THE IMPACT OF LABOUR TURNOVER ON PUBLIC ORGANISATIONS:
A CASE STUDY OF NIGERIA AGRICULTURAL AND CO-OPERATIVE BANK LIMITED

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PROJECT

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CERTIFICATION

This project titled, "The Impact of Labour Turnover on Public Organisations" A case study of Nigerian Agricultural and Co-operative Bank Limited by Agnes Anselem Eyo meets the regulations governing the award of the degree of Master of Business Administration (MBA) of Ahmadu Bello University, Zaria and is approved for contribution to knowledge and literacy presentation.

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DECLARATION

I hereby declare that this project has been composed by me and it is the record of my research work. It has not been accepted in any previous application for the award of a degree. The various sources of information not original to this work are clearly dictated in the references.

All errors in the script and opinion expressed are entirely mine.

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DEDICATION

This work is dedicated first and foremost to the Almighty God who has been everything to me. I give Him all the glory.

My late father, Chief Anselem Eyo Uyio who sincerely desired that I be educated but he never lived to see the fruit of his labour.

ACKNOWLEDGEMENT

Academic Research Projects and indeed all projects will usually begin with an idea and ideas give rise to concepts. The final work will always be accomplished by a collective effort. This work is therefore not an exception.

The first personality to be acknowledged in this respect is the Almighty God, who gave me life, strength and the little intellect to conceptualise and crystallize the idea of this project. I will forever be grateful to Him.

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ABSTRACT

This study is another significant attempt to study the impact of labour turnover in a development bank, the Nigerian Agricultural and Co-operative Bank Limited. It appears to be the first attempt to conduct a study of this nature on a financial service industry in Nigeria. The kind of study even though appears to be more suited to a manufacturing industry because of the care with which impact on productivity can be captured, it was in no means difficult to find a suitable criterion to accomplish a similar task in a financial service organisation. The criteria proxy was found in the loan operations data of the organisation, with specific focus on the debt repayment component of the data.

Other objective criteria were to determine if there was labour turnover in the organisation for the period covered by the study and if so to what extent, to determine the most important facto among others which was responsible for this phenomenon and to identify areas of improvement in the organisation which may increase staff satisfactk n and maximize separation.

With the use of some statistical computations and methods of analysis, the results have established that the NACB have been experiencing voluntary and involuntary staff turnover, but with a very stable work force within the range of 0.5 - 24 percent. It has been established that the most potent factor that would take away labour from organisation to another is higher wages and the second most important factor is better career prospects and motivation in terms of promotion and training. The accompanying recommendations for improvement are derived from these findings.

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CHAPTER ONE

1.0 INTRODUCTION

1.1 BACKGROUND TO THE STUDY

The quality of human resources in an organisation is frequently the most important factor that determines whether or not the organisation is going to be successful, whether it will realise a satisfactory returns on its investment, or whether it will achieve its objectives. In other words, availability of human resources in any country constitute the most important asset to that nation. This is because all other resources, money, machines, information, time, technology etc. are inanimate and hence must be activated by human resources. Rensis Likert emphasised this point clearly when he said that "all the activities of any enterprise are initiated and determined by the persons who make up that institution. Plants, office, computers, automated equipments, and all else that a modern firm uses are unproductive except for human effort and direction..... of all the tasks of management, managing the human component is the central and most important task because all else depends on how well it is done."[1]. Frederick Harbison also stressed this same point when he remarked that " human resources not capital constitute the ultimate basis for the wealth of a nation" [2].

Considering the tremendous importance of human resources in the success of the organisation, every business has placed great emphasis on education and training as the most appropriate institutions for turning potential human resources into actual resources. Education is then required to endow people with the knowledge, training, appropriate orientation, spirit of initiative and the social responsibility which enables them to do the job of development in the circumstances in which they live.

According to Babs Fafunwa (1975) "education is the aggregate of all the processes by which a child or young adult develops the abilities, attitudes and other forms of behaviour which are of positive value to the society in which he lives; that is a process for transmitting culture in terms of continuity and growth and for disseminating knowledge either to ensure social control or to guarantee rational direction of the society or both"[3].

The national policy on education is "the greatest investment that the nation can make for the quick development of its economic, political, sociological and human resource"4. In order to achieve these, the organisations, be it public or private must not only be trained but retrained. In order words, there is no other better way of achieving organisational goals and objectives than through the acquisition and retention of adequate and competent workforce. Our daily experience in life confirms that an organisation exists and grow because it provides the community needs. To do this well, the organisation must function at an optimum level of productivity. The ability and capacity to achieve this level is a direct result of the collective effort of all the employees.

1.2 STATEMENT OF THE PROBLEM

In spite of the critical role of quality human resources in the proper functioning and success of the organisation, not every employee stays in the organisation to attain that productivity level that will guarantee optimality of the entire organisation. Such gaps exist, a performance gap exists and productivity suffers and ipso facto the attainment of the organisational goals. It is in the light of this problem that the researcher is taking a critical examination of the impact of labour turnover on public organisations, using the Nigerian Agricultural and cooperative Bank (NACB) Limited as a case study.

Labour turnover has been a perennial problem in NACB Ltd since its inception in 1973, but the peak was recorded in mid 1990s. In managerial theory, any organisation which is unable to retain its labour force is experiencing labour turnover and staff instability.

Harris (19..) Describes labour turnover as "The number of employees lost during a period for whatever reason and who had to be more comprehensive. He defines labour turnover as "The unorganised switching of workers from one enterprise to another which does not answer to the needs of the individual enterprise nor the needs of the economy as a whole, and consequently is dangerous to society"[6].

Kaplan's definition explains the nature of labour turnover and underscores its deleterious effects on the society as well as the individual organisation within the economy. Sufficient attention to labour turnover is therefore crucial to the success of any organisation. According to Bradley, analysis of labour mobility is a vital part of the management process. Likewise, the obtaining and recording of cost, number of people leaving, types of employees who are terminating and why they are leaving the company, are all indicative factors to management of its quality of operation. Without this analysis, management is over looking one of the most important factors of production with which it must cope [7]. This point has also been highlighted by Rose and Zader. Their own analysis is that in any organisation, an employee normally takes appointment with the belief that pay, fringe benefits and other rewards would be commensurate with the job one is expected to do. This helps the employee meet his needs and provide him a feeling of satisfaction. This factors has a significant direct relationship to his continuing service to the company.[9]

William F. Glueck again maintains that employees leave their jobs when their needs are not being satisfied at their present places of work and an alternative job becomes available which the employees believe will satisfy more of their needs.[10]

In a situation therefore where employees feel that they are not adequately reward or that the conditions of service are not enough to justify the demands made on them, this creates low morale and in extreme cases, high rate of labour turnover.

According to William F. Glueck, labour turnover is the net result of the exit of some employees and entrance of others to the work organisation[11]. Denyer sees it as a term used in personnel management to describe the movement of workers into and out of the employment of an organisation and expresses as a percentage of the ratio of staff leaving, compared to the average number of full-time staff, and taken over a fixed period of time (six to twelve months). The purpose is to assess the stability of staff, and can be viewed as an index of the success or failure of personnel policies in an organisation [12].

High labour turnover involves an organisation in unnecessary costs. According to Pigors and Myers, " too much mobility can severely reduce productivity, demoralise incumbents, damages on organisations' public image and sometimes also antagonise actual or potential customers"[12] . In addition, they stress that excessive employee turnover and mobility are wasteful in money, human values and friction within and between work teams and in turn jeopardise organisational stability.[13]

Nevertheless, a certain percentage of labour turnover may be desirable to bring new men

and new ideas into the organisation. This enables workers to get jobs to which they are more suited or for which employers are willing to pay them higher wages, and to allow discharge for inefficiency.

The central concern of this study therefore is to endeavour to explore the causes, the nature and the impact of staff turnover in the organisation and to recommend plausible remedial measures.

1.3 GOALS AND OBJECTIVES OF THE STUDY

The inability of NACB Ltd. to retain its manpower is the central concern of this study. Therefore, the broad objective of this study is to examine labour turnover in NACB with the view to determining its extent and causes and recommending suitable remedial measures to mitigate the problem.

Specifically, the study seeks to attain the following objectives:

i. To determine the extent of labour turnover and staff instability in the Nigerian Agricultural and Co-operative Bank;

ii. To determine the characteristics of staff who have left the organisation.

iii. To ascertain as far as possible, the extent to which various factors both within and outside the organisation have contributed to the decision of the staff to leave;

iv. To determine the effect of staff turnover on the morale of existing staff of the bank.

v. To assess and ascertain the most important factors that causes dissatisfaction and frustration among the present work force which can lead to their decision to quit.

Assessment will be made among the following factors:

a. Salaries & Fringe benefits

b. Job-related factors

c. Staff training and development

d. Management of promotions

e. Chance to advance

f. Relationship between staff and management

g. Welfare - amenities - medical, transport, housing etc.

h. Facilities for children's education.

i. Feeling of insecurity of life and property arising from ethnic, political and religious unrest.

vi. To determine the effect of staff turnover on the operational results of the bank.

vii. To identify areas of improvement in the organisation which may increase staff satisfaction, minimize labour turnover and enhance staff retention.

1.4 SIGNIFICANT OF THE STUDY

The significance and desirability of this research project is justified from at least three perspectives:

1. A consideration of the strategic importance of NACB in the production and distribution of food and fibre needs of Nigeria;
2. An examination of the scope and dimension of labour turnovers in the bank and the implication for the strategic importance of the bank in economic development of the nation; and.
3. The need for research - oriented approach to the appraisal and solution of management problems in the organisation.

1.5 STATEMENT OF HYPOTHESIS

This study will seek to confirm or refute the following hypotheses:-

i. That NACB Ltd experiences high labour turnover.

ii. That workers dissatisfaction with the organisation causes high staff turnover in NACB.

iii. That high labour turnover affects the general performance of NACB.

iv. That failure to introduce or implement the salary grade obtainable in similar organisations leads to labour turnover in the bank.

v. That inadequate plan to upgrade and maintain staff with additional qualification leads to high labour turnover in NACB.

1.6 THE SCOPE AND LIMITATION OF THE STUDY

The scope of this research was confined to "The impact of labour turnover on public organisations: A case study of Nigerian Agricultural and cooperative Bank Limited from 1989 - 1998". The obvious Limitations of time, financial and other resources on the author makes it absolutely impossible to embark on such comprehensive study that will cover the entire workforce of similar organisations. It would also have been instructive to compare findings of this study to the general labour mobility in the country to ascertain whether the situation in NACB is worse off than the general level. This limitations therefore necessitated the author's choice of a case study specifically on staff turnover within a space of ten (10) years. However it is hoped that other scholars interested in the problem will undertake a more comprehensive study of the subject in the future.

1.7 OPERATIONAL DEFINITIONS

It is an accepted fact that in the social sciences, no one ever really goes into the field of research without some form of concepts in his mind. A concept is an idea which explain the general notion about a subject and pre-supposes the identification of problems and the choice of the relevant body of concept by which to explain the chosen problem. It may not be objective or very objective. But in most cases, what is conceived as "objective" may be subjective. Due to this fact, it is better for a researcher to disclose the pre-conceived problem he intends to investigate before presenting his data and analysis. This enables the reader to know the researchers' objectivity as distinct from a subjective disposition.

The relevant key concepts as they are used in this study are:

a. Nigerian Agricultural and Cooperative Bank (NACB) Limited is a Federal owned institution established in 1972 to provide credit facilities to farmer for agriculture and agro-allied activities for the purpose of increasing food and fibre production in Nigeria.

b. Manpower:

This is the human resources or labour necessary to harness and co-ordinate other factors of production. In this case study, manpower means human resources, personnel or employees of the organisation, including the manager and the managed.

c. Manpower Planning:

This is the activity which aims at forecasting future employee requirements both in terms of skill and number and the extent this is likely to be met.

d. Motivation:

An individual produces and sustains behaviour when he finds it rewarding to do so, that is when the behaviour enables him to accomplish an objective that satisfies his personal needs whether tangible or intangible.

Motivation therefore means the inducement of others to behave is a specific way towards goals specifically stated by the motivator. For the purpose of this study, motivating factors means those factors that induces the individual to perform his duty or job efficiently. These include factors such as pay, training, advancement, the creation of conclusive working environment, such as, the provision of working tools and so forth.

e. Morale:

This is an individuals's state of mind which in the event of any given activity affects performance of a given task. Good or high morale produces confidence, optimism, enthusiasm and the will to succeed, while low morale produces negative attitude towards job performance. Good morale therefore, is the attitude held by the individual members of a given group which makes them put the achievement of group objectives over individual or personal goals.

f. Participative Management:

This is the supervisory style that aims at increasing employee commitment to organisational goals by actively encouraging their participation in the decision making process especially on matters that affect them. It allows the employee

some degree of autonomy, initiative and judgement in performing his duty based on the assumption that so doing would create involvement and commitment on his part, thus enhancing his identification with the goals and objectives of the organisation.

g. Fringe Benefit:

Fringe benefit is the provision made to supplement wages and salaries paid to employees. This includes among others, transport allowance, rent allowance, meal subsidy, leave grant, health and welfare facilities, pension and gratuity etc.

h. Job Satisfaction:

This is the attitude, feeling or sentiment which an employee has towards his work. It is determined by the job content such as responsibility and advancement, as well as the job context such as supervision, salary and working conditions. As far as possible a job is designed in such a way as to enable the contented most likely to remain in the organisation while discontented employees are most likely to leave for 'greener pasture'. The rate of labour turnover therefore is often regarded as an index of the job satisfaction within in an organisation, and for the purpose of this exercise, this definition shall suffice.

i. Job Security:

This is usually described in a union contract as a means of protecting a workers' job and often invoked when new methods or machines are introduced.

For the purpose of this study, job security means the provision to ensure that staff appointments are not arbitrarily or discriminatorily determined.

j. Leadership Style:

To successfully execute a group task, there is often a need for a leader whose responsibility it is to design and develop an approach for motivating the team members towards the task execution. A leadership style therefore can be defined as a pattern of behaviour for the integration of organisational and personal interest in the pursuit of some objectives.

k. Retention:

This refers to the propensity of employees to stay in an organisation. It is concerned with the forces which "pull" people into the organisation.

l. Separation:

An omnibus word used to imply the termination of an employment contract with a particular organisation.

1.8 PLAN OF STUDY

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The research study is designed to contain five chapters. Chapter One is as introductory chapter which contains the statement of the problem; the purpose or objectives of the study, basic assumptions and statement of hypothesis; significance of the study, operational definition of relevant concept; scope and limitations of the study; plan of the study and the methodology or procedures for collection and analysis of the data.

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Chapter two, deals with the theoretical framework and a review of related literature. The researcher has tried to present in this chapter some of the major works that have been done on the subject matter and their relevance to the present study. It contains the organisation as a system; relevant personnel concepts; theories of motivation, definition and nature of labour turnover on organisation; and ways of reducing labour turnover in organisations.

Chapter Three contains the history and development of NACB Ltd, labour turnover in NACB in the last 10years, organisational structure of NACB, recruitment of staff within the period, Training and advancement; and the general condition of service.

Chapter four presents the methodology. It describes the analytical tool or frame work that will be used in the assessment and evaluation of data., hypothesis presented in the introductory chapter.

Chapter five is the concluding section of the study. It contains the major findings, conclusion and recommendations for improvement on the subject matter. It also contain some revelations on the possible areas where more research could be made to further the course of knowledge.

