

Economic Environmental Factors and Employee Turnover: Evidence from Selected Plastic Manufacturing Firms in Lagos State, Nigeria

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Abstract

Beneficial economic environment is one of the environmental factors that opens door of business activities as a driving force to organisations to attracting customers, retain employees and ultimately achieve set goals. Despite the importance of economic environmental factors, many organisations pay little or no attention, move on to establishing businesses which consequently encourage employee turnover to more attractive environment leading to little or nonperformance. This study examined the effect of economic environment on employee turnover of selected plastic manufacturing firms in Lagos State, Nigeria. Cross-sectional survey research design was adopted. The population was 7,140 employees of five selected plastic manufacturing companies in Lagos State. A sample size of 475 was determined by Cochran formula. Stratified random sampling technique was adopted. A validated questionnaire was used for data collection. Cronbach's alpha reliability coefficients for the constructs ranged from 0.770 to 0.794. The response rate was 90.5%. Data were analysed using descriptive and inferential statistics. Findings revealed that Economic environmental factor had significant effect on employee turnover ($R^2 = 0.330$, $F(1, 438) = 215.631$, $p < 0.05$). The study concluded that economic environment had statistical significant effect on employee turnover of selected plastic manufacturing firms in Lagos State, Nigeria. The study recommended that Plastic manufacturing companies should key into the economic benefits of building a suitable business environment as it is suggested that a beneficial economic environment would enhance the growth rate of plastic manufacturing firms while encouraging staff retention. Additionally, plastic manufacturing companies in Nigeria need to develop a clear business environment and vision through a process of high quality dialogue with both employees and other stake holders as to achieve set goals.

Keywords: *Business environment, Economic environment, Employee turnover, Performance, Plastic manufacturing companies.*

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Background to the Study

The plastics industry is one of the major strengths of the manufacturing sector, plastics and plastic packaging are an integral and important part of the global economy. Plastics products are used by virtually every end-use segment of the economy. Plastics production has surged over the past 50 years, from 15 million tonnes in 1964 to 311 million tonnes in 2014, and is expected to double again over the next 20 years. While delivering many benefits, the current plastics economy also has important drawbacks that are becoming more apparent by the day. Businesses around the world are in a constant dilemma of maintaining and sustaining their performance in light of ever changing consumer taste and preferences.

A cursory observation seems to show that the fall in performance is due to open market structure and globalised world that characterised the industry. Plastic industries have equally been caught in the same web, with plastic industries seemingly uncertain on strategies to employ in enhancing sales volume, growing market share, improving profitability and gaining competitive advantage in the long run (United Nations Environment Programme, 2016). Also, the rapid changes in the domestic and global market have been seen to increase plastic industries rivalry and decline in performance, arising from the difficulties in managing customer preferences with a determination to influence business survival (United Nations Environment Programme, 2016).

The poor performance of plastic industries cut across developed, transiting, and developing countries resulting from open border, market elasticity, and demographic characteristics among plastic industries with its adverse effects on market share, profitability and sales volume. This poor performance of plastic industries resonate the academic interest in identifying the instigators of poor performance in the plastic industries (Andrady and Neal, 2016). This trend of poor performance in the plastic industries stems from challenges of unpredictable consumer preference, sub-standard plastic product, poor packaging, high product pricing. Consequently, global competition and open market policies have led to the downward rigidities of performance in terms of sales volumes, market share, profitability, market and price control in the plastic industry (Hyunjoo and [Suh](#), 2017). Plastic business activities around the developed countries like USA, United Kingdom, Germany, and France among others are going through a time of unforeseen changes in their performance which are happening at faster rates due to changes in customer preference (Aksoy, Bloom, Cooil and Lurie, 2016). According to [Hyunjoo](#) and [Suh](#) (2017), plastic industries in North America have experienced dramatic changes in the past decade. The North American Free Trade Agreement (NAFTA) has prompted the formation of plastic supply networks throughout the Western Hemisphere combining plastic industries and retailers in the USA with plastic industries in Mexico to compete against Asian countries.

In developing countries like Kenya, plastic industries showed signs of early industrialization, since it is a very labor-intensive sector (Engvall, 2008). Nyarunda (2016) stated that the near-collapse of the industry shows a reality where cheap imports and second hand trade has significantly reduced competitiveness and performance of the

domestic plastic industries in the business environment in Kenya. Ontita (2016) emphasised that plastic manufacturing industry has faced challenges of decrease in local demand, high oil prices, high transport costs, cheap imports, and the removal of quotas. He further raised issues that growth of the plastic manufacturing sector has been adversely affected by increased cost of electricity and poor transport. This has forced a number of plastic manufacturing firms to close operations and lay off some of their workers (Kenya Association of Manufacturers (KAM), 2015).

