

# Review Paper on Downsizing

Sasmita Mohanty,

**Abstract:** *As the downsizing of employees has become increasingly ubiquitous in recent years, the study of this phenomenon has taken on greater importance. The paper explores an integrative structure that combines environmental and organizational contexts, as well as downsizing consequences for individuals and organizations. Core scientific studies are checked, finding important trends and inconsistencies. The incidences of downsizing activities across economies and across organizations have been growing globally. This was seen as the basis on which to deal with increased competition. The present paper is looking into some downsizing studies. The paper focuses mainly on the research methodology used in those studies. This paper analyzes the approaches used for downsizing research and proposes the optimal study methods for: a) organizational outcomes and b) individual outcomes, including victims, survivors, and implementers. The recommendation is to have context-specific and problem specific studies with greater emphasis on the triangulation of qualitative and quantitative methods in order to improve study soundness.*

**Keywords:** *Delaying, Employee downsizing, Layoffs, Redundancy and Triangulation method.*

## I. INTRODUCTION

The 1990s had been a decade of downsizing[1] for economies like the US. Many US companies developed organizational cultures focused on flexibility, uncertainty and temporary work contracts in reaction to the Japanese competition. Therefore, the idea of de-layering and downsizing of the workforce through companies came up at a broad level. Such organizational transformation techniques, which were later introduced in the US, have spread to other economies as a major route to competitive success. Hence, downsizing also became one of the major interventions for organizational change across the economies and organizations.

## II. DOWNSIZING

Downsizing[2] is characterized as a purposeful reduction in the size of the workforce of an organization that categorically states that it refers to permanent, unintentional separation of employees. Downsizing is not something that happens to an individual, but is something that is deliberately done by some members of the organization. The key attributes of downsizing are as follows:

- It is an intentional endeavor
- It usually involves reductions in personnel
- It is focused on improving the efficiency or effectiveness of the organization
- It affects work processes

Sasmita Mohanty, Department of Management, Siksha 'O' Anusandhan (Deemed to be University), Bhubaneswar, [sasmitamohanty@soa.ac.in](mailto:sasmitamohanty@soa.ac.in)

Also sometimes called rightsizing, reorganization, restructuring, de layering and rationalization, downsizing is seen as an important techno structural development organization intervention. Downsizing may include one or several of the following:

- Loss of individual security, owing to layoffs and job losses
- Emergence of new organizational form
- Re-allocation of resources and power
- Increased expectations, responsibilities and workload and need to re-learn and develop new skills among survivors of the exercise
- Redundancy among those who do not get laid off

### **III. METHODOLOGY USED FOR DOWNSIZING**

Different researchers have employed different quantitative and qualitative approaches for downsizing analysis. The methods used by researchers mainly relied on their analytical abilities and the things that they wanted to touch upon in their analysis. For example, Brockner and his collaborators are doing major research work on the impact of downsizing[3] and layoffs on both victims and survivors over individuals. They have employed different methodologies in different studies for this reason. The other approaches used by researchers include case studies, quantitative studies, cross-sectional studies as well as qualitative studies and a mixture of those techniques. Each method has its own merits and de-merits. In the next section, each approach will be addressed separately in the sense of downsizing for different levels of study, such as the company and individual levels.

#### **III.I. Laboratory Experiment**

For research purposes, the laboratory experiment method brings participants into an artificial setting. Researchers have done a laboratory experiment over undergraduate students in their study, where they tested the effects of layoffs on survivors[4]. The research measured the work performance of the participants as a result of whether a co-worker was laid off and the circumstances surrounding the layoff. This method maximizes accuracy in conduct measurement. The trade-offs are however poor generalization and weak background realism. Not all research and contexts reproduce this process. In the last part of their analysis it is also proposed that this type of research should be carried out in a more naturalistic environment where the people are more at risk. That will help to increase the study's external validity.

