

Employee Separation and Continuance Commitment of Manufacturing Firms in Rivers State

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Abstract

This study investigated the correlation between employee separation and continuance commitment in Rivers State. The target population involved the thirty-four (34) manufacturing firms registered with the Manufacturers Association of Nigeria (MAN), the study adopted the macro-level analysis in which the sample size of 135 managers was ascertained from 10 companies in Rivers state through the Taro Yamene formula. Copies of questionnaire administered was 120, but 100 copies were returned, giving the response rate of 83.3% used for the analysis. The null hypotheses were rejected after being analyzed via Spearman rank order correlation statistical tool with the aid of SPSS version 20, and the study stated significant relationships between the dimensions of employee separation such as retrenchment and resignation, and the measures of continuance commitment such as economic exchanges and few alternatives. The study strongly recommended that the human resources department should take exit interviews seriously and analyze why employees leave. This will instill a sense of being valued on the employees and in turn they will continue to represent the organization positively, everywhere they go.

Keywords: Employee separation, Continuance commitment, Retrenchment, Resignation

INTRODUCTION

Organizations expend commendable efforts in recruiting and retaining people who are willing and able to work and also expect that these employees develop interests in organizational matters, become loyal and committed to organizational goals until a time they are voluntarily or involuntarily separated from the organization, which is seen as the last stage of the recruitment process. It is expected that employees become committed to the organizations because continuance commitment has been observed as spurring positive behaviors such as creativity and it also make workers to think of ways to better improve an existing pattern (Riketta, 2002).

Continuance commitment makes workers apply themselves to continuous innovation and make them give their best to enhance organizational success. Employees carefully weigh the idea of dissociating from the organization, which can make them unwilling to leave such organizations, thereby choosing not to be willingly separated from it. Continuance commitment has also been associated with all behaviors that are crucial to organizational success such as low turnover rate, a dependable workforce, citizenship behavior (Riketta, 2002; Amah, 2010).

Several researches have been done on continuance commitment (Lau, 2011; Cohen 2003; Armstrong & Murlis, 2007). Despite the efforts, only few empirical studies can point to employee separation as a predictor of continuance commitment. This study departs from previous ones to bridge this gap by investigating the relationship between employee separation and continuance commitment, which can be invaluable to organizations in their effort to build a skilled and dependable workforce.

Statement of the problem

Employees in the organization are expected to form relationships and are expected to remain loyal and committed the organization. It is becoming an increasing challenge for organizations to secure commitment from members due to organizational changes which leads to separation caused by factors such as company expansion, permanent closure etc. Therefore this study investigates the challenges of continuance commitment in manufacturing firms in Rivers State.

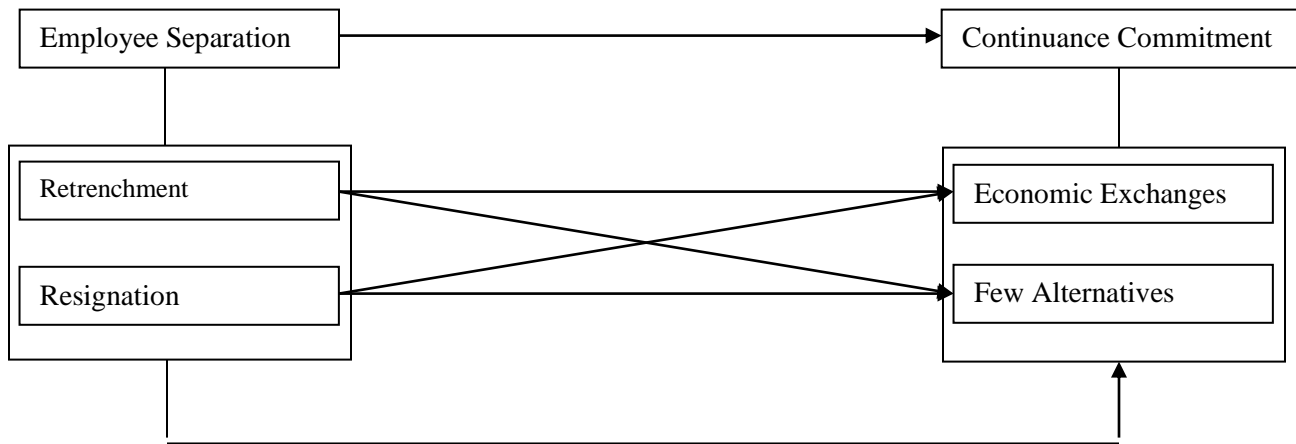


Figure 1: Conceptual Framework for the study

Figure 1 explains the relationship between the predictor and criterion variables, how the predictor variable impacts on the criterion variable.

