

The Effect of Unethical Recruitment Practices on Labour Turnover: A Case Study of Brewery Industry in South-West Nigeria

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Abstract

This study examined the effect of unethical recruitment practices on labour turnover. The study covered Nigerian Breweries (NB); Guinness Nigeria Plc and International Breweries Plc located in the South-West Nigeria. Using simple random sampling technique in selecting respondents among strategic line managers and full-time employees, a total of 113 line managers and 226 employees of firms were sampled. Primary data gathered through structured questionnaires were used. Data were analyzed using Generalized Linear Models (GLM). Results from the Generalized Linear Model (GLM) showed that there was a significant ($p < 0.005$) associated between unethical recruitment practices and employee turnover. This led to the conclusion that employee turnover was associated with unethical recruitment practices. In view of this, the paper recommended that unethical recruitment practices should be avoided since it leads to employee turnover and lays foundation for organizational collapse.

Keywords: Unethical practices, recruitment, labour turnover, ethical practices

Introduction

Nigeria is highly populated and also one of the largest economies in African continents with a big consumer market and substantial potential for a double-digit growth. The country's economy is characterized by so many viable sectors, one of which is Nigeria's beverage market. This is made up of the brewery segment, among others. The brewery segment is made up of beer and carbonated soft drinks producing firms and constitutes about 87% of the market (Okwu, Ugwunta and Agwu, 2014). The brewery segment contributes much to the growth and development of Nigerian economy. It constitutes about 28% of manufacturing value added and provides direct employment for over 30000 persons and to the social value of the Nigerian society (Ogwunta, 2014).

In order to be in business, the sector needs to give high quality goods and services. But this can be possible with availability of highly skilled human resources. This implies that the employees are very important to the success of the sector. Employees are important to organizations because they give perspectives, values and when effectively managed, can be of considerable benefits to the organization. Djabatey (2012) reveals that attention is being given nowadays to employee aspect of organizational profitability because, according to Mullins (1999), the process development of the total organization and employee competence and efficiency are the fulcrum of human resource management. Therefore, the growth and success of the brewery firms are independent of the amount of quality manpower availability.

Since the most important assets available to organizations are knowledge, skills and abilities of the people employed, which is indicative of their value (Amstrong, 2009), keeping and maintaining them in their jobs is essential for the survival and growth of organizations. When employees, particularly the efficient and competence ones leave their jobs, the costs to the organization can be huge. Mabindinsa (2013) asserts that the impact on productivity alone is enough to discourage any human resource manager and the organization.

Akin to the development is the contention in National University of Ireland (2006) that the continued high performance of the organization depends on its ability to recruit and select high

quality personnel at all levels. It is clear that the source through which an employee is selected is highly related to subsequent job performance, absenteeism and attitudes such as employee turnover (Breaugh, 1981). As Mercer (1988) states, the most direct, cost-effective way to reduce labour turnover is probably to use valid reliable employee recruitment tests that indicate which applicants fit the model of long-term, effective employee. This shows that both absenteeism and employee turnover can be trimmed down by using an effective recruitment and selection strategy that ensure that the employee is compatible with the job he or she is assigned to do. According to Bonn (1992), companies should give serious attention to recruitment and selection to acquire employees that have a high probability of commitment to organization.

Theoretical Framework

The study is anchored on the attribute theory because of its relevance to this study. The attribute theory is concerned with the behaviour of other people, or even how people think. In explaining how people behave, internal attributions have to be evaluated, especially in personal traits. An environment or a situation can give a person a particular trait, which overall can give someone defined attribution. According to Anderson (2001), an interviewee, during recruitment must be evaluated on the kind of behaviour he or she has. In this regard, if a bad behaviour is recruited into workforce, it means the stability of the company and general performance is compromised. Attributions of individuals recruited into Nigerian brewery industry and other companies can be driven either by motivation or by emotions. Mostly, it is recommended that individuals employed into organizations are driven by motivation as opposed to emotions. Emotions driven attributions can encompass a need to make quick money, or a need for revenge. Such individuals would only lower performance as opposed to adding value to organizational desirable ends. Corruption and other unethical deals during recruitment help add such kind of attributions into the firm.

Objective of the Study

To examine relationship between unethical recruitment practices and labour turnover.
Research Question - Do unethical practices affect labour turnover?

