Effects of Retrenchment on the Morale of Employees of Glo Nigeria Limited

By:
Esther Isioma Ulebor
Email: eulebor@yahoo.com
Phone number: +234 8081205203
Faculty of Administration and Law
ABU Zaria Distance Learning Center
Ahmadu Bello University, Zaria, Nigeria.

Abstract

The study examined the post-retrenchment effects on employees using the case of the GLO Nigeria. The study investigated the causes and effects of organizational retrenchment. It concentrated on the effects of retrenchment on both survivors (those who remain in the organization after the retrenchment) and the organization itself. Because retrenchment can have positive or bad consequences, there are many factors at play in the diverse consequences. These background variables were examined from both an organizational and an individual standpoint in the study. The study's main purpose was to see how retrenchment affected employees, with a focus on GLO Nigeria employees. The study's specific goals were to see how retrenchment in Telekom Nigeria affected employee morale and how the retrenchment process affected job security for those who survived. A descriptive survey was used to conduct the study, which was regarded the most appropriate method because it gives in-depth information about the issue. From a total of 1120 employees, 112 were selected using a stratified random selection approach. Semi-structured questions were developed based on the literature review and administered to respondents using the drop-and-pick method. Descriptive statistics were used to calculate the data's mean scores and standard deviations. Frequency tables and graphs were used to present the data. According to the findings, GLO Nigeria's retrenchment procedure had a negative influence on the morale and job security of surviving staff.

KEYWORDS: Retrenchment, morale, job, security, trauma, and employee

Wukari International Studies Journal, Vol.6, No.2, 2022

Introduction

Due to the current economic slump, many firms have found it difficult to retain a large workforce. Several employees' services have been declared redundant as a result of job insecurity, resulting in low morale among the remaining staff. Due to economic constraints, most organizations are compelled to make difficult decisions concerning human capital investment in order to save costs and remain competitive. Businesses frequently adopt cost-cutting techniques such as reducing the number of employees, reducing pay rise budgets, restricting hiring, and reducing bonuses (Huka, 2003).

Human resource management encompasses employee recognition, training and development, recruiting, and termination. Employees' separation from their employers is referred to as separation. The focus of this research is retrenchment, or separation. Separation can be caused by death, layoffs, retirement, or retrenchment. Separation, like selection, has an impact on an organization's labor composition. The procedure may have a variety of consequences for both present employees and those who are being fired. As a result, given the procedure's strategic relevance inside the company, it must be carried out with considerable attention to ensure its success. Downsizing projects, which play a key role in the overall restructuring process, are typically associated with retrenchment. This has a big economic impact.

Lewis (1992) defined retrenchment as a dismissal "attributable wholly or primarily to": an actual or intended cessation of business, or an actual or expected reduction in the business's

requirements for employees to perform "work of a particular kind," either generally or in the location where the employee is employed. As a result, retrenchment is a sort of layoff in which the company needs fewer workers.

Employers usually handle redundancies in one of three ways: ad hoc, with no formal provisions in place, a formal policy describing management's approach when faced with redundancies, or a formal agreement outlining the method to be followed when redundancies are contemplated.

Whether an individual is dismissed or keeps their job, the consequences are severe both financially and personally. Most organizations are currently reducing their workforce due to a variety of issues, including overstaffing. Most companies strive to avoid layoffs wherever possible, preferring to let natural attrition reduce their personnel over time. Layoffs cause anguish and sorrow for employees, impaired productivity, and strained labor relations inside the organization. Employees are both terrified and concerned about potential layoffs. In order to protect their jobs, employees facing job loss may impose sanctions on the company, such as work-to-rule, strikes, and factory occupations (Bottomley, 1990).

The number of employees available for a given task may be substantially larger than the workload; the job itself may no longer be essential; there may be a considerable change in the substance of a job; or there may be a change in work practices (Bell, 1981). Retrenchment decisions cost the company a lot of money. Layoffs must be compensated; trade unions are particularly

concerned about the social and personal implications. Redundancies are the scrapping of a valuable resource by one user and its transfer to a common pool from which it can be grabbed and used by another in human accounting (Armstrong and Murlis, 1998).

GLO Limited engages in the Nigerian telecoms systems reseller and integration market, which has seen many changes. The liberalization of the telecommunications sector changed the entry of mobile telephony in 1999-2000, as well as the monopoly of one state-owned business in the telecommunication service provider market, allowing other players to enter the field. Increased competitiveness impacted the human resource department because it was discovered that there were too many inefficient personnel. As a result, throughout the reorganization process, numerous staff were laid off. 6,000 people were fired off in 2006. The company cut off 9,767 employees in 2007, making it the Nigerian corporation with the most layoffs in history. There are currently 7, 521 employees on staff, with half of them set to be laid off this year (Business Daily, 2008).

