

1 **Mixed-Method Evaluation of Perceived Approach and Criteria of Employees**  
2 **Retrenchment in Selected Commercial Banks in Southwest, Nigeria**  
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6 **ABSTRACT:**

7 Ever since post consolidation era, retrenchment in the Nigerian banking sector is prominent  
8 and even alarming. This paper adopted a mixed method technique to evaluate the  
9 dimensions of retrenchment approach and criteria used by banks' employers in determining  
10 employees to be retrenched and extent of fairness perceived by the surviving employees.  
11 The study was anchored on organizational justice theory. Four banks - two each from the old  
12 generation bank and new generation commercial banks in southwest Nigeria were selected  
13 for the study. The sample size comprised 256 survivors selected through the triangulation of  
14 purposive and simple random sampling techniques, while questionnaire and in-depth  
15 interviews (IDIs) were used to gather data. The quantitative data were analyzed using  
16 frequency percentage distribution, cross tabulation, and content analysis for qualitative data.  
17 Findings revealed the new generation banks - Access and Eco banks and even UBA Plc.  
18 among old generation bank adopted reactionary approach, thus retrenching their workers  
19 arbitrarily without prior or adequate notice. In retrenching employees, the banks combined  
20 many criteria, but the most commonly criterion used to evaluate employees' productivity was  
21 performance appraisal system; for instance, 100% of survivors in NGB and 98.4% in OGB  
22 accepted the use of performance appraisal, however 74.2% in NGB perceived the outcomes  
23 were subjective and unfair. The study concludes that banks' management have treated their  
24 employees in unfair manners during retrenchment, thus survivors have manifested high level  
25 of perceived injustice in the system. It recommended top management to apply fairness  
26 during retrenchment and treat survivors in a fairly manner.  
27

28 **Key words:** Bank, Retrenchment approach, Retrenchment criteria, Fairness, Justice,  
29 Survivors,  
30

31 **1. INTRODUCTION**

32 One of the largest private sector organizations in Nigeria is the banking sector, that is  
33 currently undergoing reforms from the Central Bank of Nigeria especially the recent 2008/2009 post  
34 consolidation which shrunk the initial existing 24 banks to twenty (20) banks through merger and  
35 acquisition arrangement and current federal government fiscal policy on treasury single account,  
36 which has virtually eliminated or reduced to negligible operation of public sector banking services  
37 since 2016. As a result of the restructuring programs both old and new generation banks have  
38 adjusted the way they are doing businesses and resorted to retrenching their workers in order to  
39 minimize staff cost so as to survive this hard-economic period. Retrenchment has been regarded as  
40 the harshest way of improving productivity in organization because of its impacts on both victims and  
41 survivors; in fact, in most cases retrenchment decision by organizations is quite unavoidable [1] due  
42 to the economic and environmental changes such as re- engineering, privatization, merger and  
43 acquisition, joint ventures, strategic alliance, and work place free market, resulting from economic  
44 globalization. Obviously, the influence of globalization, economic crisis and inherent internal crisis  
45 witnessed by organizations does not only made retrenchment unavoidable, it equally made  
46 retrenchment a commonly survival applied technique, hence it is one of the survival strategies  
47 adopted by Nigerian banks.

48 The implication of this is that, the acquiring and merging banks such as Access Bank, UBA,  
49 Ecobank; the nationalized banks such as Keystone and Polaris, and even the stand-alone banks such  
50 as Guarantee Trust, First Bank, Zenith Bank have changed by taking certain actions in order to  
51 survive. In reality, these banks have been massively retrenching their workers frequently and at  
52 intervals year in year out at every regions, cities and metropolis such as South West, Lagos and  
53 Ibadan etc. A survey carried out by scholars and analysts such as [2]; reports that between 2009-  
54 2011 post consolidation, more than 8,000 workers were disengaged, while over 9,000 workers have  
55 equally lost their job in 2012, while [3] reports that list of bank workers that lost their jobs are enlarging  
56 on the regular basis following the ongoing and un ending massive job loss walloping the banking  
57 sector. Though most of the sectors in the Nigerian economy such as health, education, oil and gas,  
58 energy and power, telecommunication and information technology also retrenched their workers, but  
59 in recent times, it is glaring that retrenchment in the banking sector has been well pronounced and  
60 even more alarming to the extent that it generates public attention and sympathy for bank workers  
61 whose career is now seemingly uncertain.

62 Retrenchment in banks is strategic management tool, but fairness in the procedure, selection  
63 criteria and compensation is highly paramount, [4]. Truly, fair treatment of bank workers (victims and  
64 survivors) by banks' management before, during and after retrenchment usually lead to employees'  
65 perceived organizational justice of the bank. The problem of retrenchment in the Nigerian banking  
66 industry is that Executive Management of old and new generation banks seem not to adopt fair, clear  
67 and transparent approach and criteria in selecting employees to be retrenched. It is observed, the  
68 management often time ignored the procedural rule guiding retrenchment. Interestingly, various  
69 scholars have evaluated the cause of retrenchment in the banking industry while others assessed the  
70 effect of retrenchment such as work stress, low work motivation and performance, job insecurity and  
71 uncertainty, [5], [6] and [4] but little attempt has been made to investigate retrenchment approach.  
72 Also, scholar such as [7] has conducted a study on retrenchment criteria in Kenya commercial banks,  
73 but no attempt has been made to study the criteria used by Nigerian commercial banks to determined  
74 employees to be retrenched. This study therefore intends to bridge this gap by investigating the  
75 approach and criteria the Nigerian banks used in selecting employees to be retrenched. This study  
76 shall provide answers to crucial questions: What retrenchment approach and criteria do old and new  
77 generation banks in Nigerian used in selecting employees for retrenchment? What is the extent of  
78 fairness and transparency of this approach and criteria in the treatment of employees? As a broad  
79 objective, this study is investigating retrenchment approach and criteria used by banks in retrenching  
80 their workers, therefore, the specific objectives are designed to;

