

An Exploration into the Socio-Economic Effects of Retrenchment: Evidence from Nigeria

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Abstract

This study examined the socio-economic effects of retrenchment on retrenched individuals, their families and the society at large. A survey, with structured questionnaires, was administered to 250 retrenched workers that cut across the civil service, banking and the manufacturing sectors in Nigeria. The statistical package for social sciences (SPSS) was employed in data analysis, and it was found that the retrenched employees were not equipped with the skills to enable them face unforeseen challenges after retrenchment. Consequently, many of them become incapacitated, idle, and unproductive. The study also revealed that retrenchment has detrimental effects on families and the society. The research recommended the adoption of valuable strategies for staff management in organizations and government to enable them to abate the effects of retrenchment.

Keywords: Retrenchment, Socio-Economic Effects, Families, Society, Nigeria

1. Introduction

The retrenchment of employees in Nigeria has become common in the administrative routines of high/medium performing and distressed companies. It is often the natural thing to do whenever a company wishes to reduce costs and when profit margins plummet. More often than not, little effort is deployed in order to ascertain if the problems are attributed to employees' skill deficiencies or other compelling administrative issues, such as ineffective processes and procedures that the organization needs to consider. In Nigeria, the "typical business day" is Monday to Friday with 8 am to 5 pm as regular working hours. The majority of the employees, whose residences are far from their places of work, commute two to three hours daily to get to their offices on time. They also return home late at night, around 9 pm or later on a daily basis. Invariably, they are grossly constrained by time and are unable to acquire new skills or manage other businesses to augment their income. After retrenchment, they are often confronted with financial burdens as a result of trying to sustain previous lifestyles (Anaf, Newmorn, Baum, Zersch & Jolley, 2012). They are barely able to afford basic family needs and as such began to deplete any savings that they had (Bamwonjobora, 1995; Fashakin, Odumade & Goran, 2007).

This study is necessary given the increasing rate of retrenchment in most organizations in Nigeria. It is also important following paucity of published empirical studies that probed the detrimental effects of retrenchment on the affected employees' families in particular and the society in general. The researcher attempts to fill the gap underlining the effects of retrenchment on employees by seeking to answer the following questions. Does retrenchment of employees have any effects on employees' families and the society in Nigeria? This study used a well-structured questionnaire to determine if early retrenchment was a primary cause of economic and social uncertainties for the retrenched, their families and the society. This is essentially the overriding objective of the study. Additionally, this study examined if corporate organizations facilitate employees to acquire transferable skills that can be used after retrenchment. It also established if corporate organizations prepare employees adequately for retrenchment.

To sufficiently elaborate the effect of retrenchment on the retrenched staff of corporate organizations in Nigeria, the study is delineated into five primary sections. Section one captures an overview of the retrenchment scenarios in Nigeria, and section two examines the past conceptual and theoretical literature that discussed related retrenchment issues. The third section illustrates the methodology used to investigate the associated effects while part four unfolds the results of the analysis. Finally, section five offers the necessary recommendations and conclusion of the study.

2. Literature Review

Published academic discourse on organization's retrenchment decisions on employees and the effects on their families disclosed that the management of organizations only evaluates employee's output during downsizing exercises, undermining employees' performances and limitations. This is due to the increased pressure from excessive workload (Sharp & Lewis, 1992; Cameron, 1994). Borowski (1998), Harnois and Gabriel (2000)

observed that retrenchment has a great impact on the individual's health, psychology, earning power, and the ability to socialize among his peers. In the same vein, Denga (1987) posited that the retrenchment of workers inflamed psycho-social problems, such as reduced self-esteem, general irritability, stomach ulcers, depression, high blood pressure, heart disease, financial emaciation and the tendencies to commit crimes. While the International Finance Corporation (IFC) (2005) commented that financial difficulties due to retrenchment leads to loss of confidence, self-esteem and loss of credibility.