Literature Review

According to International Civil Service Commission (2001), recruitments should not only be based on some showed principles, but also should conform to the internationally best practices. Any recruitment exercise should be free from corruption, nepotism or favourism. A report prepared by transparent international in the year 2009, dubbed “corruption index” (CPI), ranked Kenya as one of the most corrupt nations in the world (Ndegwa, 2009). Overall, Kenya was given a score of 2:2, meaning that the perception on corruption, and especially bribery was very high with regard to the institutions, the police service in Kenya has over the years, led as an institution most corrupt, not only in Kenya, but also in the whole of East Africa. According to Herling (2012), the police department in Kenya was the most corrupt in the whole of East Africa in the year 2012. Other than corruption, the police in Kenya have been associated with shadowy deals such as protecting drug Lords, illegal execution of prominent individuals and partaking in thefts in Kenya.

Nigeria was not left out in the ranking. For instance, the country's (Nigeria) worst year was actually 2000 when it had the lowest CPI (0.6) and being last and untied in that 90th position (Aluko,2008).

Arguably, the initiation part of corruption and indiscipline in the Kenya and Nigeria police force and other organizations like Nigerian brewery industry start at recruitment or selection stage. Recruitment processes have been riddled with bribery, nepotism and favourism. The rampant bribery and other unethical practices during police recruitments in Kenya and Nigeria, over the years, led to a high level of insecurity in the country and employee turnover in the police force.

Some institutions in Nigeria such as Nigerian brewery industry, government owned institutions etc. also indulge in unethical recruitment practices.

Ethical Recruitment

According to Hollingworth and Valentine (2014), recruitment process is one of the steps towards an organization creating an ethical work place by first, bringing employees with high ethical values and second, selecting and socializing the new employees with the desired ethical behaviour and reasoning. A research by Ogwada and Sikalich (2017) showed that recruitment practices had a correlation of 0.737 with financial performance. In another research carried out by Murage, Sang and Ngure on “ethical issues in recruitment, selection and employee performance in public universities in county, Kenya” the findings showed that there is a positive and significant relationship between ethical issues in recruitment and selection and employee performance. It also indicated that unethical recruitment and selection practices are removed when all job seekers are subjected to the same selection criteria, when all vacant positions are advertised widely in order to get a wide pool of job seekers and when the recruiting managers follow laid down recruitment and selection practices; rules and procedures (Murage et al, 2018).

During recruitment and selection, the use of a variety of selection tools can enhance comprehensive assessment of an individual and reduce negative effect that comes from the use of one or more selection tools. While this may look expensive and time consuming especially for managers in small and medium enterprises, careful valid testing can not only offer legal protection, but also reduce bad employments, so as to reduce on human and financial expenses. In addition, ethical recruitment and selection practices require managers to keep the necessary documentation; this includes maintaining a file with such items as applications, tests scores, letters of recommendations, managers' notes from interviews, and any notes taken during reference checks. Although carefulness, through screening is important, it is equally vital that hiring managers do not turn off potential applicants, since this will make it difficult for them to attract potential employees in future.

Recruitment and selection is said to be unethical when the laid down policies and procedures and result in hiring are based on unfairness, biasness or discrimination especially if the person employed does not fit the job and the culture of the organization. According to wheeler (2004), some of the unethical recruiting and selection practices are: how the person is represented to a candidate, how candidates are located and how interviews are conducted. Recruitment process should also take into consideration honesty testing, an ethics-based interviewing approach so as to hire employees that are ethics conscious and can fit into the organization's ethical environment.

Effect of Unethical Recruitment Practices on Organization

Unethical recruitment practices lead to a person who is not fit for a particular job or organization holding a job for which he/she is not well suited (Onyeaghala and Hyacinth, 2016). This can result to disciplinary problems, disputes, absenteeism, high labour turnover, fraud, poor service delivery to customers, suppressed creativity and learning, inability to cope with new challenges, non-competitiveness, poor quality production, waste of organization's money, time and other valuable resources, all which can be very expensive for an organization.

