EFFECTS OF REDUNDANCY ON EMPLOYEE COMMITMENT AMONG SURVIVING WORKERS IN JAMES FINLAY LIMITED IN KERICHO COUNTY

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DOI: https://doi.org/10.5281/zenodo.6773171
Published Date: 28-June-2022

Abstract: With hard economic situation for organizations, the businesses are today using employee redundancy in order to reduce expenses. Although employee redundancy is aimed at cutting costs, there is a general assumption that if companies retain the best employees and managers during redundancy, the company should perform better. However, several employee redundancy exercises in various organizations negate this thought. Some unexpected negative outcomes have drawn both theoretical and practical experts’ attention to the outcomes of employee redundancy and the main questions involved in managing. This study utilized case study research design. The total target population for the study was 120 respondents where responses were received from 102 giving a response rate of 85%. Both structure and unstructured questionnaire was used to collect data from the respondents in this study. Data was analyzed using descriptive and inferential statistics and the findings presented in tables and charts. The study concludes that redundancy was undertaken in James Finlay Limited and that there were employee survivors still working in the organization who does not enjoy their work and that their quality of work had not improved and have been thinking of quitting their present job. The study recommends that employees need to accept almost any type of job assignment in order to keep working for the organization and this is only possible if they are encouraged and are provided with good working conditions so that they enjoy their work and accepts responsibility given to them hence not think of quitting their job.

Keywords: Employee Redundancy, Worker commitment, Job satisfaction, Employee productivity, Employee turnover.

1. INTRODUCTION

Those employees who remain within the organization after downsizing are referred to as “survivors”, and are responsible for new business performance, corresponding and ultimately the success of implementation of restructuring, (Hart, Thomson and Huning, 2016). The economic recession which started in 2008 in the US has had a global impact on organizations. While all the governments in the world have introduced various austerity measures, organizations are increasingly using redundancy and mass layoffs in response to economically difficult circumstances, (New York Times, 2014).

Usually those survivors who leave the organization voluntarily, from the organization’s point of view, possess more useful knowledge, thus organizations risk to lose key skills and experiences as well as valuable knowledge by inappropriately managing a retrenchment procedure, (Kuppusamy, 2019). Changing the organizational culture and
developing a new psychological contract are very time-consuming processes, where great effort is a must, and depend upon a great number of personal and organizational factors. Beside proper management of retrenchment and organizational features, the loss of organizational memory is also a factor in accomplishing the desirable change in organizational culture. Consequently, the disappearance of the organization’s old values, procedures and traits should be considered a positive outcome, (Cameron and Green, 2019). Although retrenchment can thus initiate the change of organizational culture, certain studies pointed out that the uncertainty after retrenchment results in resistance to culture change amongst survivors. To sum up, retrenchment can make both positive and/or negative impacts on the organization. Thus, the identification of effects of redundancy on performance of survivors is of fundamental significance and importance. That is why this study will go a long way in addressing the effect of redundancy on performance of survivors.

Performance of employee provides a standard of measuring the ability of an employee behavior as used in performance criteria, (Badrianto and Ekhsan, 2020). Employees are normally rated with quantity, quality or even efficiency of doing work against some certain set standards. Performance of employees can be achieved through the use of appraisal systems which include the use of performance review, 360-degree feedback, and graphic rating scale and balance score cards. The technique used in measuring performance is important when assessing retention of workers in the organization. If an organization wants to be competitive in the market and ensure that the organization improve in production, employees should depict a sense of commitment to the standards of performance, (Saffar and Obeidat, 2020). This study therefore measures employee performance using employee job commitment, employee productivity, employee’s turnover and employee job satisfaction.

