

## **The Impact of Effective Communication on Employee Turnover Intension at First Bank of Nigeria**

Uzoechi Nwagbara<sup>\*</sup>, Emeka Smart Oruh<sup>\*\*</sup>, Chika Ugorji<sup>\*\*\*</sup>, Maya Ennsra<sup>\*\*\*\*</sup>

<sup>\*</sup> Doctoral Researcher and Lecturer, Greenwich School of Management London, Royal Hill, SE10 8RD, United Kingdom

e-mail: uzoechin@yahoo.com

<sup>\*\*</sup> Doctoral Researcher, University of Brunel, Middlesex, UB8 3PH, United Kingdom

e-mail: emekso@hotmail.com

<sup>\*\*\*</sup> Doctoral Researcher, Greenwich School of Management, London, Royal Hill, SE10 8RD, United Kingdom

e-mail: chikaugoji@aol.com

<sup>\*\*\*\*</sup> Doctoral Researcher, Greenwich School of Management, London, Royal Hill, SE10 8RD, United Kingdom

e-mail: ennsram@gmail.com

### **Abstract**

*This article borders on empirical study of how effective communication can bring low employee turnover rate intension. The case study used is First Bank of Nigeria (FBN), which is the country's largest bank and financial services in terms of capitalisation. As empirically demonstrated in this paper particularly from respondents' views collated via survey questionnaires, there exists high employee turnover intension given the degree of effective communication (or near lack of effective communication) between management and other members of staff specifically those at the till as well as on the floor of the bank. For the purpose of this article, employee turnover intension is the rate at which people (employees) want to leave an organisation.*

**Keywords:** *First Bank of Nigeria, Nigeria, employee turnover intension, effective communication*

**JEL Classification:** *M12*

### **Introduction**

Founded in 1894 and was renamed First Bank of Nigeria in 1979, First Bank of Nigeria was reorganised into four major holding groups following changes in the Nigerian banking legislation. The reorganisation in the Nigerian banking industry was precipitated by the 2007-2009 global economic problems and Nigeria's bid to bring sanity to the industry, which hitherto was characterised by corrupt practices and other banking issues. Extant literature on the Nigerian banking sector suggest that the industry is bedevilled by corruption and perennial lack of transparency and communication issues, which the present paper demonstrates can potentially culminates in high employee turnover intention. The impact of (effective) communication on employee turnover (intension) is an established phenomenon in management science, leadership studies and human resource management. Even in general management

studies, there are empirical and theoretical studies aimed at understanding the relationship between communication and employee turnover (intension). It has been argued that there is a direct relationship between communication and the rate at which employees leave or come into an organisation (that is employee turnover) as well as their intension to leave an organisation.

Given the importance of ineffective communication to employee turnover intension, this article sets out to investigate how this can affect the rate at which employees leave at First Bank of Nigeria. To this end, questionnaires were distributed (as survey instruments) to frontline members of staff (people at the till and on the floor), which were the primary data approach used in this survey; these eventually show that ineffective communication triggers high employee turnover rate intension. The choice of sample size is framed by the fact that the respondents' views surveyed (shop floor members of staff and people at the till) are necessary to determine how managers' communication impacts their turnover intension (Hoinville & Jowell, 1978). According to Saunders et al (2009) sample size is determined by the sample frame involved. So since the frame deals with the source via which a sample is drawn, the employees that deal with floor manager on daily basis were selected. The employees' views matter to make appropriate decision on this. These employees (staff members at the tills and those on shop floor) directly take information from floor managers, whose actions (methods of communication) can impact communication satisfaction, which also has effects on turnover intension.

## **Aim**

The aim of this paper is to explore the impact of communication on employee turnover intension at First Bank of Nigeria, which is Nigeria's largest bank by market capitalisation.

## **Objectives**

1. To determine the impact of managers' communication style on effective communication and low employee turnover intension.
2. To empirically test the relationship between ineffective communication and high employee turnover intension.