#### **III.II. Field Study**

The field study examines behavior in their natural environments. Researcher collects primary data. Several researchers conducted a field study in their study to explore the connection between job insecurity associated with a layoff and survivors work effort. This study was conducted throughout the US at a network of small retail stores. Because of the contingent factors, the results of one downsize study in one context that varies from the results in another context. Also this method may be low on population generalizability. Such limitations can be resolved by

allowing other manipulations to these studies. For instance, the study overcomes this limitation to some extent by doing two field studies:

- A cross sectional study consisting of two groups of employees of a single organization
- The same group of the employees before and after the layoff.

This method helped in removing the doubts about the internal validity in the first study by doing the second study.

### **III.III. Survey Method**

The survey system of questionnaires is a strictly quantitative method of analysis. This approach implicitly assumes the same context for the predefined variables through multiple settings and to multiple respondents. Many downsizing studies[5] rely on the tool used for the survey. This approach maximizes representative sampling of the units of the surveyed population. It can be seen from Comte's perspective of positivism. This method maximizes population generalizability but it is low on realism of context and precision of measurement.

### **III.IV. Case Study**

Case study research takes into consideration the context of real life. It considers the wholeness of the situation and is a way to organize data so as to preserve the unitary character of the studied social object. Unlike the survey method, which produces numerical data that is usually statistically significant but often fails in relation to the actual context, case study method has the advantage of applying the results in real life. This method allows an in-depth analysis of different problems. The study conducted two case studies for this, and the findings were drawn on that basis. Data were obtained using primary sources which are one to one interviews, secondary sources such as client document analysis, and focus groups. The case study approach focuses more on depth, rather than breadth. The disadvantages of this method as compared to other methods are as follow:

- It is time consuming
- The interpretation of the data needs high skill level from the researcher
- It is context specific as it defines the issues for a specific point of time.

Therefore, to the researcher, there is no specified rule set or guide. With his own observations the researcher must get his or her hands dirty. The procedure differs according to the particular phenomena being investigated. Furthermore, for the researcher to test it needs a high level of understanding about the phenomenon.

### **III.V. Mixed Methodology**

It is not possible to do an unflawful study. Every chosen method will have its own pros and cons and the use of that method can restrict the conclusions that can be drawn. Therefore the need arises to obtain evidence from the use of a variety of methods. Using a variety of methods to analyze a subject may result in a rigorous and widespread collection of findings or greater external validity. That is known as the mixed research methodology.

This is one of the ways to handle trade-offs in the study and hence the term triangulation was coined. Triangulation[6] may be used for estimation, data gathering, or research technique purposes. Formal theory, sample surveys, laboratory experiments, decision tasks, computer simulations, experimental simulations, field studies, and field experiments were grouped into eight types of study strategies. Every approach has its own pros and cons. What role he or she takes when triangulating depends on the researcher.

#### **IV. SUGGESTED METHODOLOGY**

The previous section discussed some of the downsizing studies done. The techniques used for these experiments by the researchers have been analyzed. It is seen that no single method is capable of simultaneously giving the analysis the comprehensiveness and concreteness. The study's purpose should be the guiding force behind choosing the study's proper methodology. The downsizing process has multiple effects as seen in the literature review of downsizing. It affects the organizational structure[7] and processes, as well as the victims, survivors and implementers. For the analysis each group should be dealt with separately. For instance, the downsizing analysis for organizational results should use a different methodology to individual outcomes than the research.

Following are the suggested methodologies for each of these categories:

- **For Organizational Outcomes**

Downsizing is seen in an organizational sense as a mechanism that causes change in the organization. In the field applicable literature views it as being in fact dynamic. Longitudinal and comparative case study approach is suggested in such context around and within the organizations. As mentioned earlier, this is because downsizing is a process of change that contains multiple activities in itself. The rationale is that in order to understand a process of change it is necessary to analyze the organization's inner and outer context. Here, the external context encompasses the cultural, social, political, competitive and sectoral contexts in which the organization is situated and the internal context relates to the organization's structure, culture, and internal political climate. Processes are rooted in their contexts and can only be well understood in that specific context. There's also the temporal interconnectedness in a cycle between the events. An awareness of the progression and flow of events over time becomes a critical prerequisite for a process researcher. Therefore such phenomena need to be studied across times and contexts. Observing multiple organizations and environments over time captures variations in the characteristics of organization and environment.