Taylor (2002) defines as a situation in which for economic reasons, there is no longer a need for the job in question to be carried out in the place where it is currently carried out. Although the selection of employees to be made redundant can take into account the ability to perform the job, individual failings are not the main reasons that a job is being lost. Riccucci, Naff and Hamidullah (2019) defined redundancy as a situation in which an employer cuts down its workforce due to job or jobs are no longer needed, however, in a situation where one loses his/her job and is replaced with another person it fails to meet the basic requirement to qualify as redundancy. According Sycheva et. al., (2019) redundancy of an employee may arise because of a number of reasons namely; the introduction of new technology which may make job unnecessary, the non-existence of job in which one was hired to do, the employer cutting labor cost and as a result reduces the number of staff, low level of performance in the company and when the business has been acquired by another company. Redundancy procedure is provided for by the law and the employee is chosen to be redundant may demand for payment depending on the reasons for redundancy, (Vukovich, Nikitina and Molochnikov, 2019).

Kenya Employment Act (2008) defines redundancy to be the loss of employment, by an involuntary means through no fault of an employee. Redundancy, therefore, involves the termination of employment at the employer’s initiative, where the services of an employee are considered superfluous and the practices of abolition of office, job or occupation and loss of employment. Employees therefore are given the right not to be dismissed unfairly because of redundancy, (Sanders, 2016).

A study conducted in a Southern African Financial institution by Kotschy, et. al., (2015) postulates that during redundant employees may perceive their immediate supervisor to be trustworthy but may not feel the same way about top management. Frone and Blais (2020) found that after downsizing, employees may experience the feeling of loss of control over the situation paired with the uncertainty caused by the probability of losing their own jobs resulting in severe stress among survivors. Mousa and Ayoubi (2019) found that, a prolonged period of downsizing had created a climate of intensified work regimes and a breakdown in the traditional career ladder, resulting in commitment based on fear rather than loyalty to the organization. For the purpose of this study, employee redundancy shall be measured using the number employee laid off, the frequency of laying off employees and employee job security.

James Finlay Kenya Limited is one of Finlay Company which produces tea as well as flower. Finlay employees are about 30,000 employees with most of employees given housing facilities within the Limiteds, (Korir and Kagiri, 2017). Over the last few years, James Finlay Limited has been faced with challenges associated with high cost of production, competition in the output market, pressure from trade unions among other numerous challenges. To respond to this situation, the organization introduced tea-plucking machine which is capital intensive rather than labor intensive which is recommended especially for a developing economies like Kenya. The tea-plucking machines replaced tea worker in a ratio of one machine for nearly forty workers. Several employees were therefore rendered redundant because of the introduction of new technology, (Langat, Bii, Opondo and Mbakaya, 2015).
1.1 Statement of the Problem

Although redundancy is aimed at cutting costs, there is a general assumption that if companies retain the best employees and managers during retrenchment, the company should perform better. However, several retrenchment exercises in various organizations negate this thought. Some unexpected negative outcomes have drawn both theoretical and practical experts’ attention to the outcomes of retrenchment and the main questions involved in managing retrenchment. Despite many countries and organizations adopting redundancy as a management strategy, a bulk of redundancy related literature is based on the results of studies conducted in the United States. This absence of substantial literature and the fact that few studies on effects of redundancy in Africa have been carried out puts “redundancy” as an important strategy that needs to be investigated further. Karimi (2016) carried out a study on the problems experienced by organizations in managing the survivors of downsizing. As much as this is the case, the effects of redundancy on the performance of strong employees have not received much academic attention especially in private organizations especially in the tea sector.

The studies do not however indicate the effect of redundancy on other employees working under private sectors on aspects such as employee commitment, job satisfaction, productivity and employee turnover among surviving workers. Up to this time, no study has been done to ascertain the effect of employee redundancy on performance of surviving workers of James Finlays Limited Kericho. The researcher was therefore motivated by these reasons to investigate the effect of employee redundancy on performance of surviving worker in James Finlay Limited in Kericho County, Kenya.

