Gordon Institute of Business Science
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The effect of strategic human resource management practices on company performance after a downsizing event

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ABSTRACT

Organisations downsize for a variety of reasons, but the effectiveness of these practices on the performance of a firm is inconclusive. Downsizing is defined as the actions that organisations implement to reduce the number of its employees. The causes for downsizing include endogenous and exogenous factors, depending on whether the downsizing event is prompted by causes within the scope and control of management, or whether the causes are external to the organisation. Previous studies have shown that the performance of a firm (employee productivity, flexibility, competitiveness, profitability) can be improved by implementing elements of strategic human resource management practices (SHRM).

A qualitative, exploratory study was undertaken to gain insights into the effect that SHRM elements had on the performance of a firm after a downsizing event. Semi-structured, in-depth interviews were conducted with 18 senior managers across seven different industries that had experienced downsizing. The key findings of the study observed that a developmental and innovative culture, effective information sharing networks, and a focus on developing technical and leadership skills were key cornerstones of SHRM that supported company performance. The study also revealed that downsizing negatively impacts on the motivation levels of survivors and results in the loss of good skills.

KEYWORDS: Downsizing, endogenous, exogenous, employee skills, employee productivity, employee motivation, resource allocation, capacity building, information sharing, strategic human resource management practices (SHRM)

DECLARATION

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research. The name and the original signature of the student and the date should follow the declaration.

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1. INTRODUCTION TO RESEARCH PROBLEM

1.1 Background to the Research Problem

Kawai (2015) posited that organisations choose to restructure for a variety of reasons, but the effectiveness of such measures on the performance of the firm was mixed. Amin, Emrouznejad, and Gattoufi (2017) remarked that organisations needed to downsize to improve operational efficiencies. Schenkel and Teigland (2016) added that firms downsized to counter negative economic impacts to improve their financial performance.

However, Favero and Rutherford (2016) suggested that downsizing in organisations harmed customer satisfaction because of the uncertainty that the process created. Tsao, Newman, Chen, and Wang (2016) noted that the use of downsizing practices by organisations resulted in a breakdown of trust between employers and employees, as they were likely to be viewed as a breach of the psychological contract. Favero and Rutherford (2016) further argued that downsizing could negatively influence the performance of the organisation, as the additional instability introduced into the already struggling firm could lead to further deterioration.

Jung (2015) commented that resource-dependence theory suggested that the increasing dependence of the firm on institutional investors made the firm prone to the investors' demand for exorbitant returns. Kawai (2015) indicated that many corporations faced increasing pressure from various shareholders and company boards to downsize their organisations to improve the financial performance of the firm. Jung (2015) reiterated that conceptions of control theory posited that the increase in shareholder pressure redirected the decision-making process of managers to focus on shareholder value, sometimes at the expense of other stakeholders.

Tsao, Newman, Chen, and Wang (2016) further emphasised that a firm's performance and competitive advantage could be boosted by accessing unique, skilled, inimitable and exceptional human resources – all elements of strategic human resource management (SHRM) practices.

Tsao et al. (2016) posited that despite organisations viewing investment in human capital as an asset, people were the first capital to be let go as companies restructured in the face of economic challenges. The use of these practices led to a decrease in the commitment and productivity of the remaining employees, resulting in losses for the organisations Tsao et al. (2016). Schenkel and Teigland (2016) further emphasised the negative effects of downsizing by suggesting that the use of downsizing practices by organisations resulted in a breakdown of trust between employers and employees, as

employees were likely to view the downsizing process as a breach of the psychological contract.

Garavan (2012) argued that employee skills were key in driving an organisation's competitive advantage and for driving organisational performance, particularly after a downsizing event. Wang, Jaw, and Hsieh-che (2012) argued that elements of SHRM, such as inimitability and resource allocation, empowered organisations with a strategic competitive advantage by making them flexible to operate at maximum productivity and to deal with a changing work environment. Tang, Wei, Snape, and Ng (2015) defined SHRM practices as those human resource practices (resource allocation, compensation, employee training) that were aligned to the strategies of organisations. Kawai (2015), on the other hand, defined three SHRM variables in the context of downsizing literature, namely: information sharing, employee skills and SHRM fit.

Homburg, Klarmann, and Staritz (2012) suggested that the outcomes of downsizing processes had generally conflicted with what organisations had intended to achieve with the actions. Teague and Roche (2014) indicated that following the global economic downturn in 2008, more and more companies resorted to human resource management practices such as downsizing to cut costs and increase profitability. Homburg et al. (2012) further stressed that downsizing had become an entrenched phenomenon in business; however, the outcomes of downsizing did not always yield what companies intended with the exercise. They argued that the way companies dealt with customers faced an uncertain outcome, as the process affected customers differently.

Kawai (2015) proposed that many corporations faced pressure from shareholders and company boards to downsize their organisations to improve the financial performance of the firm. Favero and Rutherford (2016) further argued that downsizing could negatively influence the performance of the organisations, as the additional instability introduced into the already struggling firm could lead to further deterioration. Kostopoulos and Bozionelos (2010) stressed that survivors of a downsizing event ended up with negative views towards their organisations compared to those employees that did not experience downsizing.

Homburg et al. (2012) summarised the downsizing dilemma, stating that downsizing had become an entrenched phenomenon in business, even though the outcomes of downsizing did not always yield what companies intended with the exercise. Tsao et al. (2016) further emphasised that a firm's performance and competitive advantage could be boosted by accessing unique, skilled, inimitable and exceptional human resources.

Jung (2015) reiterated the conundrum facing senior and top management, as conceptions of control theory posited that the increase in shareholder pressure redirected the decision-making process of managers to focus on shareholder value, sometimes at the expense of other stakeholders.

1.2 Research Problem

Homburg et al. (2012) stated that the intended outcomes of downsizing did not always realise as companies intended. Kawai (2015) further emphasised that even though the outcomes of the downsizing process were mixed, the International Labour Organisation (ILO) confirmed the scale of the dichotomy of the downsizing process, reporting that over 20-million people had lost their jobs, through downsizing processes, since the global financial crisis in 2008, particularly in the USA and Europe.

Roderick and Christoper (2011) argued that organisations could explore other methods of cutting costs, whilst at the same time improving company performance. As some of the means that companies could implement to avert downsizing, they suggested recruitment moratoriums, freezes in employee salary increases, reduction in the hours employees worked, and increased engagement with employees to solicit input and proposals. They argued that organisations that supported the morale of their employees experienced better productivity levels.

Delery and Roumpi (2017) posited that SHRM practices could be considered as the primary drivers of competitive advantage in an organisation. Stanton and Nankervis (2011) also argued that SHRM practices could positively influence the performance of organisations, measured on: employee productivity, employee flexibility, competitiveness and profitability. Kawai (2015) suggested that the negative association suggested in literature between downsizing and employee motivation, directed companies to intervene with SHRM policies that would counter the psychological contract violation effected by the downsizing event.

This research sought to understand the prevalence of downsizing in organisations, and the extent to which the application of strategic human resource practices influenced the performance of a firm after a downsizing event. The researcher was intrigued that even though the effect of downsizing on firm performance is known to be mixed, companies continue to engage in the practice. The researcher sought to understand whether the importance that companies professed to place on employees was in fact true. The researcher sought to probe how involved senior managers were in downsizing decisions or what influence they exerted on top management in implementing downsizing as a

lever to support the performance of the firm.

1.3 Significance of Research

Reinecke, Arnold, and Palazzo (2016) commented that a deeper analysis of the reasons for the conflicting relationship between downsizing and company performance was required, a domain that previous quantitative studies had struggled to provide insights on. Goesaert, Heinz and Vanormelingen (2015) emphasised that many previous empirical studies had attempted to answer whether there was an improvement in the operational and/or financial performance of a firm after a downsizing event; however, the outcomes were contradictory. Stanton and Nankervis (2011) suggested that previous studies had not evaluated the relationship between SHRM and the effectiveness of the organisation using in-depth personal interviews. Kawai (2015) affirmed this view, and stated that most restructuring research models were limited to quantitative dimensions of the performance of the firm following a restructuring event, and have not explored the qualitative elements.

Schweizer and Nienhaus (2017) suggested that the current body of research on downsizing suffers from major sample biases. They emphasised that the samples evaluated for the body of research was heavily focused on the manufacturing industry, with most companies from the USA analysed. They further stressed that the skewness of the research data made transferring the outcomes of the research to other regions and industries very difficult.

Schweizer and Nienhaus (2017) added that future work using integrative data samples from international and varied industry contexts would enable greater comparisons amongst regions and industries. Schweizer and Nienhaus (2017) further proposed that future research could focus on the strategic nature of human research management systems through in-depth, qualitative studies. Delery and Roumpi (2017) emphasised that an area of future research could focus on the SHRM practices that firms could introduce for the different employee groups to serve as 'mobility' barriers or 'mobility' enablers to attract or to repel their target employees.

Favero and Rutherford (2016) suggested that future research be undertaken investigating the reasons why other organisations downsize and investigating the way downsizing is implemented in other organisations. Wei et al. (2015) proposed that in future researchers could probe the assertion that downsizing could lead to survivors feeling guilty and stressed. Furthermore, Garavan (2012) emphasised that future research could be focused on studying SHRM policies and implementation in developing

economies, evaluating the commitment of top and executive management to SHRM practices during a downsizing event.

On the other hand, Roderick and Christoper (2011) proposed that future research could probe how employees felt they were treated during the downsizing process, and whether this had impacted on the level of the psychological contract. Wei et al. (2015) supported Roderick and Christoper (2011), and stated that future research needed to investigate the change in employees' psychological contracts, particularly post a downsizing event, to probe the effect of HRM policies on employees. Luan, Tien, and Chi (2013) proposed that future research could focus on evaluating downsizing activities and firm performance in other industries, outside the financial services industry.

1.4 Scope of Research

The research focused on the extent to which multi-national companies understand and apply SHRM practices as tools to improve company performance. The research also focused on the understanding of downsizing in organisations, and the contexts and reasons for which downsizing is implemented. The research also sought to establish senior managers' understanding of the effect of downsizing and whether SHRM tools were being explored to mitigate the effect of downsizing in organisations.

The scope of the research focused on the degree to which organisations adjusted SHRM elements (including employee skills, information sharing mechanisms, human resource deployment, compensation and capacity building) to align with the firm strategy. The research also focused on the extent to which SHRM practices supported company performance post a downsizing event. The research primarily focused on senior managers in organisations: 17 out of the 18 participants were senior managers, with only one middle manager. Participants in the study came from the mining, ICT, retail, research and development (R&D), consulting, financial services and academia (higher education) sectors.

1.5 Research Objectives

The aim of the research was to gain a deeper understanding into the prevalence of downsizing and how companies utilised strategic human resource management practices to align to the strategy of the firm. The aim of the research was also to investigate whether the implementation of SHRM practices, or the lack thereof, impacted on company performance post a downsizing event.

The objectives of the research were to:

- Understand the prevalence of downsizing in organisations;
- Establish what companies considered as strategic human resource management practices;
- Understand how companies used strategic human resource management practices in relation to their strategy; and
- Understand if the use of strategic human resource management practices impacted on company performance after a downsizing event.

1.6 Chapter Conclusion

This chapter presented the research problem and the need for the research. Downsizing continues to be relied on by organisations as an answer to organisational and financial challenges, yet the effect of the practice on the performance of the firm is mixed. SHRM practices can give organisations a distinctive competitive advantage, yet organisations continue to rely on restructuring practices to improve the performance of firms.

The next chapter presents the literature on downsizing, company performance and SHRM practices. The chapter summarises the literature around these topics to further elucidate the need for the research problem.

In order to gain an understanding on the critical downsizing variables, the researcher used an organisational change research framework developed by Schweizer and Nienhaus (2017) as the basis for developing a theoretical model for the research (see Figure 2, Chapter 2). Through the various literature on downsizing, and combined with the Schweizer and Nienhaus (2017) framework, the researcher developed the control and the dependent variables as part of the theoretical model, that resulted from the downsizing process.

Downsizing literature informed the theoretical model, the research questions and the research methodology. The outcomes of the research were to benefit senior and top managers in multi-national organisations in understanding the strategic human resource management practices that organisations needed to focus on to achieve high performance levels post a downsizing event.

2. LITERATURE REVIEW

The researcher conducted the literature review using the EBSCO Host database located on the GIBS electronic database platform. The researcher searched for peer reviewed journals from 2011 to 2017 using the search terms: "downsizing", "restructuring", "literature review on downsizing", "literature review on restructuring", "theory of downsizing", "theory of restructuring". The researcher compared the level of the articles found against the "Journal Quality List 2000-2018 Professor Anne-Wil Harzing" (GIBS, 2018) and selected articles at a minimum ABS rating level of 3. The insights gained from the literature review informed the theoretical model used, the research questions developed, the research model and the research design applied.

2.1 Organisational Change Framework

The theoretical model developed for the research was based on an organisational change framework developed by Schweizer and Nienhaus (2017), as shown in Figure 1. The organisational change framework focused on broader organisational change elements comprised of the Context, Content, and Process elements of organisational change. Downsizing was but an element of the Operational category of Content in the model. Other elements of Operational change included organisational processes, product and sales, and capital expenditure allocation.
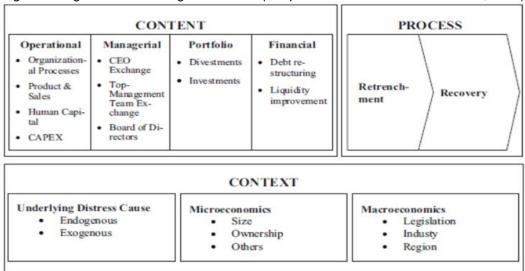
Figure 1: Organisational change framework (Adapted from Schweizer & Nienhaus, 2017).

The Content element of the framework described the different change methods and focused on the strategies that could be adopted by organisations during restructuring events. Operational restructuring related to a change in the organisation's value chain and supply chain to improve on operational efficiencies and it included changes in processes, capital expenditure profiles, human capital (included downsizing), product mixes and sales profiles. Portfolio restructuring related to a change in the organisation's assets profile, and it included divestments or investments in factories, plants or divisions

of the organisation. Financial restructuring related to a change in the company's ownership and financial structure, and it included whether the organisation injected more debt or equity into its capital structure. Managerial restructuring related to a change in the organisation's management structure, and it included changes in the board of directors, executive officers of the organisation, and even the C-suite level of the firm.

Organisational theory influenced the organisational life cycle and was categorised under the Process elements in the model. The Process category encapsulated the implementation phases of a turnaround strategy programme, which included retrenchment and recovery phases of the programme. Retrenchment related to activities that organisations implemented to reverse deteriorating company performance, whereas Recovery related to the growth-focused initiatives that organisations implemented to increase the revenues of the firm.

The Context elements of the model related to contingency theory and described elements that were external to the immediate control of management. The Context elements related to modulating factors of the restructuring process and explained variabilities in company performance as indicated in the Process and Content elements of the model. The Context elements were variables that were implemented in the organisation before the start of the distress or the poor performance of the firm.

Endogenous causes were variables that were specific to the firm, that were within the scope or control of management. Endogenous causes included factors such as low profitability, high debt levels and an under capacity by the organisation to produce products or provide services to its customers. Exogenous factors were variables that were not influenced by the management of the organisation, and included increased competition, technology disruption and changes in legislation. Microeconomic elements were firm-specific elements that influenced the decisions in the turnaround process, and included size, age and ownership. Macroeconomics were elements that were beyond the scope and control of management in the firm, that contributed to the decisions in the turnaround efforts of organisations, and included industry volatility, regional issues and regulation effects.

2.2 Research Downsizing Theoretical Model

Based on the organisational change research framework described above and the literature on downsizing, the researcher developed a theoretical model that consisted of variables that influenced or were an outcome of the downsizing process (see Figure 2). The dependent, control, independent and environmental variables of the model used for

the research were all located in all the three categories (Content, Process and Context) of the organisational change research framework shown in Figure 1.
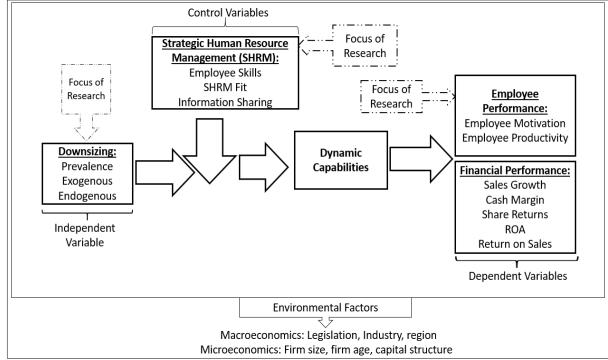
Figure 2: Downsizing theoretical model applied in the research.

2.2.1 Dependent variables

The dependent variables of the study related to the outcomes of the downsizing process, and the focus of the research was on employee productivity and employee motivation elements. Stanton and Nankervis (2011) proposed that future research could focus on evaluating the impact that employee motivation and productivity had on the performance levels of employees. Snorradóttir, Rafnsdottir, Tómasson, and Vilhjálmsson (2014) further recommended that future research could evaluate the effect of the downsizing process on the psychological and emotional aspects of employees.

Downsizing literature listed many objective measurements related to firm performance including sales growth, cash margins, share returns, return on assets, return on sales and total factor productivity (Kawai, 2015). Sometimes this objective data at the firm level was unavailable, particularly for private companies (Schweizer & Nienhaus, 2017).

Downsizing has become an entrenched phenomenon in business; however the outcomes of downsizing does not always yield what companies intended with the exercise (Homburg et al., 2012). Homburg et al. (2012) found that the manner in which organisations dealt with customers during the downsizing process was also unclear, as the process affected customers differently, and customer satisfaction would be an

outcome that determined whether the process had been successful.

The literature also mentioned other subjective forms of corporate performance including organisational perception on profitability and employee motivation (Kawai, 2015). The subjective elements of corporate performance could capture the depth and quality of firm performance indicated in the objective elements.

