

**RECRUITMENT, RETENTION STRATEGIES AND EMPLOYEES' PERFORMANCE
IN THE NIGERIAN BANKING SECTOR**

BY

OGUGUA CHIDINMA GRACE

ADP11/12/H/1545

**BEING THESIS SUBMITTED TO
THE DEPARTMENT OF MANAGEMENT AND ACCOUNTING
FACULTY OF ADMINISTRATION
IN PARTIAL FULFILMENT OF THE REQUIREMENTS
FOR THE AWARD OF MASTERS OF SCIENCE (M.Sc.) DEGREE
(IN BUSINESS ADMINISTRATION) OF
OBAFEMI AWOLOWO UNIVERSITY, ILE-IFE, NIGERIA.**

2015

AUTHORIZATION TO COPY**OBAFEMI AWOLOWO UNIVERSITY, ILE-IFE, NIGERIA****HEZEKIAH OLUWASANMI LIBRARY****POSTGRADUATE THESIS****AUTHOR:** OGUGUA CHIDINMA GRACE (ADP11/12/H/1545)**TITLE:** RECRUITMENT, RETENTION STRATEGIES AND
EMPLOYEES' PERFORMANCE IN THE NIGERIAN BANKING SECTOR**DEGREE:** MASTER OF SCIENCE (M.Sc), BUSINESS ADMINISTRATION**YEAR:** 2015

I, OGUGUA CHIDINMA GRACE, hereby authorize the Hezekiah Oluwasanmilibrary to copy my thesis in whole or part in response to request from individual researchers or organizations for the purpose of private study or research.

Date

Signature

CERTIFICATION

This is to certify that this thesis was carried out under my supervision by OGUGUA Chidinma Grace (ADP11/12/H/1545), an M.Sc student in the Department of Management and Accounting, ObafemiAwolowo University, Ile-Ife, Nigeria.

.....

Dr. R. I. Akindele
Supervisor

.....

Date

.....

Prof. A.A. Agboola
Head of Department

.....

Date

OBAFEMI AWOLOWO UNIVERSITY

DEDICATION

This thesis is dedicated to the most highGod, my creator and friend. He alone is worthy to be praised, His hand held me and kept me throughout this programme.

OBAFEMI AWOLOWO UNIVERSITY

ACKNOWLEDGEMENTS

I use this medium to express my indebtedness and show my sincere gratitude to God Almighty for the strength, encouragement and provisions to successfully go through this M.Sc. degree programme.

My special thanks go to my supervisor Dr. R.I. Akindelewho through his fatherly dispositions and wealth of experience helped in accomplishing this work. I thank him very much. My sincere regards and thanks also go to the Head of Department Prof. A.A. Agboola. In addition, I acknowledge the scrutiny given to my work by the lecturers in the department. I sincerely appreciate my parents; Mr. & Mrs. E.C.Ogugua and my uncle and his wife Mr. & Mrs. C.C. Nwachukwufor their love, care, sacrifices, finance and most especially their constant prayers for my success in life. This appreciation is also extended to my siblings for their understanding and love during this programme. God bless you all.

My appreciation goes as well to the Pastorate and the members of the Watchman Catholic Charismatic Renewal Movement, Ile-Ife District for their love, support as well as their constant prayers for me during this programme. In the same vein, I acknowledge the support of my Director; Dr. D.M Oguntause, all the management and staff of Damico schools.

Finally, my sincere gratitude goes to all my very own classmates and other colleagues in the department both in the M.Sc. Business Administration and Accounting options. May God bless them as well.

TABLE OF CONTENT

Contents	Pages
Title Page	i
Certification	ii
Dedication	iii
Acknowledgements	vi
Table of Content	v
List of Tables	vii
List of figures	iv
Abstract	x
CHAPTER ONE: INTRODUCTION	
1.1 Background to the study	1
1.2 Statement of the Research Problem	4
1.3 Research Questions	7
1.4 Research Objectives	7
1.5 Research Hypothesis	8
1.6 Justification for the Study	8
1.7 Scope of the Study	9
1.8 Operational Definition of Terms	10
CHAPTER TWO: LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK	
2.1 CONCEPTUAL REVIEW	11
2.1.1 The Concept of Recruitment and Retention	11
2.1.1.1 Recruitment	12
2.1.1.2 The Traditional Recruitment Processes	13
2.1.1.3 Recruitments Strategies	16
2.1.1.4 Retention	25
2.1.1.5 Retention Strategies	27
2.1.1.6 Motivational Factors Influencing Employee Recruitment and Retention	29
2.1.2 Employee Performance	38
2.1.2.1 Performance of the Organization	40