2. REDUNDANCY ON EMPLOYEES COMMITMENT

Employee commitment can be defined as the relative strength of an individual's identification with and attachment emotionally and functionally to one's place of work (Elizur and Koslowsky, 2001). According to Price (2007) employee commitment is characterized by three factors: a strong belief in and an acceptance of the organization’s goals and values; a willingness to exert considerable effort on behalf of the organization; and a strong desire to remain in the organization. Commitment involves an active relationship with the organization such that individuals are willing to give something of themselves in order to ensure that the organization continue to exist.

Morrow (2003) offers a more refined definition of commitment suggesting commitment can be categorised into five distinct forms: the intrinsic value of work to individuals as an end in itself; the perceived importance of one's career; the degree of daily absorption an individual experiences in work activity; ones loyalty to and identification with their employing organization (Price, 2007) and the possibility of an union focus or loyalty to and identification with one's bargaining unit. Workplace commitment can also be linked to organizations, occupations and professions, teams and leaders, personal careers or the attainment of goals (Meyer and Herscovitch, 2001).

It can encompass obligation, desire or need to stay and a staff willingness to go the "extra mile" to ensure an organization’s success (Guest, 2000). However, Baruch (2008) believes that in a new era of downsizing and flexibility the conceptualization of work commitment may be different from the past. Although people may now indicate that they will put a lot of effort into helping the organization be successful this may be so they keep their job, not due to any particular attachment to the organization. The theory underlying commitment suggests that employee commitment to an organization should be a reliable predictor of certain behaviors, especially turnover and committed people are considered more likely to remain with the organization and work towards the achievement of organizational goals (Allen 2007).

While very high levels of commitment may not necessarily always be desirable as it can stifle creativity, innovation and adaptation (Cascio, 2003), it is generally accepted that organizational commitment is a desirable staff attribute. For example, Baruch (2008) concur that from a managerial perspective organizational commitment is welcome because it has been shown to have a significant impact on employee performance and effectiveness, borne out by a number of studies such as those undertaken by Mathieu and Zajac (2000), Fletcher and Williams (2006).

Staff that remain in an organization after organizational downsizing and restructuring has occurred (i.e. survivors) may find however that these dimensions of commitment are altered, particularly the level of commitment they feel towards their organization and the actual focus of their commitment. Most organizations are concerned with positive interactions because these create an environment which promotes employee commitment (Nguyen John and Nguyen, 2014).

The literature provides sound evidence that organizations who have the most success in maintaining employee commitment following downsizing tend to be those that plan well in advance, communicate openly and regularly with all staff throughout the entire process, respect the seniority rights of staff, depersonalize layoff decisions as much as possible and clearly align and articulate the company's values and strategic objectives (Dolan, Belout, Balkin, 2000).
3. RESEARCH DESIGN

This study utilized a case study research design which enables analyses of persons, events, decisions, periods, projects, policies, institutions or other systems which are studied holistically by one or more methods, (Yin, 2018). A case study is a study in which one case (single case study) or a small number of cases comparable to those investigated in their real life context are selected, and scores obtained from these cases are analyzed in a qualitative manner and generalized, (Hong et al., 2018). This design was therefore suitable since the study sought to investigate the effect of employee redundancy on performance of surviving workers and James Finlay Limited in Kericho was selected as a case study. The study was undertaken in James Finlay Limited in Kericho County. The target population comprised of senior managers, middle level managers and lower level workers working at James Finlay Limited in Kericho County. The sample size for this study was 120 based on census method.

4. REDUNDANCY AND EMPLOYEE COMMITMENT

Respondents were asked to indicate the extent to which they agree with the statements on commitment level on performance of survivors and the responses were rated on a 5 point likert scale ranging from; 1 = strongly disagree to 5 = strongly agree. The responses are presented in Table 4.1.