The gaps identified in the literature led to the idea that emphasis of the dependent variables be placed on employee motivation and employee productivity; however, the interview participants engaged in the research raised other elements, and these are indicated in Chapters 5 and 6.

2.2.2   Independent variables

Downsizing was defined as the degree to which firms reduced their staff complement. Previous literature had quoted a 5% reduction in workforce as common (Kawai, 2015), however other reduction margins have been quoted (Schweizer & Nienhaus, 2017). The focus of the research was on the impact of the downsizing process on company performance, hence downsizing was maintained as the independent variable.

2.2.3   Control variables

The control variable listed for the modulating effect on the performance of the firm during a downsizing event is SHRM practices (Schweizer & Nienhaus, 2017), depicted in the theoretical model in Figure 2. Azmi (2011) suggested that the effect of the modulating effect of SHRM on the performance of the firm be studied through semi-structured interviews, whereas Stanton and Nankervis (2011) proposed that future studies could evaluate the relationship between SHRM and the effectiveness of the organisation using in-depth personal interviews. Kawai (2015) posited that SHRM variables that proved effective for the performance of the firm included information sharing, employee skills and SHRM fit. Tang et al. (2015) argued that a positive relationship existed between the implementation of SHRM and the performance of organisations.

Kawai (2015) further suggested that the lack of effective information sharing mechanisms in a firm negatively impacted on a firm's competitive advantage. He stressed that information sharing was pivotal in promoting the exchange of critical business information, thereby promoting operational efficiencies, and stated that employees who were skilled in promoting information sharing needed to be retained and looked after by the firm. The employee skill elements considered on-the-job skills, educational level, and problem-solving capabilities. SHRM fit considered how a firm adjusted its HRM practices

(allocation, compensation and capacity building) to align with firm strategy. Schenkel and Teigland (2016) further reiterated that social networks and SHRM practices influenced the dynamic capabilities of the firms.

The control variables that had a modulating effect on the outcomes of the downsizing process were listed under SHRM elements in the theoretical model for the research. The gaps identified in the literature led the emphasis of the control variables to be placed on SHRM elements. There were, however, mention of other modulating variables by the senior managers in the research, and these variables are highlighted in Chapters 5 and 6.

2.2.4 Environmental factors

Schweizer and Nienhaus (2017) suggested that the environmental factors that influenced decisions during the downsizing process be categorised into macroeconomic and microeconomic factors. Legislation, industry and region constituted macroeconomic factors that influenced downsizing decisions of the firm, whereas firm size, firm age, and capital structure constituted microeconomic factors.

2.3 Theory of Restructuring

Schweizer and Nienhaus (2017) stated that corporate restructuring had been studied for many years, with the early conceptual works beginning in the 1970s and early 1980s. Jung (2015) stressed that organisations were likely to institute restructuring plans not only during periods of economic difficulties but also as a result of the pressure applied by institutional investors to increase return on investment, whereas Kawai (2015) posited that the effectiveness of different forms of restructuring on the performance of the firm was mixed.

Schweizer and Nienhaus (2017) further argued that the number of restructuring strategies employed by organisations could be categorised into four areas: financial, portfolio, managerial, and operational restructuring. Operational restructuring was related to operating efficiency interventions that either alter a firm's processes, products and services, or human capital. Portfolio restructuring was related to a strategic refocusing of a firm's portfolio and includes divestments and investments. Financial restructuring was related to an adjustment to the firm's capital structure and includes liquidity improvements and debt restructuring. Management restructuring was concerned with an adjustment to a firm's management team including the CEO, top management, and board of directors.

2.4 Theory of Downsizing

2.4.1 Definition of downsizing

Kawai (2015) defined downsizing as the deliberate act by management to reduce staff with the objective of enhancing organisational efficiency. Habel and Klarmann (2014) defined a reduction of staff by 5% in any given year as downsizing; however, Schweizer and Nienhaus (2017) determined that the reduction margin could vary and hence this figure was arbitrary.

Jung (2015) mentioned that resource-dependence theory indicated that downsizing occurred because of compulsion from institutional investors, whilst the theory of conceptions of control suggested that downsizing was the result of a more persuasive method through redirecting management's focus towards maximising shareholder returns. Eeckhout and Pinheiro (2014) suggested that advancement in technology led to downsizing in organisations.

Kostopoulos and Bozionelos (2010) suggested that downsizing could take different forms including outsourcing of staff, retrenchments and/or offshoring. Moser, Urban, and Weder Di Mauro (2015) defined offshoring as the deliberate engagement by a firm to relocate elements of its production to foreign entities or procuring inputs from foreign companies. They further stressed that offshoring was measured through the increase in a firm's intermediate inputs from foreign markets.

2.4.2 Why do organisations downsize?

Jung (2015) proposed that many organisations faced significant pressure from shareholders and company boards to cut costs to improve profitability of the firm and restore investor confidence, whereas Moser et al. (2015) suggested that organisations engaged in offshoring practices to save costs, increase productivity, and gain market share. Amin, Emrouznejad, and Gattoufi (2017) posited that organisations engaged in downsizing activities to create synergies by reducing the size or the number of their operations, through a process termed reverse synergy.

Tsao et al. (2016) emphasised that although downsizing and other retrenchment strategies were not always followed by improved firm performance, restructuring strategies had become the norm in organisations in the past two decades. They further stressed that the use of downsizing practices had become even more prevalent, particularly after the global economic recession in 2008. Luan et al. (2013) added that reducing employee headcount did not always result in better profitability, but that implementing other methods, such as cutting employees' salaries during an economic

downturn, may result in an improved financial performance by the firms.

Roderick and Christoper (2011) argued that the extent to which employees felt that they were fairly treated, involved and communicated to, during the downsizing process impacted on the commitment and trust levels of the survivors. They reported that organisations used different methods to mitigate the effects of downsizing on organisations including: 1) introducing moratoriums on new recruitment, such that the natural attrition process would result in lower employee numbers; 2) reducing costs without retrenching employees, such as mothballing sections of factories and/or plants, halting salary increases, cutting the hours that employees worked; 3) engaging employees in townhall sessions on the case for downsizing and future strategies; 4) allowing employees to give inputs to the process and to give recommendations; 5) being empathetic and supportive to employees during the process.

Wei et al. (2015) argued that it was easier for managers to manage organisations if employees understood the relationship expectations they had with the employers. They argued that younger employees generally expected quicker promotions, challenging work, and more opportunities whilst older employees sought more job security, and greater stability in their employment expectations. They further stressed that management needed to understand the impact of downsizing on different employees, so that they could mitigate the risks to support performance for the firm. They argued that managers needed to be careful in the signals and the messages they sent to employees during downsizing, these messages would range from managers either overemphasising their control in a crisis or underplaying their involvement and instead blaming external factors for the difficulty that the organisation would be facing.

Favero and Rutherford (2016) argued that organisations could tailor and improve the scope of their service and product offerings without engaging in downsizing activities. They proposed that further research could consider other methods of turning non-performing organisations around, for example by improving employee morale, changing organisational procedures, or benchmarking their company norms against industry competitors. Kawai (2015) further stressed that senior managers could support company performance in economic difficulties without engaging in downsizing, through job rotation, formal training and enhanced information sharing. Schenkel and Teigland (2016) further commented that downsizing did not lead to an improvement in the organisations' performance, but that it could lead to a further worsening in the firms' financial performance.

Snorradóttir et al. (2014) suggested that men did not experience downsizing any differently than women. They suggested that the psychological, emotional effect of the downsizing experience depended on social and cultural factors. They proposed that future research could investigate the effect of downsizing on women and men separately. Homburg et al. (2012) further emphasised that the downsizing process also impacted on the customers, creating uncertainty in their minds. The customers often wondered about the viability and stability of the firm when downsizing occurred.

2.4.3   Positive effects of downsizing

Goesaert et al. (2015) suggested that economic theory postulated a positive effect of downsizing through the elimination of redundant unproductive workers, and through streamlining of labour practices. They further argued that some of the positive spinoffs of downsizing included lower wages, quicker decision-making in the firm due to a more streamlined structure, dismantling of silo thinking mentality, and a more collaborative work ethic because of the smaller organisational size.

2.4.4   Negative effects of downsizing

Drzensky and Heinz (2016) postulated that downsizing decisions in firms could lead to lower motivation and commitment from surviving employees and higher turnover intentions, including absenteeism. Kawai (2015) also reported that there were negative stock price movements associated with layoff decisions. Goesaert et al. (2015) suggested that even though downsizing was a common practise in many organisations, employees still considered the practise a violation of the psychological contract. They further stressed that downsizing could have negative effects through the destruction of relationship networks, unique human capital, and the social contract between employer and employee.

Goesaert et al. (2015) further remarked that negative costs associated with downsizing included reduced survivors' commitment to the organisation, negative brand image, and the disruption of relationship networks. Lakshman, Ramaswami, Alas, Kabongo, and Rajendran Pandian (2014) posited that the impact of downsizing decisions seemed more negatively pronounced on survivors from low power distance cultures and contexts than those from higher power distance cultures, particularly if the downsizing decision was due to poor management. They further commented that downsizing in companies with high performance work systems led to significant decreases in productivity when they did not give considerable support to their employees during the process.

Habel and Klarmann (2014) noted that because organisations struggled to maintain

quality levels post a downsizing event, the practise led to lower levels of customer satisfaction, particularly in business-to-consumer (B2C) markets. They added that managers did not always consider the negative effects of downsizing on customers. Homburg et al. (2012) added that the uncertainty created in customers influenced the outcomes of the downsizing process, as measured by customer satisfaction. They noted that the primary source of uncertainty was created by the loss of the employee-customer contact relationship, even if the customer did not suffer personal loss during the process.

Habel and Klarmann (2014) further added that downsizing became a factor in a consumer's mind if there was a direct impact on the performance of a product. They noted that when companies downsized because of declining customer satisfaction, it was shown that its effects were less destructive to the image of the organisation. Homburg et al. (2012) added that the downsizing event may have communicated a certain characteristic of the organisation, creating anxiety in the customer. They proposed further research on the extent to which the negative reaction to the downsizing process by employees is transferred to the customers.

Wei et al. (2015), in contradiction to Snorradóttir et al. (2014), argued that downsizing negatively impacted female employees when managers professed that external factors influenced the decision as opposed to male employees, who were negatively impacted by the decision when managers professed that they were more in control of the downsizing decision. Kostopoulos and Bozionelos (2010) noted that the effects of downsizing were even more pronounced when the survivors felt that their jobs were threatened, that the company was performing poorly, or that the management had acted unfairly.

Favero and Rutherford (2016) argued that organisations would struggle to perform in the short-term after a downsizing event due to the instability introduced to the organisation, and that this could have long-term negative effects on client satisfaction. Martin, Gollan, and Grigg (2011) commented that institutional and cultural elements including corporate reputation, talent management, and employee interaction methods impacted on employer branding. They further suggested that a development culture helped to facilitate a positive employer brand.

Neves (2014) argued that an outcome of the downsizing process could be abusive supervisors towards their subordinates, because of the additional stress and demands placed upon supervisors. He added that the stress felt by supervisors after the downsizing event related to the anxiety to improve efficiencies whilst cutting costs, whilst

at the same time dealing with increased employee turnover intentions and reduced performance levels.

Aguinis and O'Boyle (2014) suggested that downsizing led to the loss of good skills, as surviving employees perceived that the downsizing event meant that the organisation was in decline and so left to join other companies. They argued that the loss of the star performers had not only resulted in a competitive disadvantage for the organisations, but a gain for the competition.

2.5 Theory of Company Performance

Goesaert et al. (2015) suggested that company performance in the context of organisational restructuring was defined as the market and accounting performance of a firm. They added that market performance of a firm considered a significant change or movement in a firm's share price in the wake of an announcement of an organisational restructuring. On the other hand, Roderick and Christoper (2011) suggested that the accounting performance of a firm considered a significant change in the profit margin, return on assets, asset efficiency, return on equity and market-to-book value for a firm in the wake of a restructuring process.

Kawai (2015) noted that other downsizing literature listed many objective measurements related to firm performance including sales growth, cash margins, share returns, return on assets, return on sales and total factor productivity. He added that literature also mentioned subjective forms of corporate performance including organisational perception on profitability and employee motivation. Tsao et al. (2016) added that previous studies also measured the performance of the firm considering the return on equity (ROE), which is calculated by diving the net revenue of the firm by the shareholder equity.

Stanton and Nankervis (2011) postulated that there was greater organisational effectiveness when elements of an organisation's strategy (such as mission, strategy, and values) were incorporated into the performance management system (PMS). They also commented that elements related to the employees – for example employee competence, employee productivity, employee flexibility – should be included in the PMS. They further emphasised the importance of the employee-line manager relationship, and the integration of this relationship into other organisational HRM processes.

2.6 Theory of Strategic Human Resource Management Practices

Kawai (2015) stated that there were three strategic human resource management (SHRM) variables that had been studied in the context of downsizing literature, namely: information sharing, employee skills, and SHRM fit. Sikora, Ferris, and Van Iddekinge (2015) argued that the line managers' perception of the implementation of SHRM practices (high performance work processes, including job training and remuneration structures) had an influence on the relationship between SHRM and organisational outcomes (productivity, turnover intentions, job performance). Roderick and Christoper (2011) suggested that SHRM practices included information sharing, job design, HR planning, tailored hiring programmes, employee participation, remuneration and benefits.

Eeckhout and Pinheiro (2014) commented that companies with high and varied employee skills often showed better organisational performance than firms that did not show the same characteristics. They added that high performing and more productive organisations emphasised the development and support of employee skills more than non-performing firms. Luan et al. (2013) added that organisations which invested in employee skills during an economic downturn experienced a competitive advantage during an economic recovery. Roderick and Christoper (2011) agreed with Luan et al. (2013), stating that the resource-based view of the firm theory posited that human resources that were rare, highly skilled, and systematically integrated in the organisation could give a firm a significant competitive advantage. Garavan (2012) added that the difference in approach in either increasing investment or decreasing investment in employee skills was due to the level of leadership that existed in organisations.

Garavan (2012) further remarked that depending on the industry, organisations focused on different elements of employee skills: some focused on developing and retaining leadership skills, whilst others focused on developing and retaining technical skills. He added that organisations also differed in their emphasis on employee skills, particularly during difficult economic times. Some firms maintained their investment and commitment to developing skills, whilst others blamed the economic climate and reduced their investment in employee skills. Tang et al. (2015) also remarked that SHRM gave employees the skills to engage in more effective decision-making processes for the organisations. They added that this caused employees to be more entrepreneurial in their approach, which benefitted the organisations. Neves (2014) commented that an important skill that companies could promote was employees' political skills, which would improve their self-esteem, self-efficacy and ultimately their performance.

Schenkel and Teigland (2016) argued that social networks needed to be further enhanced and mapped in organisations as these influenced the dynamic capabilities of the firms. They argued that mapping the social networks would inform organisations of which human resources played the role of gatekeepers, connectors, brokers and community of practice participants. Delery and Roumpi (2017) further argued that the competitive advantage of SHRM practices stemmed from the fact that employees were to a large extent unique, their interactions with fellow colleagues were distinctive, and their experiences were varied based on the different settings and environments that they had worked in. Azmi (2011) added that SHRM had a greater influence on the performance of the firm than other elements such as HR effectiveness.

Wei, Liu, and Herndon (2011) suggested that SHRM had a beneficial effect on the innovation capability of organisations. They argued that a development culture (culture in which employees are supported and encouraged to develop) facilitated and supported the positive relationship between SHRM and firm innovation. They further stressed that the effective implementation of SHRM on firm innovation was also supported in organisations with a flat structure. Roderick and Christoper (2011) stated that certain HR practices could improve labour productivity, defined as revenue per employee. Garavan (2012) commented that employee skills were developed in organisations in which top and executive management were committed to SHRM practices. He emphasised that organisations which reduced their investment in employee skills considered employee skills as an HR focused activity and as something that they could not sustain.

Wang et al. (2012) further argued that SHRM practices were not only related to the current financial performance of the organisations, but that they provided a foundation for sustained competitive advantage into the future. Luan et al. (2013) argued that to prepare for an economic recovery, firms needed to have additional human resource capacity to sustain their competitive advantage during uncertain and difficult economic conditions, they needed to consider investment opportunities, and they needed to utilise their additional resources in new enterprises. Wang et al. (2012) further maintained that it was important for organisations to focus on both the fit (fit into the strategy) and flexibility (adaptability to changing conditions) of employee skills.

Sikora et al. (2015) posited that managers who had a higher HR acumen and organisational influence (political skill) were better positioned to implement SHRM practices. Tang et al. (2015) agreed with Sikora et al. (2015) that employees with organisational influence were able to implement SHRM practices more effectively. Sikora et al. (2015) further added that organisations needed ways to measure the effectiveness

of implementation of SHRM if they were to place and extract value from SHRM processes. They added that it was important for organisations to make their managers aware of the impact that the implementation of SHRM practices had on their employees. They stressed that organisations needed to understand the commitment required to implement SHRM practices, as a lack of understanding had a negative impact on organisational outcomes.

Karlsen (2011) argued that policy makers needed to consider the peculiarities that came with specific industries, and not develop blanket cluster development approaches to stimulate the SHRM policies, economic and developmental needs of regions. He added that policy makers needed to focus on creating incubators in individual firms for certain industries, particularly small and medium enterprises in technical fields, supporting the growth of employee skills and other associated SHRM practices at firm level, before endorsing cluster development as the panacea for the growth of economies in certain geographies.

2.7 Conclusion

Schweizer and Nienhaus (2017) reported that organisations engaged in restructuring activities for a variety of reasons, which could be categorised into endogenous and exogenous causes. Organisational restructuring took on many forms including operational, managerial, portfolio and financial types of restructuring.