Research Hypotheses:

Ho1: There is no significant relationship between retrenchment and economic exchanges.

Ho2: There is no significant relationship between retrenchment and few alternatives.

Ho3: There is no significant relationship between resignation and economic exchanges.

Ho4: There is no significant relationship between resignation and few alternatives.

REVIEW OF RELATED LITERATURE

Employee separation is the procedure of professionally and fairly relieving employees of their jobs. Separations might be voluntary when instigated by employees, in form of resignation or retirement, and involuntary when instigated by management, in form of layoff, medical

separation, death of employees (University of California San Francisco (UCSF), 2014; Management Study Guide (MSG), 2013; Markiewicz, 2008). Employee separation relatively impacts negatively on employees who leave the organization and also to a large extent on the remaining employees.

Employee Separation

Retrenchment: most employees go on mandatory retirement from 60 to 65 years as required by their organization. In most cases the employee may choose to retire before 60 years, and this is when it then becomes voluntary. Most of the employees in government establishments retire at 58 or 60 years. Employees may retire above 60 years as far as they are still capable of working. Retirement connotes the end of a person's career (Rao, 2005).

Resignation: this is the opposite of retirement as it occurs when an employee voluntarily decides to quit an organization. This is referred to as turn over by various researchers. When there is a turn over, the employee may be replaced which means the enterprise "turn over" the employee's position to another person (Milkovich & Boudrean, 2004). A worker may decide leaving the organization for personal or professional reasons such as needing more time for leisure and family, switching careers, a better job offer, dissatisfaction with his job, need for better work conditions. Exit interviews are conducted by human resources department to know why the employee is leaving.

Layoff/Downsizing: This is an involuntary separation which the organization decides to reduce the number of employees which can make the organization competitive. Layoffs are mostly caused by a fall in product demand, technological changes, and layoff permanent or temporary. Permanent layoff occurs in situation of permanent closure of business and the employee might not be called back to work. Temporary layoff occurs when there is a general work shortage and employees are called back when work becomes available (Chidi, 2013).

Discharges: this is an involuntary separation where the employee leaves the current job because the employer terminates the employee's relationship with the company, due to the employee's behavior which can have some unwanted impacts on the company. Some reasons for discharges include alcoholism, rule violation, absence from duty without authorization, violent acts, carelessness, physical disability (Rao, 2005).

Dismissal: this is seen as a punishment to an employee as a result of wrong acts, constant failure to perform, extreme violation of company rules. The employees involved are not given a prior notice; hence, they involuntarily are forced to leave (Armstrong, 2009). Punishment given must be tantamount to the wrong acts committed. Organizations should have a stated down process for punishing the offenders before there are finally removed from the organization.

Termination: considering this aspect of involuntary employee separation, in the employment contract, the employer should give prior notice of separation (Noe, Hollenbeck, Gerhart & Wright, 2004). The employee should be paid all entitlements in situation of termination. Termination is voluntary or involuntary. It is voluntary when employees suddenly stops carrying out their duties at their own volition, and involuntary when the employees are being relieved of their duties by the organization.

Dimensions of Employee Separation

Some dimensions of employee separation supported by Gankar and Pareek (2011) include:

Retrenchment: This is the permanent or temporary termination of service contact. Reasons for retrenchment are; need for staff reduction, decrease in sales, economic crisis (Khan, 2010). Retrenchment could have serious impact on employee since it comes suddenly. Retrenchments are permanent or temporary. Retrenchment becomes permanent when there is complete closure of all business activities and plants and the employees would not have any hope of coming back for work. Retrenchment is temporary when management relieves the workers of their duties for a while and informs them to resume when work is available for them.