Pigou (1951) noted that an individual's welfare resides in his state of mind or consciousness, which influences his level of satisfaction and usefulness. He suggested that where these social values are denied, the individual may not be at peace with himself, family and the society. McCourt (2001) and Gribble (2009) averred that those who are retrenched suffer hunger, lack social care, cannot provide the basic needs of their families and depend on benevolent relatives and friends. Weller (2007) carried out a study on retrenchment and redundancy, from a political perspective and painted a grim picture of hardships unfairly vested on the families of devoted employees that are retrenched in communities with few opportunities for re-employment, adding that since they have no alternative sources of income, they go through daunting challenges because they were not adequately prepared before the retrenchment exercise. Furthermore, the study illustrated that income uncertainties and continuous reduction in the earnings of the retrenched employees affect their families, cause them to endure food shortages, and force their children into child labour in order to mitigate poverty. Income deprivation will continue to distort the lifestyles of seasoned retrenched employees due to persistent rising costs of goods and services that invariably make it difficult for families to afford health care, education and other basic needs (Nankunda, 1997). According to Udemé (2013), one hundred and thirty firms closed down in Nigeria in a few years. Moreover, studies have shown that the Nigerian economy is not investment friendly (Owonibi, 2012; International Monetary Fund (IMF), 2005). In an economy where the environment is not conducive enough for doing business, industries and factories are bound to fold up or relocate to other places where business is more favourable (Samuel, Joshi, & Demory, 2008). Recently, Nigeria witnessed a massive downsizing in the work force, employees' remuneration and other benefits (Ajede, 2011). The retrenchment programme cuts across the Nigerian Railway Corporation, the Nigerian Ports Authority, the Nigerian Airways, the Nigerian Telecommunications Service, the Nigerian Flour Mills, and the construction industries which increased the number of unemployment in the country (Cleary, 1989; Odeh, 2012). This study is intended to be among the burgeoning number of studies, given the dearth of empirical evidence to capture the effects of employee retrenchment on their families in Nigeria.

According to Lipsey (1993) unemployment leads to economic waste and causes human suffering. The International Labour Organization (ILO) defined unemployment as the number of the economically active population that are without work but are eligible for and willing to work. It also includes those who have lost their jobs and voluntarily left work (World Health Organization and International Labour Organization, 2000; World Bank, 1998). The Directorate of Intelligence (2003) estimated that the unemployment rate in Nigeria is problematic, and it has persisted due to red tapes. The National Bureau of Statistics (NBS) recorded unemployment to be 4.3 percent of the labour force in 1986; this increased to 7.0 percent in 1987, before plummeting to 5.1 percent in 1988. It rose astronomically to 23.9 percent in 2011 compared to 21.1 percent in 2010 and 19.7 percent in 2009 (NBS, 2011). Alanana (2003) insisted that the high rate of unemployment is potentially dangerous as it sends a disturbing signal to all segments of the Nigeria society.

Price, Choi and Vinokur (2002, p.304) coined the phrase 'chain of Adversity' to describe the downward spiral of misfortune that some workers experience after retrenchment. Modise (2002) found that the retrenchment had an adverse effect on the retrenched employees. These effects range from being uncertain about their futures and experiencing low self-worth. Rama-Rao (2010) reported that dismissals tend to result in harmful psychological and physical health outcomes for employees who lose their jobs. This experience leaves the retained staff with a negative mindset noting that their co-workers, mentors, coaches, and friends are going through uncertainty and discomfort after rendering a meritorious service (Hopkins & Hopkins, 1999). However, Nankunda (1997) reported that retrenched employees faced tight competition in the labour market because they were not retrained to secure other forms of employment. He outlined the resentments of retrenched persons and pointed out cases of suicide, prompting labour unions to resent government retrenchment welfare policies.

Retrenchment could be devastating; it does not only affect the financial security of the individuals; it distorts personal worth. Retrenchment exposes the retrenched persons to uncertainties, since they cannot anticipate how long they will remain unemployed. If the process is not managed efficiently, retrenchment could result in depression (Meier, 2011). Consequently, retrenchment may create demoralization, dampen organizational productivity, and increase voluntary retirement (Anaf et al., 2012). In most cases, it is the talented and

productive staff that may end up leaving the organizations (Behn, 1980). Standing and Tolkman (1991) warned that the introduction of voluntary retirement arrangements may impose considerable financial burdens on the organizations that threaten employees' contributions to the organizations and their sense of control over the future.