- 81 i. investigate the retrenchment approach used by the selected old and new generation bank in  
82 determining employees to be retrenched in Ibadan metropolis, Oyo state
- 83 ii. analyze the criteria adopted by the selected banks to identify employees to be retrenched
- 84 iii. assess the extents of fairness and transparency of the approach and criteria in treatment of  
85 employees before, during and after retrenchment exercise in the banks.

86

## 87 1.1 Literature Review and Theoretical Framework

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88 Retrenchment process in banks is mostly determined by the way in which retrenchment  
89 exercise had been decided, that is the way that employees are selected, the manner they had been  
90 notified, the effectiveness of the communication, clearness of the selected criteria, and the way  
91 management treats leavers and survivors i.e. Interpersonal treatment received from the management,  
92 [8] and [9], one best way of approaching retrenchment is planning, however reactive planning may  
93 have marred retrenchment objectives; therefore, it is paramount that successful retrenchment  
94 approach requires proactive planning that begins long before the formal announcement [4]. As put by  
95 [9], proactive retrenchment approach involves detailed planning at organizational and individual level,  
96 before, during, and after retrenchment programme. It requires proactive implementation of fair and  
97 adequate detailed plan before retrenchment is being executed. In contrast, a reactive approach is  
98 described as involving responding to cost reduction strategies with little consideration of any  
99 alternatives to redundancy and hastily conceived plan for those remaining in the organization.  
100 However, most Nigerian banks have been reportedly adopting reactive planning retrenchment  
101 approach of which employees have been unexpectedly terminated without following due process and  
102 procedural rules, [10]. Scholars such as [11], [7] recommended that fair and objective retrenchment  
103 approach should incorporate required procedures, therefore prior notice of contemplated  
104 retrenchment must be given; prior consultation must be done with affected employees, financial  
105 information must be disclosed. Also, fair and clear selection criteria must be used: e.g. last in first out  
106 ("LIFO") criterion, competency (performance), skills, qualifications, record of service, age; while notice  
107 of termination of services must be given to all employees who are retrenched. Furtherance to this,  
108 adequate retrenchment approach and process increased survivors' trust and fairness for  
109 management; based on this, making decision to retrench is one of the crucial approaches in  
110 retrenchment exercise, and this requires banks' management to embrace employees' interest and  
111 consider all possible alternatives such as salary freezes, pay cuts, elimination of bonuses, voluntary  
112 separation and early retirement with severance benefit, before deciding to retrench. Also, making  
113 retrenchment announcement as well as implementing are relevant; in implementing the  
114 retrenchment, management must be objective in its decisions and be fair in treating the employees by  
115 telling the employees the truth and also involving them in retrenchment implementation, as well as  
116 helping departed employees to find other jobs by absorbing them into other parts of the business  
117 through outplacement services such as career counseling, stress management, skill assessment,  
118 retraining reimbursement [7].

119 Considering criteria, [11] recommended that in selecting employees to be retrenched,  
120 Managers should adopt objective criteria well clear to the employees to be retrenched. Moreover, the  
121 criteria should focus on past performance and should fit with the vision of the future. Study of  
122 commercial banks by [7] identified retrenchment criteria such as seniority systems, i.e. first in first out  
123 (FIFO) method of which senior people in each class are laid off; unsatisfactory  
124 performance/performance appraisal, and last in first out (LIFO). On LIFO, the young or new  
125 employees that gained employment lastly are usually retrenched, while unsatisfactory performance is  
126 the failure to meet prescribed standard on the job and are usually evaluated through performance  
127 appraisal. Other criteria include- misconduct, ill health, incapability/incapacity, early retirement, [12]

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128 and voluntary retirement schemes –VRS. In VRS, employees who are likely redundant are given  
129 opportunity to leave with better compensation and benefits as negotiated by the union. The schemes  
130 usually allow firms to be more flexible though at a higher cost. But among these criteria, [7] reported  
131 that performance appraisal is the most commonly used criterion in banks to select employees to be  
132 retrenched while [13] affirms that performance appraisal schemes provide a useful structure for  
133 establishing fair and objective selection criteria and that the use of appraisal data can help employers  
134 in ensuring that the act of selecting employees to be retrenched is not itself unfair. However, in most  
135 cases, especially in the ongoing post consolidation, the process/approach and criteria used by some  
136 banks to identify employees are perceived to be subjective, unfair and non-transparent,[10]. In line  
137 with the above, organizational justice theory offers explanation on this regard, [14].

138 The theory assesses employees' perception of the fairness with which they have been treated  
139 by an organization [15]. It focuses on perceptions of fairness in organizations, by categorizing  
140 employees' views and feelings about their treatment and that of others within an organization [16].  
141 Following their study of some organizations, three types of organization justice theory were been  
142 identified in literature.

