



EMPLOYEE TURNOVER AND ITS IMPACT ON PRODUCTIVITY IN SMALL BUSINESS ENTERPRISES

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ABSTRACT

Using a survey research approach, this study investigates how staff turnover affects productivity in small commercial organizations. In all, 120 people were chosen for the research, with ages ranging from 21 to 70 ($M = 46$; $SD = 25$). Of them, 73 were men and 47 were girls. A modified version of Cook and Wall's Organizational Commitment Scale, the Employee Turnover and Productivity Questionnaire (ETPQ) is a structured 20-item Likert-type questionnaire that was used to gather data. Important aspects like working environment, compensation, communication, and supervision were included in the questionnaire. Personal administration by the researcher and their assistance ensured full response retrieval throughout data collection. A combination of descriptive statistics and Z-tests were used to examine the gathered data. Results show that organizational and management variables have a substantial impact on productivity as a result of staff turnover. In order to boost organizational performance and staff retention, the research stresses the importance of better workplace practices.



I. INTRODUCTION

The term "employee turnover" describes how often a company has to replace its workers. As a measure of the workforce's consistency, it is crucial. Organizational success is significantly correlated with employee turnover. A company's productivity can take a hit if its employees leave often. As a first consequence, the expense of hiring and training new staff to fill such jobs can rise. An company may find this to be both costly and time-consuming.

A high rate of staff turnover may have several negative effects on a company. First and foremost, companies usually have to pay to replace employees. A high turnover rate may put a strain on a company's budget because of the time and money needed to find, interview, and hire new staff, not to mention the expenditure of training and onboarding them. It may be expensive to fix problems with the recruiting process or ineffective retention initiatives that lead to high turnover rates.

There are monetary expenses to consider, but there is also the risk of losing institutional knowledge, experience, and skills due to high turnover rates. When seasoned workers go, it could be difficult for the rest of the staff to carry out their responsibilities adequately. It may also cause delays and lower productivity by interfering with job operations. Training new employees may need more time and money from teams, which may slow down operations.

Employee morale could also take a hit if turnover rates are high. As workers go, their coworkers may start to worry about their own employment security. Lack of motivation, lower production, and more absenteeism are possible outcomes. There is a decline in cooperation and a feeling of isolation brought on by the loss of institutional knowledge and long-term connections between coworkers.

The flip side is that organizations with low turnover rates may have more dedicated workers who are happy in their jobs and do a good job overall. Companies may do something about their high turnover rates if they want to keep their employees. This can need digging deep into problems with job descriptions, business values, pay rates, and prospects for promotion. Organizations may boost retention rates and provide a more consistent and fruitful work atmosphere by concentrating on employees' engagement, happiness, and health.



II. REVIEW OF LITERATURE

Aduwo, Mayokun et al., (2025) The model considers how to manage ethnic workforces across global markets, taking into consideration cultural variances, regulatory differences, and local market situations, each of which brings its own set of issues and potential. The framework also considers the evolving nature of work, which encompasses trends such as the gig economy, a greater emphasis on workers' experiences and welfare, and the prevalence of remote and hybrid work arrangements. It outlines the ground principles for how HR may adapt to these new methods of working without compromising corporate identity or culture. The framework considers the role of human resources in advancing ESG initiatives, which is a growing concern in light of the growing importance of CSR and sustainable business practices. Programs designed to foster the development of individual contributors as well as those with company-wide transformational goals may all find practical use within this framework. Managers and executives in an organization may benefit from HR best practices, and HR experts can find actionable ways to boost their strategic impact. The framework's flexibility makes it well-suited for use in many business contexts, where variables like organizational size, industry, and strategic objectives may be considered.

Gha lamkari, Ba hareh et al., (2015) Due to decentralization, the HR manager is now responsible for managing the whole organization rather than just their own employees. Despite its relevance to questions of effectiveness and uncertainty, the field of systematic evaluations suffers from a lack of understanding. Using the three pillars of the resource-based view as a basis, this study has shown how HR policies and procedures affect them. The creation of more research should be pursued in order to study other crucial issues.