1.9 METHODOLOGY

According to Aristotle; "The truth on any matter can be assessed from many sides which no single person could encompass in his individual gaze. Any individual could grasp a portion and it is only through the collaboration of many that the whole truth is attained"[14]

Consequently, the Aristotelian influence was radiated in the chosen approach for collecting data for this study. In order to determine the factors leading to labour turnover, staff retention and instability in NACB Ltd, the researcher made use of the following instruments of social investigation.

a. Documentary

b. Interview

c. Personal observation

d. Questionnaires.

a. <u>Documentary Sources:</u>

The Documentary sources of data collection, for this study includes the use of Library sources for general understanding of existing literature on the subject - published books, magazines, periodicals, newspaper publications, seminar papers, file records, official reports, personnel files on staff matters, etc. Through these official records, it was possible to obtain information on:

a. The bio - data of former staff

b. The number of those who leave yearly

c. The reasons for leaving

d. The nature of recruitment

e. The nature of turnover, (resignation, termination, dismissals retirement, death etc.).

f. The impact of labour turnover on the organisation.

g. The level of training of those leaving.

b. Personal observation

The author has served in the organisation for more than the ten year period which the study covers. During this period, she has personally noticed level of labour turnover in the organisation. She has worked in the Head office and two branches within this period and therefore associates and interacts with colleagues, discussed with them on several issues particularly the working condition of the organisation. Some of the staff who have left the organisation are still in close contact with the researcher while some still lives and works in Kaduna State. Between 1989 to 1993, the researcher having worked in the Investment and Research Departments, Travelled extensively for seminars, workshops etc. This provided ample opportunity for meeting and discussing with former staff of NACB particularly on their reasons for leaving. On account of these personal experiences, she has a lot of useful information on staffing and related problems in the organisation.

c. Interview

The third instrument of investigation is the interview. Interview were designed to obtain further information to supplement the other sources of data collection as no method can be completely reliable in a study of this nature. Some of the management staff were interviewed. They include the AGM personnel, Operations, Branch Managers, Deputy General Manager Training etc. The interview was to obtain official information about staffing and related issues in the organisation. The questions asked are attached at the Appendix.

d. Questionnaire

The questionnaire will be designed to elicit response from the respondents. Two sets of questionnaire will be administered for former staff and present staff. The questionnaire as also attached to the appendix.

FOOTNOTES

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CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 CONCEPTUAL FRAMEWORK

In order to understand the behaviour of individuals who operate and interact within the organisational system and the impact of such behaviour on the organisation, its relevant to understand the concept of the organisational systems.

Stephen P. Robbin's defines an organisation as "a conditionally co-ordinated social unit composed of two or more people that functions on a relatively continuous basis to achieve a common goal or set of goals'. Pfiffmer and Shernoad also defines organisation as "a pattern of ways in which large number of people, too many to have intimate face to face contact with all others, and engaged in a complexity of task, relate themselves to each other in the conscious, systematic establishment and accomplishment of mutually agreed purpose. These definitions of the organisation highlights the existence of people or the coming together of same for the achievement of an agreed purpose which suggest some elements or benefits as the motivation for agreeing to come together for the common purpose.

It has therefore, been argued that it is only through the process of organising that the vast complex of man, machine, materials, monies and other resources be combined into an effective, efficient, and viable enterprise and the primary cohesiveness is applied by man himself who inturn deserves a composite package of motivation to continue to apply

himself to this critical role. Thus, Murrel is of the opinion that an effective human motivation must embrace three aspects which include the following:

a. Financial or material which implies that everyone in the organisation gets a share in accordance with their value to the organisation.

b. Organisational which involves workers participation, job enlargement, and job relation, among others.

c. Social which implies recognition that every organisation is a social community and that many people came to work in order to be part of this community and not just to earn money. This third aspect of motivation provides a proof of the biblical maximum that "man does not live by bread alone".

The individual within the organisation has also seen recognized with personal goals as opposed to the organisational goals. This has arisen from the complexity of human nature. To this end, Bass has stated that in order to understood and predict the individual's behaviour, it will often be necessary to determine his cultural background, his social class and ethnic group, the nature of the present situation, as well as his past history, motivation and biological status. In his recognition of individual goals, and complexity of the human element, Dwight Waldo says that the administrative organisation has both internal and external environments that are largely irrational at least so far as the formal goals of the organisation are concerned. Therefore, people do not come into an organisation as pieces of putty, as units of abstract energy, nor as mere tools sharpened to some technical or professional purpose.

They bring with them their whole cultural conditioning and their personal idiosyncrasies. Each is genetically unique, and all are members of institutions outside the administrative; and within the administrative organisations. They form into natural or adaptive groups of various kinds, friendships, cliques and carpools, etc. that flow across the lines of formal administrative organisation, sometimes darkening, sometimes lightening, and sometimes erasing these lines. As such the organisation has goals and the individuals within the organisation also have goals.

There is thus the lack of congruity between the needs of the individual workers and the demands of the formal organisational resulting in various organisation ills such as failure, inefficiency, frustration, conflicts, absenteeism and labour turnover.

But within the concept or social equilibrium, the organisation and the individual are capable of respectively obtaining optimum satisfaction of its demands and its expressions. Davis has described the social equilibrium situation as a system where there is a dynamic working harmony among the inter-dependant parts. In the organisation context, social equilibrium is a dynamic concept, not a static one. Movement is taking place all the time in a way that maintains working harmony and balance in the system. Davis further likens the system to an ocean in which there is a continuous motion, but the basic character of the sea changes, very little. Therefore when major and minor changes take place in the social system, they are absorbed by adjustment within the system and equilibrium is retained.

However, on the other hand, major changes or a series of rapid changes may throw an organisation out of equilibrium, thereby seriously reducing its vigour and productivity. In a sense when an organisation is in disequilibrium, its parts are working against one another instead of in harmony. Rapid staff turnover and retention may therefore cause a disequilibrium and instability in the organisation. These are being influenced by variables such as employment, training, wages and salaries, motivation, labour relation and welfare.

In the light of this conceptual paradigm, Maurice Cumming views personnel management as an area concerned with obtaining the best possible staff for the organisation, and having got them, working after them so that they will want to stay and give off their best to their jobs. In pursuit of the objective of organisational equilibrium and labour stability, personnel management therefore aims at achieving both efficiency and justice, neither of which can be pursued successfully without the other. It seeks to bring together and develops into an effective organisation the man and woman who make up an enterprise, enabling each to make his own best contribution to its success both as an individual and a member of working group. It seeks to provide fair terms and conditions of employment and satisfying work for those employed.

.2 NATURE OF LABOUR TURNOVER

Labour turnover and staff instability are organisational problems arising from the management of the labour force or the human element is the organisation in contradiction to the management of the non - human factors of production. A review of some related management literature is undertaken in this chapter . This concerns various concepts and

propositions in administration and management relating to the nature of man and his reactions to the force impinging on him within the organisational context. In specific terms, it involves a contradiction of organizational goals. It involves a consideration of organisational goals and methods of direction and control as well as an analysis of workers needs and motivations.

Precisely the word " Labour Turnover' is so commonly used that there is need to really define the concept for clarity.

The Longman's Dictionary of contemporary English defines Labour Turnover as the number of workers who have left in a particular period, the concept of labour turnover as used traditionally refers to the change in personnel that takes place during a given period in the work force of a firm or an industry"[1].

According to Maurice W. Cumming, "Labour turnover is the term used to describe the movement of workers into and out of the employment of an organisation".[2]

Robert C. Appleby defined labour turnover as "The measurement of the number of employees leaving a company. It can be calculated by dividing either the total separations or the average number of the work forces and expressed the result as a percentage"[3].

William F. Glveck says that turnover is the net result of the exit of some employees and entrance of others to the work organisation"[4]. Also Chruden and Sherman defines turnover as the amount of the movement of employees in and out of an organisation,

ordinarily expressed in terms of the turnover rate. The turnover rate for a department or an organisation can be an important indicator of the efficiency with which the various personnel functions are performed by managerial and supervisory personnel as well as by the personnel department [5].

Denyer states that labour turnover is a "term used in personnel management to describe the movement of workers into and out of the employment of an organisation. It is expressed as a percentage of the ratio of staff leaving compared to the average number of full time staff, and taken over a fixed period of time (six or twelve months). Its purposes is to assess the stability of staff, and can be viewed as an index of the success or failure of personnel policies in an organisation"[6].

The committee for Technical Co-operation in Africa South of the Sahara (C. C. T. A.) Defined labour turnover as "the" rate at which replacements are made in labour force (of a given size - emphasis) added". The turnover involved the use of 'separations' in calculating a labour turnover rate if the labour force is increasing and "engagement if it was reducing"[7].

Harris described it as "the number of employees lost during the period for what ever reason, and who had to be replaced. Kaplan's definition sees labour turnover as follows: "By labour turnover, we ought to understand the unorganised switching of workers from one enterprise to another which does not answer to the needs of the individual enterprise nor the needs of the economy as a whole and consequently is dangerous to society"[8].

Bezanson suggested a distinction between mobility and labour turnover. He used turnover to refer to the horizontal shifting of workers among jobs at the same occupational level, reserving the term mobility for vertical shift from one occupational level to another"[9]

Herzberg too distinguished mobility from turnover. The former term he reserved for flows into and out of the labour market either:

i. Among regions or sectors or

ii. From one plant to another, while he saw labour turnover as involving separations from a single plant'[11].

For the purpose of this study, turnover refers to the movement of employees (both workers and management) into and out of an organisation. Movement of individuals into the organisation are often referred to as accessions or 'engagements' while movement out of the organisation are often referred to as separations or departures. The turnover does not include movement resulting from the promotions and transfers within the organisation. Included are separation resulting from retirement, serious sickness, death, breach of discipline, excessive absenteeism, theft, inefficiency, redundancy and lay off, and voluntary leaving. It only is the last case that the initiative for separation lies with the worker.

Sufficient attention to labour turnover is critical to the success of any organisation. According to Bradley "analysis of labour mobility is a vital part of the management process. The obtaining and recording of costs, number of people leaving, types of employees who are terminating, why they are separating from the company, are all

indicative factory to management of its quality of operation. Without this analysis, management is overlooking one of the most important factors of production with which it most cope'[12].

Labour turnover at a certain level, especially if it is rapidly increasing deserves the attention of management because it indicates either of two things; an increase in workers dissatisfaction due to some causes internal to the organisation or increased availability of better alternative employment in the economy. Labour turnover may therefore be regarded as a measure of the organisational climate of any institution. A rising labour turnover index literally underlines the existence of either or both of the destabilising factors and should force upon the movement an awareness of the need to re-examine itself as well as the organisation with a view, to working out appropriate solutions.

Caudet has emphasised the need to view labour turnover in its proper perspective when he wrote:

> "Just as the high reading on a clinical thermometer is a sign to the physician that something is seriously wrong with the human organism, so is also a high index of labour turnover a warning that something is wrong with the health of the organisation. But, just as the clinical thermometer merely warn, not diagnose. A high temperature may mean pneumonia, measles, or mumps. A high turnover rate may mean poor personnel policies. Nor should we forget that too low a rate of turnover like a "below - normal" reading on the thermometer can also be a danger signal"[13].

2.2.1 TYPES OF LABOUR TURNOVER

It is pertinent at this stage to differentiate the job shifts that are voluntarily initiated by the employee from those that are forced upon him by lay-off or discharge. The distinction between these two types of movement is important and has both practical and theoretical implications. A distinction is made between voluntary and involuntary turnover on the basis of whether or not the movement is employer-motivated (or is initiated by the member).

Where the movement is a voluntary one, the initiative lies with the member. The term 'quits' is commonly used for voluntary turnover. The initiative for involuntary turnover is taken by the management or forced upon the member by some circumstance that makes it impossible for the member to continue with his membership of the organisation. Example of involuntary turnover include dismissals, lay-offs (resulting from redundancies, and deaths).

Though attempt is usually made to distinguish voluntary and involuntary turnover, it should be noted that the assignment of specific cases to one or other type is often not an easy task. Nevertheless, the trouble is worth taking since the distinction does help to maintain a classification. It enables the calculation of the simple ratio of voluntary separation as a percentage of controllable turnover, that is:

$$\frac{V}{V} + D \times 100$$

Where V = Voluntary turnover

D = Involuntary turnover.

Where the leavers are mainly voluntary it may suggest dissatisfaction. On the other hand, a high level of dismissals may indicate adequate selection and training procedures.

An organisation whose employee loss is largely employee - motivated is in a more vulnerable position than its counterpart whose loss is largely employer - motivated.

Most of the research dealing with turnover concentrate on voluntary turnover.[14] . There are three reasons for this:

a. Most turnover is voluntary, the major exception to this generalisation being the high rate of involuntary turnover that occurs when unemployment is high. It makes sense to concentrate one's limited resources on the study of the most prevalent type of turnover i.e voluntary turnover.

b. Theory formation is easier when the phenomenon to be explained is homogenous. It would, for example be very difficult to explain both 'quits' and 'dismissal' by the same theory because the two phenomena are probably quite different.

c. It is voluntary turnover which is more subject to control by managers. There is less that managers can do to reduce the costs, and deaths, for example, and it is natural for managers to focus on costs which are some what more controllable.

Turnover could also be classified into controllable and uncontrollable components. "Unavoidable" terminations that result from retirement, illness, death, marriage and pregnancy can be regarded as not controllable by the organisation. Retrenchments are

also not controllable since they typically involve outside factors and are normally related to specific events such as a recession.

Their inclusion at such times would affect their comparability of data and distort records of the continuing process under study. For example, controllable turnover normally falls when retrenchments take place, whereas total turnover (all separations) is very likely to rise as a result of staff reduction; the drop more adequately reflects the effect of the retrenchments on the person - work relationship. Controllable turnover therefore involves voluntary separations (quits) and dismissals only.

There have been however, widely divergent opinions on what should be included, under "controllable turnover". Long, Kowles, and Badger rather surprisingly also excluded dismissal from their rates claiming that these formed a low and constant percentage of the whole.[15]

According to Cuming [16] Separations fall into three main categories - voluntary, which are potentially avoidable, those due to management action, and involuntary separations which are unavoidable. Employees who leave of their own accord do so because they dislike the job, its pay and conditions, or the people they work with; personal welfare matters, such as poor transport, accommodation, medical facilities, etc may also be involved. Which of these reasons is appropriate, the leavers think they will be able to better elsewhere.

Employees dismissed by management leave for reasons of unsuitability (inefficiency, incompatibility), breaches of disciplinary rules (insubordination, persistent lateness or

absenteeism, for example); or redundancy due to trade recession or re-organisation. All these reasons are capable of a certain amount of management control.

Pigors and Myers[17] identified different kinds of employee turnover in organisation:

i) Accessions - Hiring new employees or rehiring former employees. Other accessions include: employees called back to work after lay off; transfers from other establishments of the same firm; former employees returning from military service or other absences without pay that were not counted as separation.

ii) Separations - terminating of employment usually subdivided as follows:

   a) Voluntary quit - individuals who are absent without authorisation for seven consecutive days (or sometimes less) are usually listed in this category.

   b) involuntary - individuals leave of their own accord due to; possibly poor pay, job dissatisfaction, general conditions of service e.t.c These types are unavoidable.

iii) Lay-off for lack of work - a termination initiated by the employer because a job is being eliminated or because there is a reduction of employment due to insufficient demand, such separations is presumably without prejudices to the employee.

iv) Disciplinary Lay-off or discharge because of dissatisfaction with an employee's performance or conduct. Therefore, both are prejudicial to an employee's record. However, if discharge comes before completion of a probationary period, loss to

the employee is less severe because no employment rights have been acquired. Some forced 'resignations' are really discharges especially at upper echelons.

v) Retirement or death.

2.3 CAUSES OF LABOUR TURNOVER

From the discussion so far, it is clear that several factors are responsible for staff turnover in any organisation. Before considering the factors which have been found to contribute to labour turnover in organisation, it is important to state that labour turnover has been decreasing in some African countries. This is because unemployment levels have been increasing according to the findings by Nigam and Siger with respect to Kenya;[17]

There would be various reasons for the decline in the rate of labour turnover since independence. One of the most obvious and important would seem to be the pressure of population on land and the increasing unemployment in urban areas; people have not many alternative employment in urban areas; people have not many alternative employment opportunities in rural areas, and in urban ones they can ill afford to give up jobs. Studies have shown that there is generally an inverse relationship between the level of unemployment and the labour turnover, or in other words that the turnover of labour tends to be greater during periods of full employment, while under conditions of employment the quit rates are bound to be low and the retention of job becomes a crucial matter.

