IMPACT OF EMPLOYEES’ JOB INSECURITY AND EMPLOYEE TURNOVER ON ORGANISATIONAL PERFORMANCE IN PRIVATE AND PUBLIC SECTOR ORGANISATIONS

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Abstract:
Layoffs and alternative staffing seem to be a phenomenon in many workplaces, many employees seem uncertain of their continuing in their job as a result of threats that they face on the job which could lead to job loss, and these call for concern. This paper therefore examines some of the factors responsible for job insecurity and employee turnover and the attendant effects of job insecurity on organisation. The study investigates the relationship between job insecurity and organisation performance, as well as relationship between job insecurity and employee turnover. Self-developed structured questionnaire titled ‘Job Insecurity, Organisation Performance and Employee Turnover’ (JIOPET) was used as the instrument to collect data from one hundred and twenty randomly selected respondents from organised private sector (financial institutions) in Akure and public sector (state secretariat) in Ibadan, Nigeria. The data were analysed and the two hypotheses drawn up for the study were tested using Pearson Product-Moment Correlation. The findings establish that job insecurity negatively affect organisation performance and induce employee turnover. It is recommended that organisation policy makers should diligently address the factors that contribute to job insecurity, have training policy and train employees as work procedures are becoming more dynamic with new technologies.

Key words: Job Insecurity, Employee, Employee Turnover, Organisational Performance

1. Introduction

In the last thirty years, job holders have been faced with insecurity of their jobs in different organisations in Nigeria due to various reasons. Some of the reasons include merger and acquisition especially in the banking industry. There were insufficient capital base and inefficient banking operations, the need for re-engineering, automation, lack of requisite skills on the part of employees and financial constraints.
on the part of management. Coupled with these is the global economic challenge leaving no hiding place for anyone wherein some large corporations had to move from Western part of the world to places in Asia with the intent of cutting cost of production and remaining in business. As a result of these different challenges, many organisations both public and private that are threatened lay off some of their workers who did not envisage early exit from work and this could in turn affect the performance of the organisation and negatively affect the affected staff. This assertion is in consonance with that put forth by Hellgren, Sverke and Isaksson (1999) that there has been serious change in working life of people as a result of new information technology and industrial restructuring. Also Greenhalgh and Rosenblatt (1984) established that workers react to job insecurity and that their reaction have consequences for organisational effectiveness.

Security is a great motivator that enables an individual to move on in life, it brings a sense of satisfaction and fulfilment when an individual knows that he/she is secured or safe in whatever endeavour he/she is involved with. When an individual is safe and secured then he can move on to achieve other things he desires (Abolade, 2013). Once an individual is assured of security especially of his job, and he sees it practically displayed, he may be motivated to be the best he could be since nothing poses as a threat to him in this wise. The workplace is expected to be a comfort zone for workers and a place of refuge from some challenges of life like economic and social challenges which are some of the aftermath of losing one’s job. The most important thing an employee needs in employment relationship is job security that guarantees peace of mind.

Job security to an employee is that his/her job is not threatened and that the individual will be on the job for as long as the individual wants with no feeling or reasons whether objective or subjective that he/she might lose the job. With the present situation where there are so many layoffs, early retirement, contract staff and part-time employees, workers may not be certain that they will be in their employment for longer period as many employers of labour now lay off their employees due to economic reasons and the inability of some workers to keep pace with the dynamic changes that are going on in world of work. The situation could pose as a challenge and a threat to the employees in different employments who are not certain of what could be their lot in this era of sacks and even early retirement and this could also affect the performance of the organisation. This phenomenon which has been researched by many scholars still prevails and therefore needs more study.