Previous research on retrenchment in Nigeria is Shivo's (2005) study on the effects of job trauma on retrenchment survivors in companies. However, the study does not look at how layoffs affect other employee attributes like job security, motivation, or loyalty. As a result, there is a pressing need to look into the effects of layoffs on surviving employees, with a focus on other aspects of employee work. To far, no research has been done to determine the impact of the retrenchment on GLO Nigeria employees. The impact of GLO Nigeria Ltd's retrenchment on survivors is addressed in this

paper, which fills a vacuum in the literature.

The Problem

Many developments have occurred in the Nigerian telecoms systems reseller and integration industry, which GLO Limited operates in. The entry of mobile telephony in 1999-2000, as well as the monopoly of one state-owned entity in the telecommunication service provider market, altered with the liberalization of the telecommunications sector, allowing other players to enter the industry. The human resource department was impacted by increased competition because it was determined that there were too many employees who were inefficient. As a result, several employees were laid off throughout the restructuring process. In 2006, 6,000 employees were laid off. In 2007, the company laid off 9,767 employees, making it the company with the greatest layoffs in Nigerian business history. The staff currently counts at 7, 521 people, with half of them set to be laid off this year (Business Daily, 2008).

Shivo's (2005) study on the effects of work trauma on retrenchment survivors in organizations is still one of the few studies on retrenchment in Nigeria. The study does not, however, address the impact of layoffs on other employee characteristics such as job security, motivation, or loyalty. As a result, there is a strong need to investigate the effects of retrenchment on remaining employees, with an emphasis on other elements of employee work. No study has been conducted to date to determine the impact of the retrenchment procedure on GLO Nigeria employees. This study addresses a gap in the literature about the impact of GLO Nigeria Ltd's retrenchment on

survivors.

Purpose and objectives of the Study

The purpose of the study was to investigate the effects of retrenchment on the morale and job security of surviving employees of GLO Nigeria Limited. The objectives of the study were:

1. To determine how retrenchment in GLO Nigeria has affected the morale of employees.
2. To determine how retrenchment process has affected job security of surviving staff.

Study Design

The research was conducted using a descriptive survey research approach. Descriptive research depicts a true picture of people, events, or situations (Robson, 2002). Surveys allow for the cost-effective collecting of vast amounts of data from a big population. It allows one to collect quantitative data which can be examined quantitatively using descriptive and inferential statistics (Saunders et al., 2007). (Saunders et al., 2007). As a result, the descriptive survey was chosen as the optimal technique for achieving the study's goals.

Population and sample

The study's participants were all GLO Nigeria employees who worked at the company's headquarters in Nairobi,

Nigeria. All 1120 employees of TKL in Nairobi were included in the target population. The respondents were chosen using a stratified random sampling technique. A stratum is a subset of a population with at least one trait in common. The researcher began by identifying the relevant strata (managers and support personnel) and their population representation. A sufficient number of people from each stratum was then chosen using random sampling.

When one or more strata in the population have a low incidence compared to the other strata, such as managers versus support personnel, stratified sampling is frequently utilized. Managers and support personnel will be separated from the rest of the responders. The researcher selected 10% of the managers and 10% of the general workers to ensure that all departments were represented. If the results are to be significant to a larger community, Mugenda and Mugenda (1999) argue that the sample size should be at least 10% of the population or 30 for social science studies. As a result, 19 supervisors were chosen for the sample from a population of 185, while 93 support personnel were chosen from a population of 935. This resulted in a total sample size of 112 people.

Data and methods

Questionnaires with both open-ended and closed-end questions were used to obtain primary data. It was given using the 'drop and pick later' method. Quantitative and qualitative data were obtained. The data was examined using quantitative methods that included descriptive statistics like percentages, mean scores, and standard deviations. This method allows for comparisons to see if it

converged or diverged in specific locations. Tables, graphs, and charts were used to present the findings. The analysis was helped using the Statistical Package for Social Sciences (SPSS). The questionnaire data was entered in SPSS, and the SPSS output was analyzed using descriptive statistics.

Results

The findings on the effects of Retrenchment on Employees is as detailed in the table below

	strongly agree	agree	indifferent	disagree	strongly disagree	mean	std dev
Since my colleagues were laid off, i often feel more traumatized at the work place	33.3	61.9	4.9	0	0	1.7	0.55
My other colleagues are also more traumatized in the organization	29.8	46.4	19.1	4.9	0	1.9	0.829
I do not feel more secure working in this organization	14.3	47.6	20.5	17.9	0	2.4	0.947
given a chance, i would leave this organization for another opportunity elsewhere	22.6	52.4	9.5	0	15.5	2.3	1.274
I am very motivated to work in this company	0	14.3	13.1	67.9	4.8	3.6	0.788

In the table above, the researcher attempted to determine the impact of retrenchment on employees. As a result, respondents were asked to score their level of agreement with the assertions in the table above. The data was then displayed with mean scores to show agreement and standard deviation to show departures from the mean score. According to the data, the majority of respondents agreed that they had felt more traumatized at work since their coworkers were laid off, as indicated by a mean score of 1.7; their other coworkers have also felt more traumatized in the workplace, as evidenced by a mean score of 1.9.