However, many writers on the problem of turnover have given different news on the

causes. For instance, the British Institute of Management has broadly divided the causes into external and internal causes. The most important of the external factors are: the level of employment and the availability of alternative work. The internal factors are the composition of the labour force itself, that whether men or women are employed, whether they are skilled or unskilled etc; the length of time workers have been employed, their status, age and the location of their houses and place of work. Wage rate, hours and conditions of work and the personal relationships existing within a firm may also have important effect or labour turnover[19].

Blunt and Popoola have found these factors to contribute to labour turnover:

a) Leaving for higher earnings. These can be seen in two ways. First, employees may change jobs for a higher basic wage; and second, they may leave in order to obtain greater earnings from commissions or gratuities or other benefits.

b) Leaving for better career prospects. This factor is related to the factor above in that career progress usually entails higher earnings. This is because moving for better career prospects per se would imply high levels of job involvement among African workers, or that regarding work per se as a central life interest was widespread and we do not believe this yet to be the case.

c) Leaving to reduce strains from interpersonal conflicts: this has to do mainly with the supervisory and management systems. African workers are perhaps even more sensitive than other groups to interpersonal conflict and particularly what they regard as affronts to their personal dignity or self-esteem.

d) The Induction Crisis : This applies specifically to new recruits to the organisation, and occurs within the first few months of their employment. The induction crisis can be a function of supervisory style or the nature of the work itself or the combination.

e) Leaving to reduce strains from work overload or work underload: The work over load causes high levels of job dissatisfaction because they have little to do or are not stretched or challenged by their work. Or the other hand, workers could quit the organisation because they are overloaded.

f) Leaving for alternative roles: Some employees may be obliged to leave for the reason of pregnancy or retirement, or in the case of women, the desire or intention of being a housewife can lead to uncontrollable turnover.

The external factors of labour turnover seems to be the most important causes of labour turnover in NACB; the rapid establishment of other public financial institutions, the rapid offered to potential workers by other organisations who need their services have combined to create staffing instability in public organisations[20].

According to Bowey[21] the following external factors have been observed to lead to labour turnover:

a) Moving for higher earnings: when employees feel that their earnings are not as high as they might earn in some other organisations, they are likely to move to improve their earnings.

b) Moving to further one's career: Employees who are highly career oriented may charge jobs in order to move to a job which they regard as a step-up the career ladder. The change here may be a similar job is an organisation which offers better prospects of future promotion, or to a more responsible job in some other organisation.

c) The Attraction of Alternative Job Opportunities: Labour turnover may be influenced by alternative job opportunities for the employees.

d) Leaving to Avoid Strains from Interpersonal Conflict: This arises when employees becomes dissatisfied with his job owing to the stress and strains, rows and interpersonal conflicts which he must face in the job, this causes a turnover.

e) Management Running Down of Staff: This could be as a result of deliberate action or managers who decides to 'run down' their labour force. It can be as a result of the fluctuating nature of the trade in some industries. It therefore becomes pertinent to lay-off staff.

f) Loss of Unstable Recruits: This occurs when individuals with personality characteristics which make them more prone to leave than the average person in the labour force, join and later leave the organisation.

Another factor which may give rise to labour turnover is that in which shortage of labour possibly due to understanding absenteeism or turnover of staff leads to further turnover.

g) The Availability of an Alternative Role: Employee may also leave an organisation because they find they can opt for a more desirable role, or possibly an unavoidable one (for example, pregnancy, retirement).

h) Leaving Due to Changed Working Requirements: This arises when there are changes in the physical, mental, social or psychological demands of the job. Such changes may make the job too difficult or too inconvenient for some existing employees, who may decide to leave because of the pressures to adapt to the new requirement.

An employee's dissatisfaction with the organisation is a reflection of either mal-adjustment on his part or a sign of poor management style of the organisation. According to Deskin, "What make a job doomsday" are the following:

a) Poor work Content (the Motivator), internal motivation, where this is lacking, the employee would like to quite.

b) A destructive work context including company policy administration, technical supervision, salary and working conditions.

c) Absence of correspondence between the goals of the employees and those of the organisation.

d) Bad recruitment in the first place or bad placing of staff.

e) Above all, the dehumanising elements in the organisations culture, that ignore or contravene the worker's values and needs[22].

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Deskin went on to say that when one or more of the mentioned conditions persist in an organisation, it introduces doom into the job. And doomsday job curtails growth of organisation, discourages, and weakens commitment to the work.

At its worst, it turns a human being into semi-detached circuit in a non-human production process and regards the organisation with high labour turnover.

Other factors causing labour turnover may be the average age of the employees - if young, turnover will tend to be higher. The older workers tend to be married, have longer services, earn more, belong to a higher skill grades, and turnover rates tend to drop as age increases. Another factor is the life and how well established the organisation is.

The unfavourable conditions of service of an organisation is another factor causing excessive employee turnover. This view is supported by professor Adebisi Afolayan of Obafemi Awolowo University when he said that the brains are running away from the country because of frustration, unattractive conditions of service and financial constraints which could no longer make work satisfactory [23].

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Pattman and Tavernier stated that the reasons for leaving the organisation can be broken down into the following headings:

1. Outside economic factors which affect the labour market and which infringe on the work situation, such as the level of employment.
2. Factors within the employing organisation which affect the employee.
3. Factors within the employee as an individual or within groups of employees [24].

According to them, job satisfaction could include anything from the organisation of the work, the pace, the lack of independence and interruptions in the workflow to the size of the work group. Complaints from men about doing "fuddly" women's work that is meticulous work were numerous among reasons for leaving.

Another belief is that money is the crucial factor in labour turnover. The fluctuations in pay can have a bearing on turnover. Many personal characteristics of leaving are important factors influencing turnover, including sex, marital status, intelligence, aptitude, skill level, and number of dependents. Turnover rates tends to be high among young people and decline as age increases. Length of service is also an important factor in labour turnover. The propensity to leave generally diminishes as the time spent in the organisation increases.

If turnover is very high in the first week, it may be inferred that the selection techniques are poor or induction methods inadequate. If turnover is high in the early months the training period-either too short or too long-may be the cause. If on the other hand, long service employees are seen to be leaving then morale may be low. In this case, promotion policies, salary structure, welfare facilities or working conditions may be the cause.

2.4 MEASUREMENT OF LABOUR TURNOVER

labour turnover in an organisation can be measured in several ways depending on the purpose of investigation, the sophistication and prediction of the investigator, and even the definition of Labour turnover itself. Because there is no single manner of constructing an index to be relevant to everyone, it is necessary to use two or three

indices in a combination to give a true picture of labour turnover in an organisation. This will enable the investigator to look at the problems in different perspectives then taken together, they will yield far more useful information than the use of one or the other on its own.

Van der Merine and Miller [25] gave three conditions which a good measure of turnover should meet. First, the measure should be diagnostic, that is, it should reliably indicate the extent of any problem. The location of the problem should as far as possible be in terms of variables such as length of service. Secondly, from a practical point of view, the data required should be easy to obtain and process. Furthermore, it requires that periods of data collections be short enough and the measure sensitive enough to function within the time cycle of rapid charge which is characteristic of the environmental context in which organisations operates today.

According to Cuming,[26]. Labour turnover can be calculated by expressing the total number of workers replaced as a percentage of the average number of employees during a year.

$$\text{Labour Turnover} = \frac{\text{Total Replacements}}{\text{Average Working Force}} \times 100$$

$$\text{OR} \quad T = \frac{100R}{W}$$

Since some separations are unavoidable (married women leaving to have babies) or in some cases desirable (men may be encourage to leave to advancement what their present employee cannot offer), the formula may be adjusted to take these factors into account, in which case:

$$T = \frac{100\,(R-U)}{W}$$

Where U = unavoidable separation.

This method is however weak in one great respect since it obscures the extent of the stable element of the workforce.

The Committee for Technical Cooperation in Africa South of the Sahara (CCTA) took as their definition of employee turnover the rate at which replacements are made in a labour of a given size [27]

Thus separations are used for calculating employee turnover rate in a situation where the number of employees was increasing, while engagements were used if it was reducing. The formula they proposed was:

$$\text{LTOP} = \frac{\text{min.(b.c)} \times 100}{\frac{1}{2}(a+a-c)}$$

Where a = Labour force (at a reference point)

b = Engagements

c = Separations

p = Length of period

min. (b.c) = the smaller of b and c

This approach did not differentiate between "controllable turnover" and other types of labour movement but it allowed for changes in the labour force. There is no account taken as to indicate expansion and contraction of labour force. Moreso, since turnover is much higher among short service or recently employed workers than among these with long service, it is to be expected that if a firm suddenly expands, it may expect its turnover percentage to increase. Again the index tells us nothing of the stability of the labour force even in a firm with a constant labour force. It may therefore present a deceptive picture of the labour turnover situation" [25]. The method produces an index that

emphasises the turnover of the undertaking as a whole rather than illustrate where instability lies among workers since turnover due to retirement and deaths are included.

Hatshorne's [28] Labour turnover index sought to reflect 100% turnover when all of the original employees of the organisation left during the period in question. The index was as follows:

$$\text{Labour Turnover} = \frac{L+A}{G0+G1} \times 100$$

Where L = Leavers

A = Arrivals

G0 = Size of labour at the start

G1 = Size of labour at the end

Chaplin [25] criticized this approach stating that in a situation where all the leavers came from that years arrivals, a turnover index of 100% would be attained without necessarily having a complete replacement of personnel.

This situation would be valid in a situation where no labour existed before employment at the beginning of the year in question.

The British Institute of Management has involved a rate which refers specifically to "controllable" turnover. It defines its turnover rate as representing the "index of the state of less turnover a period measured in terms of separations" [29] accordingly.

$$LTO = \frac{\text{No of Leavers in a period}}{\text{Average employment in the period}} \times 100$$

But Leavers due to retrenchment and unavoidable terminations due to deaths were

excluded. This approach has its own advantages. The index is easy to calculate. Moreover, since those factors lie within the management's sphere of influence, it can provide useful information for management's decisions and remedial action.

Roynolds and Gregory [30] classified labour turnover rates into three groups for purposes of interpretations as follows:

Annual Indices of Labour Turnover	Interpretation
0-40%	Stable Labour force
41-75%	Moderately stable Labour force
Over 75%	Unstable labour force

Ojewu and Udo [31] emphasized the relevance of both arrivals and separations to Labour turnover analysis. The index of labour turnover was given as:

$$LTO = \frac{L + A}{\frac{1}{2}(So + S)} \quad X\ 100$$

where A = Movement into employment or Arrivals.

L = Movement out of employment or Leavers

So = Size of Labour force at the start of the period

S = Size of Labour force at the end of the period considered

The United States (US) [32] Department of Labour suggests the following formula for computing turnover rates:

$$\frac{\text{Number of Separations during the month}}{\text{Total number of employees of mid month}} \quad X\ 100$$

Thus, if there were 50 separations during a month and the total number of employees at mid month was 500, the turnover rate would be:

$$\frac{50}{500} \times 100 = 10\%$$

Another method is one in which the rate is based upon unavoidable separation. If S equals the total separations in the selected period and US the unavoidable separations, the formula becomes;

$$\frac{S - Us}{N} \quad X \quad 100 \quad = T$$

Unavoidable separations include termination of temporary employment, promotions, transfers and separations due to illness, death or marriage. This latter method yields what is probably the most significant measure of a personnel programme's effectiveness since it can serve to direct attention to that portion of employee turnover that can be reduced. It also represents that portion of employee turnover that management has the most opportunity to control through its personnel programme by means of better selection, training, supervisory leadership, improved working conditions, better wages and opportunities for advancement [31].

2.5 THE IMPACT OF LABOUR TURNOVER ON ORGANISATIONS

William Glueck has said that Labour turnover can be quite costly to an employer. The costs of turnover include increased costs for social security and employment compensation, terminal vacations, severance pay, under utilised facilities until the replacement is hired, employment costs, such as recruiting expenses, interview time, test costs, computer record costs , moving expenses; and administration costs of notification and pay-roll charges. There is also a loss of productivity until the new employee reaches the performance level of the one who left the job [32] . Glueck however argued that "all turnover is not a net loss". Employees who are no contributing to organisational effectiveness should be retired. And the employer has not control over some turnover:

for example, a student's wife who works as a typist until he graduates and they move away [33].

Cumming[34] states the unfavourable effects that employees leaving have on the minds of those remaining - undermining morale and interest, and lowering efficiency. Considerable costs have to be faced in replacing the leavers and retaining their successors, and there are also the hidden costs of lessened effectiveness through out the organisation. Excessive turnover is a bad thing socially, too, low morale being reflected by the unsatisfactory relations that exist between management and workers : it shows that management has not established the links that bind individuals to their working groups. Workers who leave soon after starting jobs because they do not feel at home demonstrates how management has failed to carry out one of its main functions of influencing workers' behaviour towards cooperation. Every disgruntled employee is a source of ill will towards the firm or organisation he leaves and is likely to damage its reputation.

Cumming however argues that, no employer wants to loose too many of his staff; but equally a low turnover can affect promotion prospects for able young employees and reduce opportunities for injecting new ideas from outside [35].
Batty contended that the more Workers leave an organisation and are to be replaced, the rate tend to be costly relating to:

a) Recruitment, training and development
b) Spoilage
c) Loss of production while leaving
d) Increased number of accidents
e) Excessive wear and tear of machines from unskilled operators
f) Failure to meet orders on time
g) Payment of overtime in order to catch up cost of production [36].

He is of the opinion that high cost of Labour turnover must be received in the cost of production or else it would affect project. He however, failed to give the advantages of high labour turnover.

According to Peskin, there are tangible and intangible costs. The tangible costs include recruitments expenses (advertising, interviewing and induction expenses etc).
The intangible cost factors arise from sources - the depressing effects that turnover has on workers morale, accidents and absenteeism as functions of low morale, reduced management efficiency and effectiveness, missed production schedule, the breaking of skilled-knit work teams, increased overtime, overhiring in an effort to maintain work schedules, the lower productivity of temporary employees [30] .
Pigours and Mayers states that "too much mobility can severely reduce productivity, demoralise incumbents, damage an organisation's public image and some times also antagonise actual or potential customers" [39] . Moreover, excessive employee turnover and mobility are wasteful in money, human values, friction within and between work teams and also because they jeopardise organisational stability [40] .
Miner and Miner highlighted the cost of Labour turnover in organisations when he emphasized that cost is associated with personnel turnover of any kind in the following ways:

a) The cost of recruiting and selecting a replacement

b) The cost of training a replacement

c) The costs associated with over payment of the replacements during the period of learning, when he cannot produce at full capacity

d) The cost of breakage and waste during the learning period and of any accidents that may occur

e) The cost of any overtime work put in by others during the period between firing one employee and the achievement of full capacity by another

f) The cost of production losses because of the lack of a worker to perform the job between firing and replacement, plus the similar costs attributed to the process of achieving an adjustment between the work group and its new members

g) The costs resulting from a failure to fully utilize equipment during the replacements training period [41].

The British Institute of Management states that "one of the most unfortunate results of increasing turnover is that entry standards for new recruits are lowered in order to fill the increasing number of urgent vacancies and this itself creates a tendency towards higher turnover"

Labour turnover has its highest negative effects when it affects the Chief Executives of a centralised organisation or workers with specialised skills perculiar to the organisation. In the first instance, it may cause succession crisis, loss of focus on organisational objectives and premature liquidation, the loss of such staff involves the organisation in loss of production over a prolonged period during which recruits re being sought or new entrants are being trained. Graham also observed that "the cost of Labour turnover increases when employees are more specialised, more difficult to find and require more training" [42].