- 143 i. Distributive justice- perceptions about outcomes of decisions taken within the context of  
144 retrenchment, it concerns with perceptions of fairness by survivors arising from  
145 organizational allocations of resources to victims and the outcomes thereof. [17] Perception  
146 of unfairness among the survivors in banks are more likely to lead to positive or negative  
147 inequity especially where severance pay are not always paid and even when paid, it might be  
148 inadequate.
- 149 ii. Procedural justice – Perceptions about the process and approach used to arrive at decisions  
150 to retrench, i.e. survivors feeling with regards to whether supervisor or managers conduct  
151 retrenchment in a fair manner. Positive views of procedures, approach and criteria and  
152 processes are linked to higher levels of trust in the organization and supervisor.
- 153 iii. Interactional justice- perceptions about the quality of the interpersonal treatment that an  
154 employee receives during the enactment of retrenchment procedures.(fair or unfair  
155 perceptions by survivors over management interpersonal relationship with them during  
156 retrenchment exercise) Perception for fairness may involve the use of empathetic  
157 communication with both victims and survivors, thus survivors are more likely to accept  
158 decisions even unfavourable ones, when given adequate and genuine reason for them. This  
159 assumption points to the role effective communication may play in engendering the reactions  
160 and subsequent behaviours of survivors in the new organizational setting, [17].

161

## 162 **2.0 METHODOLOGY**

163 The study was carried out in Ibadan metropolis Oyo State, Nigeria in four (4) selected  
164 commercial banks. The banks were divided into two categories – new generation bank (NGB) having  
165 Access Bank Plc. and Ecobank Plc; while the old generation bank (OGB) comprising- First Bank of  
166 Nigeria Plc. (FBN) and United Bank for Africa Plc. (UBA). The banks' branches selected were situated  
167 at Dugbe, Iwo road, Agodi and Gate, Bodija, Challenge and Ring road. These areas were purposively

168 selected because they are commercial areas that warehousing numerous branches of banks in  
169 Ibadan. Also the choice of Ibadan was dictated by the fact that it was the former headquarters of  
170 western region, and it accounts for more than 60% of concentration of commercial banks' branches  
171 with their regional offices within the West (Lagos exclusive) with substantial sizeable number of  
172 employees, [2].The study population was the survivors - the surviving bank employees in the  
173 retrenching commercial banks comprising "management and non-management staff cadres",  
174 "permanent and contract staff cadres" in Marketing , Operations and other departments.

175 A survey research design was basically adopted for the study. The design was chosen  
176 because it helps in investigating problems in realistic settings; and also gives room for a large amount  
177 of data to be collected with relative ease from a variety of people. A sample size of 280 respondents  
178 representing 29.9% of the total population of 935 in the selected banks was drawn using Taro

179 Yamane formula shown thus; 
$$\frac{N}{1 + N (e)^2}$$

180 Where: N = Total Population, I = Constant, e = Error margin (0.05)

181 The study employed the multi- stage sampling technique. Firstly, purposive sampling  
182 technique was used in selecting the old generation banks (UBA and FBN) because they are  
183 outstanding banks that were not declared "distress" like their counterparts – Union, Wema bank. From  
184 the new generation banks, ECObank and Access bank were randomly selected through deep  
185 balloting among the surviving new generation banks, in order to ensure equal chance of  
186 representation.

187 Quantitative and qualitative instruments were used for data collection. For the quantitative  
188 instrument, structured questionnaire was administered to 280 respondents, 70 copies in each of the  
189 banks distributed among the branches of which 256 copies were finally retrieved for analysis. The  
190 respondents in the branches were selected using simple random sampling; this method was adopted  
191 to give each member an equal chance to be involved in the study without any element of bias. For  
192 qualitative instrument, twelve (12) In-Depth Interviews (IDIs) sessions were conducted, in which 3  
193 respondents, (2 Management staff & 1 Non-Management) from the four banks were purposively  
194 selected to complement the data generated through the questionnaire. The IDI was also used  
195 because it gives the opportunity to probe deeper especially on issues that questionnaire could not  
196 extensively address.

197 The data were analyzed using both quantitative and qualitative methods. The data from the  
198 questionnaire were analyzed using frequency distribution. The aid of the Statistical Package for Social  
199 Sciences (SPSS) was also employed to analyze and cross tabulate the data, while the results were  
200 presented on tables, and interpreted by the use of simple percentages. For qualitative data, tapes and  
201 notes from IDI were first translated, and the data were then coded and transcribed through content  
202 analysis, while verbatim quotations from the interviewees were outlined to bring out some very cogent  
203 points.

204

## 205 **3.0 RESULTS**

### 206 **3.1 Socio – Demographic Characteristics of the Respondents**

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207 Table 1 displays information on selected socio- demographic characteristic of the survivors  
208 among the old generation bank (OGB) and new generation bank (NGB). The result showed that  
209 44.5% of the survivors in OGB were females, compared to 41.4% females located in the NGB.  
210 However, the highest numbers were Males, 58.6% located in NGB, and 55.5% in the OGB. This  
211 means that both NGB and OGB have more males than females. Since profit maximization is the  
212 ultimate in capitalist society, males are likely perceived to be more productive than female because  
213 they do not partake in maternity leave or regular absence from duty as a result of antenatal days  
214 during employees' pregnancy; or confinement during such pregnancy and birth of a child.