Isrealstam (2012) noted that retrenchment directly increases the level of unemployment and poverty in the society and has led to increase in prostitution, corrupt practices among the masses, breeding of miscreants, low standard of living, diminishing real wages and higher crime rates.

According to Hollenbarch (2012), the measures for mitigating the effects of retrenchments are to provide pre-dismissal and post-dismissal counseling to affected employees. Therefore, to mitigate the effects of retrenchments, training should be provided to augment personal financial skills, career goals management, strategies for re-entering the formal market and most importantly skills for developing small businesses. Baguma and Matagi (2002) suggested that counseling section should be designed to centre on the psycho-social and emotional challenges that staff encounter during the process of retrenchment. These programs will decrease the uncertainties about retrenchment; stabilize the emotions and performances of staff members still on the job. Consequently, proper procedures are compulsory when implementing retrenchment in any organization (IFC, 2005). Biller (1980) highlighted some of the tactics essential for the sustainable implementation of retrenchment. Behn (1980) claimed that a corporate strategy is crucial for the successful implementation of a retrenchment scheme. Furthermore, he stated that managers should explain the actual circumstances relating to innovations in the company. They should be able to develop long-term corporate strategies, formulated to evaluate the performance, and be passionate about achieving the stated outcomes.

Bentley (1986) suggested that directors should redefine human resource management innovations and adjust personnel job schedules to attain efficiency and increased labour productivity. Burke (1988) proposed that management should set goals, participate in decision-making, redesign jobs to improve personal capacities, plan orientation programs, and manage staff reductions. Bennett et al. (1994) highlighted the importance of organizational culture during the retrenchment period and elaborated on the implementation of a cultural intervention strategy. Therefore, for retrenchment to be implemented, managers must have the required skills to follow up these strategies. However, Odell (2010) indicated that it is often not what is done but how it is done that can make all the difference about how individuals cope with retrenchment.

Retrenchment may cause industrial unrest where the procedures are not properly implemented (Isrealstam, 2012). Biller (1980) noted that employees whose status, income and future depend on properly structured retrenchment programs at the inception of their career will inevitably resist administrative changes that will lead to unfavorable retrenchment strategy. This is because the workers acutely feel the effects of downsizing on their families while the society suffers related social consequences (Hopkins & Hopkins, 1999; Miller, Stead & Pereira, 1991). Consequently, the advent of a large-scale retrenchment, the operational collapse of a major plant and a grounded industry will have a psycho-socio effect on employees and socio-economic influence on the society. Conversely, Levine (1979) proposed that organizational costs could increase as a result of retrenchment because of the severance package granted to staff and the expenses of training and re-training those retained on the job. In the same vein, Cascio (1986) emphasized that although staff dismissal is intended to reduce the costs of operation, some expenses like the severance package, out-of-placement benefit, pension and administrative processing costs may increase. Thus, retrenchment as a cause of expense reduction is unattainable in the short term. In the long term, its achievement may be bleak.

3. Methodology

3.1 Population

The study focuses on retrenched individuals, who were employed in the banking, manufacturing, and public sectors. The study was carried out in Lagos state, the South-western part of Nigeria. This location was chosen due to its centrality and significance as the commercial hub of the nation as 60% to 70% of businesses and industrial activities are performed in Lagos (Lucky et al., 2011; Ogbechie & Anetor, 2015).

3.2 Sample

The survey used a five-point Likert scale to generate data on the effect of retrenchment from a total of 250 respondents who were retrenched suddenly in the banking, manufacturing and the public sectors in Nigeria. A total of 250 well-structured questionnaires were administered to the respondents, but only 168 questionnaires were returned providing a return rate of 67 percent. These retrenched workers were traced and requested to complete the questionnaires that covered various relevant issues. The respondents for this study were found in

the different pension fund offices in Lagos. Some of them were contacted at the courts, the Nigerian Ports Authority finance office while others were at the local government council offices where they had gone to follow up on their terminal benefits. Others were traced to their individual homes.

3.3 Data Analysis Techniques

The survey data was analyzed with the statistical package for the Social Sciences (SPSS). The descriptive statistics was collected and the percentage values of the respondents demographic information was used to understand the nature of the sample. Also, the component factor analysis, data reduction technique was used to evaluate the data collected and obtain the appropriate composite scores after some items were removed.

