Effects of Job Insecurity on the Performance of Employees in Selected Deposit Money Banks in Abuja

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Abstract

This study examined the effects of job insecurity on the performance of employees in selected Deposit Money Banks in Abuja. The study investigated how fear of unexpected sack, perceived powerlessness about employees’ job and fear of early retirement affect the performance of employees in Selected Deposit Money Banks in Abuja. The survey research design was used in the study and data was collected from primary source with the use of questionnaire. The Ordinary Least Square regression technique was the statistical tool used to test the hypotheses of the study. The findings of the study revealed that there is a significant positive relationship between job insecurity and performance of employees in the selected Deposit Money Banks. The study recommends that the Board of Directors should pay adequate attention to the salient psychological factor of job insecurity and self-efficacy of employees and ensure that they are well trained and sensitized on the necessity of putting on a high level of confidence in handling work-life situations. The study concludes that fear of unexpected sack, perceived powerlessness about employees’ job has a positive significant effect on the performance of employees in the selected Deposit Money Banks in Abuja.

Keywords: Job Insecurity, Perceived Powerlessness, Demotion, Early Retirement, Quantitative Job Insecurity

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Background to the Study

Business organizations around the world today are grappling with how to cope up with rapid changes which affect global competitiveness of many firms. These changes are creating uncertainties which affect employees' productivity and organizational performance (Sverke, 2016). These changes do not only create uncertainties in the role of an employee but also create fear, perceived powerlessness and lack of assurance that an employee has about the continuity of gainful employment for his or her work life (Burke, 2015). Job insecurity therefore, can be seen as employee's perception that his or her job is uncertain and may come to an end sooner than expected.

Today, in most countries of the world, workforce expansion or contraction is determined by business opportunities and market conditions. Consequently, these circumstances weaken the employer-employee relationship and suggest an alternative solution to induct contractual and outsourced employees. Hence, in order to bring reduction in cost and increasing competitiveness, most industrialized countries are involved in the practice of restructuring, layoffs, and right sizing (Cascio, 2015). This adopted practice has made obsolete the idea of long life employment.

Statement of the Problem

Since the banking consolidation exercise of 2006, the operational basis of the banking industry in Nigeria completely changed, following a reduction from eighty nine (89) banks as at 2004 to twenty one (21) as at 2018 through reorganizations, mergers and acquisitions. In the process, an estimated fifty five thousand (55,000) bankers were retired, retrenched or summarily dismissed from employment due to under-capitalization or insolvency, loss making and dwindling earnings on the part of the banks (National Bureau of Statistics NBS, 2018). The aftermath of these created a sense of uncertainty on the employees, such as the fear of unexpected sack, perceived powerlessness and fear of early retirement all of which could affect the employees' effectiveness to work, satisfaction, devotion and total commitment as well as the ability to meet up with set targets.

Despite the federal government's directive in 2016 to Deposit Money Banks in Nigeria to halt the wave of mass sack and forceful retirement of employees, the situation did not changed as the National Bureau of Statistics (NBS) revealed that in the first quarter of 2017, the number of executive staff reduced from 174 to 161 in the second quarter. From 20,483 senior staff in the first quarter, the number dropped to 19,826 in the second quarter. The drop was larger in the junior staff category where the number dropped to 33,783 in the second quarter from 36,202 in the first quarter. However, the Bureau pointed out that the number of contract staff increased from 20,237 in the first quarter to 21,837 in the second quarter. The total figure of dismissed employees stood at 8,663 as of 2017 but rose to 16,773 in the third quarter of 2018. It is against this background that this study was conducted to examine the effects of job insecurity on the performance of employees in selected Deposit Money Banks in Abuja.

The objectives of the study is to: determine the extent to which fear of unexpected sack affects the performance of employees in the selected Deposit Money Banks in Abuja; examine the degree to which perceived powerlessness affects the performance of employees in the selected
Deposit Money Banks in Abuja and to determine the extent to which fear of early retirement affects the performance of employees in the selected Deposit Money Banks in Abuja. The hypotheses are stated in null form and are in line with the objectives of the study.

