Effects of Job Loss and Organization Changes on the Psychological Well Being of Workers in Private Organization in Ibadan, Oyo State, Nigeria

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Abstract: Employee’s psychological wellbeing is an important component of organization process. The quality is however observed to be on the decline, this has become a source of worry to concerned citizens most especially the personnel psychologist. Hence, this research examined the correlation between organizational changes, unemployment and workers psychological well being in Ibadan metropolis, Oyo State, Nigeria.

Descriptive correlational design was utilized for the study. A sample of two hundred (200) workers drawn from three industrial sector in Ibadan were randomly selected as respondents in this study. The collection of data was done with the use of a structured questionnaire duly validated by the researchers and made reliable with pilot study. Mainly, data were analyzed with the use of Pearson Product Moment Correlation (PPMC) and multiple regression statistical methods.

The results of the findings revealed that Workers Psychological well-being is significantly correlated with job loss (r = .092; p < .05), and organizational changes (r = .067; p < .05). There was also a significant combined effect of independent variables (job loss and organizational changes) on workers psychological well-being. It showed that the independent variables when pulled together have significant effect on workers psychological well-being. The value of R (adjusted) = .203 and R2 (adjusted) = .031, suggesting that the independent variables accounted for 31% variation in the prediction of workers psychological well-being.

It is nonetheless concluded from the findings of this study that poor and persistently recovering psychological wellbeing among employees due to job loss and organizational changes should not be allowed to foster indefinitely, job loss and organization changes are prime factors that contribute seriously to the worsening psychological wellbeing of workers and that job loss and organizational changes like merger and acquisition delaying, privatization and starburst have collateral implication for employees psychological wellbeing. Finally, workers in organizations should develop appropriate attitude and mental state regardless of what is happening in the workplace.

Keywords: Psychological Wellbeing, Job Loss and Organization Changes

1. INTRODUCTION

The psychological wellbeing, that is, the mental health of workers in Nigeria and Oyo State in particular as occasioned among other things by the incessant incidence of job loss in the private sector is a burgeoning concern to stakeholders in both Government and private sectors. Psychological wellbeing is about lives going well with an individual emotionally, mentally and even physically. It is the combination of feeling good and functioning effectively. Sustainable wellbeing does not however require an individual to feel good all the time, the experience of painful emotions (e.g. disappointment, failure, job loss, grief) is a normal and integral part of daily life, and being able to manage these negative or painful emotions is essential for long-term wellbeing (Prescott and Vestbo, 2009). Psychological well-being is however compromised when negative emotions are extreme or very long lasting and interfere with a person’s ability to function in his or her daily life. The concept of feeling good incorporates not only the positive emotions of happiness and contentment but also such emotions as interest, engagement, confidence and affection.

The World Health Organization, for example, estimates the economic cost of mental health problem in developed countries to be between three and four per cent of Gross National Product (WHO, 2013). Much of this cost stems from reduced employment levels, lost productivity, absenteeism and poor mental health (Fletcher 2013; Layard 2013). At the same time, employment market play a major role
in driving mental health and psychological wellbeing outcomes. Psychological wellbeing, for example, deteriorates when Labour market conditions worsen Mclnchuk (2012).

More relevant in this regard is the work of Marcus (2013), who used data drawn from nine waves of the German Socio-Economic Panel (GSOEP) covering a much broader population – the German population aged 18-and 68- to consider the effects of entry into unemployment as a result of plant closure. This, he argues, accounts for the potential challenge that could arise if job loss is a response to mental and emotional health within the family. Using a combination of matching and difference-in-difference, he finds that unemployment as a result of plant closure in Germany decreases mental health (as measured by the mental component summary scale from the SF-12) of spouses almost by as much as it did their job-losing partner.

Throughout human history, normative understanding of wellbeing have defined particular human characteristics and qualities as desirable and worthy of pursuit or emulation (Brinton, 1987; McIntyre,2004;Taylor,2009). Such normative understanding are epitomized by traditional philosophies and religions that often stress the cultivation of certain virtues ( Coan,2007; Diener, 2004). In contemporary Western society, these norms are largely provided by notions of psychological wellbeing. Psychological well-being is among the most central notions in counseling. It plays a crucial role in theories of personality and development in both pure and applied form; it provides a baseline from which we assess psychopathology; it serves as a guide for clinical work by helping the counselor determine the direction client might move to alleviate distress and find fulfillment, purpose, and meaning; and it informs goals and objectives for counseling-related intervention.

