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RETENTION EFFORT AND SOLVENCY OF BAKERIES OPERATING IN RIVERS STATE.

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Abstract

This study examines the relationship between retention and solvency of bakeries in Rivers State. This study adopted Cross-sectional survey research design. The population of the study consisted 380 respondents from the bakeries in Port Harcourt. The study adopted simple random sampling technique. The structured questionnaire was used for data collection for this study. Descriptive tools such as the mean and standard deviation were used in assessing the univariate distributions for the three variables. The inferential statistical tool, the Spearman's rank order correlation coefficient (Rho), was used in the test for the bivariate hypotheses of the study using SPSS version 22. The study revealed that there is a significant relationship between mentoring and continuous production of bakeries in Rivers State. The study concluded that there is a positive relationship between retention and solvency of bakeries in Rivers State. The study recommended among others that bakeries should implement formal retention programs to transfer knowledge and improve employee skills, thereby enhancing both production and financial stability.

Keywords: Retention, Solvency, Organisational Survival, Succession Planning

Introduction

Retention strategies mitigate the risk of losing critical institutional knowledge. When skilled employees leave, they take with them years of experience and know-how that can be difficult and costly to replace. Research indicates that organizations that invest in comprehensive retention programs offering development opportunities, recognition, and job security—are better positioned to retain their top talent (Allen et al., 2019). In the bakery industry, where consistency in production processes and product quality is paramount, losing skilled employees can disrupt operations and negatively affect business outcomes. Therefore, implementing robust retention efforts helps bakeries maintain a stable workforce, ensuring that production continues smoothly and organizational goals are consistently met.

The objective of succession planning is to ensure that the organization is prepared to fill key positions when the incumbents leave for any reason. For employees, succession planning provides useful information about the direction their career is likely to take if they continue to work in the organization. Furthermore, succession planning is based on information about managers gleaned from supply and demand forecasts talent audits and performance and potential reviews. To keep track of their top talent, many organizations maintain a talent pool. A talent pool is a list of employees who have been identified as having high potential for advancement, usually because they are top performers in their current positions. The employees in a talent pool are those whom the organization is especially interested in retaining and developing. Charan, (2001) argues that it is essential for organizations to train successors before the vacancies are created. Ensuring that employees in the talent pool are considered when job openings occur is one tactic for successful long-term staffing of the organization (Wener, et al, 2012; Eshiteti, Okaka, Maragia, Odera, & Akerele, 2013).

However, none existence of succession plan can pose a great challenge to strategic human resource management in situations where: employee retirement is at hand and a replacement is needed; there have been redundancies and dismissals of employees; sudden demise or physical medical incapacitation of employee (caused by accidents or ill health); unsignalled resignation of employee; and during promotion period. When faced with situation such as any of these, replacement from

outside becomes the only option (Hills, 2007). In every sense, it is essential for any goal oriented organization to ensure that successors are available in their appropriate number, places, and time to fill key positions when the incumbents leaves for any reason. It is therefore of utmost importance for success-seeking organization to develop strategic succession plan for the organization as these will help sustain the corporate structure in a competitive environment. Therefore, for an organization to realize its goals, appropriate strategies for retention and succession plan are sine-qua-non for enhanced performance and organizational survival. Effective succession management provides long-term sustainability, guarantees the survival of business and ensures capable and trained officials are in the organization. Many of the world's renowned organizations with the most longevity have their success rooted in effective succession management; these great companies begin planning their exit strategies right at the start of their appointment (Ohuabunwa 2015). Employees are bound to leave the organization through departures or retirement therefore; organization needs candidates who are qualified for key roles when positions become vacant. Not only does an organization lose skills when an employee departs, but it also loses valuable organizational knowledge. Succession management not only helps to ensure that there are candidates willing and able to step into the role of a departing employee, but also support strategies for knowledge transfer before a departure occur. (Flynn 2014).
Therefore, is to raise a number of critical issues about the relationship between succession planning regarding organizational growth and survival, in addition, to suggest some important opinions for adequate manpower planning implementation in relation to organizational performance and in similar direction to recommend some areas for future research. However, as obtained in the literature, varieties of studies on succession planning have been conducted in developed nations particularly in industries (Amburgh, 2010; Redmond, 2006; Singer, 2004; Van, 2010; Stefanovic, 2011). Essentially, very few of such studies have been conducted in developing economy like Nigeria, much less in private educational sector in which our study is designed to fill this gap in literature.