<table>
<thead>
<tr>
<th>Commitment</th>
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<th>SA</th>
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<tbody>
<tr>
<td>I will put in a lot of exertion past that regularly expected so as to assist this association with being effective.</td>
<td>27</td>
<td>39</td>
<td>9</td>
<td>12</td>
<td>15</td>
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<td>(26.5%)</td>
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<td>(8.8%)</td>
<td>(11.8%)</td>
<td>(14.7%)</td>
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<tr>
<td>I talk about this organizational to my friends as a great organization to work for.</td>
<td>36</td>
<td>24</td>
<td>5</td>
<td>25</td>
<td>12</td>
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<td>(35.3%)</td>
<td>(23.5%)</td>
<td>(4.9%)</td>
<td>(24.5%)</td>
<td>(11.8%)</td>
<td></td>
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<tr>
<td>I feel very little loyalty to this organization</td>
<td>28</td>
<td>35</td>
<td>8</td>
<td>21</td>
<td>10</td>
</tr>
<tr>
<td>(27.5%)</td>
<td>(34.3%)</td>
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<td>(20.6%)</td>
<td>(9.8%)</td>
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<tr>
<td>I would accept almost any type of job assignment in order to keep working for this organization</td>
<td>27</td>
<td>36</td>
<td>7</td>
<td>17</td>
<td>15</td>
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<td>(26.5%)</td>
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<td>(16.7%)</td>
<td>(14.6%)</td>
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<td>I find that my values and the organization’s values are very similar</td>
<td>30</td>
<td>25</td>
<td>7</td>
<td>25</td>
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<tr>
<td>(29.4%)</td>
<td>(24.5%)</td>
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<td>(24.4%)</td>
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<tr>
<td>I am proud to tell others that I am part of this organization</td>
<td>26</td>
<td>28</td>
<td>8</td>
<td>22</td>
<td>18</td>
</tr>
<tr>
<td>(25.5%)</td>
<td>(27.5%)</td>
<td>(7.8%)</td>
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<td>(17.6%)</td>
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<tr>
<td>I could just as well be working for a different organization as long as the type of work was similar</td>
<td>18</td>
<td>22</td>
<td>9</td>
<td>31</td>
<td>22</td>
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<tr>
<td>(17.6%)</td>
<td>(21.6%)</td>
<td>(8.8%)</td>
<td>(30.4%)</td>
<td>(21.6%)</td>
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<tr>
<td>I am extremely glad that I chose this organization to work for others I was considering at the time I joined</td>
<td>27</td>
<td>31</td>
<td>6</td>
<td>22</td>
<td>16</td>
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<tr>
<td>(26.5%)</td>
<td>(30.4%)</td>
<td>(5.9%)</td>
<td>(21.6%)</td>
<td>(15.6%)</td>
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<tr>
<td>There’s not too much to be gained by sticking with this organization indefinitely</td>
<td>18</td>
<td>21</td>
<td>9</td>
<td>25</td>
<td>29</td>
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<tr>
<td>(17.6%)</td>
<td>(20.6%)</td>
<td>(8.8%)</td>
<td>(24.5%)</td>
<td>(28.5%)</td>
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<tr>
<td>Often, I find it difficult to agree with this organization’s policies on important matters relating to its employees</td>
<td>18</td>
<td>23</td>
<td>7</td>
<td>31</td>
<td>23</td>
</tr>
<tr>
<td>(17.6%)</td>
<td>(22.5%)</td>
<td>(6.9%)</td>
<td>(30.5%)</td>
<td>(22.5%)</td>
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<tr>
<td>I really care about the fate of this organization</td>
<td>20</td>
<td>36</td>
<td>9</td>
<td>22</td>
<td>15</td>
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<tr>
<td>(19.6%)</td>
<td>(35.3%)</td>
<td>(8.8%)</td>
<td>(21.6%)</td>
<td>(14.7%)</td>
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<tr>
<td>For me, this is the best of all possible organizations for which to work</td>
<td>25</td>
<td>33</td>
<td>9</td>
<td>15</td>
<td>20</td>
</tr>
<tr>
<td>(24.5%)</td>
<td>(32.4%)</td>
<td>(8.8%)</td>
<td>(14.7%)</td>
<td>(19.6%)</td>
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<tr>
<td>Deciding to work for this organization was a definite mistake on my part</td>
<td>22</td>
<td>13</td>
<td>10</td>
<td>30</td>
<td>27</td>
</tr>
<tr>
<td>(21.6%)</td>
<td>(12.7%)</td>
<td>(9.8%)</td>
<td>(29.4%)</td>
<td>(26.5%)</td>
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</tr>
<tr>
<td>This organization really inspires the very best in me in the way of job performance</td>
<td>27</td>
<td>37</td>
<td>6</td>
<td>17</td>
<td>15</td>
</tr>
<tr>
<td>(26.5%)</td>
<td>(36.3%)</td>
<td>(5.9%)</td>
<td>(16.6%)</td>
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Source: Research Data (2021)