Resignation: This refers to an employee leaving his job at will. According to Emechebe (2009) an employee resigns on his own or in other cases an employer can ask them to resign. This could follow from misappropriation of funds, absence from duty, etc. In this case, if the employee refuses to quit, he may be dismissed and will lose all entitlements (Chidi, 2013). The human resource department use exit interviews and properly analyze the reason for a turn over. The leaving employees are encouraged to air their opinion on organizational matters and point out reasons why they chose to leave the organization.

Management must not harass an employee because they close to leave but these employees should be seen as ambassadors of the organization (Martin & Jackson, 2005). Many workplaces see their employees as expendable resources and treat them with gross disrespect, discharging employees when they deem fit. It is recommended that organizations have adequate separation procedures to treat employees in a more professional manner wherever they choose to leave. Employees also are expected to proffer useful information to their organization before leaving.

Continuance Commitment

New employees in the organization are bound to form relationships in the organization and are expected to remain loyal and identify with the organization. Employees recognize and weigh the cost of quitting their organization which includes employee benefits, efforts put forth to be recognized, time it takes to form new relationships in a new work place, skill already got which are useful to the organization, direction of employment in such organization.

Continuance commitment stems from two factors such as;

- Sum of investments an individual did in the present organization (side bets)
- The feeling that alternative employment are scarce (few alternatives)

Investments refers to whatever the employee calls valuable e.g. employee benefits, acquired prestige, effort invested in the organization etc. sum total of what the employee might lose if they decide to quit the organization. Few alternatives refer to the employees thinking that getting another job would be difficult. This rather makes the employees choose to remain with the organization. Continuance commitment comes from external sources which are reward and punishment from the individual; hence, it is ascertained by the self (Gagne & Deci, 2005). On the other hand, continuous commitment that comes from the idea that organization will stop paying a leaving employee is not determined by the self.

Employees who stay connected with the organization due to their continuance commitment are committed because they have no other option and are tied after considering the costs of leaving the company, as compared with affective commitment where the employees are unable to leave because they have formed emotional attachments and lasting relationships in the organization.

Measures of Continuance Commitment

The two measures of continuance commitment are; economic exchanges, and few alternatives (Taing et al., 2011).

Economic Exchanges: This closely is associated with work attitude and employee behaviours. The employees feel they have impacted much in the organization. Such commitment stem from investments the employees feel they will lose if they leave. The more investment employees make, the more their continuance commitment because they feel the organization makes economic exchanges (wealth) possible. Economic exchanges the employees coursed a losing includes, salary, wages, leave, medical care, training, prestige and recognition.

Few Alternatives: this lightens the cost of leaving the current employment amidst unavailable job opportunities which encourages employees' continuance commitment. The employees feel that they have no other choice of available jobs or employment. Lack of alternatives makes an employee remain with the current employer (Taing, Groff, Granger, Jackson, & Johnson, 2011).

Empirical Review

Bozkurt and Ertemsir carried out a study in 2013 which was aimed at finding out the correlation between strategic human resources management practices and innovation in Turkish organizations. The sample size of 48 organizations was gotten from the health, media, banking, retails, and textile sector. The research adopted the convenience sampling method. E-mail was an avenue used for administering and retrieving questionnaires from employees. The study employed descriptive statistics such as mean and standard deviation through the aid of Statistical Package for Social Sciences (SPSS). The study's findings showed a positive correlation between variables such as human resources management practices and innovation.

Kruse et al (2015) investigated the effect of organizational reward and control on firm innovation and performance in firms into technology in china. Sample size was 674 manufacturing firms. A total of 171 questionnaires were retrieved, analyzed and used for the study, on a seven point likert type scale. The study also adopted a hierarchical regression analysis for testing the study hypotheses. The results showed a positive relationship and the influencing capability of organizational reward on firm innovation and performance.

Fakidouma (2015) in his study on employees' retention strategies and organizational innovation of selected telecommunication firms in Port Harcourt, adopted a survey research design, while random sampling technique was used determine the sample size. Data was gathered from 128 study subjects. The study hypotheses were tested via the spearman rank correlation coefficient. The study results revealed that there exists positive relation between employees' retention strategies and organizational innovation.