The effect of employee restructuring on the performance of the firm was found to be mixed (Kawai, 2015). Furthermore, Tsao et al. (2016) suggested that HRM practices related to employee downsizing had a negative effect on firm performance. There were adverse effects on the performance of survivors in the firm as a result of a downsizing event, manifested through lower self-reported effort, performance, commitment, motivation, high absenteeism and turnover intentions (Drzensky & Heinz, 2016).

SHRM practices offered employees knowledge, skills, abilities and other characteristics that impacted on their demand and supply into and out of organisations, which impacted on labour market dynamics and contributed to better firm performance (Delery & Roumpi, 2017). Even though SHRM policies may have been the same in organisations, employees often experienced the implementation of the policies differently (Garavan, 2012). SHRM practitioners and line managers needed to spend time with employees to manage expectations and implementation of SHRM practices. High performing organisations considered a broad range of skill sets, and were led by top and senior management who were committed to SHRM practices (Eeckhout & Pinheiro, 2014).

The negative effect of a downsizing event on the performance of the firm could be mitigated through good HRM practices including communicating positive signals in the form of offering placement services in other firms or recruiters, retraining opportunities in other skills, attractive financial offers for voluntary leavers, especially when the downsizing event was endogenous (Drzensky & Heinz, 2016). There was a positive relationship between SHRM fit and firm profitability and employee attitudes, which encouraged managers to align HRM activities and firm strategies to enhance company performance (Kawai, 2015).

It was important for companies to understand the critical skills and key players in information sharing roles in organisations, as this would enable the organisations to implement retention strategies for these employees, as these roles ensured that there was a constant flow and sharing of information into and within the organisation, which enhanced the organisation's competitive advantage (Schenkel & Teigland, 2016). The presence of efficient information sharing mechanisms in firms could give organisations a competitive advantage (Kawai, 2015).

This study aimed to gain a better understanding on the motivations for organisations to engage in downsizing activities and the SHRM practices that firms needed to implement to ensure good firm performance, post a downsizing environment.

2.7.1 Key knowledge gaps

The key knowledge gaps that this research aimed to address are summarised in this section.

The effect of the modulating effects of SHRM on the performance of the firm had not been adequately explored and needed to be studied through semi-structured interviews (Azmi, 2011). Future research needed to focus on evaluating downsizing activities and firm performance in other industries, outside the financial services industry (Luan et al., 2013). A deeper analysis of the reasons for the conflicting relationship between downsizing and company performance was required (Reinecke et al., 2016). Future research needed to determine whether there was an improvement in the operational and/or financial performance of the firm after the downsizing event (Goesaert et al., 2015).

Future research also needed to evaluate the relationship between SHRM and the effectiveness of the organisation, using in-depth personal interviews (Stanton &

Nankervis, 2011). Future work using integrative data samples from international and varied industry contexts would enable greater comparisons amongst regions and industries (Schweizer & Nienhaus, 2017). Some of the negative reasons associated with employee motivation on the performance of a downsizing firm remained speculative, something that a qualitative study consisting of in-depth interviews could probe for deeper insights into the unexpected and conflicting outcomes (Kawai, 2015).

Future research focusing on the strategic nature of HRM systems through in-depth, qualitative studies was required (Stanton & Nankervis, 2011). Future research needed to focus on the SHRM practices that firms could introduce for the different employee groups to serve as 'mobility' barriers or 'mobility' enablers to attract or to repel their target employees (Delery & Roumpi, 2017). Future research needed to investigate the reasons why other organisations downsize, and investigate the way downsizing is implemented in organisations (Favero & Rutherford, 2016). Future research needed to probe the assertion that downsizing could lead to survivors feeling guilty and stressed (Wei et al., 2015). Future research also needed to study SHRM policies and their implementation in developing economies, evaluating the commitment of top and executive management to SHRM practices during a downsizing event (Garavan, 2012).

Future research also needed to probe how employees felt they were treated during the downsizing process, and whether the manner in which they felt they were treated during the proces, had impacted on the level of the psychological contract (Roderick & Christoper, 2011). Wei et al. (2015) supported the suggestion by Roderick and Christoper (2011) that future research needed to investigate the change in employees' psychological contracts particularly post a downsizing event, to probe the effect of HRM policies on employees.

The knowledge gaps identified in the literature and the proposed theoretical model for the research influenced the research questions and the research methodology as indicated in Chapters 3 and 4 respectively. The research questions were developed to answer the knowledge gaps highlighted and to conform to the structure of the theoretical model. The knowledge gaps identified in the literature informed the type and format of the research methodology followed.

3. RESEARCH QUESTIONS

The research aimed to answer four questions derived from the literature review and located in the theoretical model. This section expands on the four research questions developed, to answer the knowledge gaps identified in the literature review. An explanation is given on the origin of the questions and how they fit into the theoretical model of the study.

3.1 Research Question 1: What do organisations define as downsizing and how often do they engage in downsizing?

Research Question 1 aimed to establish the frequency and the extent to which companies engage in downsizing activities. The question sought to understand the underlying causes of the downsizing events, whether the factors were endogenous or exogenous.

This question also sought to establish whether a relationship existed between the nature of the underlying cause (whether it was exogenous or endogenous) and the form of SHRM practices that organisations implemented prior to the downsizing event.

The researcher was also interested in understanding whether the same downsizing methods were implemented in similar industries or whether different methods prevailed even in similar industries. Following on the literature review and the theoretical model, the researcher sought to discover the extent to which macroeconomic factors (the region of the firm, legislation of the jurisdiction of the firm, the industry of the firm) and microeconomic factors (the size of the firm, the age of the firm and associated firm capital structure) influenced downsizing decisions and outcomes.

3.2 Research Question 2: What do companies consider as strategic human resource management practices?

Research Question 2 aimed to establish the human resource practices that companies considered as strategic. Following on the literature review and the theoretical model, the researcher sought to confirm whether information sharing, employee skills, and SHRM fit were in fact strategic HR elements of the firm.

The research question also aimed to establish whether any other SHRM factors were considered by organisations. The researcher also intended to probe whether companies had made the link between HRM practices and the performance of the firm.

3.3 Research Question 3: How do companies update SHRM practices in a downsizing environment?

Research Question 3 aimed to establish how companies used the identified HRM practices in relation to their strategy. This question sought to understand whether companies updated their HRM practices during different lifecycle periods of the organisation. The researcher was also interested in determining how companies used HRM practices during difficult economic times, whether there was reduced investment in HRM practices, and the types of HRM practices that companies focused on during the difficult times.

The researcher was interested in probing whether companies perceived HRM practices as a strategic tool for the organisation's competitive advantage. Following on the literature review and the theoretical model, the researcher also sought to establish whether the use of HRM practices in organisations was a function of the culture that existed within organisations. Culture in this context is defined as the values and prevailing environment in the organisation, relating to what is promoted and what is punished in the organisation.

3.4 Research Question 4: How do SHRM practices influence the performance of the firm after a downsizing event?

Research Question 4 aimed to determine the effect of the identified SHRM practices on the performance of the downsizing firm. This question sought to establish the dynamics between SHRM practices and the performance of the downsizing firm.

The researcher intended to probe if the organisation's SHRM practices influenced the performance of the firm post the downsizing event. If the organisation did not implement any SHRM practices prior to the downsizing event, the researcher was interested to observe the influence of the absent SHRM practices on firm performance after downsizing. The researcher focused on the most recent downsizing events that the participants had experienced, as it can be argued that the participants would recall the recent events with better clarity than older events. However, the researcher also took note of older downsizing events that the participants mentioned.

Following on the literature review and the theoretical model for the research, the focus of firm performance was on the productivity levels and the motivation levels of the survivors post the downsizing event.

4. RESEARCH METHODOLOGY

4.1 Introduction

This chapter expands on the research methodology adopted for the study. The literature review highlighted that the effects of downsizing processes on the performance of the firm are mixed. The literature also highlighted that previous downsizing studies had primarily focused on the manufacturing and financial services sectors and that research on the topic needed to broaden its reach to enable greater comparison amongst industries. To this effect, an exploratory, qualitative method was used, considering several industries in an emerging market context. Following the limited time available for the study, a cross-sectional horizon was applied.

4.2 Choice of Methodology

4.2.1   Philosophy

The philosophical approach to the study was one of interpretivism. The philosophical lens of this study sought to interpret the meaning to which senior managers in organisations attached to reasons of downsizing, SHRM practices, and the effect SHRM practices on the performance of companies (Hlady-Rispal & Jouison-Laffitte, 2014). The literature review, as described in Chapter 2, assigned the reasons for downsizing to different industries, dependent on the social settings and structures of those industries. In the research, the interaction between the different organisations and their SHRM practices were contrasted to one other, confirming the interpretivism nature of the study (Saunders, Lewis, & Thornhill, 2012).

4.2.2   Approach

The observations from the research were used to confirm existing theory. The literature review and theoretical model of the research were developed from existing theory. Existing and relevant theories that the research explored included economic theory, psychological contract theory, resource-dependence theory, conceptions of control theory, organisational theory, and contingency theory. The research attempted to establish if the outcomes supported existing theory, therefore the approach for the research was deductive (Hlady-Rispal & Jouison-Laffitte, 2014).

4.2.3   Methodological choices

The research choice for the research was a mono method, as it combined a qualitative data collection technique with a qualitative data analysis procedure (Saunders et al., 2012). The research choice was informed by the knowledge gaps as identified in the literature review (Chapter 2), the theoretical model for the research (Chapter 2) and the research questions (Chapter 3). The qualitative research approach sought to elaborate

and generate new angles on already existing theory (Reinecke et al., 2016), particularly in areas that had previously yielded conflicting or vague outcomes, as is the case in the effect of downsizing on company performance.

The mono method using a qualitative approach of semi-structured interviews also provided triangulation of the data, as the data gathered from the different participants could be compared (Saunders et al., 2012). The qualitative data analysis technique used the software tool, ATLAS.ti, to take advantage of the data manipulation functionality of the tool, to further solidify the meanings and themes extracted from the interviews.

4.2.4   Purpose of research design

The research sought to determine new insights, to ask questions, and to assess phenomena in a 'new light', therefore the research was exploratory (Bansal & Corley, 2011). The research sought to clarify meanings and explanations attached to downsizing, SHRM practices and company performance and, as the research probed new insights or new angles to existing theory, an exploratory research was most appropriate (Saunders et al., 2012). Semi-structured, in-depth interviews were used to gain the data and insights for the research.

4.2.5   Time horizon

Due to the limited time available for the research, the research was cross-sectional as it examined downsizing and company performance over one downsizing event (Saunders et al., 2012). Due to the limited time for the study, the research did not engage in intra-company comparison of different downsizing events over a period, but focused on comparing individual downsizing events across different companies. The researcher also focused on the experiences of participants over recent downsizing events, as it was likely that the research participants would recall the details of the recent events with greater clarity and therefore eliminate biases that could be introduced due to memory loss.

4.2.6   Techniques and procedures

In order to align with the exploratory nature of the research objectives of the study, semi-structured interviews were used as the data collection technique (Mcnulty, Zattoni, & Douglas, 2013). A list of themes and questions were generated for the interviews, allowing for flexibility in questioning (Saunders et al., 2012). The themes and guiding questions developed prior to the interviews were informed by the research questions and theoretical model. Three pilot interviews were conducted to validate the research questionnaire, after which an additional question was added to the questionnaire (see section 4.5 for a detailed description of the pilot interview process and the measurement

instrument).

4.3 Population

The population for the research was identified as senior managers in multi-national companies that were involved in the development and/or enforcement of company policy related to SHRM practices and downsizing events.

4.4 Unit of Analysis

The unit analysis of the research was senior managers in multi-national companies. The perceptions of senior managers on SHRM practices and the effect on company performance after a downsizing event formed the basis and provided the insights probed by the theoretical model (Chapter 2) and the research questions (Chapter 3).

4.5 Sampling Method and Size

The approach used in probing the effect of SHRM practices on company performance after a downsizing event was through non-probability, judgemental sampling methods, using semi-structured interviews (Maanen, 1979). This sampling technique enabled the researcher to gain a deeper understanding on the social and institutional factors that influenced multi-national companies to pursue the various SHRM strategies and their effect on company performance post a downsizing event.

The number of interviews undertaken was driven by the degree of new insights obtained from each successive interview (Saunders et al., 2012). The researcher has sat on the boards of several non-profit organisations in South Africa, and thus had access to several senior managers representing multi-national companies. The study participants whom the researcher knew prior to the interviews referred him to other participants who had experienced or enforced downsizing, hence snowball sampling was also used. The researcher selected the participants that he judged could best assist in answering the research questions, therefore non-probability, judgemental sampling was used.

A total of 18 interviews were conducted with senior management participants (only one of the participants was in middle management), all involved in the development and/or enforcement of company policy related to downsizing and human resource management practices, from seven different industries (as shown in Table 2, Chapter 5). Some of the participants were known to the researcher prior to the interviewing process, whilst others were referred through the snowballing effect.

4.6 Measurement Instrument

The researcher used semi-structured, open-ended, in-depth interviews that comprised a theme and guideline on the questions that were asked (Saunders et al., 2012). The participants sometimes used words or ideas differently and this technique allowed for deeper probing or translation from the participants (Hlady-Rispal & Jouison-Laffitte, 2014). The active interaction with the participants also added additional vistas or insights, thereby enhancing the richness of the data.

Open-ended questions allowed the participants to reply as they wished in order to reveal attitudes and to obtain facts (Mcnulty et al., 2013). The primary use of 'what', 'why' or 'how' questions were used to achieve this end. The use of probing methods were used in order to speak to particular themes aligned to the research questions (Bansal & Corley, 2011). The researcher also tried to avoid asking leading questions to mitigate any form of bias.

The interviews were conducted over a period of three weeks. A mixture of face-to-face and telephonic interviews were held – the interview method used depended on the availability and proximity of the participants. The interview process followed a semi-structured methodology using an interview questionnaire for the structured part of the process. The questions asked followed on the participant's exposure, familiarity with the constructs, and the comfort of the participant to engage in a specific question. In certain instances, the participant would answer a given question before the researcher asked the question, in which case the question was then not subsequently asked.

Three pilot interviews were conducted by the researcher to validate and test the interview schedule and questionnaire. The three pilot interviews (part of the eighteen interviews) offered highly valuable insights to the research and therefore were retained in the analysis. The interview schedule was initially made up of 11 questions, but question 12 was added after the pilot interviews. The pilot participants comprised participants with significant downsizing experience in industry and academia, and the practical experience and advice offered prompted the researcher to add question 12. Interview question 12 related to insights that participants could share on the SHRM practices that companies needed to implement to support a company's performance during and after a downsizing event, as advice to other senior managers. The interview times varied from 15 minutes to 60 minutes, with an average interview lasting for 25 minutes. The interview questionnaire is shown in Table 1.

Table 1: Interview questionnaire.

No	Research Questions	Interview Questions
1	What do organizations define as downsizing and how often do they engage in downsizing?	1. What is your understanding of downsizing?
		2. How often does your company downsize?
		3. What are the reasons for your company to downsize?
2	What do companies consider as strategic human resource management practices?	4. What does your company consider as strategic human resource management practices?
		5. Of the factors identified, which ones do you consider as most important during a downsizing event?
3	How do companies update SHRM practices in a downsizing environment?	6. How does your company incorporate HRM practices into the company strategy?
		7. How does your company adjust HRM practices in a downsizing environment?
4	How do SHRM practices affect a downsizing firms' performance?	8. What strategic human resource practices did your company implement in the last downsizing event?
		9. How did the last downsizing event impact on the productivity levels of the surviving employees?
		10. How did the last downsizing event impact on the motivation levels of the surviving employees?
		11. What were some of the causes of the levels of motivation & productivity for the surviving employees after the last downsizing event?
		12*. What strategic human resource management practices should companies implement to buffer the company's performance during a downsizing event?

*Question included after the three pilot interviews

4.7 Data Gathering Process

An audio recorder was used to record all the conversations, where permission was granted. Notes were taken as the interviews progressed. The notes served as a back-up to the audio recording, but also demonstrated to the participants that their responses were important to the researcher (Mcnulty et al., 2013). Audio recording also assisted the researcher to be fully concentrated on the participants and to observe any facial expressions and non-verbal expressions (Mcnulty et al., 2013).

After the interviews, the notes were collated, including the contexts of the organisations and the participants (Mcnulty et al., 2013). The following contextual information was

recorded from the interviews: 1) date and time of the interview; 2) location of the interview; 3) information about the participant (gender, age, industry, role in the organisation, interview method, whether the participant was known to the researcher prior to the interview). The participants' information and the interview notes have been recorded and stored separately from this paper to maintain confidentiality in the process.

4.8 Analysis Approach

Once the interviews were completed, audio-recorded, and the data collated, the data was transcribed, i.e. re-produced in written form (Hlady-Rispal & Jouison-Laffitte, 2014). During the transcription, contextual setting was added to the data (Maanen, 1979).

Each transcript was saved as a separate word file under a name that maintained anonymity and confidentiality. The transcript files were then saved in a sequential number following the interview order. For example, file '1MSMOrg1' referred to interview one, male, senior manager, at organisation one.

Once all the file transcripts were checked, the data was categorised into codes based on the themes from the theoretical model and the research questions (Hlady-Rispal & Jouison-Laffitte, 2014). The researcher used the software package, ATLAS.ti, to facilitate the categorisation and analysis process.

The services of a professional firm were employed to transcribe the 18 interviews. The researcher then coded the data based on the codes framework as presented in Figure 3.
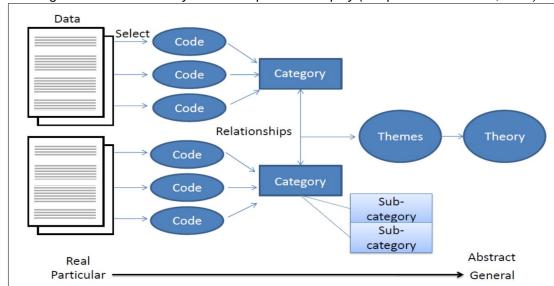
Figure 3: Codes to theory model for qualitative inquiry (Adapted from Saldana, 2009).

