Original Reasearch Article

The Influence of Non-Monetary Factors on Employee's Satisfaction and Retention in Nigeria Organisations

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Abstract

Worldwide, retention of skilled employees has been of serious concern to managers in the face of ever increasing high rate of employee turnover. Excessively high and low turnover rates, both have a negative consequence on the success and productivity of the sector. The focus of the study is to investigate the influence of non-monetary factors on employee's satisfaction and retention in Nigeria organizations. A survey of 60 full- time employees selected through stratified sampling techniques in Edo and Taraba state reveals that age of the firm, autonomy in work place; training, internal career opportunity, reward and recognition have positive significant relationship with employee's retention. However, the study recommends that organizations should emphasize on the extrinsic factors like attractive salary package and also should give additional benefit for the good performances of the employees. Finally, organizations should adopt adequate and competitive monetary policy strategies that will discourage employee turnover.
Keywords: Employees Satisfaction, Employees Retention, Non-Monetary.

INTRODUCTION

The struggle to retain key employees is recognized by firms of all types and sizes, who are actively trying to combat the problem [1, 2]. Worldwide, retention of skilled employees has been of serious concern to managers in the face of ever increasing high rate of employee turnover. Today's business environment has become very competitive thus making skilled employees the major differentiating factor for most organisations. Organisations - both public and private – rely on the expertise of their employees in order to compete favourably and indeed gain competitive advantage in the international market. However, recent studies have shown that retention of highly skilled employees has become a difficult task for managers as this category of employees are being attracted by more than one organisation at a time with various kinds of incentives.

Martin & Schmidt [3] opined that one-quarter of high potential employees intend to "jump ship" within one year, and try therefore to find out what are companies doing wrong. Highly skilled workers seek out opportunities and projects which will enhance their career, knowledge asset and future earning power, and will leave a job when a better opportunity for improving these is found elsewhere [4]. Executives and Human Resource departments invest large amounts of money, time and effort in order to understand how to keep their

employees from leaving [1]. In order to maintain their competitiveness and survive on the market, a firm must manage and retain their key employees [2], which is one of the major challenges facing today's firms [5, 6], where greater personnel stability leads to better firm performance [7, 8].

Employee retention refers to an employer's effort to create and support an environment which encourages current employees to stay with the firm [9]. Firms have consistently placed importance on retaining valuable employees, a practice that is even more prudent in today's marketplace, where human capital is considered to be one of the few resources capable of generating a sustained competitive advantage [10, 5, 2]. In fact, research has conclusively proven there is a direct link between employee retention and sales growth [11].

Furthermore, a strong correlation between employee retention and customer satisfaction has also been found [12]. Staff turnover is costly, reducing a firm's effectiveness and productivity [13, 11, 6], with studies estimating the total cost for voluntary turnover to range from 100 to 250 percent of an employee's annual pay [14, 8]. Turnover is a big problem for many organizations. It is a misperception that all turnovers is bad and must be avoided. But actually if an organization does not have a balanced level of turnover, it will result in monotonous system and that

organization will not have access to new ideas, change dynamism and creativity. Turn over influences profitability and customer satisfaction [15]. Our concern is that the required turnover must exist but the unwanted voluntary turnover should be reduced or avoided.

Tangible costs related to voluntary turnover are severance pay, as well as the cost for screening, hiring and training new employees [8]. Other studies have also found that short-term productivity loss, instability in the work force and the use of temporary personnel add to tangible costs. Intangible costs stem from impaired firm performance, disruptions to the work environment, and changes in organizational culture, decreased employee morale, as well as lost customer loyalty [16].

Additional costs related to voluntary employee turnover include dissolved relationships with clients [11], as well as loss of knowledge and expertise [2, 8].The loss of just one key employee can have far-reaching consequences and threaten firm's capability to reach desired objectives [14]. Key employees have access to resources that are critical for the firm [2], consisting of important knowledge and experience. The opportunity to exploit these critical resources vanishes if these employees choose to change jobs and firms, potentially transferring a competitive advantage to competitors [5].

