

PROCEDURAL RULES AND LABOUR TURNOVER OF MANUFACTURING COMPANIES IN RIVERS STATE

Agabe, Nlemaa Aleelo
Department of Management, Faculty of Management Sciences
Ignatius Ajuru University of Education, Port Harcourt, Rivers State, Nigeria.

Email: agabux2016@gmail.com

ABSTRACT

This study examined the relationship between procedural rule and labour turnover of manufacturing companies in Rivers State, the cross-sectional survey research design was used for the study. 490 managers from 98 manufacturing companies were engaged. The questionnaire was the instrument adopted. The Spearman Rank order correlation was used for the test of hypotheses. 448 were validly used for the study. Finding revealed that there is a significant relationship between procedural rules (discipline and promotion) and labour turnover of manufacturing companies in Rivers State. The study concluded that procedural rules are operational guidelines, reflecting the way in which policies can be implemented. The study recommended that Management of manufacturing companies in Rivers State should strengthen employees' citizenship behaviour by advancing their exchange relationships with the organization's procedural rules so as to reduce labour turnover; The formulation and implementation of procedural rules in the organization exchange relationship between management and employees so as to reduce the rate of employee's exit.

Keywords: *Procedural rule, discipline, promotion and labour turnover.*

INTRODUCTION

Labour turnover is an important way to measure both the effectiveness of human resources management system and the overall management of an organization or program, thus it is one of the great concerns to every organization including pharmaceutical firms. It is more dangerous where the skilled labour exit the organization as it has a negative influence on the firm due to cost of recruitment, training and other negative implications. For firms to survive and achieve their organizational objectives, they need the commitment of their employees. That is why Ayodogu and Asikgil (2011) opined that the survival, success, and business' power to compete rely on their members' commitment in the support of their individual developments and ensured participations. Also, Samad (2006) suggested that the high level of productivity including the performances of several businesses wouldn't have been gotten without workers' supports and contributions since they are to some extent the reason why the company achieves its set targets and goals. Mostly, employee turnover intention arises whenever the employees have a feeling of dissatisfaction towards their job and the procedures taken by management in the course of driving organization's aspirations. Labour turnover refers to the exit and entry of individual employees in an organization. It is the measurement of the number of employees who leave an organization during a specified time period, typically one year (Abdullah & Ramay, 2012; Bamboohr, 2020). The exit of an employee in an organization could be intentional or unintentional depending on the premises for which the employee exits the unit, department or organization. However, labour turnover is

inevitable in the life of every organization. Nevertheless, managing the rate of turnover is essential in the workplace, and among others this could be contain through the adoption of procedural rule. Procedural rule refers to an employment rule that governs the behaviour of workers, managers, trade unions, employers' associations, state officials, and others who are involved in process of job regulation. Examples of procedural rules can be found in industrial relations procedures governing discipline and dismissal, the handling of employee grievances, the recognition of trade unions, and cases of sex or race discrimination. Among others, procedural rules could be compartmentalized into discipline and promotion. However, a mismanagement of procedural rules in the organization is a gateway to massive labour turnover (employee exit from manufacturing companies).

The pandemic effect on business has continued to shape procedures and processes through which decisions are made in the organizations inclusive of manufacturing firms in Port Harcourt. However, there seems to be a high rate of labour turnover in the health sector ranging from resignation to dismissal and retirement. Though while management of organizations are struggling to survive through the downsizing of their businesses so as to meet their demands and promptly pay their bills, it seems they do take these issues in a procedural manner, among others as could be perceived in the disciplining of employees, improper negotiating and promoting employees in an unwanted and un-industrial manner. More so, it is logical that when employees experience difficulties or notice that what they had expected from the employment arrangement does not seem to be working out, the tendency is always to think of leaving the job. Additionally, when management does things haphazardly (i.e with improper procedure), employees tend to be perturbed which sometimes makes them to exit the organization for better ones. This negatively affects turnover of labour and productivity in the organization. It is upon this premise that this study is undertaken to investigate the relationship between procedural rule and labour turnover in manufacturing companies in Rivers State.

Hypotheses

Ho₁: There is no significant relationship between discipline and labour turnover of manufacturing companies in Rivers State.

Ho₂: There is no significant relationship between promotion and labour turnover of manufacturing companies in Rivers State.