## **Research Question**

What is the relationship between effective communication and the rate at which employees want to leave First Bank of Nigeria?

## **Hypotheses**

1. Effective communication brings low employee turnover intension rate
2. Ineffective communication is directly connected to high employee turnover intension rate

## **Literature Review: Exploring the Relationship between (Effective) Communication and Employee Turnover (Intension)**

Given fierce and challenging market environment in which organisations operate in recent time specifically in the banking sector, the concept of employee turnover has become vital given competition and desire for growth that organisations face. This is also important for human

resource development and planning that will impact organisational productivity (Storey, 2001). Before going into how effective communication affects employee turnover at First Bank of Nigeria, it is crucial to define employee turnover. According to Michael Armstrong in his *Armstrong's Handbook of Human Resource Management and Practice* (2009), "employee turnover (sometimes known as 'labour turnover', 'waste' or 'attrition') is the rate at which people leave an organisation". In a similar vein, according to a survey by Ologunde (2005), which is similar to Mba's (2012) on recruitment and retention, the rate of employees turnover in Nigeria is said to be on the increase. As corroborated by Essien et al (2013), this is estimated at 23.9% based on the account of Nigerian Bureau of statistics (2010). This trend is expected to continue; and this has become a source of worry for continued existence, productivity and performance of banking industry in Nigeria in relation to ethics and accountability, including cost of training and recruitment of staff (Achua, 2008). In what follows, an operative definition of employee turnover shall be delineated.

To this end, employee turnover is the rate at which employees or people leave or enter employment. It can be disruptive and costly for an organisation (Nwagbara, 2011). Mathematically, employee turnover can be surmised as employee turnover index, which can be represented as thus:

$$\frac{\text{Number of employees leaving in a given period (usually within a year)}}{\text{Average number of employees during the same given period} \times 1000}$$

Thus, given the rate at which people leave and enter organisations, which impacts organisations' productivity and growth as a consequence, it is crucial to assess this in relation to organisations making forecast on losses and gains. Employee turnover can be low or high; it is low when few people leave an organisation and high when many employees leave. However, no matter the positions: low or high, calculating employee turnover is essential for positioning an organisation on the right path of growth and organisational success (Mullins, 1996; Pfiffer & Viega, 1999). This is even more important in the Nigerian banking sector that is at the moment embroiled in such issues (Nwagbara, 2012).

There are a range of factors that cause employee turnover. These factors include job satisfaction, demographics, organisational structure and culture, work load, pay, and communication. These predictors of employee turnover vary from industry to industry; they are also based on individual's preferences (Gustafson, 2002). However, the aim of this paper is to investigate one aspect of the factors enumerated, which are possible predictors of employee turnover. This factor is communication. It has been argued that effective communication is an important way to retain employees as lack of communication satisfaction can trigger exodus of employees for greener pastures since communication mediates leadership and organisational culture, which is at the heart of intension to leave organisation (Clifton et al, 1980).

Communication is simply a way or an approach via which messages are passed across from one person to the other. However, in doing this, "noise" might get in the way, which could affect the level and rate of mutual sense-making and sense-giving (Kotter, 1990; Nwagbara, 2011). Noise is traditionally known in communication studies as any impediment to get into what Fill (2006, p. 42) characterised as "realm of understanding". When both speaker and hearer understand themselves in a manner that brings engagement, understanding and collaboration rather than mere sending information from one point to the other, it is considered to be effective communication (Smith & Taylor, 2006). Thus, effective communication is the process in which intended meaning of what is being said is transmitted in way that the hearer makes sense of that. It is therefore an engagement process that is bidirectional; not a liner process.