In Nigeria, the negligence of other aspects of the economy such as agriculture (cocoa, groundnut, palm); plastics, art and crafts among others in pre and post independent Nigeria were gradually undermined through inadequate funding and technology. The unpleasant scenario, over the decades, has resulted into an economy that is oil-based, thereby making other sectors of Nigeria's economy largely unsustainable; hence, the country remains a developing economy. In Nigeria, Aremu (2014) and Ajiboye, Fajuyigbe and Makinde (2015) stated that the production of plastics had not flourished at both cottage and industrial levels and thus failed to satisfy consumer taste fashion and divert consumer attention to imported plastics which in turn reduced customer patronage and plastics industry profitability. Oloyede (2014) established that it is unfortunate that the current economic low plastic operations in Nigeria has developed adversarial forces clamping the proper functioning of the plastic industry as a resourceful economic contributor.

The plastic industries a decade ago, has faced increasing competition and tremendous challenges due to globalization, substandard products, adverse changes in economic and political patterns and imported substitutes which have narrowed profit margins and inhibited competitive advantage of plastic firms in Nigeria. In the plastic industry, the need to remain competitive has been a key preserve of most plastic manufacturing firms. The Nigerian plastic business environment is faced with constant changes which make it dynamic and complex. Due to this, plastic firms have been compelled to adopt competitive strategies and improve product quality in order to gain competitive advantage over their rivals. As a plastic industry, products quality is a clear way of retaining competitive and attracting new customers (Osagie, 2015). With the current globalized world, coupled with a knowledgeable population, it is very difficult to keep pace, dominate and control the market in the industry as customers are able to know what is happening across the globe within a split second without a struggle (Aminu, 2016).

The Nigerian business environment is situated in the midst of a challenging economic landscape and intense competition. Therefore, managers are increasingly seeking for promotion strategies to accomplish, improve and sustain firm market share and competitive advantage. Concern for investment in the plastic manufacturing sector in Nigeria has continued to decline due to poor promotion and packaging strategies of Nigeria plastic manufacturing which is probably caused by poor entrepreneurial posture. As emphasized by Zwingina and Opusunju (2017) the collapse of plastic manufacturing sector in Nigeria has been on the high side and continues to decline in terms of sales

volume, market share and profitability which are partially caused by consumer dissatisfaction, poor power and infrastructural facilities, inappropriate employment of corporate entrepreneurship, organisational rigidity, poor business innovation and mismatch of organisational environmental planning and forces with organisation information. Akpan, Chukwunonye, Ikon and Nneka (2016) emphasized that lack of better product/service quality and packaging, inadequate product customization and poor personnel management have hindered sales volume and market share of various plastic firms and their performance. This is as a result of narrow out-look to issues regarding consumer preference, competitive strategy planning, formulation, implementation and evaluation, research and development on product quality and service delivery.

The dynamism in the Nigerian plastic industry environment with its unpredictable changes in product pricing that may provide opportunities for plastic firms to grow, develop, create value and wealth also poses threats to the plastic business (Obiwuru, Oluwalaye and Okwu, 2011). According to Mukutu (2017), product pricing of manufactured products has become widely challenging for managers especially among manufacturing firms in the developing nations. Simao, Rodrigues, and Madeira (2016), Aminu (2016) asserted that most manufacturing firms in developing countries especially in Nigeria suffered a decline in profitability due to poor product pricing, sub-standard product, change in customer choice and imported product substitutes. The success of every business depends on how well it adapts itself to the environment within which it functions. The Nigerian business environment in the last decade has witnessed unsatisfactory progress resulting into retarded growth rate, increased rate of unemployment, low industrial output coupled with poor demand in terms of services and tangible products (Apulu, 2015). Several studies have examined the effect of business environment on business survival in different industries without considering plastic manufacturing firms in Lagos State, Nigeria. Chukwudi (2014) and Oloyede, (2014) pointed out that most plastic manufacturing firms in Nigeria die within first five years of operations which had enhance major setback for them to compete globally.

These serve as the gap and motivation for the study. However, the study of Tambi and Praveen (2017); William and Jauch (2016) posits that most plastic manufacturing firms failed in Nigeria as a result of several factors that hindered survivability in Nigeria and these hindered factors had reduced manufacturing companies' growth and development and their contribution to economic activities.

The foregoing background has given rise to the objective of the study guided by the structure as arranged below:

Objectives of the Study

1. The objective of the study was to examine the effect of economic environment on business survival of selected plastic manufacturing firms in Lagos State Nigeria.
2. To achieve this objective, the paper addressed the research question – “What is the effect of economic environment on business survival of selected plastic manufacturing firms in Lagos State, Nigeria?”