Penny Hacket [43] in his contribution to the literature on the impact of Labour turnover on organisations observed that if stability brings certain benefits to an organisation, the loss and replacement process can bring with it a daunting list of disadvantages. These accrue under two main headings:

a) THE DEPARTING EMPLOYEES :

All employees are an investment : Some bring a good return, others are less worth-while. Either way, their departure means that the opportunity to obtain any return in the future is forfeited:

i) Training Cost: The departing employees may have received training which will not now be used. If he attended a course outside the company, you may have laid two weeks salary for a week course. If he has been trained in the company, there will be the cost of the trainers time and of any equipment or materials used. In either case, if he has been away from his job for training, whatever he would have produced at work in the way of output-tangible or intangible will be loss to the business. When he leaves, his skills may only be replaceable after a repetition of training process. Worse still, if the departing employee takes this hard won skills to a competitor your problem will be compounded

ii) Lost opportunities : We must also consider what the leaver might have achieved for you, had he stayed. For instance a Pharmacist who nearing a break-through in developing a new drug, for a pharmaceutical company; if the pharmaceutical company does not know that success is imminent, his departure might be taken as an excuse to abandon the project. His successor may lack the expertise to bring it to a speedy conclusion, or the process of handing over may delay the work. If the work lies unfinished for a while, for any reason, a competitor may achieve the break-through first.

iii) Direct Cost : A resignation may give rise to unforeseen payments, perhaps causing cash flow problems for the small firm. In some circumstances - where the departing employee has access to cash or company secret - payment in lieu of notice is considered appropriate; in other words, payment in lieu of holidays or other entitlements will have to be made.

b) THE REPLACEMENT

Depending on the length of notice served by the incumbent, the state of the labour market, and the efficiency of the recruitment procedure, there may be a gap during which position remains vacant:

i) Lost Output : Until a replacement has been found and trained, output is almost bound to suffer. Other employees may be able to cover on temporary basis, but unless your business is grossly over-manned, somewhere along the line there will be a failure to produce, or to control, or to contribute in some other way, to the long term profitability of the enterprise.

ii) Recruitment and Selection Costs : The British Institute of Management has calculated that a 30% annual labour turnover on a wage bill of two million pounds adds an extra $120,000 to labour cost (6%). While other estimates put the cost even hifher.

iii) Induction Costs : When the new recruit does starts, there will be training costs to induct him into the company and perhaps to improve his job skills.

According to Harry S. Mills, some mobility is good and should therefore not be implied otherwise. In a dynamic economy where some sectors shrink and others grew, labour must follow the new demands to the needed areas. When consumers' taste tends to increase the desires for higher training, resources must flow to industry. If marginal costs and marginal social benefits are to be moved towards equality, mobility should occur [43].

David Naballa [40] also highlighted the numerous effects of labour turnover which could be either negative or positive. The negative effects of excessive labour turnover according to him include the following:

a) REPLACEMENT COSTS

New employees' expenses are incurred during two major phases of employment process.

Employment procedures (including advertisement, recruitment, selection and placement) Training period (including orientations, induction, follow up, training and employee development).

b) When learning takes place on the job, part of the cost consists in the time taken to reach peak productivity.

c) When learning takes place off the job, the immediate financial cost is obviously far greater because work is interrupted, or not even begun, until afterward. For promoted employees and new hires at relatively high organisations levels, and for certain technical specialists, costs are considerable because extended specialised training outside the organisation is needed.

d) Separation costs including wasted technical leanings; experience as an organisational member, increased operating expenses such as higher rates for social security, accident and unemployment insurance, and perhaps also severance pay. In addition, uncompleted work can be costly.

e. Replacement costs duplicate those listed for new hires, except when some of these items can be eliminated; and others reduced by promotion from within the organisation.

f. Psychological and social costs - two such costs are pre-occupation and demoralisation. Before any separation, especially an involuntary one, the employee who is leaving naturally tends to think more about his future than about current obligations to his employer. And such a diversion of interests is by no means confined to lower level employees. Time is wasted, and demoralisation spreads through a work group, if employees facing separation slack off in their place of work and engage in prolonged ripe sessions with their associations.

g. Other costs difficult to measure - These include: worry among incumbents (will I be next? Should I quit as soon as I can find another?). This pre-occupation tends to decrease productivity. More over, after any separation there is the possibility of being short-handed for a time consequent upon extra pressure with overwork or even overtime at premium rates; changes in work routine and additional supervisory time.

h. Too little internal mobility is costly when it lowers employee morale. If ambitious employees do not quit, they become discouraged because they see no prospect of

meeting their needs for self-actualisation. At best, an individual suffering from under - employment is wasting actual productive capacity. Similarly, a placement perceived by the incumbent as a "blind - alley' job is dissatisfying. And the disturbing effects of any such stress on individual equilibrium can adversely affect the morale of an entire work section.

Pigors and Meyers however argues that although some degree of mobility is both inevitable and healthy, too much of it can severely reduce productivity, demoralise incumbents, damage an organisation's public image, and sometimes also antagonise actual or potential customers. On the other hand, too little internal mobility stultifies employee ambitions, and too low a rate of external mobility (separation of 'old hands' and inflow of new blood) result in a moribund organisation"[45]

2.6 WAYS OF REDUCING EXCESSIVE LABOUR TURNOVER

Labour turnover studies are not ends in themselves. They are means to an end which is the determination of how to increase the stability of labour force of the organisation concerned. If the raison d'etre for excessive employee turnover can be ascertained satisfactorily, then the remedy can be explicit, clear and easy. But it is evidently clear that employees who are separating from their organisation do not reveal their reasons for leaving. Often the reasons for leaving the organisation are multiple and employee themselves cannot easily put them into words. In addition the main reason may be one in which the employee thinks would prejudice an employer if and when future references are desired. Moreover, internal stress may make it difficult if not impossible for employees to talk freely even to a sympathetic listener or friend.

However, the means to this end are as varied and variable, as are the causes themselves. Labour turnover according to William Glueck [45] can be reduced by a number of methods. Better employee selection, orientation, communication, supervisor training, incentive onward and data analyses. In addition, many enterprises have tried to determined why their turnover takes place. One method is to interview employees just before they leave the enterprise to try to determine why they are leaving.

This is the exit interview. Problems can arise when existing employees give partial reasons for leaving because they need references from their employer or might want to be re-employed at a future date.

Other methods which have been tried to reduce turnover include telephone or in - person interviews a few weeks after termination.

These would seem to have the same flaws as exit interviews, but little data are available on the reliability of these methods.

Another approach is to give employees a questionnaire as they are exiting and ask them to complete it and mail it back a month or so later. These gives the employee some protection and would appear to be a much better approach than the others. Organisations using this method find a rather low percentage of employees complete the questionnaire, however. No reliable data appear to be available on these questionnaires.

Chrudes and Sherman [46] specifically outlined ways of retaining and attracting highly trained and scientific personnel in an institution. According to them, many organisations

can do more effective job of utilising and retaining scientific and technical personnel they already employed by adopting the following conditions:-

a. Freedom to publish and discuss work with other members of the scientific community.

b. A democratic management style and a technically trained management particularly for those managers who are in charge of laboratories.

c. Association with and stimulation from high calibre ccolleagues

d. Freedom to choose a research problem and to pursue it without too much management control.

e. Adequate facilities, resources and technical assistance for research.

f. Opportunities for advancement particularly for those individuals who wish to remain researchers rather than to become administrators.

g. Salary that is competitive with that paid by other institutions but which cannot be considered as a substitute for other employment benefits.

h. Security as shown by the organisation's record of retaining personnel during bad as well as good economic conditions.

i. A good house in which to live which offers good social amenities

j. Treatment as an individual and not as a part of machine

k. Reputation of the organisation as leader in its own field.

l. Opportunity for training and personal development while still working.

Pigours and Meyer[47] suggested the following as remedies for excessive employee turnover.

a. Equitable salary administration.

b. Appropriate personnel policies and effective procedures at all stages in the employment process.

c. Programmes to develop employees at all organisational levels.

d. Good employee communications including management communication programmes.

e. The use of exit interviews or attitude survey, which is an important inquiry of all staff leaving, asking questions on why they are leaving

f. Provision of facilities to help build up morale.

g. Good organisation with proper allocation of authority and responsibility.

h. Through employee reference investigation.

i. Through job evaluation and wage and salary administration programme.

j. The setting up of a work committee or some other committee on which workers are represented, so that grievances can be aired and brought to the attention of management.

Bowey[48] suggested these appropriate strategies which a manager may employ to control labour turnover.

a. The attraction of higher pay: where low pay is major cause of labour turnover the employer should consider trying to raise pay to at least 0.8 of the local average for similar work.

b. Career mobility: if a major cause of labour turnover in organisation is career mobility this may to some extent be influenced by providing better promotions opportunities within the organisation. These may be provided by promoting people within the organisation; rather than recruiting outsiders, increasing the size

of the differentials in pay for the various level, elaborating the system of status and prestige symbols so as to increase the number of differentiable levels in the organisation or by trying to raise the prestige of the organisation. Another way to avoid the problem of labour turnover from career mobility is to recruit staff who are unwilling or unable to take part in the career race. This often implies lower quality work or alternative attractions such as convenient hours of work. The problem may also be avoided by substituting female staff for male in jobs where women are less interested in careers than their male counterparts.

c. The attraction of alternative job: The employer may try to recruit staff who are less interested in or less able to take up alternative opportunities (foreign nationals on contracts, or pensioners), the employer may also attempt to reduce its effect by a meliorating these of the push' process which are encouraging his staff to take up the available alternative jobs.

d. Leaving the job due to conflict: In situations where one of the major causes of quintals is discontent arising from inter -personal conflicts, there are a number of ways in which the problem may be reduced. Where the conflict is in part at least due to the quality of the relationships between manager (including supervisors) and workers, management training in the use of a more sensitive, relationship oriented style is applicable.

Where the conflict is due to the paucity of co-workers relationships, these may be improved by encouraging more cohesive working groups. Stabilising the membership of working groups by avoiding excessive job changing and distributing new comers more everly between sections may have this effect.

Restriction of the jobs so as to allow more contact between individuals may also increase cohesiveness.

A third source of inter-personal conflict arises when the structure of the organisation gives rise to conflicting objectives for different people. For example, when two people are paid for their work by different payment systems or other types of reward, they may have conflicting objectives as a result. Where it is possible to change structure and remove the source of conflict, this is the most effective way to tackle this kind of conflict.

e. Management Laying - Off Staff: Since laying - off is a deliberate management action, it is presumably one of the easiest to control. In analysing labour turnover and stability figures, it is improvement that the manager (and particularly research workers) should differentiate between quintals which he wishes to avoid, and those at other times which he welcomes or even encourages. Otherwise the extent of his labour turnover problem will be exaggerated by the figures.

f. Induction Stage Quintals: Where a marked induction crises is detected and new recruits show higher tendency to leave in the first few weeks or month of their employment with the company, there are at least two policies which may improve this situation .

Firstly, the management may introduce training schemes, so that the new comer is given more help in adjusting to his job.

Secondly, the recruitment interviewer can be trained and encouraged to give the

new comer an accurate perception of the work he may be required to do and rewards he will receive. Recent research has shown that when initial expectations are not met, there is a very high propensity to leave amongst new comers.

g. Unstable Recruits: Where it is possible for manager to distinguish people with certain characteristics as being less stable than others then it may also be possible to avoid recruiting individuals with these characteristic. The most reliable way of distinguishing stable form unstable job applicants is by their number of previous job applicants.

h. Labour Shortages - Where manning scales are tight, the process of labour turnover when the labour force quintals due to overwork when the labour force is short-handled may cause the unit to go into a regressive labour spiral. One way to avoid this problem is to increase the manning scales so as to allow some slack in the system to cope with periods of high labour turnover where staff are not usually stretched to cope with their work, they do not normally leave when a shortage of staff means that they must work harder for a while. But where staff are normally working near the limits of their capacities to cope with their work, they are more inclined to leave of their section becomes short-handed.

i. Task Work Changes: Where a major cause of labour wastage is the extent to which staff are required to undertake different types of work, this may be a once and for all change, in which case, those who are capable of learning the new jobs may be re-trained and helped to adjust and those who leave replaced by individual more experienced in, or capable of, the new types of work. If it is a common

occurrence, the employer may be able to alleviate the problem by paying training allowances, or encouraging supervisors to be more supportive and helpful at change overtimes or attempting to reduce the frequency of these changes piecework payment systems may be a contributory cause of discontent in these frequent - task change circumstances, because of loss of earnings during re-learning period; the manager should therefore consider the feasibility of alternative types of payment systems.

j. Task Work Changes:

The attraction of alternative roles is a main cause of turnover, there is little that the manager can do to affect this process directly. He may try to avoid recruiting staff with these alternative options, but where there are labour shortages in an industry, this may not be possible. The most effective cause of action, where it is not possible to avoid recruiting alternative - role - employee, will be to attempt to reduce the 'push' factors which are operating in the organisation and encouraging people to take up their alternative roles.

H.T. Graham also outline some actions if an employer wishes to reduce his labour turnover because he feels it is excessive for his district and his industry, he may take these steps:-

a. Recalculate the separation rate for various categories of his employees (e.g departments, age groups, occupations) to see if turnover in any of these categories is particularly high if so, it can be specifically investigated.

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b. Ensure that his selection procedures are adequate; suitable employees are more likely to stay than unsuitable.

c. Ensure that the immediate supervisor by being involved in selection, feels some responsibility towards a new employee.

d. Check that employees are being fully utilised - some may be leaving because of boredom or job dissatisfaction.

e. Overhaul pay structure, perhaps using job evaluation.

f. Introduce or improve an induction course.

g. Give new employees appropriate training.

h. Show that prospects in the company are good by promoting from within where possible.

i. Ensure that physical working conditions are adequate. [49]

Deverell also suggested that " a reduction of turnover rates can be obtained by introducing improved methods of engaging and discharging office staff, by training new comers more throughly for their duties, by offering better financial inducements to remain, an by talking a human interest in the employee to make sure of winning his interest in the job.

Graham has recommended that high labour turnover can be reduced if the management can take the following steps:

a. By recalculating the separation rates for various categories of staff to determine the category in which turnover is particularly high so that it can be specially investigated.

b. By ensuring that selection procedure are adequate, since suitable employees are

more likely to stay than unsuitable ones.

c. By ensuring that immediately supervisors are involved in the selection of new employees thus, increasing their sense of responsibility towards the new employee.

d. By ensuring that employee are fully utilised thereby preventing boredom or job dissatisfaction.

e. By overhauling pay structure.

f. Through provision of induction causes, thereby ensuring early socialisation on the job.

g. Through provision of training facilities.

h. By showing that workers' prospects in the company are good by promoting from within where possible.

i. By ensuring that physical working conditions are adequate.

In the same vein, Williams [50] suggested the following procedures and practices for the effective utilization, motivation and retention of employees in institutions:

a. Appointment and promotions should be based on character and stability including experience, knowledge of the subject matter, skill in presentation, ability to stimulate, enthusiastic devotion to work, quality of work and variety of intellectual interest.

b. Promotion of staff should be as fast as possible in the light of the service.

c. Promotion should be based on demonstrated merit and not simply on length of service.

d. Staff should be involved in the formulation of personnel policies.

e. Salaries should reflect consideration of salaries that the staff would receive if they

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CHAPTER THREE

3.0 ORIGIN AND DEVELOPMENT OF NACB

3.1 HISTORY AND DEVELOPMENT OF DEVELOPMENT FINANCIAL INSTITUTIONS IN NIGERIA.

The Development Banks otherwise referred to as Development Finance Institutions (DFIS) are specialised financial Institution that perform the dual functions of Investment promotion and financial intermediation ie mobilizing and channelling short, medium and long-term funds from various sources to the development of priority sectors of the economy such as industry, agriculture, education, health, housing etc.

The dual role of these development banks confers on them the primary responsibility of promoting the economic development bank of their respective countries. A development bank may also take a global and continental coverage such as the World Bank, African Development Bank (ADB) and the Asian Development Bank with an edge in funds supply to project financing over the commercial and merchant banks is their ability to source and supply long term funds for long - term gestation projects. However, due to the problems of low income, low level of savings and low capital accumulation in developing countries, development Banks are often established in developing countries like Nigeria to undertake or promote investments in those areas where private investors (including Banks) because of their belief in private profit motive and quick returns on investment, will be reluctant to invest in.

