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Effect of Retrenchment on Workers' Productivity: A Study of Ecobank Plc Abia State

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ABSTRACT: This study investigate the effect of retrenchment on workers' productivity of Ecobank Plc. Abia State. Having analyzed the distributed 132 questionnaire to staff of Ecobank Plc. Abia State, descriptive survey approach was adopted and analyzed using regressions with the help of SPSS version 22.0. The study found that; there is significant relationship between workforce downsizing and workers' productivity of Ecobank Plc. Abia State. Also, there is significant relationship between cost cutting and workers' productivity of Ecobank Plc. Abia State. The study concludes that workforce reduction and cutting have significant relationship with workers' productivity of Ecobank Plc. Abia State. This study recommended that, Ecobank should assured employees who survive the workforce reduction exercise their job secure this will inbuilt higher self-confidence and self-efficacy, reduce workers absenteeism and enhance performance. Secondly, the management of banks should ensure that cost cutting will not discourage employees' innovation that could enhance the level of productivity; this will enhance the level of organizational productivity and overall performance.

Keyword: Retrenchment, Workforce Downsizing, Procedural Justice, Productivity.

INTRODUCTION

Due to continued economic decline, many organizations have found it difficult to maintain a large workforce. The services of some employees have been declared redundant leading to poor morale of the remaining workforce as a result of job insecurity. Due to economic constraints, most organizations are compelled to make hard decisions of dispensing human capital investment as they strive to control costs and remain competitive. Some of the common cost reduction programs employed by firms include reducing the number of staff, reducing salary increase budgets, reducing hiring and cutting down on bonuses (Anekwe, Mukhtaruddin & Johny, 2019).

Retrenchment is one of the turn-around strategies adopted by organizations. It is the process of shading off excess workforce. It is also referred to as downsizing, right sizing and even re-organization. Retrenchment is something akin to

downsizing, when a company or government goes through retrenchment; it reduces outgoing money or expenditures or redirects focus in an attempt to become more financially solvent. It involves reducing of the employees through purposive and earlier retirements (Dibua, Idemobi, & Okoli, 2018). It can be either a forced or voluntary one. As a strategy, retrenchment is meant to reduce costs associated with payroll. In Kenya retrenchment gained prominence the late 1980s and 1990s following the recommendation by World Bank and other lending organizations as one of the conditions of qualifying for Aid (World Bank Technical Report paper No 357, 2019).

Retrenchment is usually linked to downsizing programs that play a significant role in the overall process of restructuring. This has greatly affected organizations. Dibua, Idemobi, Ellis, Okoli, (2018) defined retrenchment from a legal perspective as a dismissal that is 'attributable wholly or mainly to': an actual or intended cessation of business or an actual or expected diminution in the requirements of the business for employees to carry out 'work of a particular kind', either generally or in the place in which the employee is employed. Retrenchment per say, is the involuntary termination of employment, occupation, or job by the employer through no fault of the employee. Therefore, retrenchment is a form of dismissal and its essence is that the employer requires fewer workers.

(Cloete 2012). Productivity is also negatively influenced by the loss of organizational knowledge and memory possessed on the one hand by those who were retrenched and, on the other hand, by the survivors quitting in the post-retrenchment period of decreasing loyalty and job satisfaction. The shift from organizational to career loyalty is manifested in surviving workers focusing on the acquisition of marketable skills and seeking new job opportunities (Ogbechie, 2015). These workers tend to concentrate less on their tasks, neglect organizational objectives such as quality, product development, and so on. These finally lead to the stagnation or deterioration of workers and organizational productivity. Most firms attempt whenever possible to avoid retrenchment situations and prefer to let natural attrition reduce the labour force gradually.

In the financial institution in Nigeria which commercial bank operates in, a lot of changes has taken place. First there was the entrance of new banks such as Jaize bank, Polaris bank, etc. in the year 2017-2020, also the banking industry in Nigeria have been on a very highly competitive side, this entrance of more banks makes it more competitive. Also, the advent of the COVID-19 pandemic in late 2019 reduced drastically the performance of the banking industry, the human resource department was affected as it was deemed that there were too many staff that was not efficient enough. Thus, the restructuring process involved retrenchment of many staff in commercial bank like Access bank in late 2020. Also, in 2021 workers were laid-off in Ecobank plc. and some branches closed, earning the firm the distinction of having retrenched the most workers in the bank. The staff's numbers currently stand at about 30% of the total number and more than half of the staff are laid-off this year (Kivuvr 2009).