215 Also, most of the survivors fell within various age categories; for instance, NGB had an  
216 overwhelming number (56.2%) of employees under age category of 21-30years compared to OGB  
217 with few number (32.2%); for age range 31-40years, equal proportion of survivors were located in  
218 both banks, 31.2% in NGB, and 32.0% in OGB. However, OGB had more survivors (23.4%) between  
219 age categories 41-50 years, compared to few numbers (11.0%) of workers in NGB. Moreover, 9.4%  
220 workers in OGB fell within 50 years and above compared to the least (1.6%) in NGB. Though NGB  
221 and OGB had almost equal number of middle age workers between the ranges of 31-40 years;  
222 however, it is obvious that within the young age range 21-30 years, NGB had the larger portion of  
223 workers. But within the older age category – 41-50 years and above, OGB had substantial proportion  
224 of older staffers. The implication is that NGB prefers to hire young employees with less family  
225 commitments, with a view to bringing in promising quality to withstand inherent work pressure;  
226 howbeit, the OGB does not discard the quality experiences of the older employees hence retained the  
227 skillful ones in order to tap from their experiences. On marital status, more than half of the survivors  
228 (64.8%) were married and were located in OGB compared to few (43.8%) in NGB that were also  
229 married. Also, in NGB, most of the survivors (56.2%) were single; compared to the few (35.2%) in  
230 OGB that were also single. This implies that OGB had the highest number of married employees and  
231 probably, the highest number of matured workers compared to NGB that had the highest number of  
232 unmarried employees and probably the highest number of young workers. This further shows that  
233 **NGBs** prefer to hire young single people and equally fire such staff whenever they are married or  
234 probably when they have advance in age.

235 Concerning educational qualification, the overwhelming numbers of survivors (68.0%) in NGB  
236 and 62.5% in OGB were OND/HND holders, few (27.3%) in NGB , and 31.2% in OGB were 1<sup>st</sup>  
237 degree holders, while least (4.7%) in NGB and 6.3% in OGB were post graduates holders. Contract  
238 workers were mostly OND/HND holders and a greater number of them were located in both banks,  
239 while permanent employees were the B.sc/Masters degrees holders and a few of HND holders with  
240 exceptional grade (distinction/ upper credit) plus master degree. This shows that banks are using  
241 competent workers such as HND, 1<sup>st</sup> Degree and post graduate degree holders with sound  
242 intellectual and mental skills to carry on their banking work. **On a closer observation, it can be inferred**  
243 that most OND/HND holders were located in both NGB and OGB, with few B.sc- 1<sup>st</sup> degree /Master's  
244 Degree holders under the same category. This shows that both NGB and OGB used more contract  
245 workers compare to the permanent workers; e.g. the workforce (66.4%) in NGB and 60.2% in OGB  
246 were contract workers, while few (33.6%) in NGB and 39.8% in NGB were permanent/core workers.

247 This indicates that banks are now using more contract or outsource employees than the permanent  
 248 workers probably to minimize staff cost.

249

250 **Table 1: Distribution of respondents by Sex, Age, Marital Status, and Educational**  
 251 **Qualification, Employment Category**

Item	Socioeconomics Characteristics	NGB	OGB	Total
<b>1</b>	<b>Sex</b>			
	Female	53(41.4)	57(44.5)	110(43.0)
	Male	75(58.6)	71(55.5)	146(57.0)
<b>2</b>	<b>Age group</b>			
	21-30 years	72(56.2)	45(35.2)	117(45.7)
	31-40 years	40 (31.2)	41(32.0)	81(31.6)
	41- 50 years	14 (11.0)	30(23.4 )	44(17.2)
	Over 50 years	2 (1.6)	12 (9.4)	14 (5.5)
<b>3</b>	<b>Marital Status</b>			
	Married	56(43.8)	83(64.8)	139(54.3)
	Single	72(56.2)	45(35.2)	117(45.7)
<b>4</b>	<b>Educational qualification</b>			
	OND/HND	87 (68.0)	80 (62.5)	167 (65.2)
	B. Sc.	35 (27.3)	40 (31.2)	75 (29.3)
	M. Sc.	6 (4.7)	8 (6.3 )	14 (5.5)
<b>5</b>	<b>Employment category</b>			
	Contract	85(66.4)	77 (60.2)	162 (63.3)
	Permanent	43 (33.6)	51(39.8)	94 (36.7)

252

253

254 **Dimensions of Retrenchment approach: Extent of fairness and transparency**

255

256 Table 2 presents result on the respondents' views on approach of retrenchment, the result  
 257 above showed that the least percentage of survivors (7.8%) in OGB and 9.4% in NGB were not  
 258 certain of the retrenchment approach adopted in their banks; but substantial number of respondents  
 259 (46.0%) from OGB stated that retrenchment approach in their bank was fair and adequately planned  
 260 compared to very few respondents (10.2%) from the NGB that also said same. However, the highest  
 261 numbers of respondents (80.5%) from the NGB said the retrenchment approach was arbitrary and  
 262 inadequately planned compared to almost half of their counterparts (46.0%) from the OGB that also  
 263 agreed same.