In Nigeria, the establishments of the first nation-wide development credit institution dates back to 1946 when the Nigeria Local Development Boards which saw the establishment

of the Western Region Finance corporation in 1955, Fund for Agricultural and Industrial Development in the East in 1963, and the mid western Nigeria Agricultural Corporation, founded in 1964.[1]

The Northern Region was foremost in the supply of development credit to farmers in the 1930s for the main purpose of promoting mixed - farming, horticulture, fishery and agricultural inputs supply. The need for accelerated development in later years of independence, especially after the civil war, witnessed the establishment of more dynamic and properly funded development finance institutions by the Federal Government of Nigeria. These include the Nigerian Industrial Development Bank (NIDB), the Nigerian Agricultural and Co-operative Bank (NACB) Limited, the Federal Mortgage Bank of Nigeria (FMBN), the Nigeria Bank for Commerce and Industry (NBCI) and more recently is the 1990's the Urban Development Bank (UDB), Education Development Bank (EDB) and the Nigerian Export - Import Bank (NEXIM), were established[2]. These institutions have been charged with the relevant mandate of developing the respective sectors of the national economy for which they were established.

The responsibility of developing the respective sectors by the development finance institutions is discharged through granting of loans and advances to individuals and corporate investors, including governments and its agencies for the execution of viable projects in agriculture, industry, commerce, exports and imports, education, economic and social infrastructures. Some of these are supposed to be the exclusive preserves. But because we are operating in a competitive world, the development banks do not have exclusive dominion over project funding in these areas; they naturally face competition from the conventional (commercial and merchant) banks for investors/customers.

The development banks like the conventional banks, must employ promotional exercises in order to create the awareness for the existence and their loan facilities to members of the public to enable them achieve their development goals or the purpose for which they were established.

This study is however, concerned with the impact of labour turnover in Nigeria Agricultural and Cooperative Banks (NACB) Limited.

3.2 HISTORICAL BACKGROUND AND FUNCTIONS OF NIGERIA AGRICULTURAL AND COOPERATIVE BANK (NACB) LIMITED.

The Nigeria Agricultural and co-operative Bank (NACB) Limited was incorporated as a national agricultural credit institution on November 24, 1972.[3] It went into operation on March 6, 1973. The establishment of the NACB arose from the need to expand food production in the country through the supply of adequate credit for the development of the agricultural sector. Prior to this, formal agricultural financing was administered by some regional development finance institutions such as the Native Authority Agricultural Credit Scheme of the Northern Region in the 1930s, the Western Nigeria Agricultural corporation of 1962, the fund for Agricultural and Industrial Development in the Eastern region of 1963 and the Mid - Western Nigeria Agricultural Corporation of 1964. But they did not make such impact on Agricultural finance because less than 10 percent of their total loan port folio was granted for agricultural production [5]. The commercial and merchant banks on their own funded agriculture through the Regional Marketing Boards and the Licensed Buying Agents [6].

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However, these loans were directed mainly to the export crops sub-sector. The food crop sub-sector was largely subsistence and in most cases as addendum to the lucrative export crop farms. While the regional credit institution failed due to political interference, inefficient project appraisal, lack of monitoring and supervision of agricultural projects financed, Low coverage of the farming population, inadequate funding, untimely loan disbursement and low debt recovery, the commercial and merchant banks have been reluctant to grant loans for agricultural production because of the short-term nature of their operating funds (sourced mainly from short term depositors) and risk involved in agricultural production. In addition, the small-scale farmers who produce over 90 percent of the food and fibre needs of the teeming Nigerian population as well as satisfying the needs of the industries had very limited access to credit from the commercial and merchant banks due to their lack of clear title to land and collateral security. In order to resolve these problems, and ensure increased food production, the Federal Government commissioned the World Bank to look into the desirability of an agricultural bank in Nigeria [7]. The World Bank study resulted in the World Bank "Stoneham Report" of 1969 [8]. The report recommended among other things, the establishment of a National Agricultural Bank [9].

3.3 GOALS, OBJECTIVES AND CORPORATE STRATEGIES OF NACB

3.3.1 GOALS

i) To satisfy the credit need of Nigerian Farmers.

ii) To pursue policies aimed at assisting the government to realise its agricultural development objects.

iii) To provide credit facilities to Federal and State Government agencies, Limited

Liability companies, Corporate organisations and Individual farmers for all aspects of agricultural production, including marketing and agro-processing.

3.3.2 OBJECTIVES

i) Delivering credit to the agricultural sector of the economy

ii) Promotion of agricultural production and rural development

iii) Assisting in the improvement of the income and quality of life of the Nigerians rural populace

iv) Contributing to the overall growth and development of the Nigerian economy.

3.3.3 CORPORATE STRATEGIES OF NACB

i) The bank has diverse loan schemes such as on-lending, direct-lending, small-holder loan scheme, tractor hiring etc. As a strategy to ease its operational activities

ii) It places premium on the small-scale farmers in its loan facilities as a strategy of reaching a large percentage of farmers nation-wide

iii) It operates a relatively low interest rate than other banks as a strategy of fulfilling its mandate of contributing to the development of agricultural sector by not maximizing profit

iv) It has a traditional strategy of expanding its geographical base to reach farmers at the grassroot. It has 7 zonal offices, 63 branches and 300 representative offices at the local government levels.

v) It has also decentralised its structure by ceding more power to field offices as a strategy of making its operation less cumbersome and more result oriented

vi) The bank also commits a lot of fund to the training and development of its staff as a strategy of increasing productivity to realise its corporate objectives

vii) NACB also has subsidiaries companies and participate in loan syndication as a strategy of diversifying its operations to generate more funds for its activities

viii) It has direct investment in the equity capital of major agriculture and agro-allied ventures as a strategy of fortifying its hold on the agricultural sector

ix) It commercialises some of its assets as a strategy of generating more funds

x) Its loan recovery strategies which are partly preventive and partly curative are aimed at ensuring that funds are always available for the bank to recycle into viable projects

xi) It traditionally increases its capital base by constructing its own building or where not possible, purchasing some as a strategy of consolidating its leading position in agricultural financing and for credit worthiness.

3.3.4 NACB STRENGTH, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT)

The strength of the Institution can be seen in the following areas:

i. Capital base of ₦6 billion

ii. Asset base of over ₦5 billion

iii. The wide geographical base (i.e. offices nation-wide

iv. Lending position in agriculture financing capturing over 40% of the market share

v. Competitive advantage over other bank involved in agricultural financing

vi. Professionally stronger with the largest pool of qualified human resources

vii. A strong force to be reckoned with by Government even in policy inputs

Weakness

i. Sole Government ownership, making the bank susceptible to Government whims and caprices

ii. Poor remuneration & wages thus, high rate of labour turnover

iii. Appointment of inactive and sometimes inexperienced members to the board of directors

iv. Too much reliance on the government being a non-profit-oriented organisation

v. A top-heavy structure leaving no room for upward mobility of staff and resulting in frustration of staff

vi. Inability to optimally recycle loanable funds as a result of some cases of improper loan appraisal, formulation and ineffective monitoring.

vii. Lack of motivation, hence low morale and poor attitude of staff to work

viii. Generally poor and undynamic management approach

Opportunities

i. Credit worthiness which provides opportunities to attract funds externally

ii. Large number of clients providing opportunities for diversification

iii. Strong asset base providing opportunities for income generation

iv. Co-financing and loan syndication opportunities with international and national financial organisations.

Threats

i. Nigerian Socio-political problems and the reaction of the international community as a threat to the bank's external sources of funds.

ii. Nigerian's high inflationary trend which has shot up the bank's over head cost.

iii. Government policy which places a ceiling on the bank's interest rate.

iv. Emergence of masses or rural oriented banks and bodies such as Community Banks, Peoples' Banks, Family Economic Advancement Programmes (FEAP)

v. The average Nigerian Mentality to loan repayment, seeing loans as their share of National Cake.

vi. Natural hazards arising from climatic and ecological factors which are threats to the bank's financed projects.

3.4 LOCATION AND OPERATIONAL STRUCTURE

The headquarter of NACB Limited is located along Yakubu Gowon Way, within the Kaduna metropolis, with 70 branches spread all over the thirty-six States (36) of the Federation and Abuja. Each branch office is autonomous in its operations to the limit of authority approved by the Head Office in its loan administration and territorial coverage. However, all operational data are generated in the branch offices, co-ordinated and collated in the zonal offices for onward transmission to the Headquarters for planning and decision making. The organisation is owned solely by the Federal Government of Nigeria as represented by the Central Bank of Nigeria (CBN) and the Federal Ministry of Finance Incorporated.

Presently, the operational structure of NACB comprises the Head-office and the Network of its Zonal, Branches and field representative offices. However, at the inception of the Bank in 1973, the organisational structure comprised only the Head-office located in Kaduna and three regional offices located at Enugu, Ibadan and Benin. The Head Office also doubled as a Northern regional office.

In order to ensure the expansion of its loan operations to achieve a wider outreach to its target clientele i.e. the Nigerian farmers and other agricultural business practitioners located all over the Nigerian rural areas, the bank later adopted the policy of creating at least a branch office in each State of the Nigerian Federation. In response to popular criticisms that the banks credit facilities were only directed to the large scale farmers [10] the Management of the bank in 1981 designed a small-scale farmers' credit scheme which necessitated further expansion in its credit delivery outreach. Consequently, field representative offices were established in most of the local Government Area Headquarters of the Federation to take the services of the bank to the target audience - the small-scale resource poor rural farmers who are known to be responsible for the production of over 90% of the food and fibre requirements of Nigeria.

In 1988, following the statutory role the agricultural sector was expected to play in the economic restructuring process initiated by the Federal Government under the Structural Adjustment Programme (SAP), the bank embarked on yet another expansion process by establishing additional branches in each State of the Federation, particularly in some specific agricultural areas noted for the production of particular food and fibre crops. This was to further broaden its coverage and reduce its cost of transactions and that of its clientele. Thus, the structure of NACB comprises of the Head office in Kaduna, Seven (7) Zonal Offices located at Abuja, Funtua, Kano, Bauchi, Akure, Ibadan and Enugu; Seventy (70) Branches located all over the nation and Abuja. In addition, the Bank has about three hundred (300) representative offices located in most of the Local Government Headquarters of Nigeria. The aim of the Bank is to establish the Local Government representative offices in all the 788 Local Government areas in the country and transform

them later into full-fledge branches. Like in many other financial institutions, the flow of authority represents a decentralised structural control mechanism.

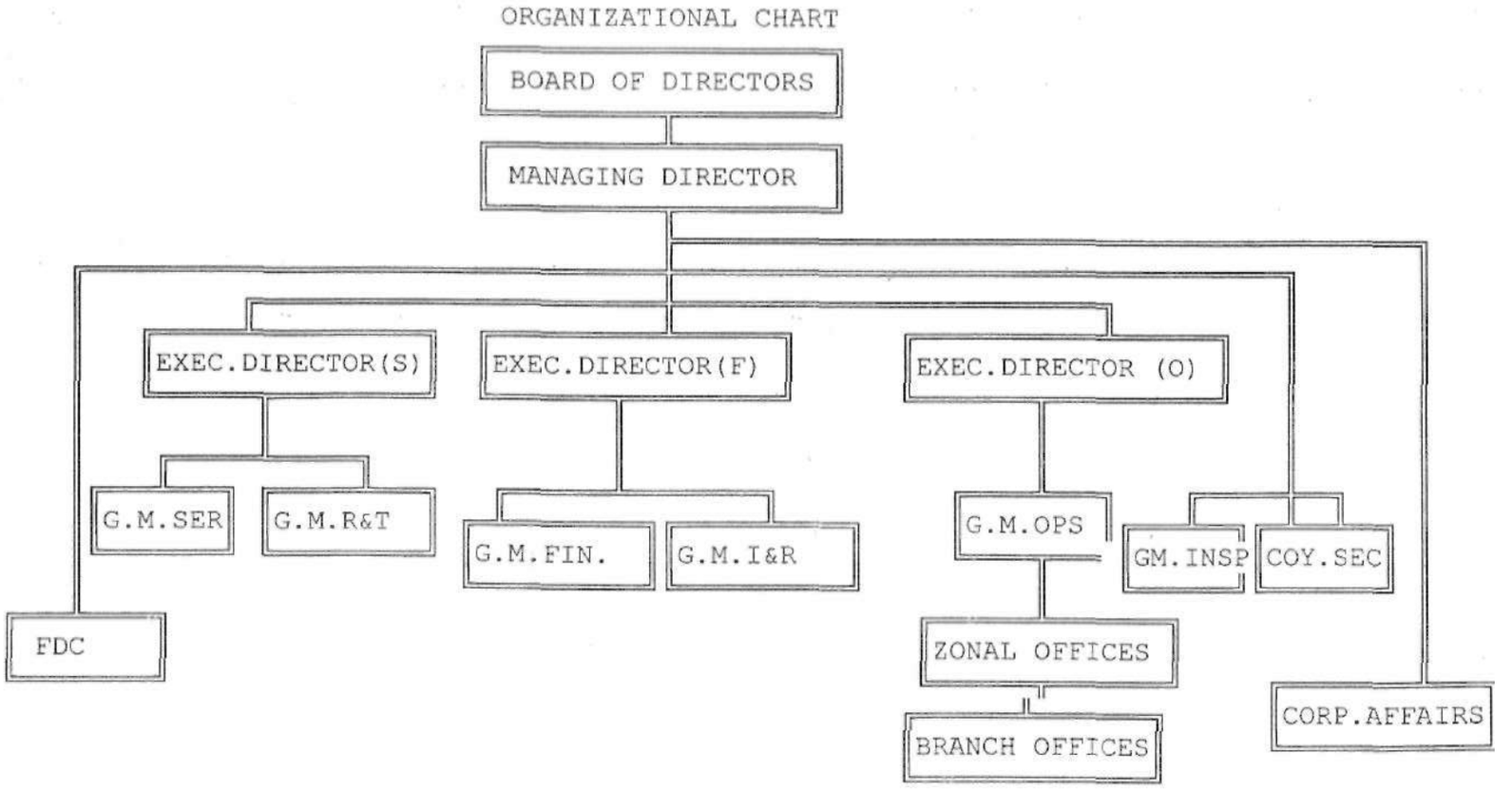
The structure is such that each zonal office has at most nine (9) to ten (10) branch offices under its jurisdiction and supervision while each branch office has at least four (4) local government representative offices under its supervision and control. This grasroot coverage ensures that credit is delivered to the small-scale farmers at their door steps in recognition of their role in the production of the required food and fibre needs of the country.

3.4.1 THE ORGANISATIONAL CHART

The Organisational chart of the Nigerian Agricultural and Co-operative Bank (NACB) Limited consist of Board of Directors, appointed by the Federal Government of Nigeria. Directly responsible to the Board is the Managing Director who heads a senior management team made up of Executive Directors and General Managers. Below the General Managers is the executive cadre made up of Deputy and Assistant General Managers, Senior Managers, Managers and their Subordinates. The organogram represents the control mechanism in the routine management functions of the Bank.

Figure 4.1 is the NACB organisationa chart.

NIGERIAN AGRICULTURAL AND CO-OPERATIVE BANK LIMITED



THE EXECUTIVE DIRECTOR SERVICES

This Directorate takes care of the Administrative, Personal, Estate and other service duties. While the administration and personnel department takes care of appointment and placement of staff, planning, directing, appraising and elevation etc. The Estate Department takes care of Inspection, Evaluation, Property development, and general maintenance of NACB's properties etc.

These are some basic functions of the Administrative and services department of NACB.

i) Planning for human resource needs by recruiting, placing and analysing the job in the organisation to determine the skills, knowledge and ability needed

ii) Designing jobs to suit the organisation and the individual needs

iii) Selecting from the applicants those that match the available jobs

iv) Appraising and evaluating employees behaviours

v) analysing and motivating employee performance

vi) Improving and motivating employee performance

vi) Improving employee and the work environment by determining, designing and implementing employee training and development programmes to increase ability and performance on the job

vii) Improving the physical work environment to maximize employee safety and health

viii) Improvement of the work environment especially with regard to the quality of work life and productivity

ix) Establishing and maintaining effective working relationships (a) recognising and

respecting employee rights (b) Bargaining and settling grievances with employees and the organisation

EXECUTIVE DIRECTOR FINANCE

There are two departments under this directorate headed by General Managers. (1) The Finance Department. (2) The Investment and Recovery Department. These finance directorate keeps and manages the accounts of the organisation. The department provide cash inflow necessary to satisfy the obligation of the organisation and also acquire current assets needed to achieve the organisation's goal. All preparations, development and provision of data for measuring the performance of the organisation and payment of taxes are all the duties of this department.