Post-retrenched organizations are also characterized by the restructuring of the organization and work procedures, the elimination of certain fields of work and creating new ones. Such restructuring is more likely to negatively influence the operation of the organization if unnecessary tasks are inserted and if the new tasks are less interesting and offer less autonomy. Shonhiwa, (2017), lists the following negative outcomes of downsizing: centralization, absence of long-term planning, restriction of innovation,

resistance to change, turnover of staff, decreased morale, loss of slack, the emergence of special interest groups, loss of credibility of top management, loss of key personnel and losing too many employees in general, retraining, employment of an increasing number of temporary workers, more overtime, and increased retiree health costs.

The retrenchment exercise currently taken place in Nigeria poses economic and social problems. In the banking industry in Nigeria which commercial banks have had a lot of changes in their operation. First the emergence of the COVID-19 pandemic in 2019 have hit so hard on the operation of banks which Ecobank is not excluded. Also, the commercial banking system in Nigeria is not a monopoly organization since there is existence of other commercial banks in operation in the industry making it competitive. With the increased competition and the effect of pandemic, the human resource department was affected as it was deemed that there were too many staff that was not efficient enough. Thus, the restructuring process involved retrenchment of many staff. Six thousand workers were retrenched in 2019. In 2020 and 2021 most branches were closed and workers were laid-off, earning the firm the distinction of having retrenched the most workers in the industry and on corporate history. The staff's numbers currently stand at about 3,650 and 40% of the staff are to be laid-off before the end of this year (Kivuva 2009).

So far, the study by Okoye, (2010) and Anekwe, Mukhtaruddin and Johny, (2019), effects of retrenchment on the morale of performance of Enugu state civil services remains the only studies done in Nigeria on retrenchment. The study does not however indicate the effect of retrenchment on other workers aspects such as job security, motivation and job loyalty. There is therefore an urge to study the implications of retrenchment on the workers left in the organization with a focus on other employee-work aspects. Up to this time, no study has been done to ascertain the effect the retrenchment process has had on the workers of Ecobank plc. Abia state. In summary, this work set out to investigate the effect of retrenchment on the workers' productivity of Ecobank Plc.

LITERATURE REVIEW

Retrenchment

The term retrenchment has no statutory definition and this brings a considerable amount of confusion in clearly defining it. The term retrenchment is often used synonymously with terms lay-off and downsizing. Retrenchment refers to as a means of terminating employee employment benefits for the purpose of reducing expenditures or costs, adapting to technological change, reorganising the undertaking in which the employee is employed , or for similar reasons and includes the termination of employment on account of the closure of the enterprise in which the employee is employed (Chipunza 2009).

Several scholars and organizations have tried to define the term and shed light on the circumstances where job losses are defined as retrenchment. Shonhiwa (2017) defined retrenchment as a permanent measure to remove surplus staff because of some changes in the nature of the business. According to Thompson & Benjamin, (2006) retrenchment entails job losses that result from technological, economic or structural changes within an organization.

Retrenchment is seen by Wandera (2012) as downsizing, rightsizing and reduction in force (RIF) which they define as the cutting down on the number of employees within an organization with focus being on trimming underperforming units or employees as part of a plan that is based on sound organizational strategies. Wandera (2012) concurs with the above assertion by saying that it refers to the planned reduction of a

workforce by involuntary means where retrenchment is interpreted as the termination of the services of a worker by the employer for any reason whatsoever, otherwise than as punishment inflicted by way of disciplinary action. On the other hand Sengwe (2015) states that retrenchment means the terminations of employment where the employees' services are no longer required for economic or business reasons such as the need to for cost cutting, restructuring, the sale or purchase of business operations or the reorganization of business due to a merger or takeover.