Research Hypothesis

H_{O1}: There is no significant relationship between retention effort and solvency of bakeries operating in Rivers State.

Retention Effort

Retention effort is an effort made by organization to support current employees in remaining with the organization. Das and Baruah (2013) have viewed retention as a process in which the employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project.
According to Signgh and Dixit (2011), effective employee retention is a systematic effort made by employers to create and foster an environment that encourages current employee to remain employed, by having policies and practice in place that addresses their diverse needs. Walker (2001) identified seven factors that can enhance employee retention as

(i) compensation and appreciation,
(ii) provision of challenging work,
(iii) chances to be promoted and to learn,
(iv) A healthy atmosphere within the organization,
(v) positive relations with colleagues,
(vi) A healthy balance between the professional and personal life, and
(vii) Good communications.

Gomez (2013) found that factors such as a supportive company culture, performance evaluation that focuses on improvement rather than criticism, and a competitive pay structure influenced employee retention. Shakeel and But (2015) found that factors such as job satisfaction , training , job embededness, flexible work arrangements, career development, organizational values and beliefs, organizational commitment work-life balance, organizational support, job involvement, job content, status, working conditions, relationship with immediate boss, pay promotion, social environment, respect and recognition and organizational justice and prestige have a direct influence on employee retention.

Retention effort is also made in times when promotions occur and actions need to be taken to ensure that those employees not advanced do not feel passed over and seek professional roles elsewhere (Akani, 2015). To ensure retention of these talented employees after promotion decision, executives can take several steps. Ideally, there are other challenging positions in which talented employees can be placed; employees are inclined to stay where they feel appreciated and where they can grow (Michelle, 2011). Hence, retaining a well trained; skilled a contended workforce can lead an organization to greater heights while the lack of it can hamper its growth and development. However, managing workforce retention requires paying attention to efficiency and equity. Whether staff turnover occurs due to employee resignations, retirements, layoffs or discharge, administering the succession process often may incur the organization substantial costs.

Game Theory of Succession Planning

Game theory was developed extensively in the 1950s by many scholars. It was explicitly applied to evolution in the 1970s, although similar developments go back at least as far as the 1930s. Game theory has been widely recognized as an important tool in many fields. As of 2020, with the Nobel Memorial Prize in Economic Sciences going to game theorists Paul Milgrom and Robert B. Wilson,

Game theory is concerned with interdependent decisions. Game theory studies mathematical models about conflict and cooperation among decision makers who are rational and intelligent. Problems which are encountered involve participants who hold personal objectives that are at per with a similar system and resources that are shared among the system. In this theory, problems are referred to as 'games' as participants are referred to as 'players'. Matters that require interdependent decisions appear in many situations and thus they require strategized thinking and careful planning in order to meet the outlined objectives. (Watts & Tucker, 2004).

This theory is an extension of interdependent decisions whereby the evaluated options are functions related to the choices of the player. Family succession in leadership is usually challenging and thus game theory comes into fill the gap by giving room for interdependent choices that are arrived at by rational thinkers concerning the leadership of the firm. Game theory is a mathematical framework that helps analyze strategic interactions between individuals or entities with conflicting interests. In the context of succession planning and organizational survival in bakeries in Rivers State, game theory can be applied to model the decisions and actions of various stakeholders involved in succession planning, such as bakery owners, current employees, potential successors, and leaders. In succession planning, various stakeholders make decisions that affect the outcome. Game theory models these decisions as players making choices to maximize their own interests. The interactions among these stakeholders can be represented through strategic games, such as the prisoner's dilemma or the coordination game. Wilson v. (2018). Game theory offers a strategic lens through which to analyze the complexities of succession planning and organizational survival in bakeries in Rivers State. By modeling decision-making and interactions among stakeholders, game theory enhances the understanding of how different strategies impact overall bakery success and organizational survival, leading to more informed decision-making and improved outcomes.