Concept of Procedural Rule

Procedure can be defined as a clear step-wise process to implement a policy. A proper procedure helps in clearing out all odds and obstacles arising while working on a task to achieve the goal (Reddy, 2018). Procedural rule refers to an employment rule that governs the behaviour of workers, managers, trade unions, employers' associations, state officials, and others who become involved in the process of job regulation. Examples of procedural rules can be found in industrial relations procedures governing discipline and dismissal, the handling of employee grievances, the recognition of trade unions, and cases of sex or race discrimination. In each of these cases, the rules state the rights and obligations of employers, employees, and others and describe how particular cases of discipline, dismissal, or discrimination will be dealt with (Edmund & Mike, 2008). A disciplinary procedure, for example, will specify the circumstances under which the employer is

entitled to initiate disciplinary action and a set of rules (to do with the collection and hearing of evidence, the involvement of representatives, the right of appeal, etc.) that determine how a particular disciplinary case will be handled. Procedural rules can be created in a number of different ways. They can be developed unilaterally by managers, negotiated jointly with trade unions, or set down in legal regulations or statutes. For example, a disciplinary procedure may be negotiated by a trade union and govern the treatment of disciplinary cases within a single enterprise. If an employee is dismissed under this procedure, however, and takes a claim for unfair dismissal to an Employment Tribunal, then a second set of procedural rules will come into play, which govern the treatment of such cases in the legal system (Edmund & Mike, 2008; Khtatbeh et al. 2020; Raju & Banerjee, 2017).

Procedural rules are things which make a company function effectively and efficiently. After the manpower, it is the rules which define what type and how the culture of the firm goes. So every employee in the organization is expected to follow rules. If there would be no procedural rules in a company to follow then there would have been lots of chaos and mess all around which would have only resulted in less than expected output (Reddy, 2018). Procedural rules are essential to drive organization's operations as it states what are to be done at a given point in time. In general, employees can overlook certain things if they have a sense of fairness to the process and procedures of managing resources in the organization (Ashraf et al., 2018). Procedural rules are concerned with the steps followed in decisions making that concern employees on the job system in general. In other words, it concerns fairness of the process by which decisions are made within the organization. In addition, Milkovich and Newman (2002) indicated to the importance of procedural rules, which is concerning in the steps for determining the keeping fit of employees in the organization. Procedural rules includes how decisions about the design and management of organizational resources are made, and if these procedures and processes have been done in a balanced and consistent manner (Milkovich et al., 2013). Employees' understanding and acceptance of results is greatly influenced by their perception of procedural justice. However, this study dimensionalized procedural rule into discipline and promotion.

Discipline: Discipline means the act of ensuring employees' behaviour conforms to specifications, and where deviation arises, stipulated measure are to be carried out by management. In the context of this study discipline is when management uses procedures to set the behaviour standards expected of one at work. They also make clear the actions and outcomes if one breach those rules. The outcomes could be warnings, performance management or ultimately dismissal (Clifford, 2021). Employee discipline resulting in termination or summary dismissal can be knotty and could cause employer huge legal losses and sometimes reputation in terms of public perception of the business. However, if done properly staff or employee discipline is justifiable and could be seen as an appropriate measure in maintaining the sanctity of the organization and in correcting behavioral deficiencies. A good lesson for human resource management professionals was the widely reported case of Heliso Towers Nigeria versus Miss. Jenifer Adighije in which Justice Abaseki-Osahhae set aside a termination issued against the plaintiff and awarded her N 9.55 million against the organization (Kayode, 2018).

Promotion: Promotion is one of the issues in the workplace that must be procedurally carried out. Promotion is the systematic movement of an employee for a job of higher value and higher

compensation (Clark, 2001). It is the shifting of employee in an upward direction in the administrative order which eventually result to enhancement of responsibility, rank and enhanced compensation package. Kosteas (2012) postulated that promotions are important aspects of a worker's career and life, which affect other aspects of the work experience. He stated that a firm can use promotions as a reward for highly productive workers. Promotion is based on employees of outstanding performance and workplace conduct (resources.workable.com). Procedural rule for promotion among others include experience in the job or tenure, high performance level in [two] recent review cycles, skill set that matches the minimum requirements of the new role, personal motivation and willingness for a change in responsibilities, a job opening as advertised internally as well as externally and a position opens unexpectedly which the firm wants to fill it from within (Khtatbeh et al., 2020).

Concept of Labour Turnover

The concept of labour turnover is used interchangeably as employee turnover (Preeti & Neha, 2016). However, labour turnover is the exit an entry of individual employees in an organization. Employee turnover is the measurement of the number of employees who leave an organization during a specified time period, typically one year (Abdullah & Ramay, 2012; Bamboohr, 2020). The exit of an employee in an organization could be intentional or unintentional depending on the premises for which the employee exits the unit, department or organization. While an organization usually measures the total number of employees who leave, turnover can also apply to subcategories within an organization like individual departments or demographic groups. Measuring employee turnover can be helpful to employers that want to examine reasons for turnover or estimate the cost-to-hire for budget purposes. Blanket references to turnover can be confusing; therefore, specific definitions and calculations for employee turnover may be useful to human resources practitioners (Mayhem, 2019). Labour turnover is a major concern of businesses of all size (Nicole, 2019). Also, it is interesting to note that labour turnover is a serious problem in many countries of the world. All most every sector in the society is being characterized by the exit and entry of employees which are mostly caused by voluntary or involuntary decisions made by management or employees.