The data was categorised into codes based on the themes as expressed in the

theoretical model (Chapter 2) and the research questions (Chapter 3). Codes (units of meaning) were derived from every sentence of the transcribed interviews that provided a degree of insight based on the theoretical model and research questions. In instances where insights were not located in the themes as expressed in either the theoretical model or the research questions, this data was still coded and noted.

The pilot transcripts were initially coded, and the code methodology and logic utilised in this process was then rationalised. The codes developed for the rest of the transcripts were then based on this initial logic. Only one code was ascribed to one quotation, to simplify and streamline the process as much as possible. Only the participants' quotations were coded, to ensure that the participants' voices and insights were captured, instead of the researcher's. The codes developed were then grouped into categories as per the themes identified in the theoretical model and research questions, following on the deductive nature of the research. The interpretation of the code groups was conducted following on the theoretical model and the research questions.

The analytical procedure that the data was subjected to was pattern matching (Hlady-Rispal & Jouison-Laffitte, 2014). The researcher used observations to test existing theory and where these align, a match would have been established. Where these did not align, the researcher sought an alternative explanation to this scenario. The researcher also engaged in explanation building, to adjust his propositions in the light of existing theory, as more data became available.

4.9 Validity and Reliability Criteria

Saunders et al. (2012) referred to validity as the extent to which the researcher captured a message that the participant intended to convey. Reliability referred to the extent to which a different researcher would have achieved the same outcome. Qualitative research could be construed as subjective and could be subject to many observer biases.

In order to mitigate observer biases, the following elements were applied to the process (Saunders et al., 2012): the researcher standardised on the list of questions for each interview to minimise any skewness; the researcher tried not to ask leading questions; the researcher furnished the participants with the interview questionnaire prior to the interviews, in order to allow them to prepare adequately; the interviews were held in a boardroom or over the phone in a quiet environment for minimum disruption; the researcher refrained from imposing their own beliefs or frame of reference on the participants and focused primarily on the research topic, thereby minimising researcher

bias; the researcher discussed a prepared participant information sheet to gain the confidence of the participant and to help to reduce anxieties prior to the interviews; the researcher also tried to practise attentive listening and gave the participants sufficient airtime to answer the questions.

4.10   Limitations

The limitations of the research included the following:

- The researcher was not trained in conducting interviews, and therefore bias might have been introduced that influenced the responses of the participants;

- The sample included participants in the mining, retail, consulting, R&D, ICT, financial services and academia fields and so the outcomes of the research might not be transferrable to other industries;

- The sample for the research mainly consisted of senior managers in operations and only one senior manager in HR (participant 12), and therefore the extent to which HR influenced the senior leadership of organisations regards SHRM practices was not extensively probed;

- The sample for the research consisted mainly of senior managers whose role involved enforcing policy, so the extent to which senior and top managers who develop policy consider SHRM practices was not extensively probed;

- The sample for the research comprised only one ex-CEO (participant 3) and therefore the extent to which top leadership considered SHRM elements was not extensively probed;

- The sample for the research consisted mainly of senior managers in large companies, so the extent to which managers in smaller organisations share similar views was not probed;

- Eight of the eighteen interviews were with participants that the researcher did not know prior to the interviews, so the extent to which these participants were transparent could not be confirmed;

- Only three of the eighteen participants were females, so the data could suffer from gender bias;

- The research is cross-sectional and the conclusions might not be transferrable to a different time.

The following chapter describes the results obtained from the research.

5. RESULTS

The results obtained during the data gathering phase of the research are presented in this chapter. The section begins with a brief description of the participants, the industries from which they came, their various roles in the context of their downsizing experiences, and whether the participants were known to the researcher prior to the interviews. The results are presented following the order of the research questions and in accordance with the theoretical model as shown in Figure 2.

5.1 Description of Participants

Eighteen interviews were conducted with senior and middle management participants, all involved in the development and/or enforcement of company policy related to downsizing and human resource management practices, from seven different industries as shown in Table 2. Although 18 interviews were conducted, it was observed that new significant insights were generated with each subsequent interview, particularly with participants from different industries, hence it cannot be concluded that data saturation was reached. The participants were from seven different industries and had experienced downsizing in one form or another, either at their current organisations or in prior companies. Some of the participants were known to the researcher prior to the interviewing process, whilst others were referred through the snowballing effect. The average age of the participants was 51 years old, ranging from 39 years of age to 76. The sample consisted of 83% male and 17% female. Most of the participants had an operations background, with only one participant from HR (participant 12). Owing to the availability and proximity of the participants, half of the interviews were held over the telephone. All the participants held senior manager positions, except one participant (participant 15), who was in a middle management role.

Table 2: Summary of participants.

Participant	Gender	Age	Industry	Position	Role (Development/ Enforcement of Policy)	Interview Method	Known to the author prior interview
1	M	61	Academia (Higher Education)	Senior Management	Development	Face to face	No
2	M	56	Academia (Higher Education)	Senior Management	Enforcement	Face to face	No
3	M	76	Academia (Higher Education)	Senior Management	Development	Face to face	No
4	M	55	Research & Development	Senior Management	Enforcement	Telephone	No
5	M	39	Mining	Senior Management	Enforcement	Face to face	Yes
6	M	43	Mining	Senior Management	Enforcement	Face to face	Yes
7	M	47	Consulting	Senior Management	Enforcement	Telephone	No
8	M	57	Research & Development	Senior Management	Development	Telephone	No
9	M	50	Mining	Senior Management	Enforcement	Face to face	Yes
10	M	54	Research & Development	Senior Management	Enforcement	Telephone	No
11	M	60	Mining	Senior Management	Enforcement	Telephone	Yes
12	F	48	Mining	Senior Management	Enforcement	Face to face	Yes
13	M	45	Mining	Senior Management	Enforcement	Face to face	Yes
14	F	42	ICT	Senior Management	Enforcement	Telephone	Yes
15	F	40	Consulting	Middle Management	Enforcement	Telephone	No
16	M	45	Mining	Senior Management	Enforcement	Face to face	Yes
17	M	45	Retail	Senior Management	Enforcement	Telephone	Yes
18	M	48	Financial Services	Senior Management	Enforcement	Telephone	Yes

5.2 Presentation of Results

The results of the research are presented following the theoretical framework and the research questions as described in Chapters 2 and 3 of this report. A summary of the code groups mapped across the theoretical framework and the research questions are shown in Table 3. The number of code groups and the associated number of quotations (groundedness) are also shown. The code groups relate to the theoretical frameworks in Figures 1 and 2 in Chapter 2.

No	Code Group	Theoretical Framework	Research Question	Number of Code Groups	Number of Quotations
1	Definition of Downsizing	Researcher's Downsizing Framework/Organizational Change Research Framework	RQ1	10	26
2	Underlying Distress Causes	Organizational Change Research Framework	RQ1	13	45
3	Industry	Researcher's Downsizing Framework/Organizational Change Research Framework	RQ1	16	23
4	Legislation	Researcher's Downsizing Framework/Organizational Change Research Framework	RQ1	5	5
5	Region	Researcher's Downsizing Framework/Organizational Change Research Framework	RQ1	3	3
6	Firm Size	Researcher's Downsizing Framework/Organizational Change Research Framework	RQ1	1	1
7	Firm Age	Researcher's Downsizing Framework/Organizational Change Research Framework	RQ1	0	0
8	Capital Structure	Researcher's Downsizing Framework/Organizational Change Research Framework	RQ1	0	0
9	Employee Skills	Researcher's Downsizing Framework	RQ2	29	96
10	SHRM Fit	Researcher's Downsizing Framework	RQ2	26	92
11	Information Sharing	Researcher's Downsizing Framework	RQ2	7	33
12	Company Brand	Interview Insight	RQ2	5	11
13	Organizational Culture	Researcher's Downsizing Framework	RQ3	20	35
14	Outcomes of Downsizing	Researcher's Downsizing Framework	RQ4	25	51

The number of code groups and quotations indicated in Table 3 are drawn from the ATLAS.ti report of the research. None of the participants mentioned firm age or capital structure in the interviews, hence the number of code groups and quotations associated with these themes are zero. These themes were included in the researcher's theoretical framework in Chapter 2 (Figure 2) as they are included in downsizing literature.

The network diagrams drawn from ATLAS.ti are included in the sections to summarise the themes associated with the theoretical frameworks. The groundedness (G) and density (D) results are included to indicate the frequency that an item is associated with the data, and the linkages between the different codes respectively. The researcher did not link the different code groups, hence the D values show zero values.

The results from the data on a code group are presented and explained following the order in Table 3, followed by the substantiating quotations from the participants. The

overriding code group expressed by participants under the different themes associated with the research questions are bolded and italicised to emphasise the focus on the code group. Only the quotations that elucidate the sentiment of most of the participants on a code group are mentioned, and not all the quotations associated with a code group. Square brackets [ ] are used to anonymise references to companies, individuals, or any legal entities to respect the confidentiality agreement as expressed in the ethical clearance process. Ellipses (…) are used in the substantiation quotations to represent sections of sentences from the research participants that did not shed insights on the theme or sub-theme.

This section will discuss the outcomes from the interviews, whilst the discussion of results section (Chapter 6) will further compare the outcomes of the results with the literature.

5.2.1   Results for Research Question 1
What do organisations define as downsizing and how often do they engage in downsizing?

Research Question 1 aimed to establish the frequency and the extent to which companies engage in downsizing activities. The question sought to understand the underlying causes of the downsizing events, whether the factors were endogenous or exogenous. This question also sought to establish whether a relationship existed between the nature of the underlying cause and the form of SHRM practices that organisations implemented prior to the downsizing event. The researcher was also interested in understanding whether the same downsizing methods were implemented in the same industries or whether the methods differed even within the same industry.

Themes associated with the theoretical framework in Chapter 2 (Figures 1 and 2) that the participants mentioned related to Research Question 1 are: downsizing, underlying distress causes, industry, legislation, region and firm size. Firm age and capital structure form part of RQ1, however the participants did not mention either of these constructs.

5.2.1.1 The definition of downsizing
The participants mentioned a myriad of definitions for downsizing, forming nine code groups from 26 quotations. Some of the definitions are related and these were grouped into one theme. Figure 4 summarises the different code groups determined from the participants related to the definition of downsizing. The definition and the underlying causes of downsizing are very similar themes, but for the purposes of the research, the

two are described in different sections. The most common definitions of downsizing from the research was the "reduction of human capital due to an organisational strategy change" – the construct recorded thirteen code referrals.

Figure 4: Definitions of downsizing.

The participants defined downsizing as organisations ***cutting on the number of employees*** to remain with a smaller employee footprint. They felt that the degree to which organisations downsize varied from organisation to organisation, depending on the scope and the needs in the business.

> *"Okay, so why I say I am downsizing is basically when you reduce your employee headcount based on circumstance of the business….So, my understanding is reduction of the staff; the percentage may vary depending on the scope and the need in the business."* Participant 1.

> *"Fundamentally, downsizing is to reduce the number of people, reduce your HR spend, your salary bill fundamentally."* Participant 2

> *"The problem we had was that we had to downsize, eventually I downsized the organisation from 6000 down to 2400. It was more than 50%."* Participant 3.

> *"Primarily a reduction of staff, if the company had 1000 people they want to have rather 700, that is downsizing the number of people, headcounts essentially."* Participant 9.

> *"And at the end of the exercise they achieved their goal in the sense that they downsized the company by 20%."* Participant 11.

The participants also felt strongly that companies embarked on downsizing ***to get rid of***

misfit employees, for example, employees that the management felt did not possess the right skills, culture, did not fit it in with the employer brand, or employees who were not performing. The participants also felt that the downsizing process was subjective and that there were corporate politics involved, with management using the process as an alibi to get rid of certain people they might not like, to avoid the tedious legal processes and ramification associated with firing employees.

> *"There is some other unwritten stuff about downsizing. Generally people assume that the skills level and the qualifications are likely to either protect them against retrenchment or otherwise but based on experience there is still a lot of politics and subjectivity that is applied during such a downsizing, meaning that I might as an employee know somebody who I know doesn't have the necessary skills and experience that I hope I want but they have got the right cultural mind-set and they are a good culture fit and they have got the right attitude for the job and then I can train them to, upskill them to the level that I want versus somebody that has got experience but is basically a problem in the team, somebody with a lot of experience in the job but they have got the wrong attitude."* Participant 9.

Some of the participants felt that downsizing was done by organisations to ***bring in the correct skills***, that some people were let go to make way for people with skills that the organisations might have deemed strategic or critical to them.

> *"…because usually people who are retrenched are people with less skills…. Downsizing happens mainly because of two reasons: 1) the company, assessing its efficiency in terms of human resources, and noting that they have more staff than they need for the production that they're targeting."* Participant 10.

Some participants explained that other companies embarked on downsizing activities at different levels. They mentioned that downsizing was sometimes done to ***reduce the management headcount or low-level workers***, but that this form of downsizing would target employees at a certain employment level or grading, and not everybody in the organisation.

> *"…they retrenched our rebate workers…. In the second event about a year later, the second retrenchment they retrenched mostly white-collar office staff and that actually clarified, the organisation you may remember, that was an organisation where they put three very small companies on one site.* Participant 2.

Some participants referred to ***downsizing of employees because of age***. They said that this form of downsizing would be done to introduce a younger workforce to the organisation, to get rid of the expensive workforce, to introduce a different way of doing things and to ensure long-term sustainability of the organisation.

> *"They have varied over the years. I recall some of the first downsizing there was*

> *a… this company it used to have like 60 000 staff and then the decision was basically anyone above 55, you get a retirement package. Only a few exceptions came in where others were retained, so everybody had to get that, it was age based."* Participant 9.

Some participants also defined downsizing as activities that companies embarked on to **reduce the number of operations, business units or departments** in different areas. They said that downsizing could also be defined as businesses reducing their footprint, from large operations to smaller operations.

> *"It could be, as I say, people-related downsizing or from an operational side from, from an operational perspective from having ten operations to eight operations or nine operations. Reducing the footprint as well."* Participant 8.

A participant also defined downsizing as **companies cutting on the human capital training budget**. The participant referred to the fact that when businesses go through difficult times, the first thing they cut is the budget related to training their employees.

> *"I think generally my experience is that suffering companies are not. When the times go tough the first thing they cut is the human capital training budget, which should be the opposite."* Participant 1.

One participant also mentioned that he considers there to be effective and ineffective downsizing. He defined ineffective downsizing as **downsizing that management embarked on but not for fundamental reasons associated with the business**.

> *"Ineffective downsizing is willy-nilly ideas of the shareholders just to have more money in his pockets and management decided to do downsizing but not for good business reasons."* Participant 17.

5.2.1.2 Underlying distress causes

The participants mentioned "the underlying causes for downsizing" theme 45 times, from which 13 code groups were developed. There is a close link between the causes for downsizing and the definition for downsizing. The underlying causes theme attempts to extract all the root causes as described by the participants, and not merely stating what downsizing is. Figure 5 summarises the downsizing underlying causes as mentioned by the participants.

Figure 5: Underlying causes of downsizing

Most of the participants believed that organisations embarked on downsizing to ***divest from certain assets***, to focus on different business interests because of new management, to unbundle into different entities or divisions, or to focus on other products because of both endogenous and exogenous causes. They stressed that organisations embarked on downsizing primarily because of a portfolio review process, particularly a divestment process, ultimately impacting on the workforce in the organisation.

> *"It was driven by the fact that we were changing our strategy completely, fundamentally really, we changed the thinking in the organisation etcetera."* Participant 3.

> *"Another way is you decide to divest in certain areas like with what happened in the past with [ ] for instance, then you have to lay off certain people that was only involved in that type of environment and that's only in that environment that you can't obviously pull through into other types of areas in your own company… downsizing due to the split of companies, so that is another way of downsizing is splitting up companies."* Participant 6.

> *"So you had [ ] and the [ ] as one company, as one department and they had to, the downsizing part of it was largely in separation, they had to separate between the two where [ ] was created as an entity because [ ] was created as a different entity so in that regard the downsizing as I see it in that context was from a perspective of having two separate specialised business units."* Participant 8.

> *"In [ ] to [ ] it was more I think reengineering more like it where the company designed a more strategy-driven approach meaning they reorganised the company and they put a new structure from the top to the bottom."* Participant 9.

"It's different, I know that one particular downsizing event happened when the new management stepped on board, and actually the mother company was reorganised." Participant 11.

"…or restructuring – not all of them was necessarily a downsizing, it was either optimisation, a cost saving initiative, a business model that changes, a business requirement that changes." Participant 12.

"…and to do that they've got to get rid of some of their legacy of what mining was in the past, and what business looked like in the past; they had to try and align themselves more with what the companies would and should look like in the future." Participant 13.

"…it could be, as I say, people-related downsizing or from an operational side from, from an operational perspective from having ten operations to eight operations or nine sort of thing. Reducing the footprint as well." Participant 18.

The participants mentioned that companies embarked on downsizing ***primarily to cut costs***. They mentioned that the cost cutting initiatives were because the business was struggling, had high operating costs and the downsizing was done to help the business to survive. Many of the participants felt that the cost cutting was market-driven and done to respond to changes in the environment, either because the market was shrinking, or being disrupted, or because of new competitors.

"Okay, it's basically when a company lets people go because of reasons of not receiving profit shall we say." Participant 4.

"The one thing for instance is it's a necessity due to economic changes and obviously it will impact the survival of the specific company." Participant 6.

"You know, in some cases people try to improve their sales activities and marketing activities to you know, not to have to do the scaling down exercise of the human resource, but then if it is not happening quick enough and then for that reason then they will have to downsize." Participant 7.

"It also happens because of the business not doing well for whatever reason, the bottom line is not being achieved." Participant 10.