2. Conceptual clarification

Job insecurity

Greenhalgh & Rosenblatt (1984) opine that job insecurity is a perceived powerlessness to maintain desired continuity in a threatened job situation. According to Sverke, Hellgren & Naswall (2006) job insecurity is an employee’s perception of a
A potential threat to continuity in his/her current job. Job insecurity is regarded as the overall concern about the continued existence of the job in the future (Sverke & Hellgren, 2002). Sverke et al (2006) referring to the studies carried out by other scholars (Greenhalgh & Rosebblatt, 1984) conclude that job insecurity is based on the individual’s perceptions and interpretations of the immediate work environment; that subjective experienced threat are derived from objective threat by means of individual’s perception of cognitive processes. Pearce (1998) sees temporary employment as a form of objective type of job insecurity which is characterized by an independently determined probability that workers will have the same job in foreseeable future. Job insecurity could be seen as the challenge of employed people who feel threatened that they may lose their jobs. Job insecurity is synonymous with threat of unemployment. When the level of unemployment in a society is high, it could be seen as an indication of job insecurity and economic problem in that society with attendant negative consequences.

**Employee turnover**

According to Abassi & Hollman (2000), employee turnover is the rotation of workers around labour market; between firms, jobs and occupation; and between the states of employment and unemployment. Tett & Meyer (1993) opine that employee turnover is a conscious and deliberate wilfulness to leave an organisation. Employee turnover is a number of employees leaving an organisation either for personal reasons due to some dissatisfactions in the workplace or being laid-off by the employer due to certain issues faced by the organisation that laying off of workers will serve as a form of solution. Organisations with high level of employee turnover contribute to job insecurity and this affects the image of that organisation negatively.

**Organisational performance**

Every organisation has set out objectives, goals or targets that it intends to achieve, at times within a stipulated time or in a long run. When there are indications that the objectives are not been achieved or may not be achieved based on the evidences available, it shows that the organisation is not performing effectively hence actions must be taken to ameliorate the situation. Organisational performance is an analysis of company’s performance as compared to the set goals and objectives.

**Factors responsible for job insecurity**

Causes of job insecurity could include lack of training, inability of workers to keep up with the new trends in business, technology, and poor attitude of management to employee welfare, economic challenges. Other causes of job insecurity and employee turnover from the individual employee perspective could include among others: lack of required skills, low level of education, poor attitude to work, insubordination, grievances, work under-load, work-overload, lack of discipline and working against the ethics of the organisation. De Witte (2005) referring to the research carried out by Naswall & De Witte (2003) establish that blue-collar workers, low skilled individuals, employees in the industrial sector and those with temporary job contract perceive themselves as been job-unsecured.
Job insecurity and employee turnover could be from the organisation that lays off employees for various reasons like financial constraints, re-engineering, restructuring or even due to introduction of new technology that lead to reduction in number of humans to perform some tasks. When organisation does not satisfy the needs of the employees in the different areas like poor career progression, promotions, rewards, poor working conditions, poor salaries, lack of health and safety facilities, poor or lack of welfare package, employees' job could be threatened and they are likely to leave such organisation when they get better places.

Age could pose as a factor for job insecurity as the older ones who are not as productive in the organisation due to age are likely to be relieved of their jobs when the need for cost reduction arises. Length of service could be a factor to job security, a person who had been on the job for longer period may not be threatened (Erlinghaen, 2007). Looked at from another perspective, workers who had been in the same employment for a long period of time might feel threatened on the job if there is need for cut in overhead, such might be the first to be retrenched since their salaries could be higher and some might even be close to retirement age.

Poor work environment could be a factor to job insecurity and employee turnover, Abolade (2016) in her study on work environment, employee job satisfaction and organisation efficiency establishes that internal work environment contribute significantly to employee satisfaction and organisation efficiency. Watson (2010) says that to enable employees perform better and as a result have better overall organisation performance, the organisation must create friendly work environment that focuses on employee job security. Moorman (1991) says that when the work environment is cordial and genial, workers will stay longer in the establishment. External work environment could also be factor for job insecurity. Political landscape, unstable political situation, harsh government legislations and the global economic recession all of which are external environmental factors which are beyond the organisation and which the organisation cannot manipulate to achieve the goals of the organisation could contribute to job insecurity and therefore could negatively affect the performance of the organisation.