Literature Review

Economic Environment

The economic environment constitutes to economic conditions, economic policies, and the economic system that is important to external factors of business (Oginni, 2015). The economic conditions of the country include nature of the economy of the country. the general economic situation in the region, conditions in resource markets like money, material, market raw material components, services, supply markets and so on which influence the supply of inputs to the organization, their costs, quality, availability and reliability of supply of products and services. It determines the economic strength and weakness in the market (Oginni, 2015). Purchasing power of the individual depends upon the economic factors like current income, price, savings, and circulation of money, debt and credit availability (Oginni, 2015).

The distribution of income and assets of the country as well as the public finance of the country are the very important determinants of business strategy in the organization for formulating, implement and controlling of economic policies (Akanji, 2013). Economic environment refers to the nature and direction of the economy within which business organization are to operate (Akanji, 2013). For instance, in a developing country, the low income may be reason for the very high demand for the product and services of the business. In countries where the investments and income are steadily and rapidly rising, business prospects are generally bright and further investments are encouraged (Akanji, 2013).

In developed economics, replacement demand accounts for a considerable part of the total demand for many consumers durables whereas the replacement demand is negligible in the developing countries. Money is the lifeblood of any business organization and the economic system. The economy consists of micro-economics and macroeconomics (Litavniece and Znotina, 2015). Micro and macro elements are important from the point view of strategic decisions. Strategist must scan, monitor, forecast, and assess the following critical elements of the macro and micro economic environment like the economic system, nature of the country economy, the monetary and fiscal policies, autonomy of the economy, functions of economics, factors of productions, economic trends and structures, economic policy statements and structure, economic legislation, economic problems, import and export policy, tax rates, interest rates, government budget deficit, consumption pattern, price fluctuations, global movement of labour and capital, stock market trends, coalitions of countries and regional states, availability of credits, inflation trends in country, unemployment trends and foreign country economic conditions (Litavniece and Znotina, 2015). Economic environment encourages liberalization, privatization and globalization of the economic policies in the business environment. Every country's development is based on the economic environment activities that focus to the development process of the country.

Economic factors include the general economic climate, trade rates, inflation rate, labour unemployment rate, interest rates, the rate of economic development, per capita domestic product and trade deficit or surplus (Litavniece and Znotina, 2015). Economic factors help

businesses to make strategic decision. It is important for companies in plastic industry to comprehend monetary elements and indicators and to utilize the information to help marketing decision-making and planning process (Litavniece and Znotina, 2015). For instance, if there is a variation in interest rates, then it is likely that businesses may be involved in considering increases in cost. According to Related & Rights, 2017 stated that high trade barriers in Nigeria leads to high local production cost of plastic products which affect the local plastics not to be competitive with the imported plastics.

Employee Turnover

Employee turnover, as defined by Hom and Griffeth (2016), is 'voluntary terminations of members from organizations'. Loquercio (2014) observed that staff turnover is the proportion of staff leaving in a given time period but prior to the anticipated end of their contract. According to Singh (2015), staff turnover is the rate of change in the working staffs of a concern during a defined period. Ivancevich and Glueck (2013) opine that staff turnover is the net result of the exit of some employees and entrance of others to the organization. Kossen (2015) defined turnover as the amount of movement in and out (of employees) in an organization. Employee turnover is the rotation of workers around the labour market, between firms, jobs and occupations, and between the states of employment and unemployment (Abassi and Hollman, 2017).

Staff turnover that can occur in any organization might be either voluntary or involuntary. Voluntary turnover refers to termination initiated by employees while involuntary turnover is the one in which employee has no choice in the termination as it might be due to long term sickness, death, moving overseas, or employer-initiated termination (Heneman, 2016). Turnover is referred as an individual's estimated probability that they will stay or not stay in an employing organization (Cotton and Tuttle, 2016). A number of terms have been used for employee turnover, such as quits, attrition, exits, mobility, migration or succession (Morrell, 2014). Employee turnover is commonly defined as the combined number of employees that leave an organization in a certain time period and the turnover rate is the total number of employees that leave the organization to the total number of employees within the organization, often measured over one year (Hausknecht and Trevor, 2016). Employee turnover refers to the rate at which an employer gains and losses employee, how long the staffs tend to leave and join the organization Price defines employee turnover as the "entrance of new employees into the organization and the departure of existing employees from the organization" (Price, 2015). Employee turnover is described as employees who have left, are leaving and will leave an institution for various reasons (Grobler, Warrnich, Elbert and Hatfield, 2016).