Conclusion

Retrenchment at GLO Nigeria had a major influence on staff morale, according to the research. Because of the layoffs of other coworkers, the majority of the surviving employees are more traumatized at work. The layoff process has also had a substantial influence on the job security of the surviving staff, according to the research. This is because, according to the report, the majority of GLO Nigeria employees did not feel safe working there and would leave for a better opportunity elsewhere if given the chance. The study also reveals that the GLO Nigeria retrenchment procedure had a major impact on the surviving workers' motivation. According to the report, this was owing to the fact that the majority of employees did not feel enthused to work at the organization.

According to the findings, human resource managers should ensure that suitable retrenchment rules are in place to sustain

Wukari International Studies Journal, Vol.6, No.2, 2022

surviving employees' morale, motivation, and loyalty, as well as to make them feel more secure in their jobs. In order for the layoff process to be successful, the research recommended that early communication with employees be done. This will encourage people to plan ahead of time, and the surviving workers will be less affected. Employee Assistance Programs should also be created to assist remaining employees, who are frequently shocked and disturbed by layoffs.

References

Ballack, J. and Slater, J. (1996). Managing your career in a changing workplace, New Delhi: Wheeler Publishers

Bell, J. (1981) An Employee Management Handbook: A practical guide on managing people and employment law. Watford: Stanley Thornes

Bennett, R. H., Fadil P. & Greenwood R. (1994) Cultural Alignment in Response to Strategic Organizational Change: New Considerations for a Change Framework, Journal of Managerial Issues, 6(4), 1994.

Bentley, C., (1986) Retrenchment Consulting in the Public Sector: Issues and Recommendations, in Consultation: An International Journal. 5(1)

Blake, R. R. and Mouton, J. S. (2003) Managerial Grid, in Business, available on books.google.com

Bottomley, M. (1990) Personnel Management, London: Pitman

Brockner, J. (1990) Scope of Justice in the Workplace: how survivors react to co-worker layoffs, Journal of Social Issues, 46 (1), 95-106

Ebadan, G. and Winstansley, D. (1997) Downsizing, delayering and careers –the survivors perspective,Human Relations Journal, 7(1) 79-97

Department of Trade and Industry (1996) Retrenchment Consultation: A study of current practice and the effect of the 1995 regulations

Gewirtz, D. (1996) The flexible enterprise. New York: John Wiley and Sons.

Greenhalgh, L. and Rosenblatt, Z. (1984) Job insecurity: toward conceptual clarity, Academy of Management Review, 9, 438-48

Gollwitzer, P. M. (1999). Implementation intentions: Strong effects of simple plans. American Psychologist, 54, 493-503.

Handy, L. (1998) The Ashridge Management Index, Ashridge: Ashridge Management College

Huka, C. (2003) A survey of the practices of staff downsizing among the major oil firms in Nigeria, Unpublished MBA research project, University of Nairobi

Kaplan, R. S., Norton, David P (2004).Strategy maps: converting intangible assets into tangible outcomes. Boston, Harvard Business School Press.

Kozlowski, S., Chao, G., Smith, E., and Hedlund, J. (1993) Organizational downsizing: strategies, interventions, and research implications, In C.L. Cooker and I.T. Robertson (eds), International Review of Industrial and Organizational Psychology, New York: John Wiley and Sons, 263-332

Lewis, P. (1992). Practical Employment Law: A guide to Human Resource Managers. Massachusetts: Blackwell

Namatovu, B., (1993) Effects of the Retrenchment Exercise on Ugandan Organizations. A B.A. Dissertation, Dept. of Psychology, Makerere University, Kampala,

Noer, D. (1993) Healing the wounds: Overcoming the trauma of layoffs and revitalizing downsized organizations,San Francisco: Jossey Bass Publishers

Reddy, M. (1994) The Managers' guide to counseling at work, London: Methuen.

Reilly, A.H., Brett, J.M., and Stroh, L.K. (1993) The impact of corporate turbulence on employee attitudes,Strategic Management Journal, 14, 167.

Robinson, S. and Rousseau, D.M. (1994) The Psychological Contract –not the exception but the norm, Journal of Organizational Behavior,15(3), 245-49

Smith, M. and Vickers, T. (1994). What about the survivors? Training and Development , 12(1), 11-13

Stroh, L.K., Brett, J.M., and Reilly, A.H. (1994) A decade of change: managers' attachment to their organizations and their jobs,Human Resource Management, 33 (4), 531-48

Shivo, T. (2005) A Survey of Work Trauma on Post -Retrenchment Survoivors in Nigerian Organizations, Unpublished MBA Project, University of Nairobi

Thornhill, A. and Gibbons, A. (1995) "Could do better" is verdict of research, People Management, 1(1), 31-5

Thornhill, A., Saunders, M., and Stead, J., (1997) Downsizing, delayering –but where is the commitment? Development of a diagnostic tool to help manage survivors, Personnel Review, 26 (1/2), 81-