Retrenchment Practices

Retrenchment is something akin to downsizing, when a company or government goes through retrenchment; it reduces outgoing money or expenditures or redirects focus in an attempt to become more financially solvent. Many companies that are being pressured by stockholders or have had flagging profit reports may resort to retrenchment to shore up their operations and make them more profitable. Although retrenchment is most often used in countries throughout the world to refer to layoffs, it can also label the more general tactic of cutting back and downsizing (Simiyu and Auka 2018). Companies can employ this tactic in two different ways. One way is to slash expenditures by lying off employees, closing superfluous offices or branches, reducing benefits such as medical coverage or retirement plans, freezing hiring or salaries, or even cutting salaries. There are numerous other ways in which a company can employ retrenchment. These can be non-employee related, such as reducing the quality of the materials used in a product, streamlining the process in which a product is manufactured or produced, or moving headquarters to a location where operating costs are lower, (Simiyu and Auka, 2018).

The second way in which a company may practice retrenchment is to downsize in one market that is proving unprofitable and build up the company in a more profitable market. If one market has become obsolete due to modernization or technology, then a company may decide to change with the times to remain profitable determined, (Simiyu and Auka, 2018).

Causes of Retrenchment

The need for organisational retrenchment can emanate from internal organisational dynamics or from external variables. According to Ochieno, (2013), retrenchment is adopted as a corporate strategy by many organisations for several reasons including the following:

- **Poor organisational profitability and increasing business costs**

In many organisations the key rationale for retrenching employees is to increase profitability of the company. In most economies business operating costs are constantly increasing thus reducing the profitability of most companies (Ochieno, 2013). Ever increasing energy and raw material costs are a common phenomenon in most developing economies. In stable economies the increase in operating costs is passed on to consumers. However in unstable economies management explores alternative measures of cutting costs like retrenchment. This way costs are reduced whilst maintaining the competitiveness of the business. In South Africa, the participation of organisations in global markets has caused greater pressures on cost and profit margins (Okoye, 2010). Increasingly, companies are responding to these challenges through engaging in restructuring in the form of retrenchment.

- **Technological changes and advancement**

Technology is continuously bringing improved levels of efficiency to the workplace (Shonhiwa, 2017). A large number of organisations are leveraging on the power of technology in order to remain competitive. Technological advancement has enabled automation of operations that

were previously done manually thus making those positions redundant (Ochieno, 2013). In essence these new technologies allow for greater production but with less workforce thus causing companies to retrench. Further, information technology is also allowing for easier storage of data and data analysis (Ochieno, 2013). This in a way cuts off the need for middle management ranks.

- **Restructuring resulting from mergers and acquisitions**

The business world is ever-changing both on a local level and within the global context. Organisations have to find ways of coping with these changes. Often business coping mechanisms may include mergers or acquisitions. During mergers or acquisitions major restructuring takes place (Okoye, 2010). In instances where mergers and acquisitions are planned and executed effectively, all functions are rationalized (Ochieno, 2013). This results in elimination of some positions and removal of unnecessary operations. Some units are removed during mergers as they might be misaligned to the strategic mix of the new organisation (Redman, 2009).

- **Changes in government policies, regulations and deregulations**

Government policies and regulations often affect business operations positively or negatively. Deregulation which is defined as the removal of regulations or restrictions in a particular industry also affects businesses. Over the lasts decades, governments in developing countries like Nigeria, Kenya, Botswana and South Africa started deregulating many industries through structural adjustment programmes. The deregulation resulted in many multinational companies including Telkom, Ericsson, Siemens and Tesco seeking ways to reduce their number of employees, For instance in Kenya, when the telecommunications industry was deregulated, Telkom Kenya responded by partly selling its shares to Telkom France thus reducing the number of its employees (Ochieno, 2013). Deregulation and changes in financial policies of the banking sector in Nigeria also saw a lot of banks retrench in 2016 (Sengwe, 2015). Although the government condemned the act, banks went on to retrench arguing that the government had no legal rights to control retrenchment in the banking sector of the country. In South Africa, since the inception of independence, various economic sectors have been deregulated including

- **Economic crisis**

The global economic crisis is a typical example of an economic crisis that resulted in companies worldwide retrenching. The roots of the global financial crisis can be traced back to the United States of America. In 2007, the USA was faced by a liquidity crisis resulting from loss of confidence in the mortgage credit markets (Baxter, 2009). The crisis was characterised by crashing stock markets, closure of financial institutions, increasing inflation, low economic growth and decline in consumer spending (UNCTAD secretariat, 2009). Due to globalisation and economic integration the crisis was passed over to many countries including South Africa (Okoye, 2010).

