

# Impact of organisational retrenchment strategies on job satisfaction



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This mixed-methods study conducted a survey and a follow-up focus group with employees of the Uganda Public Service in order to ascertain the impact of asset retrenchment on job satisfaction. The Uganda Public Service has made a number of organizational moves, especially in recent years, to make non-productive and/or corrupt employees redundant and to bring greater efficiencies to the public sector by directing workers to where they fit best in the organization. Naturally, these retrenchment policies have created a lot of change. However, this study discovered that retrenched workers who remained in the Uganda Public Service was not less likely to be satisfied or motivated than non-affected colleagues. Moreover, job satisfaction for retrenched workers remained constant even when controlling for variables of age, gender, and education. The Uganda Public Service likely erred in pushing through retrenchment without a formal change management strategy, as this study found that employees who had not been properly informed and/or prepared for the change were substantially less likely to be satisfied than those workers who had been prepared. One plausible reason that retrenched workers were not dissatisfied by the changes brought about by resentment may have to do with Herzberg's (1966) Two-Factor theory, which posits that workers who are laboring for emotional satisfaction are more satisfied than those who strive for money alone. As the qualitative aspect of this study revealed, employees of the Uganda Public Service are highly likely to be providers for others, and therefore prize their jobs for giving them this ability to support others, even though retrenchment may bring change and stress. The conclusion is that Third World workforces may need to be approached via different theoretical means that are more sensitive to the non-hygienic aspects of Two-Factor Theory.

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## **Declaration of Originality**

I hereby declare that this thesis has been composed by myself and has not been presented or accepted in any previous application for a degree. The work, of which this is a record, has been carried out by myself unless otherwise stated and where the work is mine, it reflects personal views and values. All quotations have been distinguished by quotation marks and all sources of information have been acknowledged by means of references including those of the Internet.

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Nastasia Michail February 10, 2011

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This dissertation has allowed me to combine the concepts I gained from my Undergraduate and Masters Degree and is an insight into the learning that has taken place over the last five years. Although a daunting task, this dissertation has helped me learn more about myself and my hope is my research will make a meaningful contribution to the existing literature.

**CHAPTER FIVE****DISCUSSION, CONCLUSION AND RECOMMENDATION****5.0 RECOMMENDATIONS**

5.1 Introduction: This chapter will discuss the results of the findings of the research study

( as presented in Chapter four), in relation to past literature as reviewed in chapter two; for the purpose of examining whether our research has

achieved its set objectives. It will also make recommendations on areas in which future research can be focused and set out limitations encountered in the course of the research.

## **5. 2. 0 Discussion of Findings**

Analysis of results carried out in chapter four indicated that the entire alternative hypothesis should be accepted. This section will therefore attempt to relate our research results with past research work.

### **5. 2. 1 Hypothesis One: Relationship Between Retrenchment and Job Satisfaction**

The two hypotheses to be tested here is whether any relationship exists between retrenchment and job satisfaction or whether there is none at all. Results as analysed in Table 4. 7 clearly indicates that the null hypothesis should be rejected this means that we are accepting the alternative hypothesis that there is a relationship between retrenchment and job satisfaction

Figure 4. 5 showing a scatter diagram of the relationship between retrenchment and job satisfaction also demonstrate that retrenchment has a negative impact on satisfaction.

The results from our qualitative research did not however agree with that of the quantitative; its own result suggested that the job satisfaction of majority of the retrenched workers remained constant both before retrenchment and after retrenchment; this could be due to the fact that survivors were already appreciative of the fact that they even had a job to keep both body and soul

together and to take care of some dependents; this in itself is a satisfaction to them.

Quantitative results was in line with Herzberg's (1966) Two-Factor theory, Maslow (1993) and Vroom's (1964) theories of worker satisfaction, they all predicted that retrenchment hurts job satisfaction. Cook and War (1979) also confirmed the result of our survey tool, that human asset retrenchment affects job satisfaction amongst the remaining workers leading to insecurity feelings amongst some of the workers and perceived over-burdening of the remaining ones

This result for this study which is in line with past research as cited for the above literatures suggests that the retrenchment strategies embarked upon by the Uganda Public Service as studied in relation to those re-deployed or with altered job description as a measure to curtail the rising corruption level has negatively impacted the job satisfaction of both the workers who were re-deployed and the remaining workers in service.