Communication is vital parts in business, without proper communication to enable the personnel know what are expected of them as workers, there will be confusion and work will not be done well. Such workers feel inadequate not because they are deficient in the work assigned to them but because proper information is not passed to him, this could create insecurity of the job in their minds. Communication is the tool that gets people informed about their roles and responsibilities and allows them to be informed about the state of things in the organisation so that the individuals will be able to work along with the management for the overall success of the organisation. Improper use of communication in organisation could affect the performance of the workers negatively. Abolade (2015) opine that internal communication is an essential means of addressing organisational concerns- profits, workers’ appraisal, safety in the workplace, relationships among personnel on job matters, job satisfaction, productivity, reduction in conflicts and employee turnover.
When communication is not properly used in an organisation it leads to conflict, labour unrest; low morale in employees, lack of job satisfaction and high labour turnover. Organisational communication is a factor that could lead to job insecurity.

Discrimination on the bases of gender, race, ethnicity, physical disabilities and other forms of discrimination could lead to job insecurity. Poor management of resources, inadequate resources, inability to compete healthily with competitors, lack of requisite technology, bad recruitment and placement, lack of training policy, all these could affect the performance of the organisation and pose as threat to the job of the employee.

**Statement of the problem**

Organisations are becoming more dynamic and this puts so many demands on the personnel and the organisation in this present technologically driven global markets, and inability to cope could be very detrimental to both the employees and the organisation. Many big companies in developed economies are using artificial intelligence to run some of their units. For instance, the present vogue is the self-driven cars that are being introduced in Europe and robot operated sections of many plants. The developing nations are having their share of the use of technologies to carry out procedures that were initially handled by humans in many organisations.

Alternative staffing is being used by some organisations to cut expenses. Many organisations now engage the services of part-time workers and contract staff to reduce cost due to the recent global economic recession. Fewer full-time workers are in the service of most organisations and these employees may not even be sure of the security of their jobs based on the different challenges organisations are contending with. The interest of the employers and shareholders is huge profit on the investments at the expense of the workers.

In banking industry in Nigeria for instance, employees are expected to bring in ‘big’ customers with ‘fat’ accounts otherwise they may not be able to keep their jobs. Some of the employees do not have the right background for the job they hold and training is not given the pride of place it deserves in many organisations which makes the job holder inefficient in the job he/she holds and this could contribute to job insecurity.

For the purpose of restructuring the civil and public service of Oyo State Government, Nigeria, 662 workers were laid off in December 2016 by the State Government. ExxonMobil (Nigeria) lay off 150 of its workers, these were even members of blue-collar oil unions yet sack letters were issued to them. ExxonMobil (Nigeria) also laid off its contract workers in Upkenekang Community in Akwa Ibom State, Nigeria, all in December, 2016. Also, Zenith Bank Nigeria and Skye Bank Nigeria sacked 1,200 and 1040 of their workers respectively. January 2017, four directors in Skye Bank were told to voluntarily retire for the purpose of restructuring and cutting cost. TVC News Nigeria reported on Tuesday May 2nd 2017 that MTN Nigeria sacked 200 workers and 80 contract staff members. Ecobank which is a Pan-African Bank shut down 74 branches to embrace digital channels; the bank had earlier terminated the appointment of 50 top personnel (Vanguard, May 1, 2017). Arise News,
London on 14 July, 2017 reports that Air Zimbabwe lays off half its workforce amid financial woes. This study intends to find out the effects of job insecurity and employee turnover on the performance of an organisation.

**Objectives of the study**

**Objectives of the study are to:**

1. Examine if there is relationship between job insecurity and organisation performance
2. Examine if there is relationship between job insecurity and employee turnover.

**Research questions**

The following research questions are drawn for the study:

1. Is there any significant relationship between job insecurity and organisation performance?
2. Is there any significant relationship between job insecurity and employee turnover?

**Hypotheses**

The following hypotheses were formulated for the study:

1. There is no significant relationship between job insecurity and organisation performance
2. There is no significant relationship between job security and employee turnover.

