Corporate surviving an overview & Perception on Downsizing

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Abstract: This study examines accounts of downsizing survivors’ of large corporations’ across the world. The research investigated on how corporate downsizing survivors adjusted to meet the new corporate realities and dynamics, and how individuals developed new skills for their new roles and responsibilities within the reorganized firm. The study further reflects on the issues to motivation and attitudes towards employability and learning aspects of individuals. The findings highlight the individuals are responsible for their own training and development needs. Thus, they are required to initiate their own learning opportunities the advancement of self development skills is considered to be of considerable importance in successful transforming a corporate.

I. INTRODUCTION

Organizational change initiatives, including restructuring and downsizing represent some of the most problematic issues faced by today’s corporate, non-profit organizations, Governmental agencies. Corporate restructuring / restructuring is relatively a broad concept. For instance, Define restructuring as a as a major change in its organizational direction and strategy. The change Management literature distinguishes between various types of restructuring.

This paper is concerned mainly with organizational restructuring which is defined as a dimension with significant changes in the structural properties of the organizational entity.

Downsizing on the other hand, constitutes a particular category or form of corporate restructuring involves the reduction in personnel and frequently, results in the redesign of work processes to improve organizational productivity, efficiency and effectiveness.

Downsizing has generated a great deal of interest among scholars and managers. As a consequence, a considerable body of literature phenomenon of downsizing has emerged “a deliberate strategy designed to reduce the overall size of workforce” Downsizing is distinguished from non-intentional forms of organizational size reductions, and a variety of downsizing techniques that has appeared, including natural attrition, hiring freezes, early retirement, and layoffs.

Downsizing is used reactively in order to avoid bankruptcy and secure survival or proactively in order to increase productivity and enhance competitiveness. Some research points out that downsizing is commonly adopted after large investment in labour saving technologies have been made by organization, an inevitable outcome where companies are continually forced to make adjustments to strategies, products, service, and cost of labor. At its core, downsizing has regenerative purposes, yet empirical evidences suggest that the overall consequences of downsizing are persistently negative.

Various cross-sectional and longitudinal studies have reported the occurrence of “downsizing survivor illnesses’ Empirical Data suggests that downsizing survivors exhibit a plethora of symptoms, increasing decreased level of commitment, loyalty, motivation, moral, trust, and security. A considerably less researched area of concerns the extent to which downsizing survivors adjust to the new realities and dynamics of the organization, develop new skills and competencies, and take a new role and responsibilities within the organization.

The downsizing survivors are ‘The cream of the organization’ and thus, considered critical to the organization’s overall success. The overall outcome and success of downsizing endeavor is largely contingent that upon the reactions of the downsizing survivors. Scientific research has demonstrated that the breaking of the implicit psychological contract considerably challenges those that remains within the organizational system following a downsizing activity.

II. THE MANAGEMENT OF CHANGES

The research on change management assumes that major change takes place incrementally and is based upon consensus, collaboration, and participation. In one sense, this view implies that the change process is ‘owned’ by the individual employees. The incremental view of change has received lot of criticism due to lack of contextual elements and the difficulty in explaining the pervasiveness of coercive re organizations. This has resulted in the rise of Transfomatory perspective on organizational change. Change strategies are
traditionally classified into four types along with two dimensions that is, instrumentalism Vs transformation, Collaboration Vs Coercion.

The first dimension refers to whether the change is implemented in smaller linen and continuous manner or in large, erratic, and a discontinuous fashion. The second dimension determines whether employees are empowered to participate in the planning and implementation stages of a major change. The purpose a typology where transformational change results in the emergency of an alternative interpretive knowledge framework prevailing ideas lose legitimacy and a new structure emerges. This may in tail a reformed mission statement, newly defined core values, and altered distribution of power combined the incremental and transformational perspectives into the punctuated equilibrium model of organizational transformation. This approach, which is growing in prominence and pervasiveness recognizes that organizations evolve through long periods of stability that are punctuated by short bursts of revolutionary periods, which subsequently establish the basis for new periods of equilibrium.

Change & Learning

Change and change processes pose unique challenges to individuals. The Key challenges for individuals in times of major change are receptivity, motivation, and learning. Receptivity is concerned with the individual’s willingness to accept and embrace change. Motivation, on the other hand, refers to the capacity to implement the change which in turn depends upon the existence of various components, including resources, systems, support structures, and skills. It has also been shown that individuals learn from experiences in an organization which will further impact their willingness to embrace change. Thus, learning involves both emotional and skill components. The individual learning is at the heart of the organizational learning. In this sense, individuals are primary learning entities in organizations. Thus, It is individuals who create organizational forms that enable learning in ways which facilitate organizational transformation.

