

The Influence of Staff Compensation on Employee Turnover Intention in Food and Beverage Industry in Nigeria

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ABSTRACT

This research examined the influence of staff compensation on employees turnover intention in food and beverage industry in Nigeria. Labour turnover costs food and beverage industry huge sum of money annually in hiring and training replacements. Retention of employee is not easy and is a complex issue and there is no single recipe for retaining employees in the company. Management of food and beverage industry can reduce turnover by considering different preventive measures such as regular and adequate compensation comparable to labour market rate. Employees will opt out of the organization if they are not paid labour market rate of compensation. This study adopted a survey research instrument through administration of questionnaire. The data for the research were analyzed using descriptive statistics and chi-square. The empirical results from the chi-square analysis showed that adequate compensation, binding pay with performance, payment of labour market rate and when pay is commensurate with input and experience has significant influence on employee turnover intention at 5 percent level of significance. Based on the research findings, it is recommended that employees should be paid adequate compensation in line with labour market rate and not what the corporate guideline dictates.

Keywords: Staff compensation, Turnover intention, Retention, Labour turnover, Labour market, Adequate compensation, Pay satisfaction, Economic need, Employee, Organization.

JEL Classification: L-Industrial Organization.

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Highlights of this paper

- This research examined the influence of staff compensation on employee turnover intention.
- The empirical result of Chi-square analysis showed that adequate compensation, binding pay with performance, paying labour market rate and when pay is commensurated with input and experience has significant influence on employee turnover intention at 5 percent level of significance.

1. INTRODUCTION

The service rendered by employees in the organization is rewarded with compensation (Mohammed, 2012). Compensation plays a vital role in retaining and rewarding a high performing employee (Femi, 2014). Staff compensation must be in line with what obtains in the labour market and must be binding with performance. Pay is a strong determinant of job satisfaction and employees will want to leave when their input does not commensurate with their pay (Edogbogho, 2011; Onuka and Ajayi, 2012).

Remuneration influence job satisfaction and organizational commitment and has direct impact on turnover intention. Pay is needed by employees to satisfy their economic needs. Pay satisfaction has positive influence on the attitude and behaviour of employees. The influence of compensation on turnover intention of employees is a worthwhile link to be studied because of their negative or positive consequences (Baakile, 2011).

Staff compensation is a determinant of turnover intention. Satisfaction with pay is very necessary to enable employees retention. Inadequate pay, discriminatory and inequitable salary structure can lead to turnover intention. Also unsatisfactory appraisal and payment of higher salaries to new entrants at the detriment of existing staff can lead to turnover intention. Employees can leave the organization when they are denied bonus pay for additional work. Turnover intention is experienced when employees are unhappy with compensation and this can lead to unsatisfactory performance (Dale, 1969; Testa, 2008).

Employees are expected to receive pay within an economic exchange relationship, and desires non financial outcomes such as material benefits, support and recognition in a social exchange relationship (Shore *et al.*, 2006). Workers will switch job when they are not paid labour market rate or what obtains in the labour market. Organizations must as much as possible keep their employees by paying labourmarket rate in order not to lose their staff to competitors. By paying labour market rate, employees will be satisfied with pay and job, and committed to the organization and will be loyal and want to stay.

1.1. Problem of the Study

High staff turnover brings destruction to the organization in the form of direct and indirect costs and profitability (Hassan, 2014). The direct cost refers to recruitment and replacement costs (Gustafson, 2002) while indirect refers to loss production, reduced performance level and loss of intellectual capital (Gustafson, 2002; Stovel and Bontis, 2002).

Staff turnover is costly no matter the nature and usually the productivity and quality of services are negatively affected (Gustafson, 2002; Hassan, 2014). Staff turnover affect organizations reputations negatively and impacts on its competitive advantage (Stovel and Bontis, 2002).

Staff turnover affects long term objectives and goal of the organization (Hassan, 2014). Loss of employee as a result of staff turnover can cause additional work stress and lower moral and motivation of employees that stay (Solomon *et al.*, 2012). It can disrupt the strategic plan of the organization and its objective when a critical employee is lost (Oluwafemi, 2010).