**Review of Related Literature**

**Concept of Job Insecurity**

Job insecurity has been defined as a state when employees start perceiving been threatened and powerless to execute their duties (Owolabi, 2011). It refers to the anticipation of a stressful event in such a way that the nature and continued existence of one's job are perceived to be at risk, and can come in form of fear of demotion, possible sack, casualization and early retirement (Isaksson, 2014). It is about not knowing what is necessary to keep one's job, even though the management might be aware that the employee's job is at risk for specific reasons and may or may not communicate it to the employee (Kinnunen, 2013). Job insecurity that stems from not knowing that one's job is at risk for specific reasons is likely to have originated from the kind of human resource management policy the organization operates. Witte (2013), disagrees with Kinnunen's assertion that job insecurity is about not knowing what is necessary to keep one's job but rather views job insecurity as an employee perception that retaining his or her job is uncertain and that it may come to an end sooner than expected. The feeling of job insecurity in Nigeria has been largely experienced among bank staff due to reorganizations, mergers and acquisitions.

Furthermore, there is an ongoing debate as to whether or not employees will be less devoted or committed to the organization if they have a perceived fear as to losing their jobs. Some scholars Burke (2015), argue that it will lead to improved commitment to the job since employee(s) who nurses such fear would like to convince the management of his or her commitment to work and possibly avert any imminent sack but Grouchulski and Zhang (2013), on the other hand argues that employees will become less devoted to the job since they are no longer sure of retaining their jobs any longer.

Similarly, several factors like gender, old age, educational status and so on could contribute to job insecurity (Witte, 2013). It is revealed that people having low status are more threatened about loss of job and feel greater insecurity. It is often due to the fact that low status people have low education therefore they try to stick with the present job and fear of unemployment creates high level of job insecurity (Sverke, 2006). Hellgren, Sverke and Isaksson (2016), distinguished between two different forms of job insecurity: a quantitative job insecurity, i.e. worrying about losing the job itself, and a qualitative job insecurity, i.e. worrying about losing important job features. While the quantitative job insecurity is related to the general, comprehensive (and most used) operationalization of the construct, the qualitative job insecurity refers to feelings of potential loss in the quality of organizational position, such as worsening of working conditions, lack of career opportunities, decreasing salary development (Sverke & Hellgren, 2014).
Empirical Review
Kunle and Shittu (2014), assessed the impact of job insecurity on employees performance in selected organizations in Bonny River state, Nigeria. Survey research design and quota sampling technique were adopted in this study. Fifty six (56) male and fifty three (53) female staff from three different organizations participated while data was collected from using a validated questionnaire form. The study employed the use of multiple regression and findings revealed that there is a positive significant relationship between job insecurity and employees performance.

Furthermore, employees' performance deals with the knowledge of what activities and outputs are designed, observing whether they occur and providing feedback to help employees meet expectation (Nmadu, 2013). It is also refer to as a degree of accomplishment of task(s) that make up an employee's job. This definition was in line with the definition given by business dictionary (2010), that performance is the accomplishment of a given task measured against pre-set standards of accuracy, completeness, cost and speed (Business Dictionary, 2010). In addition, the outcome aspect of employee performance refers to the consequence or result of the individual's behaviour. The above described behaviours may result in outcomes such as numbers of engines assembled, pupils' reading proficiency, sales figures, or number of successful heart operations. In many situations, the behavioural and outcome aspects are related empirically, but they do not overlap completely.

Concept of Employees Performance
Employees' performance is measured in terms of productivity, job satisfaction, turnover and absenteeism (Gibson, 2009). Employee performance is about the timely, effective and efficient completion of mutually agreed tasks by the employee, as set out by the employer. Meyer and Allen (2016), in their study identified employee's commitment to work, employees' ability to meet up with the organization's set goals, employees' quality of service(s) rendered to customers, employees' job satisfaction and employees' innovation as ways of determining the performance of employees especially in service based organizations.