Furthermore, to promote efficiency and performance, some enterprises have taken the inevitable steps of reorganizing their enterprises, via merger and acquisition, virtualization, de-layering and even laying off their employees to reduce manpower cost. As a consequence therefore, employment relationship and psychological wellbeing between the staff and many organizations is fast becoming unstable and fraught with difficulty. Copious researches pointed out un-mistakenly that employees with instability in their job have reduced their commitment to their organization, even affecting their job manner, job involvement, job performance and psychological well-being too. Moreover, Cohen (2009) supported the importance of psychological wellbeing as an antecedent to organizational commitment in particular whilst having a key influence on job performance.

Also, the very characteristic nature of job loss itself has myriads of intrinsic explanations and definition; both endogenous and exogenous in contextual analysis. Job loss phenomenon in any economy including Oyo state could be as a result of seasonality of most employment and its attendant centrifugal forces, that is, competition from within and without, inflation and Forex instability, high cost of doing business in the State, exacerbated largely too by infrastructural dearth, harsh operating environment and bad management as well as the overt need for organizational changes.

The combined effects of these have led to sudden demise of numerous companies in Nigeria and Oyo State in particular, hence the layoff of employees as natural corollary and its concomitant psychological effects on workers thus sacked. For instance in 2010 in Nigeria, the psychological effects of unemployment were compounded by the devastating surge in for enclosures: millions of families confronted destitute poverty and were forced to look for places to live in inhospitable environment. The premature closure of several private firms in OYO State for instance, that is, once thriving companies like: Exide battery, Dr Pepper,Africola, Leyland motors, Yanatty Flour Mill etc. have sundry implication for employees, employment and job loss with several immediate and remote causes of massive job loss in the private sector in Oyo state whilst its psychological implication is unimaginable. According to the official release of MAN (manufacturers Association of Nigeria) in 2014, over one thousand companies have so far closed down in Nigeria since the last ten years and that the government should do something very urgent and drastic to stem this tide because according to the body (MAN), it has not only adverse implication for the economy but for millions of families whose wellbeing is directly dependent on these affected employees in this private companies.

Beyond the obvious and ominous economic harm from unemployment, what it does to self-esteem, psychological health, the willingness to get up and face the world with diminished prospects is emotionally debilitating Goldsmith (2012).Goldsmith adds that developmental psychologist Erik Erikson said “our sense of self is undermined by an incapacity to become a self-sustaining member of
the society”. According to Neman, (1988), psychological wellbeing of workers is premised on Myriads of stressful life events, such as unemployment and job loss. Job loss disrupts more than just income flow; demonstration of competence and skill, and living personal life to the fullest is interrupted. Job loss among other things engender emotional torment, carries strands of societal stigma, thus creating a sense of anxiety, insecurity and shame. House (2010). The loss of a job presents a source of acute stress associated with the immediate disruption to personal responsibility to oneself, as well as chronic stress resulting from continuing economic and social and psychological strain (House 2010).

The stakes in unemployment may be even greater, a new analysis of 42 studies mainly performed in western nations, found a 63% increase in deaths (78 percent for men ) among those who had been unemployed; consequently, unemployment is not only bad for your pocketbook, it is also bad for your health Schartz (2011). It is on this premise that this study is very germane to the socio-economic reality of present day Nigeria and Oyo state in particular. In a related study that compared unemployment and mortality data in greater detail, which covered 20 million people, showed that a significant history of job loss raised the risk of death by 75 percent among people younger than 50 years US Bureau of Labour Statistics (2010). The elevated risk of mortality was 25 percent among older people. Displaced employees as a result of organizational restructuring, have shown higher levels of depressive symptoms, somatisation and anxiety and the loss of psychological assets including self-acceptance, self-confidence, self-esteem, morale, life satisfaction, goal and meaning in life, social support, and sense of control (Brand, Levy&Gallo, 2008). The major leading explanation for why job loss negatively impact psychological well-being include lowered self-esteem, sense of purpose, and control: highlighted apathy, idleness isolation and the breakdown of social personality profile, Davity and Goldmith (2009).