1.2. Objective of the Study

The objective of the study is to examine the influence of staff compensation on employee turnover intention. The specific objectives of the study are to:

- i. Determine whether employees will intend to leave when compensation is adequate.
- ii. Discern whether employees will intend to leave when pay is binding with performance.
- iii. Examine whether employees will intend to leave when they are paid labour market rate.
- iv. Determine whether employees will intend to leave when compensation is commensurate with their input and experience.

1.3. Research Questions

- i. Will employees intend to leave when compensation is adequate.
- ii. Will employees intend to leave when pay is binding with performance.
- iii. Will employees intend to leave when they are paid labour market rate.
- iv. Will employees intend to leave when pay is commensurate with their input and experience.

1.4. Statement of Hypotheses

The following hypotheses were formulated to guide this study.

Hypothesis 1

Hi: Employees will intend to leave when compensation is adequate.

Ho: Employees will not intend to leave when compensation is adequate.

Hypothesis 2

Hi: Employees will intend to leave when pay is binding with performance.

Ho: Employees will not intend to leave when pay is binding with performance.

Hypothesis 3

Hi: Employees will intend to leave when they are paid labour market rate.

Ho: Employees will not intend to leave when they are paid labour market rate.

Hypothesis 4

Hi: Employees will intend to leave when pay is commensurate with their input and experience.

Ho: Employees will not intend to leave when pay is commensurate with their input and experience.

1.5. Significance of the Study

The study would be of great benefit to the following stakeholders:

- i. Managers: It would be of great interest and valuable to practicing managers especially human resource managers and help them to reduce turnover intention and create savings in hiring and training replacements.
- ii. Employees: The study would help employees to know how they can find better opportunities to reduce turnover intention in a given productive companies. It would help employees to strongly appraise those motivational factors that would enhance employee intention to stay.
- iii. Researcher and academia: The study would be of great benefit to researcher in business administration and management related field as it would provide empirical evidence for further studies on the area of employee turnover intention.

1.6. Scope of the Study

The study examined the influence of staff compensation on employees turnover intention in food and beverage industry in Nigeria. The scope of this study would delimit to staff of Brewery Company in Nigeria. The study adopts a survey research design through the administration of structured questionnaire raised on a five point likert scale on the sample respondents for the study.

1.7. Limitations of the Study

In carrying out this research, the researcher was faced with the following limitations

- i. Limited sample size: The sample size of the study was constrained due to the inability of the respondents to voluntarily participate in survey.
- ii. Low response rate: The usage of research instrument was usually constraint with poor response and this ultimately affects the sample size also. Also the reluctant of respondents to answer the questionnaire in the process of data collection due to fear of victimization by those in authority was another limitation of the study.

2. LITERATURE REVIEW

2.1. Turnover intention

Turnover intention refers to one step before leaving which is nursing the idea of leaving and then the actual leaving which is labour turnover (Chen *et al.*, 2011). Turnover intention is the best predictor of turnover (Chen *et al.*, 2011). Turnover intention is defined by Hom and Griffeth (1991) as the relative strength of individual intention toward voluntary permanent withdrawal from the organization. Turnover increases when turnover intention increase (Adeboye and Adegoroye, 2012). Turnover intention is the main determinant of turnover behavior (Price, 2001; Brigham *et al.*, 2007). Therefore when employee intend to leave and is ignored, it will lead to high loss of employees. Loss of employee can cause psychological distress, reduced productivity, quality service, increased cost of recruitment (Powell and York, 1992; Oluwafemi, 2010). It can lead to mistrust, work overload, disruption of workflow and further turnover (Chukwu *et al.*, 2012).

2.2. Staff Compensation and Turnover Intention

Employees leave organization when they are paid less than what obtains in the labour market (Femi, 2014). Employee will want to leave the organization when his input is not commensurate with his pay (Femi, 2014). Staff compensation is one of the determinants of turnover intention and play a vital role in retaining and rewarding a high performing employee (Mohammed, 2012). Onuka and Ajayi (2012) argued that pay is a strong determinant of job satisfaction and that staff compensation has direct impact on turnover intention as a moderation variable that influence job satisfaction and organizational commitment.