- **For Individual Outcomes**

The methods used for the individual results should vary from the methods used for the organizational results. Any method can be adopted depending on the issues to be studied-for studying the individuals quantitatively or qualitatively. The preference should be based on what issue will be dealt with. Quantitative analysis[8] generally gives concrete data, which can provide statistically sound and highly reliable results. In contrast, qualitative

approaches seek to enhance understanding of local perceptions, explain how people get to understand, account for, take action, and otherwise manage their everyday situations in particular settings. A qualitative approach could lead the researcher to take an in-depth part in the understanding of downsizing by local actors. It could also help to gain a sense of the complexities associated with the definition. When conducting quantitative research, researchers typically predefine the main variables of a phenomenon based on theories and scales previously developed.

In doing so, the researchers make a strong implicit assumption about the key variables that the researcher and the research participants share similar meanings. Different researchers sometimes disagree about the definition of the concept, so what if the respondents understand the concept differently than what the researcher means. What if the significances of different respondents vary from each other? These are the complex questions that cannot be answered simply on the basis of quantitative research alone. It is quite likely that organizational leaders create their own common definitions for some main construct categories, which could vary from the meanings formed by external investigators. It happens occasionally across different cultures. Such a disparity may constitute a significant challenge to the integrity of a construct's content. Hence, it becomes important to understand how organizational members understand and make sense of the constructs in order to validate the academic definition in local contexts. The ideal way in such situations will be to triangulate the methods. There are four basic types of triangulation:

- a) Data triangulation: The use of variety of data sources in a study
- b) Investigator triangulation: The use of several different researchers or evaluators
- c) Theory triangulation: The use of multiple perspectives to interpret a single set of data
- d) Methodological triangulation: The use of multiple methods to study a single problem

Here, this paper is focusing on the last type of triangulation i.e. the methodological triangulation. In such triangulations[9], a rich variety of combinations are possible. The advantage of triangulation is that it overcomes the weakness of one method by the usage of another method. It increases the strength and soundness of the study. Again, the methods used for different categories of the individuals can be different in nature. As mentioned earlier, there can be three categories of individuals involved in the downsizing process:

- a) Victims
- b) Survivors
- c) Implementers

a) For Victims: These are the individuals who will be required to leave the company after the intervention. Any question affecting the victims must therefore be examined longitudinally-once before the lay-off and once after the lay-off. The research method may be quantitative as a survey tool or qualitative based on unstructured interviews. That will help to better understand the issue.

b) For Survivors: Survivors are the people who remain in the company even after the intervention is over. To understand the survivor-related issues, your close analysis of behavior becomes relevant. To this end, if the researcher adopts an approach where he or she can spend time observing and learning from their activities with the survivors, the chances of producing more accurate results improve. In such cases it is recommended to address phenomenology or ethnography. That will ensure the study's robustness. It becomes necessary to understand how individuals interpret their perception of the phenomenon to understand the phenomenon as a downsizing. For this, in depth interviews of the people who have lived experience of the phenomenon is necessary.

c) For Implementers: Implementers[10] are those individuals involved in carrying out the organization are downsizing action. Usually, even after the intervention, the group of individuals still remains in the organization. Although the issues related to the implementers differ from those related to the survivors, they are still qualified as survivors because of their presence in the organization, even after the intervention. Hence, the method of study for implementers can also be similar to the methods of study for the survivors.

## V. CONCLUSION

There are several downsizing studies done. These studies cover various issues related to the organizations and the individuals. The analysis is focused only on some of those studies' methods. Although an attempt is made to cover as much variation as possible, it is very difficult, as a downsizing, to cover all dimensions of such vast field. Hence, there is a chance that the study may have skipped certain processes. Because of technological advances and other such factors the workplace is changing at a rapid pace, more and more staff is becoming redundant. To order to gain competitive advantage over other companies, they are also working towards cost reduction. It leads in companies to a downsizing. It is a multidimensional process and each study reveals some new phenomenon-related perspective. New problems to study are identified. Therefore the fundamental requirement for a researcher in this area is to have creativity in their approach. The approaches must be mixed and matched so that the study results become more reliable and widely applicable.

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