An empirical study was carried by Chidi (2013) on employee separation and performance of unionized organization in food & beverage firms in Lagos State, Nigeria. The study utilized the

survey method. A sample of 30 firms was drawn from the organizations surveyed and 420 subjects were gotten from 14 companies. Two hundred and eighty four (284) questionnaires were used for the study. Hypotheses were tested using Pearson Product Moment Correlation. Findings showed that employee separation and performance were significantly related.

Emmanuel, Ellis and Ikechukwu (2018) carried a research on employees' service delivery, on ten districts of Enugu electricity electric distribution company in south east, Nigeria. The study was stimulated by the prevalent and increasing retrenchment in various Nigerian industries, especially, the energy sector, the study used variables like longer working hours, employee workload, pay cut, anxiety and depression and work restructuring to determine their influence on employee' service delivery. Finding revealed that with longer working hours being exempted, all other variables had a significant impact on employees' service delivery.

On the other hand, Lau (2011) conducted a study regarding the effect of employee employment on organization normative and continuance commitment. The study used survey method and it was found that engagement and continuance commitment has a non-significant relationship, though, no negative relationship existed among the two variables. The study also emphasized Allen & Meyer's organizational commitment regarding their three model dimensions.

Ayse (2014) carried out a study on "effect of financial situation on continuance commitment: research with public employee. It was assumed that financial problems are the factors behind countenance commitment. The study tried to clarify if continuance commitment was an obligation or really a commitment. The study examined the continuance commitment of 240 teachers in Turkish public schools. The teachers completed questionnaires. T-test and descriptive statistics were utilized in the study. It was found that there exists a significant relationship between continuance commitment and indebtedness.

Lin and Wang (2012) Researched the relationship between affective and continuance organizational commitment. Authoritative commitment was estimated by organizational commitment questionnaire (OCQ) which comprises of two scales: an affective commitment scale and a continuance commitment scale. This investigation utilized quantitative strategy to analyze the connection among emotional and continuance organizational commitment. Subjects of this investigation were the representatives in Taiwanese hotels. So as to gather essential information, subjects finished a poll containing the proportion of their sentiments of their utilizing inn. Information gathered from respondents were broke down utilizing factual techniques. This investigation demonstrates that affective commitment isn't a significant factor that impacts a worker's dimension of continuance commitment.

Wang, Indridasson, and Saunders (2010) examined affective and continuance commitment in public private partnership. The Purpose of the examination research the impact of the 'exchange' process on connections between representatives' apparent authoritative help and affective and continuance commitment inside the setting of the move to another business relationship as a component of a public private partnership. Eight semi-organized meetings educated the plan regarding a survey, which was disseminated to offices the executives' workers of a United Kingdom NHS hospital who had been favored to a private-part the board organization. This brought about 101 viable reactions (33 percent). Discoveries from the examination was that; in

new types of work relationship, representatives' view of the 'exchange' process impact fundamentally their impression of the administration organization and their commitment to it. Decidedly seen hierarchical help from the administration organization essentially expands affective and continuance commitment to the administration organization, especially among the individuals who feel positive about the exchange procedure.

METHODOLOGY

This study utilized the cross-sectional survey research design. The target population involves the thirty four (34) manufacturing firms registered with the Manufacturers Association of Nigeria (MAN), the study adopted the macro-level of analysis in which the sample size of 135 managers was ascertained from 10 companies in Rivers state through the Taro Yamene formula. Copies of questionnaire administered was 120, but 100 copies were returned and used for the analysis.

Employee separation was analyzed using four (4) item-scale each for the dimensions respectively continuance commitment measures were analyzed using four item each adopted from the work of Tiang, et al, 2012. A four-point likert scale was adopted for the study.

Reliability of the scale was tested and the following cronbach alpha coefficients gotten were: retrenchment (.954), resignation (.843), economic exchange (.947) & few alternatives (.962), in line with Nunally (1978) benchmark of 0.70. The statistical tool used was the spearman's rank order correlation coefficient, which was utilized in testing the research hypothesis.

RESULTS AND FINDINGS

All four (4) hypotheses stated in this study will be tested to find out if there is any significant relationship between the variables in this study, if our hypotheses would be accepted or rejected.

H01: There is no significant relationship between retrenchment and economic exchanges.

