

CORPORATE REPUTATION AND EMPLOYEE RETENTION OF DEPOSIT MONEY BANKS IN NIGERIA: LITERATURE REVIEW

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ABSTRACT

This paper aims to explore the past studies that relate to corporate reputation and employee retention of deposit money banks in Nigeria. Specifically, this study revolves around the Iraqi universities to obtain similar objective as the past studies. This paper is based on secondary sources, which are accumulated from many types of research in the USA, Canada, the UK, Indonesia, European, Nigerian, Japanese, China, Pakistan, and Jordan. The study uses information that had been accumulated during the review of various literatures to address the topic. Empirical analysis source are significant evidence to support an affirmative relationship between the corporate reputation and employee retention. The evidence revealed that corporate reputation leads to the increment of employee's retention in Nigeria Banking sector of the economy. This outcome indicated that there is a positive relationship between corporate reputation and employee retention. As this study intentionally focuses on the connection concerning the corporate reputation and employee retention of the workers in deposit money banks in Nigeria, therefore, the outcome of this study will significantly assist the deposit money banks to enhance their ability to retain workers to meet the current and future competition. The study will also provide several important insights to strengthen the understanding of corporate reputation in developing economies and their impacts on retaining employee in the setting of deposit money banks in Nigeria. Therefore, from the empirical evidence it concluded that corporate reputation is a major employee retention strategy in the organization. It recommends that corporate reputation should be considered most important indicator while designing retention strategy in the organization.

Key Words: Corporate Reputation, Employee Retention, Job Security, Compensation Strategy, Work and Family Life.

INTRODUCTION

Given the volatile nature of the general financial market in Nigerian economic system, banking institutions has a significant part of the total financial system specifically in the present's dynamism that poses quite great challenges on economic status quo, for a drive towards good economic growth and stable business environment (Ekerete, 2015). Albert and Yahaya (2013) further stated that the pattern of ethical practice in Nigeria has been conflictual in nature with disruptive consequences and significant work-stoppages activities in workplace. For a long time, financial service providers had presumed that their operations were customer-centric, simply because they had customers and were able to generate profits. This has augmented the need for organizations to not only improve the way they deliver services, but also to examine their practices, organizational brand identity, performance objectives, and corporate image towards stakeholders (Begum & Mohamed, 2016). In today's business world, employee retention is one of the much debated topics and identifying the reasons for employee turnover and implementing the necessary policies to retain employees can be crucial. That is why a large volume of past researches has been done on this area. Retaining a large number of talented employees within an organization will provide an important source of competitive edge for an organization (Mahmood & Zafar, 2016).

Corporate reputation has been considered as the most valuable intangible resource that firms can have and so can influence value creation and profit and the potential to generate sustainable competitive advantages and to improve the intrinsic value of a firm (Madueke & Emeriole, 2017). However, these has become an identifiable issue in many organizations today and in some cases, ethics and compliance that brings glory in the form of corporate reputation arise from an organization's voluntary investment in the strategic goal of conducting business with integrity (Ibrahim, 2020). Regardless of why they were created, thus ethics and compliance by their very nature play an important role in the sustainability and ongoing success of any organization. The scope and structure of ensuring proper implementation of moral ethics vary with the nature of management of an organization.

Researchers have identified an array of study outcomes arising from corporate ethical behavior from good leadership including increased willingness of employees to use expression through comment to improve their organization, greater employee job satisfaction and sense of well being, and increased trust in organization leaders, both from employees and the public (Bedi, Alpaslan,

and Green 2015; Hassan 2015). Much effort has also been applied to describe the actions and behaviors that leaders can undertake to enhance ethics, including the aspects of leadership style that create a culture in which good conduct is maintained (Huberts 2014). However, theoretical analysis of corporate reputation and its role in fostering ethical behavior and employee retention remains underdeveloped (Menzel 2015), especially in the Nigeria financial sector with insufficient testing of theories against empirical research compared with corporate business ethics (Lawton & Doig 2005); notable exceptions are (Hassan 2015; Hassan, Wright, & Yukl 2014). Therefore, this paper is to comprehensively review the relationship between corporate reputation and its impact on the employee's retention in the Nigeria's workplace.