Table 4.1 reveals that majority of the respondents who were 39 (38.2%) disagreed together with 27 (26.5%) respondents who strongly disagreed that they put in a lot of exertion past that regularly expected so as to assist the organization to be effective. The respondents who were 15 (14.7%) strongly agreed together with 12 (11.8%) respondents who agreed that they put in a lot of exertion past that regularly expected so as to assist the organization to be effective while 9 (8.8%) of the respondents were undecided. The respondents who were 36 (35.3%) strongly disagreed together with 24 (23.5%) respondents who disagreed that they will talk about their organizational to friends as a great organization to work for. The
respondents who were 25 (24.5%) agreed together with 12 (11.8%) respondents who strongly agreed that they will talk about their organizational to friends as a great organization to work for. The respondents who were 5 (4.9%) were undecided.

The respondents who were 35 (34.3%) disagreed together with 28 (27.5%) who strongly disagreed that they feel very little loyalty to their organization. The respondents who were 21 (20.6%) agreed as well as 10 (9.8%) strongly agreed that they feel very little loyalty to their organization while 8 (7.8%) of the respondents were undecided. Majority of the respondents who were 36 (35.3%) disagreed as well as 27 (26.5%) respondents who strongly disagreed that they would accept almost any type of job assignment in order to keep working for this organization. The respondents who were 17 (16.7%) agreed as well as 15 (14.6%) of the respondents who strongly agreed that they would accept almost any type of job assignment in order to keep working for this organization. The respondents who were 7 (6.9%) were undecided.

The respondents who were 30 (29.4%) strongly disagreed as well as 25 (24.5%) disagreed that their values and the organization’s values are very similar. The respondents who were 25 (24.4%) agreed as well as 15 (14.6%) strongly agreed that their values and the organization’s values are very similar. The respondents who were 7 (6.9%) were undecided. As per Table 4.3 majority of the respondents who were 28 (27.5%) disagreed as well as 26 (25.5%) who strongly disagreed that they were proud to tell others that they are part of the organization. The respondents who were 22 (21.6%) agreed as well as 18 (17.6%) strongly agreed that they were proud to tell others that they are part of the organization while 8 (7.8%) of the respondents were undecided.

The respondents who were 31 (30.4%) agreed as well as 22 (21.6%) strongly agreed that they could just as well be working for a different organization as long as the type of work was similar. The respondents who were 22 (21.6%) disagreed as well as 18 (17.6%) strongly disagreed that they could just as well be working for a different organization as long as the type of work was similar. The respondents who were 9 (8.8%) were undecided. The respondents who were 31 (30.4%) disagreed as well as 27 (26.5%) respondents who strongly disagreed that they are extremely glad that they chose to work for the organization over others they were considering at that time to join. The respondents who were 22 (21.6%) agreed as well as 16 (15.6%) strongly agreed that they chose to work for the organization over others they were considering at that time to join. The respondents who were 6 (5.9%) were undecided.

