

Impact of Employees Layoff on the Job Security in the Oil and Gas Sectors in the Sultanate of Oman

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Abstract

Oil and gas industries often face significant competition on a worldwide scale and is now undergoing fast and widespread environmental alignment. The worldwide downturn in the oil and gas industry has had a remarkable effect on the Middle East market, and the layoff rate in the oil and gas industry has enhanced significantly. This scenario may have an effect on employee satisfaction and loyalty in the relevant oil and gas industry. Employee loyalty is critical to the growth of the firm's productivity and quality. Employees' primary worry is job security. The concept of security is critical for the employee's serenity in their future profession and for the decrease of all worry forms connected with that future. This lack of work stability and anxiety eventually leads employees to seek ways to escape those feelings and their severe physical and psychological health consequences. The main objective of this paper is to evaluate the impact of employee layoffs on loyalty and job security in the oil and gas industry. It has been found that the majority of responders from the oil and gas industries in the Sultanate of Oman supported the company's employee layoffs and job security. Additionally, according to Pearson correlations coefficient and multiple Regression analysis, a noticeable positive connection can be found within employee layoffs and job security in the oil and gas sector in the Sultanate of Oman.

Keywords: Employee layoff, Job security, Oil and gas sectors, Sultanate of Oman, Questionnaire, Statistics.

1. Introduction

The oil and gas sector has been considered as an industry facing high rivalry barriers globally and is presently facing rapid and mass alignment of environment. The development of the oil and gas sector depends on the talented employees and quality of professional engineers (Lee, 2012). Mehta et al. (2010) stated that loyalty could be considered to exhibit itself and involve behaviors that show the belief and emotional component that enhance its growth. The Dow Jones Sustainability Index (2012) mentioned that the oil and gas sector could be hazardous and ecologically unfriendly, creating low loyalty and satisfaction among employees. Meanwhile, Gilbert and Veloutsou (2006) asserted that an employee's behaviors and actions might shape the customer's impression of a business. Organizations spend significant sums of money to earn consumer loyalty but consistently overlook the important viewpoint of motivating employees to achieve their non-financial and financial goals. Employees play a critical role in winning the minds and hearts of consumers in today's competitive environment.

According to Loyalty Research Centre (2002), employee loyalty is regarded when employees trust that they have no regrets for performing in the firm and regard it as the best option. In several firm's employees are considered as an essential asset because they indicate essential investments. The advantages obtained from a firm in wages, special benefits, and bonuses would eventually force employees to be loyal and work hard for the firm. Vince (2005) mentioned that employees must perceive the needs of employees as it could develop loyalty of employees towards the firm. Indirectly or directly, the reward system of employees is essential as it motivates them to take personal liability to accomplish the goals and mission set by the firm. A non-monetary reward involves extra time off, appreciation certificates, or gifts of employees to develop their loyalty sense and evoke a satisfaction sense for performing hard within the firm.

According to Appelbaum and Patton (2002), surviving workers' motivation has become a significant problem, and measures must be made to guarantee that those who remain thrive. Along with staff cutbacks, a work redesign is required to alter the firm's procedures and ensure that workers are not overburdened with work. It is critical to establish an environment in which workers believe they do have good career.

Newell and Dopson (1996) mentioned that the layoff process complexity compounded the losses due to reduced employee morale, lost productivity, and loyalty. For instance, the issues that evolve during the initial planning

stages outcome in employees investing a substantial amount of time worrying and gossiping about what may happen if layoffs occur in their firm. Communication is important in any firm because this could influence the trust and loyalty where employees have towards the firm. Several employees believe there will be no career chances since the firm has become little, leaving them no place to develop. Gibson et al. (2009) mentioned that management officials trust that layoff reduces employees' loyalty to the firm. A firm is left with the concern to reconstruct the business after the process of downsizing has occurred.