3.4 Research Quality

The researcher also examined the internal consistency and reliability in the results obtained from the survey with the Alpha Test, which will be justified with the Hotelling's T-squared test and the F-statistics. From the observed values of the Kaiser-Meyer-Olkin and Bartlett's Test, the sample adequacy will be rationalized, and the hypothesis duly tested.

4 Results and Discussion

4.1 Interpretation of Test Results

4.1.1 Reliability Test

Cronbach's Alpha was used to test the hypothesis of internal consistency and the reliability of the outcomes obtained from the survey. Cronbach's Alpha test result shows a .83 level of internal consistency for eighteen items that were centered on obtaining post-retrenchment socio-psychological expectations, retrenched status and its effect on the family, working experience, earning power and job loss. This suggests that the data is reliable. This result is supported by Hotelling's T-Squared test, with F statistics value of 77.8 and was statistically significant at one percent. The second sets of items were fifteen, and they concentrated on obtaining perceived experiences of retrenchment effect on the society in general. Cronbach's Alpha was 0.84 for these items while Hotelling's T-squared test F-statistics value was 45.3. It was statistically significant at one percent.

4.1.2 Correlation analysis

The Pearson correlation analysis was used to identify the independence of each factor and express the degree of relationship that exists between them. Most of the items were correlated at above .3 with at least one other item; this suggests a reasonable level of factorability.

4.1.3 The Kaiser- Meyer- Olkin (KMO) and Bartlett's test

Firstly, questions relating to the expectations of the retrenched staff members and the effect of retrenchment on the family have a KMO statistics of sample adequacy of .89 while Bartlett's Test of Sphericity is 1.54. These statistical results were significant at 1 percent, stating that the key factors expressed and the sample of the study are adequate. From the second subset of question relating to the society, the KMO statistics of sample adequacy is .86 while Bartlett's Test of Sphericity is 1.17. These statistical results were significant at one percent stating that the key factors expressed and the sample of the study is adequate.

4.2 Data description and percentage representation of the survey outcome

Table 1 shows that the gender of respondents in the sample was not equal; it constitutes seventy-nine percent male and approximately twenty-one percent female respondents.

Table: 1 Gender of Respondents

<i>Sex</i>	<i>Frequency</i>	<i>Percentage (%)</i>
Male	133	79
Female	35	21
Total	168	100

Source: Author's estimation from survey data, 2015

Table 2 depicts that the age of the respondents ranged from thirty-five years for the youngest and sixty-five years for the oldest. Twenty-nine percent were within fifty to fifty-nine years, twenty four percent were between forty and forty-nine years; while nineteen percent were in the sixty years and above age bracket. In total, eighty-one percent of the respondents were below the age of sixty years. This indicates that reasonable levels of young and capable hands were out of work contrary to the sixty to seventy years retirement age for employees of

organizations in Nigeria. Obviously, twenty-eight percent of them were in the early and late thirties. This implies that retrenched employees were in their prime of productivity and still had the responsibility to fend for their young families when they were retrenched.

Table: 2 Age of Respondent

<i>Age</i>	<i>Frequency</i>	<i>Percentage (%)</i>
Under 30-39 years	47	28
40-49 years	41	24
50-59 years	48	29
Over 60 years	32	19
Total	168	100

Source: Author's estimation from survey data, 2015

Table 3 indicates that eighty-two percent were married, twelve percent of were single, and six percent were separated while less than one percent were divorced.

Table: 3 Marital Status of Respondent

<i>Marital Status</i>	<i>Frequency</i>	<i>Percentage (%)</i>
Single	20	12
Married	137	82
Divorced	1	0.6
Separated	10	6
Total	168	100

Source: Author's estimation from survey data, 2015

Table 4 shows that the effect of retrenchment is strongly felt by those who have dependants. About thirty-six percent of the participants in the sample had an average of four dependants, thirty-two percent had an average of six dependants, thirty percent had more than eight dependants, and only two percent of them had one dependant.