### **5. 2. 2 Hypothesis Two: Physical Impact of Retrenchment on Survivors in the Short -term**

The null hypothesis here is that retrenchment has negative physical impact while the alternative hypothesis is that retrenchment has positive physical impact in the short-term on survivors. Results as seen in table 4. 8 and fig 4. 6 suggests that retrenchment only averagely physically impacted the survivors of the exercise; as also demonstrated in the table. Qualitative results of study for this variable illustrated that workers whose pay were reduced because their job responsibility also reduced had to look for

additional sources of income to meet up with their needs; this also put more stress on them physically and sometimes affect their health.

Denga (1987) had also earlier reported that retrenching workers led to series of psycho-social problems for the retrenched and Burke (1998) discovered that stress could be induced in survivors by organisational retrenchment and a decline in job security.

### **5. 2. 3 Hypothesis three: Emotional Impact of Retrenchment on Survivors in the Short Term**

There are two hypotheses here also: which is that retrenchment has no effect on the emotional status of survivors and that retrenchment affects the emotional status of survivors. This was measured in the questionnaire research tool and analysis of results in table 4. 9 suggests that the emotional status of remaining workers were affected by the retrenchment as carried out by the Ugandan Public service. Even though, what is known as survivor's syndrome that sets in after every retrenchment was not observed in this case study has previously reported by numerous authors (Kandula 2004 and Kupec 2010. This could be because workers in Uganda have developed a thick skin already to hard situations and so are not easily intimidated by sudden changes or hard situations.

The qualitative results added another dimension to the emotional impact of retrenchment as some of the workers were not emotionally affected due to the fact that they were just re-deployed and they perceived this as a “ lesser evil” than been fired or having a pay reduction. This factor made this set of people appreciate their jobs the more counting themselves as lucky and

therefore working harder. While those workers of the Ugandan Public Service whose pays were reduced because their responsibilities too were reduced admitted to been emotionally affected for they have to look for means of adjusting to the new pay; this will involve either reducing their living expenses, looking for another job or extra jobs to supplement existing ones or getting into debts for those ones who cannot just cope.

The findings however still reveal that survivors of the retrenchment strategy embarked on by the Uganda Public Service still felt insecure knowing fully well that it can be their turn too someday or soon, some also indicated that work which should be shared amongst many now became the burden of the remaining survivors therefore affecting them both physically and emotionally.

Figure 4. 6: which is also a scatter diagram representation of the relationship between emotional status of retrenchment survivors agree to the hypothesis that retrenchment affects the emotional health of the population

#### **5. 2. 4. Hypothesis Four: Effect of Retrenchment on Motivation level in the Short Term**

The two hypotheses here is that retrenchment did not affect workers motivation level in the short term or that retrenchment affected workers motivation level in the short-term.

Results as analysed in table 5. 0 show that there is a negative relationship between retrenchment and motivation level in the short term, i. e. as retrenchment level in the Uganda Public Service increases, the motivation level decreases in the short-term. This suggests that retrenchment causes

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apathy within the public service under study, leading to a decrease in morale and motivation; subsequently reducing performance. The short-term here could be the two months or thereabout period when the incident just occurred.

This agrees with the findings of Cook and Warr (1979) who had reported that retrenchment makes workers apathetical and so reduces their morale and motivation. This majorly impacts on the job satisfaction of the survivors who either believe it can be their own turn any day soon or feel they will be overburdened by having to also handle the jobs of the retrenched or the redeployed. Workers commitment does not improve after retrenchment as they will be de-motivated by recent occurrences.

Tolkman 1991 also reported that “ Retrenchment may create demoralization, dampen organizational productivity and increase voluntary retrenchment, discourage the organizations’ most talented and productive members who will end up leaving the organizations”

Hertzbert (1966) and Maslow (1993) asserted that “ motivation is directly linked to job satisfaction and that motivators include; a sense of achievement, effort recognition, the nature of the work itself, and the desire for responsibility; they also both agreed that money or pay is down in the list”. They both agreed that Job satisfaction is one major factor to determine amongst other factors the employees’ motivation which impacts heavily on production capacities as well as employees turnover. Employers whose institutions have little or no job satisfaction will always experience high

turnovers as employees seek employment in other areas in pursuit of job satisfaction.

Qualitative results of this experiment for this particular variable however suggests that the retrenchment effect of reduced motivation was only temporal and that workers morale was not permanently depressed; this is because their motivation in the first instance derived from the fact that they had a job which will cater for the needs of the family and since this urge has not reduced, their motivation will tend to be constant as long as they are not sent home.

