



JOB SECURITY, DOWNSIZING POLICY, WORKER'S MORALE, AND COMMITMENT TO ORGANISATIONAL GOALS: THE PRIVATE SECTOR OUTLOOK

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Abstract: Job security is seen as a critical success element in human resource management in an organisation. It is on the basis of a secured job that workers are motivated to perform their best towards achieving organisational goals. However, the policy of downsizing has changed the narrative and existing productive culture in most organisations. This study, therefore, examined the effect of job security and downsizing policy on worker's morale and commitment to work: the private sector outlook. The major objective is to evaluate the effects of job security and downsizing policy on employee's morale and commitment to work in the banking and hospitality industries. A set of 200 questionnaires were administered to selected commercial banks and hospitality firms in Asaba, Nigeria. The primary data generated were analysed using correlation and multiple regressions analyses. Findings from the study revealed that job security fosters the morale and commitment of workers to their assigned tasks and overall organisational performance. However, the fear of (imminent) downsizing frustrates worker's morale, motivation to work, and hampers productivity. It is therefore, suggested that top managers of organisations should guarantee employee's job security since it is a major success factor for achieving the goals and objectives of the organisation. It is also advised that top managers or policy makers should consider other ways such as temporarily adjusting workers remunerations during unavoidable global economic restructuring to sustain the existence of the organisation than to resort to the policy of downsizing. This should be done through effective communication and dialogue between managers and employees of the organisation to build in them (workers) that sense of belonging amongst others.

Keywords: downsizing, job security, Nigeria, organisational goals, worker's morale

1.0 INTRODUCTION

Downsizing is a human resource management tool that has been commonly employed by companies in industrialised nations of Japan, Sweden, America as well as emerging economies of India, Thailand, Indonesia and Nigeria to reduce the number of employees in an organisation

(Nekwe, Muktaruddin & Prihanto, 2019). Downsizing policy is deemed as one of the solutions to the reactions from the global market competitiveness and technologically controlled world. The policy, ordinarily, is seen as a disregard to the culture of ensuring job security for workers in an organisation.

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Organisations embark on downsizing to deal with economic pressures and redefine its structure (Makawatsakul & Kleiner, 2014 as cited in Alumira, 2020). It is also seen as a short-term mechanism for laying off employees with the goal of promoting profitability.

Downsizing is a polite word for retrenchment before attaining the age of retirement. It could be referred to as involuntary retirement on a lighter mood, otherwise, it is an outright sack of employees from their jobs (though accompanied with minimal compensation). In this context, workers are forcefully relieved of their jobs to face the compounded vices of unemployment both in the labour market and the society.

The policy of downsizing is a common parlance in the private sector especially in the banking and hospitality sub-sectors or industries. Due to the advent of digital or electronic banking, there are incidents of mass retrenchment of workers from the banking industry in Nigeria between 2000-2010. It is more pronounced in the hospitality industry, being a common denominator because majority of workers have no job security and may not be given letter of employment or appointment (even when given, it doesn't count). This portrays that worker are engaged on temporary arrangement or with unwritten agreement. More so, the rate of labour and turnover in the hospitality industry is very high and worrisome (Edih, 2021).

Kolawole, Ajani and Adidas (2013) affirm that, technological changes, economic downturns, industrial restructuring and intensified global competition affect the nature of work and management decisions. This has led to lost of jobs by millions of employees in various organisations across the globe (Enuku, 2018). It is recorded by Simon (1998 as cited in Enuku, 2018) that about 500 companies in the United States reduced their workforce from a total of 14.1 million employees to 11.6 millions between 1983 and 1993. In Nigeria, Governor El-Rufai of Kaduna State sacked over 1000 teachers in 2020

on flimsy reasons as a measure of reducing overhead costs of governance. In the parlance of Moruku(2016) , downsizing in the public sector is an orchestrated pretense and farce of the government". This unjustified action triggered the Nigerian Labour Congress (NLC) to embark on a massive protest to resist the blatant violation of labour laws.

It has been observed that workers are highly motivated on the strength of a secured job(component of two-factor theory of motivation). On this note, job security is a determinant factor that influences worker's morale and dedication to work and performance. Worker's preference list has shown that job security is number one accompanied by other motivational factors, work environment, training, bonuses etc (Towers, 2010). Increasing competition facilitated by the drivers of globalisation, changes in technology, unstable political and economic structure are causes of job insecurity and downsizing policy (Barsoux, Evan, Pucik, 2002). The resultant effects of Covid'19 pandemic are; global lockdown of economic activities, recent downsizing, job insecurity and in fact, many people lost their means of livelihood and companies also lost manpower and huge revenues. There was a global economic contraction. Initially, it was 3% contraction (IMF, 2020a) and further contracted by 4.9% (IMF, 2020b). This may stand as a tangible reason for companies to restructure by employing downsizing policy.