Table: 4 Economic dependent of Respondent

<i>Economic dependent</i>	<i>Frequency</i>	<i>Percentage (%)</i>
Live alone	3	2
More than 2 but less than 5	61	36
More than 5 but less than 8	54	32
Above 8	50	30
Total	168	100

Source: Author's estimation from survey data, 2015

Table 5 depicts that forty-four percent had first degree, thirty-one percent were secondary school certificate holders, sixteen percent of them had a master degree, and five percent stopped at the primary school level while four percent of had other certificates. This suggests that on the average, the respondents were experienced graduates and as such well qualified to work in any reputable organization.

Table: 5 Educational Background of Respondent

<i>Education</i>	<i>Frequency</i>	<i>Percentage (%)</i>
Primary	8	5
Secondary	52	31
Tertiary	73	44
Post graduate	26	16
Others	6	4
Total	168	100

Source: Author's estimation from survey data, 2015

Table 6 shows that eleven percents of the retrenched workers had been retrenched for close to a year, twenty-seven percent was retrenched for about five years, thirty-two percent was retrenched for more than five years,

while twenty-four percent had been retrenched for more than a decade. This suggests that most of the retrenched workers had been retrenched for more than five years.

Table: 6 Number of years Retrenched

<i>Number of years Retrenched</i>	<i>Frequency</i>	<i>Percentage (%)</i>
Less than a year	19	11
Between 1-5 years	46	27
Between 5-10 years	54	32
More than 10 years	41	24
Total	168	100

Source: Author's estimation from survey data, 2015

Table 7 indicates that two percent was retrenched before one year of employment; twenty-three was retrenched after spending about five year, thirty percent was retrenched after working for about a decade, while forty-one percent had worked for more than a decade before retrenchment. This suggests that most of the people retrenched had worked for more than a decade before they are laid-off.

Table: 7 Duration of service before retrenchment

<i>Duration of service before retrenchment</i>	<i>Frequency</i>	<i>Percentage (%)</i>
Less than a year	3	2
Between 1-5 years	39	23
Between 5-10 years	51	30
More than 10 years	68	41
Total	168	100

Source: Author's estimation from survey data, 2015

4.2.1 The effect of retrenchment on the individual

Table 8 shows the outcome of the earning power of staff after retrenchment. The results show that sixty-nine percent were still unemployed, and twenty-one percent were underemployed. Sixty-six percent agreed that their new wages were lower than what they earned before retrenchment while twenty-one percent disagreed. The loss of career prospect item shows that fifty-eight percent of the respondents agreed that they lost their career prospect as a result of having to start from scratch in a new organization; while eighteen percent of them stated that career prospect was no longer necessary. The item on increase in debt and financial stress reveals that fifty-seven percent of the respondents agreed that their levels of debt and financial stress increased, thirty-four percent disagreed while nine percent were indifferent. The medical and health expenses items, thirty-seven percent agreed that their medical bills have increased while fourth nine percent of the respondents disagreed. This was because they resorted to cheaper alternative medicines, traditional therapies, and herbal medication, to treat their ailments. The item that bothers on, if the individual was probably better off now than before, reveals that sixty seven percent of the respondents disagreed while twenty two percent consented to this. The reason adduced to this is that majority were not adequately equipped for life after retrenchment; however some others who had more positive were able to turn their situations around. Furthermore, the item on the effects of retrenchment on the retrenched individual and its immediately families revealed that forty-four percent of the respondents agreed that sudden retrenchment had impact on their families. Sixty-five percent agreed to have suffered after retrenchment but have recovered while nineteen percent are still nursing the pains from the loss of their jobs. Out of the 168 responses, fifteen percent were emotionally disturbed and were thinking of committing suicide as an alternative.