Additionally, voluntary turnover can also have adverse effects on the firm, since employees with greater abilities and skills are among those who are more likely to find other jobs, leaving the firm with employees who are less competent [17]. For a firm intending to grow and capture additional market shares, a lack of skilled workers can act as a barrier to growth, making employee retention a critical issue [14]. Incremental improvements are often made by utilizing the knowledge and resources of employees, making them the key resource for valuable ideas [18], while their constant repetition of tasks establishes the organizational memory of a firm [14]. Organizational memory is a prerequisite for success and plays an important part in providing a firm with a competitive advantage [2].

This study therefore seeks to confirm the influence of non-monetary factors on employee's satisfaction and retention in Nigeria Oganisations.

Research objective

- To find out the effect of non- monetary factors on employees job satisfaction
- To ascertain the influence of non-monetary factors on employees retention

Research questions
Based on the objectives above, the study seeks to address the following research questions:
- To what extent does non-monetary factor influence employee's job satisfaction?
- Do non- monetary factors influence employee's retention?

Research hypothesis
The following hypotheses formulated in null form will be considered in this study:
- Non-monetary factors do not significantly influence employee's satisfaction.
- Non-monetary factors do not influence employee's retention.

Scope of the Study
Content scope: This study was restricted to the perspectives of employees in the organisations.

Geographic scope: This study covers Edo and Taraba state.

Study unit: The units of analysis for this study are full-time employees of the selected Federal universities and MTN employees in Edo and Taraba state

Methodology
The design employed for this study is descriptive survey. A descriptive survey is a systematic, non-experimental, descriptive research method for gathering information from (a sample of) individuals for the purposes of describing the attributes of the larger population of which the individuals are members. The target population for the study consisted of all employees in the Nigeria mobile communication and educational sector specifically those working in the Edo and Taraba state. Federal university Wukari, Taraba state, university of Benin and MTN (Edo and Taraba) were conveniently selected from each state for the study. These institution and organization were selected because they have large number of employees that reflect fair federal representation.

This study adopted the convenience sampling techniques to arrive at its sample. In each of the organization the first 15 full-time staffs to resume work were interviewed. In this regards, a contact person was identified to help collect the completed questionnaires.

Table-1: The sample size was purposely determined in the following distribution

	MTN	UNIBEN	SAMPLE SIZE
EDO STATE	15	15	30
	MTN	Fed uni Wukari	
TARABA STATE	15	15	30
		TOTAL	60

Method of Data Collection /Instruments

Questionnaire was the only support instrument used in generating primary data which embodies the communication relationship between the researcher and the respondent.

The questionnaire consists of a cover letter and a statement which clarifies the researchers' expectations. A 5-point Likert-type scale was used to measure relevant variables of interest. Furthermore, descriptors and corresponding numerical codes such as:

'to a very large extent' [5], to a large extent' [4], to a fairly large extent' [3], to a little extent' [2], to a very little extent' [1] were provided as response options to the questionnaire items. However, on the questionnaire, respondents were instructed to provide unbiased opinions on the variables measured. The Likert-type scale adopted in this study helps to enhance measurement reliability [22].

DATA PRESENTATION

Table-2: Respondent Demographic Characteristics

	MEASUREMENTS	FREQUENCY	%
GENDER	MALE	29	50,9
	FEMALE	24	42.1
AGE	20-25YEARS	4	7
	26-30YEARS	15	20
	31-40YEARS	11	19.3
	41-50YEARS	15	26.3
	51YEARS ABOVE	-	-
LEVEL OF INCOME	N20,000-50,000	4	7
	N51,000 –N80,000	9	15.8
	N81,000- N110,000	6	10.5
	N111,000- N140,000	13	22.8
	N141,000 AND ABOVE	25	43.9
ACADEMIC QUALIFICATION	POST GRADUATE	22	38.6
	GRADUATE	20	35.1
	OND/NCE/DIPLOMA	4	7
	others	11	19,3
LENGTH OF SERVICE	1-3YERS	13	22.8
	4-6YEARS	10	17.5
	7-9YEARS	6	10.5
	10-12YEARS	28	49.1

The total questionnaire distributed was 60 while 57 were returned and used for analysis. Out of the 57 respondent 29 representing 50.1% are male while 42.1% are female. Majority of the respondent are between 26 and 50years old and earned above N111,

000 monthly. Most of the respondents hold graduate and post graduate degree certificate. In conclusion 49.1% of the respondents have length of service of between 11-12 years.

