



## A Needle in a Haystack: Relationship between Procedural Justice and Turnover Intention of Bank Workers in Nigeria

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**Abstract.** The recent global pandemic has caused a lot of unprecedented changes in work-life and organisational policies. The banking industry was one of the hardest hit, with several employees laid off and some branches closing. The survivors' work lives and well-being matter to the overall effectiveness of the banking industry and the growth of the Nigerian economy. The researchers examine how procedural justice and turnover intention are related among bank workers. A total of one hundred and sixty-two staff members of First City Monumental Bank constituted the sample size for the study. A battery of standardised questionnaires was used for the survey. The two generated hypotheses showed that procedural justice and demographic variables are significantly, independently, and jointly influenced turnover intention among bankers in Nigeria. It was also found that procedural justice had a positive significant relationship with turnover intention among bank workers in Nigerian bank. It was suggested that the fairer the workers perceived the downsizing process, the better their reasoning with their management in coasting along with the downsizing process. Such positive feelings would lower turnover intention and jerk up the profit matrix of the banks.

**Keywords:** Bankers, Procedural Justice, Sex, Turnover Intention.

### 1. Introduction

As a result of the global pandemic that crippled social and economic activities, every sphere of human endeavour suffered significantly. Private establishments have little or no choice but to downsize to meet the economic reality that has

confounded the world. The developing countries of the world are the worst hit. Aside from the general high death rates, there has never been a time in Nigeria's history when the exchange rate has gone this high. There is a clear economic meltdown and the value of money has been reduced drastically.

Within a spate of two years (from 2019 to 2020), the total number of bank workers was reduced from 51,350 to 47,596 with United Bank of Africa, First Bank Plc, and First City Monumental Bank leading the banks that laid off significant portions of their staff in order to break even and still remain in business (Bank Financial, 2021). As is typical of such processes, such a scaled-down exercise has resulted in social, economic, and, most importantly, psychological consequences for bank employees. This may have taken a toll on their job functions, job involvement (Ogunyemi, Fasanmi & Adesoye, 2020), work attitude (Ogunyemi, Fasanmi, & Okunnu, 2018; Fasanmi, 2018), turnover intention (Fasanmi, 2018), and organisational citizenship behaviour (Fasanmi, 2018), depending on their social characteristics such as gender, job status, marital status, and religion (Fasanmi & Awosusi, 2016; Fasanmi, 2016).

It leaves no one in doubt that bank workers whose organisations have downsized become victims of fear of being sacked, anxiety of involuntary layoffs, retrenchments, early retirement, or even closure of branches, as experienced by most Nigerian banks during the bank consolidation exercises in 2013 (Fasanmi, 2014; Fasanmi, 2018, Gandolfi, 2007). No doubt, downsizing process brings a mammoth of survivors and a rise in voluntary turnover among such class of people is usually a dysfunctional adventure to an organization. Thus, managerial

understanding of survivors' reactions and turnover propensity are vital to minimising the damaging costs of downsizing. This is the crux of this research.

Turnover intention can be defined as an employee's perceived willingness to quit his or her job position whenever there are job opportunities or job alternatives (Fasanmi, 2018). When an employee is battling turnover, it is almost certain that he or she does not give his or her all to the organisation. However, such a disposition is usually detrimental to efficiency and productivity. Profit maximisation thus suffers significantly. However, it is easier for employers to rapidly identify their employees' intentions to quit and take preventive efforts to prevent them from quitting. Therefore, this study focused on their intention to quit rather than actual turnover behaviour.