2.1.2.2 Performance Management	41
2.1.3 The Concept of Bank Consolidation	43
2.1.3.1 Problems of Nigerian Banking Sector and the Need for Consolidation	44
2.1.3.2 Reasons for Consolidation	46
2.2 Review of Empirical Studies	47
2.3 Theoretical Framework	52
2.4 Conceptual Framework	57

CHAPTER THREE: METHODOLOGY

3.1 Area of Study	61
3.2 Research Design	61
3.3 Data Collection Sources and Methods	61
3.4 Population, Sample Size and Sampling Technique	62
3.5 Research Instrument	62
3.6 Measurement of Variables	63
3.7 Validation of Research Instrument and Testing	63
3.8 Data Analysis Techniques	64

CHAPTER FOUR: DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Socio-Demographic Characteristics of Respondents	66
4.2 Analysis of the Availability of Recruitment and Retention Strategies in the Post consolidated banks in Nigeria	68
4.3 Current Challenges Associated with Recruitment and Retention of Workers in the Post-Consolidated Banks in Nigeria.	72
4.4 Spearman Rho Correlation Coefficients of Recruitment, Retention Strategies and Employees' Performance	75
4.7 Validation of Hypothesis	77

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1	Summary	82
5.2	Conclusions	83
5.3	Recommendations	84
5.4	Suggestion for further research	85
	References	86
	Questionnaire	98

OBAFEMI AWOLOWO UNIVERSITY

LIST OF TABLES

S/No	Title of Tables	PAGE
3.1	Population Table	62
4.1	Sample Table	65
4.2	Socio-demographic characteristics of respondents	68
4.3	Frequency Distribution of Available Internal Recruitment Strategies in the Post-Consolidated Banks in Nigeria	69
4.4	Frequency Distribution of Available External Recruitment Strategies in the Post-Consolidated Banks in Nigeria	70
4.5	Frequency Distribution of Available Retention Strategies in the Post-Consolidated Banks in Nigeria	71
4.6	Recruitment and Retention Challenges of the Post-Consolidated Banks in Nigeria	74
4.7	Spearman Rho's correlation analysis between recruitment and retention strategies as independent variables and employees' performance as the dependent variable	76
4.8	Chi-Square test	78
4.9	Pearson Partial Correlation Test	80

LIST OF FIGURES

	Title of Figures	Page
Figure 1	Traditional Recruitment Process	13
Figure 2	Conceptual Framework	59

OBAFEMI AWOLOWO UNIVERSITY

Abstract

This study investigated the recruitment and retention strategies available in the post-consolidated banks in Nigeria; and assessed the current challenges associated with the recruitment and retention of workers in the banks. It also examined the influence of recruitment and retention strategies on employees' performance in these banks. These were with a view to providing information on the best recruitment and retention strategies for high productivity of employees in the post-consolidated banks in Nigeria.

The study used primary data obtained from the post-consolidated banks in Lagos Nigeria. Lagos is the headquarter of the sampled banks. The population size constituted the 21 post-consolidated banks in Nigeria. Data on recruitment, retention strategies and employees' performance were obtained through interviews of the Human resource officers and the senior staff; and administration of questionnaires on the junior staff of the sampled banks. Purposive sampling technique was used to select 8 out of these 21 post consolidated banks in Nigeria as at 2014. These 8 banks were the most recent consolidated banks in Nigeria. 4 top officers, 1 human resource officer and 20 junior employees were chosen from each bank as the sample, therefore making a total of 200 sample size. The Data were analysed using frequency distribution tables, Spearman Rho's correlation coefficient, Pearson Partial Correlation test and Chi-square test.

The results revealed that promotion (71.3%) and outsourcing (80.51%) were the most available internal and external recruitment strategies respectively, while career opportunity (59.74%) and superior support (16%) were the most available retention strategies in the Post-consolidated banks in Nigeria. The results also showed that the cost of recruitment and retention (63%), job

insecurity and instability (58%) and labour turnover rate (61%) were the most prevalent recruitment and retention challenges in the post consolidated banks in Nigerian. Finally, the results showed that recruitment and retention strategies had positive and significant influence on employees' performance at 0.05 level of significance.

The study concluded that promotion, outsourcing, career opportunities, superior support, job security and stability were the best recruitment and retention strategies for the employees' positive and high performance in the post-consolidated banks in Nigeria.