**3. Literature Review**


Employees who face perceived and real threats to their jobs are likely to put in more efforts to perform better with a view to securing their jobs; also, some others might be overwhelmed and may not perform efficiently and rather be seeking for employment elsewhere. Since many private sector organisations are not unionised, employees’ job may not really be secured as there are no trade unions to protect their interests in the workplace, which could result in better organisation performance, however, in many public and organised private sectors the unions are presently unable to protect their members from this insecurity. Abolade (2012) in her study on the impact of unionisation and non-unionisation of workers on organisational efficiency establishes that there is no significant relationship between organisational efficiency and unionisation in public and private sector organisations.

concludes that job insecurity might make turnover less likely because employees who are afraid of being laid off might be afraid of changing jobs as this might have negative effects on them. Job insecurity could lead to employee turnover in organisations as the tendency is for the workers to look for better and more stable employment when there is threat to their jobs in any organisation.

Africa International Television (AIT, Nigeria) on Thursday January 12, 2017 reports during the 8pm news broadcast that ILO (International Labour Organisation) forecasts that there will be increase in unemployment in 2017. TVC News Nigeria reports that more than 30 million youths are unemployed in Nigeria, that the National Bureau of Statistics finds out that 55% of youths are jobless. These pictures are the state of things and indicate that there is serious job insecurity in the nation.

Some of the workers could be laid-off if there is need to cut cost so as to increase profit (Cascio, 1998). Tetrick and Quick (2003) opine that many organisations layoff and retire so many of the workers early and make use of contract staff with the aim of increasing their profit and create job insecurity for workers. Gallagher & Hellgren (2000) explain that many organisations now employ people on short term or fixed term contracts.

De Witte (2005) say that job insecurity became a sizable social phenomenon, caused by fundamental changes in the economic system of most European countries and in the US, like plant closures, company restructuring and increase in temporary contracts. However, this is not peculiar to those nations alone, it is also a phenomenon in Nigeria as well where workers are not really sure of what might happen to their work; they might be sent out of job due to downsizing, merger, economic recession and other factors at short or no notice at all.

Some decades ago, it was customary for federal or state government employees and those in organised private sectors to believe that they had job security and could stay on in the establishment until the retirement age. The reverse is the case with issue of economic recession; so many employers in Nigeria lay off their workers. Those times, economy was good, there were little automation and technology was not as proliferated. KPMG (2010) finds that more than 75% of participants in the survey conducted considered job security as the topmost priority when seeking employment since there are economic challenges presently.

Subramaniam, Shamsudian, and Ibrahim (2011) find that job security is not significantly related to organisational performance. Chirumbolo and Areni (2005) in their study find out that job insecurity is negatively related to job performance.

Reisel, Chia, Maloles and Slocum (2007) conclude that job insecurity has a significant negative impact on employee satisfaction and an indirect effect on perceived organisational performance. They explain that no research has linked individual-level effects to organisational-level effects even though it is intuitive that employees’ outcomes should be associated with organisational performance; that earlier theory of job insecurity predicts that employees will demonstrate a decrement in their behaviour and attitudes as their job insecurity increases; that they will be less productive, resist change, and begin to turn over.
Many research outcomes have established that job insecurity negatively affect productivity and contributes to employee turnover (Reisel, Probst, Chai, Maloles & Konig, 2010; Cheng & Chang, 2007; Probst, 2002). Employees whose jobs are not secured demonstrate reduction in creativity and problem solving ability which affects the performance of the organisation negatively (Probst, Stewart, Gruys, & Tierney, 2007). Some other research studies establish that job insecurity contribute to improved productivity as employees work harder so as to stand out among their colleagues and increase their values to the organisation (Sverke et al, 2006). According to Schervish(1983), good local labour market conditions improve organisational stability.

Ongori (2007) says that a high labour turnover may mean poor personnel policies, poor recruitment policies, poor supervisory practices, poor grievance procedures, or lack of motivation. Employee turnover may not have good effect on the organisation as customers might be lost to competitors while the organisation with employee turnover is engrossed with all the details that are involved in taking in new entrants. During this period the productivity of the organisation might not be good. So much time is wasted in recruitment, selection; induction and training after some employees have left the organisation. While the processes of filling the vacant positions are on and the time it takes the new entrants to settle down, customers may be negatively affected, productivity and profitability are jeopardized.