The concept of procedural justice has its roots in the legal system. For a trial's results to be fair, the technique used must be fair (for example, laws relating to testimonies). The concept is also often used in the workplace. It has to do with perceived fairness in corporate decision-making. Procedural justice investigates how much weight people place on how choices are made. People in organisations are concerned about making fair decisions, and they also want others to believe their decisions are fair. The emphasis in procedural justice is on the process/way in which the judgement was reached, rather than the outcome of the decision (the extent of sharing in the decision, transparency, bias, attention, understanding). The subjective aspects (how a given procedure is perceived) and the objective aspects (how a specific method is carried out) make up procedural justice (the way in which a specific procedure is carried out *de facto*). Procedural justice bothers on the perception of fairness as well as the manner in which choices regarding resource allocation are made (Leventhal, 1980; Folgar & Corpanzano, 1998).

Based on the foregoing, it would matter in no small measure how the process of downsizing is spelt out to workers, how such a sensitive exercise is carried out, and how the workers who survive the process feel after the exercise was over. The social exchange theory (Blau, 1964), which argues that continuing participation is one of the ways that people use to repay the favourable benefits and treatment from their organisation, the present research thus hypothesised the influence of procedural justice on turnover intent among survivors in Nigeria bank.

Whenever the issue of voluntary turnover is at the front burner in Nigeria, bankers are usually the worse hit. The banking industry seems to be too fragile that it bows to the dictates of the pull and push forces of the economy. The banks' immediate survival strategy is usually to retrench their staff, thus making the survivors in the sector very high-turnover. If the turnover is predicated on poor performance, it is a win for the organisation. However, there is umpteenth literature that documents the consequences that come with the turnover intention of workers. Workers turnover tend to affect service quality and job productivity; it reduces the strength in a work team, and lowers workers innovation and efficiency (Wagner, 2010, Fasanmi, 2014, Fasanmi 2018).

It is thus no surprise that this area of study has attracted so much interest from researchers in the field of organisational behaviour. Such researchers are poised to alleviate the psychological consequences that accompany turnover intentions, thereby providing a psychological cushion to the employees and employers, and improving the economic matrix of the organisation. This present study added methodical advancement by factoring in the extraneous variables in the hierarchical regression equation to clearly know the variance of the exogenous variable of procedural justice on the endogenous variable of turnover intention. Thus, the researcher therefore answered the call for more empirical research on bank employees by investigating the influence of procedural justice on turnover intent among survivors in consolidated banks.

## 2. Literature Review

### 2.1 Social Exchange Theory and Turnover Intent

Employees' intention to remain and be committed to an organisation can be explained within the context of social exchange theory. The theory was introduced by Blau (1964). According to Wat & Shaffer (2005), social exchange theory is originally an economic model of human behavior, in which all interactions among organisational members or between individuals and the organisation are depicted as exchanges, and individuals seek to maximise benefits and minimise losses through exchanges. The theory suggests that the relationship of the staff and their managers in an organisation is like an informal exchange based on a mental contract. When the organisations meet the expectations of their staff, the employees try to fulfill organisational goals in return. Every employee expects to be treated fairly by the

employer. In that case, he/she tries to compensate by more job involvement and higher performance as a return (Saks, 2006).

The notion of reciprocity according to Gouldner, (1960) implies that employees and their organisation are interdependent. Their combined efforts lead to ultimate outcomes. Gergen (1969) pointed out if one party supplies a benefit, the other receiving party should respond in kind. Therefore, if an organisation wishes to have committed employees, the organisation itself should make the commitment to its employees as well.

Blau (1964) placed exchanges on a continuum from economic to social. In addition to concerns about self-interest, equity, and personal control in organisational processes and decisions, people also exchange economic and social-emotional outcomes and benefits with other organisational members, sub-groups and the organisation as a whole through fulfilling their roles and responsibilities. Blau (1960) thus characterised economic exchange relationships of short-term and social exchange relationship as long-term. The quality and the maintenance of the exchange relationships depend on fair treatment for each of the entities involved. When the exchanges are regarded as fair over time, the perception of organisational justice will prevail among organisational members and the coherence of the organisation will be enhanced.

Contemporary social exchange researchers view social exchanges as a type of relationship between the involved parties (Organ, 1988, 1990; Shore, Tetrick, Lynch, & Barksdale, 2000). The social exchange relationship is based on reciprocity. That is, each party fulfills the clearly delineated responsibilities to repay the rewards or outcomes they receive from other social entities in the organisation (Cook & Emerson, 1987).

