

PROMOTION AND TURNOVER INTENTIONS IN SELECTED OIL FIRMS IN RIVERS STATE

EMELDA IHUOMA OWHONDAH

Department of Management,
Faculty of Management Sciences,
University of Port Harcourt,
Nigeria.

PROF. B.C. ONUOHA

(Professor of Entrepreneurship & General Management)
Department of Management,
Faculty of Management Sciences,
University of Port Harcourt,
Nigeria.

DR. J. O. AKHIGBE

(Senior Lecturer)
Department of Management,
Faculty of Management Sciences,
University of Port Harcourt,
Nigeria.

ABSTRACT

The aim of this study was to empirically examine the extent to which employee promotion influences turnover intentions in selected oil firms in Rivers State. Drawing from Social exchange theory, this paper opines that indigenous oil firms could reduce their workers' turnover intentions by encouraging their long term efforts through promotions which will make them feel their efforts are been recognized by the company. Data were drawn through questionnaire from 186 senior employees from 62 selected oil firms as identified in Port Harcourt Business Directory. The data collection instruments were validated using Cronbach Alpha Test. Combination of descriptive and inferential statistics tools was employed to analyze data with the aid of SPSS (version 20.1). Spearman's rank correlation coefficient constituted the inferential tools. The study revealed that promotion has a negative relationship with Turnover Intentions. In conclusion, this paper recommends the full scale adoption of promotion as a means of satisfying and retaining employees.

KEYWORDS: Promotion, Turnover intentions.

1.0 INTRODUCTION

The topic, "employee turnover" is of great concern to organizations such as the oil industry where the skilled key personnel turnovers have a negative influence on the firm due to cost of

recruitment, training and other negative implications of the workers leaving. For firms to survive and achieve their organizational objectives, they need the commitment of their staffs and 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 ensure their 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. Factors such as promotion over time have indicated to impact on workers turnover in organizations; hence any strategy that can help an organization achieve its employees been satisfied could serve as a retention method since it will inhibit them from deflecting. These findings simply showed that employees' retention level depends on the job satisfaction levels which are availed to employees.

Turnover among staffs in Oil companies within Rivers State can have disastrous effects. This according to Samad (2006) is due to the fact that they lose their knowledgeable and technical skilled labors. Igharia and Greenhaus (1992) claimed that too much turnover can be undesirable to a company because of the shortage of job experts within labor market plus the great cost for new workers training. Turnover can also on the side of the worker generate personal costs such as loosing friends, loosing benefits and family disruption.

Several studies have tried evaluating employee job satisfaction strategies such as promotion and how it impacts turnover intentions. For example, Ologunde (2005) in her sampling, South-Western Nigerian University teachers discovered that when an employee is satisfied with the work nature such as promotion, it's negatively related to turnover intention. Also, in Koh and Goh (1995) study of where they sampled clerical employees within the Singapore banking sector, they discovered that been satisfied with the nature of job has a negative relationship with turnover intention. The discovered association is premised to hold for other sectors and jobs too. Cho and Lewis (2012) carried out an empirical study on turnover behavior and turnover intention, and found that both turnover intention and actual turnover have a statistically significant relationship with employees' age. Of all these studies, none have been able to evaluate the phenomenon of promotion as an employee satisfaction strategy and how it affects turnover intentions in selected oil firms within the context of Rivers State in Nigeria, hence our point of departure. This study therefore empirically tries to evaluate promotion and turnover intentions in selected oil firms in River State.

2.0 Theoretical Foundation and Hypotheses

The theoretical underpinning to this study is that of Social Exchange theory. Social exchange theory according to Staffebach (2008) relies on the opinion that social behaviors are the outcome of the processes of exchange, whose aim is to minimize costs and maximize benefits. Brinkmann and Stapf (2005) claimed that the origin of social exchange theory is traceable to Homans and Blau, Thibaut and Kelley studies. Homans (1961) opined that the exchange could be comprehended from the perspective of goods that are non-material and material, like the symbols of prestige or approval. Based on the opinions of this theory, workers consider risks and potential reward of social relationships (Staffebach, 2008). Furthermore, it suggests that the whole relationships human keep are defined by the use of an

analysis of a subjective reward-cost and comparing alternatives, that an individual who puts in much would definitely be expecting to at least get back an amount of the same measure from other people and also, an individual who receives much from others would be pressurized to give them back as much (Staffelbach, 2008).