On the other hand, the investment and recoveries department is in charge of all the investment of the bank. This includes all records of loans, shares in companies, and recovery of these loans.

THE OPERATIONS DIRECTORATE

This directorate is also headed by a General Manager with Zonal Controllers and Branch Manager directly responsible to the General Manager.

The department identifies, appraise, formulates and implement project. It also advices the management on the viability and profitability of the project. Besides these, the directorate also monitor and recover loans.

There are Seven (7) zonal offices located at Funtua, Kano, Enugu, Bauchi, Abuja, Ibadan and Akure. Seventy (70) branches with at least one in a State and Three hundred (300) representative offices in all the LGA managed by the Zonal Controllers who are either Assistant General Managers or Deputy General Managers while the branches are managed by the Branch Managers. At the branch level are Investment Officers and the Mobile Credit Officers (MCOs) at the representative offices. The representative offices are located at the Local Government Areas thus making credit available to farmers at the grassroot and reducing the burden of rural farmers.

INSPECTION DEPARTMENT

This department reports directly to the Managing Director. There are two divisions in this department namely the Project Inspection and the Financial Accounting and Audit Inspection Division. The two are referred to as the "Police" of the Bank. While the Financial Audit Division ensures compliance in accounting manual, pre-audit of all the payments, price verification, stock control and general accounting inspection, the Project Inspection Division is responsible for the following:

1. Check the procedural aspects of project generation, approval, implementation, supervision and loan recovery to ensure compliance with operating manuals on SHS, SLDP, Large scale loans and special projects, using the compliance tests check sale forms, approval and disbursement registers and minute of Agricultural Project Management Committee (APMC) meetings.
2. Check the procedural aspects of the other transactions of the office such as procurements, maintenance, personnel administration procedures etc.
3. Undertake physical visits to ascertains the : physical existence of projects/Clients

- Compare records in the field with those in the office for possible anomaly.
- Check the Mobile Credit Officers and assess their performances.
- Interact with clients to ascertain their problems and ways of alleviating them.

The company secretary and Legal Adviser as well as Corporate Affairs departments are headed by General Manager and Deputy General Manager respectively. These reports directly to the Managing Director and Chief Executive of the Bank.

3.4.2 THE SERVICES OF THE NACB AND ITS BRANCH NETWORK

The NACB has over the years designed, tested and implemented various operational schemes including a variety of on-target credit programmes on a continuous basis. Among the various credit programmes or products that are being currently implemented are its poplar small holder (small scale) loan scheme, on-lending and investment (large-scale) credit schemes. Others are the workers scheme, the Second Livestock Development Project (SLDP) credit scheme, the International Labour Organisation (ILO) assisted credit scheme for women entrepreneurship development Africa and the special projects credit schemes. These schemes are briefly explained hereunder.

1. Small Holder (Direct) Loan Scheme

This is a popular credit programme. It caters solely for the funding of the credit requirement of the resource-poor, small-scale farmers who constitute the cornerstone of Nigeria's agricultural development policy.

This scheme was established in 1981 to meet the credit needs of the innumerable smallholder farmers who do not have collateral requirement by conventional banks for granting loans.

According to Iyere [12], NACB's smallholder credit scheme was established in response to public out-cry and criticism that the banks credit schemes were mainly directed to the large-scale farmers. Under the scheme, most of the fundamental requirements of NACB were invited to enable the small-scale farmers to benefit without hindrance. Thus the requirements as to the certificate of occupancy, the survey plans, the real estate assets are waived. Rather the credit worthiness of the borrowers and the guarantors, the viability of the project and the practice or modern farm management are the factors emphasized. However the loan period under the scheme is limited to a maximum of two years with the maximum loan volume of ₦25,000.00 (Twenty five thousand Naira) only. Initially, the scheme was for production of arable crops but by 1988, the World Bank provided assistance for livestock development through the Federal Government and channelled through NACB.

ON-LENDING SCHEME

As the name implies, this scheme involves lending to farmers through established and recognised institutions known as "On-lending Agencies" some of these agencies include the State Governments, Co-operative societies, State Agricultural Development Project (ADPs) and the River Basin and Rural Development Authorities. This scheme was created to provide opportunities for small-scale farmers to obtain loans from the On-lending agencies before the advent of small Holder Loan Scheme.

INVESTMENT (LARGE-SCALE) CREDIT SCHEMES

This loan scheme has been specifically designed to meet the credit needs of the medium and large-scale farmers. Under this scheme, the bank deals directly with the individuals, farmers' organisations and corporate bodies. This scheme undergoes a thorough loan appraisal to determine the viability and profitability of the project. The facility must be covered by adequate collateral security. The credit ceiling for individual under this scheme is ₦500,000.00 while there is no ceiling for corporate bodies and government agencies provided the facilities are adequately secured. For governments, security also include an irrevocable order to deduct from the statutory allocation of the government department promoting the project to be financed. This serves as a form of guaranty in the event of default. Practically, such deductions are effected by Central Bank of Nigeria in favour of the Bank in case of actual default by the promoting agencies.

THE SECOND LIVESTOCK DEVELOPMENT PROJECT (SLDP) CREDIT SCHEME

This is a special joint programme implemented by the Federal Government of Nigeria and the World Bank. It has been primarily designed to boost Live stock production and development in the country [13]. The project consist basically of two components namely; the technical or non credit component and the credit component. While the technical component is handled by the National Livestock Project Division (NLPD) of the Federal Ministry of Agriculture, the credit component is administered by the NACB. In order to accord this project its due recognition, a separate credit unit called the Livestock Credit Unit (LCU) was created by the Bank in 1988, separate and autonomous from the normal credit operations department of the Bank and charged with the responsibility of implementing the credit component of the SLDP. The project are in the form of

production models comprising of some specified number of animals and poultry units for each beneficiary and are delivered mainly in kind for either direct animal production or Livestock fattening.

SPECIAL PROJECTS CREDIT SCHEME

As the name implies, the schemes are funded by international agencies who have pre-determined conditions under which such loans are to be granted. Such conditions include the target beneficiaries, the interest rate to be charged, the proportion of beneficiaries contributions to the total project cost and the loan period. These special credit scheme are:

i) Women Entrepreneurship Scheme founded by International Labour Organisation (ILO). It is meant to grant loans exclusively to women to set up their own business.

ii) Economic Commission for West African States (ECOWAS) accelerated artisanal Fisheries production credit programmes. These loan facilities are targeted at the artisanal fisheries farmers in the coastal areas of Akwa Ibom, Rivers, Cross River, Lagos, Ondo States in the South and Sokoto, Borno, Kogi States in the North. Under this programmes fisheries is defined to include all Up-stream and Down-stream activities in the fisheries business. In the IFAD credit scheme in particular, all legitimate economic activities are included in the financing scheme provided they are located and operated in the fishing villages. Some of those activities include timber lumbering, shell gathering, transportation, tailoring and patent medicine etc. As at December 1996, the bank has through its existing branch marketing network disbursed over ₦4.8 billion to farmers for the

implementation of 361,347 agricultural projects under its various credit programmes all over the country [14].

3.4.3 SOURCES OF FUND AND FINANCIAL CAPABILITY OF NACB

Unlike the commercial and merchant banks where main sources of fund are paid-up capital and liabilities from depositors, NACB is statutorily excluded from conversing for and taking deposits from members of the public. Its main sources of fund are paid-up capital loans from its share holders (Central Bank of Nigeria and the Federal Government) short falls from commercial and merchants banks' credit to agriculture until recent abrogation of sectional credit allocation policy, and loans from international finance organisations such as the World Bank, African Development Bank (ADB), IFAD, ECOWAS Fund, European Investment Banks, European Development Bank etc. The initial paid up capital of the Bank at incorporation stood at ₦1.0 million [14]. But between 1980 and 1992, the authorized paid up capital of the Bank was raised to ₦500 million and subsequently to ₦1 billion. In 1997, the authorised share capital was fully paid up by the shareholders. It is pertinent to mention that all external loans contracted and drawn by the Bank are guaranteed by the Federal Government of Nigeria.

The fact that NACB is a commercial venture, but solely depends on the government and Central Bank of Nigeria for funds has been criticised variously by some schools of thought. According to these schools, when considered on the one hand, the high administrative charges and incidence of bad debt involved in agricultural advances (caused by various factors such as illiteracy of borrowers, special training required of the bank staff, inaccessibility of farms, gross dependence on the vagaries of nature etc) and

on the other hand, the uncompetitive rates of interest (concessionary) charged by the NACB, there is a reason to fear that in the long run, the Bank will face an erosion of its capital base on account of operating losses. These schools argue further that such losses will in fact be understated and correspondingly the profit, if any, would be overstated because in computing them, the cost of capital supplied by Federal Government and the Central Bank of Nigeria would have been ignored. In the long run therefore, the burden of subsidy (through concessionary interest charged) by NACB to agriculture would be suffered by the Federal Government and the Central Bank of Nigeria. How long the Government could continue this discrimination against the non-agricultural sectors in favour of subsidized agricultural credit by the NACB while government suffers the burden is a must question. These schools conclude that it will only be logical to assume that sooner or later, tax payers would demand and equitably enough, that the farmers themselves should suffer the burden [16] .

It is a fact that the NACB was established in the era of cheap money i.e. within the period of the oil boom in Nigeria when Government could afford to set up, fund the institution single-handedly, and even later acquired controlling shares in foreign owned financial institutions in the spirit of the enterprises indigenisation programme of 1972 and 1977. However, as the era of easy money gradually and imminently drew to an end, the eventual introduction of the Structural Adjustment Programme (SAP), Government's source of fund to the Bank slowly dried up. The external sources equally could no longer supply funds without Government guarantee. Government on its part has not been willing to guarantee additional off-shore loan due mainly to the foreign exchange equalization losses associated with foreign loans, as a result of fluctuations in the value of the

country's domestic currency. NACB equally caught by the virus of distress according to Shonekan [17] has reduced the tempo of its loan operations. However, in order to improve the financial capability of the development banks, including NACB, the Federal Government, as the Sole Owner of these Institutions has in its 1998 budget considered their re-organisation and restructuring with the aim of making them to source money from the capital market. Obviously, the farmers will now bear the full burden of agricultural financing because funds sources from the capital market must attract competitive or market interest charges. The bank will now be responsible to the investing public and not the Government. These explains the impact of labour turnover and poor staff retention in the organisation.

3.5 THE STAFF PROFILE OF NACB

Staffing is a major need in any organisation. It is what determines the success and failure of the objectives of any organisation be it individual or Government owned. The human resource manager must determine the means and the necessary steps to meet this need, such steps consist of developing and implementing plans and programmes to ensure that the right number and type of individuals are made available at the right time and place to fulfil organisational needs.

The strategic purpose of manpower planning is to identify future organisational demand and supply of human resources and to develop programme that will take care of any discrepancies in the best interest of the personnel and the organisation. NACB being a unique institution, some of the strategic purpose of manpower planning are:

1. Reduce personnel costs by helping management to anticipate shortages or

surpluses of human resources and to correct these imbalances before they become unmanageable and expensive.

2. Provide a better basis for planning employee development that makes up the use of workers attitudes.

3. Improve the overall business planning process and identify specific skills available etc.

In view of the above therefore, NACB needs more qualified staff in the areas of Agricultural Economist, Agronomy, Veterinary Doctors, Economists, Business Administrators and others related areas. To ensure that the life span of the organisation is predicted, the proper selection and recruitment will help in strengthening the expectation on the employees to reward management investment in them to achieve high productivity, reduce turn over rate, absentism, indiscipline, redundancy, dismissals, terminations etc which are normally threats or dangerous to organisations. The process of selection mainly used in NACB includes, completing application form with resume (C.V) and interviews aimed at checking educational background, experience and references. This procedure of selection matches the job and the individual ability

3.6 CONDITION OF SERVICE

This section will discuss some important aspects of the conditions of service. This will include appointments, promotions, salaries and fringe benefits and staff development.

APPOINTMENTS

In NACB, vacancies are filled in either of these ways:

1. Advertisement
2. Promotion or interdepartmental transfers
3. Already submitted applications.

Accordingly to Chruden and Sherman, advertising has the advantage of permitting a large audience to be reached. The qualification for employment depend largely on position vacant and sometimes the experience as the board of director may determine. Interviews for appointment are usually conducted by selected personnel comprising of directors, head of the departments, legal adviser and company secretary. All offers of appointment are made by formal letters which is signed in acceptance by the employee and returned to the organisation. The appointment letter contains among other things the terms and condition of service, this constitute a contract between the employee and NACB. The offer of appointment is also subject to passing a medical examination conducted by a medical practitioner approved by the Bank.

A satisfactory references from atleast three referees one of which must be the employees' lecturer or the last place of employment.

The bank employment age is between 18 and 60 years with the retirement age of 65 years.

The banks working hours per week is 40 hours with about 8 hours daily Mondays to Thursday, 5 hours for Moslems and 6 hours for Christians on Fridays.

All new appointments to the Bank are subject to a period of probation of 12 months which is either confirmed or terminated at the end of the period as the case may be. An employee who is confirmed at the end of the probation period is entitled to an annual leave of 30 working days or as the case may be.

SALARIES AND WAGES

The money employees receives for their services is important to them not only financially for what it will buy but also psychologically for what it will provide them in terms of status and recognition within and outside the organisation. Since money represents a quantification or measure of their worth, employees are quite sensitive about amount of pay they receive in return for their contributions on the job and how this amount compares with what other employees are receiving for their contributions. Employees therefore wants their wages to be equitable both in terms of what other employees are paid in return for the demands of their respective jobs. NACB's salaries and wages is supposed to be based on what operates in the Federal Government offices.

PROMOTION

Promotion involves a change of assignment from a job of a lower level to one of a higher level within the organisation. The new job normally is one that provides an employee with increase in pay and status, and it is more demanding in terms of skills or responsibility. All promotions are done annually at the last quarter of the year. An employee is due for promotion at least after three or four years of the last promotion depending on the designation of the employee.

FRINGE BENEFITS

Fringe benefits from NACB includes gratuity to a certain percentage of the officers terminal salary, pension and gratuity to be paid in accordance with the rules and regulations made from time to time. Vehicle loans, furniture grants every 5 years, leave allowance, rent, transports, meal subsidies, utility allowance etc.

CHAPTER FOUR

4.0 METHODOLOGY

4.1 SAMPLING FRAMEWORK

A sample is a small group drawn from the total population to be investigated. A sample should be representative so that an accurate estimate can be made of the thoughts and behaviour of the respondents or larger population. Two separate populations were involved. They consist of working and separated personnel, the sampling framework was designed to include respondents from these segments of the population, and to include all gender. The sampling framework used was the random sampling to afford every member of the population equal chance of selection.

4.1.1 POPULATION AND LOCATION

The survey population consist of serving and non - serving staff of the organisation. The Bank has its head quarters in Kaduna and branches throughout the entire states of the Federation, including the Federal Capital Territory Abuja. The populations therefore consist of men and women, from all states of the federation. However, due to limited resources and time constraint, only serving staff of the Head Office, Kaduna Branch Office and the those of the staff training and development centre were surveyed.

4.1.2. SAMPLE SIZE

The Nigerian Agricultural and Cooperative Bank currently has a total staff strength of 1,643 personnel. However, between 1988 and 1998 the period covered in the survey, a total of 1,339 severances have been recorded. Out of this, 272 were terminated, 497 were

retrenched, 210 resigned voluntarily, 213 were dismissed, 84 were retires , and 65 were deceased. The survey was however conducted on the current staff of the organisation and staff who resigned voluntarily. A sample size of 10 percent was drawn, giving a sample of 164 for serving staff and 21 for those who resigned.