OBAFEMI AWOLOWO UNIVERSITY

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Banking industry worldwide is being transformed, and for the past few years, the Nigerian banking industry has been undergoing some strategic reformations, transformations and consolidation. The Central Bank of Nigeria (2004) affirmed that strengthening and consolidating the banking system will constitute the first phase of the reforms designed to ensure a diversified, strong and reliable banking sector which will guarantee the safety of depositors money, play active developmental roles in the Nigerian economy, and be competent and competitive players in the African, regional and global financial system. The goal of the reforms is to help the banks become stronger players, and in a manner that will ensure their survival and enhance higher returns to their shareholders over time and greater impacts on the Nigerian economy. The strategy for consolidating and strengthening the banking industry is through updating the bank's capital base from a minimum of 2billion naira to a minimum of 25billion naira which was effective from December, 2005 (Soludo, 2004).

This new directive brought a lot of tension on both the management and staff of banks in Nigeria. Out of the former 89 banks now emerged 21 solid banks that have met the prescribed minimum of 25 billion naira. Significantly most of these consolidated banks came through acquisition and mergers of one or two or even more banks. Banking industry consolidation was intended to improve so many indices in the Banking industry, some of the indices affected were; shareholders fund, total assets, number of branches and employment (Gunu, 2009). In spite of

these numerous advantages that have been given to consolidation of Nigerian banking industry, its challenges in the onset were too numerous, they led to the poor morale due to lay-off of workers and has increased job insecurity of retained staff. This is not unconnected with the cultural dynamics and wage disparities brought by the mergers and acquisitions exercise that affected the emotional and behavioural responses of the employees involved (Bolaji, Kabiru & Olusegun 2011).

However, over the years after the consolidation exercise, the increase in capital has invariably led to expansion of business which brings about branch expansion and employment of more hands and efficient technology (Gunu & Olabisi, 2011). Imala (2005) stated that unlike in market-induced consolidation where costs savings presumably come from downsizing, Nigeria's consolidation will not result to elimination of jobs, though that may be the case in the short run because of merger and acquisition, but the massive injection of huge capital resources will result in massive branch expansion, increased scale operation and revenues, and thinning out of executive capacity in the industry. Due to these, there is a clear organizational imperative to attract and retain talented workers since employees constitute an important resource, especially for knowledge intensive organizations like banks.

Employee recruitment and retention are very important for the functioning and competitiveness of a company. Employee recruitment and retention is all about attracting and keeping the most suitable employees. Armstrong (2009) referred to recruitment as the process of finding and engaging the people organization needs and selection is the part of the recruitment process concerned with deciding which applicants or candidates should be appointed to jobs. On the other hand, employee retention deals with keeping employees that have already been recruited. The problem of retention begins with recruitment, when the two are not well managed

together; it results to increase in employee turnover and low productivity. Herman (1999) concurred that when you have hired good people, trained them, built them into high-performing teams, you don't want to lose them. Recruiting and retaining staff in an effective manner can both curb the wastage of resources and reduce cost especially those cost associated with high staff turnover, poor performance and dissatisfied customers, the essence of these recruitment and retention activities is for the organization to appoint and keep the best applicants with the right ability, temperament and willingness (Mullins, 1996). Having the right person, in the right place, at the right time is most vital for organizational performance. For Nigerian banks to achieve its strategic and operational needs, they must provide for the acquisition and retention of talented employees, who can deliver superior performance, productivity, flexibility, innovation, and high levels of personal customer service and who fit the culture and the strategic requirements of the organization.

Performance of any organization largely depends on the performance of its employees, successful organizations are increasingly realizing that there are number of factors that contribute to organizational performance but human resource is clearly the most critical (Mello, 2005). Studies have shown that human resource is the most valuable asset for the achievement of organizational goals whether in public or private sector, and no well-intentioned policies of any organization could bring about the realization of its goals of enhanced development without capable workforce (Mukoro, 2007; Ejiorfor and Mbachu, 2001, Daniel 2011). Therefore, organizations need to invest more on employee recruitment and retention (Abdul & Waheed 2011).

Employee is a key element of the organization. The success or failure of the organization depends on employee performance. Peretomode and Peretomode (2001) emphasized that the

efficiency and effectiveness of any work place (whether the private or the public sector) largely depend on the caliber of the workforce. In spite of the size and nature of an organization, the activity it undertakes, and the environment in which it operates, its success depends on its employees' decisions and their behavior. This puts the responsibility of recruiting and retaining the best employee on the employers and a good employer should know the best strategies for attracting and retaining its employees. In order to avoid high employee turnover or the employment of underperforming workers, the post consolidated banks in Nigeria need to plan ahead and look at recruitment and retention management not just for the short term but for its long term survival and productivity.

For more information, please contact ir-help@oauife.edu.ng