Table-3: Monetary and non-monetary influence on employee's retention

	Very large extent	Large extent	Fairly large extent	Little extent	Very little extent
NON-MONETARY INFLUENCE					
Extent Firms Age influence employees decision not to have resigned	11 19.3%	37 64.9%	9 15.8%	-	-
Extent work life balance influence employees decision not to have resigned	17 29.8%	20 35.1%	12 21.1%	8 14%	-
Extent Autonomy influence employees decision not to have resigned	22 38.6%	4 7.0%	17 29.8%	10 17.5%	4 7%
Extent training and development programs influence employees	12 21.1%	24 42.1%	4 7%	17 29.8%	- -

decision not to have resigned					
Extent carrier opportunity influence employees decision not to have resigned	20 35.1%	24 42.1%	4 7%	9 15.8%	-
Extent organizational justice / influence employees decision not to have resigned	17 29.8%	17 29.8%	10 17.5%	4 7%	5 8.8%
Extent reward and recognition influence employees decision not to have resigned	16 28.1%	10 17.5%	12 21.1%	4 7%	11 19.3%
Extent work-life-balance influence employees decision not to have resigned	6 10.5%	39 68.4%	8 14%	53 93%	-

The table above shows the distribution of respondent opinion to the extent non-monetary factors influence their decision not to have resigned. Majority of the respondent opined that non- monetary factor does influence their decision not to have resigned. All of the non-monetary factors considered in the study have influence of employee's decision not to have resigned.

Table-4: Respondent level of satisfaction

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	To a very large extent	11	19.3	19.3	19.3
	To a large extent	27	47.4	47.4	66.7
	Undecided	8	14.0	14.0	80.7
	To a little extent	11	19.3	19.3	100.0
	Total	57	100.0	100.0	

SPSS OUTPUT 2019

The table above reveals the distribution of employee's level of satisfaction in their respective organization. Only 19.3% of the respondent are to a very large extent satisfied while majority of the respondent a to a large extent satisfied.

Table-5: The likelihood of employees retention for the next ten (10)years

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Most likely	16	28.1	28.1	28.1
	Likely	6	10.5	10.5	38.6
	Undecided	20	35.1	35.1	73.7
	Unlikely	4	7.0	7.0	80.7
	Most Likely	11	19.3	19.3	100.0
	Total	57	100.0	100.0	

SPSS OUTPUT, 2019

From the table above majority of the respondent are undecided on their likelihood of remaining with their respective organization for the next ten (10) years.

Table-6: How often employees resign their appointment and their positions replaced

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very often	6	10.5	10.5	10.5
	Often	22	38.6	38.6	49.1
	Undecided	10	17.5	17.5	66.7
	Rarely	19	33.3	33.3	100.0
	Total	57	100.0	100.0	

From the table above the study reveals that turnover rate in the organisations considered is relatively high. 38.6% assert that employees often resign their appointment and their positions replaced. 10.5% claimed it is very often; thought 33.3% are of the opinion that they rarely does that.

Test of Hypothesis one
H_0: Non-monetary factor does not influence employee's retention.
H_2: Non-monetary factor does influence employee's retention.

Table-7: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.999[a]	.997	.997	.07918
a. Predictors: (Constant), X_1, X_2 X_3 X_4 X_5 X_6 X_7 X_8				

Given the regression equation as:
$Y = \alpha + \beta_1 X_1 + \beta_1 X_2 + \beta_2 X_3 + \ldots \beta_i X_i \pm e$

The regression equation is does:
$Y = X_1 + X_2 + X_3 + X_4 + X_5 + X_6 + X_7$ where
Y = The likelihood of employees retention for the next ten (10) years
X_1 = Extent firms age influence employees decision not to have resigned.
X_2 = Extent work -life- balance influence employees decision not to have resigned
X_3 = Extent autonomy in work place influence employees decision not to have resigned
X_4 = Extent employees training and development influence employees decision not to have resign
X_5 = Extent internal carrier opportunity influence employees decision not to have resigned
X_6 = Extent organizational justice and prestige influence employees decision not to have resigned
X_7 = Extent reward and recognition influence employees decision not to have resigned
X_8 = Extent work environment influence employees decision not to have resigned

The R- Colum shows the strength of the relationship. The closer this is to one, the stronger the relationship. The R –square value indicates the proportion of the variance in the dependent variable explained by the model.