The respondents who were 25 (24.5%) agreed as well as 29 (28.5%) strongly agreed that there’s not too much to be gained by sticking with this organization indefinitely. The respondents who were 21 (20.6%) disagreed as well as 18 (17.6%) strongly disagreed that there’s not too much to be gained by sticking with this organization indefinitely. The respondents who were 9 (8.8%) were undecided. Majority of the respondents who were 31 (30.5%) agreed as well as 23 (22.5%) strongly agreed that they often find it difficult to agree with organization’s policies on important matters relating to its employees. The respondents who were 23 (22.5%) disagreed as well as 18 (17.6%) strongly agreed that they often find it difficult to agree with organization’s policies on important matters relating to its employees. The respondents who were 7 (6.9%) were undecided.

Respondents who were 36 (35.3%) disagreed as well as 20 (24.5%) of the respondents who strongly disagreed that they really care about the fate of their organization. The respondents who were 22 (21.6%) agreed as well as 15 (14.7%) of the respondents who strongly agreed that they really care about the fate of their organization while 9 (8.8%) of the respondents were undecided.

Majority of the respondents who were 33 (32.4%) disagreed as well as 25 (24.5%) of the respondents who strongly disagreed that this was the best of all possible organizations for which to work. The respondents who were 15 (14.7%) agreed as well as 20 (19.6%) of the respondents strongly agree that this was the best of all possible organizations for which to work while 9 (8.8%) of the respondents were undecided.

Deciding to work for this organization was a definite mistake on my part. This was as per the response of the majority of the respondents who were 30 (29.4%) who agree as well as 27 (26.5%) of the respondents who strongly agreed. The respondents who were 22 (21.6%) strongly disagreed as well as 13 (12.7%) of the respondents who disagreed that deciding to work for this organization was a definite mistake on my part while 10 (9.8%) of the respondents were undecided. Majority of the respondents who were 37 (36.3%) disagreed as well as 27 (26.5%) of the respondents who strongly disagreed that the organization really inspires them to offer the best in their job performance. The respondents who were 17 (16.6%) agreed as well as 15 (14.7%) of the respondents who strongly agreed that the organization really inspires them to offer the best in their job performance. The respondents who were 6 (5.9%) were undecided.
This implies that respondents did not put in a lot of exertion past that regularly expected so as to assist this association with being effective; they did not talk about their organizational to their friends as a great organization to work for; they felt very little loyalty to the organization; they would not accept almost any type of job assignment in order to keep working for the organization; their values and the organization’s values were not similar; they were not proud to tell others that they are part of the organization; they could just as well be working for a different organization as long as the type of work was similar; they were not glad that they chose the organization to work for over others they were considering at the time of joining; they noted that there’s not too much to be gained by sticking with organization indefinitely. They did not to agree with the organization’s policies on important matters relating to employees; they did not care about the fate of the organization; the organization was not the best of all possible organizations for which to work; deciding to work for the organization was a definite mistake on their part and that the organization did not really inspires the very best in employee in the way of job performance.

5. CONCLUSION

The study concludes that redundancy was undertaken in James Finlay Limited and that there were employee survivors still working in the organization who; did not put in a lot of exertion past that regularly expected so as to assist the organization to be effective; did not talk about their organizational to their friends as a great organization to work for; felt very little loyalty to the organization; would not accept almost any type of job assignment in order to keep working for the organization; values and the organization’s values were not similar; were not proud to tell others that they are part of the organization; could just as well be working for a different organization as long as the type of work was similar; were not glad that they chose the organization to work for over others they were considering at the time of joining; noted that there’s not too much to be gained by sticking with organization indefinitely; did not to agree with the organization’s policies on important matters relating to employees; did not care about the fate of the organization; the organization was not the best of all possible organizations for which to work; deciding to work for the organization was a definite mistake on their part and that the organization did not really inspires the very best in employee in the way of job performance.

The recommends that employees need to put in a lot of exertion past that regularly expected; talk about their organizational to their friends as a great organization to work for; they need to accept almost any type of job assignment in order to keep working for the organization; align their values to be in line with the organization’s values and policies on important matters relating to employees.

REFERENCES