According to this theory, a banker enters into a psychological contract immediately he/she was given his/her appointment letter. The psychological contract is the unwritten aspect of the job that bothers on the expectations of both the banker and the bank. It is to be noted that the economic exchanges in form of salaries and other severance packages are short time in nature. The social exchange relationships which are mostly behavioural in nature and cover the unwritten aspect of the job are long term in nature.

Since exchanges are on a continuum from economic to social, banks would do well to look beyond the economic exchanges and concentrate on social

exchanges. The quality and the maintenance of the exchange relationships depend on fair treatment for each of the entities involved. In a consolidated bank, when the exchanges between the survivors and the managers are regarded as fair over time, the perception of organisational justice will prevail among organisational members, the coherence of the organisation will be enhanced and turnover intent will be low while organisational citizenship behaviour will be high (Fasanmi, 2014)

The exchanges in the level of commitment, procedural justice and psychological empowerment between the survivors and management in a consolidated bank must transcend beyond minimum, if performance is the ultimate target from the bank. Performance in this situation could be a product of workers showing very passionate organisational citizenship behaviour with their turnover intent at a nadir.

It is proposed that an individual's relationship with the organisation is based on the social exchange framework, which will continue until unfairness is evidenced, at which point the individual will reinterpret the relationship as fundamentally economic rather than social (Organ, 1990).

## 2.2 Procedural Justice and Turnover Intent

Samad (2006) noted that procedural justice would result in stronger attachment to the organisation, particularly for those who experience being respected by the organisation. Loi, Hang -Yue., & Foley (2006) proved that there is a strong positive relationship between procedural justice and effective commitment and this is significantly related to turnover intentions.

Ponnu and Chuah (2010) perceived that procedural justice was negatively related to turnover. Hassan (2002) found that procedural justice was an important predictor of organisational commitment and trust in the evaluation of an organisation and its representatives by an employee. Voluntary turnover of employees is costly to an organisation because of the time and money invested in those employees and the time and money that would have to be invested to replace those who leave (Spreitzer & Mishra, 2002).

Tsai, (2012) rightly observed that previous research has done little regarding the direct impact of organisational justice on employees' turnover intention. Based on the social exchange theory (Blau, 1964), which argues that continuing participation is one of the ways that people use to repay the favorable benefits and treatment from their organisation, the

present research thus hypothesised the influence of procedural justice on turnover intent among survivors in Nigeria bank.

### 3. Research Methodology

#### 3.1 Research Design

The research is an ex-post facto design. The research population included all staff members of First City Monumental Bank Plc. The population consists about two thousand eight hundred (2,800) employees working for the First City Monumental Bank Plc within seven divisions, which consisted of, FCMB Capital Markets Limited; FCMB (UK) Limited; CSL Stockbrokers Limited; CSL Registrars Limited; Legacy Pension Fund Administrators (PFA); Credit Direct Limited, and Credit Direct Limited (CDL).

#### 3.2 Participants

One hundred and sixty-two (162) participants randomly selected from various branches of First City Monumental Bank Plc across the thirty six States in Nigeria and Federal Capital Territory participated in the study. 52.0% (84) were male while 48.0% (78) were female. Participants who had less than one year work experience with FCMB were not sampled for the study.

#### 3.3 Sampling Techniques

A multi-stage sampling technique deployed for the study. The researcher opted for a purposive sampling technique in selecting First City Monumental Bank Plc out of 18 banks in Nigeria. The prior research experience of the researcher in related studies on procedural justice, turnover intention, and related work attitude variables (Fasanmi, 2014, Fasanmi, 2016; Fasanmi, 2018) gave an insight into the peculiarity of the management of the First City Monumental Bank Plc in innudating their staff in the downsizing process attracted the interest of the researcher. It was an online survey. 325 employees responded to the survey and all even numbers were selected for the study.