MIN, Okeah& Zeb-Obipi, Isaac. (2024). Business success, longevity, efficiency, and performance are all impacted by HRM policies, and this research aims to highlight such policies. Human resource management policies and practices are the backbone of any successful business and the key to achieving competitive advantage. The theoretical foundation for the article was human resource management, which is a theory that stresses the assembly of the company's basic principles that regulate the daily operating of the business and the welfare packages for the workers. The essay



emphasized several organizational policies that are critical to their sustainability in the long run. Companies, according to the report, need a set of rules they can follow to put themselves in a good position to succeed in today's uncertain economic environment. Furthermore, it recommends that businesses make their plans and policies accessible to workers by making them clear and simple to comprehend, adapting them to meet the unique requirements of each employee, and establishing frameworks to promote employee engagement in the procurement process.

Mudor, Hamdia. (2011). The goal of this research is to clarify the relationships between three HRM practices (supervision, job training, and pay practices), employee satisfaction with their jobs, and turnover rates. A key component of employee turnover was job satisfaction, since unsatisfied workers tended to leave more often. According to the evidence, there is a high and favorable correlation between HRM practice and job satisfaction. However, there is a considerable negative correlation between turnover and HRM practice and job satisfaction. However, results from HRM practices and employee satisfaction with their work are strong predictors of retention rates.

III. RESEARCH METHODOLOGY

Research design

The research strategy used in the study was a survey. In order to learn more about a subject that interests the researcher, this design is utilized.

Participants

There were 120 people in the sample, with ages ranging from 21 to 70 ($M = 46$ years; $SD = 25$). Of them, 73 were men and 47 were females.

Instrument

"Employee Turnover and Productivity Questionnaire (ETPQ)" was a 5-point, 20-item Likert-type survey that was based on the British Organizational Commitment scale



developed by Cook and Wall in 1980.

Procedure

Two research assistants and the investigator individually gave each participant a copy of the survey. They had to fill out surveys on things like low pay, bad communication, lack of supervision, and bad working conditions. We have received all of the returned questionnaires and have determined that the replies are eligible for analysis.

IV. DATA ANALYSIS

The outcomes of the data analysis were shown in tables after using descriptive and Z-test statistical techniques.

Table 1: Age-wise Distribution of Respondents

Age Group	Frequency	Percentage
21–50	81	67.50
51–70	39	32.50
Total	120	100.00

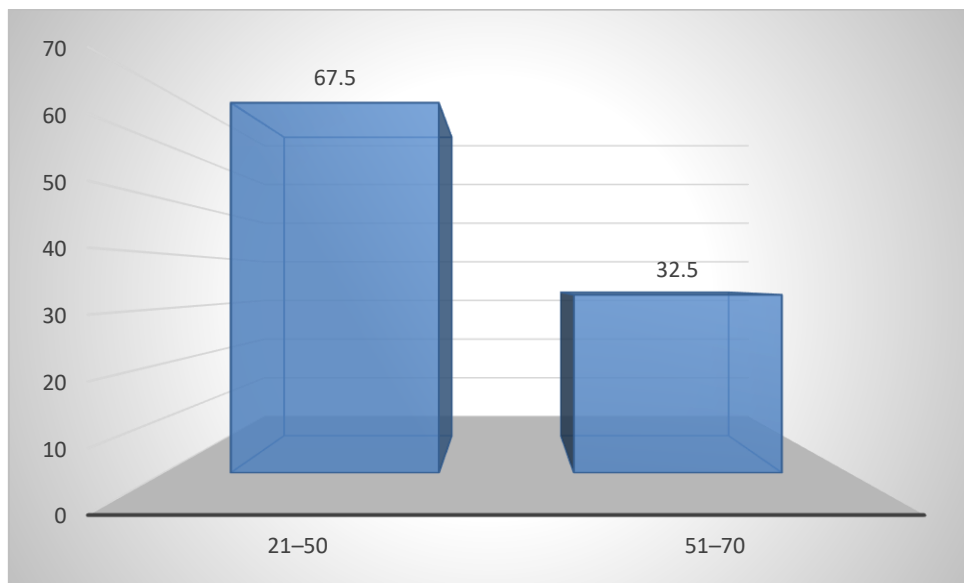


Figure 1: Age-wise Distribution of Respondents



It is clear that the sample is mostly made up of young and middle-aged people, since the age range of 21-50 years is represented by the majority of respondents (67.50%). There are considerably fewer elderly individuals, with 32.50% falling within the 51-70 age range.