That is why Farmer and Fedor, (1999) claimed that individuals would end or try abandoning the relationship as soon as the benefits are been outweighed by the cost. And this theory has proven why employees will leave an organization (turnover) if they don't derive satisfaction with the job. Building on social exchange theory, this study tries to understand how employees' intrinsic and extrinsic benefit from their job such as promotion will impact on their intentions to quit the job.

A promotion could be seen as an employee's advancement of his position or rank in the company's system of hierarchy. It can also be a worker's reward for performing well, i.e., positive appraisal.

2.1 The Concept of Turnover Intention

Several authors who include Hom and Griffeth (1991), and Price (2001) pointed out that; the issue of turnover is amongst the most researched phenomena in the behavior of organizations. Also, in this study, the focal point is on worker planning to leave instead of entering the company. Harpet (2012) opine that several researches have clearly differentiated an actual turnover from the construct of turnover intentions which signify attitudinal behavior. Azjen (1991) proposed that intention is an expression made towards a particular interest or behavior. Also, turnover intentions include the intent to quit an employment voluntarily (Mobley, 1977). Medina (2012) stated that turnover intention likens to an employee's intent to get a new job offer with some other employer over the coming year

Turnover intention can be described as the last cognitive step when making the decision of either staying or leaving (Mobley, 1977). Samad (2006) opined that reviews on factors that lead having turnover intent has revealed intent to leave rather than actual turnover as the outcome variable. According to him, it is because the workers have already made in advance the decision of leaving the company. This opinion corroborates Fishbein and Ajzen (1975) theory of attitude and behavior which opines that a person's intent in performing a specific behavioral attitude is the closest predictor of that behavior.

Thus, the issue of employee turnover isn't a recent management concept but is a usual human resources management issue that recently captures the interest of industrial relations management practitioners and public administration across the world. Bawa and Jantan (2005) claimed that whole lot of researchers opines that, workers quit their jobs when they sense their needs couldn't be met by their present job and there exists an available alternative. And high employee turnover spells doom for firm through direct and indirect cost. Staw (1980) opined that the expenses incurred on selecting, recruiting, inducting and new staff training are direct cost. While Des and Shaw (2001) suggests that the cost of learning, reduced morale, pressure on the existing employees and the loss of social capital are the indirect cost incurred by an organization due to high turnover. This terminology is mostly used when measuring the relationships of workers in a company as they quit, not minding the reason.

Authorities have tried measuring turnover intentions in several empirical works. For instance, Glebbeek and Bax (2002) measured employee turnover using intention to leave the job.

Samad (2006) measured turnover intention using intention to quite. The Mobley model (Lee, 1988) proposed the following intentions that lead to turnover;

- (1) Thinking about leaving the job;
- (2) Evaluating the supposed advantage of looking for other jobs and the cost that is incurred by leaving the job at hand;
- (3) Intent of looking for an alternative job;
- (4) Actual search for other job vacancies;
- (5) Comparing new alternatives to the current job;
- (6) Intention to quit;
- (7) Employee turnover.

Within the context of this study, we selected intention to quit as the measure of turnover intention.

According to Harpet (2013), having the intention of turnover could be seen as the best point of actually leaving the organization, judging from the findings of previous researches. Hom and Griffeth (1991) concluded that intent of quitting and actual turnover has a positive significant relationship; while Gregory, Way, Lefort, Barrett and Parfey (2007) claimed that theoretically, behavioral intent to leave a job is viewed as a relevant antecedent to turnover proper. Mobley (1977) on his own account opined intentions of turnover as the very last cognitive step when decision is made about staying or leaving.

Hom and Griffeth (1991) on their research opined that having intent of quitting a job and actually quitting the job has a positive significant relationship. Gregory, Way, Lefort, Barrett and Parfey (2007) argued that the behavioral intent of leaving a job is seen theoretically as a vital antecedent to turnover proper.