The result as seen in table Indicates that there is a strong relationship between the variables considered (i.e. the dependent and independent variables) with R – value of 0.999 and R-Square values of 0.997. The implication of the R-square values is that the model account for 99.7% of the variations in the likelihood of employees retention for the next ten years. Therefore the remaining 0.3% is accounted for by other factors not considered in this model. Also, the R^2 adjusted indicates that addition or removal of any variable will cause the variation in respondents' opinion to be 99.7%. However, all the independent variables are significant except the influence of firms Age with their p – values less than 0.05.

Table-8

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	108.894	8	13.612	2.171E3	.000[a]
	Residual	.276	44	.006		
	Total	109.170	52			
a. Predictors: (Constant), X_1, X_2 X_3 X_4 X_5 X_6 X_7 X_8						
b. Dependent Variable: the likelihood of employees retention for the next ten(10)years						

NOVA[b]

Table-9

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.253	.112		-2.267	.028
	Extent firms age influence employees decision not to have resigned	.035	.036	.015	.979	.333
	Extent work -life- balance influence employees decision not to have resigned	-.439	.024	-.315	18.118	.000
	Extent autonomy in work place influence employees decision not to have resigned	.233	.025	.224	9.337	.000

Extent employees training and development influence employees decision not to have resigned	.236	.019	.191	12.544	.000
Extent internal carrier opportunity influence employees decision not to have resigned	.167	.024	.119	7.081	.000
Extent organizational justice and prestige influence employees decision not to have resigned	-.302	.035	-.264	-8.733	.000
Extent reward and recognition influence employees decision not to have resigned	.954	.025	.988	37.988	.000
extent work environment influence employees decision not to have resigned	.216	.055	.077	3.950	.000
a. Dependent Variable: The likelihood of employees retention for the next ten(10)years					

The overall multiple regression model can thus be stated as follows

$$Y = -0.253 + -0.315X_2 + 0.224X_3 + 0.191X_4 + 0.119 X_5 + -0264X_6 + 0.988X_7 + 0.077X_8$$

The model derived is statistical significant with p − values less than 0.05 as seen in table above hence the alternate hypothesis is accepted and conclude that non- monetary factors does significantly influence employee's decision to stay.

This means that given a unit increase in the value of X2, Y will increase by -0.315 units while holding the values of X3 to X8 constant. In the same way, if X3 is increased by one unit Y will increase by 0.224 units holding other factors constant e.t.c.

Test of Hypothesis two

H_0: There is no significant relationship between employee's job satisfaction and likelihood of employee's retention.

H_2: There is a significant relationship between employee's job satisfaction and likelihood of employee's retention.

Table-10

Correlations

			Respondent level of satisfaction	The likelihood of employees retention for the next ten(10)years
Spearman's rho	Respondent level of satisfaction	Correlation Coefficient	1.000	.895**
		Sig. (2-tailed)	.	.000
		N	57	57
	The likelihood of employees retention for the next ten(10)years	Correlation Coefficient	.895**	1.000
		Sig. (2-tailed)	.000	.
		N	57	57
**. Correlation is significant at the 0.01 level (2-tailed).				

Results indicate that there is evidence to suggest strong agreement (rs = 0.895) between employees assessments (p = 0.000). Therefore, the alternate hypothesis which states that 'There is a significant relationship between employee's job satisfaction and likelihood of employee's retention is accepted.

CONCLUTION

No doubt there is a relationship between employee's job satisfaction and retention. Therefore, organisations should adopt polies employees will value. Management needs to deepen its understanding of psychological contract in employment relationships, since it is the "real deal" between employer and employees [19], and apply this concept as a part of its Strategic Human Resources Management. This would contribute to the satisfaction and retention of employees, an important factor for organizational success [20, 21].

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