LITERATURE REVIEW

Corporate Reputation

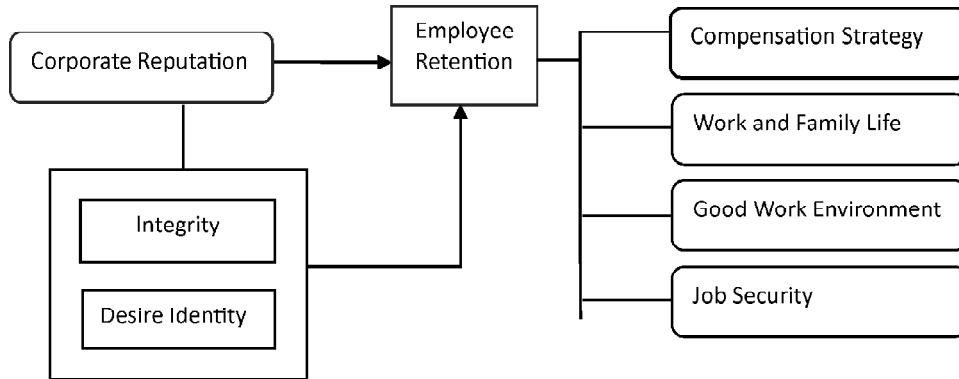
Reputation is a precondition for individuals to cooperate with the firms (Cheng, 2017). An organization with a good reputation may assist firms to gain a sustainable competitive advantage over the competitors in the market for product services and ideas (Xu & Jinfa, 2010). A good reputation leads to long term accumulation of enterprises, however damaging of reputation only needs a specific event, organization reputation once loss, firm will lose its value in a short time.

Zheng & Xuan (2017) refers to corporate reputation as the overall evaluation of the company based on direct and indirect information and experience that an organization has in place and good organization reputation indicates the firm's trust and respect. Furthermore, reputation is considered a socio-cognitive process consisting of beliefs, information and the impression in the minds of people in the organization. However, attracting best talent through sound corporate reputation is just an half of the job, retaining this quality workforce through corporate reputation is the most critical side of the exercise.

Perceived Integrity Building

Integrity according to (Bittel, 2005) the ability to act with honesty and be constant in whatever it is that one is doing based on the particular moral value or belief compass one has. Furthermore, beliefs, morals and values all relate to the culture in which one operate. At the most basic level, all business relationships are built on trust. This according to (Bittel, 2008) is true for employers, employees and

Conceptual Model of Corporate Reputation as a Catalyst for Employee Retention



Source: *Author Conceptualization*, (2021)

company consumer's relationship. To trust someone or an agency means that you feel confident in their ability to be fair and respectful as well as their ability to do what they promised and act responsibly.

Desired Identity

The concept desired identity is seen as a set of unique communication in the form of mottos and promises it conveys to customers and thereby creates a new identity for itself or improves its existing identity. This term is the root concept for such concepts as brand identity and organizational identity. However, brand identity, represents specific values and its features, association with corporate brand, and indicator of an organization's offered products to the market (Buil, 2015).

Employee Retention

Employee retention can simply be defined as the strategies put in place by an organization to retain its employees and reduce turnover. Employee retention can be represented by a simple statistic (e.g., a retention rate of 80% usually indicates that an organization kept 80% of its employees in a given period) (Jorgensen, Ahmad & Azumah, 2020). Employee retention refers to adopting measures to prevent valuable employees from leaving their jobs while retention strategies are those policies and action plans in which organizations and corporation used to keep their workers and reduce the level of turnover in the workplace.

Nyokabi (2018) identified six major factors that must be seriously considered and managed by business leaders in order to ensure high employee retention. These are: compensation, job autonomy, training, support from superior, career development and work-life policies. In the area of compensation, especially salaries, he noted that higher salaries are not that critical to employees but in as much the salaries are perceived as fair and reasonable within other important parameters such as training, career development, and work-life policies, employees are prone to stay loyal to such organization.