Implementation of Retrenchment

There is no single numerical threshold for when the number involved in a retrenchment exercise become sufficiently "significant" to trigger the need to have a plan, the greater the impact a retrenchment program has on workers, the economy, dependant, communities, etc the greater degree of planning, review and forethought the performance standard requires (Cloete, 2012).

Once it has been established that there is no alternative to losing jobs, it is important to move on to determine the method and criteria for selection of those employees who will be chosen for dismissal. Also, in certain cases, particular criteria may be required either by national law or by some form of collective agreement with trade

unions. Once the criteria have been either decided upon or determined by reference to agreement and national rules, the next step is to consult with employee representatives over their proposed implementation. This will involve clearly setting out the proposed criteria, explaining how they will be implemented, and listening to any concerns or suggestions. Subsequently, a management procedure should be put in place to ensure that the criteria are accurately applied to all employees considered for retrenchment.

Other appropriate skills, strategies and tactics are needed in implementing and managing retrenchment. This is partly because retrenchment implies organizational change and change is normally resisted (Ogbechie, 2015). Having a corporate strategy is important for successful implantation of retrenchment (Ogbechie, 2015), and he emphasizes that to make retrenchment work, there are basis responsibilities of cut back management which include deciding what to cut, maintaining morale, avoiding mistakes, developing supports of key constituencies or stakeholders, creating opportunities for innovation, attracting and keeping quality people.

Chipunza (2009) stated that managers should maintain productivity, and that retrenchment is dependent on leadership and management, leaders must explain the reality, take a long term view, develop a corporate strategy, measure of performance and be passionate or considerate unlike the Enugu State Civil Service workforce which was 20,384 in 1998 and when the former Governor took over in 1999, a retrenchment exercise took place and more than 4,500 workers were affected. The conclusion is that retrenchment must be effectively implemented and managed by government/manager and also exercise the required skills to carry out such exercise.

Advantage and Disadvantages of Retrenchment

Advantages-

The major advantages of retrenchment include an effective adjustment policy, and should therefore be associated with high organization productivity and not strike (Cloete, 2012). It should also be associated with high quality of work life of the employees. Many retrenchment programs have been implemented in Nigeria but report shows that these programs have not indicated how the immediate impact affects especially in terms of immediate work and organizational outcomes have been addressed (Cloete, 2012).

Disadvantages-

In its *disadvantages,* Cioete, (2012), found that retrenchment resulted in fiscal stress and human resources shrinkage that caused many difficult problems for workers and individual government managers. These problems are caused by methods used by managers/government to cope with the need to retrench . The major problem is decrease of human resources that result from cost cutting measures, which bring lower standard of living and abject poverty, loss of skills, energy, morale commitment, physical and mental health degradation, that results from employees withdrawing physically and emotionally.

Effects of Retrenchment on Workers

It is evident that retrenchment will have a substantial impact on the workers both the affected and those retained. However, the effect can be much more widespread, those employees who are left behind and officers who deal with the retrenchment exercise can be affected by the process, especially if it is badly handled and creates unnecessary conflict. A poorly executed retrenchment process can lead to loss of productivity, low morale and decreasing economic performance (Redman, 2009).

Wandera (2012), retrenchment may be right given the current economic climate, but will it solve the problem of non-profitability for the establishment? Profitability (for the oriented organizations) however is dependent on high productivity, which in turn depends to a large extent on the worker' morale. The morale, the efficiency, and the discipline of the workers go together. Efficiency is materially affected by morale in the service, and in a similar manner, morale and efficiency have an effect on the attitude of officers towards the disciplinary code. When morale is low, the employee is dejected and disgruntled; the productivity of such an officer becomes low, the employee is dejected and disgruntled; the productivity of such an officer becomes low resulting in inefficiency (Kivuva,, 2009). According to Kivuva, (2009), the pains of retrenchment are unbearable especially where the people involved has no other means of livelihood. Apart from the dangers of increasing the number of unemployed people, the crime rate will also increase. Retrenchment exercise is bitter experienced than imagined, people who are affected by the mass purge of workers has resorted to a number of ways for survival.