Table 2: Gender-wise Distribution of Respondents

Gender	Frequency	Percentage
Male	73	60.83
Female	47	39.17
Total	120	100.00

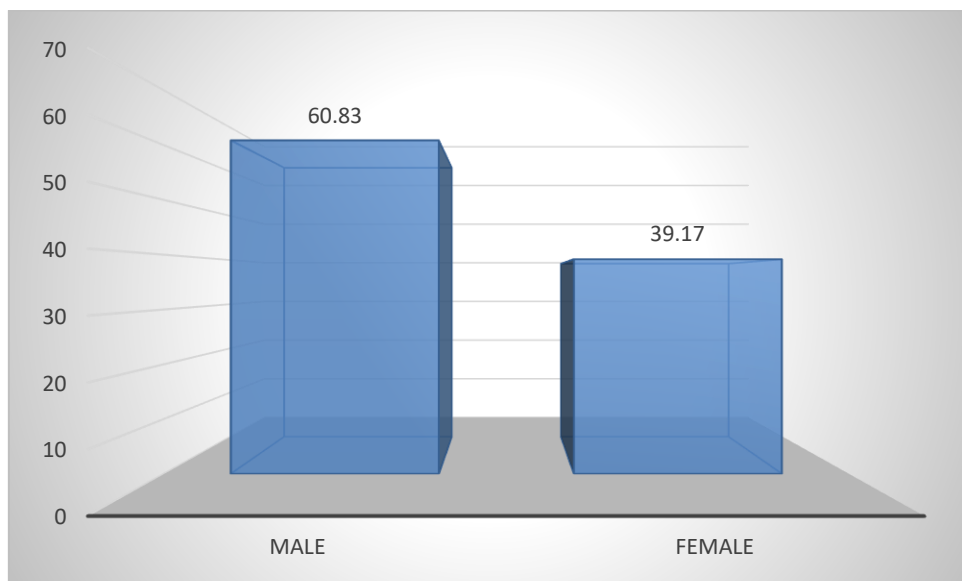


Figure 2: Gender-wise Distribution of Respondents

The bulk of the sample consists of male respondents (60.83%), with female respondents making up 39.17% of the total. With more men taking part, it's clear that there is a gender gap.

Table 3: Employment-wise Distribution of Respondents

Employment Category	Frequency	Percentage
Entrepreneurs	32	26.67
Small Business Managers	39	32.50
Employees in SBES	26	21.67
Others	23	19.16
Total	120	100.00

