research is to identify the impacts of labour turnover on business performance and also to suggest few steps to the managers and the organisation on how to handle this situation. Most of the theories and procedures discussed in this report will some way or the other suggests us on how to approach this situation of labour turnover in the organisation. Organisations need labour to function and these days organisations are quickly realizing that employees are their major source of competitive advantage to succeed in this highly competitive world. From the findings, 43.3% of the respondents strongly agreed that labour turnover negatively affects business performance because of loss of organizational memory as well as loss of knowledge. 40% agreed, 6.7% strongly disagreed and 10% disagreed. Motivation should be the hallmark of management to retain employees as it boosts their morale towards work. These can include but not limited to provision of accommodation for its employees or sufficient rent allowances in lieu of company accommodation. It is predicted that this will lead to high productivity.

Keywords: Labour, Turnover, Business and Performance

Background of the study

Labor turnover refers to the rate at which employees leave their jobs. Labor turnover can be evaluated by relating the number of employees leaving their jobs during a certain period of time to the total or average number employed during that period (Alex & Kazaara, 2023). It may also be considered labor liabilities and losses in relation to the total number of employees who were on the payroll at the beginning of the period. The term "turnover" is defined by (Ntirandekura, Friday, et al., 2022) as: the ratio of the number of organizational members who left during the period under review divided by the average number of people in the organization during that period. The labor turnover index is a traditional method of measuring labor turnover (Kazaara & Kazaara, 2023). This method is the most common due to its ease of use and understanding. Globally, high labor turnover is a cause for concern (Winny et al., 2023), not only because of the costs associated with recruitment, selection and training, but also because of the growing lack of experienced talent to replace those who lose (Ntirandekura & Christopher, 2022a). Job turnover is a normal occurrence in the workplace, but it is one that comes at a high price. According to the Huffington Post, work from the Center for American Progress, which cites 11 research papers published over 15 years, determined that the average economic cost to a company to

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transfer a high-skilled job is 23% of the cost of a single job. annual compensation for this role (Ntirandekura & Christopher, 2022b). Labor turnover is a measure of how many employees leave an organization and are replaced each year. A turnover rate of 25 percent would mean that 25 percent of the employees who worked at the beginning of the year left the company by the end of the year. At Bod mas Investment Limited, there are various causes of labor turnover which include retirement due to old age. Workers finding better jobs in some other places, workers may be fired due to continued or long absence, workers may be fired due to lack of work and many others (Damasus et al., 2023) Business performance consists of a set of management and analytical processes supported by technologies, which enable businesses to define strategic goals and then measure and manage performance against those goals. Key business performance processes include financial planning, operational planning, business modeling, consolidation and reporting, analysis and monitoring of strategic KPIs (Ivan et al., 2023). Bodmas Investments Limited is a nationwide registered hardware and construction company. It started out as generic Kiita hardware; was founded on 18/07/2007 by Mr. Kyazze Abbey in collaboration with Mr. Kiwanuuka Henry. From a small retail business, Mr. Kyazze Abbey built Uganda's largest hardware and construction store in Kampala. Mr. Kyazze Abel together with Mr. Kiwanuka Henry started by renting a corner in a small shop on Market Street in Kampala. They used to sell paint, plumbing, locks and where they could contract small sites for construction and finishing work. In 2010. Mr. Kyazze Abbey changed the name to Bodmas investment limited. after eleven years they now operate the country's largest hardware retailer and construction company with branches in most parts of Uganda (Akankwasa et al., 2022).

Problem statement

Labour turnover has been proved effective in generating profits for companies/organisations. This is because it gives the chance for new people to be brought into the business who may have fresh ideas and up to date market knowledge (David et al., 2023). More to that, workers with specialist knowledge or expertise can be employed rather than having to train up existing lower skilled employees ; and again business can improve its employee retention by offering financial incentives (e.g. bonus, salary rise) and non-financial incentives like promotion, more decision making power (Lydia et al., 2023). However despite the above advantages, it has been noted that labour turnover is harmful and costly. It results into increased cost of production because with frequent changes in labour force, production planning cannot be properly executed resulting in substantial loss in production (Ramadhan et al., 2023). Since the new workers have no previous experience in production, there is loss arising out of defective work, increased spoilage and wastage, newly recruited workers are likely to mishandle tools and equipment, the organisation has to incur extra cost for workers' training, there are increased replacement costs as well as increase in labour costs (Ntirandekura, Ainebyoona, et al., 2022). These problems have therefore propelled the researcher to carry out a thorough study to examine the impacts of labour turnover on business performance.

Research objectives

1. To identify the ways through which low wages cause labour turnover as well as the steps to reduce labour turnover at Bodmas Investments Limited.
2. To identify the impacts of labour turnover on business performance at Bodmas Investments Limited.