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Reisel, Chia, Maloles and Salcum (2010), examined the effects of job insecurity on job satisfaction and employees performance in selected brewery companies in Nigeria. Performance was measured with perceptual data. A total of 320 employees from five brewery companies in Nigeria participated in the research. The hypothesized model was tested by means of structural equation modeling using ANOVA. The findings show that job insecurity has no significant impact on employee satisfaction and employees performance.

Adewale (2015), examined the overall effect of perceived job insecurity taking into consideration, its effect on employees ability to meet set target in an organization. Making use of secondary data from the literature and relevant theories, it was discovered that there is no significant relationship between the effect of perceived job insecurity (i.e. perceived powerlessness about employees job) and employees ability to meet set target.
Theoretical Framework of the Study

Psychological Contract Theory of Job Insecurity and Employees Performance

The theory rely on the fact that job insecurity often represents a breach of the psychological contract that employees have with their employers, the researcher does not agree with this assertion because employees who are insecure with their job may not want to compromise standards but the researcher agrees that employees who are insecure with their job will reciprocate through thoughts and behaviors that negatively contribute to their performance because some employees performance could be altered. The relevance of this theory for the importance of research conducted is very significant since it provides insights into how employees who are insecure, threatened or uncertain about their job are likely to reciprocate through thoughts and behaviors that negatively contribute to their performance. In the opinion of the researcher, this theory is of great importance for both Board of Directors and management staff of Deposit Money Banks on how employees are likely to reciprocate to the fear of unexpected sack through thoughts and behaviors that may negatively contribute to their performance.

This study finds ground in the psychological contract theory of job insecurity and employees performance because it explains clearly how employees who are threatened or have the fear of either early retirement or unexpectedly sack reciprocate.

Methodology

The survey research design was adopted for this study, survey in the sense that information concerning job insecurity and the performance of employees was sought from respondents in the field and result obtained analyzed and discussed afterwards by the researcher.

The target population of the staff is two thousand eight hundred and ten (2810) as at March, 2018.

Table 1: Distribution of the Target Population of the Study by units/Departments

<table>
<thead>
<tr>
<th>Departments/Units</th>
<th>Diamond Bank</th>
<th>Eco Bank</th>
<th>First Bank</th>
<th>Polaris Bank</th>
<th>Unity Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admin.</td>
<td>133</td>
<td>495</td>
<td>264</td>
<td>91</td>
<td>120</td>
</tr>
<tr>
<td>Marketing</td>
<td>106</td>
<td>275</td>
<td>201</td>
<td>101</td>
<td>115</td>
</tr>
<tr>
<td>Transaction</td>
<td>70</td>
<td>245</td>
<td>118</td>
<td>62</td>
<td>75</td>
</tr>
<tr>
<td>Security</td>
<td>52</td>
<td>155</td>
<td>65</td>
<td>32</td>
<td>35</td>
</tr>
<tr>
<td>Total</td>
<td>361</td>
<td>1160</td>
<td>658</td>
<td>286</td>
<td>345</td>
</tr>
</tbody>
</table>

Source: Survey Data, 2018.

Since the population is two thousand eight hundred and ten (2810), the researcher made use of Krejcie and Morgan (1970) table of sample size determination which indicates the actual sample size of any given population size. The table shows that a population of two thousand eight hundred and ten (2810), would have a sample size of three hundred and thirty eight (338).
The study adopted the purposive sampling and simple random sampling techniques. The purposive sampling technique was used in selecting the Deposit Money Banks for the study and the reason is because the selected banks have the highest number of dismissed employees in the consolidation as well as post consolidation era. The relationship between job insecurity and the performance of employees in the selected Deposit Money Banks in Abuja was tested using Ordinary Least Squares (O.L.S) method of regression. It is one of the most popular and widely used methods for regression analysis. However, it is usually used to establish whether one variable is dependent on another or a combination of other variables and it was used to test the Statistical Package for the Social Sciences (SPSS) version 23.