The ratio of junior to senior staff in the organisation is 6:4, so 100 questionnaires were administered on the junior staff and 64 on senior staff. Questionnaires were administered on the 21 sample of retired staff.

4.2 DATA REQUIRED FOR THE STUDY

The data required for the study are the personnel statistics which include data on recruitment, terminations, retrenchment, death, retirements and voluntarily resignations. Data on the loans operations of the bank in terms of loan approvals, disbursement and repayment (debt recovery) for the period covered by the study was also required. Those are secondary data. They were obtained from the personnel and operation departments of the bank.

In leaving an organisation, especially when the decision is voluntarily, the staff may not state the real reason why he or she is leaving the institution particularly when his reasons have to do with poor conditions of service. This will however be discerned if the reasons of leaving is to take up new appointment or to establish personal business amongs staff that have not reached retirement age. The difficulty of obtaining information on reasons for voluntary resignation or retirement makes the use of direct survey necessary.

4.2.1. INSTRUMENTS USED FOR DATA COLLECTION

In collecting primary data, the questionnaire instrument was used. Two sets of questionnaire were administered, one on the senior and junior staff and the other on staff who resigned. Questionnaires were designed to reflect the reasons which have been known to be responsible for staff turnover, the negative effect it would have on staff productivity and the performance of the organisation. The type of questions were mainly closed - ended consisting of dichotomous and multiple choice. A dichotomous type of questions are these with two answer choices only. The multiple choice questions offer three or more answers to chose from. The two sets of questionnaire are at the appendix at the end of the work.

4.3 ANALYTICAL FRAMEWORK

4.3.1. LABOUR TURNOVER

Objectives i, iii, iv, and v of the study are descriptive in nature. Descriptive and inferetial statistics will be used in satisfying those objectives. Some labour turnover indices have been formulated to arrive at some descriptive and inferential statistics required. The following methods would he applied:

I. Cumming's Measument

Cummings calculation expresses labour turnover as the total number of workers replaced as a percentage or proportion of the average member of employees during the year or period in consideration. This is expressed mathematically as:

$$\frac{\text{Total replacements}}{\text{Average working force}} \times \frac{100}{1}$$

or $$\frac{100R}{W}$$

But in order to adjust for separations e.g married woman leaving to have babies or men leaving their present employment to advancement in other jobs, this formula may be adjusted to:

$$T = \frac{100\,(R - U)}{W}$$

Where U = unavoidable separation

This method has been adopted because it is less cumbersome. It is very applicable to this research work because it focuses on labour service and replacements during the period under consideration.

Because labour is replaced, indicates the need for that labour and the fact that it would have unfavourable results on the organisation if the place is continuously left vacant.

Results of Cummings method will be used to compare with results from the calculation method adopted by Ojewu and Udo, which emphasizes the relevance of both arrivals and separations to labour turn-over analysis, the index formula is given as:

$$\frac{L + A}{\frac{1}{2}(So + S)} \times 100$$

Where A = Movement into employment or Arrivals

L = Movement out of employment or Leavers

So = Size or Labour force at the start of the period

S = Size of labour force at the end of the period considered

Their method will allow us to take the aggregate turnover for the entire 10 years period covered by the study. For a proper comparison with the results from the Cumming's approach, the latter will be aggregated in order to have a good basis for comparison.

The Roynolds and Gregory's classification will be used to interpret the results of labour turnover rates. These classifications and interpretations are in three groups as follows:

Annual Indices of Turnover	Interpretations
0 - 40%	Stable labour force
41 - 75%	Moderately stable labour force
over 75%	Unstable labour force

4.3.2. IMPACT ON PRODUCTIVITY

Measurement of productivity especially for a service organisation can prove to be difficult.

However, for the purpose of this research study, it has been considered that the annual. Loan operations results of the organisation is a reasonable index for measuring the organisations' productivity. This is because, every department in the organisation exists and works towards the achievement of good result in the area of loans operations. To this end, the annual percentage change in loan approval (in number), loan disbursement (in number) and loan recovery (in quantum) will be used in its measurement. If the position each year decreases from that of the previous year, and if this coincide with high labour turnover in that year, the result will be deemed as a negative impact of staff turnover in the organisation.

With the employment of these methods of analysis, it is hopeful that all the objectives of the research work will be realized.

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CHAPTER FIVE

5.0 DATA PRESENTATION, ANALYSIS AND POLICY IMPLICATIONS

5.1 PRESENTATION OF DATA

The first set of data collected were on labour turnover. These are data on recruitment, retirement, resignation, termination, retrenchment, dismissal and death. The data are presented in table I.

Table I. Staff Separation Data in NACB: 1988 - 1998

Year	Yearly staff position	recruitment	Retirement	Resignation	Termination	Retrenchment	Dismissal	Death	Total Separation
1988	1,241	373	-	1	13	-	5	2	21
1989	1,501	386	-	24	12	-	13	5	54
1990	1,840	316	7	22	26	-	31	5	91
1991	2,158	352	22	13	54	-	17	8	114
1992	2,223	65	4	29	31	-	12	4	80
1993	2,413	192	9	19	10	-	18	6	62
1994	2,524	271	3	17	12	-	9	7	48
1995	2,571	82	2	5	13	-	31	4	55
1996	2,072	116	7	23	30	485	17	6	568
1997	1,948	34	15	19	37	12	36	7	126
1998	1,831	9	15	38	34	-	24	11	122
Total	-	2,196	84	210	272	497	213	65	1,341

Source: NACB Personnel. Department

The second set of data collected were on the reasons given by staff who voluntarily left the organisation. These are presented in table 2.

Table 2: Reasons for Staff Voluntary Exit (resignation) from NACB: 1988 - 1998

SR= Strong Reason; MR = Moderate Reason; NR = No Reason

Item		SR	MR	NR
Leaving for higher earnings	80%	20%	0%	
Leaving for better career prospects	60%	30%	10%	
Leaving to avoid strain from interpersonal conflict	0%	0%	100%	
Leaving due to lack of internal motivation (e.g Promotion and Training)		65%	30%	5%
Leaving voluntarily because of age	20%	5%	75%	
Leaving for alternative roles	10%	10%	80%	
Leaving to reduce strains from work overload		0%	3%	97%

Source: NACB Personnel Records

The third set of data were on the training statistics of the organisation. They are presented in table 3.

Table 3: Training Statistics of NACB: 1988 - 1998

Year	No. Of Staff Trained	Amount (₦)
1988	N/A	N/A
1989	N/A	N/A
1990	N/A	N/A
1991	309	2,352,395
1992	646	3,923,564
1993	732	7,034,172
1994	631	3,481,894
1995	125	937,271
1996	218	1,518,429
1997	11	520,000
1998	40	N/A
TOTAL:	2,712	19,767,725

Source: NACB Staff Training & Development Centre

The fourth set of data is the results of computations of the indices of staff turnover with the relevant data in table I.

(i) Cumming's Measurement:

The formula as discussed in 4.3.1 (i) in chapter 4 was applied. The results are presented in table 4.

Table 4: Annual Labour turn-over index in NACB: 1988 - 1998

Year	Index
1988	23%
1989	24%
1990	19%
1991	22%
1992	4%
1993	12%
1994	17%
1995	5%
1996	7%
1997	2%
1998	0.5%

Average = $\frac{135.5}{10}$ = 13.5%

ii. Ojewu and Udo's Measurement

The Formula is:

$$\frac{L + A}{\frac{1}{2}(So + S)} \times \frac{100}{1}$$

A = Arrivals (Recruitments)

L = Leavers (excluding death)

So = Size of Labour force at start of period (1988)

S = Size of Labour force at end of period (1998)

$$= \frac{1,276 + 2,196}{\frac{1}{2}(1241 + 1,831)} \times \frac{100}{1}$$

$$= \frac{3,472}{1,536} \times \frac{100}{1}$$

= 226% = 22.6 (yearly average)

The fifth set of data are those which show the loan operation performance of the bank in terms of loan approvals, disbursement and repayment. They are presented in table 5.

Table 5: NACB Loan Operation Data: 1988 - 1999

Year	No. Approval	Amount Approved(N)	Amount Disbursed N	Repayment (N)	%Chrage in Repayment
1988	47,470	407,164,639	262,216,056	101,168,529	-
1989	40,548	560,003,000	445,769,226	127,002,469	+ 26%
1990	36,897	494,912,000	358,905,302	195,414,959	+ 54%
1991	20,801	429,638,852	220,072,598	197,884,628	+ 1%
1992	28,566	880,636,029	626,661,066	545,491,272	+ 176%
1993	39,032	870,348,137	913,258,286	521,684,609	- 4%
1994	39,932	766,410,744	644,090,111	714,846,825	+ 37%
1995	33,041	346,392,707	430,627,025	711,840,679	- 0.4%
1996	36,109	420,239,822	294,685,622	819,528,808	+ 15%
1997	31,195	495,201,171	491,321,429	723,247,474	- 12%
1998	29,282	472,375,560	444,400,651	569,444,278	- 21%
Total	**410,282**	**7,011,698,737**	**5,673,751,741**	**5,469,252,920**	-

Source: NACB Operations Department.

5.2 DATA ANALYSIS AND INTERPRETATION OF RESULTS

5.2.1 STAFF SEPARATIONS

The data presented in Table I represent separations of all types and show that for the period of 10 years covered by the study, a total of 1,341 staff left the Nigerian Agricultural and Co-operative Bank (NACB) Limited. Out of this number, 84 staff which represents about 6.0% of leavers, left on retrenchment. It is difficult to ascertain those that retired of their own volition. But nearly all the retirement cases were initiated by the organisation.

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Two hundred and ten (210) staff resigned voluntarily during the period, representing about 16 percent of total severance. Voluntary resignation signifies that they were not up to retirement age. Most staff in this group left the organisation to take up new appointments in other organisations.

Because this study is concerned more with staff turnover arising from voluntary separation, care was taken to reach 20 percent of staff who voluntarily left the organisation to take up jobs elsewhere. The results of the survey are shown in Table 2. Out of the 42 respondents surveyed, 80 percent indicated higher earning as a result for leaving the organisation. The remaining 20 percent indicated higher earnings as a moderate reason. Leaving for better career prospects was indicated by 60 percent of the sample as a strong reason for leaving the organisation. 30 percent said it was a moderate reason while 10 percent indicated it was no reason. Avoidance of strain from interpersonal conflict was not indicated as a reason for the voluntary resignation of any of the respondents surveyed.

Lack of internal motivation i.e promotion and training 65 percent of the respondents used this factor as a strong reason for leaving the organisation. Further analysis of the data indicated that most of those who used this reason are among the staff who left the organisation between 1990 and 1998.

In truth, the promotion policy of the Nigerian Agricultural and Cooperative Bank changed in 1989. Before that year, staff were due for promotion after two to three years of service provided they were qualified for such promotions, based on the promotion criteria established under the organisation's conditions of service. The management of the bank for obvious reasons decided that from 1989, a staff should

not be promoted until after four years of service and should be qualified to earn such a promotion. The immediate reaction to that policy was that staff started leaving the organisation on their own for better promotion opportunities elsewhere. Table I shows that 24 people resigned that year, representing over 44 percent of total separations from the bank that year.

The exodus continued as 22 people left in 1990, 29 in 1992, 19 in 1993 and 17 in 1994. The last batch of staff promoted under that policy was in January 1996 and that was after labour put additional pressure on management. After the 1996 promotion exercise, a new policy was enacted under which staff could only be due for promotion after six years of service. Within that year, 23 employees left the organisation, followed by 19 in 1997 and a whooping 38 in 1998. As indicated in Table 3, the annual number of staff trained by the bank fell sharply between 1994 and 1998 from 631 to 40, showing a decline of over 93 percent. This result is in agreement with the increasing figures of staff separation within the period.

Age, alternative roles and reduction of strains from work overload did not constitute strong reasons for staff resignation. But higher earning was the strongest reason as 80 percent of respondents surveyed cited this reason as a strong factor. Generally speaking, the conditions of service in the organisation have been considered by the staff as below what is obtainable in the banking industry. This dissatisfaction has resulted in various strike actions. The bank has recorded at least three strike actions between 1992 and 1998 i.e an average of one strike action in every two years. The last one and most published was the one recorded in 1998 which led for the first time to the organisation's labour leaders being invited by the then Minister of

Agriculture. The staff had demanded for an upward review in salaries and emoluments in line with the initial harmonized salary structures awarded by the Federal Government in that year. However, the current salaries and emoluments structure of the NACB is below the reviewed harmonized salary structure currently earned in the Federal Public Service and a far cry from what obtains in the banking industry.

In order to paint a clearer picture of the bank's poor conditions of service in terms of salary and emoluments, a general manager in the organisation whose position is the direct equality of that of the permanent secretary in the Federal Public service is on a consolidated annual basic salary of ₦70,000 (Seventy thousand Naria only). His annual medical allowance is monetized to 30 percent of his annual basic salary. Although an arguments may be advanced that he has other prequisites arising from his exalted position in kind, but he physically does not appear to be a confortable man. News are often rife within the organisation that below this rank, roasted yam on red oil is the popular lunch among staff. In fact, it has been established from an informal investigation that further down the rung, this popular lunch is obtained by staff on credit facility.

The number of staff terminated during the period of this study was 272 representing about 20 percent of total separations. They were terminated for various offences not serious enough to attract dismissal while 213 staff were dismissed. Both groups earned these disciplinary actions based on the content of sanctions stipulated in the banks conditions of service for such offences as committed by the affected staff. But the magnitude of staff who earned termination and dismissals increased between

1995 and 1998. Most of the cases had been already determined cases with milder sanctions which were later reviewed in line with the Federal Government policy of staff reduction in all government organisations between this period. These cases had to do with fraudulent practices involving misappropriation of funds or outright theft. If verified on annual basis, cases of terminations and dismissals before 1995, constituted on average over 50 percent of separation. It was 62 percent in 1991, 53 percent in 1992 and 44 percent in 1994. Poor conditions of service particularly in terms of salaries and emoluments is a potent causative factor. This is supported by the 80 percent respondents who indicated higher earnings as a strong reason for leaving the organisation. The bank never retrenched its staff from 1988 until 1996 when it retrenched as many as 485 staff or 85 percent of total separations for that year (see Table I). Total retrenchment for the ten years period involved 497 staff, representing about 37 percent of all separation. The major reason for the retrenchment exercise is trade frustration. This reason was confirmed from a direct interview conducted on some of the management staff. Various papers[1] presented by the Managing Director of the organization at conferences and annual briefs to the supervising ministry of the organisation (Federal Ministry of Agriculture), often sites operational losses as a major problem of the organisation. This problem was accentuated by foreign exchange equalization losses sustained by all financial institutions when the Federal Government deregulated the naira exchange rate in 1993. This resulted in the reduction of the workforce in many financial institutions across the country between 1995 and 1996.

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The effect of trade fluctuation is also evident in the operational data of the bank in Table 5. Loan repayment in 1993 dropped by 4 percent to ₦521,684,609 from the 1992 figure of ₦545,491,272. Although the situation improved by some 37 percent in 1994 and15 percent in 1996, it deteriorated from 0.4 percent in 1995 to 21 percent in 1998. In deed, the bank has not published the annual report and statement of accounts of its operations since 1994 because of the poor financial performance of its operations. In 1997, it made a loss of over ₦4 billion.[2] Bowey [3] cites, trade fluctuations as one of the factors which may lead to involuntary labour turnover in an organisation.

The recruitment data in Table I show that for the period between 1988 and 1998, the bank recruited a total of 2,196, against a total separation of 1,341 staff. Between 1998 and 1994, the number of staff recruited each year by the organisation far exceeded the total number of separations. In 1988, 373 staff were recruited as against the 21 that left the organisation. In 1989, 386 were recruited as against the 54 that left. In 1990 and 1991, 316 staff and 352 staff were recruited against 91 and 114 that left, respectively. It is clear from these figures that recruitment of staff during this period was not connected with a staff replacement policy, but on some structural and operational changes that took place in the organisation.