Leadership Model Succession Theory

There have been many framework and models proposed by researchers related to leadership succession plan.

The Leadership Pipeline Model developed by Charan (2001) examines the development of leaders at every level. According to Charan, the leadership pipeline should be kept "fully primed" at all times to avoid possible shortage of managerial talent in situations where managerial positions are vacant. In this particular model, emphasis is given to the aspect of "climbing the corporate ladder", where

aspiring executives have to successfully pass through a number of stages in the development. Further development and training will be provided from one level to the next warranting the executives to assume greater responsibilities with higher positions.
In this model of succession, there is a proposal that suggests that in order to make sure that there is proper succession in leadership; the company should make sure that there is redundancy in the structure of management. This will see to it that succession of leadership is covered and ensures that successors of retiring employees are mentioned before the dismissal of the outgoing leaders. The company should also mentor potential candidates under the wing of incumbent leaders. To prevent conflicts that may arise during this process, they should ensure that there is a swift transformation in leadership without hitches and questions. (Ibrahim Soufani, & lam, 2001). Planned succession of leadership in an organization will promote continued operation of businesses even if its founders are no longer actively involved in its operation. It is a concept that explores how effective leadership development and succession planning can lead to sustained organizational success. This theory emphasizes the importance of identifying and grooming potential leaders from within the organization to ensure a smooth transition of leadership roles.
The Leadership Pipeline Model is comprehensive in its display and progress, due to the self-awareness and competencies needed to be mastered by the prospective organizational leader. One has to recognize and be able to execute the tasks and responsibilities associated with each rank in the managerial hierarchy before proceeding to the higher levels. In the same vein, Bratianu and Orzea (2011), highlighted the importance of organizational members to be well-equipped with adequate knowledge in relevant fields, including leadership. This is similar with the suggestion given by Appelbaum et. al. [17], who promoted knowledge transfer in succession plans as a critical component to boost the future leader’s breadth of understanding of internal operations and external considerations.

The theory suggests that a proactive approach to leadership development contributes to improved organizational survival. When bakeries invest in identifying and nurturing potential leaders, these individuals are likely to receive focused training and mentorship. As a result, they develop the skills and competencies required not only for leadership roles but also for enhancing organizational survival in their current positions. Ibrahim (2001). Leadership model succession theory emphasizes the importance of seamless transitions in leadership roles. Applying this theory to bakeries, a well-structured succession plan ensures that leadership changes do not disrupt bakery operations. A well-prepared successor can step into the leadership role without causing interruptions, maintaining organizational survival levels and overall bakery success. The theory's focus on leadership development aligns with employee engagement and development. Employees who see opportunities for growth and development within the organization, as highlighted by the succession planning efforts, are more likely to be engaged and motivated. This, in turn, positively impacts their performance and commitment to bakery success. Hall-Ellis, (2015)

Methodology

This study adopted Cross-sectional survey research design. The population of the study consisted 380 respondents from the bakeries in Port Harcourt. The study adopted simple random sampling technique. The structured questionnaire was used for data collection for this study. Descriptive tools such as the mean and standard deviation were used in assessing the univariate distributions for the three variables. The inferential statistical tool, the Spearman’s rank order correlation coefficient (Rho), was used in the test for the bivariate hypotheses of the study, while the partial correlation technique was used in the test for the multivariate hypotheses of the study using SPSS version 22.
: There is no significant relationship between retention effort and solvency of bakeries operating in Rivers State.

Table 1: Correlation Analysis Showing the relationship between retention effort and solvency of bakeries operating in Rivers State.