"Downsizing is where a company makes a decision based on what the business requires at a point in time, to restructure the organisation based on business requirements, which could potentially have an impact on people." Participant 12.

"We went through a downsizing exercise because I think of the economic environment…. I think it was something to do with the economy in 2008/9 wasn't so great. So, people were not spending as much, there were no IT projects, so we had to let go of some of the services we were offering and the people related to it." Participant 14.

"When my position was made redundant, you know the biggest reason or the driver of the restructuring exercise was mainly that you know the company was struggling you know for survival in the market." Participant 17.

The participants stated that downsizing was embarked upon to **reduce the duplication of roles in organisations**. They stated that the duplication in roles was the result of companies having merged to form one entity, generally from previous mergers between different entities. They said that the role duplication also resulted from legacy issues, wherein an organisation was previously a parastatal or government institution in a previous political dispensation, but due to legislative changes, the organisation had to commercialise and rely less on government support.

> *"What added to that complexity is shortly before I joined that company they had amalgamated three smaller companies onto one site with an expectation that that would save money but they didn't cut the head count so you quite often you had two cost accountants doing essentially the same job."* Participant 2.

> *"We did things like that but we also went very deeply into a process of asking ourselves which internal services must we offer ourselves and which not and that was part of the problem why we had so many people, 6000 people. We had about 100 people running the motorcar pool, doing their own maintenance and washing cars and we eventually ended up with one person from [ ]."* Participant 3.

> *"I worked for an organisation called [ ] and we had a situation where at some point where we merged into the [ ] as a department and in that process it also meant that peoples roles were had to change, some had to be merged and therefore some people had to lose their jobs as a result of that."* Participant 8.

> *"It's a mining company and I think the main reasoning for downsizing was the company came to existence through acquisitions and the forming of a bigger group out of smaller groups, which led to the fact that there was a duplication of positions, there was a top-heavy structure that was created because of just integrating companies without really designing a structure that is the most economical and most productive and most efficient."* Participant 12.

The participants attributed downsizing events to the **pressure that is exerted on company management by the shareholders**. They said shareholders wanted to maximise their return on investment in the company and therefore would put pressure on company management to achieve obscene returns by reducing the employee headcount.

> *"Shareholders just get this drive… they have to have more money in their pockets…. I see it quite a lot now days in business ventures where people just want to enrich the shareholders but they don't look after their very valuable asset and that is their human resource, they just do it to have more money in their own pockets, not even in the guy's participating in the organisation."* Participant 7.

Participants also mentioned that organisations downsized **due to inefficiencies**. They said that downsizing would be undertaken to streamline the employee headcount to optimally fit the business's activities and product portfolio.

"Companies do it for various reasons; mainly it is cost cutting to improve efficiencies." Participant 5.

"...so, to make sure that you realign the business with modern methodology as well as the demands of the market, it requires one to take some steps back and basically say do I need basically ten people on one machine or do I need to have 30 people on the quality assurance section, you know what I mean, so now you're basically scouring through the business, you know, each area to unlock those inefficiencies." Participant 17.

Participants expressed that downscaling also happened in certain jurisdictions **because of a change of the political landscape** especially in state-owned enterprises and institutions. They felt that the change in political leadership came with a different ideology and approach, and there would have to be downsizing in these organisations to accommodate the new political leadership and the associated support or lack thereof.

"Now up to that point the organisation had something like 6000 employees which was far too much. We knew that money is going to be tight very soon once the government change had taken place, so we designed a new strategy for the organisation, to make it, realign it into a non-strategic role. We call it a semi-commercial role. We couldn't commercialise the whole organisation, it was impossible, there was a research sector then that is part of the government science and technology institutes but there were other areas that we had to commercialise and that's unfortunately where we had to consider a rather drastic downscaling of the staff." Participant 3.

One participant felt that downsizing occurred because **management was poor and did not have a clear strategy and vision** regarding the workforce and the employees in the organisation. He felt that management would embark on downsizing carelessly and without a clear plan, as a result they would be hauled before the Commission for Conciliation, Mediation and Arbitration (CCMA) for flouting the basic conditions of employment act and other legislation related to employment.

"…that is why there are so many CCMA cases going on because the management is poor and they don't manage the company strategically, they can see the things are coming. The problem is coming but they don't respond to that and that is a real matter of non-performance and downsizing." Participant 7.

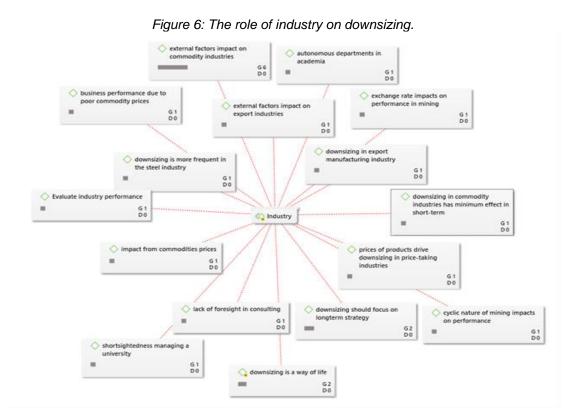Downsizing also happened due to the **cyclic nature of certain industries** and organisations would downsize at the bottom end of the cycle.

"Well I should mention that all the commodities are running, it's a cyclic type of thing, the whole market is actually performing." Participant 6.

5.2.1.3 Industry

The participants mentioned 23 quotations connected to the industry theme associated to

downsizing, from which 16 code groups were formed. The predominant sub-themes generated were: the impact of external factors on the commodity industries, the permanence of downsizing across industries, the long-term focus that should drive industries, and the impact of factors like exchange rate, as shown in Figure 6.

Figure 6: The role of industry on downsizing.

The participants expressed that **many external factors impacted the commodity industry** with regards to the effect of downsizing on the industry. For one, the industry was a price taker, and therefore was at the mercy of the market for the prices that it charged. A lot of the products produced by the industry were exported, so the industry was exposed to currency exchange fluctuations. So, the industry was impacted by external factors that it did not have control over, complicating the outlook of whether downsizing actions by the industry would be positive or not. In those instances, the participants argued that management would need to be aware that the downsizing decision was influenced by factors outside the firm, and therefore the modulating elements introduced would need to consider factors such as currency exchange rates, country inflation rates, country risks, country interest rates.

> *"Fundamentally the reason was that the company was in a commodities business, that was about [ ] to [ ] in that time, at that point the Rand strengthened year-on-year and commodity prices dropped so you suddenly got, your Rand income was dropped and the fixed costs were too high actually…the product that is processed was quoted on the LME ("London Metal Exchange") so it was a nonferrous material… If your product pricing in dollars is the lowest that it has*

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been in the last five years and the Rand is the strongest it's been in the past five years, do you still make money? … You should make sure that at least in principal you have a plan if things go, if the prices come against you but that is a commodities perspective." Participant 2*.*

"…whatever else but primarily it has a lot to do with commodity prices, really. The company was either losing money or trying to lose money." Participant 4.

"Well I should mention that all the commodities are running, it's a cyclic type of thing, the whole market is actually performing." Participant 6.

"In terms of price, we are price takers as commodities, so the price is an external factor we have got no influence over what price we can charge for our product. So, whatever the price is determined in the market, just like oil prices. If that is what you are selling and the price tanks, you have got no, you can't do much." Participant 9.

"I will say the inverse actually happened when it comes to sales, the fact that our prices were lower than we anticipated was actually influencing the downsizing not the other way around because now we have got a cost pressure, our costs don't shrink according to our revenue, we still have to make the margins we are expecting so we were forced to downsize." Participant 9.

"I am not sure, I don't know. I think there were greater factors, outside factors, not controllable by the company that were determining things." Participant 11.

"So, share price has dropped but I don't think that's the reason for the drop, I think the share prices was impacted by world economy and resource prices and so forth." Participant 13.

"…the share price didn't do well, actually it underperformed in terms of share price, because I had in terms of incentives I had some shares with the company and they didn't do well because the company didn't do well. But a number of factors, it might not only be the performance in terms of cutting costs, it can also be the mining sector." Participant 16.

The participants expressed that **export industries were also exposed to similar traits and external factors like the commodity industry**, albeit that many export, non-commodity industries were price-setting, and therefore would have more control over their fate than commodities.

"…then exporting, and this is an interesting one because medical isotopes decay with time and you are only paid for what the guy receives there in [ ], he doesn't pay you for what you produce, so your logistics must be right and this was not so easy for South Africa being at the tip of Africa far away from, so we had flights going to Singapore and then you must arrange that the isotopes that are within half an hour go onto another flight ..." Participant 3.

"So, the main driver of the restructuring, the rightsizing is basically now trying to reposition the organisation in terms of external forces which it has no control over." Participant 17.

The participants felt that even though the type of industry considered played a role in the outcomes or the decisions to downsize, **downsizing would continue to be prevalent in many industries in the future** as the world was changing and industries were being disrupted and impacted.

> *"…so, having lived through twice on the other side and having been a recipient on the other side, what I have come to appreciate is that in going forward, this thing we are going to have to live with because number one the world is very uncertain, so unfortunately nowadays it is not like in the olden days whereby everybody is going to have a job and then he is going to work until pension."* Participant 5.

> *"Then even taking things at a personal level if every one of us as individuals, at some point we downsize, there are things that we can downsize, areas we can downsize, the numbers of friends that we have because they are no longer giving us the benefits that we need, so we need to look at these things as life continues so as we progress in life, there are things that we need to get off our lives, so we remain upbeat on the future."* Participant 8.

The participants also expressed that **long-term strategic thinking** played a role in the decision to downsize in any industry. They mentioned that there were other factors that were industry specific and that determined whether the downsizing decision was the correct one. They mentioned that other critical factors such as corporate culture and ways of work were elements which had a long-term, strategic trajectory and that would influence the downsizing decision in the industry.

> *"I'm not sure, I am not sure that the university is managed at all, I am not dodging the question but recently I worked out that my father was a teacher for a twenty years and then he was at a teachers college for ten years and then he ended up at the university for ten years and I remember him saying that that the university, he ended up his career at a university, if a high school is managed the way a university is managed the high school won't make it past the second quarter."* Participant 2.

> *"…the short-term goal gets achieved but what really drives a huge organisation, you remember its always long term corporate culture and then things like how you operate and how do you do things, internally and externally and those are things that keeps on bringing back your cost and how strong you are in terms of your efficiencies and that to me is a day-to-day management."* Participant 5.

The participants also felt that industries had **different level and types of workers**; that certain industries had more knowledge workers and therefore the downsizing decision needed to consider the decentralised, self-management nature of certain industries. They said that downsizing actions and processes that impacted a mine would be different to those that impacted a high education institution.

> *"…the higher average level of people in terms of training and vocation in an organisation, generally the poorer the management. That is a very broad simplification so I suspect that there is in this institution some long-term strategic ideas but it's not, you know it is, it is, because also the university is a highly evolved organisation, there is a lot, a department for example can run things in pretty much its own way, it is a highly evolved organisation in many respects."* Participant 2.

The participants felt that there was a **lack of foresight and forward planning in other industries**. They emphasised that certain industries relied on short-term performance cycles and did not engage in sufficient scenario analysis and sensitivity models to understanding the impact of different business drivers on the performance of the firms.

> *"… the consulting company that I worked for had a few things on that but it was not, you know, it was a few small initiatives and not sort of broad, broad long term strategic initiatives."* Participant 2.

Other participants felt that downsizing is **more frequent in some industry than others**, shedding jobs continually over a long period of time.

> *"*Sectors like steel; I just read somewhere that you know in the past eight years the steel industry has shown about 40 000 jobs.*"* Participant 10.

5.2.1.4 Legislation

The participants mentioned five quotations connected to legislation associated to downsizing, from which five code groups were formed. The predominant sub-themes generated were: the general awareness of the political environment by company management, and the legal implication of downsizing as shown in Figure 7.
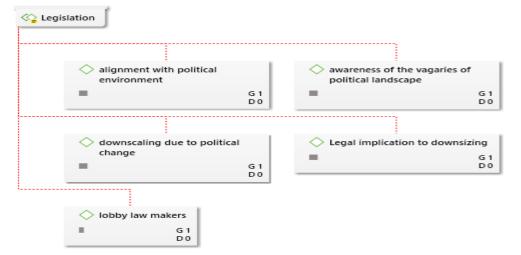
Figure 7: Role of legislation on downsizing.

The participants felt strongly that company management needed to be aware of the

political "winds and storms" blowing in a jurisdiction, otherwise the ***politics might impact on the organisation*** to embark on downsizing. Participants felt that the political landscape had a role in creating an enabling environment for the performance of the firm. They stressed that the lack of political will and support impacted the firm's performance.

> *"…we knew that money is going to be tight very soon once the government change had taken place, so we designed a new strategy for the organisation, to make it, realign it into a non-strategic role, we call it a semi-commercial role. We couldn't commercialise the whole organisation, it was impossible, there was a research sector then that is part of the government science and technology institutes but there were other areas that we had to commercialise and that's unfortunately where we had to consider a rather drastic downscaling of the staff."* Participant 3.

> *"… obviously our main funder at the time was the government, so there we paid a lot of attention, we had a strong board of directors then, they were big industry leaders, they supported us all the way and the government also supported us all the way because they could see the results of our dependence on government money coming down drastically. So, we had a lot of support even provisionally but even fundamentally."* Participant 3.

> *"I was designated to become the CEO in [ ], the board told me that on the [ ] I would take over as CEO, so I was already the designated CEO. In September of [ ] and very interesting at that time President [ ] took over from President [ ] and within two weeks I was summoned to the [ ] and I was a green then and when I got there, there were a few ministers there and [ ] then opened the meeting and you know what he said? He said 'Gentlemen', there were no ladies, he said 'Gentlemen, my term of office, I am going to take this country back again to the international community as a respected member of the community and that is going to mean that we are going to unban the [ ], we are going to release [ ], we are going to have democratic elections and we are going to dismantle our nuclear weapons', and that is why I was there, so he gave me that job, so I knew long before that yes change was coming, so yes it helped us going through the thinking process, realising that the future is going to be much different than it has been in the past. We need to move away from the strategic focus and government funding and everything and become self-reliant. So, the history was helping also a little bit in the sense of the big changes happening in the country with our democratic constitution now."* Participant 3.

Some participants felt that it was important for ***company management to understand the legal ramifications*** of downsizing. They shared the importance for companies to understand the legal definition of downsizing in different jurisdictions and the processes to be followed in a downsizing environment, as this would inform the downsizing decision and the implementation thereof.

> *"I think given the legal implications of the law…. it is probably not worth it to go through all that hassle for just one person but I think that is an empirical approach, that is not the formal definition."* Participant 2.

5.2.1.5 Region

The participants mentioned three quotations connected to region associated to downsizing, from which three code groups were formed. The predominant sub-themes generated were the impact of country performance on downsizing, the competition for talent in certain regions, and the effect of globalisation on downsizing as shown in Figure 8.

Figure 8: The role of region on downsizing.

The participants shared the sentiment that **country performance impacts on the performance of the firms**, so if the country was not doing well economically, the firms would also not do well. If the country was not doing well, then the companies would engage in downsizing.

> *"I believe that the performance of the companies is linked to the performance of the country. If the country is not doing well economically then automatically the businesses in that country they will also not perform well."* Participant 16*.*

The sentiment was shared that when companies engaged in downsizing in certain regions, this helped their competition, as the employees laid off would join the competitors, further **'weakening' the competitive advantage** of the downsizing firm. The retrenched employees shared knowledge and experiences gained from the downsizing firm with the competition.

> *"…it was quite drastic and the reason is because the very same people that they actually retrenched jumped onto the bandwagon and started working with the likes of [ ], you know [ ] companies and you know they couldn't actually catch up and the impact of that basically affected [ ]'s business model."* Participant 17.

The participants also felt that **global competition** impacted on the downsizing decision, so organisations were not just competing with others in their region, but also other firms in other parts of the world.

"…we need to develop them all the time to make our business a global competitor." Participant 1.

5.2.1.6 Firm size

One of the participants also mentioned that **firm size** impacts on the downsizing decision by companies. He mentioned that if a firm was large and dominating a market, that this resulted in a lack of innovation and inefficiencies, ultimately impacting the firm's market share and performance. This prompted the firm to embark on downsizing.

"…another factor is they knew that they had about 99% of the market share." Participant 17.

5.2.1.7 Other themes related to RQ 1

Two themes that appear in the theoretical framework in Chapter 2 (Figures 1 and 2) related to Research Question 1 that participants did not mention are firm age and capital structure.

5.2.2 Results for Research Question 2

What do companies consider as strategic human resource management practices?

Research Question 2 aimed to establish the human resource activities that companies consider as strategic. The question sought to confirm whether companies consider information sharing, employee skills, and SHRM fit to in fact be strategic HR elements of the firm. The research question aimed to establish any other SHRM factors that were previously not considered.

Themes associated with the theoretical framework in Chapter 2 (Figures 1 and 2) that the participants mentioned related to Research Question 2 are employee skills, SHRM fit, and information sharing. A theme that was mentioned by the participants but did not appear in the theoretical framework is company brand.

5.2.2.1 Employee skills

The participants mentioned 96 quotations connected to employee skills associated to downsizing, from which 29 code groups were formed. The predominant sub-themes generated were: strategic skills help performance of the business, matching skills to the business helps performance, the risk of losing good skills during downsizing, the opportunities that downsizing provides for good skills, creating opportunities for impacted and surviving employees, how motivation is related to good skills, getting rid of skills not

strategic to the company, how innovation can help to avert downsizing, and the importance of on-the-job skills. Figure 9 summarises the different sub-themes determined from the participants, related to the effect of employee skills on downsizing. Some of the sub-themes are similar and are grouped in the description of the results.

Figure 9: The role of employee skills on downsizing.