The NACB was between the period 1988 and 1994 engaged in a policy of operational expansion to further take agricultural credit delivery nearer to the farmer at the grassroots. This policy necessitated deliberate increase in physical and human resources. So within the period new branch offices and zonal offices were created

for effective operations and coordination of activities. Two additional Zonal offices were created in Funtua and Ibadan and the number of branch offices were increased from 62 to about 70. New local government representative offices were also created. The expansion policy was embark upon as a result of the creation of new states and local government areas by the military government of General Ibrahim Babangida between 1987 and1993.

Within the period 1988 and 1994, the NACB also had embarked on the implementation of its computerization programme and new credit programs as most of the draw-down of its offshore loan facilities for some new credit programmes took place between 1988 and 1993. Among these credit programmes were the Second Livestock Development Programmes (SLDP), the Special Fisheries Credit and Rural Fisherfolk Development Scheme financed by the International Fund for Agricultural Development (IFAD), and Economic Commission for West African States (ECOWAS) Fisheries Development Fund. Others were the second line of credit from the African Development Bank for the banks normal credit operations and a European Investment Bank (EIB) credit line for oil palm development in some southern states of the federation. These offshore facilities were used to sustain the rate of increasing level of loan approvals and disbursements between 1989 and 1994. (Please see Table 5).

The effect of the recruitment policy that was independent of replacement policy resulted in the turnover indices presented in table 4 (i) and (ii) using Cumming's and Ojewu's et al measurement approaches respectively. The indices in the Cumming's method indicated that the highest labour turnover in the NACB occurred in 1988

(23%), 1989 (24%) and 1991 (22%). These obviously correspond with the years of high recruitment figures in Table 1. These are 373 in 1988, 386 in 1989 and 352 in 1991. On average, the labour turnover index between the period 1988 and 1998 from Cumming's method was 13.5%. Roynolds and Gregory's classifications, can be used to interpret these results. According to their classification when the annual labour index is between 0 - 40 percent, an organisation has a stable labour force. Between 41 -75 percent is moderately stable and over 75 percent is unstable. On the basis of this classifications, the NACB labour force has been stable over the period.

The application of Ojewu and Udo's measurement formular has not produced the same result for the organisation (see Table 4 (ii)). The index for the period is 22.6 percent which when Raynold's et al classification is applied suggests a very unstable labour force. This difference is perhaps explained by the fact that Cumming's analysis emphasizes on the total replacements which has been presented in this study as the number of staff recruited each year. This has made the computation simple and straight to the points even though, it was difficult to determine the real number of staff recruited to replace staff that had left. The problem arose because of the recruitment policy during the period covered by the study. The second reason for the difference is that Cumming's index is a disaggregation, meaning that each index is handled for each year while Ojewu and Udo's method is an aggregation over a period of time. But however, if an average is taken on the index of 226 percent, the result of 22.6 percent will confirm the stability of the NACB labour force when the classification criterion is applied i.e it falls within the 0 -40 percent range.

Although analysis of the labour turnover indices indicate that the NACB labour force has been stable, the large number of staff retrenched in 1996 had a negative impact on the productivity of the bank. Current serving staff of the bank confirmed that their morale have been dampened because they are not sure of their own fate. Asked whether they think productivity has been affected by the retrenchment exercise, all the respondents answered in the affirmative. Because it is difficult to measure productivity physically in the service industry, the study adopted the loan operations performance data as the empirical measure of productivity in the organisation. The debt repayment data in Table 5 was used. The figure in 1996 recorded 15 percent increase over the figure in 1995. The retrenchment exercise took place between September and October of that year. Most of the debt recovery job had already been done before those months. The exercise then took its full on productivity in 1997 and 1998. In the two years, the repayment figure fell first by 12 percent in 1997 from the 1996 figures and 21 percent in 1998 from the 1997 figure. They all confirm that staff turnover brings about decrease in productivity.

So far, we have presented and analysed all the data collected and computed based on the methodology discussed in chapter four of this work. The results have confirmed that although there has been Labour turnover in NACB, the labour force has been generally stable for the period covered by the study. The results have further revealed that most staff who voluntarily left the organisation did so because of higher earnings in their new jobs, better career prospects and better internal motivation.

5.2.2. POLICY IMPLICATIONS

By ranking, higher earnings is the most potent factor that will take a staff away from one organisation to another. This is evident in Table 1 which shows that 80 percent of the respondents surveyed indicated this factor as a strong reason for their leaving the organisation. The second factor is internal motivation in terms of promotion and training. 65 percent of the respondents indicated the lack of this factor as their reason for leaving the organisation. Better career prospects is the third. 60 percent of respondents indicated this as a strong factor for their leaving the organisation. Strains from internal conflict and work overload are the least significant factors that can take a staff away from an organisation. Other factors are age and alternative roles. Between 75 and 97 percent of respondents indicated that these were no reasons for their leaving the organisation. These results correspond with those of direct interview conducted on current staff of the organisation.

The high rate of retrenchment in 1996 resulted in low morale and lack of interest in the remaining staff. This culminated in low productivity in the organisation. This is the unfavourable effect leaving employees leave on the minds of the serving staff. Cummings (1968) states that the unfavourable effects that employees leaving an organisation have on the minds of those remaining undermine morale and interest and lower efficiency. This effect has been evident in the low productivity recorded in the NACB loan repayment exercise.

THE POLICY IMPLICATIONS OF ALL THESE CAN BE SUMMARISED AS FOLLOWS

i. Higher wages is the most significant factor in keeping a staff in the organisation. The results in Table 2 indicates that 80 percent of the staff who left the organisation voluntarily would have remained if the salaries and emoluments of the organisation were better than those of the organisation they left for. This means that most Nigerian workers are interested more in the size of their pay packets than in promotions or career prospects. The significance of the size of the pay packet of the Nigerian worker has been established on the fact that the average Nigerian worker who, though may not be married has the immediate brothers and sisters to cater for, in addition to the parents and other members of the extended family. It is no wonder that the reasons for most strike actions embarked upon by workers are often pegged on poor salaries and wages. This reaction is in line with the recognition of the Physiological needs that issue out from the necessity to sustain life - food, water, air, rest, sex, shelter and the like. (Flippo 1980). These needs are assumed to be the sole needs of people. They must also be continued to be met, and when this basic security is threatened by mechanization, automation, and economic recession, it will give rise to much and strongly motivated activity.

ii) Promotions, training and better career prospects are social and egoistic needs. They include the need for association, acceptance, recognition, dominance, independence, achievement, etc. Quite a number of workers appreciate these needs and may sacrifice higher pay for them. It is

recognised that employees want opportunity to advance, but not all employees want to advance. Some feel the social needs more strongly than the egoistic need of advancement. However, most employees like to know that the opportunity to advance is there, should they desire to use it. This feeling is influenced by a cultural tradition of freedom and opportunity.

iii) The employees needs have been classified by Abraham Maslow [6] into a need hierarchy, arranged in the following orders - Basic physiological needs, safety and security, love, self-esteem and self-actualization. Among these, the physiological needs have been classified as primary and are given first priority. Because of this, Maslow says, "Man lives by bread alone when there is no bread". This means that if a person is starving, only food occupies the mind. As soon as one need is reasonably well satisfied, a second need becomes apparent. The person forgets that she or he was starving, and now starts to be concerned about a need which was formally of less significance. A worker will continue to satisfy one need after the other. People however, are not completely satisfied on any need level, but a reasonable amount of gratification of first-priority needs must be forth coming if they are to perceive a lower-priority need. Maslow suggested that an average citizen might be 85 percent satisfied in physiological needs, 70 per cent in safety needs, 50 per cent in love needs, 40 per cent in self-esteem, and 10 per cent in self-actualization needs [7]. So, for one to prioritize secondary needs as primary, he would have unconsciously satisfied this primary needs to a level reasonably acceptable to him.

5.2.3 RECOMMENDATIONS TO PREVENT LABOUR TURNOVER

The following recommendations to prevent voluntary labour turnover are proposed:

i) Under normal trade condition, the organization that intends to maintain its labour force must recognize the need classification of its employee according to their order of priority. That the primary needs will be satisfied to an acceptable level before the secondary needs are considered. Since money in terms of high earnings is used to satisfy the primary needs, emphasis should be on pay rise for staff, tailored to changing economic conditions.

ii) It is possible that a staff who is leaving a job in an attempt to satisfy this secondary needs in a new job will not compromise this initial level of satisfaction of his primary needs in his old organisation. In other words, he should be able to maintain this old level of primary needs in this new organization in addition to a new level of satisfaction for this secondary needs. An organisation should therefore strike an acceptable level of balance between high pay and motivation for its staff. A growing organisation should therefore at regular intervals conduct in-house survey to test if this balance do exists in its personnel management practice. The results of such regular survey will enable the organisation to adjust to the needs of its employee.

iii) High level of forced labour turnover through terminations and dismissals could be eradicated completely or reduced to a manageable level if an organizations employees are able to satisfy their primary and secondary needs on a continuous basis. Forced turnover arises from disciplinary cases for running foul of organizations rules and regulations. In all cases, affected

employees could be as innocent as those employees who are not in the sensitive positions of the affected employees. Time, place and conditions could be responsible. Management should always assess, identify and remove such conditions. There have been recorded cases where a branch office of the NACB had a very rapid rate of turnover of Branch Managers within one year.

iv) Turnover arising from trade fluctuations could be avoidable if an organization has multiple product lines or subsidiaries producing different product lines. The NACB for instance retrenched its staff for the first time and a large number of them for that matter when only in 1993, it was expanding its operations and recruiting a large number of staff. The problem is that, the organisation deals only on agricultural credit delivery to the exclusion of providing credit facilities for business in other sectors of the economy. Most financial organizations that survived the last distress in the Nigerian Financial Services Industry had involved other products in their lines of business. For instance the Habib Nigeria Bank Limited located in Kaduna runs the Habib Nigeria Bank Security outfit which provides security services to most other organisations within the Kaduna metropolis. Habib Nigeria Bank Security personnel can be seen manning the Sani Abacha International Trade Centre Complex along the Kaduna-Zaria Expressway.

5.3 CONCLUSION

In conclusion therefore, this study has been able to establish the following:

i) There has been labour turnover in the Nigerian Agricultural and Co-operative Bank, Limited.

ii) In spite of the seemingly high number of staff separation throughout the period, the number of staff recruited ▲ exceeded those of forced and voluntary turnover. This has resulted in a highly stable work force throughout the period covered by the study.

iii) The stable workforce notwithstanding, the bank has recorded the negative impact of labour turnover in terms of loss of productivity in its debt recovery performance.

iv) That the Raynold's et al method of measurement of labour turnover may not give the same result with the method adopted by Ojewu and Udo. The latter has to be subjected to average computation for a better result.

v) That if and when an organization strikes a balance between the primary and secondary needs of its staff and in addition maintain and runs diffierent product lines, it will be able to retain its staff in all trade situations and so avoid the negative impacts of high rate of staff turnover; and that:

vi) Higher earnings is the most potent factor that attracts labour away from its current employment.

It is therefore evident that the individual working for an organization has a mix basket of personal goals to achieve which places the employer's goals as a secondary issue as long as these do not satisfy his personal goals. He places emphasis on higher earnings as his priority goal, although this is not an end in itself, it is a means of achieving his primary needs. These are the necessities to sustain life of which adequate food is paramount. Maslow (1943) notes that "Man lives by bread alone when there is no bread". This means that if a person is starving, only food occupies the mind. As soon as this basic need is reasonably satisfied, a second need becomes apparent and the person forgets that he or she was starving. People are however never completely satisfied on any need level, but a reasonable amount of gratification of first priority needs must be forthcoming if they are to perceive a lower-priority or secondary needs. Maslow suggests that an average citizen or worker might be 85 per cent satisfied in physiological needs, 70 per cent in safety needs, 50 per cent in love needs, 40 per cent in self-esteem category, and 10 per cent in self-actualization needs. Once the primary needs for continued existence have been made, the higher needs of lower priority come into prominence. It is with higher pay that the primary needs are satisfied. In what ever way the needs of labour are viewed, good pay usually plays a prominent role. The Herzberg's motivated employee theory [8], the analysis of employee job satisfaction would result in the formation of two class of factors - hygienic and motivation factors and typical among the hygienic factors are pay, interpersonal relations, supervision, company policy and administration, working conditions, status and security. He indicates that these hygienic factors do not serve to promote job satisfaction, but rather their absence or

deficiency can create dissatisfaction. The first of the hygienic factors, however, is pay. It is therefore not a surprising coincidence that monetary compensation is of high significance to both the employee and employer. It is important to the employee because the pay size often is the sole means of economic survival and one of the most influential factors determining status in the society. For this reason, every organisation should be concerned traditionally with the basic management fact that its employee compensation programme should be able to achieve three things - attract capable employees to the organisation, motivate them towards superior performance, and retain their services over an extended period of time. These will discourage labour turnover of any kind in any organisation.

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QUESTIONNAIRE FOR STAFF WHO VOLUNTARILY RESIGNED FROM NACB BETWEEN 1988 AND 1998

Please answer these questions as accurately as possible. They are purely academic purpose only. No names are required.

1. Age at resignation: ----------

2. Age at employment: ----------

3. Year of employment: 19 ----------

4. Your resignation: 19 ----------

5. Did you have a career fulfilment while working in the bank? Yes [ ] No [ ] (Please tick).

6. How many years did you serve in the bank before leaving? 2-3yrs [ ] 3-4yrs [ ] 5yrs [ ] Above 5yrs [ ] (Please tick).

1. Please indicate the strength of your reason for leaving the organisation by choosing Along the following: SR = Strong reason MR = Moderate reason and NR = No Reason, to indicate your answer.

   a) Leaving due to lack of motivation, promotion and training: SR [ ] MR [ ] NR [ ] (Please tick).

   b) Leaving for higher earnings: SR [ ] MR [ ] NR [ ] (Please tick).

   c) Leaving for better career prospects SR [ ] MR [ ] NR [ ] (Please tick).

   d) Leaving for alternative role: SR [ ] MR [ ] NR [ ] (Please tick).

   e) Leaving to reduce strains from work overload: SR [ ] MR [ ] NR [ ] (Please tick).

   f) Leaving due to general poor condition of service SR [ ] MR [ ] NR [ ] (Please tick).

APPENDIX II

QUESTIONNAIRE FOR SERVING MEMBER OF STAFF

Please answer these questions as accurately as possible. They are purely for academic purpose only. No names are required.

1. Sex Male [ ] Female [ ] (Please tick)
2. Age 15-20yrs [ ] 20-25yrs [ ] 25-30yrs [ ] 30-35yrs [ ] 35-40yrs [ ] Above 40 [ ] (Please tick)
3. How long have you worked in the bank 1-5yrs [ ] 5-10yrs [ ] 10-15yrs [ ] 15-20yrs [ ]20-25yrs [ ] Above 25yrs [ ] (Please Tick)
4. Are you a Senior or Junior Staff? Junior [ ] Senior [ ] (Please tick)
5. Are you satisfied with the jobs you are doing? Yes [ ] No [ ] (Please tick)
6. Are you satisfied with the bank's conditions of service Yes [ ] No [ ] (Please tick)
7. If you have an alternative job, would you leave the organisation? Yes [ ] No [ ] (Please tick)
8. If your answer to question no. 7 is "No" indicate by writing the number 0-2 against the reasons subjected below: 0 = no reason; 1 = very strong reason; 2 = strong reason
   a) Poor career prospect
   b) Poor salaries and emoluments
   c) Poor advancement and training practice
   d) Too much of work overload
   e) Poor interpersonal relations
9. Did you witness the 1996 retrenchment in the bank? Yes [ ] No [ ] (Please Tick)
10. Are you aware that staff have been resigning, terminated or dismissed from the organisation? Yes [ ] No [ ] (Please tick)
11. If your answers to 9 and 10 are "yes", how has it affected your morale? Decreased [ ] Increased [ ] (Please tick)
12. Do you think the output of work in your unit is as high as what it used to be before the retrenchment? Yes [ ] No [ ] (Please tick)