2.2 Promotion and Turnover Intentions

Promotion possibilities include the availability of opportunities to advance in one's job. Aydogdu and Asikgil (2011) opined that when employees feel that they wouldn't get much possibility for promotion, it might adversely affect them. Feldmann and Arnold (1985) suggested that so many well-known researches on promotion were carried out by Sirato who discovered a negative relationship between promotional frustration measures and measurements of attitudes toward the organization. Within the context of this study, promotion implies advancement in the level of job as a part of motivation or reward which is in most cases for excellent achievements or performance.

Harpert (2013) claimed that promotion could generate a more valuable human capital when it comes to growth, professionalism and skills which to a great extent can enhance satisfaction with a job. Negrin (2004) on his own part opined that not having an opportunity to advance in a company could cause employee dissatisfaction since promotion comes with an increase in pay, the level of pay, the nature of work and the way the employee is supervised.

Hence we proffer our hypothesis:

H₀₁: There is no significant negative relationship between promotion and intention to leave.

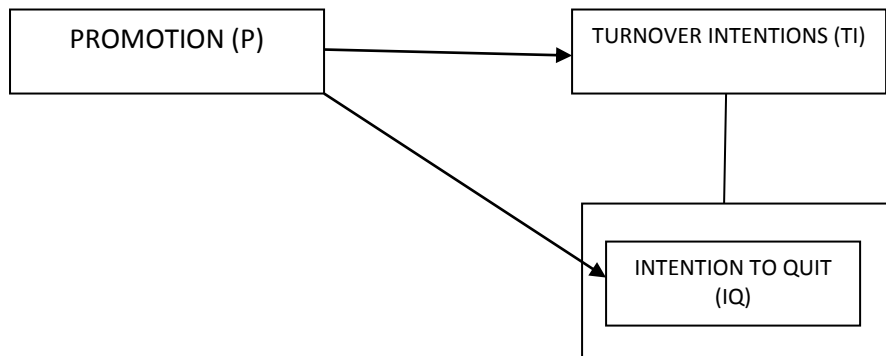


Figure 2.1: Conceptual Framework of the Relationship between promotion and Turnover Intentions

Source: Review of Related Literature

3.0 RESEARCH METHODOLOGY

Our philosophical stands in this study took a realist’s view point and a positivist epistemology. Hence, the study utilized quantitative research method whereby adopting a cross-sectional survey research design. The target population comprised 74 oil companies in Rivers State as identified in Port Harcourt Business Directory (http://www.portharcourtdirectory.com/oil_and_gas/services2.html). The total of sixty two (62) was sampled from the 74 oil companies using Taro Yamen formula. And the simple random sampling technique was used in selecting the sample of 62 oil companies from the total population of 74 which served as the data base for the study. Three (3) copies of questionnaire were purposefully administered to the employees of each of the oil company sampled for filling which amounted to 186 copies of questionnaire as a whole.

The Instrument for data collection was a seventeen (17) item questionnaire which was used to elicit information on the study variables. It contains three (3) sections – A, B and C. Section A dealt with the demographics of the respondents, section B dealt with the Independent variables, section C dealt with the dependent variables. Section **A** which elicited information on the demographics of the participating oil firms in River state and respondents contained 7 - item questions (i.e items 1 – 7). Section **B** which elicited information about the independent study variable had a total of 5 items (i.e items 8 – 12). Also, in section **C**, a total of 5 items elicited data about turnover intentions (dependent variable). Precisely, items 13-17 elicited data on intention to quit.

Our scales of measurements were validated using a pilot survey of 10 respondents. The consistencies of our study variables were determined using Cronbach’s Alpha test. Their reliability coefficients are above 0.70 benchmark recommended by Nunnally (1978), hence, we continued with the study analyses.

Table 3.1 Reliability Statistics

S/N	Construct	No of items	Cronbach’s Alpha
1.	Promotion	5	0.774
2.	Intention to Quit	5	0.791

Source: SPSS Output on Data collected February, 2016.