The participants mentioned the importance for organisations to **understand their strategy and to develop skills** to execute on their strategy. The participants mentioned that without the correct skills, the business did not perform, ultimately prompting management to embark on downsizing. The participants also reinforced the importance for the organisations to have succession planning and talent pools to support long-term performance.

> *"I think the highest priority is to try to align your resources with your current type of demands, resource demands. But if we look at with what happened with [ ] for instance, a lot of people actually left because there weren't any demands for their expertise and skills."* Participant 6.

> *"There are some things in South Africa, big companies where they really scale their activity of the person, of you know after 60 and some of them even employ people that's over 70 and the reason for that is they consider that particular person as an asset and he has got a knowledge base and he is busy transferring that knowledge base to the younger group of people."* Participant 7.

> *"…they started building up what they called a talent pool, so a talent management pool where you would, I mean as part of the employment equity expectations that they needed to develop new managers, new leadership particularly from the African or black constituency."* Participant 8.

> *"…so, they developed training programmes that were targeted at black people*

for accelerated development and some of those, the outcomes of some of those programs, so quite a number of black managers were coming up." Participant 8.

"[ ] at that stage it was becoming more working more on a commercialised basis, so the training of employees would also be more customer focused so we do customer service related kind of training, upselling, different kinds of training so that when people are coming to the [ ] to post a letter and buy a stamp, you would expect the teller to upsell some of the other services that are linked to them." Participant 8.

"…you look at other initiatives like your transformation drives, you have retention strategies." Participant 12.

"…you're looking at secondments, and you also have a future view …I come from a consulting environment, I do consulting – and people are the most important asset in a consulting environment. And if you don't look after your people you're taking a serious risk with your company's future." Participant 14.

"…there is a way forward in terms of a particular position – where do we see yourself in the next two or three years or five years, and what type of training do you need? There are those supports that they also give a person." Participant 16.

"The issue there was the appropriate skilling, the skills were actually a key factor...so if the organisation was actually designed to produce windscreens, then it needed skilled personal who would be able to actually run the furnace at a specific temperature, you know be able to actually follow the process and in a way get a product of a certain quality, certain pigmentation and things like that, [ ] didn't actually focus on that." Participant 17.

"Now it becomes quite imperative to start addressing that, looking at your staff complement from that angle, how do I make sure that a staff member that is invaluable to my processes is well looked after and then the ones who are not necessarily key you know I can dispense with, so that was basically the focus." Participant 17.

The participants reinforced that the business needs to ***match its skills with the market*** in which it is operating, as this gives the business a competitive advantage. The participants emphasised that companies needed to develop creative measures and to use human resource tools to develop the skills that are required in the present but also skills to will deal with the challenges that would confront the business in the future. They stressed that companies needed to understand their core business and resource the organisation around this purpose.

"…they should be investing in human capital training because you should be developing your skills that when the boom time comes you have the right skills to draw the business even faster…. I think going into a very much technological age, yes, certain technical skills are very important, particularly skills in terms of… it depends on the type of job the person is doing and the skills for the job are changing, so there has to be emphasis on skills training." Participant 1.

"Critical for HR is to make sure that we have the right people, and to assist the company we have the right skills at the right time…I think workforce analytics, understanding what is required, strategic workforce planning for me is key to assist the business with current but also future, and also for HR to also explore new opportunities – for example we now are on a big strategic drive in business in installation and automation – so for HR to make sure that we have that future workforce in mind, that we either recruit people with that in mind, or that we reskill, upskill, relearn our current workforce to close the gaps." Participant 12.

"I think there must be a deliberate focus on those that stay behind in terms of developing skills levels for two reasons – one is the moment the company starts developing you feel there is a future and I think that focus needs to be re-established." Participant 13.

"…it's resource allocation, you know your skills set is very important… So if you're going to be adopting a new technology you have to look at the current staff that you have, how you can train them, and those who are not trainable or are not interested in going in that particular direction, we will just let them go… So, it's also about talent management, resource planning, and underpinning the projects and how many projects we have related to that technology… the more projects we had, the more people we would get. But if we didn't have any projects we would also scale down or place other people on other projects…you would have to be multi-skilled actually, for you to survive." Participant 14.

"…maybe try to outsource the services which are not core to your company – that might also help when there are problems within the market – because then you don't have I guess a lot of overheads at the end of the day… keep mainly your core staff based on your company does, and outsource the rest of the other services." Participant 16.

The participants emphasised that the companies need **to create opportunities for their employees impacted** in the downsizing process. They felt that companies needed to engage in redeployment, retraining or supporting the impacted employees to find placement at other organisations. The participants felt that this behaviour sent a positive message not only to the impacted employees but also to the survivors, who had a positive association and behaviour towards the company post the downsizing event. The participants felt that these actions would benefit the survivors' motivation levels, positively impacting on their problem-solving skills.

"I think skills training is important, to make them more marketable. And I think if you create other opportunities for them, maybe not in your business, but if there is for example an opportunity to support them for a start-up." Participant 1.

"Some of them we then relocated back into other groups but some of them said no I would rather go out and do my own thing." Participant 3.

"… we don't send the people home, we accommodate them in a different business part of that particular company, so we see the number of people working in that particular division or department down from a 120 to 100 but we don't fire the 20 people, we accommodate them in a different business venture in the same company." Participant 7.

"What they can do typically is they can really walk the long road with the people and that can be even help them and assist them to find another job, help them and assist them to accommodate them maybe in a different place where they can stay in another town or another city but in another position." Participant 7.

"They organised work for them, then it is a very positive effect, then the people that stay behind they say, 'Listen, the company is really looking after us, they support us, they even support the guys that are leaving the company and they make sure that they have got a job'." Participant 7.

"It was always planned in such a manner that whenever employees had to be laid off at one side there was a place found for them at another side – not necessarily in the same capacity or function, but the company was quite careful or quite meticulous in maintaining the morale of their workforce." Participant 11.

The participants highlighted **the risk of losing good skills** during the downsizing process. The participants mentioned that the good talent has more options and so they were likely to join other organisations as they felt it was unsafe to remain at the downsizing firm. The downsizing process also drained the organisation of institutional knowledge and memory as employees who might have been considering opportunities elsewhere used the downsizing process to 'jump ship'. The downsizing process also created fear and prompted other good employees to leave the organisations.

"Obviously we also had the offer of those people who wanted to leave, they could apply, but we never made a promise that we would approve it because you very often lose your best people through that." Participant 3.

"And I do think that they generally put quite a bit of effort in retaining their high-quality personnel, because often in a downsizing event, those are the first ones to leave, because they've got the… what is the word… because they are high quality, it is easy for them to find a job elsewhere." Participant 11.

"…but they've also lost a lot of talent because of insecurity and people getting to a point where they feel that for own safety I will rather take my future in my own hands… I think there's also people that because of political development in the country, were looking for a push or a nudge to just encourage them to say, 'you know what, okay, this is it'. So, I think there's specifically, if I can refer to it in a political context, I think there were white people who asked themselves the question 'what does my future look like?' And when company started restructuring because of fear, and I know of a few individuals who because of fear jumped ship – just driven by the fear of uncertainty, jumped ship and went their own separate routes, without really knowing where they're going but the comfortability {discomfort} of the uncertainty might have encouraged it." Participant 13.

Participants remarked that the **loss of colleagues demotivated the survivors**, particularly over multiple downsizing events. The low of motivation levels impacted the survivors, hampering their problem-solving abilities. The loss of colleagues also impacted the networks that the survivors had built to perform their roles efficiently. Some

of the networks that the survivors had enjoyed had helped them in their growth and promotion prospects in the organisation.

> *"The fact that some of their colleagues and friends were in another company that could have led to some of the earlier concerns that people had."* Participant 8.

> *"And… I mean, with that, you left behind some of your colleagues – that is a process on its own. You know, certain processes like the reduction in numbers, it's a tough process to go through, where you compete for the same job, where positions were redundant and don't exist anymore."* Participant 12.

> *"…people had a network and that network meant various things to me – it meant getting my job done… efficiently, because I have the right connections, the right resources to my avail, but I also think that networks also leads to promotion, and I think that people lost that connection they had that could guarantee them or at least assist them in their future growth and promotion in the company."* Participant 13.

The participants felt that downsizing provided **opportunities for the good talent in the organisation**. They expressed that downsizing was an opportunity and a good experience for good employees, who often landed higher positions post the downsizing events.

> *"...that creates an opportunity for those who are looking for get promotion, so by default if you were given a promotion because of this you will be very much thrilled that there was such a downsizing."* Participant 19.

> *"They talk about talent management, I think the company did gain some of the talent that they would have loved to retain."* Participant 13.

> *"I do think there's also young people, there is people who embrace technology, people who embrace these changes, and realise that it was a good thing to get rid of the fat a bit, and understand the duplication."* Participant 13.

The participants underscored the role that **innovation plays in the sustainable performance of an organisation**, and the strategic impact it can have in the downsizing decision. They shared that companies that invested in research not only increased the innovation in the business, but also the decision-making capability of the organisation.

> *"….to become innovative, with skills they may become innovative and creative and they will bring new ideas to the business, and new ways of doing things."* Participant 1.

> *"…two functions are the basic functions of the company to exist because if the market is not there you can't sell your product, you can't do business and if you don't innovate there is someone else who is going to run past you and they will put you in the dog box and you won't sell anything either, so you must understand these two basic functions."* Participant 7.

> *"So, I think that's why it is very important for an industry to invest in research; you*

may not have direct value initially, you may not increase your bottom line, but I think it is adding a lot of value in terms of the richness of the company, in terms of decision-making and in terms of knowledge." Participant 1.

5.2.2.2 SHRM fit

The participants mentioned 87 quotations connected to employee skills associated to downsizing, from which 23 code groups were formed. The predominant sub-themes generated were: communication with stakeholders identifies opportunities, matching skills to the business helps performance, fresh challenges help motivate surviving employees, retraining opportunities motivate impacted employees, strategic employee support programmes help the performance of the business, incorporating talent into the strategy helps performance, employee ownership programmes help performance, compensation helps performance. Figure 10 summarises the different sub-themes determined from the participants related to the effect of employee skills on downsizing. Some of the sub-themes are similar and are grouped in the description of the results.

Figure 10: The role of SHRM fit on downsizing

Some of the elements of SHRM bear resemblance with employee skills, but the emphasis of SHRM fit is on how organisations adapted their HRM practices (including employee skills) to align with the firm strategy.

Participants stated that ***communicating the strategy of the firm was critical*** to all stakeholders including employees, suppliers, customers, legislators and the communities in which the organisation conducted its business. They indicated that open, honest and clear communication was critical to building trust with stakeholders and thereby ensured commitment and support, which in turn supported performance of the business. They felt that communication attracted and retained good talent. They also shared that communicating the strategy made employees share the challenges of the companies, and encouraged them to come up with solutions or options that helped the firms to look after impacted employees or even avoid downsizing.

> *"…I think in a downsizing event, information sharing is very important, to take people with you during the process... so information sharing is very important and that people know the process and where it's going in that particular environment, so that even those that may have to be retrenched in the process, it might not be a nice event but at least they understand what's happening."* Participant 1.

> *"They did trust us because we communicated with them very clearly and put these structures into place to support them in this commercialisation drive… the message that I really want to give you is that you must communicate extremely well also with the people who are staying on, because they are just as uncertain,*

isn't this ship going to sink… we explained very carefully to the staff and I did it hundreds of times, I really worked very hard on that, to manage both groups because it was a traumatic period for the whole organisation." Participant 3.

"In one instance I was involved where the employees came to me and they asked me to do the downsizing because they see the financial results, they understand and they planned and organised even work for all the employees that were downsized that were out of the company." Participant 7.

"I guess it is likely making sure that everybody is on board, communicating to all the affected stakeholders, some of them may not necessarily be directly affected but people need to be made aware of what is going to happen when so that people can start planning their personal futures or even within the company itself." Participant 8.

"It is easier when there is open communication internally with employees, with your other stakeholders, be it at an organised labour level or be it at your even your suppliers, I mean the stakeholders they need to be extended as far as possible, so strategically from a human resource perspective, I think it is more about managing the change… it has to be managed like a change management project to deal with all these connected challenges that they will have and also to identify opportunities." Participant 8.

"…maybe not in the last exercise, but I think people must be part of creating the future. People must be not only part of the change, they must be part of the solution. They must co-create that new environment." Participant 12.

"So what companies need to do is to be more engaging with their employees and make the employees a partner in the problem, because an employee might come up with a solution or innovation that can help company performance that the management was not thinking of. So, if they don't have that kind of relationship with their employees then the employee cannot come and say, 'Look we can do ABC and D for us to be able to survive." Participant 14.

"I think what is important is that link between the mission of the organisation right, the mission of the organisation, being able to articulate clearly the mission of the organisation and ensuring that there is an alignment with the action of the staff members." Participant 18.

The participants felt strongly that companies needed to **have a view on their future project pipeline and to build a human resource capacity**, to ensure that they were future ready. The participants suggested that the companies needed to create 'talent pools' or similar programmes that look and are resourced in accordance with the companies' future needs. The participants stressed that when companies did not build talent pools with an eye on the future, the skills they let go would join competitors and weaken their competitive advantage. The participants also added that companies needed to incorporate talent in their strategies to ensure that it was the companies' focus and employees would feel they were part of the future of the businesses.

"I think generally my experience is that suffering companies are not. When the times go tough the first thing they cut is the human capital training budget, which

should be the opposite." Participant 1.

"…they should be investing in human capital training because you should be developing your skills that when the boom time comes you have the right skills to draw the business even faster." Participant 1.

"I think going into a very much technological age, yes, certain technical skills are very important, particularly skills in terms of… it depends on the type of job the person is doing and the skills for the job are changing, so there has to be emphasis on skills training." Participant 1.

"…so, it was clearly articulated, there were programmes that were developed from various levels of management starting from supervisory levels, team leader level, all the way through to your senior managers, your regional managers, those who were leading the retail unions or the mail distribution unions." Participant 8.

"…you have a sort of a long-term view in terms of potential developments projects, where we do utilise employees; you're looking at secondments, and you also have a future view. In some cases, the strategy could be to have a sort of a holding structure, looking forward at what we will need going forward for projects or businesses." Participant 12.

"I think workforce analytics, understanding what is required, strategic workforce planning for me is key to assist the business with current but also future, and also for HR to also explore new opportunities – for example we now are on a big strategic drive in business in installation and automation – so for HR to make sure that we have that future workforce in mind, that we either recruit people with that in mind, or that we reskill, upskill, relearn our current workforce to close the gaps." Participant 12.

"But I do believe that the loss of expertise and knowledge has cost the company in terms of productivity and efficiency." Participant 13.

"Yes, because every year you would have a strategic session where you are looking five years ahead. So, you will have a five-year plan. And every year you would review the five-year planning. Is it still in line – and you adjust it. And it's mostly driven by the strategy and you need to get the people aligned to your strategy." Participant 14.

"… very same people that they actually retrenched jumped onto the bandwagon and started working with the likes of [ ], you know [ ] companies and you know they couldn't actually catch up and the impact of that basically affected [ ]'s business model." Participant 17.

The participants felt that the companies needed to develop a ***human resource strategy that looked beyond technical skills***. The participants felt that this strategy would enable the business to have capacity to deliver on its goals.

"…in the [ ] the security was a bit less and therefore most of the robberies we were having were in the [ ], and from a human resource point of view there had to be a programme, strategic programmes from a wellness perspective that would help employees to deal with the aftermath of the robberies. So we had programs like trauma counselling in the instance that a robbery could have happened in a post office." Participant 8.

"…sometimes where they paid for employee's study fees, normally the contract says that if you leave within a, if you leave they give you say a bursary for three years you need to at least work for another three years. If you terminate employment you owe the company, so that is the practice that usually during a downsizing. They give you leeway to say okay if you are retrenched you don't have to pay us back, that is one of the practices that I have seen the companies, company doing." Participant 9.

"You know, is it doing sufficient counselling, because counselling must not be on people that are being retrenched only, but it must happen with those who are surviving as well." Participant 10.

"So even if afterwards they had to put measures together for the permanent employees by providing counselling and obviously giving them the options of what they can actually do around the period." Participant 15.

The participants expressed that **new challenges in an organisation helped to motivate employees** to achieve the company objectives. The participants strongly argued that fresh challenges and targets helped to reenergise downsizing survivors and helped them to refocus to perform to exceed the pre-downsizing productivity levels.

"…but because we put them into, gave them challenges immediately and said your technology must either clean out or commercialise, it immediately changed their focus." Participant 3.

"We said we are not going to downsize anymore but from now onwards it is going to depend on you… so we had a process where they developed the technology and... we said 'Look, we need you to develop new technology', but where the risk came in is if we say to them, 'Alright, now you take this technology, go into this incubator function you have got about two years to develop this now into a market', and then you go into group, there was a bit of a risk and they realised that and many of them, in their rehearsal said, 'I want to go there' and I said, 'Fine you can go there but remember in the technology group you went home in the evenings and slept and wondered about your process and the technology, now suddenly you have got to worry about the bottom line, the costs, the balance sheet, interest, whatever'. I asked them, 'Are you prepared to do that?' and most of them said yes. I can't think of one that said no because it gave them suddenly something that they can do themselves." Participant 3.

"…. it obviously just depends on: are there still some challenges out there? Are there still some problems that they need to solve and can they still contribute?" Participant 6.

"So, in the case of the [ ] I guess the one thing that might have helped the situation was there was euphoria of going into a new company, a new identity so people wanted to be part of that." Participant 8.

"In my previous job, that's exactly what happened when downsizing happened. A lot of people were depressed, contracts were coming to an end, and once we had worked it out through motivation and team work, then we started getting more work again." Participant 10.

"I also do believe that at the same time it is actually setting the company up for a

higher level of productivity because people realise the expectations did not change in terms of deliverables but how efficient we do it and how productive we do it will be challenged, and we have to come up with better and new ideas and plans and I think it's pushing them into the direction." Participant 13.