Pay is required by employees to satisfied their economic needs and pay satisfaction impact positively on the attitude and behaviours of employees (Baakile, 2011). Onuka and Ajayi (2012) stated that pay satisfaction is one of the things that employers and employees must reach agreement on, in order to ensure staff retention, commitment and loyalty. A satisfied and committed staff hardly leaves the organization.

Compensation is a crucial factor in human resource practices and play an important role on employee retention (Chew and Chan, 2008). Over 90% of organizations acknowledged that compensation is one of the dominant reasons employees leave to other establishment (Chan and Kuok, 2011). Chan and Kuok (2011) argued that dissatisfaction with compensation is the cause of employee moving to another establishments for financial betterment. This is why

it is advisable for organization to offer competitive compensation package in order to retain their staff and reduce turnover intention. Employees expect that their skills, experience and knowledge they brought to the organization should be adequately rewarded with competitive compensation otherwise turnover will set in Long *et al.* (2012). Employee are satisfied with their compensation when they are commensurate with their performance and are in line with labour market pay level and can accommodate their cost of leaving.

Many reviews in the literature have shown that pay satisfaction and salary raise are of great influence with regard to job involvement (Carral *et al.*, 2005). Carral *et al.* (2005) in their research on turnover intention found that pay satisfaction is positively related to involvement and performance and negatively related to turnover intention.

Also many body of literature has suggested that compensation and financial incentives are among top motivators that positively influence job satisfaction and negatively influence turnover intention (Carral *et al.*, 2005; Jayasingam and Young, 2013). Employees satisfaction with reward would increase their engagement on their jobs and reduce turnover intention.

Shore *et al.* (2006) argued that remuneration is an important variable that determines retention. They further stated that employees are expected to receive financial outcomes as pay within the economics exchange relationship. They also argued that compensation should be able to meet their financial need and should be competitive otherwise turnover intention will set in.

3. THEORETICAL FRAMEWORK OF THE STUDY

3.1. Theory of Turnover Intention

3.1.1. Social Exchange Theory

Social exchange theory asserts that various social exchange relationship exist between member of an organization (Cropanzano and Mitchel, 2005). Social exchange theory is an exchange process between two parties that are mutually contingent and mutually rewarding (Cropanzano and Mitchel, 2005). This theory was used by numerous studies to explain the relationship between a diversity of organization aspects and employee behavior (Cropanzano and Mitchel, 2005). A sense of attachment and commitment toward the organization is built by high level of social exchange (Gould-Williams, 2007). Employees that have high positive perception of exchange relation are less likely to leave the organization (Gould-Williams, 2007). The social exchange theory is of the opinion that organizations and managers can provide organizational support to achieve desirable attitude and behaviours from employees (Gould-Williams, 2007); Gould-Williams and Davies (2005).

Employees stay at their work when they are satisfied with their salary, career growth, training and development and performance appraisal in their organization (Abubakar *et al.*, 2014). Eisenberger *et al.* (2002) argued that the greater employees satisfaction with organizational support, the more likely they will feel a responsibility to reward the organization.

4. METHODOLOGY

Survey research method was used in this study. It entails the collection of data from specific population or sample through questionnaire instrument. Survey research method is the appropriate research method to use when the goal is to sample the opinions of the people on issues. The population of study comprised staff of Brewery companies in Nigeria. The population of study was 7890. A sample of 380 was selected for the study using Yamane 1964 formular. A stratified random sampling technique was used to distribute sample to Breweries using stratum allocation technique of Kumar (1976). This sampling technique is considered most appropriate because it gives everybody in the population equal chance of being selected.

Questionnaire was the measuring instrument. The questionnaire was made up of five point likert scale ranging from (strongly disagree with the statement) to 5 (strongly agree with the statement). The questionnaire adapted staff compensation scale proposed by Balzer *et al.* (1999) and Dabke *et al.* (2008) and turnover intention scale proposed by Michaels and Sectors (1982) and self development of items. Demographic data was part of the questionnaire. The validity and reliability of the questionnaire was measured using Cronbach’s Alpha. The reliability of the questionnaire was 0.797. 0.797 was above 0.7 which is within the acceptable limit in social science. This means that the data collected were valid and reliable for analysis.