3. To identify the relationship between labour turnover and business performance.

Methodology

The research design employed both qualitative and quantitative designs. This blend of research design was selected because it would enable the researcher to collect all the required and relevant information in the field (Lu et al., 2013). This included the employees of Bodmas Investment Limited of Kampala branch located in Kampala district. With sampling techniques the researchers used two techniques that are purposive and simple random sampling techniques (Nafiu et al., 2012): Purposive sampling simply means a sampling method where elements of the population are chosen because of their relevancy towards the study. This method was used by selecting the samples such as employees of Bodmas Investment Limited because of the significant information that the researcher needs to gather from them. The researcher also used a simple random sampling procedure to select employees of Bodmas Investment Limited so as to have a fair representation and minimize bias. Random sampling was also be used by choosing elements that are convenient (Nafiu, 2012). The research was carried out at Bodmas Investment Limited of Kampala branch located in Kampala district and in this study a total of 30 respondents were interviewed. This section discussed the various methods that were used to collect relevant data to the study, the different methods that were to be used are; during the process of data collection, both primary and secondary data was be the main sources of data (Olanrewaju et al., 2021). Concerning the primary data, the study used questionnaire tools to supplement secondary data that was collected from different sources like books, magazines, journals and internet. The researcher used a questionnaire to collect data from the respondents in the Held and this was preferred by the researcher because it gives time to the respondents to think and answer questions conveniently (Nafiu et al., 2017). The researcher used personal interviews where the researcher had face to face contact interviews and use structured questionnaires where the respondents ticked in the boxes provided. The researcher used this method because there was a sure deal of having all questions answered (Nafiu et al., 2017). Qualitative data was analyzed in the Held as it was being-collected while quantitative data was used to analyze data by using computer programs like SPSS & STATA (Nelson et al., 2022). Also, under quantitative data analysis, tables, pie charts were used for data analysis and presentations of findings. When data was analyzed, it was then interpreted. Interpretation involved attaching meanings to the generated information as per tables and pie-charts developed during the stage of data analysis.

RESULTS

Table 1: Showing how wages cause labour turnover

How low wages cause labour turnover at Bodmas Investment Limited	SA		A		SD		D		Total	
	F	%	F	%	F	%	F	%	F	%
An employee who doesn't feel like his organization is paying him a high salary is more likely to quit and look for a new job	20	66.7	10	33.3	0	0	0	0	30	100
Employees who spend too much time	13	43.3	10	33.3	3	10	4	13.3	30	100

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thinking about their supervisors and managers earning more money end up causing labour turnover in the organization.										
Employees who do not earn as much as they should experience stress related to financial worries hence labour turnover	9	30	8	26.17	6	20	7	23.3	30	100
Employees who are dissatisfied with their wages may demonstrate apathy towards their duties and begin to question the reasons they stay with the same employer	8	26.7	9	30	7	23.3	6	20	30	100
Motivation levels drop when employees don't receive the payments to which they are entitled	13	43.3	10	33.3	3	10	4	13.3	30	100

Source: Primary Data

According to the table, 66.7% of the respondents strongly agreed that an employee who doesn't feel like his organization is paying him a high salary is more likely to quit and look for a new job and 33.3% agreed (Moses et al., 2023). From the table, 43.3% of the respondents strongly agreed that employees who spend too much time thinking about their supervisors and managers earning more money end up causing labour turnover in the organisation, 33.3% agreed (Racheal et al., 2023). 10% strongly disagreed and 13.3% disagreed. More, the table shows that 30% of the respondents strongly agreed that employees who do not earn as much as they should experience stress related to financial worries hence labour turnover, 26.7 agreed, 20% strongly disagreed and 23.3% disagreed. The table goes ahead to show that 26.7% of the respondents strongly agreed that employees who are dissatisfied with their wages may demonstrate apathy towards their duties and begin to question the reasons they stay with the same employer (Winny et al., 2023). 30% agreed. 23.3% strongly disagreed and 20% disagreed. Lastly, the table shows that 43.3% of the respondents strongly agreed that motivation levels drop when employees don't receive the payments to which they are entitled, 33.3% agreed, 10% strongly disagreed and 13.3% disagreed.

Table 2: Showing steps to reduce labour turnover at Bodmas Investment Limited

Steps to reduce labour turnover at Bodmas Investment Limited	SA		A		SD		D		Total	
	F	%	F	%	F	%	F	%	F	%
Offer competitive salaries and packages	20	66.7	10	33.3	0	0	0	0	30	100
Employee appreciation	13	43.3	12	40	2	6.7	3	10	30	100
Fair work load	13	43.3	12	40	2	6.7	3	10	30	100

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Hiring the right employees	20	66.7	10	33.3	0	0	0	0	30	100
Respecting and trusting employees	10	33.3	9	30	6	20	5	16.7	30	100

Source: Primary Data

According to the findings, 66.7% of the respondents strongly agreed that offering competitive salaries and packages reduces labour turnover and 33.3% agreed. The table goes further to show that 43.3% of the respondents strongly agreed that employee appreciation can reduce on labour turnover, 40% agreed, 6.7% strongly disagreed and 10% disagreed (Polycarp et al., 2023). From the table 43.3% of the respondents strongly agreed that fair work load can reduce on labour turnover. 40% agreed, 6.7% strongly disagreed and 10% disagreed. From the table again 66.7% of the respondents strongly agreed that hiring the right employees can reduce on labour turnover. 33.3% agreed and none of the respondents disagreed (Polycarp et al., 2023). Last but not least, the table shows that 33.3% of the respondents strongly agreed that respecting and trusting employees can reduce on labour turnover. 30% agreed. 20% strongly disagreed and 16.7% disagreed.