Participants expressed that the downsizing process ***negatively affected the motivation levels*** of the survivors because of the additional demands thrust upon them. The participants believed that the survivors suffered from anxiety because the process created new teams, leaders and operating models, which created uncertainty with the survivors. The participants felt that the anxiety and uncertainty impacted the organisations' abilities to effectively and efficiently deploy resources to different tasks. The participants further expressed that the additional work load and new responsibilities impacted on the capacity of the survivors to deliver to their employers' new expectations.

> *"I think it probably has more to do with the new way of doing things, that the people felt insecure and they are probably involved in certain things that they don't want to really be involved in."* Participant 6.
>
> *"They have survived retrenchment, but they are over-worked because they have had to double up on the work that was done by other people."* Participant 10.
>
> *"There were scenarios where it was new teams, new leaders. There are scenarios where new jobs are changes in terms of jobs, roles and responsibilities were not clear. The operating model, the new operating model and the way of work were not clear, there was a lot of uncertainty."* Participant 12.
>
> *"I found that their motivation is a bit low, most of them are overloaded because some of them you find them having now doing the task of which was previously done by two or three personnel, and now he's got to do it alone."* Participant 16.

The participants emphasised that companies needed to develop ***appropriate compensation and remuneration programs*** that recognised the technical skills of the employee. The participants expressed that far too often, good technical people got promoted into managerial positions to exceed the technical role remuneration ceiling, and then the employees struggled in those positions because the roles were not aligned to their passions and expertise. The participants also felt that employee share ownership schemes needed to be introduced broadly as a tool to incentivise and retain good skills.

> *"…we see that they appreciate what we are doing. They looked at our work load vs the reward system, they balanced the two, and performance contract can bring money."* Participant 16.
>
> *"I don't know whether it is there, but there should be a way of remunerating those type of skilled people in a different way other than giving them management positions."* Participant 16.
>
> *"…the senior management team were of the view that people were skilled*

enough, okay, but in terms of aligning the performance of the team to a remuneration incentive, I think that was seen as important to get the team motivated to achieve those objectives." Participant 18.

"…linked to that, the staff need to be incentivised enough to make sure that the organisation meets its mission or objective and I think for me that needs to be reinforced during the downsizing case." Participant 18.

"I think what was introduced was… share ownership schemes because they felt that in order for people to be incentivised they needed to have, they needed to have a long-term incentive and the only way to achieve that was to offer the teams some form of shares to kind of be included in the share scheme and to tie them in in the longer term and get them more incentivised to achieve their objectives." Participant 18.

5.2.2.3 Information sharing

The participants mentioned 33 quotations connected to information sharing associated to downsizing, from which seven code groups were formed. The predominant sub-themes generated were: poor communication demotivates employees, openly communicating the cause of downsizing helps performance, discussing the future with employees helps performance, and personal communication builds trust. Figure 11 summarises the different sub-themes determined from the participants related to the effect of information sharing on downsizing. Some of the sub-themes are similar and are grouped in the description of the results.
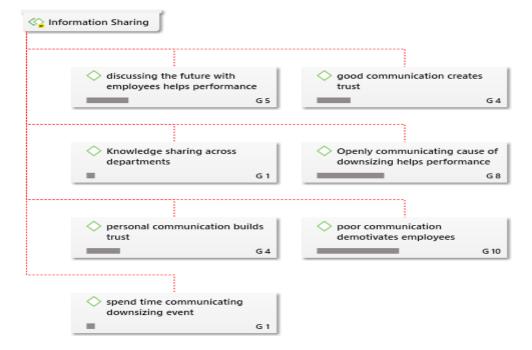
Figure 11: The role of information sharing on downsizing.

The participants expressed that ***poor communication influenced the motivation levels*** of the impacted employees and the survivors. They felt that poor communication

hurt their companies' competitive advantage, as the survivors were also unsettled about the facts surrounding the process, which impacted their loyalty to the organisation.

> *"…we are all human beings and I think definitely it is low, it is low, but that's why I say it is very important to have information sharing so that people understand 'this is why we are doing this and what are the benefits for that, and how can we recover from this'."* Participant 1.

> *"I see there is a clause on the new act, the current CEO of the organisation will vacate his post and they hadn't discussed it with me, it was bad, it was bad the communication."* Participant 3.

> *"…there wasn't a lot of constant communication as to what is really going on and then what we would just get once in a while was just an email as to this is what happened. We went to the unions and we are in this meeting and what what and what what and what used to help and I used to try and do that with [ ] is face the guys because and I am going through this and this is actually one of the most painful things that you can actually subject an employee too."* Participant 5.

> *"…scaring people later when things are already in play makes it more difficult for those that are left behind."* Participant 8.

> *"Because management didn't want to talk about it or if they did, they only told half the story."* Participant 11.

> *"It was very late that the new vision and mission and strategic objectives of the company was actually shared by the CEO – where is all of this going."* Participant 12.

> *"They have communicated but as with any change process you can never communicate enough, because people listen through filters and they don't hear what you say, they just hear the impact that it has on them, or potential impact it might have on them."* Participant 13.

> *"I would say lack of communication to the employees play a much bigger role. The reason being that when the downsizing actually started, I feel it wasn't done in a humane way because we have a few contractors who were basically laid off without really being notified in advance. So obviously if you were in the same position as the person who is a contractor, you see them this morning when they come to you and say, 'Well this is my last day' or 'Tomorrow's going to be my last day' – then everybody starts panicking."* Participant 15.

The participants stressed that **honest communication of the causes of downsizing helped all the employees** to deal with the situation and supported the company's performance. They emphasised that the communication process helped both the impacted employees and survivors to grieve their loss and to find closure.

> *"So, overall I think that people understood we had no choice, we had to go through this realignment, otherwise the organisation would have closed down."* Participant 3.

> *"Well you have to be upfront, you have to avoid all those things you are talking*

about, lack of honesty." Participant 4.

To me the one, I would say is number one key thing for me is information sharing because remember they say that information is key and the sooner you withheld information and also trust, create trust because here you are as management… but now you are not communicating and this thing affects me and I have to know, I am operating blind, so remember the sooner you can tell me and really reason because I remember even from day one at the mine, we used to have to tell the guys, as hard as it, is that the mine is going to be sold, even though the guys don't believe it and then I would go there and explain… it's like you have to keep on preaching the same song and then also I mean be compassionate." Participant 5.

"So normal HR practices will tell you that during that kind of a moment, during the time of an uncertainty, I think leadership is actually required to take the role of chaperone to take employees towards a goal or a guesstimate that has actually been identified." Participant 17.

The participants stressed that **personal communication built trust between the organisation and the employees**. The participants urged that it was good to use technology as a supplementary communication tool during the process, but that face-to-face communication needed to be the primary mode of engagement with the employees.

"…if you are not sharing information, that is what I used to find, even with me I used to find that is actually the most painful part and it is the most detrimental one and it breaks the trust in the whole thing." Participant 5.

"Communication strategies applied, unfortunately I think technology was for them and against them, so for them it made it easy for them to distribute information, but against them the more you use technology the more we urge the human moment, the human connection and I'm not sure that it is always available with vast company to have the human connection happening at all the levels to keep the trust levels high." Participant 13.

"I think for me it's being more open and communication should be from the onset; the more the HR people communicate early, and communicate early and have a substantial… like a story of substance, you know, it makes it so much better. It gives people a level or sense of comfort and it creates transparency which leads to trust in the whole process." Participant 14.

"…people's emotions run high so what they can do is more communication and frequency, and people need to be able to say, 'I have seen one of the directors. He was very open and I think sometimes he was blunt' but it helped to say 'I don't know where we are going because of ABC and D and we're depending on the market. So, if we want to survive we need to do this, this and this'." Participant 14.

One participant mentioned that downsizing negatively **impacted the information network that existed** in their organisation. He mentioned that once the downsizing process was complete, the organisation lost the institutional memory of the employees that had left.

"…then somebody said, 'But I don't know what he did'. But say John looked at this problem about four years ago let's just find out so they got John on the radio and he came back and that resolved the problem. So it's not only what individuals know but you know what somebody else knows, the moment you begin to remove parts of an organisation you begin to fiddle with that fabric. If John were retrenched nobody is going to call him and he probably won't take the call in any case, so there is a big, that is one of the downsides of retrenchment is that you eat into this fabric of knowledge inside the organisation." Participant 2.

5.2.2.4 Company brand

The participants continually mentioned a theme that was not extensively mentioned in downsizing literature and that is associated with Research Question 2: company brand. They mentioned 21 quotations connected to company brand associated to downsizing, from which six code groups were formed. The predominant sub-themes generated were: reasonable retrenchment packages encourage impacted employees, the manner that the company treats its' employees impacts on company brand, and strategic partnerships impact on company brand. Figure 12 summarises the different sub-themes determined from the participants related to the effect of information sharing on downsizing. Some of the sub-themes are similar and are grouped in the description of the results.
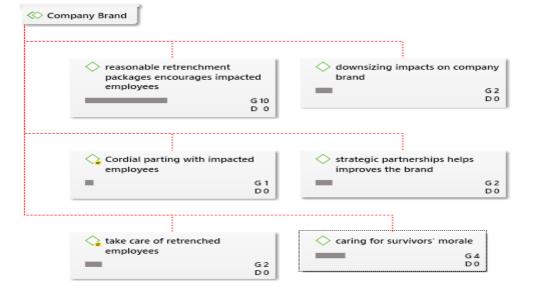
Figure 12: The role of downsizing on company brand.

The participants felt that ***reasonable retrenchment packages motivated impacted employees*** with the correct incentive to acknowledge them for their service to the organisation. They felt that the impacted employees left the companies with dignity and that this served as a foundation for them to start over in other areas, and that this communicated a positive company brand to survivors and other stakeholders.

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"So, firstly, try and prepare a generous severance package that the staff feel they have gained a little bit. Obviously you can't make it too much but they must feel they gain and they don't lose out… we of course we designed what we felt was a very reasonable severance package." Participant 3.

"…the fact that they made me a voluntary package available meant that you ended up with people leaving with a smile on their face." Participant 4.

"… you would have a situation where people were offered packages or incentives as a way of saying thank you we don't need you anymore, so you can take a bit of time and that was the result." Participant 8.

"So, the right incentives for those who are willing to leave." Participant 11.

The participants stressed that **taking care of the survivors' motivation levels was critical to the organisation**, and that this communicated to the survivors that there was a future for them in the organisation and that they could continue contributing meaningfully. They expressed that this communicated a strong employer brand to their existing and prospective employees.

"Once they left literally within a week or two the survivors essentially realised that this was actually sensible, this makes sense, so let's get this thing to run properly and then very quickly after that the plant actually stabilised quite a lot." Participant 2.

"Thirdly, you must really pay a lot of attention to the people staying behind." Participant 3.

"So often people neglect the ones that stay behind but are they okay, they are not okay, they are just as sensitive. 'If it happens now it will happen to me tomorrow? How do I know?' So you must somehow spend a lot of time, and I almost ran off my legs almost to stompies there trying to communicate with both sides, particularly the ones staying behind that, 'Yes there is a future for you, it's a new future, it's going to be challenging but we are going to recalibrate'." Participant 3.

Another participant stressed that it was important to **amicably part with the impacted employees**. He shared that the organisation needed to maintain good relations with their impacted employees to continue the good image of the organisation.

"You want to develop them, although you may not have them in your company anymore, but you still need to develop a certain level of support and good relationship I think." Participant 1.

Other participants stressed the importance of having the right strategic partners to help capacitate and resource the organisations.

"So, the danger is when you actually bring in the likes of [ ] or outside consultant

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to help you with that exercise, they will basically look at it from the bottom line but they are not necessarily looking at the DNA of the company: are these the right critical skills for this type of a business? They don't look at that." Participant 17.

5.2.3   Results for Research Question 3

How do companies update SHRM practices in a downsizing environment?

Research Question 3 aimed to establish how companies use the identified SHRM activities in a downsizing environment. This question sought to understand whether companies update their HRM practices including resource allocation, compensation and capacity building post a downsizing event.

The theme associated with the theoretical framework in Chapter 3 (Figures 1 and 2) that the participants mentioned related to Research Question 3 is organisational culture. Organisational culture is not extensively mentioned in downsizing literature, however the participants mentioned 35 quotations connected to organisational culture associated to downsizing, from which 20 code groups were formed. The predominant sub-themes generated were: lack of understanding of strategic human resource management practices, good leadership supports performance, organisational culture will drive performance, strategy depends on good leadership, psychological safety helps performance, and survival mindset of survivors. Figure 13 summarises the different sub-themes determined from the participants related to the effect of information sharing on downsizing. Some of the sub-themes are similar and are grouped in the description of the results.

The participants emphasised that the **role of good leadership was to craft a sound vision and SHRM strategy**, and the implementation thereof. The participants stressed that it was the leadership that drove the company culture, and that this then translated into performance.

> *"One of the things was I had a strong board, a lot of business men and they and us and I went to them immediately when I was made a CEO in the early 1990s."* Participant 3.

> *"So, the key thing to me in any organisation: it's always the leadership and also the culture and really their skills set."* Participant 5.

> *"And then the vision of the company. This is where you begin to tell whether this does identify with the company or not, the values of the companies and all sorts – so those are things that can get people back into their strengths."* Participant 10.

> *"I think from an HR perspective, to create an understanding for why the change is required, to support the business to create a change readiness, to support the business with the whole change management and transition process."* Participant 12.

> *"…you expect leadership, accountable leadership that is to be at the forefront of either taking the employees who are being retrenched or the ones who are actually going to be retrained to give them proper direction in terms of what is

happening now and what is going to actually happen and why is it actually happening this way." Participant 17.

The participants stated that the **culture set in the organisations was key in driving performance**. The participants agreed that culture related to the systems, values and prevailing atmosphere within an organisation. They mentioned that regardless of the performance cycle of the organisation, the culture dictated how the company would perform, and that this was driven with what the organisation promoted and what it punished. They shared that culture needed to be incorporated into the strategy of the organisation, to form a pillar in the long-term vision of the organisation.

> *"That should be instilled in the organisation as a culture, a performance culture where the systems are in place irrespective of who is in charge, whose employed in a specific position, if there are systems in place that says for this position that you have this is the output we expect of you. These are the deliverables, you need to deliver on those. There is the mandate."* Participant 9.

> *"…during downsizing even if you feel maybe you are at risk, usually you might be demoralised but if you know that your performance is going to count for or against you, you might still do your job as diligently as you have to and if the systems that are in place allow the management to see through whether there was a decline or otherwise of your performance."* Participant 9.

> *"….culture needs to be changed and I believe yes, they have got a change in culture which is currently happening, and we need to look closely how we introduce it and how the top positions, the top management run with it. And depending on how the top management behave, that will also make those people trustworthy or it will make them start again."* Participant 16.

> *"I think what needs to happen in terms of strategic human resources management is that it needs to be a continuous review of the practices, implemented within the organisation, the performance of the organisation and kind of having a long-term view around what might need to be changed."* Participant 18.

The participants reiterated that there was **a general lack of understanding of SHRM in organisations**, particularly from top leadership in organisations. The participants said that leaders did not often understand the strategic impact of their human resources, and that employees were not seen as a strategic asset, and not enough was done to incorporate HRM into the strategy of the firms. They expressed that in a downsizing environment, companies just wanted to get away with the minimum legal requirements, and not much more when it came to employees. They further expressed that top management did not understand the link between the financial performance of the organisation and their human resources.

> *"I must be honest with you, there are very few companies in South Africa and I think I have consulted for something like between 60 and 100 companies in South*

Africa, big and small, huge companies and small companies – and there are very, very few, let's say less than 10% of companies that I consulted to that really understand human resource management and what strategic value is of the knowledge of the people that goes with it. There are some CEOs and chairmans and MDs of companies that haven't got the faintest idea of what a valuable asset is the human resource that they are managing." Participant 7.

"It is not necessarily focusing on HR as a practice, but my belief is that one of the first things companies are looking at is the bottom line. So, the financial considerations will probably be taking a lot more weight than human resources elements…look, to tell you the honest truth, I think when a company goes through a downsizing phase quite often what they do is they look at a check list and then want to do minimum compliance, far more than being properly strategic about any of those issue." Participant 10.

5.2.4   Results for Research Question 4
How do SHRM practices affect a downsizing firms' performance?

Research Question 4 aimed to determine the effect of the identified SHRM practices on the performance of the downsizing firm. This question sought to establish the dynamics between the SHRM practices and the performance of the downsizing firm.

The theme associated with the theoretical framework in Chapter 3 (Figures 1 and 2) that the participants mentioned related to Research Question 4 is the outcomes of the downsizing process. The participants mentioned 52 quotations connected to outcomes associated to downsizing, from which 25 code groups were formed. The predominant sub-themes generated were: downsizing impacts the motivation levels of all employees, downsizing can impact on the loyalty of the survivors, downsizing can result in the loss of good skills, downsizing impacts on the identity of employees, downsizing can improve sales performance, downsizing can create job insecurity, downsizing can improve productivity, downsizing can result in improved customer focus, and downsizing can lower productivity. Figure 14 summarises the different sub-themes determined from the participants related to the outcomes of downsizing. Some of the sub-themes are similar and are grouped in the description of the results.

Figure 14: Outcomes of downsizing.

The participants agreed that downsizing ***impacted on the motivation levels of both the impacted employees and the survivors, usually negatively***. They stressed that the survivors took time to recover from the trauma of the process. They believed that the unpredictable nature of the process created uncertainty, and this uncertainty took its toll on all the employees.

> *"… it's because this happened with my partner working with me, is it going to happen to me as well, so you know it is very, very low, it takes years to rebuild the motivation of a company after a downsizing exercise if you don't do it correctly."* Participant 7.

> *"Yeah, well a downsizing event is always traumatic, not only for those that are leaving but also those that are remaining, and it is always better for companies to look at both and say, 'As much as we are laying off people, what do we do with those that are left?' because the aftershocks of a downsizing event they stay for a period until there is stability."* Participant 8.