A total of 380 questionnaire were distributed to staff of Breweries and 308 responses were collected which was 81.1% response rate. Tables and percentages were used to present and analyze the data while chi-square was used to test the hypotheses.

4.1. Validity And Reliability of the Instrument

4.1.1. PiloTest

A pilot test was carried out on 40 respondents before questionnaire distribution to collect their comments, ensure simplicity and understanding of questionnaire, which helped in developing the questionnaire more efficiently. A favourable comment was obtained from the 40 respondents and the result of the pilot test ensured that the survey was understandable by the 40 respondents. The reliability analysis was carried out on adequate compensation, binding pay with performance, labour market rate and commensurate pay with input and experience.

Table 1 showed the result of the reliability analysis of the questionnaire. And the results showed that the reliability coefficient of the questionnaire ranged from 0.721 – 0.897. The reliability coefficient of the questionnaire was 0.797. This means that the data collected were valid and reliable enough to be used for analyses. Walonick (1993) stated that values above 0.7 are considered acceptable and the values above 0.8 are preferable or good.

Table-1. Results of reliability analysis.

Variables	Items	Cronbach’s alpha
Adequate compensation	4	0.721
Binding pay with performance	4	0.820
Labour Market rate	4	0.815
Commensurate pay with input and experience	4	0.736
Turnover intention	4	0.897

5. DATA PRESENTATION, ANALYSIS AND INTERPRETATION

5.1. Data Presentation and Analysis for Sample Background Variables

A total of three hundred and eighty (380) questionnaire were given out to respondents and three hundred and eight were returned and usable and subsequently analyzed. Therefore the response rate was 81.1%. The demography of respondents were presented in the Table 2.

Table 2 showed the age distribution of sampled respondents of whom 64 (20.8%) of them were aged 30 years below, 126 (40.9%) of them were aged 30 – 39 years, 80 (26.0%) of them were aged 40 – 49 years and 38 (12.3%) of them were aged 50 years and above. This shows that the majority of the respondents were aged 30 – 39 years. On the issue of the sex of sampled respondents, 208 (67.5%) were males and 100 (32.5%) were females. This implies that majority of the respondents were males. On the educational level of the respondents who returned valid copies of distributed questionnaire of whom 86 (27.9%) of them attended secondary school, 123 (39.9%) of them attended post secondary school and 99 (32.2%) of them attended polytechnic/university. This means that majority of the sampled respondents attended post secondary school.

Table-2. Demography of respondents.

Response	Frequency	Percentage (%)
Age:		
Less than 30 years	64	20.8
30 – 39 years	126	40.9
40 – 49 years	80	26.0
Above 50 years	38	12.3
Total	308	100.0
Sex		
Male	208	67.5
Female	100	32.5
Total	308	100.0
Educational level		
Secondary	86	27.9
Post-secondary	123	39.9
Polytechnic / University	99	32.2
Total	308	100.0
Department		
Accounting	36	11.6
Marketing	76	24.7
Administration	46	14.9
Production	100	32.5
Maintenance	50	16.3
Total	308	100.0
Marital status		
Single	104	33.7
Married	204	66.3
Total	308	100.0
Years of service		
Less than 5 years	90	29.2
5 – 10 years	128	41.6
10 – 15 years	68	22.1
Above 16 years.	22	7.1
Total	308	100.0
Number of times changed job		
Less than 2 times	191	62.0
3-5 times	81	26.3
Above 5 times	36	11.7
Total	308	100.0

Based on department, 36 (11.6%) of the respondents were in accounting department, 76 (24.7%) of the respondents were in marketing department, 46 (14.9%) of the respondents were in administration departments, 100 (32.5%) of the respondents were in production department and 50 (16.3%) of the respondents were in maintenance department. This means that majority of the respondents were in the production department. On the issue of marital status of the sample respondents, 104(33.7%) of them were single and 204 (66.3%) of them married. This shows that the majority of the respondents were married. On the year of service , 90 (29.2%) had worked for the period of less than 5 years. 128 (41.6%) had worked for the period of 5 – 10 years, 68 (22.1%) had worked for the period of 10 – 15 years and 22 (7.1%) had worked for the period of 16 years and above. This shows that majority of the respondents had worked for the period of 5 – 10 years. On the number of times changed job, 191 (62.0%) of the respondents had changed job less than twice, 81 (26.3%) of the respondents had changed job for 3-5 times and 36 (11.7%) had changed job above 5 times. This means that majority of the respondents had changed job less than 2 times.