264 **Table 2 Frequency distribution of respondents' view on arbitrary retrenchment and**  
 265 **planning**

266

How do you view retrenchment approach in your bank?	NGB	OGB	Total
Arbitrary and inadequately planned	103 (80.5%)	59 (46.0%)	162 (63.3%)
Fair and adequately planned	13 (10.2%)	59 (46.0%)	72 (28.1%)
Don't know	12 (9.4%)	10 (7.8%)	22 (8.6%)
<b>Total</b>	<b>128 (100.0%)</b>	<b>128 (100.0%)</b>	<b>256 (100.0%)</b>

267

268 As closely observed, most respondents who viewed retrenchment approach as arbitrary and  
269 inadequately planned were located in the NGB. This may be due to the fact that retrenchment  
270 decision by their management is based on random choice or personal whim. Supporting this view is  
271 Ecobank interviewee who expresses that;

272 *Retrenchment approach is highly unfair. The management is too*  
273 *autocratic in their retrenchment decisions, people are sent out of*  
274 *job instantly without any prior notice, decision to retrench is*  
275 *extremely dictated by the executive management and conveniently*  
276 *imposed on employees without consulting the union. The whole*  
277 *exercise is done in arbitrary manner, in short as the management's*  
278 *spirit leads.*

279 (IDI/Male/HOP/ECOBANK)

280

281 This expression indicates unfair and non-transparent approach in retrenching employees in  
282 the NGBs. This corroborates with IDI respondents which states that;

283

284 *Our retrenchment process is reactionary because it is hurriedly*  
285 *planned, and as a result, there is usually no transparency in the way*  
286 *retrenchment is being carried out. The employees are treated unfairly*  
287 *because our management are taking decision haphazardly, no*  
288 *proper communication , no notice what so ever, you come to work*  
289 *next day but noticed you cannot log on to the system; imagine, they*  
290 *treat us as if we are the fault of business decline to the bank we work*  
291 *in . In fact employees are poorly treated to the point that their*  
292 *terminal allowances are inadequately settled. (IDI/Male/ BOM/Access*  
293 *Bank)*

294

295 This submission evidently revealed that retrenchment decision is carried out in indiscriminate manner,  
296 retrenchment notice is inappropriate, communication for retrenchment very poor, and severance pay  
297 inadequately settled, and hence employees are unfairly treated.

298

299 In the case of OGB, equal number of respondents fell in between two options; firstly, the (46  
300 %) that viewed retrenchments approach as arbitrary and inadequately planned were mostly from the  
301 UBA. This was further buttressed by IDI respondent who said that;

302

303 *The approach to retrenchment is arbitrarily executed. Our management*  
304 *usually adopts reactive planning approach because their emphasis is to*  
305 *reduce cost with little or no consideration of any possible alternative to*  
306 *redundancy; all decisions concerning retrenchment are done in hasty*  
307 *manner without any conceived plan. Management are disengaging*  
308 *employees in the manner they like without indicating clearly the criteria*  
309 *used in the exercise, especially now that they used performance charter*  
310 *as means for firing permanent worker. (IDI/Biz Manager/UBA)*

311

312 This indicates that though UBA is an old generation bank, nevertheless, it applies unfair  
313 retrenchment approach just like its counterparts in new generation bank. This finding corroborates  
314 with [7] assertion that the management of some firms usually applies subjective and unfair approach  
315 during retrenchment process while retrenching their workers arbitrarily just to protect their interest.



314 Secondly, the other 46% of the survivors that viewed retrenchment approach as fair and well  
315 planned were largely from the FBN. This means the approach in FBN is transparent and fair. This  
316 view corroborates with one of the FBN IDI respondents who submitted that;

317 *The adverse situation in the industry has made banks to fire their staff*  
318 *indiscriminately. There is no doubt about that, but what gives us happiness*  
319 *here is that our management adopts participatory approach in planning for*  
320 *retrenchment. Everybody through our union is being carried along during the*  
321 *time of unavoidable retrenchment (BM/Male/FBN)*  
322

323 This response shows that retrenchment approach in FBN is participatory.  
324 Supporting further is another IDI respondent who said that;

325 *In the issue of retrenchment, our Management do not just sack "any how",*  
326 *they take their time to plan for retrenchment where necessary. And before it*  
327 *takes effect, the affected workers are given adequate notice; you do not get to*  
328 *the office the following day to discover that you are being fired without notice;*  
329 *everything is well organized. Those who will leave are well communicated to*  
330 *and supported by the union. Sometimes employees are given alternatives*  
331 *such as voluntary exit, with justifiable severance pay (RM/Male/FBN)*  
332

333 This response shows that retrenchment procedures are being followed hence accords fair  
334 treatment for the workers. This is in line with procedural justice [16] that encourages management of  
335 banks to treat employees in a fair manner by adopting fair and transparent approach and process in  
336 retrenching workers.