### **5. 2. 5 Hypothesis Five: Effect of Retrenchment on Satisfaction level in the Short- Term**

The two tested hypothesis here is whether retrenchment of workers in the Uganda Public Service affects the level of their job satisfaction in the short-term or whether it does not affect satisfaction in the short term. Results as analysed in Table 5. 10 clearly indicates that the null hypothesis should be rejected this means that we are accepting the alternative hypothesis that there is a relationship between retrenchment and job satisfaction in the short term

Figure 4. 8 showing a scatter diagram of the relationship between retrenchment and job satisfaction in the short-term also demonstrates that retrenchment has a negative impact on job satisfaction level of the Ugandan Public Service only on the short term; as one increases, the other decreases slightly as retrenchment strategies increases, on the short-term, job satisfaction level decreases slightly.

This is in line with Herzberg's (1966) Two-Factor theory, Maslow (1993) and Vroom's (1964) theories of worker satisfaction, they all predicted that retrenchment hurts job satisfaction along two separate but complementary axes. Cook and War (1979) also confirmed that human asset retrenchment affects job satisfaction amongst the remaining workers leading to insecurity feelings amongst some of the workers and perceived over-burdening of the remaining ones.

This result of this study which is in line with past research as cited for the above literatures suggests that the retrenchment strategies embarked upon by the Uganda Public Service as studied in relation to those re-deployed or with altered job description as a measure to curtail the rising corruption level has negatively impacted the job satisfaction of both the workers who were re-deployed and the remaining workers in service.

### **5. 2. 6 Hypothesis Six: Relationship between Survivor's Syndrome and Job Satisfaction**

Null hypothesis here is that there is no relationship between survivor's syndrome and job satisfaction while the alternative hypothesis is that there is a relationship between both. Results as analysed in table 5. 20 favours accepting the alternative hypothesis. Result illustrated in fig 4. 10 also suggested that retrenchment could lead to survivor's syndrome

This is in line with past research carried out by Kandular (2004). Although, as earlier said the survivor's syndrome was not observed in the case study. It could be because the Ugandan workers have developed a "thick skin" by reason of experience to harsh social and economic circumstances

encountered since birth, and are not as physically susceptible as Western workers when it comes to certain kinds of work-related stress; after all, the reality is that many of these workers experience all forms of stress as a daily condition of their lives in Uganda. Thus, survivor's syndrome might be more apt to describe the experience of workers in more developed economies and more stable social climates and not in developing countries.

Qualitative assessment of responses from case study however, confirmed that many of the affected people agreed that retrenchment in whatever form – either as re-deployment, or reduced pay due to reduced job responsibilities can be traumatic and even decidedly more when it is un-expected or much time is not allowed for victims to prepare for it.

#### 5. 2. 7 Qualitative Data

The use of qualitative method of research in this study assisted in achieving or projecting a good picture of the impact of the retrenchment strategies of the Uganda Public Service. Respondents perception of the retrenchment exercise and effect were adjudged through relevant questions as highlighted in Appendix 3 using the qualitative focus group questions to access age gender and educational status impact on the variables of motivation, satisfaction, physical and emotional health and survivors syndrome of retrenched workers in the Public Service.

It was discovered using the qualitative research method that age of workers affected the way in which they viewed the retrenchment strategies; that is, different age groups had different impressions of the exercise. The younger generation saw the exercise as fair since it forced the older generations out  
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of the system. This is because the older ones were not working maximally as a result of reduced energy or strength or because they felt their even being in the position in the first place was not totally based on merit. The Older ones on the other hand did not seem to mind the strategies that much and felt that

Opportunities should be given to them to hand-over their skills to the generation behind them before been “ ushered” out of the system.

Similarly, gender also had its own twist to the responses; it was observed that all the factors had more impact on female workers than male workers. Females with additional responsibility due to redeployment or retrenchment suffered more physically and emotionally as they also had more responsibility on the home front together with their office jobs.

Effect on the males was also pronounced where the new situation imposed on them female bosses and majority whose ego could not adapt to such welcomed the retrenchment exercise as a way out; for they would rather be retrenched than to be submitting to female bosses.

Lastly, majority of respondents agreed that retrenchment as carried out by the Ugandan Public Service was not on the basis of education; as their level of education was not considered as a factor in the process. Although, there were some isolated causes of faster promotion or senior position attainment after the exit of some workers as reported by a few of the respondents, this however was not the rule or norm; it was only a flash in the pan.

The qualitative results in general, suggested that motivation and satisfaction of the retrenched workers that survived the retrenchment exercise was only affected on the short-term because things went back to status quo. The major reason for this can be attributed to the fact that workers motivation and satisfaction in Uganda derived majorly from the fact that they even have a job that will help them in meeting their daily family needs.

All this findings is supported by Maslow (1993) hierarchy of needs and assertion where basic needs such as food, water, e. t. c. are crucial and the first instincts that people try to protect before any other things will follow.