Correlations

			retention effort	solvency
Spearman's rho	retention effort	Correlation Coefficient	1.000	.522**
		Sig. (2-tailed)	.	.000
		N	162	162
	Solvency	Correlation Coefficient	.522**	1.000
		Sig. (2-tailed)	.000	.
		N	162	162

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

***Source**: Researcher survey data (2024) via SPSS Output V.22*

H_{01}: There is no relationship between retention effort and solvency of bakeries operating in Rivers State. The result reveals a significant relationship between retention effort and solvency of bakeries operating in Rivers State. (where rho = .522, p = 0.000). and based on the decision rule of $p < 0.05$ for null rejection; we reject the null hypothesis and accept the alternative hypothesis: *That there is a relationship between retention effort and solvency of bakeries operating in Rivers State.*

Retention Effort and Solvency

The results of H04 demonstrate a significant relationship between retention effort and the solvency of bakeries operating in Rivers State, with a correlation coefficient (p = 0.522) and a p-value of p = 0.000. The correlation coefficient of 0.522 indicates a moderate positive relationship, suggesting that as retention efforts increase, the solvency of the bakeries also improves. Given that the p-value is well below the threshold of 0.05, we reject the null hypothesis, which posited that no such relationship exists, and accept the alternative hypothesis, confirming that there is a positive and significant relationship between retention efforts and solvency.

This finding is consistent with the research of Lempaka (2018), who argued that effective succession and retention strategies play a key role in enhancing employee loyalty, which in turn supports organizational solvency. Lempaka's study indicated that by maintaining a committed and stable workforce through retention efforts, organizations are better equipped to manage their financial stability and ensure long-term sustainability. In the context of bakeries in Rivers State, these retention strategies, which may include mentoring, career development opportunities, and competitive benefits, likely contribute to the financial health of the business by reducing turnover costs, improving employee performance, and ensuring a consistent workforce capable of meeting business objectives.

Retention efforts foster an environment where employees feel valued and motivated to stay with the organization long term. This, in turn, reduces the costs associated with high employee turnover, such as recruitment and training expenses, and leads to a more experienced and efficient workforce. As a result, bakeries that successfully implement retention strategies are better positioned to handle financial challenges and maintain their solvency. A committed workforce is not only more productive but also more likely to contribute to cost-effective decision-making and efficient use of resources, both of which are essential for maintaining the financial health of a bakery.

Furthermore, when employees remain with a bakery for an extended period, they develop an in-depth understanding of the business's financial processes and operational needs. This expertise allows them to make informed decisions that contribute to the bakery's financial stability. By retaining skilled and experienced employees, bakeries can ensure a steady flow of operations, maintain consistent product quality, and effectively respond to market demands, all of which contribute to financial success and solvency.

This study underscores the importance of retention strategies as a driver of both employee loyalty and financial stability in bakeries. By fostering a committed workforce, bakeries can improve operational efficiency, reduce costs, and ensure that they remain solvent even in challenging economic conditions. Ultimately, the findings reinforce the idea that investing in retention efforts is a critical factor in safeguarding the long-term financial health and sustainability of bakeries operating in Rivers State.

Conclusion

The study concludes that: Retention efforts significantly influence the solvency of bakeries in Rivers State. The findings suggest that bakeries that invest in these human resource practices tend to experience improved operational efficiency and financial stability. Succession planning plays a vital role in the survival of bakeries. Effective succession planning ensures continuity by preparing employees for future leadership roles, which ultimately supports the long-term sustainability of the organization.

Recommendations

Based on the study findings, the following recommendations are proposed:

1. Retention strategies, including professional development and employee engagement initiatives, should be prioritized to reduce turnover and ensure continuous production.
2. Bakeries should provide management training programs to prepare employees for leadership roles, ensuring a pool of qualified candidates for succession.
3. It is recommended that bakeries establish clear succession plans to ensure smooth leadership transitions, which will safeguard the survival of the business in the long term.

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