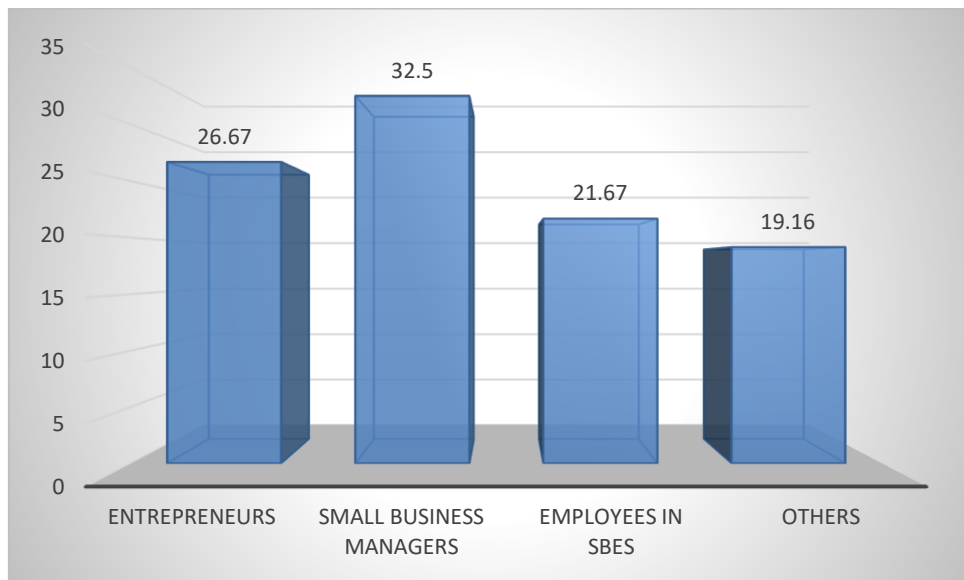


Figure 3: Employment-wise Distribution of Respondents

Entrepreneurs make up 26.67 percent of the group, while small business managers account for 32.50%. Smaller sections are occupied by employees in SBES (21.67%) and others (19.16%), suggesting a broad employment distribution with a concentration on occupations connected to businesses.

Table 4: Education-wise Distribution of Respondents

Education Level	Frequency	Percentage
FSLC	50	41.67

GCE	40	33.33
Dip/Others	12	10.00
None	18	15.00
Total	120	100.00

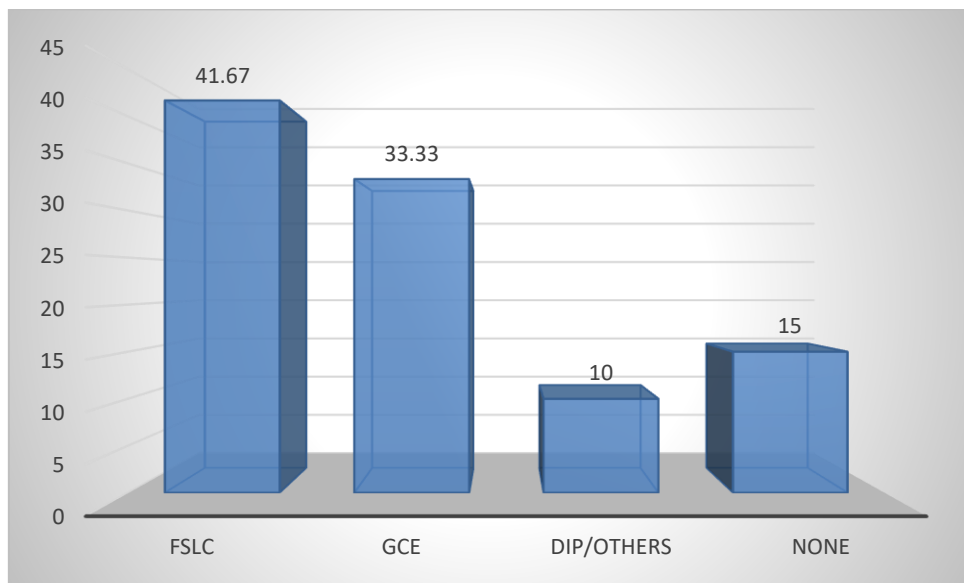


Figure 4: Education-wise Distribution of Respondents

Nearly half of the people who took the survey had completed at least the FSLC level of study, while a third have earned GCE credentials. The educational backgrounds of the individuals are diverse, with a lesser number holding diplomas or other credentials (10%) and 15% having no formal schooling at all.

Table 5: Opinion on Employee Turnover Affecting Productivity

Response	No. of Respondents	Percentage
Agree	72	60.00
Disagree	48	40.00
Total	120	100.00