Table 8: The earning power of individual after retrenchment

<i>Questionnaire items</i>	<i>Relevant/ Agree (%)</i>	<i>Not relevant/ Disagree (%)</i>	<i>Indifference (%)</i>
Loss of significant earning power after retrenchment.	69	21	10
Loss of earnings from new job.	66	21	12
Loss of career prospects.	58	18	23
Increased in debt and financial stress.	57	34	9
Increase in medical bills and health related issues	37	49	14
I am probably better off now than before	22	67	11
Retrenchment did not affect me and my immediate family.	44	40	16
I suffered for some time, but have recovered fully.	65	15	19
I have not recovered from the loss of job.	19	65	16
Since retrenchment I feel overwhelmed, not able to cope and constantly thinking about suicide.	15	82	3

Source: Author's estimation from survey data, 2015

Table 9 depicts the emotional state of the retrenched employees. The outcome shows that fifty-five percent was shocked and confused at the sudden retrenchment, thirty-one percent was not and fourteen percent was indifferent. This suggests that the majority of the respondents were not aware that they will be retrenched and so had no plans for retirement. The question that enquired if they were unhappy with their employers after retrenchment disclosed that sixty-three percent was unhappy with their employers, twenty-six percent were not and eleven percent was indifferent. On the basis of losing their plans, sixty six percent admitted that they lost total control of their plans for the future, comprising their retirement plans and educational prospects of their children and/or wards. Subsequently, twenty percent, who lost their jobs, still held on to their plans, fourteen percent was indifferent. Relatively, twenty-four percent of the respondents agreed that they hardly slept well, and forty-seven percent constantly felt a sense of isolation and depression. Consequently, they alienated themselves from social gatherings because they were no longer in the same social and financial status with their peers.

Table 9: The emotional state of retrenched employees

<i>Questionnaire items</i>	<i>Relevant/ Agree (%)</i>	<i>Not relevant/ Disagree (%)</i>	<i>Indifference (%)</i>
I felt a sense of shock and confusion at the sudden retrenchment	55	31	14
I feel a sense of complete loss of my plans for the future	66	20	14
I feel very angry with my former employer since retrenchment	63	26	11
I can hardly fall asleep since I been retrenched.	24	50	25
I constantly feel a sense of isolation and depression.	47	42	11

Source: Author's estimation from survey data, 2015

Table 10 reveals the families' status after retrenchment; fifty-four percent subscribed to the fact that sudden retrenchment could lead to total breakdown of their family plans, while thirty six disagree to the response. The implication is that retrenchment without adequate preparation, in terms of acquisition of skill after retrenchment in preparation for the new face of life translates into frustration. The majority, eighty-two percent of the respondents disagree that they felt unhappy with members of their families after retrenchment, while twelve percent attested their unhappiness with members of their families after retrenchment. The implication is that sudden retrenchment can influence the retrenched employee to transfer aggression to other members of their families, as a result of frustration. While Sixty-one percent agree they had support from their family members

after retrenchment, twenty-nine percent declined to this. This result is in line with the family support system in Nigeria, where family members support one another in case of difficulty, though this culture is not as robust as it used to be because of economic hardship and exposure to other Western culture.

Table 10: The families' status after retrenchment

Questionnaire items	Relevant/ Agree (%)	Not relevant/ Disagree (%)	Indifference (%)
Sudden retrenchment led to total breakdown of my family plans	54	36	10
I feel unhappy with members of my family since retrenchment.	12	82	6
I had support from my family members after retrenchment.	61	29	11

Source: Author's estimation from survey data, 2015

Table 11 depicts the economic status of respondents, twenty-one percent of the respondents were extremely poor, twenty-nine percent was below the average internationally recommended one dollar a day income level, forty-four percent was on the average standard of living, approximately five-percent of them were above average, and about one percent of the respondents were wealthy. The result above depicts the pitiable economic status of the respondents' families. Consequently, the low income will affect their basic needs, this entail feeding, clothing and shelter.

Table 11: Economic Status:

Questionnaire items	Relevant/ Agree (%)	Not relevant/ Disagree (%)	Indifference (%)
Poor	21	54	10
Below Average	29	82	6
Average	44	29	11
Above Average	5		
Wealthy	1		

Source: Author's estimation from survey data, 2015

4.2.2 The effect of retrenchment on the society

Table 12 shows the retrenched and society roles. Twenty-eight percent of the respondents were angry with the entire society since retrenchment, fifty-four percent was not and eighteen percent of them were indifferent. Sixteen percent of the respondents got help from the government and their local council, eighty-percent of them did not get any help from the government and four percent were indifference to the issue of government support. Seventeen percent got assistance from government and Non-governmental organization (NGOs); eighty-percent did not while three percent were indifferent.