Table 2: Reliability Test (Cronbach's Alpha)

<table>
<thead>
<tr>
<th>Variables</th>
<th>Cronbach's Alpha</th>
<th>No. of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fear of Unexpected Sack</td>
<td>0.86</td>
<td>5</td>
</tr>
<tr>
<td>Perceived Powerlessness</td>
<td>0.82</td>
<td>5</td>
</tr>
<tr>
<td>Fear of Early Retirement</td>
<td>0.81</td>
<td>5</td>
</tr>
<tr>
<td>Employees Satisfaction</td>
<td>0.83</td>
<td>4</td>
</tr>
<tr>
<td>Employees Devotion/Commitment to Work</td>
<td>0.81</td>
<td>4</td>
</tr>
<tr>
<td>Employees’ Ability to Meet up with Set Targets</td>
<td>0.86</td>
<td>4</td>
</tr>
<tr>
<td>Employees Effectiveness to Work</td>
<td>0.85</td>
<td>4</td>
</tr>
</tbody>
</table>

**Source:** Survey Data analyzed with SPSS version 23

The researcher continued with the research since the result of the Alpha is more than 0.7 as these will give a reliable and acceptable result. We therefore conclude that the measuring instrument of the variables is reliable. As part of the pilot test for the study, a preliminary draft of the questionnaire was given to two academic experts in the field of management and psychology to assess its content and construction. After that, the final questionnaire was given to twenty (20) selected employees of the Deposit Money Banks in Abuja to test the clarity and meaningfulness of the questions.
Data Presentation and Analysis

Test of Hypothesis

Hypothesis one

$H_0$: Fear of unexpected sack has no significant effect on the performance of employees in the selected Deposit Money Banks in Abuja.

Table 3.

<table>
<thead>
<tr>
<th>Model Summary*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>1</td>
</tr>
</tbody>
</table>

* a. Predictors: (Constant), FUES score, PPEJ score, FER score, TDC score
 b. Dependent Variable: EEW score

ANOVA*  

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>$F$</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Regression</td>
<td>4</td>
<td>795.886</td>
<td>2910.350</td>
<td>.000*</td>
</tr>
<tr>
<td>Residual</td>
<td>70.493</td>
<td>229</td>
<td>.308</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2654.038</td>
<td>233</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* a. Dependent Variable: EEW score
 b. Predictors: (Constant), FUES score, PPEJ score, FER score, TDC score

Coefficients*  

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.156</td>
<td>.102</td>
<td>1.529</td>
</tr>
<tr>
<td></td>
<td>FUES score</td>
<td>.048</td>
<td>.048</td>
<td>.066</td>
</tr>
<tr>
<td></td>
<td>PPEJ score</td>
<td>.862</td>
<td>.043</td>
<td>1.174</td>
</tr>
<tr>
<td></td>
<td>FER score</td>
<td>-.103</td>
<td>.059</td>
<td>-.138</td>
</tr>
</tbody>
</table>

* a. Dependent Variable: EEW score

It is observed from the result shown above, that in general there is a significant relationship between fear of unexpected sack and the performance of employees at ($B = .156$, $t = 1.529$, $\text{Sig} = .128 P<.05$). It was equally revealed that fear of unexpected sack has a positive relationship with employees effectiveness to work at ($B = .048$, $t = 1.01$, $\text{Sig} = .311 P<.05$). This implies that when employees have the fear of unexpected sack, their effectiveness to work will reduce.

Hypothesis two

$H_{a2}$: Perceived powerlessness has no significant effect on the performance of employees in the selected Deposit Money Banks in Abuja.
It is observed from the result shown above, that in general there is a significant relationship between perceived powerlessness and the performance of employees at ($B = .081$, $t = .850$, Sig $= .396$ $P <.05$). It was equally revealed that fear of unexpected sack has a positive relationship with employees ability to meet set target at ($B = .038$, $t = .842$, Sig $= .401$ $P <.05$). This implies that when employees have the fear of unexpected sack, their ability to meet set target will reduce.