Each time a position is vacated, either voluntarily or involuntarily, a new employee must be hired and trained and this replacement cycle is known as turnover (Ongori, 2017). When employees leave an organization at their own discretion, it is referred to as voluntary turnover which is initiated by the choice of the employee. A similar definition is given by Shaw, Delery, Jenkins & Gupta (2014), stating that "An instance of voluntary turnover, or a quit, reflects an employee's decision to leave an organization, whereas an

instance of involuntary turnover, or a discharge, reflects an employer's decision to terminate the employment relationship". According to Lee & Mitchell (2016) who study voluntary turnover, it can be affected by a lack of job satisfaction, job stress as well as alternative opportunities. It is thus important to consider attractions such as alternatives when looking at voluntary turnover. However, voluntary turnover can be predicted and, in turn, be controlled.

Shaw, Delery, Jenkins and Gupta (2014) define involuntary turnover as "an instance of involuntary turnover, or a discharge" that "reflects an employer's decision to terminate the employment relationship". Another definition states that involuntary turnover includes the need to cut costs, restructure or downsize due to reasons which are independent of the affected employee (s), as explained by Cappelli (2017). This represents a decision or choice made by the employer.

Kumari, Shikdar and Das (2011) are of the opinion that employee satisfaction improves significantly as a result of the presence of the assigned and participative standards with performance feedback in a repetitive industrial production task. Maximum improvement in employee satisfaction is discovered in a situation of the provision of participative standard and feedback condition. Mati and Makori (2014) study reviewed the effects of economic factors on the performance of real estate in Kenya by reviewing the following areas, interest rate, inflation, transaction cost and demand for housing. From the study, the researcher can conclude that, interest rate, inflation, transactions cost and demand for housing highly influence the performance of real estate industry. Gangaram (2016). Conducted a study on Organizational Career Growth and Employees' Turnover Intentions: An empirical evidence from Nepalese Private Commercial Banks, the results show that there is moderate prevailing organizational career growth and low to moderate employees' perception of turnover intentions. Guest (2001) carried out a study on work environment and employee satisfaction, giving the result that the working conditions have effect on the satisfaction of employees which encourages productivity and retention. In this case, good working conditions involve adequate economic factors as income, housing, competitive pricing, work and office spaces, good working environmental temperature. Dole and Schroeder (2001) did a study on career growth and employee satisfaction and concluded that employees that are satisfied with their jobs are more likely to produce better work outcomes. This is based on the fact that higher levels of satisfaction improves morale and reduces voluntary turnover.

The study adopted the Institutional theory which integrates classical and bourgeois perspectives of political economy theory, and originates in organisational studies. According to Dillard (2004), the theory is concerned primarily with an organization's interaction with the political and economic institutional environment, the effects of institutional pressures on the organisation, and the incorporation of these expectations into organisational practices and characteristics. According to Scott (2008), institutional theory considers the processes by which regulative, normative and cultural cognitive structures are established as 'authoritative guidelines' for social behavior. The theory

explains how these elements are created, diffused, adopted and adapted over space and time (i.e. institutionalized) and how they fall into decline and disuse (deinstitutionalized)

The relevance of institutional theory to corporate environmental management and reporting in the organisational study literature (Jennings and Zandbergen, 1995. Hoffman, 1999) and accounting literature (Larrinaga, 2007) is well documented. Institutional theory has provided important insights for understanding the processes and motivations of corporate environmental responsiveness. As Meyer (2002) states, the theory is 'especially useful in analysing the interrelations of organisations with modern environmentalism'. Already some studies (Branzei and Vertinsky, 2002. Rowe & Guthrie, 2010) explicitly take an institutional perspective to corporate environmental and sustainability management.

Methodology

The study employed cross-sectional survey research design This approach is appropriate because it involves different locations of selected plastic manufacturing companies as well as different population groups of employees within a particular point in time.

The study population were selected plastic manufacturing companies in Lagos state. The plastic firms are: Sonnex packaging and plastic industries limited, Black horse plastics industry Ltd, Celplas industries Nigeria Ltd, Bracon plastic industries Ltd, and Golden gate plastics industries Ltd. These plastic companies are selected for this study because they are major plastic producers in the Nigerian plastic manufacturing sector (MAN report, 2017). The total number of top, senior and junior staff of the five selected plastic manufacturing company's employees as at December, 2017 is 7,140. The population of the study is 7,140 (see table 1).