Change & Employability

The notion of lifelong employment has been replaced by the paradigm of life time employability. The concept refers to an Individual’s capacity willingness to become and remain attractive in the labor market. Employability is generally considered at the individual level of analysis. The existence of three forms of employability. Accordingly employability may refer to an employee’s capabilities which encompass all individual possibilities refer to both the capability and the willingness to be successful in variety of jobs, while the third perspective considers individual as well as contextual conditions that determine employability, such as the amount of training provided by development of employability.

The Internal and external employability refers to an employee’s ability to remain with the current employer, where as the latter refers to an individual’s ability and willingness to find employment outside the firm.

III. METHODOLOGY

A bio- Pharmaceutical fir provided the organizational setting for this study. The organization is relatively young subsidiary of a large Bio- Parma company Headquartered at Europe. This firm has earned an enviable reputation in high quality products, and considerably increased its market share on global scale. The management team unveiled its new campaign entitled “Leaping Ahead from Brown to Brain” which sought to substitute low-value with high value activities. This major refocus was proceeded by a thorough strategic assessment which foresaw the reengineering of the Research and Development (R&D) processes, the purposeful shift from low to high value R&D and the off shore of about 50% of jobs to low cost bases in India, China and Malaysia. Sr. Management further sought to transform the firm’s focus from execution-centric commitment to customer-Centeredness. The transformed operation is involved with all strategic and operational aspects, including centralized R&D, Planning, Manufacturing, operations management, and logistics. During the entire transition period (2009-2011), various restructuring, reorganization, and downsizing activities were implemented, which resulted in a decrease of the overall workforce.

Later in-depth interviews were conducted with a targeted sample of managerial, professional, and operative employees over a period of four months. The qualifying prerequisite was that participating individuals needed to have been with organization throughout the periods of restructuring, re-engineering, and downsizing activities. All participants were assured that the collected information would be kept confidential. Participants were invited to articulate positive & negative issues that they experienced during the period of change. The interviews were semi-standardized in nature and focused on three broad areas

- Key drivers & external factors driving the change.
- Skills and learning processes perceived to be useful in going through the change activities.

The interviews were taped and meticulously transcribed. Key issues and incidents were extracted and placed within the three categories. The data analysis phase, which is frequently described as the most difficult phase in qualitative research, adopted techniques specified by discourse analysis which is concerned with the variability in individual respondent’s accounts and statements. The presentation results include both a mixture of direct quotes and paraphrases.
IV. RESULTS

Semi-standardized, face to face interviews focused on three broad areas as introduced in the previous section. Consequently, the result will be discussed within the same three categories.

Finding -1

Individual participants provided detailed information regarding the perceived key drivers and external factors driving major change. As far the key issues driving the overall change strategy, most participants referred to senior management’s quest to move the core competency from low value adding manufacturing/production situation to a high end research, development, and design position. The operation officer discoursed: “Our core competency lies in the conception, Design, And development of products, but not in the manufacturing in these products.”

This new reality drove the firm to outsource the majority of its conventional production in India, China and Malaysia. All participants saw the shift in overall strategic focus from production/manufacturing to Research. Development and design (RD &D) and the consequent refocus on high value-added production as the key driver. External economic factors were also seen as a ‘culprit’ of structural change. However, there was an understanding that decision based on economic imperatives was required in order to better endure the increasingly competitive global environment. The organizational restructuring activities coupled with two rounds of downsizing were mainly attributed to economic and efficiency factors. There was also a perception that a move up the value chain was not only desirable but also, in the words of an executive, “essential for the survival of the entire operation.” A number of participants justified the reorganization / downsizing decision based on “cost-cutting pressures”, “increased lean management practices”, and “concentration, centralization, and rationalization efforts of the entire bio-pharmaceutical industry”.

The Chief Quality Officer (CQO) highlighted the importance of customer relationships by stating: “Our competitive advantage has slowly eroded and customer satisfaction was declining. We were intent on refocusing on customer satisfaction and customer care”.