Arising from the above is the question. How does (effective) communication affect employee turnover intension? Before going into that, employee turnover intension is the thought of leaving an organisation by employees of a company (Tett & Meyer, 1993). Communication is a precursor (antecedent) to employee turnover. Scholars and researchers (eg. Tett & Meyer, 1993;

Price, 1977; Storey, 2001) have indicated that communication has direct or indirect interface with employee turnover (intension). The direct facet of the interface between communication and turnover entails that there is no factor present to mediate the relationship between these two concepts: communication and turnover. The second one – that is indirect relationship – shows that there are certain factors that connect the relationship between employee turnover and communication. Accordingly, in the view of Petitt, Goris & Vaught (1997), there is a high positive correlation between job satisfaction and communication. While other studies (such as the ones by Price, 1977 and Tett & Meyer, 1993) articulate that there is a connection between employee turnover and job satisfaction.

In a study by Jablin (1987), a model of communication and turnover was theorised that deals with intent to leave as a predictor of employee turnover. To this end, this study highlighted that communication issues are antecedent to employees' affective responses in relation to communication satisfaction and job satisfaction as well as organisational commitment, which eventually lead to employee turnover intension and actual turnover. In this direction, the study shows that managers' methods and strategies of communication have a great deal of impact on subordinates' turnover. Thus, these two variables: manager's communication method and workers' intention to leave are correlated.

## **Theoretical Framework**

Arising from the foregoing is that effective communication is correlated with low employee turnover or intension to leave, while ineffective communication is the reverse. Effective communication is a situation when there is shared meaning consequent upon mutual sense-making and sense-giving between a speaker and hearer. And this process is enshrined in reciprocity of exchange of transmitted messages that mean to both speaker and hearer. This study is therefore, conceptually premised on the framework that ineffective communication at First Bank of Nigeria is responsible for high turnover rate intension. Mobley (1982) observed that ineffective communication or lack of communication can trigger high rate of employee turnover (intension). This assertion is supported by Barrett (2006), who said that lack of communication can prevent employees from reporting injury at work, bullying, harassment and other issues. In addition, lack of communication or ineffective communication can cause skewed understanding of what a manager or supervisor says that might be detrimental to work description and details. This can impact negatively on carrying out work appropriately. Our context will offer more illumination. Given the circumstance highlighted, ineffective communication or lack of it can cause lack of communication satisfaction amongst employees or subordinates, which is a harbinger of employee turnover or intension to leave an organisation.

## **Communication Context at First Bank of Nigeria**

Communication is crucial in managing human resource as well as in leading organisations successfully (Barrett, 2006). It has been noted that communication plays important role in managing human relationships; however, it is inappropriately practised in certain contexts. In organisations, managers and employees are usually exposed to the significance of communication, however, this is not realised in certain situations. And when it is not realised, it triggers reactions that sometimes find expression in employees leaving or intending to leave an organisation, lack of commitment to work, leadership problems and other management related issues (Kotter, 1996). Ballard & Seibold's (2006) view corroborates the fact that tasks in organisational setting will not be completed successfully when the quality of communication in such context is low or ineffective. Although Johlike & Duhan (2000) have argued that "too much communication contact has the potential of disturbing and distracting employees" (p.

162), however, too little of it could leave subordinates or employees with little guidance that propels mutual understanding.

Our survey found that the respondents expressed that the communication framework at First Bank of Nigeria is not open, collegial and engaging. The people at the tills as well as on the shop floors of the bank are not given opportunities to express their view in relation to how they deal with customers. There is also issue of lack of feedback in terms of the managers allowing them to feed them back on issues raised on situations. Also observed was there is a climate or lack of friendliness as well as relationship building between management and subordinates. The organisational culture and structure can be defined as task-oriented rather than people-oriented. According to Shoemaker (1998), a friendly and people-oriented HRM style impacts positively on organisational success as well as creates a work environment that discourages high turnover rate or intension. So, effective internal communication is integral to reduce employee turnover intension at this bank. Although studies have shown that there is improvement in communication system in the Nigerian banking practice (Salawu & Salawu, 2007), but more needs to be done in the area of employee-manager relations and communication processes (Akinyemi, 2011; Uche, 2004). This has prompted the advent of banking information communication technology (Achua, 2008) to stem the tide. Nevertheless, there seems to be more to be done in this area. In substantiating this, according to Ogba (2008) employers/employees communication is critical for employees' workplace commitment and inclusive communication, which is a harbinger of employee's turnover intension.

