

The Effect of Wrongful Dismissal on Organisational Performance

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Abstract

This study examined the effect of wrongful dismissal on organizational performance. Dismissed employees institute court action against employer when dismissal fails to follow laid down procedure in contract arrangement. There must be grounds for dismissal and dismissal must be fair otherwise the employee will seek retribution in court. Dismissal without laid down procedure has costed industries in Nigeria huge sum of money in financing litigations. Litigations has negative impact on the financial status and performance of organizations. This study adopted a survey research design. It involves collection of data from respondents through questionnaire to test hypotheses. Multiple regression technique was used to test hypotheses. The research findings show that a significant and negative relationship lies between the independent variables, instituting court action, stress in initiating dismissal, financial losses from litigation, cost of training replacements and dependent variable organizational performance. All the independent variables have no statistically significant t-ratio and have negative relationship with organizational performance. The result is consistent with the literature. The study recommended that there should be compliance to contract arrangement stated by the employer when effecting dismissal, otherwise the dismissal will be deemed unfair and employee will seek retribution in court. And that decision to dismiss should be reviewed by the person responsible for appraising employee, next higher authority and a human resource manager before any action is taken.

Keywords: Employee Dismissal, Court Action, Litigation, Contract Arrangement, Dismissal Procedure, Organizational Performance.