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## **The Effect Of Labour Turnover On Organisational Performance. A Case Study Of Africa**

### **Polysack Industries (U) Limited**

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#### **Abstract**

This study was conducted on The Effects of Labor Turnover on organizational Performance at Africa Polysack industries (u) limited Seeta-Mukono. The general objective was to find out the effects of labour turnover on the performance of Africa Polysack industries (U) Limited and specific objectives were to find out the causes of labour turnover in Africa Polysack industries (U) Limited and to determine the level of performance of Everyday company limited. Some causes like inadequate levels of wages, poor morale and motivation among others were identified. Effects such as reduced production, reduces ganging up of employees to strike and many others were also identified. Some problems like some workers not willing to release out secrets due to fear of managers. Self-administered questionnaires and interviews were used to collect data from respondents. Data was interpreted and presented qualitatively in vibrative statements and quantitatively by showing percentages and frequencies got through numerical coding. Data of 30 respondents was collected, 29 workers and 1 manager from Africa Polysack industries (U) Limited

**Key words: Labour, Turnover, Organization and Performance.**

#### **Background of the Study**

According to (Rosette, n.d.), managerial interest in employee turnover has suddenly increased (Alex & Kazaara, 2023). This concern is further manifested due to the increasing costs of employee turnover or other general costs that are usually associated with employees such as recruitment and training (Emmanuel et al., 2023). Some of the specific concerns of managers and other stakeholders are the negative consequences of high employee turnover, which are often reflected in the quality of products and services, the consistency and stability of services exchanged for money with clients and customers in general (Isaac et al., 2023). Another related cost that results from increased employee turnover rates is described as voluntary turnover costs

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(David et al., 2023; Julius & Nelson, 2023). Employee turnover affects employee performance because they are disrupted in their daily work performance. Organizations spend a lot of money annually on recruiting and training new employees due to high turnover (Lilian et al., n.d.). Strategies to minimize employee turnover Management has several policy options when confronted with employee turnover problems (District et al., 2023a, 2023b). Employee engagement, the ability of an organization to engage, retain and optimize the value of its employees depends on how well jobs are designed, how employees' time is used, and the commitment and support shown to employees by management would motivate employees to stay in the organizations (James & Jacob, 2023; Luulu & Florence, 2023). The availability of knowledge, the extent of the organization's collaboration and its capacity to make knowledge and ideas widely available to employees would make employees stay with the organization (Alex & Kazaara, 2023). Information sharing should take place at all levels of management. This availability of information would lead to strong employee performance and the creation of a strong company culture. Therefore; the availability of information would make employees feel valued for their efforts and the chances of leaving the organization are minimal (Charles et al., 2023; Charles & Charles, 2023).

Jobs and more dedication to their organization. Job involvement has also been found to be negatively related to turnover intentions (Paul & Gracious Kazaara, 2023). Job satisfaction, career satisfaction, and organizational commitment reflect a positive attitude toward the organization and thus have a direct effect on employee turnover intentions. Job satisfaction, job involvement and organizational commitment are considered related but distinct attitudes (Emmanuel et al., 2023). Satisfaction represents an effective response to specific aspects of a job or career and refers to a pleasant or positive emotional state resulting from the evaluation of one's job or career (Emmanuel et al., 2023; Moses, 2023)

### **Statement of the Problem**

Employee empowerment could help improve employee continuity in organizations. Empowered employees where managers supervise more people than in a traditional hierarchy and delegate more decisions to their subordinates (Paul & Gracious Kazaara, 2023). Managers act as coaches

and help employees solve problems. Employees, he concludes, have increased responsibility (Kazaara & Kazaara, 2023). Empowering supervisors by delegating responsibility to them leads to subordinates being more satisfied with their leaders and viewing them as fair, and in return perform according to the supervisor's expectations. All this leads to employees being committed to the organization and the chances of quitting are minimal (Christopher et al., 2022).

The effect of labor turnover on organizational performance can be summarized in terms of costs in times of goodwill or company (Eastburn & Sharland, 2017). The loss of an experienced and skilled workforce is very costly as organizations must hire and train new employees. Labor turnover is mainly caused by morale, job satisfaction, promotion prospects, inadequate salaries, increased responsibility and working conditions (Emmanuel et al., 2023). Others include supervision, personnel policies, work aversion, poor working conditions, unequal workloads, and job security.

### **Objectives of the Study**

1. To examine the strategies to be employed by Africa Polysack industries (u) limited to overcome employee turnover.
2. To assess the relationship between employee turnover and organizational performance at Africa Polysack industries (u) limited.
3. To find the causes of employee turnover at Africa Polysack industries (u) limited.