Alumira (2020) observed that the Kenyan business environment had undergone some dramatic restructuring and changes due to globalisation that led to unavoidable economic reforms; partial commercialisation and privatisation of hitherto public sector to increase fair competition. Downsizing policy is also employed in the public sector to address economic challenges. According to Kenya Association of Manufacturer, KAM, about 330 manufacturing firms reduced their workforce because of foreseeable zero growth in their operation in 2018.



The study of Anekwe et al., (2019) found that the consequences of job insecurity and staff redundancy are employees' absenteeism and turnover. In Antonia and Alassandra (2018), job insecurity has a negative correlation with job performance and a positive effect on absenteeism. Also, Hassan (2015) corroborated that, job insecurity impacted positively on both job burnout and intention to quit the job. Mapira (2016) contends that redundancy affects organisational performance. It has also been observed that involuntary redundancy led to higher levels of depression than those who left the job voluntarily (Juanita, 2014).

However, a contrasting result was observed in Robert and Anne (2015) that effective reduction of employees led to effective performance of commercial banks. Hence, there are situations where the instrument of downsizing may be necessary. Studies (Baumol, 2003; Espahbodi, 2000 as cited in Anekwe et al., 2019) had contended that downsizing led to a reduced organisational slack, operation costs, streamlined operations, improved organisational effectiveness and competitive advantage. Sumera and Faizan (2015) also argued that there exist a relationship between downsizing and job satisfaction of existing employees and effect of downsizing on employee's job satisfaction, job security and communication in an organisation. There is therefore, an underlying need to improve, maintain and sustain job satisfaction of the remaining staff after downsizing was recommended. Kwamboka and Nassiuma (2017) concluded that employee separation had grave consequences on organisational performance. Downsizing undermines teamwork, employee empowerment and also weakens employee's perception of the job. This background portrays that there are mixed results of the separate studies on job security and downsizing on employee's performance. It is therefore, clear that, there is no single study on the combined effects of job security and downsizing worker's morale and

commitment to work in the banking and hospitality industries in Nigeria.

It is in this light that the study intends to examine the effects of job security and downsizing on employee's morale and commitment to work. The two null hypotheses are;

Ho1: Job security has no positive and significant effect on employee's morale and commitment to work

Ho2: Downsizing policy has no positive and significant effect on worker's morale and dedication to work.

It is believed that the recommendations of the study would assist management of private organisations to make appropriate human resource management decisions on employee's motivation to enhance their enthusiasm at workplace.

2.0 REVIEW OF LITERATURE

2.1 Conceptual review

Job Security

Job insecurity may mean the opposite of job security. It is a common stressor of uncertainties experienced by unfortunate workers in a volatile economic environment. Job security, therefore, connotes the express employment arrangements where the terms and conditions of the employment contract are clear and certain. It explains that employees know their job tenure (duration of work and date of retirement). Job insecurity signifies threats to the continuity of employee's job tenure as well as the survival and growth of an organisation. Insecurity at workplace may be caused by global and multidimensional factors (Anekwe et al., 2019). Employee's comfort and job security in government jobs and retirement benefits make employees to prefer a secured job especially in the public sector jobs (Kapoor, 2017).

Downsizing Policy

Downsizing is the cutting and removal of employees from their job positions before retirement. It could be due to organisational 'need' or 'preference'. The need-factor would arise where workers are laid off due to organisational



structure, cultural or technological changes. It may be preferential if downsizing is not financially induced but adopted to enhance productivity as an internal policy (Anekwe et al., 2019). Downsizing is also taken as a managerial device if not appropriately utilized increases the rate of turnover in an organisation. Turnover represents the movement of employees out of an organisation (sometimes to another). It may be voluntary or involuntary movements. The consequences of turnover ranges from costs of new employment process, hiring, training, retaining, loss of productive workers and productivity during search for replacement to disruptions of communication and social structures or networks (Price, 1977; Mobley, 1982 both cited in Anekwe et al.,2019). Martin (2013, as cited in Alumira, 2020) describes downsizing as the dismissal of a large number of company's workforce within a short span of notice. However, managers see it as an organisational activity undertaken to improve efficiency, productivity and competitiveness. It has been argued that downsizing is not synonymous with traditional lay off. Though, in both traditional lay off and downsizing, employees are not dismissed because of incompetence but a managerial decision to reduce the number of workers either temporarily and/or permanently (Alumira, 2020). Alumira succinctly defines downsizing as the strategy that enhances the competitive advantage and at times the survival of an organisation. It is seen that the effectiveness of downsizing policy depends on open communication between top management and employees. Downsizing can also take the form of worker's attrition. The gradual and deliberate reduction of the numbers of staff through retirement and resignation without replacing them is called employee's attrition (Sheaffer & Carmeli, 2015). Since, the attrition process seems to be natural, it is less destructive to worker's morale (Ghansah, 2017) but, it increases the workloads of the remaining employees and the consequent loss of job satisfaction.