**Hypothesis three**

$H_{a3}$: Fear of early retirement has no significant effect on the performance of employees in the selected Deposit Money Banks in Abuja.
It is observed from the result shown above, that in general there is a significant relationship between fear of early retirement and the performance of employees at ($B = .27$, $t = .260$, $\text{Sig} = .795$). It was equally revealed that fear of unexpected sack has a negative relationship with employee's devotional commitment to work at ($B = -.091$, $t = -1.887$, $\text{Sig} = .60$). This implies that when employees have the fear of unexpected sack, their devotional commitment to work will increase.

**Discussion of Findings**

The result from the analysis carried out indicates that job insecurity (fear of unexpected sack, perceived powerlessness about employees' job, fear of early retirement and threat of dismissal/casualization) contributes positively to performance of employees in terms of improvement in employees' satisfaction with the job, employees effectiveness to work as well as ability of employees to meet set target and employees devotional commitment to work in the selected Deposit Money Banks in Abuja. This finding agrees with the findings of Kunle and Shittu (2014), who found a positive significant relationship between job insecurity and performance of employees but disagrees with the findings of Reisel, Chia, Maloles and Salcum (2010), who found a negative significant relationship between job insecurity and performance of employees.
The study is also in agreement with the psychological contract theory of job insecurity and employee performance, which assumes that employees who are insecure, threatened or uncertain about their job are likely to reciprocate through thoughts and behaviors that negatively contribute to their performance.

Furthermore, looking at the analysis in hypothesis one, it was revealed that fear of unexpected sack has a positive relationship with employee's effectiveness to work at \( (B = .048, t = 1.01, \text{Sig } P < .05) \). The finding agrees with the finding of Salam and Wasim (2014), who found a positive relationship between fear of unexpected sack and employees effectiveness to work but disagrees with finding of Witte (2015), who found a negative relationship between fear of unexpected sack and employees effectiveness to work. Also, looking at the analysis in hypothesis two, it was equally revealed that perceived powerlessness about employees job has a positive significant relationship with employees ability to meet set target at \( (B = .678, \text{Sig } P < .05) \). The finding is in line with the finding of Chirumbolo (2015), who found a positive relationship between perceived powerlessness about employees' job and the ability of employees to meet set target. More so, looking at the analysis in hypothesis three, it was equally revealed that there is a significant relationship between fear of early retirement and employees devotional commitment to work at \( (B = .036, \text{Sig } P < .05) \). The finding is in agreement with the finding of Jandaghi, Mokhles and Bahrami (2011), who found a positive relationship between fear of early retirement and employees devotional commitment to work but disagrees with finding of Anwar, Aslam and Tariq (2011), who found a negative relationship between fear of early retirement and employees devotional commitment to work.

**Conclusion**

The study concludes that when employees have the fear of unexpected or perceived to be powerless (undervalued), they become less effective to work, also when employees have the fear of early retirement and are been threatened with dismissal/casualization their performance would be affected.

**Recommendations**

The study recommended the following based on the findings and in line with the objectives of the study:

1. The management of the bank should pay adequate attention to the salient psychological factor of job insecurity and self-efficacy of employees and ensure that they are well trained as this positively increases their effectiveness to work as there is a positive significant relationship between job insecurity and employee effectiveness to work, which culminates to improvement of the bank's performance.

2. The top management of the Deposit Money Banks should inform employees in due time about any impending sack rather than sack them unexpectedly without any due notice, because the fear of unexpectedly sack has a significant positive relationship with employees' ability to meet up with the organization's set target. The top
management of the Deposit Money Banks should also explore other areas of generating capital for the bank so as to avoid under-capitalization or insolvency.

3. Considering the fact that employees are the engine room of any organization, the management of the bank should consider adhering to the Federal Government's directive on mass sack and forceful retirement of employees, since employees' fear of early retirement has a positive significant on employee's devotional commitment to work.

References


