

African Research Review

An International Multi-Disciplinary Journal, Ethiopia

Vol. 4 (3a) July, 2010

ISSN 1994-9057 (Print)

ISSN 2070-0083 (Online)

Redundancy in Nigerian Business Organizations: Alternatives (Pp. 69-74)

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Abstract

This theoretical discourse examined the incidence of work redundancy in Nigerian organizations as to offer alternative options. Certainly, some redundancy exercises may be necessary for the survival of the organizations but certain variables may influence employees' reactions to the exercises and thus influence the achievement or otherwise the organizations goals. It is my opinion that there is need to guard against over hiring, redeployment within the organization, re-training, early retirement, and enforcing retirement are some of the factors that the organizations should look into. Organizations should make manpower plans as soon as there is mission statement, formally communicate with employees before redundancy exercises and allow active participation in the redundancy decisions, among others.

Introduction

Redundancy could be defined as a state of unemployment because there is no more available work due to involuntary job loss or permanent lay off.. Economically, politically, and socially, the world around Nigeria has been and is still changing very fast. Increases in global competition, technological advancement, liberalization of markets combined with shifts in consumer demands and greater efficiency are forcing organizations to cut out wasteful and unproductive activities and concentrate resources in their area of core competence so as to achieve a sustainable competitive advantage. In the bid to position themselves in the market against expected challenges, and to survive the unprecedented turmoil occasioned by the prevailing challenges,

most organizations have often chosen to revitalize, renew, reposition, restructure, downsize, re-engineer or adopt allied strategies.

Suffice it to say that all of these survival strategies, employee' redundancies are usual. Some employee redundancies and dismissals may be unavoidable and necessary for the survival and growth of organizations but is not uncommon for the survivors to wonder or worry about the possibility of the future occurrence and continuity of such exercises. This could make them nervous, distressed and in turn, influence their work behavior, attitude and moral.

In the face of the prevalent hard time and uncertainties pressuring Nigerian organizations to push for change and continuously adapt survival strategies, employee redundancy is an important issue now and will increasingly be in the years to come. However, many authors have attempted to analyze the rates of redundancy in Nigeria organizations while some related these rates to their societal impact but only a few have attempted to show how the exercises should be carried out, possible survivor reactions, how to reduce or even eliminate negative survivor reactions and proffer alternatives to redundancy. As a result, this paper will attempt to proffer alternative solutions to the issue.

Guarding against Over-Hiring

Redundancies are usually costly for employers and employees alike. Employers may loose some of their investments in the laid-off employees and depending upon the circumstances, they may also incur additional expenses in the form of increased unemployment compensation rate and such benefits are severance pay among other possible undesirable outcomes such as the effects exercises on surviving employees. Redundancy is viewed as a painful situation for both employers and employees and an ultimate sign of failure Collins, (1993). That is to say that the Human Resources Department of the organization has failed to respond to changing patterns in the organization's labour force, Nwachukwu (2000). When business downturns seem imminent, a moratorium can be declared on hiring Myers, (1976) but a strategic planning effort on manpower could very well prevent a case of over-hiring in organizations as the essence of manpower planning is to anticipate and provide for the manpower needs of the entire organization Nwachukwu, (2005).

An ideal manpower plan involves estimating manpower requirements based on an analysis of first taking an inventory of current manpower; that is,

critically looking at the jobs positions, age of employees, skill level, and so on. Secondly, forecasting the number of jobs in the organization, Nwachukwu (2000). Manpower forecasting, a very important aspect of manpower planning helps in the filling of job vacancies and also in the control of employees surpluses. This is a situation which occurs when an organization's demand for labour is less than the supply or when the demand shifts to skill areas not possessed by current employees in the wake of rapid changes in economic climates as well as changes in consumer tastes and demands.

Redeployment within the Organization

Redeployment is essentially an offer to be employed elsewhere in the organization either at the same or similar job or on a different job, Cole (1997). The introduction of new technology, the redesigning of jobs, intra-organizational transfers and the recruitment and shedding of personnel are all strategies entailing job change that organizations commonly use to maintain command over their destinies amid rising levels of uncertainty, Nicholson and West (1988). Internal allocation processes of promotions, demotions or transfer within the organization are likely considerations. Also, certain changes in the organizational structure such as regrouping of existing jobs are other possible considerations, Aina (1992).

In a redundancy situation, redeployment may be an alternative to be considered when alternative jobs are available, employees have some of the required skills, retaining facilities are available or when one part of the organization is experiencing a surplus of employees.