Theoretical Framework

The research is guided by Sengwe Downsizing, Psychoanalysis Theory and Cognitive Dissonance Theory. These three theories helped the researcher to outline how the retrenchment affects workers productivity that enhances organizations performance.

Sengwe (2015) Downsizing Theory



Source: Sengwe, R., (2015)

Sengwe (2015) theory of downsizing and workers productivity model helps in understanding the psychological effects of the retrenchment process on the individual's wellbeing and commitment. The model illustrates the effects of retrenchment on changes in the worker's commitment, changes in job stressors and perceptions of job security. With the existence of these variables and the presence of perceived justices there is correlation with survivor syndrome, work effort and intention to leave. The results are poor workers productivity and subsequently organizational performance. These assertions provided in the theory will bring out the crucial elements of the relationship between retrenchment and workers performance. Shedding more light on the internal and external abnormalities.

Psychoanalysis Theory

Sigmund Freud (1994), carried out study on the life of human beings entitled the psychoanalysis theory. According to the

psychoanalysis theory the mind of individuals is divided into the conscious, preconscious and the unconscious parts. The conscious part is the part of the mind that consists of those feelings that are undesirable or unacceptable such as feelings of anxiety, pain or conflict.This normally affects human behaviours and experiences. This theory is suitable because unpleasant experiences as retrenchment may be suppressed or repressed and this consequently affect employee behaviour and performance at the workplace. This theory further established that emotions connected to the undesirable experiences are hidden in the unconscious mind and manifest themselves through symptoms.

Cognitive Dissonance Theory

The Cognitive Dissonance Theory was propounded by Leon Festinger in 1957 and it applies in different situations that include attitude formation and change. Cognitive dissonance implies the unpleasant feelings of discomfort that bring about a state of disequilibrium. According to Cloete (2012), cognitive dissonance theory create tendency for individuals to seek consistency among their cognitions.

Maunganidze (2013), stipulate that human resources personnel is likely to suffer from cognitive dissonance in one way or the other as it is the responsible department and the issue of retrenching innocent employees does not go along with social ties implying that when people are forced to do what they do not want, dissonance is created between their cognition and behaviour. Managers know the negative impact of retrenchment on the employee and on the organizational performance but goes on to do it maybe to serve the company. According to Redman (2009), the managers are placed in the position of trade off that is to layoff the employees and not consider the effects. That is when the inconsistency of behaviour and attitudes is depicted by the cognitive dissonance theory.

Empirical Review

Wandera, (2012), study established the effects of retrenchment on employees of K.T.D.A Ltd. A sample of 220 respondents was picked from a population of 880 employees in the K.T.D.A Ltd. Stratified simple random sampling was used and a questionnaire method was used to collect data supplemented by interviews. Tables and descriptive methods were used to represent the data. Many of the employees interviewed were of the opinion that their employer did not prepare them adequately before retrenchment and they were uncertain about the future of their jobs.

Anekwe, Mukhtaruddin and Johny, (2019), research examined the effects of downsizing and employee performance in selected manufacturing firms in Anambra state, Nigeria. The sources of data collection were primary and secondary sources. Structured questionnaire and interview were used to elicit vital information from the respondent. The data was analyzed using descriptive statistics such as mean, simple percentage and standard deviation while the hypotheses were tested using simple regression. The major findings revealed a positive and statistically significant relationship between job insecurity on absenteeism in the studied manufacturing firms. There is a positive and statistically significant relationship between staff redundancy and employee turnover in the studied manufacturing firms. The study concluded that increase in global competitiveness, together with advances in technology and ongoing changes in the environment, requires organizations to continuously adapt and be willing to change their structures, strategies, methods and practices to remain competitive.

Dibua, Idemobi and Okoli, (2018), work examined the effect of retrenchment on employees' service delivery: a study of ten districts of Enugu Electricity Distribution Company (EEDC) in Southeast Nigeria. This study therefore, modeled variables like

employee work load, longer working hours, pay cut, depression and anxiety and restructuring of work to ascertain how they have influenced on employees' service delivery in Enugu Electricity Distribution Company (EEDC) using an econometric regression model of the Ordinary Least Square (OLS). Findings revealed that with the exception of longer working hours that were not significant, all other variables (employee work load, pay cut, depression and anxiety; and restructuring of work) had significant effect on employees' service delivery.