Table 1: Selected Plastic Firms Population

Mgt Level	Sonnex Packaging and Plastic Industries Ltd	Black Horse Plastics Industry Ltd	Celplas Industries Nigeria Ltd	Bracon Plastic Industries Ltd	Golden Gate Plastics Industries Ltd
Top Level Staff	18	14	21	12	13
Senior Level Staff	279	176	228	102	146
Junior Level Staff	1,693	1,610	1,701	346	781
Total Population	1,990	1,800	1,950	460	940

Source: Human Resource Department of each of the plastic company's (2018)

Sample Size Determination

The sample size for this study was determined by applying the Cochran (1997) formula. This is the standard method of randomization and it identifies the limits of errors considered as the most essential items in the survey. This helps the researchers obtain the sample and use the results to make sampling decisions based on the data.

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The formula is:

$$n = \frac{NZ^2pq}{d^2(N-1) + Z^2pq} \dots\dots\dots 1$$

Where:

n = Sample size

N = Population size

Z = Standardized normal variable and its value that corresponds to 95 % confidence interval equals 1.96

P = Degree of variability (0.5)

q = 1-p

d = Degree of accuracy (0.05)

α = level of significance (5%)

$$n = \frac{7,140 (1.96)^2 \times 0.5 \times 0.5}{(0.05)^2 (7,140-1) + (1.96)^2 (0.5 \times 0.5)}$$

$$n = \frac{7,140 \times 3.8416 \times 0.25}{0.0025 \times 7,139 + 0.9604}$$

$$n = \frac{6,857.256}{18.8079}$$

n = 365 2

Therefore the expected number of sample to be taken for this study was 365. However, to compensate for non-response probability, 30% of the sample was added to it to increase the sample base as suggested by (Israel, 2009).
30% of 365 = 110

Then the appropriate sample size is given as

$$n = 365 + 110 = 475$$

$$n = 475$$

From the calculation above, the total sample size of this study is given as 475.

Sampling Technique

The sampling technique that was used is stratified random sampling technique in order to have fair representation of the population in each plastic firm. In other words, samples were proportionally allotted among the five (5) selected plastic manufacturing companies in Lagos state.

Method of data Collection/Research Instrument

For the purpose of this research, the primary source of data was used in gathering data for this study from the employees of the five selected plastic manufacturing firms. The instrument used for this study was close-ended and well-structured survey questionnaire. In this study, the questionnaire were divided into three sections. Section A deals with demographic variables in which the respondents were asked to provide some basic background information on both the firm and the respondent employee. Section B was for the indices adopted to measure the independent variable(economic factors). Finally, Sections C was focused on the dependent variable (employee turnover). For the independent and dependent variable, a six-point modified Likert scale type were used to elicit responses from every question in the questionnaire and this covered. Very High (VH) = 6, High (H) = 5, Moderately High (MH) = 4, Moderately Low (ML) = 3, Low (L) = 2, Very Low (VL) = 1.

Pilot Study

A pilot study was carried out in order to assess the validity and reliability of the instrument that was imbibed for the study. A pilot study was conducted on a pilot size of forty eight (48) respondents, which represents about 10% of the intended sample size of 475 respondents. For pre-testing, forty eight copies of the questionnaire were given to top, senior and junior level employees of the selected poly bag manufacturers in Ogun state. The total number of the questionnaire copies retrieved from the sample was forty two (42). The result of the pilot study indicated that the research instrument is reliable, since the Cronbach's alpha of the scale for the two variables was greater than 0.70.

Reliability/validity of the Research Instrument

A reliability analysis was carried out to determine the reliability level of the variables of study. The reliability for the two variables was accepted at a threshold of 0.7 and above. A Cronbach Alpha Reliability analysis test was carried out based on item value, the result is presented below

Table 2: Chronbach Alpha Coefficient Table

Variables	No of Items	Cronbach Alpha Coefficients	Average Variance Explained
Economic factor	5	0.774	0.793
Employee turnover	5	0.794	0.793

The research instrument was subjected to expert opinion validity as recommended by Raza and Nawaz (2011). In order to make sure that the research instrument was valid, the instrument was subjected to content validity. For content validity, questionnaire includes a variety of questions on the economic environment and employee turnover of selected plastic manufacturing companies in Lagos State, Nigeria. This study also ensures content validity of the questionnaire by passing through peer review process. For construct validity, the questionnaire was divided into many sections such that each of the sections assessed information for specific objectives in the study. Construct validity was measured statistically using Exploratory Factor Analysis (EFA). The main measures used to test the

validity of an instrument in exploratory factor analysis include the Kaiser-Meyer-Okin (KMO) measure of sampling adequacy and Bartlett test of Sphericity. The study employed the KMO sampling adequacy and Bartlett's Sphericity test to determine whether the statements that comprised in the research instruments of each variable actually measured what were intended. If the result of the KMO is greater than 0.5, it means that the questions actually measure the variables in the study. The result of the Bartlett test of Sphericity at 0.000 which is less than 5%, indicate that there is highly significant relationship among variables in measuring the variables under study. In this study, the KMO test is greater than 5% and Bartlett test of Sphericity result is less than 5% indicating that statements that comprised in the research instruments of each variable actually measured what were intended. The result of the KMO and Bartlett test of Sphericity are shown in Table 3 below.