Dysfunctional recruitment and selection process is not good and may lead to a negative attitude toward the organization, as well as a situation where people are less likely to accept job offers. Applicants who feel that they are not treated well will also be more likely to discourage others from applying for positions within the firm. Not only that, persons who have already been employed, when treated unfairly, can encourage other employees to leave the organization. This shows that unethical recruitment practices result in the organization having poor corporate image and earning a bad reputation. Research indicates that the negative effects of unethical recruitment

practices are prevalent even among those who offered and accepted the jobs (Alder and Gilbert, 2006). Unethical recruitment practices therefore result in high turnover for employees who feel that there is high disconnect between their values and those of the organization. It also leads to employees with poor work attitudes and poor job, organizational commitment and poor work attitudes. According to Mueller, Simon and Rich (2012), organizations that accept unethical practices put their workers through ethical conflicts which may finally make the employees to feel frustrated and emotionally exhausted and they may leave the organization especially if they feel that their values are in conflict with unethical behaviour found in the organization or if they are required to engage in unethical behaviour. The costs of labour turnover can be so serious that it might even take an organization a long time to recover if not prevented. Ethical recruitment practices can help to ensure that organizations employ the right workers with required skills, knowledge, competence and ethical values that can guarantee employee commitment and reduce labour turnover.

Ethics and Ethical Barriers

Etymologically, ethics is derived from the Greek word *ethos* which means the established customs or habits of a social group. The term has its equivalent in Latin *mores* which means customs or habit of people (Fagothey, 1947). Simply defined, ethics is a set of rules that define right and wrong (Bonevac, 1999). As De George (1990) explains, ethics is a systematic attempt to make sense of our individual and social moral experience, in such a way as to determine the rules that ought to govern human conduct and the values worth pursuing. The definition by De George meets the purpose of this paper because it emphasises on rules that ought to govern human conduct. Ethical barriers act as blockades to effective employee selection. These barriers include bribery, nepotism and exchanging jobs for sex.

Labour Turnover

Employees are extremely crucial, as major contributors to the efficient achievement of the organizations' success because their value to the organization is essential, intangible and not easily replicated (Abbasi and Hollman, 2000; Meaghan and Nick, 2002). Therefore, managers should control employee turnover for the benefit of the organization. Employee turnover remains one of the most widely researched topics in organizational analysis (Dalton, Todor and Krackhardt, 1982), Graham and Bennet (1992) observe that labour turnover is movement into and out of a company or a firm. Price (1989) also defines labour turnover as the ratio of the number of organizational members who have left during the period being considered divided by the average number of people in that organization during the period. As vacancies are created voluntarily and involuntarily, employees are hired to fill these vacancies. Mitchell (1994) describes labour turnover as the gross movement of workers in and out of employment with respect to a given company. In another perspective, Wood, Heck and Sclarini (1995) refer to labour turnover as each time a position is vacated, either voluntarily or involuntarily, when a new employee must be hired and trained. This replacement cycle is known as turnover.

Voluntary termination is the type of turnover where an employee has the opportunity to take other employment that offers more attractive conditions. But because of the fact that employees leaving voluntarily have not been dismissed by the employer, they are probably the employees that an employer would most like to retain (Boella, 2006), and is called dysfunctional turnover (Dalton, Todor and Krackhardt, 1992). It is for this reason that these employees should be interviewed to determine the reasons for leaving.

Involuntary termination on the other hand refers to the termination of the employment relationship initiated by the company or when there is natural occurrence like death to the

employee (BOEKA, 2008).

How Job Seekers Deceive Potential Employers of Labour with Fake Academic Qualifications

Some employers, without knowing, may select unqualified job applicants on the basis of unethical job seekers who intentionally present forged certificates. The employer stands to lose in the course of the employment of such unqualified staff who are bound to be incompetent given the fact of their forged certificates and also work experience. Some job applicants include misleading information on their curriculum vitae claiming to have gotten qualifications and work experience (Sargent, 2010).

There were documentary evidences that deceitful acts by job seekers are very common and employers have suffered losses because of unethical behaviour. A meta-analysis carried out by Viswevaran and Ones (1999) show that job applicants always changed their responses at a job interview, describing themselves incorrectly as being desirable and competent for the work. A related research was carried out by Paulinus (2002) and Mahar (2006) who discovered that applicants had a tendency to depict themselves as similar to their perception of a typical employee in the job which they were applying. Birkeland, Manson et al (2006) also found that job applicants distorted their responses to align more closely with a typical investment. There is evidence to confirm that the problem of beautifying curriculum vitae is grave across the globe. According to Bill Waite, a CEO of the Risk Advisory Group (TRAG) in United Kingdom, a company that screens job seekers' curriculum vitae and verifies academic documents on behalf of its client, 65 percent of curriculum vitae submitted in 2007 contained false information. TRAG reviewed over 3000 candidates' curriculum vitae and resume for discrepancies and discovered that job seekers misled firms over employment gaps and fraud committed against previous employers (Geoghegan, 2005). Victim organizations were reaping losses and incurring unnecessary costs as result of these forgeries.