## **Research Methodology and Justification**

The methodology adopted in this paper is essentially survey in which questionnaires were distributed to frontline members of staff at First Bank including workers on the floors, who directly deal with floor managers. So their views are essential to gauge how managers' communication affects their intension to remain or leave the bank. Precisely, these questionnaires were distributed to employees at the tills as well as middle managers and those at the floor of the banks in Lagos and Abuja (two crucial cities in Nigeria). A sister of mine who is currently a staff and a fiancée of a manager at one of the Lagos branch of the bank helped with the distribution of the questionnaires. The questionnaires were distributed by hand and the respondents were asked to drop off their questionnaires in a box placed on the ground floor of the store, which is adjacent to the main entrance. Out of 57 questionnaires distributed, 46 people returned their questionnaires, which give a response rate of about 80%. The data collected was triangulated with secondary sources such as journal articles and book sources to arrive at conclusion, which is in sync with the aim, objective and hypothesis of the study. Also, given the nature of work the respondents do as well as spatial separation, survey was deemed the most appropriate strategy to collect data rather than interviews, observation or other methods. This is because the employees do not have the time to be entertaining questions (most of them are at the tills).

By using a Likert Scale, respondents were asked basic questions in relation to how they perceive communication and relation between them and managers. They were asked to measure these between the scales of 1 to 5. 1 means poor or ineffective or lack of communication and 5 is effective communication; while 2, 3 and 4 are scales in between the 1 and 5. They also demonstrate rate of communication.

## Ethical Consideration

In making sure there was no ethical code broken, I wrote a short note on the questionnaires detailing to (prospective) respondents that any information they provide would be anonymously treated. I also included a letter to the branch managers saying that the exercise (survey) was for academic purposes only and that information collated would be treated with the strict confidence. This process was taken into consideration given the legal and ethical implications of not seeking for information or access to information in ethical manner.

## Data Presentation

In this section, data from the survey conducted will be presented. Thus, according to Miles & Huberman (1984), data presentation usually goes through three basic steps: condensing of data, representation (display) of data and making conclusion from preceding two stages. In arriving at this process, the study's aim, objective and hypotheses were put into consideration so as to align the process with the research methodology and design as well as related literature reviewed. In ascertaining validity as well as reliability of conclusion drawn, data collated from respondents was triangulated with secondary sources. Furthermore, in line with the objective of this study, data collated was processed, simplified and changed into specific themes in consonance with respondents' words and responses. These themes include question on relationship between floor manager and people at the tills and on the bank floor, communication satisfaction, feedback procedures, HRM, engaging communication and impact of effective/ineffective communication on intent to leave First Bank of Nigeria. The respondents were asked to use basic phrase in the questionnaire distributed to depict the nature of communication between the manager and other employees mentioned earlier in relation to these themes. This approach is combined with respondents' views on Likert Scale. It is a scale whereby respondents are asked to depict their views on a scale of 1 to 5. So, the points on the scale determine salience registered on the themes in question. The respondents' views from the four branches (two from Lagos and Abuja respectively) are thematised and illustrated graphically below.