Participant’s highlighted advantage in the external global environment as key issues affecting the strategic change of the organization. For instance, the competitive nature of the entire industry, including automation, robotization, and the advent of the internet, forced the company to increasingly examine its overall cost structure which led to the outsourcing and off shoring of low value-adding production jobs. A finance Executive commented: Competitive and cost pressure have had a considerable influence on our strategic redirection”.

Finding -2

Most participants confirmed that the transition was driven by cost aspects and financial imperatives. An HR Executive discoursed:

“All eye are no costs and the firm has become a tightly managed ship. Cost issues have definitely become king.”

This cost perspective was echoed by a number of participants, especially non-managerial employees who, in some cases, expressed feelings of anger and resentment towards the organization.

A long –serving, non-managerial employees commented:

“We have been lean and mean. The sole focus is the bottom- line”.

Another Employee added:

“They (Management) are obsessed with a cost focus… they are only concerned with dollar issues, really.”

The majority of participants expressed that major changes to the company’s culture, structure, reporting lines, individual functions, and operational principles occurred.

A Marketing Executive Commented:

“We have become more focused on our business model and as, a consequence, specifically spell out goals, objectives, and performance plan for each individual employee.”

A considerable number of participants commented that the company has become more consumer focused or ‘consumer-centric’ in the post transition phase. Some individuals, particularly within the area of production, also emphasized that the overall organizational approach was increasingly metric driven, where performance of production was quantitatively evaluated on an on going basis. Participants, accounts also revealed that most employees felt a sense of empowerment, which allowed them to take ownership over their professional lives and, in some cases, to make individual decisions about their working hours (flextime) and their working location (telecommuting).

What individual skills and qualities were required during the transition? The discourse showed that management, in particular, perceived certain skills to be of primary importance during the change processes. These included technical skills and knowledge pertaining to their current jobs, previous work experience, and self development skills. Individual skills that were considered of great value during the transition, included adoptability, creativity, initiative, willingness to learn, an problem solving skills.

Most participants expressed that the provision of specific training initiatives for the individuals was lacking. An operative respondent stated:
“Absolutely no training was provided. I relied on my own ability to learn, adopt, and absorb.”

During the entire transition, a focus on The job Training (OJT) emerges and the practice of ‘shadowing’ was utilized across the board. There was a high degree of reliance on people with senior status and individuals who were deemed to have the ability to transfer knowledge effectively. In that sense, there was a considerable reliance upon individuals ‘accumulated skills, knowledge and experience. This finding further validates the perception of a lack of specific training provided and the need for self-management of learning on the part of the individuals.

Participants’ comments further revealed that little emphasis was placed upon formal training, learning, and development activities. An executive disclosed:

“Unfortunately very little formal training and development was provided during the transition.”

This was echoed by managerial member of the learning and development (L&D) department stated:

“We provide training that was informal, impromptu, and based on the current jobs. Almost no training was provided for the anticipated new roles of the organizational member.”

She conceded that the Individuals had very little choice and personal involvement regarding training and development activities.

Finding 3

Individual participants’ attitudes towards learning, in general, and the perceived value of learning during the transition emerged. Most participants asserted that the learning and training programs offered by the company were theoretical, abstract, and generally, lack practical application. It also emerged that hands-on, practical learning and training with a real-life application focus was seen as a superior form of training. This was evidenced by a production manager who discoursed:

“Hands on practical training is the best form of training. If necessary, this kind of training can be followed up with classroom sessions for review afterwards.”

The participants’ accounts revealed that learning, training, and development activities were seen as employees’ own responsibility. The need to take the initiative to pursue such opportunities was stressed by all managerial participants. The Logistics Manager commented:

“The development of an employee is the individual’s own responsibility.”

A Human Resources Manager confirmed that and added:

“While the firm is generally supportive of learning activities, the onus for self-development ultimately rests with the individual employee.”

Although, training, learning, and development endeavors were seen as the individual’s responsibility, all individuals received set goals and objectives in relation to performance management. A HR Executive commented:

“We have performance – driven culture. For this purpose, we have established clear performance-related parameters. Every employee knows exactly what is expected from him or her.”

In relation to the general verses specific training issue, all participants commented that training and development for their current roles was readily available. The accounts of most managers showed that it was difficult for non-managerial employee to obtain training and development beyond their existing roles. In contrast, training, learning, and development was current and training for prospective roles was available at higher levels in the organization. A manager (R&D) Commented:

“It is very difficult, even almost impossible, to get trained and development support beyond the job for the non-executive levels of the organization.”