5.2. Test of Hypothesis

Chi-square formular was used as a statistical tool for testing the hypotheses.

Chi-square formular:

$$X^2 = \sum \frac{(of - ef)^2}{ef}$$

Where of = observed frequency

ef = expected frequency

∑=summation

X² distribution is worked out by the value of its degree of freedom (df). Contingency table was equally used to work out the expected frequencies.

Decision rule: Reject the null (Ho) hypothesis and accept the research / alternate (Hi) hypothesis if the calculated (X²) value is greater than the table value.

$$\text{Expected Frequency} = \frac{\text{RollTotal} \times \text{ColumnTotal}}{\text{GrandTotal}}$$

Degree of freedom (df) = (roll 1) (column 1)

Hypothesis 1

Hi: Employees will intend to leave when compensation is adequate.

Ho: Employee will not intend to leave when compensation is adequate.

Tested data: Data collected and presented in Table 3 was used to calculate the expected frequency.

Table-3. Whether respondents agreed that employees will intend to leave when compensation is adequate.

Responses	Frequency	Percentage
Agreed	89	28.9
Disagreed	175	56.8
Undecided	44	14.3
Total	308	100

Source: Field survey 2018.

The table shows the response of the respondents on whether respondents agree that employees will intend to leave when compensation is adequate. 89 respondents representing 28.9% agreed that employees will intend to leave when compensation is adequate while 175 respondents representing 56.8% disagreed, 44 representing 14.3% were undecided on the issue.

Table-4. Contingency.

Responses	Male	Female	Total
Agreed	59 (60.1)	30 (28.9)	89
Disagreed	123 (118.2)	52 (56.8)	175
Undecided	26(29.7)	18 (14.3)	44
Total	208	100	308

In Table 4, 59 is the observed frequency of the number of male respondents that agreed while 60.1 is the expected frequency. 30 is the observed frequency of the number female respondents that agreed while 28.9 is the expected frequency.

123 is the observed frequency of the number of male respondents that disagreed while 118.2 is the expected frequency. 52 is the observed frequency of the number of female respondents that disagreed while 56.8 is the expected frequency.

26 is the observed frequency of the number of male respondents that were undecided while 29.7 is the expected frequency. 18 is the observed frequency of the number of female respondents that were undecided while 14.3 is the expected frequency.

Expected Frequency Calculation

$$EF = \frac{RollTotal \times ColumnTotal}{GrandTotal}$$

- Roll 1 Cell 1 208 x 89 ÷ 308 = 60.1
- Roll 1 Cell 2 100 x 89 ÷ 308 = 28.9
- Roll 2 Cell 1 208 x 175 ÷ 308 = 118.2
- Roll 2 Cell 2 100 x 175 ÷ 308 = 56.8
- Roll 3 Cell 1 208 x 44 ÷ 308 = 29.7
- Roll 3 Cell 2 100 x 44 ÷ 308 = 14.3

Table-5. Chi-square.

of	ef	of-ef	(of-ef) ²	$\frac{(of - ef)^2}{ef}$
59	60.1	-1.1	1.21	0.0201
30	28.9	-1.1	1.21	0.0419
123	118.2	4.8	23.04	0.1949
52	56.8	-4.8	23.04	0.4056
26	29.7	-3.7	13.69	0.4609
18	14.3	3.7	13.69	0.9573
308				2.0807

The meaning and explanations of the notations in Table 5 is shown below.

of = observed frequency.

ef = expected frequency.

X² = chi-square.

$$X^2 = \frac{(of - ef)^2}{ef}$$

Where

of = observed frequency of the number of male and female respondents that agreed, disagreed and were undecided on the issue.

ef = expected frequency of the number of male and female respondents that agreed, disagreed and were undecided on the issue.

X² value calculated = 2.081

To find degree of freedom

$$df = (R-1)(C-1)$$

$$(3-1)(2-1)$$

$$df = 3$$

Level of significance = 5% = 0.05

At 3 significant level, the table value is 7.815.