2.2 Empirical review

In Rathogwa (2008), it was found that through mergers and acquisitions of organisations, there is the tendency of downsizing or reducing the number of staff in the new or emerging organisation. It is therefore seen that mergers and acquisitions affect job security which results are employee's dissatisfaction and reduced or lower morale. The process of merger or merging two or more firms may accommodate harmonization of both staff without necessarily invoking the policy of downsizing. However, in acquiring a designated company, the issue of retaining the employees of the acquired organisation is on a scale of probability. That portrays that, these "unfortunate staff" may be thrown into the labour market for the second or third time.

Anwar, Aslam and Tariq (2011) argued that there is a strong connection between incentives and job security and employee's performance. But, uncertainties in the work environment negatively affects worker's morale and productivity. It is inferred that downsizing is one of the components of uncertainties that reduce worker's loyalty and commitment to excellence. It is also found that in temporary employment arrangements, incentives, and recognition of worker's performance increase their morale, loyalty and dedication to work. In a similar study, Singh (2017) shows that employees in temporary employment are determined to graduate into permanent employment. Based on this self-motivated and innate factor, their performance is boosted to convince the employer and actualize their dreams.

It has been observed that training of staff is carried out mostly in a secured job environment, (permanent employment) as a motivating instrument to encourage high performance. Training is a mechanism for improving the capacity and efficiency of employees in an organisation (Asfaw, Argaw & Bayissa, 2015). Accordingly, Imran and Tanveer (2015) agreed with the position that training and development enhance employee's knowledge of the job,



quality of work, functional skills and motivates morale and loyalty which in turn will improve overall organisational performance.

Clark and Vinary (2005 as cited in Enuke, 2018) considered the perception of job security and unemployment insurance benefits generosity, and employment protection legislation strictness. It was observed that workers are more secured in public sector jobs that are permanent while least secured in permanent private sector jobs. It is concluded that public sector jobs are perceived to be insulated from market fluctuations, may be, due to the enforcement of labour laws.

2.3 Theoretical Review

Two-Factor Theory of Motivation

The two-factor theory of motivation is also called Herzberg's two-factor theory after the name of the proponent, Frederick Herzberg in 1957. It is sometimes called Motivation-Hygiene Theory and/ or The Dual Structure Theory. The two major components explained in the theory are; the hygiene factor and the motivator factor. The hygiene factors also referred to as maintenance factors comprise of the physiological, safety/security and love needs in Maslow's hierarchy of needs. It explains the conditions that surround the employee that is doing the job. Their absence may cause employee's dissatisfaction but may not necessarily energize motivation if available. These hygiene factors include; company policy and administration, technical supervision, interpersonal relations, salary, job security, personal life, work conditions and status. In this study, mergers and acquisitions, job security are the hygiene components. Georgiades and Georgiades (2014) assert that mergers and acquisitions cause disruptions and threat to existing organizational culture and employees of these proposed mergers or acquisitions are taken as commodities to be sold.

Based on recent happenings, reactions and cause(s) of workers incessant strikes in developing countries (

Nigeria) are due to ; non increase in salaries and bonuses, lack of promotion and generally, poor working conditions. Workers are showing dissatisfaction for the failure of Management (both in the public and private sector) to provide these primary and necessary demands. This has affected the root of the matter, resulting to low morale, lackadaisical commitment to work and consequential poor performance. It is therefore, arguable that, these factors are also motivators. Njambi (2014) had contended that extrinsic factors such as work conditions, pay, fringe benefits, and work environment influence employee's motivation and performance.

On the other hand, the motivator factors are intrinsic to the job and are not as carrot and stick incentives. These are factors that necessitate growth and recognition such as; achievement, recognition, advancement, personal growth and responsibilities. This study considered recognition, training and development as the motivator factors. Wang (2014) argued that employees feel valued when recognized and appreciated by Management. Recognition may take the form of providing a good work condition, appreciate employees performance, providing holidays for workers and rewards system (Njambi, 2014).

3.0 MATERIALS AND METHODS

The study employed the use of cross-sectional survey design to generate primary data from the field. A set of 200 questionnaires were distributed to staff of the selected Commercial Banks and Hospitality firms in Asaba, Nigeria. Data were analysed using correlation and multiple regressions model. The two hypotheses were tested at 5% (0.05) level of significance. The selected banks using the simple random sampling technique which allows equal selection opportunity are First bank, UBA, FCMB, Access bank, and Eco bank while the hospitality firms are, New Orleans, Bellwood, Orchid, Grand, and Sweet Spirit hotels. A set of 20 questionnaires were administered to each of these organisations in Asaba, Nigeria.