Labour turnover is orchestrated by the management or employee based on their disinterests and dissatisfaction on the job or organization they work for. Measuring employee turnover can be helpful to employers that want to examine the reasons for turnover or estimate the cost- to-hire for budget purposes. In the context of human resource management, turnover or staff turnover or labour turnover is the rate at which an employer loses employees. It indicates the time period employees tend to stay. Turnover is measured for individual companies and for their industry as a whole. If an employer is said to have a high turnover relative to its competitors, it means that employees of that company have a shorter average tenure than those of other companies in the same industry. High turnover may be harmful to a company's productivity if skilled workers are often leaving and the worker population contains a high percentage of apprentice workers (www.iedunote.com). Employees who leave on the organization's request as well as those who leave on their own initiative can cause disruptions in operations, work team dynamics and unit performance. All types of employee turnover create costs for the organization. If an organization has made significant investment in training and developing its employees, that investment is lost when employee leaves (Mello, 2011). In addition to excessive employee turnover hurts overall

productivity of a firm and is often a symptom of other difficulties. Every organization strives to have high productivity, lesser turnovers and maximum profitability. Managing turnover successfully is a must to achieve the above goals. Nicole (2019) stressed that the managers must recognize that employees as major contributor to the efficient achievement of the organization's success. Furthermore, highly motivated and performing individuals are the crucial factors of the organizational productivity.

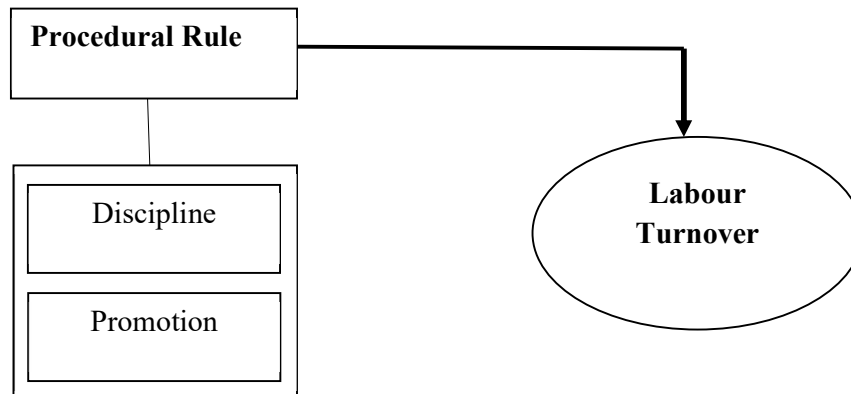


Fig. Conceptual Framework showing the relationship Procedural Rule and Labour Turnover.
Source: Edmund & Mike (2008); Moemena, Nwadiolor & Orjinta (2020).

Equity Theory

Equity theory was developed by Adams in 1963. Importantly, it asserts measure of fairness by comparing our balance of effort and reward, and other factors of give and take, the ratio of input and output - with the balance or ratio enjoyed by other people whom they deem to be relevant reference points. The theory suggests that individuals engage in social comparison by comparing their efforts and rewards with those of relevant others. The perception of individuals about the fairness of their rewards relative to others influences their level of motivation. Equity exists when individuals perceive that the ratio of efforts to rewards is the same for them as it is for others to whom they compare. According to the theory inequity exists when individuals perceive that the ratio of efforts to rewards is different for them than it is for others to whom they compare themselves. The theory argues that the more intense the employee perceives that he or she is either more or less paid, the higher the tension and the stronger the motivation to act (Huczynski & Buchanan in Moemena et al. 2020).

The strong point of this theory is that its focus is on productivity, job satisfaction and turnover reasons, that is turnover is the outcome of underpayment conditions or undue work environment which could stem from the procedural rules of the organization. Equity theory is concerned with the perceptions people have about how they are treated as compared to others. Equity theory proposes that a person's motivation is based on what he or she considers being fair when compared to others, even in the procedures for promotion and discipline. As noted by Gogia in Nicole (2019) when applied to the workplace, equity theory focuses on an employee's work-compensation relationship as well as that employee's attempt to minimize any sense of unfairness (uncalled-for procedural rule) that might result. When compared to other people, individuals want

to be compensated fairly for their contributions. A person's beliefs in regards to what is fair and what is not fair can affect his motivation, attitude and behaviour. Employees who feel management does not procedurally treat them same way with others in the course of working for them may be compelled to seek for better opportunities elsewhere, hence high turnover rate.