According to Dzanwanda (2007), organizational restructuring is the fundamental changes made to the structural frame of an organization. More importantly, it is often seen to connotes a proactive intention on the part of management aimed at exploiting new opportunities in the organizational environment. To put in another light, restructuring is directed at changing the key social structure and organizational members, work behaviors’ and attitudes in the workplace. Similarly, the basic assumption behind this novel managerial approach is that it will inject new work-life, interest and enthusiasm into the organization and workers. The innate complexity involved in different layers of organizational restructuring has resulted in multi-directional scope of job loss across all levels in an organization.

Restructuring, a key component of organizational changes, is a modern phenomenon associated with the private sector basically. This wind of organizational changes has both positive and negative outcomes. Workers are always the first to be laid off in a major organizational restructuring. Job loss among workers in private sector is attributable to several forms of organizational changes, especially downsizing. Organizational changes induced job loss includes downsizing (layoffs, right sizing, smart sizing). the strategic import of all these forms of restructuring is to reduce manpower and its attendant cost to make organization very competitive in a fast globalizing economy with crushing competition from oversea.

Notably in this organizational response is General Motors in 1991, and it decided to shut down 21 plants and layoff 74,000 employees to counter its losses. Another yet sordid example is IBM (International Business Machine) which has never lay off workers since its incorporation but had to layoff 85,000 employees in the late 1990s in a major restructuring occasioned by exogenous competition from Asian Tigers – NIC (Newly Industrialized Countries). Organizational changes under different guises of (restructuring, public-private partnership; build, operate and transfer etc.) is the rave of the moment. This is to ensure that firms remain competitive, profitable and efficient in an increasingly global economy of the 21st century business environment. Without organizational changes however, many firms will certainly be forced to close shop as experienced by several companies in Oyo State evidenced by derelict private firms in the State.

In Nigeria, privatization i.e private companies acquisition of Government parastatals is the new fad and Government agencies like: NEPA, NITEL, ASCON, AJAOKUTA STEEL, etc have been taken over and witnessed mass retrenchment of several employees and by extension, Oyo State. All these agencies underwent organizational changes in the hand of its new owners because business cannot be
as usual again. All these have implication for the psychological well-being of employees laid off in these organizations. The relationship between job loss , organizational changes and psychological well-being can be temporary for some and permanent for others. In a study of 774 Germans who lost their jobs between 1984 and 2003, most of the affected people had regained emotional equilibrium within a year, nonetheless only a few did not Galatz- Levy (2004). This study therefore intends to fill the gap and as such, the researcher intends to investigate the impact of job loss and organizational changes on the psychological well-being of workers in private sector in Oyo State.

Since the end of oil boom in Nigeria in the late 1970s and frequent changes of Government which occasioned frequent policy changes as well with its attendant effects on employment – job loss has become a recurring decimal in our socio-economic life in Nigeria and Oyo State especially. This obvious socio-economic situation has necessitated the overwhelming need for organizational changes cum job loss hence psychological wellbeing of workers.

Many private companies in Oyo State has undergone organizational restructuring (downsizing, rightsizing, business process reengineering, outsourcing, virtualization ,smartsizing, starburst, merger and acquisition). Some have out rightly closed down like: Africola, Exide Batteries etc. that failed to embrace business process reengineering. All these directly points to the increasingly competitive market pressure and how changing business environment has necessitated many management in organizations in the private sector to continuously search for high commitment work system. Besides, globalization and information technology further add pressures to the need of constantly reinventing ways to compete (Zupan and Ugrojensek, 2004). In tandem with this philosophy, when AT&T acquired BellSouth, BellSouth was restructured to fit into the organizational set up of AT&T. And it wasn’t just BellSouth that was restructured, as AT&T too saw some restructuring to accommodate BellSouth. Although, AT&T had to cut down 10,000 employees over a period of three years following the acquisition of BellSouth. Also, when two businesses decide to merge together, organizational restructuring is a must to unite the two distinct organizations into one organization.