4.0 ANALYSIS

4.1 Results

186 copies of the questionnaire were distributed amongst human resource manager and two employees each from the selected oil firms in Rivers State as shown in Port Harcourt Business Directory. A minimum frame of three (3) respondents from each firm was purposively adopted for administration convenience. Out of the 186 copies of questionnaire administered, only 126 copies returned were considered useful. This accounted for 68% responses rate. Due to obvious mistakes and incomplete responses, 53 copies accounting for 28% were dropped, while 7 copies representing 4% could not be retrieved due to misplacement and other reasons given by the respondents. Therefore, the total response rate that formed the basis of our analysis was 126 representing 68%.

We adopted spearman's correlation analysis to analyze the relationships between the study variables. Tables 4.1 show the tests of the hypotheses.

H₀₁: There is no significant relationship between promotion and intention to quit in selected oil firms in River State, Nigeria.

Table 4.1: Correlations Analysis of Promotion and Intention to Quit

Type Statistics	Variables 1	Promotion (PR)	Intention to Quit (IQ)
Spearman's rho	Promotion (PR) Correlation Coefficient	1.000	.823**
	Sig. (2-tailed) N	.000 126	.000 126
	Intention to Quit (IQ) Correlation Coefficient	.823**	1.000
	Sig. (2-tailed) N	.000 126	.000 126

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

b. Listwise N = 126

Source: SPSS Output (based on 2016 Field Survey Data)

The correlation analysis above was conducted to examine whether promotion is negatively associated with intention to quit. The results revealed a significant association ($r = 0.82$, $N = 126$, p -value = 0.00). Therefore, the null hypothesis is rejected while its alternative was accepted.

4.2 DISCUSSION OF FINDINGS

One of the objectives of this study was to ascertain the extent to which promotion relates to turnover intentions. Promotion has significant negative relationship with the measure of turnover intentions. This finding resulted from the findings of the statistical test of hypothesis H_{01} where the null hypothesis was rejected while its alternative was accepted. In testing H_{01} , promotion attracted significant correlation coefficient ($r = 0.823$, $p\text{-value} < 0.00$). Thus, the firm that increases their use of promotion as a reward strategy will satisfy the employees and experience a decrease in employees having turnover intentions.

This finding is in agreement with popular views in literature. Aydogdu and Asikgil (2011) opined that when employees feel that they won't get the avenue to be promoted, they will be adversely affected. Feldmann and Arnold (1985) suggested that well-known researches on the issue of promotion were carried out by Sirato who discovered a negative relationship between promotional frustration measures and the measurements of attitudes toward the organization. Negrin (2004) on his own part opined that not getting an opportunity to advance in a company may cause dissatisfaction to the workers as the promotion affects the amount of pay they receive, the nature of work and the way the employee is supervised.

5.0 CONCLUSION, RECOMMENDATION AND CONTRIBUTION

From our data analysis results and findings, we were led to conclude that promotion has significant negative relationship with the measure of turnover intentions. The foregoing findings as seen from the results of the hypothesis is believed to be premised on the fact that when employees are duly promoted for hard work and long term service, it will encourage them to stay with the establishment rather than having an intent of leaving. But when employees feel they will not get promoted even when it is due to them, will nurse the feeling of leaving. This is in tandem with popular view in literatures. Aydogdu and Asikgil (2011) opined that if people think that they will not have much promotion possibilities, they may be affected adversely. Feldmann and Arnold (1985) suggested that well-known researches on the issue of promotion were done by Sirato who discovered the measurements of promotional frustration to be negatively related with measurements of attitudes toward the organization.

This study hence recommends that management should calve out promotional opportunities for their employees either based on performance or years of working with the company. The knowledge of promotion possibility will encourage the employees to work harder and look forward to rising above their current status rather than leaving, since with promotion comes a rise in pay and new benefits.

The study provided an empirical evidence supporting the link between promotion and turnover intention in the oil company sector in Rivers State. It has added to existing body of knowledge by providing a model of the relationship between promotion and turnover intention in the oil company industry.