Table 3: Showing the impacts of labour turnover on business performance

Impacts of labour turnover	SA		A		SD		D		Total	
	F	%	F	%	F	%	F	%	F	%
High Costs of turnover	20	66.7	10	33.3	0	0	0	0	30	100
Deteriorating of the product or service quality	9	30	8	26.7	6	20	7	23.3	30	100
Reduction on market return on investment	7	23.3	6	20	9	30	8	26.7	30	100

Source: Primary Data

According to the table, 66.7% of the respondents strongly agreed that a high cost of turnover is among the impacts of labour turnover. 33.3% agreed, and none of the respondents disagreed. From the table .30% of the respondents strongly agreed that deterioration of the product or service quality is one of the impacts of labour turnover (Paul et al., 2023). 26.7% agreed, 20% strongly disagreed and 23.3% disagreed. Lastly, the table shows that 23.3% of the respondents strongly agreed that labour turnover leads to reduction on market return on investment. 20% agreed. 30% strongly disagreed and 26.7% disagreed.

Table 4: Showing the relationship between labour turnover and business performance

Relationship between labour turnover and business performance	SA		A		SD		D		Total	
	F	%	F	%	F	%	F	%	F	%
There is a positive and negative relationship between labour turnover and business performance	20	66.7	10	33.3	0	0	0	0	30	100
Labour turnover negatively affects business performance because of loss of organizational memory as well as loss of knowledge	13	43.3	12	40	2	6.7	3	10	30	100

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High labour turnover disrupts the social ties and negatively affects trust among colleagues	9	30	8	26.7	6	20	7	23.3	30	100
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Source: Primary Data

According to the table above, 66.7% of the respondents strongly agreed that there is a positive and negative relationship between labour turnover and business performance, 33.3% agreed and none of the respondents disagreed (Lydia et al., 2023). From the table again, 43.3% of the respondents strongly agreed that labour turnover negatively affects business performance because of loss of organizational memory as well as loss of knowledge. 40% agreed. 6.7% strongly disagreed and 10% disagreed. Lastly, the table shows that 30% of the respondents strongly agreed that high labour turnover disrupts the social ties and negatively affects trust among colleagues. 26.7% agreed, 20% strongly disagreed and 23.3% disagreed.

Conclusions**To identify the ways through which low wages cause labour turnover at Bodmas Investments Limited.**

Some employers struggle to pay top wages. Economic conditions, organizational changes and demand for business services and products affect an employer's ability to compensate employees at extremely competitive wages. Low wages can have devastating effects on employees in terms of anger and disappointment, stress, low morale and unemployment.

To identify the impacts of labour turnover on business performance.

Labour turnover affects a business seriously. Costs associated with labour turnover include covering the vacancy, advertising the position and training new hires. The loss of experienced employees can also lead to a "brain drain," which can make your company less competitive. In addition to these obvious costs, there are hidden costs of labour turnover (Ntirandekura, Ainebyoona, et al., 2022). These include stress on existing staff who have to cover the position, lower productivity and reduced customer service. In offices with high labour turnover, staff morale may be low, as employees view the business as a career dead end or a depressing place to work and this can also affect productivity.

To identify the relationship between labour turnover and business performance.

Labour turnover negatively affects business performance because of a loss of organizational memory as well as a loss of the knowledge, skills and abilities that employees have developed through experience and training. High labour turnover rates disrupt the social ties and to negatively affect trust amongst colleagues. Stable job tenure and high-quality professional networks on the contrary have a positive impact on performance (Derrick et al., 2023). The theoretical perspectives however have also been used to argue for positive impacts of turnover. First, turnover may increase human capital when incoming employees bring new ideas that challenge engrained practices and routines. Also, when labour turnover depletes the worst performers, human capital is reinforced rather than exhausted. Staff mobility may in addition be an opportunity for employees to seek a better fit between personal aspirations, competences and the company they work for. Second, social capital perspectives argues that more staff mobility can be a means to foster cooperation between different units, departments, or agencies.

Recommendations

To curtail or eliminate turnover, it is recommended that conditions of service should be improved to prevent resignations in companies.

Management altitudes should be geared towards improving wages and reward systems which look more appealing to company workers.

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