Thus, it is widely accepted that an intervention such as organizational restructuring can significantly contribute towards attitude changes among employees, which in turn affects workforce loyalty, productivity and morale either positively or negatively, depending on the nature of the restructuring. (Brand and Wilson 2000) If restructuring involves downsizing, lay off and outsourcing, it dampens employees morale and worsen psychological well-being. In many instances, failure to restructure could spell doom for an organization, that is, going out of business as many firms have done in Oyo state, thus worsening job loss incidence. Whichever way, organizational changes in whatever form has serious implication for job loss and mental well-being. However, organizational restructuring is often seen as the most avoredoption when the challenges of change are felt in work organization. This revolutionary managerial approach is aimed at the improvement of organization for the purpose of enhancing effectiveness and responsiveness to environmental changes through better realignment of employee work attitude and adaptation in the work environment to forestall closure even if it necessitates lay off to keep the business up and running Sommer, (1999)

The psychological effects of retrenchment in private sector on workers are on the exponential rise. It is in the light of the above that the investigator is compelled to deeply investigate how organizational changes create unemployment or job loss and its combatant effect on workers psychological well-being. This interest of the researcher will hopefully lead to finding solutions to the problem of unemployment and its adverse effects on the psychological well-being of workers in Oyo State.

2. PURPOSE OF THE STUDY

The major purpose of this study is to investigate the influence of job loss and organizational changes on the psychological well-being of workers in the private sector in Oyo State. Also, the study will investigate the relationship between the dependent variable (psychological well-being and independent variable (job loss and organizational changes) and determine the relative effect of independent variables (impact of job loss and organizational changes and dependent variable (psychological wellbeing).

2.1. Research Questions

1. What is the pattern of relationship among the independent variables (job loss and organizational changes) and workers psychological well-being?
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2. What is the relative effect of job loss and organizational changes on workers psychological well-being?

2.2. Methodology

2.2.1. Design

This study employed the use of descriptive research design. The choice of descriptive survey design is borne out of the fact that, it is the most appropriate psychological research design for measuring the emotional and psychological state or behaviors of a large number of people.

2.2.2. Population

The population for the study comprised of all workers in selected private organizations (manufactury, services and Agro-Allied) in Oyo State.

2.2.3. Sampling and Sampling Technique

The random sampling technique was used to select samples for the study. The sample for the study comprised two hundred workers cut across five (5) private organizations in the three (3) sectors. Forty workers each from the five private organizations were sampled, making a total of 200 workers. The sample was Gender based, in each organization, 20 males and 20 females were selected at random. A total of hundred males and hundred females were thus sampled, making a total of 200 workers.

2.2.4. Instrumentations

The questionnaire used is designed in the simple descriptive survey type. It is a twenty five (40) questions. It has (10) options which cut across job loss, (20) options on psychological wellbeing of workers and (10) remaining options focused on organizational changes. The questionnaire was administered in the selected private organizations during work hours. The researcher briefed the workers of the purpose of the research, which is purely academic. The researcher read the instructions to the workers and further explained what the participants were supposed to do.

The workers filled the questionnaire independently. Thus, there is objectivity of response. After collecting the questionnaires, they were thoroughly checked for mistakes.

2.3. Data Analysis

The multiple regression and Pearson product movement correlation (PPMC)statistical analysis were used to analyses the data. The multiple regression analysis yielded correlation matrix, analysis of variance among other which was also used to interpret data.

3. RESULTS

3.1. Research Question One

What is the pattern of relationship among the independent variables (job loss and organizational changes) to the prediction of workers psychological well-being?

Table 4.4: Descriptive statistics and Inter-correlations among the Variables

<table>
<thead>
<tr>
<th>Variables</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workers Psychological well-being</td>
<td>200</td>
<td>16.08</td>
<td>1.502</td>
<td>1.00</td>
<td>.092**</td>
<td>.000</td>
</tr>
<tr>
<td>job loss</td>
<td>200</td>
<td>19.19</td>
<td>2.716</td>
<td>.092**</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>organizational changes</td>
<td>200</td>
<td>36.34</td>
<td>6.158</td>
<td>.067**</td>
<td>.000</td>
<td>1.00</td>
</tr>
</tbody>
</table>

**Correlation is significant at the 0.05 level (2-tailed)

Table 4.4 shows descriptive statistics and inter-correlations among the study variables. As shown in the table, Workers Psychological well-being is significantly correlated with job loss (r = .092; p<.05), and organizational changes (r = .067; p<.05). There were also significant correlations among the independent variables.