Meier and Hicklin (2015) opine that employee turnover can benefit the organisation, that the new higher performing employee who replaces significantly underperforming turnover employee, that the costs of replacement and retaining can be quickly compensated by the higher performance of the new employee. They opine that replacing poor performers can serve as a motivational signal to others so that they will perform better; and provide a source of new ideas for innovation and reform. Meier et al (2015) state that turnover can facilitate representation, generate fresh view points and broaden the experiences of key personnel.

4. Methodology

This study adopted a survey research design to find out if job insecurity could affect organisation performance and employee turnover. Workers in organised private sector represented in this study by financial institution in Akure, Nigeria and workers in public sector represented by Oyo State Government Secretariat in Ibadan, Nigeria were used for the study. Sixty respondents each were randomly selected from the two sectors.

A set of self-developed structured questionnaire titled ‘Job Insecurity, Organisation Performance and Employee Turnover’ (JIOPET) was the main instrument used for data collection from the respondents. The questionnaire were of two sets, one was for eliciting information from the workers on job insecurity and organisation performance and the second one was used to elicit information from the respondents.
on job insecurity and employee turnover. The collected data were analysed and the two hypotheses dawn for the study were tested using Pearson Product-Moment Correlation.

**Presentation of the findings, interpretation of results and discussion of findings**

Hypothesis One

H0: There is no significant relationship between job insecurity and organisation performance

H1: There is significant relationship between job insecurity and organisation performance

In testing whether there is any relationship between job insecurity and organisation performance this study makes use of Pearson product-moment correlation. The sign and the absolute value of a correlation coefficient describe the direction and magnitude of the relationship between two variables. The correlation r value requires both a magnitude and a direction of either positive or negative. It may take on a range of values from -1 to 0 to +1, where the values are absolute and non-dimensional with no units involved. A correlation coefficient of zero indicates that no association exists between the measured variables. The closer the r coefficient approaches ± 1, regardless of the direction, the stronger is the existing association indicating a more linear relationship between the two variables. The strength of the correlation is not dependent on the direction or the sign. The result of this correlation analysis is presented in Table 4.2

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<th>Table 4.1: Simple Statistics</th>
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<td>Organisation Performance</td>
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<th>Table 4.2: Pearson Correlation Coefficients, N = 120</th>
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**DECISION RULE**

The relationship is significant when the P-value is less than Alpha value (α = 0.01). Reject the null hypothesis.
A positive correlation coefficient indicates that an increase in the first variable would correspond to an increase in the second variable, thus implying a direct relationship between the variables.

A negative correlation indicates an inverse relationship whereas one variable increases the second variable decreases.

The higher the absolute value of the correlation coefficient, the stronger the relationship.

**DECISION**

According to the data presented in Table 4.2, an inverse relationship between job insecurity and organisation performance, the negative \( r = -0.63508 \) relationship between job insecurity and organisation performance implies the more severe job insecurity the lesser the overall performance of the organisation. The analysis presented in Table 4.2 reveals that the relationship between job insecurity and organisation performance is significant since the P-value is <.0001.

Considering the "Coefficient of Determination", since the correlation of job insecurity and organisation performance is \( r \) is = -0.63508; then, the coefficient of determination is = 0.4033266. The outcome indicates that 40.33% of organisation performance is affected by job insecurity. Therefore, there is enough evidence to reject the null hypothesis (H0) and uphold the alternative hypothesis (H1). That is, there is significant relationship between job insecurity and organisation performance.