#### 3.4 Research Instruments

A questionnaire comprising three sections (Section A-C) was used for the study in gathering the needed information. Section A has the biographic characteristics of the participants, section B had the Procedural Justice Scale (PJS), while section C had Turnover Intent Scale (TIS) scale. The 9-item procedural justice scale rated on a 1 (strongly

disagree) to 5 (strongly agree) scale and designed by Tyler (2006) was used. A reliability coefficient of 0.67 was reported for the scale by the Tyler. However, the author got a new reliability coefficient of 0.63. Fasanmi, (2014) earlier reported a reliability coefficient of 0,41 for the instrument. A 3-item Turnover Intention Scale (TIS) developed by Camman, Fischman, Jenkins and Klesh (1983) was used for the study. They reported a Cronbach alpha of .78. A new reliability coefficient alpha of 0.63 is reported. Fasanmi (2014) had earlier reported a reliability coefficient of 0.52 for the scale.

#### 3.5 Procedure for Data Collection

The researcher sought for permission from the management of the Fsamed bank. All ethical procedures were carefully followed and the informed consent of the particiapnt was taken with uptomst priority. The respondents were also given assurance of the confidentiality of their information.

#### 3.6 Method of Statistical Analysis

Hypotheses were tested using stepwise regression analysis was used to test the second hypotheses. However, Pearson Product Moment Correlation was used to know the relationship among the variables.

### 4. Results

Two hypotheses were generated in line with the objectives of this study. Hypothesis one stated that academic qualification work experience, sex, age, banking job experience and procedural justice will significantly, independently and jointly influence turnover intent among bank survivors. However, academic qualification had no significant independent prediction on turnover intent and thus was excluded naturally by the regression processes. Summary of analysis of this hypothesis is shown in Table I.

Table 1 showed that hierarchical regression analyses were performed with stepwise (forward criterion) inclusion of predictor variables. The demographic variables of sex, age, academic qualification, work experience and banking job experience, were used as control variables, followed by the predictor variable. The proportion of variance explained by job work experience in equation I ( $\beta = .404$ ,  $P < .01$ ) is 16% ( $P < .01$ ). In equation II, the introduction of sex ( $\beta = -.164$ ,  $P < .05$ ) accounted for an increase in variance by  $R^2 - \text{change} = .24$  ( $P < .01$ ). The negative value of the beta weight implies that the male (coded 1) are higher on their intention to leave the organisation than their female counterparts (coded 2). In equation

III, the introduction of age ( $\beta = -.186, P < .05$ ) accounted for an increase in variance by  $R^2$  – change = .16 ( $P < .01$ ). In equation 4, the addition of banking experience ( $\beta = .409, P < .01$ ) increased the variance explained by small portion of  $R^2$  – change = .03, ( $P < .01$ ). In equation 5, the addition of procedural justice ( $\beta = -.149, P < .01$ ) increased the variance explained the  $R^2$  – change = .20, ( $P < .01$ ). The negative value of the beta weight implies that the lower the perceived procedural justice among bankers, the more their intention to leave the organisation. Thus,

hypothesis one which states that work experience, sex, age, banking job experience and procedural justice will significantly, independently and jointly influence turnover intent among bank survivors is confirmed. Hypothesis two revealed that there is a significant negative relationship between procedural justice and turnover intent among bankers ( $\beta = -.149, P < .01$ ). Thus, hypothesis two which stated that there will be a significant negative relationship between procedural justice and turnover intent among bankers is confirmed.