References

- Ayodogu, O. and Asikgil, B. (2011). "An empirical study of the relationship among job satisfaction, organizational commitment and turn over intention." *International review of management and marketing*. 1(3): 43-53.
- Bawa, M. A. and Jantan, M. (2005). "Human resource practices as determinants of employee turnover: an empirical investigation." *Asian Academy of Management Journal*. 10(2): 69–80.
- Brinkmann, R. and Stapf, L. (2005). *Innere kuendigung-wenn der job zur fassade wird*. Muenchen: C.H. Beck.
- Cho, Y. J. and Lewis, G. B. (2012). Turnover intention and turnover behavior: Implications for retaining federal employees. *Review of Public Personnel Administration*. 32(1): 4-23.
- Dess, G. D. and Shaw, J. D. (2001). "Voluntary turnover, social capital, and organizational performance." *Academy of Management Review*. 26(3): 446- 56.
- Farmer, S. & Fedor, D. (1999). Volunteer participation and withdrawal: A psychological contract perspective on the role of expectations and organizational support. *Nonprofit Management & Leadership*. 9: 349-367.
- Feldman, D. C. and Arnold, H. J. (1985). *Managing Individual and Group Behavior in Organizations* Mc Graw- Hill Book Company.
- Fishbein, M. and Ajzen, I. (1975). *Belief, attitude, intention and behavior: An introduction to theory and research*. Reading, MA: Addison Wesley.
- Glebbeck, A. C. & Bax, E.H.(2002). Labor turnover and its effects on performance: Anempirical test using firm data.
[http://www.rug.nl/research/portal/publications/pub\(688f0f45-873f\)](http://www.rug.nl/research/portal/publications/pub(688f0f45-873f))
- Gregory, D. M., Way, C. Y., Lefort, S., Barrett, B. J. and Parfey, P.S. (2007). "Predictors of registered nurses organizational commitment and intent to stay." *Health care management review*. 32(2): 119-27.
- Harpet, V. L. (2013). *Job satisfaction, perceived availability of job alternatives and turnover intentions: The case of the alumina industry in Suriname*. Submitted in partial fulfillment of the requirements for the master of business administration (MBA) degree at the F.H.R Lim A Po institute for social studies.
- Hom, P.W., & Griffeth, R.W. (1991). "A Structural equations modeling test of a turnover theory: Cross sectional and longitudinal analysis." *Journal of Applied Psychology*. 76: 350-366.
- Homans, G. (1961). *Social behavior: Its elementary forms*. New York: Harcourt, Iverson.
- Igharia, I. and Greenhaus, J. (1992). "The career advancement prospects of managers and professionals." *Decision Sciences*. 23 (2): 478-500.

- Koh, H. C. and Goh, C. T. (1995). "An analysis of the factors affecting the turnover intention of non-managerial clerical staff: A Singapore study." *The International Journal of Human Resource Management*. 6(1).
- Lee, T. W. (1988). "How job dissatisfaction leads to employee turnover." *Journal of business and psychology*. 2(3): 263.
- Medina, E. (2012). "Job Satisfaction and Employee Turnover Intention: What does Organizational Culture Have To Do With It?." *Columbia University Masters of Arts*
- Mobley W. H. (1977) "Intermediate linkages in the relationship between job satisfaction and employee turnover." *Journal of applied psychology*. 62: 237-240.
- Ologunde, A. O. (2005). *Motivation and labour turnover among university teachers in Southwest Nigeria*. Unpublished M. Phil Thesis, Department of management and Accounting, Obafemi Awolowo University, Ile-Ife, Nigeria.
- Price, J. (2001). "Reflections on the determinants of voluntary turnover." *International Journal of Manpower* 22, 600-624.
- Samad, S. (2006). "The contribution of demographic variables: Job characteristics and job satisfaction on turnover intentions." *Journal of International Management Studies*. 1(1): 1-12.
- Staw, B. M. (1980). "The consequences of turnover." *Journal of Occupational Behavior*. 1, 253-273.
- Staffelbach, B. (2008). Turnover intent: Diploma thesis. Department: Strategie- und Unternehmensökonomik, University of Zurich: Human Resource Management