Re-Training Opportunities

The galloping pace of information technologies is a harbinger of profound uncertainty. Employees no longer feel secure in the knowledge that their psychological safety and well-being will be provided for as employee redundancy has been increasing dramatically. One cannot be sure that one's lifetime accumulated skills will be needed tomorrow. There is therefore, a constant pressure for employees to update their skills and knowledge to retain their status in organizational systems and the labour market, as well as making career choices that will enhance one's repertoire of marketable attributes, Nicholson and West (1988). Organizations should ensure that employees without the necessary skills are helped to acquire them, while those who do are helped to update them, Nwachukwu (2000). Besides, redeployment will only be an option if the employees have the required skills

and those redeployed may also require retaining to perform optimally in their new positions. Redundant staff in public departments can also be retained as resource personnel and extension workers to constitute the vanguard of rural and informal urban sector development, Yesufu (2000).

Early Retirement

Retirement refers to the time when an employee reaches the end of his working life, Cole (1997). To qualify for a pension in Nigeria, the employee must have attained the mandatory chronological age of 60 years or 30 years of service, Nwachukwu (2000). However, organizations may offer terms well in excess of the basic state requirements to persuade employees to take early retirements. In the United Kingdom, employees may be persuaded to leave early after the age of 50 or 55 years and in government may require an officer to retire from service at anytime after the officer has attained the age of 45 years subject to three months notice in writing of such requirement being given, Cole (1997). Although early retirement is becoming a popular method of exiting unwanted employees, the idea is to provide attractive early retirement package to act as inducement to potential retirees.

Enforcing Retirement

Mandatory retirement policies are provided by company policies and statutory legislation. Organizations usually enforce retirement of those over normal retirement age to cut down on number of staff rather than make younger employees redundant. Once an employee reaches the statutory retirement age, organizations are entitled to enforce retirement, Cole (1997), Pensions Decree, (1979) and Nwachukwu (2000).

Seeking Volunteers/Attrition

Some organizations should introduce special redundancy terms in the wake of cooperate downturn to encourage some staff volunteers who are willing to discuss redundancy terms so as to take their chances elsewhere, Myers (1976). Also, attrition is the process of not replacing employees who leave the organization, Pride and Hughes (1993). When there is imminent downturn, organizations may declare a temporary stoppage in hiring thus allowing for a normal turnover.

Pay-Cuts/Reduced Hours/Work Sharing

Pay-cuts or alternatively, delays of scheduled pay increases do not reduce the number of employees or hours worked, but reduce labor costs. For example, IBM's strategy during the 1975 recession offered special cash bonuses that

spread to two years salary over four years to employees with at least 25 years service, Heneman 111 et al (1981). It should be noted that resistance to pay cuts is very strong and examples of this approach as an alternative to redundancy are rare. When redundancy seems inevitable and pay-cuts seem an unlikely option, reductions in hours across the board may be more widely accepted than lay-offs for part of the permanent workforce. A work sharing programme is a modified work schedule which increases employees' job satisfaction by allowing two people to share one job, Griffin and Ebert (1991). Rather than make people redundant, use of shift workers or by reducing hours work at a reduced pay may be desirable.

Use of Part-Time/Short-Term Contract Staff/Budget Revision

Organizations operate in a dynamic environment which implies change, Nwachukwu (1992). The nature of the change may be uncertain but before redundancy becomes an option in the face of environmental pressures, employees could be involved in task force efforts to brainstorm, set cost reductions strategies pertaining to expenses, personnel budgets and so on. When organizations find themselves at a competitive disadvantage, the usual survival strategy is to reduce costs by lay-off employees, Copeland (2001). Substantial financial gains could be realized through revised bookkeeping, amortization and other budget adjustments.

Loan-Outs and New Business

An alternative effort against redundancy implemented by some organizations includes the "loan-out" of surplus personnel across departments or to outside organizations, Myers (1976). This measure is more feasible in an industry restricted slump than in a general economic recession.

Some organizations could avoid redundancy exercises by diversifying into new product lines, Rigby (2002). For example, a large tobacco company in Canada avoided retrenchment by diversifying into new product lines that would absorb the slack in the tobacco business caused by new competitors and reduction in tobacco consumption.

Conclusion

In the final analysis, suffice it to say that no one of these aforementioned alternatives will alone maintain stability and employee job security during severe recession. Rather, a combination of them when creatively employed could do much to sustain a favourable company image in the eyes of its employees and the general public at large. IBM, a leading name in the business world, for instance embarked on a worldwide hiring freeze, moved

work to areas where there were employee surpluses or transferred people to the available work. Retained employees, encouraged people to take accumulated vacations, offered special cash bonus among other strategies during the 1975 recessions. The results were that 5000 employees assumed new jobs with the corporation, 2000 employees were retained and 1900 employees resigned or retired under the special cash opportunity programmes, and no employees were laid-off, Heneman,111 et al (1981).

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