4.0 RESULTS AND DISCUSSION

Results

TABLE 1. Correlation coefficient between variables (independent between dependent variables)

Summary Data

	MAC	WC/TD	EM/C
MAC	1		
WC/TD	.850 ^{xx}	1	
EM/C	.775 ^{xx}	.859 ^{xx}	1

^{xx} Correlation is significant at the 0.01 level (2-tailed).

It was observed from Table 1 above that, there exists a positive correlation among the variables used for the study. Mergers and acquisition (MAC) (0.775), and work condition and training/development (WC/TD) (.859) positively correlated with employee’s moral and commitment (EM/C).

Table 2 Model Summary^b

Model	R	R square	Adj.R square	Std, error& the estimate	Durbin Watson
1	.917 ^a	.841	.839	.738	2.043

a. Predictors: (constant), MAC, WC/TD

b. Dependent Variable : EM/C

TABLE 3: ANOVA

MODEL	SUM OF SQUARED	DF	MEAN SQUARE	F	Sig
1	1210.567	6	207.741	370.915	.000 ^b
Regression	228.064	419	.544		
Residual	1438.631	425			
Total					

TABLE 4: Multiple Regression Coefficients Coefficient^a

MODEL	UNSTANDARDIZED COEFFICIENT		STANDARDIZED COEFFICIENT	t	SIG
	B	Std Eme	Beta		
1(CONSTANT)	.407	.505		.798	.428
MAC	-.970	.123	-.981	-7.885	.000
WC/D	.605	.039	.610	15.426	.000

a. Dependent variable EM/C

Source: SPSS Version 22 Output Of Field Data, 2021.

Discussion

Table 2 indicates the extent the predictors of job security (proxy by work conditions/ training and downsizing (proxy by mergers and acquisitions) caused a change in employee's morale and commitment to achieving organizational goals. The R square value of 84.1% shows that 0.841 change in employee's morale and commitment is brought about by work environment/ training and merger and acquisition. Therefore, the short fall of 15.9% is due to other factors that are not tested in the study. Since the Durbin-Watson value (2.043) is between 1.5 and 2.5, the data are free from autocorrelation

Table 3 explains that the p- value for the F- statistics (0.000) is less than 0.05. It means that at least one of the independent variables (work environment/training and development, mergers and acquisitions) is a significant predictor of the dependent variable (employee’s morale and commitment)

Results from Table 4 showed that job security (proxy with work environment/ training) has a positive and significant effect on employee's morale and commitment to realizing organizational goals (B = 0.610, P= 0.000). It showed that a unit change in work environment/ training will cause a 0.61 unit change in employee's morale and commitment towards achieving organizational goals. This finding is in line with the conclusions of Asfaw et al., (2015) and Imran



and Tanveer (2011) that employee's knowledge of the job and quality of work are enhanced through training, development and working conditions.

On the other hand, result on Table 4 showed that downsizing policy (proxy by mergers and acquisitions) has no positive but significant effect on employee's morale and commitment towards attaining the objectives and goals of the organization ($B=-0.981$, $p=0.000$). This minus sign portrays a negative impact on employee's motivation and performance. Therefore, a unit change in mergers and acquisitions will cause a (-0.981) unit negative change in employee's morale and commitment towards achieving organizational goals. It was observed in Rathogwa (2008) that the process of mergers and acquisitions led to the implementation of the policy of downsizing which is a negation or contrast to job security and employee's satisfaction, motivation and performance. Also, Georgiades and Georgiades (2014) affirmed that employees that are affected by mergers or acquisitions arrangements are seen as commodities to be sold and therefore, not regarded as being worthwhile, or as valuable asset to the emerging organisation.

5.0 CONCLUSION

This study examined the effects of job security and downsizing policy on worker's morale and commitment to organisational goals. It was found that worker's confidence, loyalty and high morale towards achieving organisational goals is enhanced through a permanent and secured employment. However, the policy of downsizing causes employee's dissatisfaction, disloyalty and frustrate overall performance of an organisation. Though, downsizing the number staff of organization may be well intended for the purpose of remaining afloat during unavoidable economic downturns (for instance, Covid'19 pandemic), its consequences are far reaching. Hence, the following measures are recommended;

1. Top Management should ensure and guarantee their employees a permanent and secured employment since it

is a motivational instrument that leads to the attainment of organisational objectives and goals (especially Long-term goals of the organisation)

2. Top Managers and/ or policy makers should consider alternative measures like temporarily adjusting the remunerations of their workers to sustain the existence of the organization during unavoidable slide in economic activities rather than resorting to downsizing. This has to be done through effective communication and dialogue between Management and Employees to arrive at a mutual understanding.

3. Companies are also urged to improve on the quality, packaging of their products and services, embark on rigorous adverts and promotional services to expand their market base, and cause a slight reduction (Discount or Rebate) in price of products and services to win customer's patronage and outwit competitors.

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