Compensation Strategy

According to Moghimi (2017) compensation strategy should be able to ensure the retention of the employee, employee's satisfaction, the development as well as performance the employee. In brief, there is a co-bonding between these variables, which undoubtedly consider performance as a connection among the compensation benefit schemes, levels of employee contentment, and turnover rate (Wucher, 2017).

Components of Compensation Management System

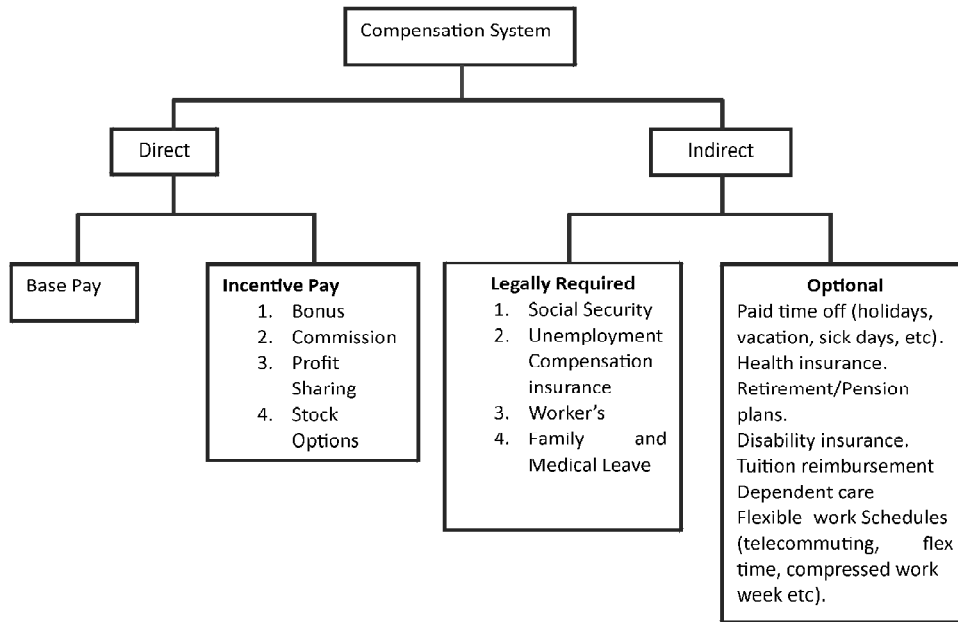
According to Adeniji and Osinbanjo (2012) compensation can be seen as direct and indirect payment that is obtained by employees in a firm which serves to realize employee fulfillment and retention as well as improve efficiency. Direct compensation comprises of salaries, wages, commission or bonuses based on performances, while indirect compensation comprises of medical benefits, housing allowance, annual leave allowances, medical benefits, incentives, and training opportunities.

Compensation constitutes the largest part of the employee retention process. Employees always have high expectations regarding their compensation packages. Compensation packages vary from industry to industry. So an attractive compensation package plays a critical role in retaining the employees. Compensation includes various aspects like salary and wages, bonuses, benefits, prerequisites, stock options, bonuses, vacations etc. setting up of a package must be done very effectively and efficiently.

Balancing Work and Family Life

Retention problems can be prevented if an organization can help its employees balance their work and family life (Abdullah, 2018). It is also a major issue in companies that may lead workers to quit their jobs. Working parents have several

Figure 1.1: Adopted from Jeffrey (2013) Compensation Framework



responsibilities at home. Working with parental responsibilities is difficult, and it is challenging to manage situations like dropping children off at school and picking them up. Flexible working hours can help workers deal better with work-life balance and can reduce job stress (Abdullah, 2018). Managers should provide flexible hours where a worker can easily keep a balance between work and life.

Job Security

According to Arabi (2018) job security is the feeling of having a proper job and the assurance of its continuance in future as well as the absence of threatening factors. If individual: feels that he/she will continue his/her job until the end of his/her service and will not be threatened by individual: to play his/her proper job roles and tasks, such person enjoys job security (Arabi, 2000). Job security occurs along the two dimensions of feelings namely, threat to total job and threat to job features (Hodibert and Robert 2016). The first is the feeling of threats to one's total job, i.e. threats to a total job. For instance, threat to a total job can come in the following ways: at one extreme one may be moved into a lower position within the organization, be moved to another job at the same level within the organization, or be laid-off temporarily. The second way

in which job insecurity is manifested is in feelings of threats to job features, i.e. when some aspects of one's job (features), are threatened. A third broad form of job insecurity may take the form of employees' feeling of lack of power or inability to control events in their work environment, i.e., feelings of powerlessness.