### **Research Questions**

1. What are the effects of employee turnover on organizational performance at Africa Polysack industries (u) limited?
2. What are the causes of employee turnover at Africa Polysack industries (u) limited?
3. What is the relationship between employee turnover and organizational performance at Africa Polysack industries?

### **Methodology.**

The researcher used descriptive research design in order to gather facts on the effects of employee's turnover on performance of an organization. This type of design was appropriate for

gathering information, summarizing, presenting and interpreting it for the purpose of clarifying on how employees turnover affect performance of an organization. The research was carried out at Africa Polysack Industries (U) limited seeta-mukono. Africa Polysack Industries (U) limited was chosen because it was convenient for the researcher and the required information for this study was obtained due to the rate of employee turnover in the company. The study targeted the population of 95 employees from Africa Polysack Industries (U) limited. This comprised of employees from six departments. The head of each department were used as key informants. The departments included production, human resource, accounting and finance, administrations, procurement, sales and marketing. This researcher used stratified random sampling procedure to select a sample to represent the entire population. According to Mugenda and Mugenda (2003) recommendations of at least 10% sample size. Data collection was aided by the use of questionnaires and interviews. To ensure reliability of the instruments, the researcher used test-retest method through administering the questionnaire several times to other companies similar to Africa Polysack Industries (U) limited using the same sample size. To ensure validity of the questionnaire, the researcher sought the expert opinion of the University supervisor before going to the field to collect data. All relevant data analysis i.e., univariate level, bivariate and multivariate level were all performed under SPSS (Nelson et al., 2022).

## Results.

**Table 1: Shows the duration of serving the company (working experience)**

| Duration | Frequency | Percentage |
|----------|-----------|------------|
| 1-5      | 15        | 17.6       |
| 6-10     | 17        | 20.0       |
| 11-15    | 18        | 21.2       |
| Above 16 | 35        | 41.2       |
| Total    | 85        | 100        |

From table 1, it shows that, 17.6% of the employees have worked in Africa Polysack Industries (u) Limited between 1-5 years, 20% of the employees have worked in the company between 6-10

years, 21.2% of the employees have worked in the company between 11-15 years and 41.2% of the employees in the company have worked for more than 16 years. This finding indicates that most of the employees from Africa Polysack Industries (u) Limited have worked in the organization for long period of time (more than 16 years), indicating that they are familiar with employee's turnover and have enough experience to effectively contributes to the study.

### Compensation strategies

**Table 2: Effective employees compensation strategy at Africa Polysack industries**

| Compensation strategies | Most effective (5) | Very effective (4) | Effective (3) | Less effective (2) | Not effective (1) | $\Sigma f_i$ |
|-------------------------|--------------------|--------------------|---------------|--------------------|-------------------|--------------|
| Pension scheme          | 33                 | 22                 | 17            | 13                 | 0                 | 85           |
| Salaries                | 35                 | 32                 | 12            | 6                  | 0                 | 85           |
| Bonus                   | 7                  | 12                 | 20            | 20                 | 26                | 85           |
| commissions             | 27                 | 24                 | 15            | 16                 | 3                 | 85           |

From table 2 above, it shows the most effective compensation strategy in Africa Polysack Industries (u) Limited. From the findings, salaries packages were rated high of 4.1, pension schemes rated 3.9, incentives rated 3.7, bonus and commissions rated 2.5 and recognitions rated 1.9. This shows that, salaries packages in Africa Polysack Industries (u) Limited is the most effective compensation strategy in employees' retention. This indicates that the organization uses salaries packages to motivate their employees in order to improve performance. According to Willis (2000) salaries are regarded as the effective source of attracting employees and retaining them.

### Work Environment Strategies

I determining how work environment strategies affect performance of Africa Polysack Industries (U) limited, the questionnaire was designed to find out how the strategy affects organization performance. The findings are presented as shown in the tables below;

**Table 3: Relationship between work environment strategies and organizational performance**

|                             |                     | work environment strategies | organizational performance |
|-----------------------------|---------------------|-----------------------------|----------------------------|
| work environment strategies | Pearson Correlation | 1.000                       | .651**                     |
|                             | Sig. (2-tailed)     |                             | .000                       |
|                             | N                   | 85                          | 85                         |
| organizational performance  | Pearson Correlation | .811**                      | 1.000                      |
|                             | Sig. (2-tailed)     | .000                        |                            |
|                             | N                   | 85                          | 85                         |

**Source: Primary data, 2021**

Findings from the correlation analysis indicated that there was a strong positive correlation ( $r = 0.811$ ) between work environment strategies and organizational performance. The relationship was statistically significant since the associated P - Value (0.00) was less than 0.05 at 95% level of significance

### **Career Development Strategies**

The aim of the researcher was to establish how career development strategies affect performance of Africa Polysack Industries (U) limited. The researcher intended to assess most effective career development strategy and how the strategy affects organization performance. The findings are presented as shown in the table below.