Decision Rule: Reject H_0 if the χ^2 calculated value is greater than the table value and vice versa. Since the calculated value (2.081) is less than the table value (7.815), the null hypothesis was accepted and the alternate rejected. This therefore means that employees will not intend to leave when compensation is adequate.

Hypothesis 2

H_i: Employees will intend to leave when pay is binding with performance

H_o: Employee will not intend to leave when pay is binding with performance.

Tested data: Data collected and presented in Table 6 was used to calculate the expected frequency.

Table-6. Whether respondents agree that employees will intend to leave when pay is binding with performance.

Responses	Frequency	Percentage
Agreed	86	27.9
Disagreed	173	56.2
Undecided	49	15.9
Total	308	100

Source: Field survey, 2018.

The table shows the response of the respondents on whether respondents agree that employees will intend to leave when pay is binding with performance. 86 respondents, representing 27.9 percent agreed that employees will intend to leave when pay is binding with performance. 173 respondents representing 56.2 percent disagreed while 49 respondents representing 15.9 percent were undecided on the issue.

Table-7. Contingency.

Responses	Male	Female	Total
Agreed	60 (58.1)	26 (27.9)	86
Disagreed	120 (116.8)	53 (56.2)	173
Undecided	28 (33.1)	21 (15.9)	49
Total	208	100	308

In Table 7, 60 is the observed frequency of the number of male respondents that agreed while 58.1 is the expected frequency. 26 is the observed frequency of the number female respondents that agreed while 27.9 is the expected frequency.

120 is the observed frequency of the number of male respondents that disagreed while 116.8 is the expected frequency. 53 is the observed frequency of the number of female respondents that disagreed while 56.2 is the expected frequency.

28 is the observed frequency of the number of male respondents that were undecided while 33.1 is the expected frequency. 21 is the observed frequency of the number of female respondents that were undecided while 15.9 is the expected frequency.

Expected Frequency Calculation

$$\text{Expected Frequency} = \frac{\text{RollTotal} \times \text{ColumnTotal}}{\text{GrandTotal}}$$

- Roll 1 Cell 1 $208 \times 86 \div 308 = 58.1$
- Roll 1 Cell 2 $100 \times 86 \div 308 = 27.9$
- Roll 2 Cell 1 $208 \times 173 \div 308 = 116.8$
- Roll 2 Cell 2 $100 \times 173 \div 308 = 56.2$
- Roll 3 Cell 1 $208 \times 49 \div 308 = 33.1$

Roll 3 Cell 2 100 x 49 ÷ 308 = 15.9

Table-8. Chi-square.

of	ef	of-ef	(of-ef) ²	$\frac{(of - ef)^2}{ef}$
60	58.1	1.9	3.61	0.0621
26	27.9	-1.9	3.61	0.1294
120	116.8	3.2	10.24	0.0877
53	56.2	-3.2	10.24	1.8658
28	33.1	-5.1	26.01	0.7858
21	15.1	5.9	34.81	2.3053
308				4.4503

The meaning and explanations of the notations in Table 8 is shown below.

of = observed frequency.

ef = expected frequency.

X² = chi-square.

$$X^2 = \frac{(of - ef)^2}{ef}$$

Where

of = observed frequency of the number of male and female respondents that agreed, disagreed and were undecided on the issue.

ef = expected frequency of the number of male and female respondents that agreed, disagreed and were undecided on the issue.

X² value calculated = 4.450

To find degree of freedom

$$Df = (R-1)(C-1)$$

$$(3-1)(2-1)$$

$$df = 3$$

Level of significance = 5% = 0.05

At 3 significant level, the table value is 7.815.

Decision Rule: Reject Ho if the x² calculated value is greater than the table value and vice versa. Since the calculated value (4.450) is less than the table value (7.815), the null hypothesis was accepted and the alternate rejected. This therefore means that employees will not intend to leave when pay is binding with performance.

Hypothesis 3

Hi: Employees will intend to leave when they are paid labourmarket rate.

Ho: Employee will not intend to leave when they are paid labour market rate.

Tested data: Data collected and presented in Table 9 was used to calculate the expected frequency.

Table-9. Whether respondents agreed that employees will intend to leave when they are paid labour market rate.