3.2. Research Question Two

What is the relative effect of job loss and organizational changes on the prediction of workers psychological well-being?
Table 4.6. Relative Contribution of Independent Variables to the Prediction

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized coefficients</th>
<th>Standardized coefficients</th>
<th>t</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Standard error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>16.141</td>
<td>.827</td>
<td>19.510</td>
<td>p&lt;0.05</td>
</tr>
<tr>
<td>organizational changes</td>
<td>-.094</td>
<td>.042</td>
<td>.170</td>
<td>2.240</td>
</tr>
<tr>
<td>Job Loss</td>
<td>.048</td>
<td>.019</td>
<td>.197</td>
<td>2.592</td>
</tr>
</tbody>
</table>

**Significant at .05**

Table 4.6 shows that each of the independent variables (job loss and organizational changes) made a significant contribution to the prediction of workers psychological well-being. In terms of magnitude of contribution, Job Loss made the most significant contribution (Beta= .197; t= 2.592; p<0.05) to the prediction followed by organizational changes (Beta= .170; t= 2.24; p<0.05).

4. DISCUSSION OF FINDINGS

The result of the first research question revealed that Workers Psychological well-being is significantly correlated with job loss (r= .092; p<.05), and organizational changes (r= .067; p<.05). There were also significant correlations among the independent variables. This means job loss as well as changes in organizations influence the level of employees psychological wellbeing. This is consistent with the works of storm (2000) that shows that unemployment has serious implication for emotional and morale of employees. This is equally corroborated by melnuchut (2012) research that discovers that mental health deteriorates with worsening Labour market conditions as exemplified by Scotland inner city recession and concomitant psychological problems as reported by National mental Health Association of Scotland. In yet another major contrast to the above findings Flatau et al (2002) have consistently reported evidence of negative relationships between job loss and psychological well-being measures.

Research question two shows that that each of the independent variables (job loss and organizational changes) made a significant contribution to the prediction of workers psychological well-being. In terms of magnitude of contribution, Job Loss made the most significant contribution (Beta=.197; t= 2.592; p<0.05) to the prediction followed by organizational changes (Beta=.170; t= 2.24; p<0.05). Hirsh and Sources, (2006) shows that organizational changes puts strain and pressure on the existing work attitudes, morale and emotional state of employees. According to Dzawanda corroborating the implication of organizational restructuring, posits that employees perceiving future restructuring instills various degree of apprehension thus deteriorating emotional health. Zupan (2013) in his survey on worker’s psychological wellbeing demonstrated copiously that organizational restructuring is always received with mixed feelings, positive and negative. In a study of 774 Germans who lost their jobs between 1984 and 2003, most of the affected people had regained emotional equilibrium within a year, nonetheless only a few did not Galatzer-Levy (2004).

Additionally, the result equally corroborate the findings of the analysis of 42 studies, mainly performance western nations formed 63 percent psychological trauma induced death as a result of Job loss (78 percent for men and 22 percent for women) chartze (2012). This result reveals further that male workers are more prone and susceptible to psychological related problems due to unemployment than female unemployed workers. The reason, among other things is not far fetch as the male are usually and traditional the bread winner, and sudden inability to do so will always install adverse psychological imbalance, hence the high percentage reported in the above study some studies have explored the dynamic of globalization induce national unemployment of some selected European. A notable one of such landmark study was marcus (2013) of some selected closed plant in Germany. The plant closure was due to outsourcing, a response to globalization and restructuring to be in business. The corollary unemployment and its negative effect on laid off workers psychological wellbeing is unquantifiable. chartze findings and marcus study correlate in their conclusion on the negative effect of unemployment on workers psychological wellbeing.

5. CONCLUSION

Based on the findings of this study, poor and persistently recovering psychological wellbeing among employees due to job loss and organizational changes should not be allowed to foster indefinitely, job loss and organization changes are prime factors that contribute seriously to the worsening psychological wellbeing of workers. It is hoped that with improved economy and labour market
conclusions, mental health will at the same time improve for the better as a healthy nation is a wealthy nation. The study among other things revealed that job loss and organizational changes like merger and acquisition delaying, privatization and starburst have collateral implication for employee’s psychological wellbeing.

RECOMMENDATIONS

There is need for employees and workers in organization to develop appropriate attitude and mental state regardless of what is happening in the workplace. Management of companies need to be enlightened on how to handle organizational changes and restructuring in such a way that it will not adversely affect employee’s psychological wellbeing. Personnel psychologists and psychotherapist should be engaged to help both employees and management staff to manage their mental and emotional health. Workers training institute and other institution should inculcate into their training programme, effective ways and strategies with which the psychological wellbeing of employees could be enhanced.

REFERENCE