H02: There is no significant relationship between retrenchment and few alternatives.

Table 1: Results from Spearman Correlation analysis

		Correlations		
		Retrenchment	Economic Exchanges	Few. Alternatives
Spearman's rho	Retrenchment	1.000	.478**	.508**
	Correlation Coefficient			
	Sig. (2-tailed)	.	.000	.000
	N	100	100	100

	Correlation			
Economic.Exchanges	Coefficient	.478**	1.000	.970**
	Sig. (2-tailed)	.000	.	.000
	N	100	100	100
	Correlation			
Few.Alternatives	Coefficient	.508**	.970**	1.000
	Sig. (2-tailed)	.000	.000	.
	N	100	100	100

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

As table 1 presents, Spearman Rank Order Correlation Coefficient was used to ascertain the relationship between retrenchment and economic exchanges which was statistically significant at ($\rho = .478^{**}$, $p = .000 < 0.05$ (alpha value), thereby suggesting a significant positive moderate relationship between the variables; also, retrenchment and few alternatives reported a statistically significant conducting value of ($\rho = .508^{**}$, $p = .000 < 0.05$).

Decision: the null hypotheses (H_0^{1-2}) are rejected and we state a significant positive moderate relationship existing between retrenchment and the measures of continuance commitment.

H₀₃: There is no significant relationship between resignation and economic exchanges.

H₀₄: There is no significant relationship between resignation and few alternatives.

Table 2: Results from Spearman Correlation analysis Correlations

		Resignati on	Economic Exchange s	Few. Alternative s
Spearman's rho	Correlation			
	Coefficient	1.000	-.376**	-.347**
	Sig. (2-tailed)	.	.000	.000
	N	100	100	100
Economic.Exchan ges	Correlation			
	Coefficient	-.376**	1.000	.970**

	Sig. (2-tailed)	.000	.	.000
	N	100	100	100
	Correlation			
	Coefficient	-.347**	.970**	1.000
Few.Alternatives	Sig. (2-tailed)	.000	.000	.
	N	100	100	100

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

From table 2 above, the spearman rank correlation was used to measure the relationship between resignation and the measures of continuance commitment such as economic exchange and few alternatives. The test reported a negative weak relationship between the variables at (rho = $-.376^{**}$ and $-.347^{**}$, $p = .000 < 0.05$) respectively.

Decision: The null hypotheses (H_0^{3-4}) are rejected and we state a negative weak relationship between resignation and economic exchanges, resignation and few alternatives.

Discussion and Implication

The tested hypotheses (H_0^{1-2}) all showed positive moderate relationships between a dimension of employee separation such as retrenchment and measures of continuance commitment such as economic exchanges and few alternatives. These findings are in line with those of (Martin and Jackson, 2005) stating that the leaving employee can become ambassadors of the organization as far as they are treated with respect, and adequate separation procedure followed. A manager should hold meetings personally with the affected employees and give them time to adjust to the situation, assuring them of their severance pay and benefits. Assuring them they will get compensated, and explain to them why their job was eliminated and why it was necessary for the company, could be beneficial (Melanie, 2018).

The hypotheses (H_0^{3-4}) showed negative weak relationship between a dimension of employee separation such as resignation and the measures of continuance commitment such as economic exchanges, and few alternatives. The resolution to leave may well stem from the employee's frustration with the present occupation, remuneration, conditions of work, or relationship with colleagues, need for higher pay (Milkovich & Boudreau, 2004). Hence, managers should offer attractive, competitive benefits such as life insurance, among others. Better benefits can reduce employee turnover provide opportunities for people to share their knowledge through trainings, mentorship, presentations, team assignments (Susan, 2018).

Based on the discussion, the following recommendations were made:

Organizations should have proper processes for a rewarding employee separation so that when employees leave the organization, they can continue being proper representatives of the organization in the external environment. The human resources department should take exit interviews seriously and analyze why employees leave (Armstrong, 2001). This will instill in the

employee that they are valued and in turn they will continue to represent the organization positively, everywhere they go.

Limitations of the Study

The study is somewhat limited due to the fact that it was carried out in the manufacturing industry and Port Harcourt alone. Hence the study can be applied to other parts of the globe and other sector of the economy.

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