Table 3: KMO and Bartlett Test of Sphericity

Variables	Number of Questions	KMO	Bartlett test of Sphericity
Economic Factor	5	0.776	0.000
Employee turnover	5	0.898	0.003

Source: Field Survey, 2020

Method of Data analysis

Data analysis for this study was done in two stages: the descriptive and inferential analysis. The descriptive analysis featured just as a way of describing the properties of the data to show the variations in responses and opinions using frequencies and percentage denotations as well as other descriptive items such as means and standard deviations. The inferential analysis was done with the use of regression analysis (SPSS) to test the impact of the predictor variable on the dependent variable.

Data Analysis

The analysis of the study stalks from descriptive analysis as shown in tables 4-5 below while table 6a, b & c depict the inferential analysis of the study.

Table 4: Descriptive Analysis of Economic Environmental Factor

Items	Very High	High	Moderately High	Moderately Low	Low	Very Low	Mean	Standard Deviation
Economic recession and inflation.	15.2%	33.0%	46.1%	4.8%	0.9%	0.0%	4.56	.8375
Labour costs	25.7%	37.0%	26.8%	8.9%	1.6%	0.0%	4.76	.9844
Impact of interest rate	37.5%	23.0%	25.2%	11.4%	1.1%	1.8%	4.78	1.1973
Economic growth	23.6%	21.4%	37.0%	13.4%	3.4%	1.1%	4.45	1.1542
Export-Import policy (Exim policy)	26.1%	26.4%	29.8%	13.9%	3.2%	0.7%	4.56	1.1496
Average Mean							4.62	1.0646

Source: Researchers' Field Results (2020)

According to results in Table 4.2% of the respondents indicated that Economic recession and inflation is very high, 33% indicated high, 46.1% indicated moderately high, 4.8% indicated moderately low while 0.9% indicated low. On average, the respondents indicated that Economic recession and inflation is high with a mean of 4.56 and standard deviation of 0.8375. Results also indicated that 25.7% of the respondents responded very high to Labour costs, 37% indicated high, 26.8% indicated moderately high, 8.9% indicated moderately low while 1.6% indicated low. On average, the respondents indicated that Labour costs is high with a mean of 4.76 and standard deviation of 0.9844. Also 37.5% of the respondents indicated that Impact of interest rate is very high, 23% indicated high, 25.2% indicated moderately high, 11.4% indicated moderately low, 1.1% indicated low while 1.8% indicated very low. On average, the respondents indicated that Impact of interest rate is high with a mean of 4.78 and standard deviation of 1.1973.

Results also indicated that 23.6% of the respondents responded very high to Economic growth, 21.4% indicated high, 37% indicated moderately high, 13.4% indicated moderately low, 1.1% indicated low while 1.8% indicated very low. On average, the respondents indicated that Economic growth is high with a mean of 4.45 and standard deviation of 1.1542. Last on the table shows 26.1% of the respondents that indicated that Export-Import policy (Exim policy) is very high, 26.4% indicated high, 29.8% indicated moderately high, 13.9% indicated moderately low, 3.2% indicated low while 0.7% indicated very low. On average, the respondents indicated that Export-Import policy (Exim policy) is high with a mean of 4.56 and standard deviation of 1.1496. The grand mean for economic environmental factor is 4.62 with standard deviation of 1.0646, indicating that economic environmental factor of the selected plastic manufacturing companies in Lagos state is high.