**Hypothesis Two**

H0: There is no significant relationship between job insecurity and employee turnover

H1: There is significant relationship between job insecurity and employee turnover

In testing whether there is any relationship between job insecurity and employee turnover this study makes use of Pearson product-moment correlation. The sign and the absolute value of a correlation coefficient describe the direction and magnitude of the relationship between two variables. The correlation r value requires both a magnitude and a direction of either positive or negative. It may take on a range of values from -1 to 0 to +1, where the values are absolute and non-dimensional with no units involved. A correlation coefficient of zero indicates that no association exists between the measured variables. The closer the r coefficient approaches ± 1, regardless of the direction, the stronger is the existing association indicating a more linear relationship between the two variables. The strength of the correlation is not dependent on the direction or the sign. The result of this correlation analysis is presented in Table 4.4
DECISION RULE
The relationship is significant when the P-value is less than Alpha value (α = 0.01). Reject the null hypothesis.

A positive correlation coefficient indicates that an increase in the first variable would correspond to an increase in the second variable, thus implying a direct relationship between the variables.

A negative correlation indicates an inverse relationship whereas one variable increases the second variable decreases.

The higher the absolute value of the correlation coefficient, the stronger the relationship.

DECISION
As indicated in Table 4.4, the relationship between job insecurity and employee turnover is positive and very strong (r= 0.83210). The analysis presented in Table 4.4 reveals that the relationship between job insecurity and employee turnover is significant since the P-value is <.0001.

5. Discussion of the findings

The findings of this study as presented in Tables 4.1 and 4.2 have established that job insecurity could negatively affect the performance of an organisation where it shows that there is an inverse relationship between job insecurity and organisation performance, where the negative (r= -0.63508) indicates that the more severe job insecurity the lesser the overall organisation performance; and that job insecurity will also induce employee turnover with P-value <.0001.
A study carried out by Glebbeek and Bax (2002) establish that employee turnover is indeed a problem, that the performance of the organisation studied is largely dependent on employee turnover. They conclude that employee turnover negatively affects the performance of organisation. Ongori (2007) states that many researchers (Hogan 1992; Wasmuth and Davis, 1993; Barrows, 1990) explain that high turnover rate could have negative effects on the profitability of organisations if not managed properly. James (2012) in his study on how to achieve true job security finds out that job security has positive effect on organisational performance. This present study establishes that job insecurity has negative effect on organisational performance which in a way corroborates that established by James (2012).

Some scholars (Reisel et al (2010, 2007; Cheng and Chang, 2007; Probst, 2002) find out in their studies that job insecurity is a major contributory factor to reduced productivity and it increases employee turnover, job insecurity has a direct effect on organisational performance these are in consonance with this present study which also established that job insecurity negatively affects organisation performance and induced employee turnover. Some other studies however show that job insecurity could actually enhance improved productivity wherein employee whose job is threatened work harder to earn the recognition of the manager and secure his job (Sverke et al, 2006; Probst et al 2007); whereas other studies established that when workers have established the security of their job after initial threat, productivity could suffer (Leung, 2009).

6. Conclusions and Recommendation

This study has established that job insecurity leads to poor organisational performance and employee turnover. The review of literature undertaken in this study, the findings of some other research studies carried out by other scholars that were reviewed in this study and the findings of this study itself have established that job insecurity is a global phenomenon. It is recommended that organisation policy makers should become more flexible in policy formulation. Management and employers of labour should not display indifference to those factors that could lead to employee turnover because these would eventually affect the performance of the organisation negatively and paint the organisation bad in the market. The personnel make or mare the organisation so the importance of ensuring the retention of the talent cannot be over emphasized. Selection, recruitment and placement must be done with serious diligence so that the right candidates for the job are selected and placed in the right positions. Training and retraining should be a major policy of the organisation that intends to have competitive advantage in the present global market because there new technologies every time, and the employees not being trained to use these technologies to enhance their work would leave the organisation behind in the present technologically driven globally market. The factors that could influence job insecurity
should be noted and properly addressed with the intent of ensuring improved organisation performance and thereby drastically reduce employee turnover. The management should include the employees in some of the decisions that will affect the workers and their working conditions, and if the organisation is having some challenges, it should not be hidden from the employees so that there will be the ‘WE’ feeling and the employees will be able to work hand in hand with the management to go through the challenges together and ensure better organisation performance and also reduce drastically employee turnover.

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