Responses	Frequency	Percentage
Agreed	91	29.5

Disagreed	181	58.8
Undecided	36	11.7
Total	308	100

Source: Field survey, 2018.

The table shows the response of the respondents on whether respondents agree that employees will intend to leave when they are paid labour market rate. 91 respondents representing 29.5 percent agreed that employees will intend to leave when they are paid labour market rate. 181 respondents representing 58.8 percent disagreed while 36 respondents representing 11.7 percent were undecided on the issue.

Table-10. Contingency.

Responses	Male	Female	Total
Agreed	66 (61.4)	29 (29.5)	91
Disagreed	125 (122.2)	56 (58.8)	181
Undecided	21 (24.3)	15 (11.7)	36
Total	208	100	308

In Table 10, 66 is the observed frequency of the number of male respondents that agreed while 61.4 is the expected frequency. 29 is the observed frequency of the number of female respondents that agreed while 29.5 is the expected frequency.

125 is the observed frequency of the number of male respondents that disagreed while 122.2 is the expected frequency. 56 is the observed frequency of the number of female respondents that disagreed while 58.8 is the expected frequency.

21 is the observed frequency of the number of male respondents that were undecided while 24.3 is the expected frequency. 15 is the observed frequency of the number of female respondents that were undecided while 11.7 is the expected frequency.

Expected Frequency Calculation

$$\text{Expected Frequency} = \frac{\text{RollTotal} \times \text{ColumnTotal}}{\text{GrandTotal}}$$

- Roll 1 Cell 1 208 x 91 ÷ 308 = 61.4
- Roll 1 Cell 2 100 x 91 ÷ 308 = 29.5
- Roll 2 Cell 1 208 x 181 ÷ 308 = 122.2
- Roll 2 Cell 2 100 x 181 ÷ 308 = 58.8
- Roll 3 Cell 1 208 x 36 ÷ 308 = 24.3
- Roll 3 Cell 2 100 x 36 ÷ 308 = 11.7

Table-11. Chi-square.

of	ef	of-ef	(of-ef) ²	$\frac{(of - ef)^2}{ef}$
66	61.4	4.6	21.16	0.3446
29	29.5	-0.5	0.25	0.0085
125	122.2	2.8	7.84	0.0642
56	58.8	-2.8	7.84	0.1334
21	24.3	-3.3	10.89	0.4481
15	11.7	3.3	10.89	0.9307
308				1.5907

The meaning and explanations of the notations in Table 11 is shown below.

of = observed frequency.

ef = expected frequency.

X² = chi-square.

$$X^2 = \frac{(of - ef)^2}{ef}$$

Where

of = observed frequency of the number of male and female respondents that agreed, disagreed and were undecided on the issue.

ef = expected frequency of the number of male and female respondents that agreed, disagreed and were undecided.

X² value calculated = 1.591

To find degree of freedom:

$$Df = (R-1) (C-1)$$

$$(3-1) (2-1)$$

$$3 \times 1$$

$$df = 3$$

Level of significance = 5% = 0.05

At 3 significant level, the table value is 7.815.

Decision Rule: Reject Ho if the x² calculated value is greater than the table value and vice versa. Since the calculated value (1.591) is less than the table value (7.815), the null hypothesis was accepted and the alternate rejected. This therefore means that employees will not intend to leave when they are paid labour market rate.

Hypothesis 4

Hi: Employees will intend to leave when pay is commensurate with input and experience.

Ho: Employee will not intend to leave when pay is commensurate with input and experience.

Tested data: Data collected and presented in Table 12 was used to calculate the expected frequency.

Table-12. Whether respondents agreed that employees will intend to leave when pay is commensurate with input and experience.

Responses	Frequency	Percentage
Agreed	88	28.6
Disagreed	185	60
Undecided	35	11.4
Total	308	100

Source: Field survey, 2018.

The table shows the response of the respondents on whether respondents agree that employees will intend to leave when pay is commensurate with input and experience. 88 respondents representing 28.6 percent agreed that employees will intend to leave when pay is commensurate with input and experience. 185 respondents representing 60 percent disagreed while 35 respondents representing 11.4 percent were undecided on the issue.

Table-13. Contingency.