Simiyu and Auka, (2018), research work examined the effects of retrenchment practices on performance of surviving employees in state corporations of Nakuru County. They examined the relationship between workforce reduction, cost cutting, communication, support, counselling and procedural justice and employee performance. Data was collected from a sample of 253 survivors from the selected state corporations. The results indicated that retrenchment practices significantly influence employee performance. The findings reinforce the need for management to embrace due process during the retrenchment practice in order to achieve organizational goal.

Duncan, Sakwa and Kiriago, (2013), carried out a study and determined the effect of retrenchment on employees with specific reference to employees of Telkom Kenya. The study was carried out through a descriptive survey which was considered the most appropriate to carry the research as it gives in-depth information about this particular issue. A sample of 112 employees from a population of 1120 employees was selected using stratified random sampling technique. Semi-structured questionnaires were designed from the literature review and administered to the respondents using the drop- and -pick method. Data collected was analyzed using descriptive statistic, specifically the mean scores and standard deviations. The results was the presented in form of frequency tables and charts. From the study, it was found that the retrenchment process in Telkom Kenya affected various aspects of surviving employee's motivation and loyalty.

Sengwe, (2015), study explored the effects of retrenchment on organizational performance in Zimbabwe with the utilization of National Foods Bulawayo as a case study. Investigative research techniques were adopted by the researcher in unearthing the issues encompassed in the relationship between retrenchment and organizational performance. With the use of qualitative techniques. Using simple random sampling, 37 questionnaires was distributed to the general employees and 30 interviews were conducted with the middle and top management who were selected using purposive sampling in generating qualitative data. Thematic and content analysis were used to carry out data analysis. The research findings established that quality planning and employee dedication and trust are crucial elements in redeeming organizational performance through retrenchments. Measures such as market share, productivity and financial status were used to measure performance of National Foods Bulawayo. The findings established that NFB initiated retrenchment prematurely and its organizational performance did not improve as expected.

Okoye, (2010), work examined the effects of retrenchment on the morale of workers of Enugu State civil services. Survey research was used, which helped to standardize the researcher's questions to the respondents. The researcher made use of both primary and secondary data to achieve the comprehensiveness of the study. The researcher used the Burley's rule to determine the sample size of the study. The key findings of the study are that retrenchment is perceived differently with a negative perception as an organizational change and as well workers always try to

resist it due to the uncertainly it comes with, it ridicules permanence of serve and create job insecurity and also dampened the morale of workers.

Shonhiwa, (2017), carried out research and established the effects of retrenchment on the retrenched individuals by Zimbabwean banks that have taken place since 2004. The retrenchment exercise has affected over 2000 employees and was the biggest that Zimbabwean banks have undertaken. A qualitative methodology was utilized in conducting the study. The researcher conducted in-depth interviews with the ten (10) purposely selected retrenches. The study revealed among other things that to a large extent, retrenches had been negatively affected by the retrenchment exercise due to the banks' failure to pay the former workers their severance or retrenchment packages. The study also revealed that most of the retrenches had acquired colossal debts over the years and that all the money they had received in the initial payments had been used to pay off those acquired debts.

METHODOLOGY

This study adopted survey research design. Research design is a plan or blue print on how to go about data collection and analysis, all aimed at providing solutions to the problem under investigation. Data collected for this study were sourced from both primary and secondary sources. The population of this study comprised of one hundred and ninety eight (198) staff of Ecobank Plc Abia State. For the purpose of this study, the researcher derived the sample size statically by using Taro Yamani formula as follow;

Using the formula;

$n = \frac{N}{1+N(e)2}$ Where;

n = Sample size

N = Population (198)

e = Margin of error (0.05) Thus, the sample size is:

$n = \frac{198}{1+198(0.05)2}$

$n = \frac{198}{1+198(0.0025)}$

$n = \frac{198}{1+0.50}$

$n = \frac{198}{1.50}$

n = 132 staff

Therefore, the sample size for this study is 132 staff of Ecobank Plc Abia State. Simple random sampling technique was used by the researcher in obtaining information for the research. The sampling technique provide employees the same and known chances of being nominated. The researcher extensively used structured format of questionnaire which was formal and standardized. Data for the study were analysed using frequency distribution table, and percentages were used to analyses the data from the questionnaire. The hypotheses were tested using Pearson Product Moment Correlation Coefficients, ANOVA and Regression models with the aid of Statistical Packages for Social Sciences version 23.0.