**Table 4: Most effective work environment strategy**

| <b>Career development strategies</b> | <b>Most effective (5)</b> | <b>Very effective (4)</b> | <b>Effective (3)</b> | <b>Less effective (2)</b> | <b>Not effective (1)</b> |
|--------------------------------------|---------------------------|---------------------------|----------------------|---------------------------|--------------------------|
| Career planning                      | 35                        | 25                        | 17                   | 8                         | 0                        |
| Training                             | 43                        | 30                        | 12                   | 0                         | 0                        |
| Career monitoring                    | 0                         | 14                        | 25                   | 26                        | 20                       |

|                    |    |    |    |    |    |
|--------------------|----|----|----|----|----|
| Talent development | 27 | 25 | 20 | 13 | 0  |
| Career development | 0  | 9  | 14 | 24 | 38 |

From table 4 above, it shows the most effective career development strategy in Africa Polysack (u) Limited. The findings show that, training was rated high of 4.4, career planning rated 4.0, talent development rated 3.8, career mentoring rated 2.4., and career counseling rated 1.9. This shows that, training is the most effective career development strategy in Africa Polysack Industries (u) Limited. Stones & Freeman (2002), supports the findings that, training program as an attempt to improve employee's performance on a current job or one related to it. Moreover, it is the method used to give new or present employees the skills they need to perform their current job. This practice often focuses on the immediate period to help fit any current deficit in employee's skills.

### Causes of employee turnover

**Table 5: Shows the causes of employee turnover at Africa Polysack industries (u) limited**

| Factors                  | frequency | Percentage (%) |
|--------------------------|-----------|----------------|
| Death                    | 41        | 48             |
| Retirement               | 5         | 6              |
| Poor payment             | 30        | 35             |
| Poor working Environment | 9         | 11             |
| <b>Total</b>             | <b>85</b> | <b>100</b>     |

From the analysis done in table 5 shows the highest percentage of 48% of employee turnover being caused by death, 35% caused by poor payment, 11% caused by poor working environment and 6% caused by retirement.

**Summary**  
The aim of the study was to assess the effect of employee's turnover on organizational performance. The first objective of the study was found out the effect employee turnover at Africa Polysack Industries (U) limited where it was found that, salaries packages in Africa

Polysack Industries (U) limited is the most effective compensation strategy in employee's retention. The company provides adequate salary that makes employees committed. This indicates management commitment on employee's retention (Alex & Kazaara, 2023). The second objective was to examine the strategies to be employed at Africa Polysack Industries (U) limited where it was found that, job security in Africa Polysack Industries (u) Limited is the most effective work environment strategy in retaining employees. Guarantee of job security motivates employees to perform better in the Company. Indicating that, the organization guarantees their employees job security to increase organizational performance (Ntirandekura et al., 2022). The third objective of the study was of Africa Polysack Industries (U) limited where it was found that, training is the most effective career development strategy in Africa Polysack Industries (U) limited. Training programs in the company are evaluated to gauge their effectiveness in improving performance. This helps the organization to match employees' skills with the companies.

### **Conclusion**

From the findings, it can be concluded that, salaries packages in organizations is the most effective compensation strategy in employees retention. Organizations provide adequate salary that makes employees committed. This indicates management commitment on employee's retention. Secondly it was concluded that, job security in organizations is the most effective work environment strategy in retaining employees (Christopher et al., 2022). Guarantee of job security motivates employees to perform better, indicating that, the organization guarantees their employees job security to increase organizational performance. Third, it was concluded that, training is the most effective career development strategy in an organization. Training programs in organization are evaluated to gauge their effectiveness in improving performance (Tasha et al., 2023).

### **Recommendations**

Based on the findings and discussion on effect of employee's turnover on organizational performance, the researcher recommends that Africa Polysack Industries (U) limited should formulate detailed written HR policy on employee turnover that ensure lively and conducive

working environment in the company to promote employee retention. This will not only motivate employee but will help increased productivity in an organization.

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