Table 5: Descriptive Analysis of Employee Turnover

Items	Very High	High	Moderately High	Moderately Low	Low	Very Low	Mean	Standard Deviation
Job security	13.4%	40.7%	33.0%	12.0%	0.2%	0.7%	4.52	.9250
Job dissatisfaction	38.0%	32.0%	22.0%	6.1%	0.7%	1.1%	4.97	1.0441
Competitive pay system	31.8%	30.0%	30.5%	6.8%	0.5%	0.5%	4.84	.9937
Employee training and development	24.8%	25.0%	32.3%	14.3%	3.6%	0.0%	4.52	1.1189
Stress and burnout	21.8%	26.4%	36.4%	11.1%	3.0%	1.4%	4.48	1.1192
Average Mean							4.66	1.0401

Source: Researchers' Field Results (2020)

According to results in table 5, 13.4% of the respondents indicated that Job security is very high, 40.7% indicated high, 33% indicated moderately high, 12% indicated moderately low, 0.2% indicated low while 0.7% indicated very low. On average, the respondents indicated that Job security is high with a mean of 4.52 and standard deviation of 0.9250. Results also indicated that 38% of the respondents responded very high to Job dissatisfaction, 32% indicated high, 22% indicated moderately high, 6.1% indicated moderately low, 0.7% indicated low while 1.1% indicated very low. On average, the respondents indicated that Job dissatisfaction is high with a mean of 4.97 and standard deviation of 1.0441. Also 31.8% of the respondents indicated that Competitive pay system is very high, 30% indicated high, 30.5% indicated moderately high, 6.8% indicated moderately low, 0.5% indicated low while 0.5% indicated very low. On average, the respondents indicated that Competitive pay system is high with a mean of 4.84 and standard deviation of 0.9937.

Results also indicated that 24.8% of the respondents responded very high to Employee training and development, 25% indicated high, 32.3% indicated moderately high, 14.3% indicated moderately low while 3.6% indicated low. On average, the respondents indicated that Employee training and development is high with a mean of 4.52 and standard deviation of 1.1189. Last on the table shows 21.8% of the respondents that indicated that Stress and burnout is very high, 26.4% indicated high, 36.4% indicated moderately high, 11.1% indicated moderately low, 3% indicated low while 1.4% indicated very low. On average, the respondents indicated that Stress and burnout is high with a mean of 4.48 and standard deviation of 1.1192. The grand mean for employee turnover is 4.66 with standard deviation of 1.0401, indicating that employee turnover of the selected plastic manufacturing companies in Lagos state is high.

In order to test the hypothesis, simple linear regression analysis was used. The data for economic environmental factors on employee turnover were created by summing responses of all items for each of the variable. The results of the regression are presented in Tables 6.a

To test the hypothesis, model $y = \alpha_0 + \beta x + \mu$ was fitted.

Table 6a: Regression Results for Economic Environmental Factors on Employee Turnover

(a) Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.574 ^a	.330	.328	2.57257
a. Predictors: (Constant), Economic Environmental Factor				

Source: Researchers' Field Results (2020)

Table 6a presents regression results on influence of economic environmental factor on employee turnover of selected plastic manufacturing companies in Lagos State. The R represents the relationship of correlation coefficients between the predictors used in the model of economic environmental factor on employee turnover. The R² represented the measure of variability in employee turnover that is accounted for by economic environmental factor. From the model, (R = 0.574) shows that economic environmental factor account for 45.1% variation of employee turnover. The value of R² was 0.330, showing that the prediction of economic environmental factor on employee turnover account for 33% less variance. The R-squared of 33% means that the economic environmental factor explains approximately thirty percent of variations in the employee turnover of selected plastic manufacturing companies in Lagos State, the model failed to explain 70% of the variation, meaning that there are other factors associated with employee turnover which were not fitted in the model. The change statistics were used to test whether the change in adjusted R² is significant using the F ratio as summarized in Table 6.

Table 6b.

(b) ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1427.075	1	1427.075	215.631	.000 ^b
	Residual	2898.743	438	6.618		
	Total	4325.818	439			
a. Dependent Variable: Employee Turnover						
b. Predictors: (Constant), Economic Environmental Factor						

Source: Researchers' Field Results (2020)

The analysis of variance was used to test whether the model could significantly fit in predicting the outcome than using the means. The F- ratio represents the ratio of improvement in prediction that results from fitting the model, relative to the inaccuracy

that exists in the model. The F- ratio was 215.631 and was significant ($P < 0.05$) which implies that economic environmental factor is significant in explaining variations in the employee turnover of selected plastic manufacturing companies in Lagos State. The model significantly improved the ability to predict the effects of economic environmental factor on employee turnover. Therefore, the model can reliably be used to test the effect of economic environmental factor on employee turnover.