Cheng (2004) stated that a job security sense usually assists employees to be retained in the firm and develops the skills and knowledge to perform better in the firm. Smith (2010) mentioned that employees are always concerned with their status of the economy. Its determinant would be perspectives such as compensation and benefits, job security, and their capability to manage the crisis in the economy. Mellquist and Femermo (2007) stated that the rise in the cost of oil contributes to a rise in production cost, which influences the number of employees. Industries rely on oil, and the rise in oil costs will significantly impact employee loyalty. Employee relies on people consumption or aggregate demand. A decrease in demand contributes to greater unemployment which leads to job insecurity. Ndlovu and Parumasur (2005) stated that several employees would develop job hierarchy and security of their personal development to describe their loyalty to accomplish the mission and goals of the organization. Thus, it can be inferred that job security will positively influence the loyalty and performance of employees if the firm focuses properly on preparing a strong plan for their employees within their firm. When layoffs arise, the loss of jobs is often painful for many individuals.

The global reduction in the oil and gas sector has an essential effect on the Middle East Market, and the layoff rate in the oil and gas sector has developed widely. The loyalty of employees can play an essential part in developing the productivity and quality of the firm. Job security is a major concern in employee lives. This lack of job security and fear inevitably lead employees to escape from negative impacts on their physical and psychological health. Such impacts will negatively affect the abilities of employees to deliver and/or to produce service acceptably. This research aims to evaluate the influence of the employee layoff on job security and loyalty. Moreover, the paper also evaluated the relationship of employees' loyalty to job security within the oil and gas sector.

2. Methodology

SPSS (Statistics Programme for Social Study) has been selected to provide analysis solutions for the questions of this research. SPSS model version_23 was utilized to evaluate the questionnaire data. The number of respondents of the questionnaire has been determined by dividing obtained answers by the set of questionnaires issued, where the latter is a total that eliminates unreachable contact information and other similar factors. The number of respondents of the questionnaire has been determined by dividing received answers by the total number of questionnaires issued, the last one of which is a total that eliminates unreachable contact information and other similar factors. Questionnaires were distributed to 500 people, whereas 76% of them responded. Furthermore, among them some people could not properly respond to the questionnaires. Hence, 346 of them were useable.

3. Questionnaires

3.1 Job Security (JS)

Questionnaires related to job security are given below:

JS1. Lose the job and get demoted within the company

JS2. Permanently lose the work and get fired off

JS3. Possibility of advancement within the company

JS4. Actual access to organizational resources (information, materials, and people)

JS5. Employees within the company have the ability to avoid unfortunate incidents from impacting their work environment

JS6. Employees have a sufficient understanding of the company to exert influence over issues affecting them

3.2 Employee Layoff (EL)

Questionnaires related to employee layoff are given below:

EL1. Employees were adequately informed about the layoff procedure both while and after it occurred

EL2. Perceived managerial help in the event of workplace layoffs

EL3. After the evolution process, employees lose their commitment to the organization's objectives

EL4. Career development prospects are excellent at this organization

EL5. Employees believe that management has undertaken all possible steps to ensure that they understand precisely what is required of them in light of their developments

EL6. Within the company, a lack of knowledge regarding business strategy has caused a trust gap between management and staff

4. Results and Discussion

Demographic statistics based on age, gender, organization position, education, and job tenure have been represented in Table 1.

Table 1 - Demographics Statistics

	Age	Gender	Organization Position	Education	JobTenure
N Valid	346	346	346	346	346
Mean	3.0145	1.2919	2.9827	2.9942	2.0376
Median	3	1	3	3	1
Mode	3	1	3	3	1
Standard Deviation	.98235	.45530	1.02136	.97206	1.25399
Variance	.965	.207	1.043	.945	1.572
Kurtosis	-.556	-1.161	-.534	-.431	-.970
Standard Error of Kurtosis	.259	.259	.259	.259	.259
Skewness	.451	.919	.330	.507	.736
Standard Error of Skewness	.131	.131	.131	.131	.131
Maximum	5	2	5	5	5
Minimum	1	1	1	1	1