Physical Work Environment

Physical working environment can result a person to fit or misfit to the environment of the workplace. A physical work environment can also be known as an ergonomic workplace. Researches on the workplace environment need to be done in order to get an ergonomic workplace for every each of the employees. Amir (2010) mentions elements that related to the working environment. There are two main elements which are the office layout plan and also the office comfort. Opperman (2007) defines working condition as a composite of three major sub-environments: the technical environment, the human environment and the organizational environment. On the contrary if the employees are not satisfied with their job design they feel exhausted and unwilling to work properly only for the sake of organizational goals. Frustrated employees do not utilize all their efforts instead they waste their time in non-productive issues-this is what we see in mostly public sector organizations. These types of employees destroy the organizational culture. Dissatisfied and de-motivated employees become a burden for the organization if they remain and if they quit or shift to another company they cause high employee turnover cost for the organization.

Empirical Review

According to Tinaikar (2017) a lot of past studies had revealed similar outcomes proving that there is a strong connection between corporate reputation and the retention of employee. Paluku (2016) carried out a study on employee engagement and organizational reputation of Retails Enterprises in Wobulenzi-Luweero City, Uganda. The study measured employee engagement in relation with organizational reputation focusing on non-financial factors. Findings revealed that retail employee engagement and corporate image were very high in the selected retailing enterprises. Sholokwu and Olori (2016) investigated management practices and organizational reputation in oil and gas firms in Rivers State, Nigeria. The results revealed a significant relationship between management practice and organizational reputation. Therefore, the study

concludes that management practice affects organizational reputation in oil and gas companies in Rivers State.

Yang, Zulnaidi & Sin-Yin (2015) determine the effects of corporate reputation on employees' job satisfaction and firm's financial performance in selected small and medium sized enterprises in Hebei, China. The results do not support the positive relationship between corporate reputation and financial performance. However, the positive relationship between corporate reputation and job satisfaction is supported. In addition, the results also provide evidence of the indirect effect of corporate reputation on financial performance via job satisfaction. Therefore, we draw the conclusion that job satisfaction plays an important role in the relationship between corporate reputation and financial performance of small and medium sized enterprises in Hebei, China. Wijesiri, Paranagama, Sirirwardhana, Thilakarathna, Weerarathna, & Pathirana, (2019) study the impact of human resource practices on employee retention, conducted on the Business Process Outsourcing (BPO) sector in Sri Lanka, India. This study is significant as such research projects have been sparse in the Sri Lankan context and in order to fill that gap this research have been conducted for three companies namely Company A, B and C. The results obtain through regression analysis all three companies indicated that there is less impact of HR practices on employee retention. As a conclusion when management of BPO sector formulates the policies in their organizations with regard to employee retention, they should consider not only the HR practices but also, they have to concern about other factors that can effect on employees.

CONCLUSION

The main aim of this paper is to comprehensively review the relationship between corporate reputation and its impact on the employee's retention. Based on this research, it can be concluded from the review of literature that the corporate reputation is highly linked with employee retention. Several studies revealed that corporate reputation, integrity building, desire identity is crucial to improve the employee's retention. However, organization with a good reputation attracts more customers and employees and it may run for the long term and this can happen only when the organization has a skilled workforce. Because skilled workers of the organization provide reliable products and people will judge the organization positively. Several studies had analyzed the matter in further detail. The result was a mixture ranging from positive and negative relationship. Among the studies some had exhibited

positive connections; while some studies had a negative relationship. This study concluded that corporate reputation has a positive effect on employee retention in Nigeria Banking Sector. The researcher suggested that organizations increase the level of retaining employees because the higher compensation will improve the employee's performance in the banks. It is hoped that the outcomes from this study will significantly contribute to the body of knowledge in this area by providing an insight on how to improve workers in the Nigeria workplace.

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