337

### 338 **3.2 Retrenchment Criteria: Extent of fairness and transparency**

339 Table 3 presents the result on criterion. As per clear and fair criterion, the data showed that  
340 the highest number of the respondents (91.4%) located in the NGB indicated that there was no usual  
341 clear and fair criterion used in selecting those to be retrenched compared to 45.3% in the OGB.  
342 However, most of the respondents (54.7%) in OGB indicated that there was usually clear and fair  
343 criterion in selecting those to be retrenched in their bank. This is so because the senior management  
344 of OGB (FBN in specific) have usually used transparent performance appraisal method. Most of the  
345 time the management likely gave reasons for any proposed retrenchment and clearly announced  
346 through the union the criterion to be used and the number of workers that would likely be affected;  
347 whereas the NGB appears not to be transparent in taking retrenchment decision especially in the  
348 aspect of procedures and criteria used to retrench workers. Though they combined other criteria with  
349 the performance appraisal system, such methods are not being transparent and fair

350 As regards the type of criterion used in selecting employees to be retrenched in the banks,  
351 the result showed that half of the respondents (50%) located in the OGB indicated that their banks  
352 always adopted First in first out (FIFO) criterion where senior and long serving employees were  
353 selected for retrenchment compared to (28.9%) in the NGB. Also (23.4%) in the NGB stated that  
354 their banks sometimes used Last in first out (LIFO) to select people to be sacked compared to (4.0%)  
355 in the OGB. Again 18.0% respondents in NGB said their bank rarely used misconduct as a criterion  
356 for retrenching their workers compared to 19.5% in the OGB; while (29.7%) in NGB also said their  
357 banks sometimes used incapability to determine who should be sacked compared to (26.5%) in the  
358 OGB.

359 **Table 3 Frequency distribution of Respondents' view on clear and fair criterion, and criterion**  
 360 **used for selecting employees to be retrenched**

<b>There is usually clear and fair criterion used in selecting those to be retrenched</b>	<b>NGB</b>	<b>OGB</b>	<b>Total</b>
<b>Yes</b>	<b>11 (8.6%)</b>	<b>70 (54.7%)</b>	<b>81 (31.6. %)</b>
<b>No</b>	<b>117 (91.4%)</b>	<b>58 (45.3%)</b>	<b>175 (68.4.0%)</b>
<b>Total</b>	<b>128 (100)</b>	<b>128 (100)</b>	<b>(100)</b>
<b>What criterion does your bank use in selecting those to be retrenched?</b>	<b>NGB</b>	<b>OGB</b>	<b>Total</b>
Seniority -First in first out-FIFO)	37(28.9)	64 (50.0)	101(39.4)
Last in First Out –LIFO	30(23.4)	5 (4.0.)	35 (13.7)
Voluntary retirement	23 (18,0)	25 (19.5)	48 (18.7)
Incapability	38 (29.7)	34 (26.5)	72 (28.1)
<b>Total</b>	<b>128 (100)</b>	<b>128 (100)</b>	<b>256 (100)</b>

361  
 362 A closer observation reveals that most of the time OGB used (FIFO) to determine those to be  
 363 retrenched while NGB rarely used such criteria. Though it is clear that OGB partly used FIFO,  
 364 however both NGB and OGB combined any of the criteria based on the situation. For instance if more  
 365 aging or long serviced employee's positions are redundant, FIFO could be adopted, hence the use of  
 366 any of these criteria is situational. This reveals that banks combine various criteria, but the criterion is  
 367 not usually clear and transparent especially in NGB and UBA. The implication is that employees who  
 368 perceived the selection of criterion as subjective and unfair usually perceived injustice and unfair  
 369 treatment hence develop distrust for their management, they are also likely to exhibit other negative  
 370 attitudes, and lowered commitments. As supported by [5], where there is no usual clear and objective  
 371 criteria adopted in retrenchment selection, the employees perceived they are inequitably treated,  
 372 hence develop low motivation to do a work.

373  
 374 **Table 4 Frequency Distribution of respondents' views on performance appraisal**  
 375 **system and outcomes**

<b>Is there any performance appraisal system is in place?</b>	<b>NGB</b>	<b>OGB</b>	<b>Total</b>
Yes	128 (100.0%)	126 (98.4%)	254 (99.2%)
No	0	2 (1.6%)	2 (0.8%)
<b>Total</b>	<b>128 (100.0%)</b>	<b>128 (100.0%)</b>	<b>256 (100%)</b>
<b>If yes,how would you rate the appraisal method/outcomes?</b>	<b>NGB</b>	<b>OGB</b>	<b>Total</b>
Objective	29 (22.7%)	66 (51.6%)	95 (37.1%)
Subjective	95 (74.2%)	53 (41.4%)	148 (57.8%)
Undecided	4 (3.1%)	9 (7.0%)	13 (5.1%)
<b>Total</b>	<b>128 100.0%</b>	<b>128 (100.0%)</b>	<b>256 (100%)</b>

376  
 377 Table 4 shows data on performance appraisal system used as criterion in measuring  
 378 prescribed standards on the job. The result showed that all the respondents in the NGB (100%)  
 379 accepted that performance appraisal system was in place as criterion used in selecting employees to

380 be retrenched. In the OGB, 98.4% accepted the use of performance appraisal system while only 1.  
381 6% rejected, stating that such method was not in place; probably they might be unaware of such  
382 criterion or did not show preference for it. This means that performance appraisal scheme is being  
383 adopted in the banks to select those to be retrenched based on unsatisfactory performance, individual  
384 productivity, incapability and misconduct; however, the major contending concern is the objectivity of  
385 the outcomes of the scheme.

386 In relation to this, most of the respondents (51.6%) in the OGB indicated that the method for  
387 the appraisal system was objective, indicating that the outcome was fair as compared to (22.7%) of  
388 the respondents in NGB that also said same, but majority of them (74.2%) in NGB compared to  
389 41.4% in OGB stated that the appraisal method was subjective indicating that the outcome of the  
390 selection was full of bias and sentiments.. However, least respondents (3.1%) in NGB and 7.0% in  
391 NGB were undecided.