4.1 Frequencies of Employee layoff

To evaluate the employee layoff (independent variable) in the organization, six different questions were considered to respond to the respondent. The response from the survey was summarized in Figure 1. The results from Figure 1 demonstrated that most of the respondents support the questions and provide a positive response. The highest number of respondents were strongly agreed that employees were adequately informed about the layoff process both after and during it occurred. Meanwhile, the highest number of respondents were not sure that the perceived assistance from management if layoffs will occur in the workplace. The organization had made every effort to assist employees in acknowledging precisely what was required of them following change efforts. The inadequate knowledge about the strategy formulation process had produced a trust gap between managers and employees. Moreover, after the transformation process and whenever professional development prospects were strong, most respondents felt that workers were no longer dedicated to the organizational strategy. The response of disagreed and strongly disagreed was lowest from the respondents on the employee layoff. Therefore, the findings reported that the employees positively support the employee layoff system of the company.

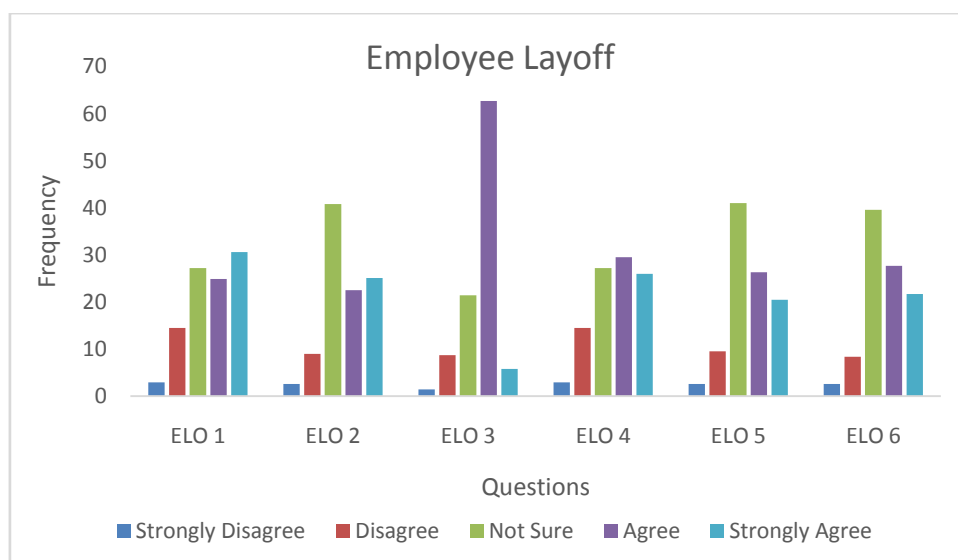


Figure 1 - Employee layoff according to response from the respondent

Table 2 represents the statistic of the employee layoff responses from the respondents. The statistics referred that for all the questions of employee layoff, the net mean was 3.6, the net median was 3.5, the net standard deviation was 1.02, the net Skewness was -0.3765. The error of Skewness was 0.131; net Kurtosis was -0.31, and net standard error of Kurtosis was 0.259. These all of the values represented that the responses from the respondent were positive to support the value.

Table 2 –Statistics of Employee Layoff

	EL 1	EL 2	EL 3	EL 4	EL 5	EL 6
N Valid	346	346	346	346	346	346
Mean	3.6590	3.5867	3.6272	3.6127	3.5260	3.5751
Median	4	3	4	4	3	3
Mode	5	3	4	4	3	3
Standard Deviation	1.14177	1.04104	.78187	1.10611	1.00472	1.00224
Variance	1.304	1.084	.611	1.223	1.009	1.004
Kurtosis	-.874	-.602	1.197	-.754	-.433	-.391
Standard Error of Kurtosis	.259	.259	.259	.259	.259	.259
Skewness	-.361	-.147	-1.068	-.352	-.132	-.199
Standard Error of Skewness	.131	.131	.131	.131	.131	.131
Maximum	5	5	5	5	5	5
Minimum	1	1	1	1	1	1