**Table 1:** Beta Value,  $R^2$  and F Ratios for Independent Variables predicting turnover intent among bankers

Variables	Equation I	Equation II	Equation III	Equation IV	Equation V
Work experience	0.404	.363	.487	.486	.450
Sex		-.164	-.195	-.538	-.495
Age			-.186	.115	-.061
Banking experience				.409	.393
Procedural justice					-.149
$R^2$	.163	.187	.203	.206	.226
F	172.729**	102.685**	75.906**	58.273**	52.703**

**5. Discussion and Conclusion**

Hypothesis one revealed that age, sex, banking experience, work experience, and procedural justice had significant independent predictions on turnover intent among bankers in Nigeria. This is in line with the findings of Laschinger (2011) and Fasanmi & Awosusi (2016), who assert that older employees have higher turnover intentions than younger employees, stating that new graduate nurses in their first and second years of practise were positive about their working conditions and had no turnover intention, unlike older employees. In line with the findings of this study, researchers and writers examining age differences have noted a variety of younger employees' characteristics. Compared to older employees, younger employees are said to be more collaborative or accustomed to working in teams, better educated, less hierarchical, more entrepreneurial, more technologically skilled, and likely to move more from one job to another (Burke, 1994; Fasanmi, 2017), and mostly under thirty-five years old (McShane & VonGlinow, 2000).

It was also found out that working experience had a significant independent prediction on turnover intent. This agrees with the findings of Medina (2012), who in a related study found that a person who has spent four years on their current job will be more likely to increase arithmetically in their level of turnover intention compared to someone who has spent five years at their current job. She opined that any additional year a person spends with their employer likely corresponds with increased income, better

retirement benefits, more specialised institutional knowledge and skillset, and greater social status.

Hypothesis two revealed that there was a significant negative relationship between procedural justice turnover intent among bankers ( $\beta = -.149, P < .01$ ) Results revealed that the fairer a procedure is perceived by bankers, the lower their intent to leave the bank. It also implied that if the bankers perceived the downsizing procedure as not fair, their intent to leave would be high. Based on the findings of this study, the justice perceptions can be viewed from Adams' (1965) equity theory and Blau's (1964) social exchange theory. Both theories explain how individuals assess fairness by comparing their input-outcome ratios relative to that of comparable others. As a result of this comparison, they feel obligated to repay favourable benefits or treatment offered by their organisations. Fasanmi (2014) in a related study also found out that a high level of procedural justice may cause individuals to perceive their jobs as more enriched, which in turn may reduce their turnover intentions. Samad (2006) noted that procedural justice would result in stronger attachment to the organisation, particularly for those who experience being respected by the organisation. Fasanmi and Awosusi (2016) point out that there is a strong positive relationship between procedural justice and effective commitment, and this is significantly related to turnover intentions.

Management must ensure absolute fairness in the downsizing procedures. This study has shown that procedural justice influenced turnover intent among bankers. If the workers perceive the downsizing

process to be fair, they tend to think along with the management, support the management, and coast along with the process rather than increasing their turnover intent, which will eventually drastically reduce the profitability matrix which the banks desire so desperately.

Since turnover intention has been strongly associated with actual turnover, this could lead to a shortage of good hands in the banking industry in the future. Esop, (2012) observed that as a result, negative effects on the banks in terms of increased workload for the remaining staff members, disruption of work flows, and replacement costs associated with recruitment and training are likely to occur. Other flow-on effects would include ill-health for the workers, which can be costly for the individual and the organisation in terms of medical costs and a drop in performance due to sick leave. The general implication is that banking ethics could be compromised, resulting in customer dissatisfaction, which in turn might affect the bank's profit index.

In light of these arguments, it is incumbent on the bank to understand the causes of employee turnover, because it is known to have a direct link with organisational success. Nigeria banks should understand the turnover process and consider factors that lead to turnover intention and turnover.

This research has some limitations. Firstly, the use of one bank across the length and breadth of Nigeria might have sounded good, but the uniformity in the culture of the bank is a major challenge to the generalisation of the results of this study. Organisational culture varies across Nigeria's banks; policies also differ. Thus, the downsizing which cuts across Nigeria's banks has different shades as a result of cultural diversity. Thus, the process emits different behavioural responses. Thus, generalisation of the findings of this study among bankers is difficult.

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