METHODOLOGY

Research Design: For the purpose of this study, the explanatory survey research design was adopted.

Population of the Study: The population for the study comprised of 98 manufacturing companies in Rivers State. This is based on information available to the researcher from Manufacturers Association of Nigeria (MAN) membership directory and Nigeria directory as at September, 2019. In selecting the sample size, the researcher chose key managers of the organization since the study was on a macro level. Thus, general manager, human resource manager, financial manager, operations manager and marketing manager were chosen from each manufacturing companies which gave us a sample size of 490 respondents.

Instrumentation: The questionnaire was the major instrument for data collection.

Administration of Instrument: In line with the sample size, 490 copies of the questionnaire were administered through the help of two research assistants. The administration was carried out within a space of two weeks. More so the researcher was able to retrieved 472 which only 448 were valid thus presenting a return rate of 91%.

Method of Data Analysis: Mean and standard deviation were used for the univariate analysis. While, the bivariate analysis was done using Spearman rank order correlation in SPSS Version 22.0.

Results

Ho₁: There is no significant relationship between discipline and labour turnover of manufacturing companies in Rivers State.

Table 1: Relationship between Discipline and Labour Turnover Correlations

		Discipline	Labour Turnover
Spearman's rho	Discipline		
	Correlation Coefficient	1.000	.416**
	Sig. (2-tailed)	.	.000
	N	448	448
	Labour Turnover		
	Correlation Coefficient	.416**	1.000
	Sig. (2-tailed)	.000	.
	N	448	448

** . Correlation is significant at the 0.01 level (2-tailed).

The results presented in table 1 indicate that there is a significant correlation between discipline and labour turnover ($r = 0.416, p < 0.01$). Following this finding, the study concludes that there is a significant relationship between discipline and labour turnover of manufacturing companies in Rivers State. Therefore, null hypothesis was rejected.

Ho₂: There is no significant relationship between promotion and labour turnover of manufacturing companies in Rivers State.

Table 1: Relationship between Promotion and Labour Turnover Correlations

		Promotion	Labour Turnover
Spearman's rho	Promotion		
	Correlation Coefficient	1.000	.532**
	Sig. (2-tailed)	.	.000
	N	448	448
	Labour Turnover		
	Correlation Coefficient	.532**	1.000
	Sig. (2-tailed)	.000	.
	N	448	448

** . Correlation is significant at the 0.01 level (2-tailed).

The results presented in table 2 indicate that there is a significant correlation between promotion and labour turnover ($r = 0.532, p < 0.01$). Following this finding, the study concludes that there is a significant relationship between promotion and labour turnover of manufacturing companies in Rivers State. Therefore, null hypothesis was rejected.

Discussion of Findings

The finding of hypotheses one and two revealed that there is a significant relationship between procedural rule (discipline and promotion) and labour turnover of manufacturing companies in Rivers State. This implies that following the prescribed discipline rule help shape employee behaviour and as well regulate turnover rate in the organization. Management who don't follow discipline policies as delineated by management tend to act ultra-vire which a times subjugate employees into exiting the organization. Also, Kosteas (2012) postulated that promotions are important aspects of a worker's career and life, which affect other aspects of the work experience. He stated that a firm can use promotions as a reward for highly productive workers and as well reduce voluntary retirement among employees. Every industrial friendly organization adopt a promotion rule so as to guide unwanted grievances by employees. Promotion based on merit tends to reduce labour turnover. Underperformed employees who are promoted tend to cause conflict among those who are qualified but not promoted. Matching promotions with requirements of the new role reduces labour turnover.

CONCLUSION

Procedure rules are operational guidelines, reflecting the way in which policies can be implemented. A company's policies and procedures are interconnected to one another, which are to be undertaken within a general policy framework. The procedure is a component of planning which handles the "how" and "when" aspect, i.e. it specifies the way in which work is to be performed and the right time for performing it (Legal Information Institute, 2022). Based on the analyses and discussion of findings, the study concluded that procedural rule (discipline and promotion) and labour turnover of manufacturing companies in Rivers State, Nigeria.

RECOMMENDATIONS

Based on the findings of the study, the following recommendations were made:

1. Management of manufacturing companies in Rivers State should strengthen employees' citizenship behaviour by advancing their exchange relationships with the organization's procedural rules so as to reduce labour turnover.
2. The formulation and implementation of procedural rules in the organization exchange relationship between management and employees so as to reduce the rate of employee's exit.

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