4.2 Job Security

To evaluate the organization's job security (dependent variable), six different questions were considered to receive responses from the respondent. According to the survey, the highest number of respondents were strongly agreed that the individual might lose the job and be demoted within the company. Meanwhile, an employee within the company may lose his or her job and be laid off entirely. However, an employee may avoid bad events from influencing the work condition and support the organization enough to exert control over those events. Moreover, the highest number of respondents were agreed that the employee has the opportunity to advance within the company and that the employee has easy access to organizational resources (information, materials, people) in the organization. The response of disagreed and strongly disagreed was lowest from the respondents on the job security. Therefore, the findings reported that the employees positively supported the job security system of the company.

Table 3– Statistics of Job Security

	JS 1	JS 2	JS 3	JS 4	JS 5	JS 6
NValid	346	346	346	346	346	346
Mean	3.6821	3.6098	3.6532	3.6040	3.5434	3.6850
Median	4	3	4	4	3	3
Mode	5	3	4	4	3	3
Standard Deviation	1.14592	1.04719	.80646	1.10697	1.00988	1.14277
Variance	1.313	1.097	.650	1.225	1.020	1.467
Kurtosis	-.867	-.616	1.020	-.762	-.450	0.096
Standard Error of Kurtosis	.259	.259	.259	.259	.259	.259
Skewness	-.389	-.187	-.957	-.355	-.161	.067
Standard Error of Skewness	.131	.131	.131	.131	.131	.131
Maximum	5	5	5	5	5	5
Minimum	1	1	1	1	1	1
Range	4	4	4	4	4	4

Table 3 represents the statistic of the job security responses from the respondents. The statistics referred that for all the questions of employee layoff, the net mean was 3.63, the net median was 3.5, the net standard deviation was 1.04, the net Skewness was -0.353.

The error of Skewness was 0.131, net Kurtosis was -0.263, and net standard Error of Kurtosis was 0.259. These all of the values represented that the responses from the respondent were positive to support the value.

4.3 Pearson Correlation between JS and ELO

This analysis is for the question about the possible relationship between Job security and employee layoff. Pearson's r is 0.892 in this case. This value is very near to one. This indicates that two variables have a strong connection. This implies that the values of one variable are highly linked with those in the second. As a result, we may infer that job security and employee layoff have a significant positive connection.

Another way is looking at Sig value. If the Sig (2-Tailed) value is below or equal to .05, we may infer that those two variables have a statistically significant connection. That is, changes in one variable have a statistically significant relationship with changes in the second variable. That is, changes in one variable have a statistically significant relationship with changes in the second variable. So, job security and employee layoff have a strong relationship.

4.4 Multiple Regression

The regression analysis is provided in Table 4. The correlation coefficient in Table 4 is $R = 0.999$, indicating a favorable relationship between the variables. The result of R square is 0.998, indicating that the one independent variable account for 99.8 percent of the variation in the dependent variable.

Table 4– Model Summary^a

Model	R	R Square	Adjusted R Square	Standard Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.999 ^a	.998	.998	.03645	.998	23121.253	8	337	.000

a. Dependent Variable: Job security

5. Conclusions

The study focused on the impact of employee's layoff on the job security in the oil and gas sectors in the sultanate of Oman. The data was collected through online survey method by providing a set of questionnaires to the respondent wherein total 377 respondents were responded. However, the key findings from the study are as follows-

1. Most of the respondents from the oil and gas sectors in sultanate of Oman positively support the employee's layoff of the company.
2. Most of the respondents from the oil and gas sectors in sultanate of Oman positively support the job security of the company.
3. There is a strong positive correlation between employee's layoff and job security in oil and gas industry in sultanate of Oman according to Pearson Correlations Coefficient and Multiple Regression Analysis.

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