392 As closely observed, the appraisal criterion method is used by both OGB and NGB, but the  
393 manner it is being executed is questionable. The OGB perceived the outcome of the scheme as being  
394 objective, probably due to the fact that it is free from unscrupulous manipulations. This objectivity is  
395 buttressed by the IDI interviewee from FBN said;

396 *Though our bank may use other criteria such as seniority, voluntary exit,*  
397 *the only pronounced criterion is the performance appraisal system. The*  
398 *outcome is always fair because it is devoid of management*  
399 *manipulations. It is not used as a means for targeting, dictating, or*  
400 *measuring who to be retrenched, rather, it is meant to correct and*  
401 *improve performance, because those who are identified as low*  
402 *performers in one unit are always reposted to another department,*  
403 *hence the outcome has always been fair and objective. (IDI/HOP/FBN)*  
404

405 This means that the outcome of performance appraisal system is fair in OGB, especially, in  
406 the FBN because it free from personal judgment. But within this same bank's category (OGB) it was  
407 also observed that majority of survivors in the UBA, viewed performance appraisal outcome as  
408 subjective. This was reconfirmed by one of the IDI respondents;

409 *One of noticeable criteria our bank used in selecting employees to be*  
410 *retrenched is performance appraisal, but as good as this method is it has*  
411 *never been fairly executed because it specifically targets the marketers,*  
412 *while favouring those in other units. The appraisal software, 'infopool' as*  
413 *so call is automated, it is designed by management to entrap employees*  
414 *especially that have been penciled down for retrenchment, we do not*  
415 *have input, and whatever scores the system allotted is what we take*  
416 *without knowing how it is derived, often time, those who are doing very*  
417 *well are appraised as low performers and are being sack based on such*  
418 *unjustly manipulated result.(Rel. Manager/Female/UBA)*  
419

420 For the NGB, the performance appraisal system was perceived to be subjective. This is so  
421 because performance appraisal focuses more on targets as indices for measuring the performance of  
422 employees without considering other non-financial contribution of employees. This falls in line with r  
423 [21] and [20] observations that the selection of employees to be retrenched in banks usually focuses  
424 more on employees' assigned financial unrealistic targets efficiency than human effectiveness goals.

425 This assertion is further buttressed by IDI response that;

426 *Performance appraisal method is highly subjective; it has never been fair*  
427 *and has never been objective. Our management in most cases*  
428 *programmed the outcome in the way that will benefit them in order to target*  
429 *those they want to yank off the system, for example we are made to sign*  
430 *performance charter, and give undated resignation letter to the*  
431 *management. Some of the employees having strong linkages with*  
432 *influential personalities are always favoured during the appraisal period.*  
433 *Unfortunately most of us especially the marketers are strictly appraised*  
434 *based on the unrealistic high targets and those who fall short of meeting*  
435 *the target are forced out of the system (IDI/Male/BM/ECOBANK)*  
436

437 These responses show that banks have laid down procedure of appraising their workers, but the  
438 management subjectively manipulated the exercise as a tool for justifying their retrenchment mission.  
439 This is corroborated by [10] observations that the management of banks have skewed performance  
440 appraisal practices to justify their rationalization policy to the extent that performance appraisal is used  
441 as a tool for sacking workers unjustly.

442

### 443 **Discussion of the Findings**

444 The ways and manners retrenchment have been organized in some banks are highly unfair,  
445 subjective and not transparent, and this has resulted to unfair treatment of the employees during and  
446 after retrenchment exercise. It is evidenced in the recently ongoing post consolidation programme,  
447 that the Management of NGBs and some OGBs adopted reactive retrenchment approach and  
448 arbitrarily retrenching huge number of employees without prior notice. Both Access Bank, Ecobank  
449 among the NGB and even UBA Plc. in the OGB were the main actors. In their last retrenchment, all  
450 the affected workers were retrenched suddenly without appropriately served with notice of  
451 termination; they only knew their fate when their "sign on profiles" could no longer access the bank's  
452 software because their personal data or profile were earlier deleted without their knowledge. This  
453 indicates the alarming rate of which the procedural justice had been jeopardized by banks. Procedural  
454 justice according [17] required that fair approach be applied in retrenchment and that employers  
455 should be fair in the treatment of employees during retrenchment, yet these banks relegated the  
456 employees to the background and often time flouted the procedures without recourse to the labour  
457 law. The labour law declares that whatever the reasons for the organization's need to declare  
458 retrenchment process, it must be done in objective and transparent ways, [18].

459 Aside being not served with notice, retrenchment process and implementations were solely  
460 dictated by the executive management in conjunction with the external consultants without involving  
461 or consulting the trade union or employees' representatives as found in the NGB. Invariably, the  
462 employers being capitalists totally neglected the employees during the retrenchment process, as  
463 there was no empathetic communication with both victims and survivors concerning the exercise. In  
464 this aspect, the banks had extremely ignored the interactional justice [15] which suggests fair  
465 interpersonal treatment of employees during retrenchment by involving them in consultation process,  
466 and also communicating adequately with employees on retrenchment issues before implementation.  
467 Furthermore, non-payment, or inadequate settlement of severance pay to affected employees had  
468 being the main conflicting issue in these banks. Most often, the severance allowances were not paid,  
469 sometime grossly underpaid having being delayed for a long time. A very clear case was that of

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470 ECObank victims in June 2011, that protested against the unfair manner of which they were  
471 retrenched and non-payment of their severance benefits by the bank. Interestingly this case later  
472 attracted the attention of National Union of Banks, Insurance and Financial Institution Employees  
473 (NUBIFIE) who fought against this unjustly act to ensure the victims were finally paid on 2nd August,  
474 2013, [19]. Despite that the victims were paid, their allowances were still not settled in full. This shows  
475 total disregard for distributive justice, which emphasizes fairness in treatment of employees by fair  
476 allocation of resources to victims and survivors,[17].