However, Hertzberg (1966) noted that people can only be truly and genuinely satisfied and motivated when they climb up to the highest height of the Maslow's pyramid which is the height of self-actualisation and that huge satisfaction does not derive from hygienic needs alone.

#### 5. 2. 8. Research objectives and aims

Going by the results, analysis of the results and discussion of the results of the research work, it can be seen that the major objective of the research has been accomplished. The purpose of this study was to access the effect of the retrenchment strategies of the Uganda Public Service on the Job satisfaction of its workers. Through the use of questionnaires, surveys and interviews, we have effectively measured this and therefore can make useful recommendations to its management in the future

### **5.3 Implications for Management**

Organisations have different reasons for embarking on retrenchment; it might be to downsize in order to cut cost if it is having internal crises or just to remove dead weight and to improve the quality of service. Whichever reason, management decides to retrench; one thing they should keep in mind is that retrenchment does not occur as a “stand alone event”, it drags along whether reluctantly or not but surely some other outcomes.

This research work has established a clear relationship between job satisfaction, motivation and retrenchment, no matter how little or short – termed it appears to be and this will definitely affect the organisational goals and objectives if not well – monitored.

The clear implication of the findings of this research study for the management of the organisation understudy or even for all management hierarchies is diverse and variable. Retrenchment exercises should be undertaken with great caution and planning as its affects the morale of workers and anything that affects a work force’s morale, if not sorted out fast, will definitely affect performance. Unplanned and poorly implemented retrenchment strategies can lead to physical and emotional unbalance for affected and non-affected staff, poor innovation, discipline and efficiency problems, bring demoralization, contribute to other workers retiring or resigning voluntarily, dispirit the most talented staffs which can lead to their exit; all these will together hinder the organisation from achieving its goal.

Retrenching undisciplined, inefficient and incorrigible workers can serve as a warning to other workers; alerting them to sit up and face their work

squarely or else they know the implication of not doing otherwise; nevertheless caution and planning should be rigorous so as not to send wrong signals to truly devoted and talented staff

## **5. 4 Research Limitations**

Problems that were encountered in this research that served as limitations were that of

Scheduling: Research could not measure long- term effect of retrenchments on staff and even the short- termed effect measured were not carried out immediately after the retrenchment experience. The impacts of the retrenchment exercise therefore depended on the timing of the experiment to the period of the incidence

Research could not measure the impact on staff that were sent home , accessing them would be difficult

Time constraints: research required a longer time period due to time taken to obtain the approval and consent of the relevant parties; this affected the length of the project and increased the budget.

Another limitation perceived or encountered in the study is that which relates to respondents evaluating or reporting on their own selves; this can be biased and not entirely accurate; therefore affecting results of the research .



## **5. 5 Recommendations for Management**

Behn, (1980) suggested that organisations should have a corporate strategy for the successful implementation of its retrenchment activities. This paper would also like to adopt such suggestions amongst others; which include

Retrenchment basis or rationale should be communicated clearly to staff/affected workers so as to reduce negative impact of the exercise or to avoid sending wrong signals of job insecurity to workers.

Objectivity should be employed in applying this basis and retrenchment should not be encouraged as a punitive measure majorly.

Measures such as preparation of the minds of affected worker, training and counselling courses and seminars on entrepreneurship and life after retirement especially by the government, are good ways of preparing workers for uncertainties of the future.

Generally speaking, organisations should adopt a culture of good welfare schemes such as loan assistance, various allowances, good pay, good career prospects and opportunities, mandatory career trainings, good working environment and working tools e. t. c to their staff, such that when retrenchment acts which is inevitable occurs; it would be understandable to the fair minds

## **5. 6 Recommendation for further research**

Errors due to inability of participants to vividly remember occurrences usually trait the retrospective research method that was used for this work,

therefore for future studies a stronger design can be considered in designing the experiment. A time series design will more likely to be appropriate.

It is also recommended for future research that scheduling of this kind of study can be controlled for by planning studies to coincide with retrenchment time and also observing the constructs for a longer time period; so as to measure the long-term and short-term impacts of retrenchment in general

## **CONCLUSION**

The implication of Retrenchment is quite considerable for all related parties; the management, the survivors and the retrenched, all do feel the great impact of this exercise; but the impact can be minimised if better planned for and strategically implemented.

Retrenchment affect job satisfaction, motivation to work, either on short-term or long-term basis, physical health and emotional health of workers; therefore planning and preparation for this exercise is crucial to minimising its effect on all stakeholders.