Table 12: The retrenched and societal roles

Questionnaire items	Relevant/ Agree (%)	Not relevant/ Disagree (%)	Indifference (%)
I feel very angry with the entire society since retrenchment.	28	54	18
I had support from the government and my local council.	16	80	4
Assistance from government and NGOs.	17	80	3

Source: Author's estimation from survey data, 2015

4.2.3 Government support

Table 13 shows the outcome of government schemes and retrenchment policy. Sixty-four percent of them got over the experience through their self-effort and self-development since the organizations did not equip them with entrepreneurial skills before they were retrenched. Forty-nine percent got help through their pension scheme, and fifty-seven percent agreed that their former employment skills were useful and prepared them for retrenchment.

Table 13: Government schemes and retrenchment policy

<i>Questionnaire items</i>	<i>Relevant/ Agree (%)</i>	<i>Not relevant/ Disagree (%)</i>	<i>Indifference (%)</i>
Through self-effort and self-development	64	24	12
Through effective pension scheme	49	36	16
Employer fully prepared employees for retrenchment	21	57	22

Source: Author's estimation from survey data, 2015

5 Conclusion and Recommendations

5.1 Conclusion

This research work investigated the current conditions of retrenched staff that were retrenched from organizations in Nigeria to ascertain the effect of unanticipated retrenchment on their families. Furthermore, it attempted to find out if this has a spillover effect on their social responsibilities and the society in general. It was observed that retrenchment has a detrimental effect on the individuals, their families and the society. It confirmed that the retrenched employees are unhappy with their former employers, the society and the government, because of their inability to meet up with their family and social responsibilities.

5.2 Recommendations

This study reveals the plight of the retrenched employees in Nigeria. Managers whose organizations are experiencing downturns need to ask themselves fundamental questions, such as, are the organisations challenges staff related? Are the problems due to limitations in the processes and procedures of the organization? Could the problems be as a result of inefficiencies in system management? Could it be as a result of innovations in the industry that were not anticipated in the organisations plans? Accordingly, management should assess the company's profile, to unveil other intervention measures that can reasonably sort out the source of the difficulty. In addition, companies' human relations function should be improved to minimize the impact of retrenchment on the concerned sections of the organization. Where retrenchment becomes necessary, the reasons behind the retrenchment should be disclosed to the employees. Notwithstanding, adequate provisions should be made for the laid off workers, to help them cope with domestic demand during the period they may remain unemployed. Also, a reasonable severance compensation scheme and adequate training will enhance the chances of those who are interested in entrepreneurial activities.

In the future, retrenchments should be cautiously considered, well prepared for and purposefully implemented. Managers should seek creative means to develop a competitive edge through innovation and the development of adaptive strategies that will improve efficiency. They should exercise patience to carry out a thorough analysis of the company's problems before retrenching staff. Managers should be sure of the problems that the companies are confronted with, propose plausible intervention policies that can solve the inherent challenges. Employers should ensure that employees approaching the age of retirement and those to be retrenched should undergo a set of transiting training and self-development programs. These programs may include contemporized entrepreneurial and personal financial skills which will ensure that they have a stable socioeconomic life after retrenchment. Also, the government should formulate policies which will mitigate organizations strategies that take delight in retrenching their employees at will, when they encounter circumstances that were not anticipated. For young retrenched employees, government should put in place a scheme that can help organizations effectively manage the costs of training and program development.

It is important for organizations to realize that they owe their employees ethical responsibilities since they contribute to the growth of their firms and are indeed valued members of the organization. Management should

note that the employment contract contains explicit and implicit terms that all parties should adhere to. Clearly, the management of most organizations outlines the explicit term of employment but there are also implicit expectations of employments that most organizations in Nigeria sometimes take for granted. Sudden retrenchments, therefore, often send signals of having been exploited. Employees are human beings with dignity and intrinsic values; they should not be used only as means to achieving organizations objectives. Therefore, employers must develop their employee's potentials, promote their wellbeing and retrench them only as a last resort when other courses of action have been explored, and retrenchment is inevitable. When employees are seen as valued members of the organizations, they are likely to be more committed to their organizations and indeed more productive.

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