Methodology

This is an exploratory research. The study used both primary and secondary research method to address the information needs. Quantitatively, the survey method was the research instrument for the study, which is necessary because certain information needed was by nature numerical and better handled by quantitative research instruments. Structured questionnaire of a 5-likert scale of strongly agreed to strongly disagreed were used to measure the magnitude of responses for survey data collection. The total population of this study comprised 157 strategic line managers and 519 full-time employees at the corporate offices of three active beer breweries in South-West Nigeria. The sample size for this study comprised 113 and 226 employees respectively. Multivariate Generalized Linear Models (GLM) was used for data analysis.

Table 1: Goodness of Fit

| | Value | Df | Value/df |
|--|---------|-----|----------|
| Deviance | 197.454 | 266 | 0.724 |
| Scaled deviance | 297.000 | 266 | |
| Pearson chi-square | 197.352 | | |
| Scaled Pearson chi-square | 279.000 | | |
| Log likelihood | 347.587 | | |
| Akaike's information Criterion (A/C) | 723.175 | | |
| Finite sample Corrected A/C (AICC) | 724.765 | | |
| Bayesian information Criterion (BIC) | 774.012 | | |
| Consistent A/C (CAIC) | 788.012 | | |

The full log likelihood function is displayed and used in computing information criteria.

Table2: Omnibus Test

| Likelihood Ratio Chi-square | df | sig |
|-----------------------------|----|-------|
| 85.303 | 12 | 0.000 |

Source: Data analysis, 2020

Table 3:

| Source | Wald Chi-square | Df | Sig |
|-----------------------|-----------------|----|---------|
| Intercept | 55.43 0 | 1 | 0.000** |
| Favourism | 46.494 | 4 | 0.000** |
| Self-serving data | 3.444 | 4 | 0.486 |
| Corruption inducement | 9.304 | 4 | 0.045** |

Source: Data analysis, 2020

The relationship between unethical recruitment practice and labour turnover is presented in Table 1: the goodness of Fit of the GLM model, showing deviance values, information criteria and log likelihood is shown in Table 1 and the results suggest compatibility with the data set.

The result in Table 2 shows that the fitted model is better than the intercept only. This suggests that inclusion of unethical recruitment practices such as favourism, self-serving idea and inducements against competence are better fit to the model.

Table 3 showed the tests of model effects. The results at intercept only are significant ($p < 0.05$) suggesting that unethical practices as a whole, in recruitment practices is associated with labour turnover in the long run. Unethical factors such as favourism and all forms of corruption were also significantly associated with labour turnover.

Expectedly high ethical recruitment practices should result in low employee turnover and low ethical recruitment practices should have high employee turnover because of similarities in ideology of employer and employee. The findings agree with the conclusion of Sapovadia and Patel (2011). The perception of similarities and match at the time of joining employment generally built after smaller interactions, which get tested once employee works for reasonable period with the company. It has been argued that organization's ethical orientation can affect employee's attitude. Robin & Reidenbach (1987) argued that the key to success of any corporate culture is the selection and implementation of an organizational profile identified by core-values, which eventually becomes an integral part of an organizational mission. Ethics affect organization in many ways. The clients will go away from products/services of those organizations with unethical environment practices which put pressure on firm's performance and result in economic risk and expenses (Cham, 2002). Unethical environment affect employees through greater workplace stress, decreasing job satisfaction, also decreases job performance, and finally tends to labour turnover (Babin, et al 2000).

Conclusion

Unethical recruitment practices lead to labour turnover. It is necessary to retrace the antecedent of organizational commitment with a view to identifying if any incongruous situation exists between employee and organizational goal. The high ethical standard in recruitment should be held to enhance organizational success. Also findings lead to the conclusion that increases in good recruitment methods results in lower labour turnover.

Recommendations

- a) Nigerian brewing industry should emphasise the importance of ethical conduct, that is managerial practices that promote ethical culture must be adopted and practiced in the industry.
- b) The companies should provide business framework for high ethical standards during recruitment to reduce employee turnover.
- c) The decisions, actions and behaviour of management should emphasize the value a company places on ethical conduct.

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