Validity and Reliability of the Research Instrument

To make the instrument valid, higher researcher vet through the items of the questionnaire and make their corrections and comments on the relevance of the items to the objectives of the study. Their comments and corrections were finally integrated into the final draft of the instrument for production. This is known as content validity. The reliability of the instrument was ascertained using the internal consistency method. 25 questionnaires were given to the respondents, and after two weeks of interval, another 25 questionnaires were issued out to

the same respondent to check consistency and reliability. This is called the test re-test method.

RESULT AND DISCUSSION

Table 1 Distribution of questionnaire to staff of Ecobank Plc Abia State and response rate.

Total copies of questionnaire	Respondents	Percentage (%)
Number returned	122	94.42
Number not returned	10	7.58
Total	**132**	**100**

Source: Field survey, 2023

Table 1 shows the number of questionnaires that was distributed by the researcher as 132 and the number returned as 122 which makes up 94.42% of the total number while the remaining 10 copies which makes up 7.58% were not returned. The workable sample size took at 122 instead of 132.

Table 2: Pearson Product moment correlation coefficient result showing the impact of workforce downsizing on workers' productivity of Ecobank Plc. Abia State.

Correlations

		Productivity of Ecobank	Workforce reduction
Productivity of Ecobank	Pearson Correlation	1	.935**
	Sig. (2-tailed)		.000
	N	122	122
Workforce reduction	Pearson Correlation	.935**	1
	Sig. (2-tailed)	.000	
	N	32	32

**. Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS Output 2023

The result present in table 2 shows the significant impact of workforce downsizing on workers' productivity of Ecobank Plc. Abia State. The result reveals that there is significant relationship between workforce downsizing on workers' productivity of Ecobank Plc. Abia State. The correlation coefficient of 0.935, with a sig. value of 0.000. The effect is significant since the sig. value of 0.000 is lower that the acceptable 0.01 significance level.

Table 3: ANOVA result showing the effect of cost cutting on workers' productivity of Ecobank Plc. Abia State.

cost cutting **ANOVA**

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	37.280	4	9.320	69.992	.021
Within Groups	3.595	118	.133		
Total	40.875	121			

Tested @ 95% significant level

Source: SPSS Output 2022

The result present in table 3 shows the significant effect of cost cutting on workers' productivity of Ecobank Plc. Abia State. The result reveals that there is significant relationship between costs cutting on workers' productivity of Ecobank Plc. Abia State. The large f-statistics of 69.992, with a sig. value of 0.021. The effect is significant since the sig. value of 0.021 is lower that the acceptable 0.05 significance level.

CONCLUSION

This study investigate the effect of retrenchment on workers' productivity of Ecobank Plc. Abia State. Having analyzed the distributed 50 questionnaires to staff of Ecobank Plc. Abia State, with the descriptive survey approach and the data analyzed using regressions, the study found that workforce downsizing and cutting have significant relationship with workers' productivity of Ecobank Plc. Abia State. Institutions are under pressure to change the way they do business in order to remain competitive in a more demanding and cost-controlled environment. Ecobank have turned to downsizing as a strategic decision to realign internal structures with changing macro-environmental factors. The study therefore conclude, that increase in global competitiveness, together with advances in technology and ongoing changes in the environment, requires commercial banks to continuously adapt and be willing to change their structures, strategies, methods and practices to remain competitive. Based on the findings of the research, it was recommended that: Ecobank should assured employees who survive the workforce downsizing exercise their job secure this will inbuilt higher self-confidence and self-efficacy, reduce workers absenteeism and enhance performance; The management of banks should ensure that cost cutting will not discourage employees' innovation that could enhance the level of productivity; this will enhance the level of organizational productivity and overall performance.

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