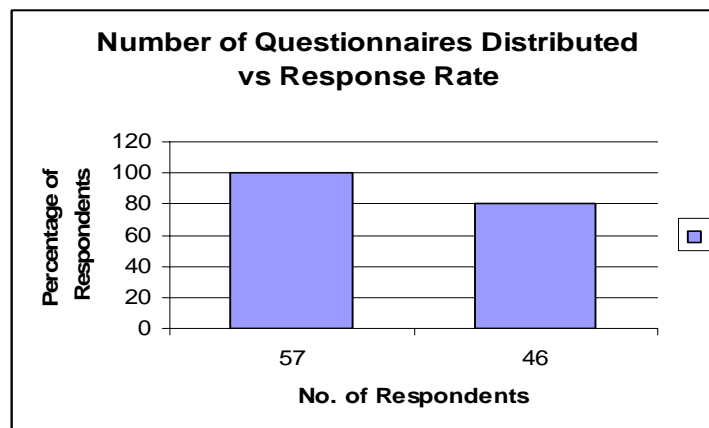


Fig. 1. Questionnaire distributed and response rate

Source: Researcher, 2013

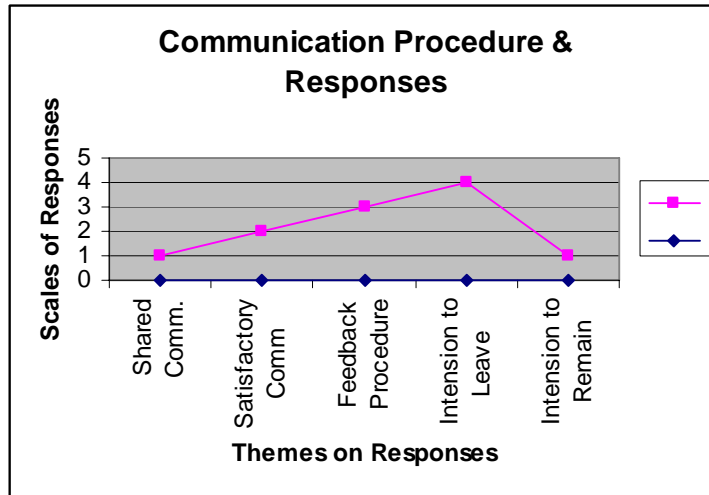


Fig. 2. Question on the impact of effective communication on employee turnover intension  
Source: Researcher, 2013



Fig. 3. Opinions on employees' intension to leave or remain based on communication  
Source: Researcher, 2013

## Analysis

Although this paper recognises the potential limitations of small data collection size, however, the case study is used since it is the biggest Nigerian bank in terms of capitalisation. So, to reduce high employee turnover, it is pertinent for First Bank of Nigeria to initiate mechanisms that will engender effective communication, which is a source of low employee turnover intension. In figure 2, it can be gleaned that intension to leave (4) is high compared to intension to remain (2) on communication procedure and responses. Also, apart from feedback procedure which is 3, issue on shared communication is 1 and satisfactory communication is 2. This has made intension to leave high (4). On a Likert Scale, this shows poor communication mechanism in place at First Bank of Nigeria, which has made shop floor employees as well as those at the till to consider leaving the company. In addition, in table 3 – Opinion on low and high turnover intension – it can be seen that 34 respondent are of the opinion that they intend leaving, which represent roughly 74% of respondents surveyed. While only 12 respondent's views are low on leaving; this represents about 26% of those surveyed out of the response rate of 46.

## Conclusion and Recommendation

In concluding this study, it can be observed from the foregoing that communication is integral in managing relationships at work between managers and subordinates. Therefore effective communication can create an atmosphere of communication satisfaction that can foster low employee turnover intention as we have seen with First Bank of Nigeria between the floor managers and their subordinates. Also, effective communication is correlative of communicating tasks effectively in organisation as well as vital in feedback, which is essential for mutual sense-making and sense-giving. This is also linked to making workers or employees' views to be heard. When everybody expresses their concerns about how organisations are run through effective communication and friendly work ethic, employees will be less willing to leave.

It is expected that the suggestions proffered by this study will help to bring better insights into managing relationships at work as well as generating a sense of shared and collegial communication, which is a harbinger of low employee turnover. The responses from the respondents surveyed demonstrate that effective communication impacts turnover intention positively as employees will be less poised to leave a work environment that encourages shared and interactive communication rather than one-directional communication. It is vital that organisations appreciate this for better organisational management as well as low employee turnover intention. This is because when people (employees) frequently leave an organisation, it will disrupt the smooth running of such organisation as well as impacts negatively on its success. In general, it is therefore recommended that First Bank of Nigeria should quickly respond to the issue of employee turnover intention with a radical approach lest it should get out of its control.

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