Table 7: Coefficients

(a) Coefficients^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	10.081	.913		11.044	.000
	Economic Environmental Factor	.574	.039	.574	14.684	.000

a. Dependent Variable: Employee Turnover

Source: Researchers' Field Results (2020)

Table 6c show the results of regression coefficients which reveal that a positive effect was reported for employee turnover ($\beta = 10.081$, $p < 0.05$). Further, the results showed that at 95% confidence level, economic environmental factor ($\beta = 0.574$, $p < 0.05$) was statistically significant as the p-value was less than 0.05 and the t values greater than 1.96. This implies that economic environmental factor had significant positive effect on employee turnover of selected plastic manufacturing companies in Lagos State especially when economic environmental factor is implemented. From the results, the equation for the regression model is expressed as:

$$ET = 10.081 + 0.574x_2 \dots \dots \dots \text{Eq.}$$

Where: ET = Employee Turnover and x_2 is Economic Environmental Factor

The results also show that β was significant ($\beta = 0.574$, $t = 14.684$, $p = .000$) indicating that for one unit increase in economic environmental factor, employee turnover increases by 0.574 units. Since $p\text{-value} < 0.05$, the null hypothesis (H_0) which states that There is no significant effect of economic environmental factors on employee turnover of selected plastic manufacturing companies in Lagos State is hereby rejected.

Discussion

The study evaluated the effect of economic environmental factors on employee turnover of selected plastic manufacturing companies in Lagos State, Nigeria. The result of the linear regression analysis provided an overall significance view. The independent variable was significant in predicting employee turnover of selected plastic manufacturing companies in Lagos State, Nigeria. In other words, economic environmental factors have statistically significant effect as the independent variable was significant in predicting the effect of economic environmental factors on the dependent variable - employee turnover. It further showed that a unit increase in economic

environmental factors of selected plastic manufacturing companies by 0.574 brings about a corresponding increase in employee turnover. Economic environmental factors have statistical significant effect on employee turnover of selected plastic manufacturing companies in Lagos State, Nigeria.

The result of this study corroborates with the findings of earlier scholars like Guest (2001) Who carried out a study on work environment and employee satisfaction, giving the result that the working conditions have effect on the satisfaction of employees which encourages productivity and retention. In this case, good working conditions involve adequate economic factors as income, housing, competitive pricing, work and office spaces, good working environmental temperature among others. Similarly, the study also corroborates the study of Mati and Makori (2014) which reviewed the effects of economic factors on the performance of real estate in Kenya by reviewing the following areas, interest rate, inflation, transaction cost and demand for housing. The general objective of the study was to analyse the effects of economic factors on performance of real estate. With the scope of the study focusing on real estate market in Nairobi. The study is built upon major theoretical streams. Classical theory of interest rates, the liquidity preference theory of interest rate, the loanable funds theory of interest rates, and contextualizes the performance of real estate. From the study, the researcher can conclude that, interest rate, inflation, transactions cost and demand for housing highly influence the performance of real estate industry. It can be settled that interest rate is stochastic in determining the performance of any market. The result also is in alignment with the finding of Dole and Schroeder (2001) who did a study on career growth and employee satisfaction and concluded that employees that are satisfied with their jobs environment are more likely to produce better work outcomes. This is based on the fact that higher levels of satisfaction improves morale and reduces voluntary turnover.

The findings of this research work gave credence to the theoretical assumption of the institutional theory. The theory was selected to guide this study because its perspectives are tied to the focus of the study and the variables under investigation. Thus the institutional theory was deemed suitable in studying the effect of economic environmental factors on profitability of selected plastic manufacturing companies in Lagos State, Nigeria. There is therefore an agreement among the above studies and the result of this current research that economic environmental factors had a significant effect on employee turnover of selected plastic manufacturing firms as the various studies reviewed seem to have supported the positive association that exists between economic environmental factors and employee turnover of selected plastic manufacturing companies in Lagos State, Nigeria.

Conclusion

The study evaluated the effect of economic environmental factors on employee turnover of selected plastic manufacturing companies in Lagos State, Nigeria. Economic environmental factors have statistical significant effect on employee turnover of selected plastic manufacturing companies in Lagos State, Nigeria. Job security is high with a mean of 4.52 and standard deviation of 0.9250 in manufacturing companies in Lagos State,

Nigeria. Employee training and development is encouraging. Economic recession and inflation is relatively high, while there is high Impact of interest rate in the plastic manufacturing companies.

Recommendations

1. Plastic manufacturing companies should intensify efforts to encourage favourable and blooming economic environmental factors so as to discourage higher employee turnover and remain sustained in the sector.
2. There should be proper monitoring of the plastic manufacturing companies by the regulatory bodies so as to imbibe best industrial practice.
3. The study recommends employer-employees' cordial relationships. This should be achieved by team work, involving the employees in decision making and provisions of some motivational incentives as housing, salary increase to staff.
4. Customer relationship management should be effectively incorporated to avoid customer switching to competitors.
5. Environmental bench marking is highly recommended so as to adapt and survive any economic environmental change such as import-export policy, recession, interest rate, inflation, price differentiation among others.

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