477 On the criteria, under the employment act, an organization has five legal standards by which  
478 retrenchment may be judged or decided. This include misconduct by employee, incapability,  
479 redundancy, illegality (breaking the law by recruiting person that does not have right to work), and  
480 retirement – either voluntary or normal based on required retirement age. Findings of the study  
481 showed that both NGB and OGB used a combination of retrenchment criteria such as seniority-first in  
482 first out, last in first out, incapability, misconduct, voluntary retirement to determine employee to be  
483 retrenched; but most banks rarely used or declared redundancy as a means of retrenchment  
484 because banks are avoiding cost of paying redundancy benefits as mandated by the law or as it may  
485 be compulsorily declared by Minister of Labour on case by case basis as provided in sub section 2 of  
486 the Labour act. In that respect, most banks had hidden in the guise of performance appraisal systems  
487 as the most popularly used criterion for the assessment of employee's individual periodic productivity,  
488 [7]. All the banks had well-regulated means of appraising their employees' performance, but as  
489 relevant as the method is, the outcome was not devoid from management manipulations and  
490 subjectivity. The study revealed the NGBs and even OGBs, tactical used appraisal systems to  
491 massively sack employees in the pretense of poor and unsatisfactory performance. This, they  
492 achieved by setting high unrealistic targets to the employees especially those in marketing units and  
493 even across all departments, and those who could not meet the required targets were retrenched.  
494 However, there are some staffers who are retained even when they could not achieve the targets  
495 because they probably have influential persons within or outside the system who shield such  
496 employees in order to protect their job. Even some of the banks' management go extra miles by  
497 preparing "performance charter", i.e. performance commitment document allotting high percentage of  
498 deposit and income targets with other performance indices to be achieved by the employees. As a  
499 follow up, the management firmly executed this commitment by compelling the permanent employees  
500 to assent and sign off the document. To facilitate the process, the undated resignation letters would  
501 be tendered alongside with the charter, and this made it simple and even illegally legitimate for the  
502 Management to implement the agreement at their will, and treating such as if the employees  
503 voluntarily resign on their own. This crude and subjective method of retrenchment in banks was  
504 strategically designed to circumvent the law, and unjustly retrenched employees in order to achieve  
505 banks' rationalization needs, [20]. Most times, the criteria were not usually clear and fair since the  
506 good hands were adjudged as non-performers after the appraisal result and were laid off as well.  
507 These tactics show the height of injustice meted to the bank workers by their employers who  
508 practiced predatory capitalism, practices that totally negated organizational justice which pronounced  
509 application of fairness and legitimacy in the treatment of workers during retrenchment. Despite this,

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510 FBN was shown to be one bank in the OGB that has so far been adopting fair and objective criteria in  
511 retrenching workers. More so, their appraisal system was viewed to be transparent, though the bank  
512 sets targets too for their employees; those who could not meet the targets were usually given second  
513 chance and supports from the supervisors by transferring them to other units of their interests or  
514 competence. Performance appraisal in this perspective was not just served as yard stick for  
515 retrenchment, as in the case of NGBs and other OGB, but a means to objectively measure periodic  
516 performances standards and equally correct the deviations aiming at improving employees' quality.  
517 To a great extent, among the selected banks, there is high degree of procedural injustice, lack of  
518 transparency, and subjectivity in the retrenchment approach, and criteria used in selecting bank  
519 workers to be retrenched, in NGB, and UBA Plc, hence the remaining employees after retrenchment  
520 exercise constantly felt they have been unjustly treated by these banks.

521

#### 522 **4.0 CONCLUSION**

523 This study explored the retrenchment approach and criteria used in determining employees to  
524 be retrenched in some selected new and old generation banks, and the extent of fairness applied by  
525 the executive management in treating employees during and after retrenchment exercise. This  
526 research has been able to establish that new generation banks and some old generation banks  
527 adopted reactionary retrenchment approach and as such massively disengage their employees in an  
528 arbitrary manner without following the procedural rules. It is affirmed that Nigeria is one of countries  
529 where the procedural rules are circumvented with impunity by bank employers. Other than FBN, there  
530 are usually no fair, clear and transparent criteria used in selecting the employees to be retrenched.  
531 The study therefore concludes that during retrenchment exercise, the employees are unfairly treated;  
532 therefore, the surviving employees that remain after retrenchment develop persistent feelings of  
533 injustice meted on them by the Management. **Therefore, labour regulatory agencies should be firm in  
534 ensuring that procedural rules during retrenchment exercise in the banking sector are followed. It is  
535 recommended that the top management of both the Old Generation banks (OGB) and the New  
536 Generation banks (NGBs) should apply fairness during retrenchment and treat survivors in a fairly  
537 manner.**

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