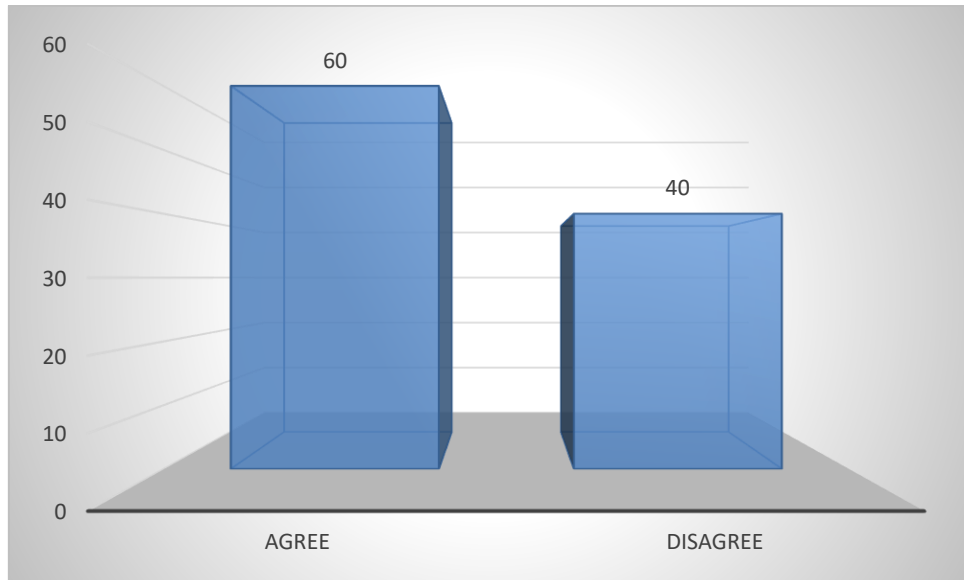


Figure 5: Opinion on Employee Turnover Affecting Productivity

Sixty percent of respondents (72 people) think that staff turnover has a negative impact on SBE productivity, whereas forty percent (48 people) disagree, as shown in the table. This suggests that most people see staff turnover as a big problem that affects how well a company does its job.

Table 6: Analysis of Responses on Problems of Turnover (n = 120)

S/N	Problems of Turnover	Agree (Freq.)	Mean	Disagree (Freq.)	Mean	Total
1	Apathy of employees	68	4.50	52	2.00	120
2	Poor working conditions	79	4.00	41	2.50	120
3	Poor supervision	75	4.50	45	2.60	120
4	Poor pay	75	4.25	45	2.00	120
5	Ineffective communication	73	4.50	47	2.50	120
6	Inadequate training	79	4.50	41	2.09	120

	opportunities					
7	Unethical behaviours	57	4.61	63	2.50	120
Total	—	506	—	334	—	840

Poor working conditions, insufficient training, bad supervision, and inefficient communication are major contributors to employee turnover, according to the majority of respondents in the table. When the mean agreement value is high, say, over 4.0, it means that most aspects are strongly agreed upon. In contrast, responses regarding unethical activity are rather evenly distributed, indicating that respondents have divided feelings about the topic. Issues with management and the business as a whole are significant contributors to employee turnover, according to the results.

Table 7: Z-test Statistical Analysis (n = 120)

Respon ses	No. of Responde nts	Mea n Score s (X)	Standar d Deviati on	Z- calculat ed	Z- critic al	Level of Significan ce	Decisio n
Agree	72	4.41	4.00	+3.28	1.96	0.05	Rejecte d
Disagree	48	2.31	3.94	—	—	—	—

Using a 0.05 level of significance, the Z-test reveals that the computed value (3.28), surpasses the critical value (1.96). Thus, we may conclude that the null hypothesis cannot be true. This proves that SBE production is negatively impacted by staff turnover in a statistically meaningful way.

V. CONCLUSION

According to the research, small businesses' productivity takes a hit when employees leave. The majority of respondents saw employee turnover as a big problem that impacts the efficiency and effectiveness of their firm, according to the data. Key causes to employee turnover include things like bad working conditions, low



compensation, poor communication, and an absence of competent supervision. Employee happiness and organizational stability are both negatively impacted by these difficulties, which in turn affects productivity. Companies can't afford to turn a blind eye to the negative effects of high staff turnover rates, as the statistical study shows a strong correlation between the two. Effective human resource strategies that aim to retain, motivate, and engage employees are becoming crucial for management to implement. Reducing turnover and increasing productivity is possible via creating a more positive work environment, paying employees a fair wage, and maintaining open lines of communication.

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