Responses	Male	Female	Total
Agreed	61 (59.4)	27 (28.6)	88

Disagreed	128 (124.9)	57(60.1)	185
Undecided	19 (23.9)	16 (11.3)	35
Total	208	100	308

In Table 13, 61 is the observed frequency of the number of male respondents that agreed while 59.4 is the expected frequency. 27 is the observed frequency of the number female respondents that agreed while 28.6 is the expected frequency.

128 is the observed frequency of the number of male respondents that disagreed while 124.9 is the expected frequency. 57 is the observed frequency of the number of female respondents that disagreed while 60.1 is the expected frequency.

19 is the observed frequency of the number of male respondents that were undecided while 23.6 is the expected frequency. 16 is the observed frequency of the number of female respondents that were undecided while 11.3 is the expected frequency.

Expected Frequency Calculation

$$\text{Expected frequency} = \frac{\text{RollTotal} \times \text{ColumnTotal}}{\text{GrandTotal}}$$

- Roll 1 Cell 1 208 x 88 ÷ 308 = 59.4
- Roll 1 Cell 2 100 x 88 ÷ 308 = 28.6
- Roll 2 Cell 1 208 x 185 ÷ 308 = 124.9
- Roll 2 Cell 2 100 x 185 ÷ 308 = 60.1
- Roll 3 Cell 1 208 x 35 ÷ 308 = 23.6
- Roll 3 Cell 2 100 x 35 ÷ 308 = 11.3

Table-14. Chi-square.

of	ef	of-ef	(of-ef) ²	$\frac{(of - ef)^2}{ef}$
61	59.4	1.6	2.56	0.0431
27	28.6	1.6	2.56	0.0895
128	124.9	3.4	11.56	0.0925
57	60.1	-3.1	9.61	0.1599
19	23.6	-4.6	21.16	0.8966
16	11.3	4.7	22.09	1.9548
308				3.2364

The meaning and explanations of the notations in Table 14 is shown below.

of = observed frequency

ef = expected frequency

X² = chi-square

$$X^2 = \frac{(of - ef)^2}{ef}$$

Where

of = observed frequency of the number of male and female respondents that agreed, disagreed and were undecided on the issue.

ef = expected frequency of the number of male and female respondents that agreed, disagreed and were undecided.

X^2 value calculated = 3.236

To find degree of freedom

$$Df = (R-1) (C-1)$$

$$(3-1) (2-1)$$

$$3 \times 1$$

$$df = 3$$

Level of significance = 5% = 0.05

At 3 significant level, the table value is 7.815.

Decision Rule: Reject H_0 if the x^2 calculated value is greater than the table value and vice versa. Since the calculated value (3.236) is less than the table value (7.815), the null hypothesis was accepted and the alternate rejected. This therefore means that employees will not intend to leave when pay is commensurate with input and experience.

6. SUMMARY OF FINDINGS

The result showed that the entire four null hypothesis were accepted while the alternate hypotheses were rejected. Four findings were revealed from the results which showed that.

- i. Employees will not intend to leave when compensation is adequate.
- ii. Employees will not intend to leave when pay is binding with performance.
- iii. Employees will not intend to leave when they are paid labour market rate
- iv. Employees will not intend to leave when pay is commensurate with their input and experience.

Chi-square statistical analysis shows that staff compensation has significant influence on employee turnover intention at 5% level of significance. Employees will not intend to leave when issues concerning staff compensation is given proper attention and resolved.

7. CONCLUSION

The objective of this research is to examine the influence of staff compensation on employee turnover intention in food and beverage industry in Nigeria. To execute this research goal, four objectives were raised from four research questions drawn and four hypotheses were also formulated and tested. Based on the results from the test of the four hypothesis, it is concluded that staff compensation has significant influence on employee turnover intention. And employees will not intend to leave when all issues concerning staff compensation is given proper attention and resolved.

8. RECOMMENDATIONS

The following recommendations were made based on the research findings:

- i. Employees should be paid adequate compensation to avoid losing them to competitors.
- ii. Employees pay should be bind with performance.
- iii. Employees should be paid labour market rate and not what the corporate guideline dictates.
- iv. Employees pay should commensurate with their input and experience.

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