A number of participants questioned as to whether the firm had responsibility to provide training and development opportunities whose objective was to enhance the employability of the workforce. Managers’ account revealed that employability and self-development were not seen as specified goals but, rather, as ‘by-products.’ In that sense, All training learning and development efforts that were unrelated to the employees’ immediate jobs but positively contributed to their self development and employability were seen as the individuals’ responsibility. Therefore, there was an understanding that these activities needed to be sourced externally to the company.

Did the firm provide any specific training and development activities in order to assist the individual in coping with the transition process? Consistent with the previous two findings, there was a strong acknowledgement that provided training was intrinsically linked to the employees’ current roles, and largely, dictated by the organizational needs. All participants discoursed that they had not taken part in specific formal learning activities to help cope with the restructuring and downsizing transition. Managers’ accounts revealed that managerial individuals had the opportunity to pursue external learning opportunities if they perceived a skill deficiency or knowledge gap on their part. A production supervisor stated:

“I initiated the funding for further training when I realized that I needed more specific training and further knowledge on an aspect within the job duties of my work.”

Finally, the participant conceded that the training focus seemed short-term and the training content was specifically job-focused rather than long term, generic, and career enhancing.
Discussion
This case study has demonstrated that most individuals were left to their own devices in terms of developing new skills and competencies in order to be successful and effective survivors of reorganization and downsizing activities. Clearly, the new realities that confront individuals following restructuring and downsizing in respect to training. Learning and development need to be understood. The study has shown that there is need for individuals to take responsibility for their own learning and development during a period of major changes and transition. In order to successfully cope with the change.

Respondents generally perceived that the firm adequately provided for firm-specific skills in their current roles, yet failed to foster advanced generic skills which had to be sourced by the individuals themselves. In that sense, training was provided for the transition per se, but not for the post transition phase which included, in most cases, new and increased roles and responsibilities for the individuals. There was also a perception that the firm could not be relied upon to provide future opportunities for all individuals and sub-culture of self-development pursued by individual emerged.

It has been shown that the utilization of self-development skills by the entire workforce was imperative to the success of the transition. Individuals were required to engage in strategic thinking, and the display of creativity, innovation, and problem-solving skills was vital. The opportunity to develop self – development skills has a tendency to be limited to organizations processes. At the same time, it has been recognized that placing the onus for training and learning on individuals may polarize the workforce into learners and non learners. Potentially, this has also an impact on the concepts of life long learning and employability.

There is evidence suggesting that individuals that have previously been engaged in learning are more likely to be current training participants, as opposed to those individuals that have not participated in learning activities. In that managers and professionals tend to enjoy a higher level of participation in learning activities compared to their subordinates. This has led to a widening gap between the ‘haves’ and ‘have-nots’ There is a skill polarization developing with the skilled individuals gaining more learning opportunities than the semi-skilled and unskilled employees.

V. CONCLUSION
It has also been shown that reorganization and downsizing activities were perceived to be tarnished and chaotic. This was in spite of the fact that positive and negative outcomes emerged from the major transition. The conduct of downsizing creates major personal challenges for all stakeholders involved. It is mainly the managers and executioners who generally have a solid understanding about the rationale, approach, and possible outcome of the imminent change. Furthermore, in an environment criticized and impacted by major change, individuals frequently evaluated their current jobs and career options and tend to take a proactive approach to their career development and employability.

The study reveals some insights on the skill development and employability dimensions of the downsizing supervisors. Participant’s accounts demonstrated that the individuals were the drivers of their own development with little or no assistance from the organization. The Organizational training focus was on ‘the here and now’ and the learning opportunities provided were generally job-related and firm specific only. Clearly, this kind of training has only limited value in enhancing the employability of the individual.

Limitations and Further Research
This study is limited in scope and application – only single case was selected and relatively few individual actively participated. The study is past-related which provides a retrospective view of the major transition and change. In this sense, the findings are not generalizable with and across industries and /or countries. The study would be preferred method of obtaining data that tracks changes in perspectives during extended periods of transition. Finally, the paper heavily relies upon conceptual frame work and findings from the empirical work. In that sense, this current study mainly sought to test, verify, and possibly, considerable needs more research is required to assess the long term financial, organizational, and social impacts of restructuring and downsizing with a focus on the new dynamics of the changed organization and the extent to which employees are required to invest skills and develop generic competencies.

REFERENCES
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