> *"I will use my previous example, you know, during the phase of downsizing people are often depressed and they are not performing as well as they would have under other circumstances."* Participant 10.

> *"I suppose that the nature of a downsizing event, you know, it doesn't matter how well it's managed, will cause anxiety, because there's a certain randomness in what's going to happen; it's very difficult to forecast where the blows are going to fall and who's going to lose their job. So, there's a certain level of uncertainty*

amongst all employees, and some by their nature suffer more from that than others." Participant 11.

"So that's my personal view, but there was a negative effect on people in the sense of the morale and climate. I think that was not optimal. Even if you look at the Afriforte (climate survey) results at that time, you could see the employee did not function optimal in his environment." Participant 12.

The participants stressed that downsizing ***impacted on the loyalty of the survivors***. They expressed that those who had survived the process were questioning whether they would be impacted in the next downsizing process. They said that some of the survivors had expected loyalty form the organisation towards its employees, and that the downsizing had negatively influenced their view of the organisation.

"…you can find a mixed bag of those that were not affected as to whether they were promoted or downgraded they retain their positions, but the reason why they will be impacted, they will be affected, is that they start questioning their loyalty to the company to say if they are loyal to the company and the company can be so disloyal to them, what guarantees them in future that they are safe? So they become demoralised." Participant 9.

"…when I survived retrenchment, you have a sigh of relief that you survived it, but you end up asking yourself questions to say, 'Am I not next?" Participant 10.

"Maybe disillusioned is not the right word, maybe they were just disappointed with their own view and picture of how they think a mine house should operate and should do changes – and expected a lifelong loyalty from the organisation." Participant 13.

"…and also the fact that you don't know if another restructuring happens if you're the one who is going to be on line." Participant 15.

The participants felt that even though companies wanted to retain good skills in a downsizing event, this was not always the case. They said that it was ***easier for the good skilled employees to find employment elsewhere***, or to pursue entrepreneurship opportunities as a way of taking control of their own futures.

"… because often in a downsizing event, those of the first ones leave, because they've got the… because they are high quality it is easy for them to find a job elsewhere." Participant 11.

"…but they've also lost a lot of talent because of insecurity and people getting to a point where they feel that for own safety I will rather take my future in my own hands." Participant 13.

"… And when company started restructuring because of fear, and I know of a few individuals who because of fear jumped ship – just driven by the fear of uncertainty, jumped ship and went their own separate routes, without really knowing where they're going but the discomfort of the uncertainty might have encouraged it." Participant 13.

The participants also expressed that downsizing **impacted on the identity of people**. They felt that people defined themselves through their jobs, and so a downsizing process would question the individual's identity, and not just the fact that he had lost a job.

> *"It's the nature of the process, this thing is like killing people, sorry to use that word but like I said a person's job, like this thing that I was reading, this thing, your job is almost, it's part of your formation that's identified, so if you are taking away my job I have to re-identify myself."* Participant 5.

> *"Downgrade is very demotivating and it is humiliating for most people because a job is not just about money."* Participant 9.

Participants also expressed that downsizing **could create job insecurity**, particularly if the downsizing event became a norm in organisations. They said that this insecurity could lead to low productivity as people did not consider the job a priority anymore.

> *"They worry about job insecurity, that was the second retrenchment and some organisations get into this downward spiral and they get into the habit of retrenchments so every year there is a round of retrenchments."* Participant 12.

> *"…they got into this habit of shrinking. The marketing guys are cautious so they don't go and chase the orders, production guys work at it half-heartedly and you have this downward spiral."* Participant 12.

> *"…it was a major downsize, over a period of time, so I do believe that productivity and efficiencies has suffered, I do believe that the company in terms of productivity, there is quite a few people who I believe are hanging on for dear life, trying to be as productive and efficient as they possibly can, because they are scared of the next round."* Participant 13.

The participants conveyed that **sales performance, customer focus and productivity of the organisations did not improve immediately following the downsizing event**, but that as the new operating models were rolled out, and stability was introduced, performance improved over time.

> *"I gave one of my financial guys, I said, 'You are the owner of all the properties now, you must now rent it out, you must budget for it, per square metre'. Worked like a dream in three months we had between 20 and 30% space that we could rent out and the companies loved to come there."* Participant 3.

> *"It was, it was yes, it changed the culture in the organisation completely, away from a strategic focus to a commercial focus, a cost sensitive focus, a market focus, a commercial focus, it changed the culture completely and that was maybe one of the big plus points this whole process brought about."* Participant 3.

> *"…from a security perspective it also improved the performance of people from that perspective because there was no more fear or the fear of being harassed by robbers had reduced, so largely at the beginning as the strategy was rolled out people were not sure as to where we were going but eventually there was improvement."* Participant 8.

"I think when we introduced new technology it's normally a three-year cycle, so year one what happened was when we looked at the structure you have to identify, so it's the year you sift out people that you don't need. So, in that year of course they were not so great, but they picked up in year two or three." Participant 14.

5.3 Findings Conclusion

This chapter presented the findings from the interview process. The findings confirmed a lot of the themes as discussed in the theoretical model and the literature review on strategic human resource management practices and their effect on company performance post a downsizing event. However, the participants did not mention firm age or capital structure, themes which were discussed in the literature.

The findings revealed that downsizing has a distinctly negative effect on the performance of the company, measured through employee motivation levels and employee productivity levels. The findings also revealed that that even if the downsizing event had a positive effect, this occurred over a longer period post the downsizing event.

The findings also revealed new insights not mentioned in downsizing literature. The findings revealed that downsizing was undertaken in organisations because of a change in the political landscape in a region or country. Companies embarked on downsizing to rid the organisation of employees above a certain age. Companies in certain industries embarked on downsizing following the cycles that characterise the industry.

The next chapter compares the findings in Chapter 5 with the literature review and theoretical model.

6. DISCUSSION OF RESULTS

This chapter compares the outcomes from the findings (Chapter 5) with the literature review and the theoretical model. The discussion of results section aims to support or contrast the literature review and the theoretical model as described in Chapter 2. The discussion of results is presented following on the order of the research questions (Chapter 3) and in accordance with the theoretical model. In this chapter, the findings of the research that corroborate the literature are discussed, followed by any new findings that add to the theoretical body of knowledge, where these were found.

6.1.1 Discussion of results for Research Question 1

What do organisations define as downsizing and how often do they engage in downsizing?

Research Question 1 aimed to establish the definition and understanding of downsizing practices by senior managers in multinational organisations. It sought to establish the frequency with which multinational organisations engaged in downsizing activities and what the underlying factors for downsizing were, whether the factors were endogenous or exogenous. The question sought to determine whether the form of the underlying factors played a role in the downsizing decisions that senior management made. The question also sought to establish the extent to which industry, legislation jurisdiction of the organisation, regional environment, firm size, firm age and capital structure all influenced the downsizing decisions that senior managers made.

6.1.1.1 The definitions of downsizing

Most of the participants defined downsizing as when organisations reduce the number of employees to remain with a smaller employee footprint. This definition agreed with Kawai (2015), Schweizer and Nienhaus (2017), and Kostopoulos and Bozionelos (2010), who all posited that downsizing was defined as the actions of organisations to reduce the number of employees. Habel and Klarmann (2014) also agreed with this definition and further added that downsizing was associated with a reduction of 5% of the employee population in any given event. However, Schweizer and Nienhaus (2017) noted that the margin that organisations downsized by varied, and therefore the percentage reduction associated with downsizing was arbitrary.

The participants also defined downsizing as the actions that companies embarked upon to get rid of misfit employees or to bring in the correct skills as the organisation deemed it fit. The definition was supported by Goesaert et al. (2015), who posited using economic theory, that companies engaged in downsizing activities to get rid of unproductive

workers. The participants further suggested that organisations sometimes used downsizing as an alibi to get rid of certain employees to avoid the legal processes required to lay off employees and that this impacted on the trust levels between the employers and the employees. This was echoed by Schenkel and Teigland (2016) who commented that the non-transparent nature of the downsizing process often resulted in a breakdown of trust between employers and employees.

Other participants expressed that companies embarked on downsizing activities targeted at certain hierarchical levels within the organisations. This agreed with Schweizer and Nienhaus (2017), who suggested that organisations engaged in restructuring activities across four different categories, including management restructuring, which was concerned with downsizing activities targeted at the firm's management levels including the CEO, top management and board of directors. Schweizer and Nienhaus (2017) also included operational restructuring, which involved changes to a firm's processes, products, services and employees. Schweizer and Nienhaus's (2017) definition of operational restructuring also agreed with the participants' sentiments that felt that organisations embarked on downsizing activities to get rid of employees beyond a certain age, which would constitute a change to the organisations' employee profile.

Other participants defined downsizing as activities that organisations embarked on to reduce the number of operations, business units or departments in different areas. The definition agreed with Amin et al. (2017), who suggested that organisations engaged in downsizing activities by rationalising on the number of their operations, or business units to create synergies for the business. In accordance with this definition, the participants said that downsizing could also be defined as businesses reducing their footprint from large operations to smaller operations.

The participants also defined downsizing as the actions that companies embarked on to cut on the human capital training budget. The participants referred to the fact that when businesses go through difficult times, the first thing they cut is the budget related to training their employees. This definition fitted in with the view of Tsao et al. (2016) of downsizing, which suggested that despite the platitude that organisations professed about human resources being the most important asset to organisations, employees were the first cost bucket to be rationalised during economic difficulties.

Other participants had also expressed that other downsizing forms that companies engaged in did not relate to the core functions of the organisations. This could be explained by Jung (2015), who suggested that companies embarked on downsizing

activities as a result of the pressure exerted by shareholders for exorbitant returns on investments. The compulsion exerted by the shareholders would be the driving force behind the downsizing activities and not necessarily the core performance of the company.

6.1.1.2 Underlying distress causes

There was a close link between the causes for downsizing and the definition for downsizing. The underlying causes theme extracted the perceived root causes as described by the participants and not just the definitions that they associated with downsizing.

The participants believed that organisations embarked on downsizing to divest from certain assets and to focus on different business interests because of a change in strategic direction embarked on by new management in the firms. They also believed organisations embarked on downsizing to unbundle their business offerings into different entities or divisions or to focus on other products. This sentiment of downsizing is explained by Amin et al. (2017), who suggested that organisations downsized their operations by creating fewer business units or subsidiaries in order to create synergies for the business. Schweizer and Nienhaus (2017) also attributed downsizing in organisations to operational restructuring, which involved a change in in an organisation's processes, products, services or human resources.

The participants also stressed that organisations embarked on downsizing primarily because of a portfolio review process, particularly a divestment process, ultimately impacting on the workforce in the organisation. The participants mentioned that the portfolio review process was prompted by changes in the external environmental and that this was a way for companies to respond to these external changes. This can be explained through Schweizer and Nienhaus (2017), who also attributed downsizing practices to portfolio restructuring, which related to a change in an organisation's portfolio as a result of a change in strategy, including investments and divestments.

The participants mentioned that companies embarked on downsizing practices to cut costs. They mentioned that the cost cutting initiatives were because the business was struggling, had high operating costs and the downsizing was done to help the business to survive. Many of the participants felt that the cost cutting practices were prompted by endogenous causes and done to improve productivity and profitability in the firms. This sentiment is explained by Teague and Roche (2014), who noted that organisations increasingly embarked on downsizing activities to cut costs, with the aim of increasing

profitability, as a result of difficult economic conditions. Moser et al. (2015) also explained this phenomenon, positing that companies cut costs to improve productivity through practices such as offshoring.

The participants also stated that downsizing was embarked upon to reduce the duplication of roles in organisations. They stated that the duplication in roles was primarily the result of companies having merged to form one entity, generally from previous mergers between different entities. They mentioned that underlying cause of this downsizing strategy was primarily endogenous. Goesaert et al. (2015) explained this phenomenon, suggesting through economic theory that companies engaged in downsizing practices by removing redundant, unproductive workers, with the aim of streamlining their labour structures.

The participants attributed downsizing events to the pressure that is exerted on company management by the shareholders. They said shareholders wanted to maximise their return on investment in the company and therefore would put pressure on company management to achieve exorbitant returns by reducing the employee headcount. Jung (2015) explained this phenomenon, and added that organisations engaged in downsizing activities to cut costs as a response to the pressure exerted by shareholders to top management, sometimes to the detriment of other stakeholders of the firm.

Participants also mentioned that organisations downsized to eliminate process inefficiencies. Neves (2014) explained this reality, suggesting that the downsizing process led to supervisors being abusive towards their subordinates, as they were under pressure to improve inefficiencies with a reduced workforce, after the downsizing event. Roderick and Christoper (2011) also explained this phenomenon, suggesting that companies engaged in downsizing to improve their asset efficiency amongst other metrics. This form of downsizing would be endogenous, as it was within the scope and control of management.

Another participant felt that downsizing occurred because management was poor and did not have a clear strategy and vision regarding the workforce and the employees in the organisation. This aligned with Lakshman et al. (2014), who argued that organisations sometimes embarked on downsizing due to poor management, and that this endogenous form of downsizing often impacted survivors more negatively, particularly survivors from lower power distance cultures. Aguinis and O'Boyle (2014) also agreed with this sentiment, commenting that companies' preference for longevity incentives, limited salary differences, and the prevalence of non-performance-based

remuneration often mirrored the poor management practices that existed in organisations and that lead to downsizing and companies losing good talent.

The participants mentioned underlying distress causes that are not mentioned in downsizing literature. The participants felt that companies engaged in the downsizing process to rid the organisation of employees because of age. The participants felt that this was embarked upon to introduce a younger workforce who brought a different culture and way of thinking into the organisation. Schweizer and Nienhaus (2017) and Goesaert et al. (2015) mentioned operational restructuring that involved unproductive human resources, but nowhere did the literature directly attribute the downsizing process to the age of the employees. This form of downsizing would be endogenous, as it was prompted by factors within the scope and control of management.

The participants expressed that downsizing also happened in organisations because of a change in the political landscape, especially in state run enterprises and institutions. The participants expressed that the change in political leadership came with a different outlook and ideology, and downsizing happened in these organisations to align to the new political leadership. Neves (2014) mentioned that political skills of employees were critical in influencing stakeholders, but nowhere did the literature mention the onset of downsizing because of a change in political landscape. This form of downsizing would be exogenous, as it was not influenced by company management.

The participants also felt that downsizing also happened due to the cyclic nature of certain industries and organisations would downsize at the bottom of the cycle. Favero and Rutherford (2016) mentioned that companies downsized without tailoring the scope of their services to test traction and uptake with customers in a given industry, but literature did not mention downsizing as a result of the cycles in different industries.

6.1.1.3 Industry

The participants expressed that many external factors impacted the commodity industry and other related export industries with regards to the effect of downsizing on the industry. For one, the industry was a price taker, and therefore was at the mercy of the market for the prices that it charged. Many products produced by the industry were exported, so the industry was exposed to currency exchange fluctuations. So, the industry was impacted by external factors that it did not have control over, complicating the outlook of whether downsizing actions by the industry would be positive or not. In those instances, the participants argued that management would need to be aware that the downsizing decision was influenced by factors outside the firm, and therefore the

modulating elements introduced would need to consider factors such as currency exchange rates, country inflation rates, country risks, and country interest rates. Garavan (2012) explained this phenomenon, adding that organisations tended to focus on different strategic levers during difficult economic times dependant on the industry, to help the performance of the firm. Karlsen (2011) further added that policy support for the performance of the firm needed to consider the specific industry of the organisation, instead of implementing blanket cluster development approaches for every situation. Luan et al. (2013) had suggested that downsizing decisions and activities in the finance industry differed from the decisions taken in other industries.

The participants felt that even though the type of industry considered played a role in the outcomes or the decisions to downsize, downsizing would continue to be prevalent in many industries in the future as the world was changing and industries were being disrupted and impacted. The prevalence and seeming permanence of downsizing in different industries was explained by Homburg et al. (2012), who noted that downsizing had become commonplace in business, even though the effects of the practice was oftentimes contradictory to what companies had intended with the process. Teague and Roche (2014) also explained this phenomenon, indicating that the onset of the global economic recession had resulted in many more companies resorting to downsizing practices.

The participants also felt that industries had different level of workers, and that certain industries had more knowledge workers and therefore the downsizing decision needed to consider the decentralised, self-management nature of certain industries. They said that downsizing actions and processes that impacted a mine would be different to those that impacted a higher education institution. Tsao et al. (2016) supported this view, suggesting that different level employees offered unique, inimitable and exceptional skills, and that companies needed to take cognisance of the uniqueness of the skills and provide the necessary support and guidance to these varied skills. Aguinis and O'Boyle (2014) also explained this view, adding that companies needed to offer more performance-based, and differentiated incentive schemes to different types and levels of workers, and therefore firms needed to consider differentiation in their downsizing decision-making.

The participants also expressed that long-term strategic thinking played a role in the decision to downsize in any industry. They mentioned that there were other factors that were industry specific and that determined whether the downsizing decision was the correct one. They mentioned that other critical factors such as corporate culture and

ways of work were elements which had a long-term, strategic trajectory and that would influence the downsizing decision in the industry. The participants felt that organisations embarked on downsizing following the cyclic nature of certain industries, and that this had become a norm. They felt that organisations in certain industries always downsized at the bottom of the cycle and that they would rehire employees at the top of the cycle. Participants felt that organisations were not doing enough to apply predictive modelling tools in the industries to understand the SHRM drivers of the companies and to optimise the company structures accordingly. This sentiment was not echoed anywhere else in literature.

6.1.1.4 Legislation

The participants expressed that company management needed to be aware of the changes in the political climate of localities in which they operated, otherwise the politics might impact on the organisation to embark on downsizing. Neves (2014) reported that politics and the political skill of employees, and by extension management, was critical to ensuring that management influenced and lobbied political stakeholders to facilitate an enabling legislative environment for business. The participants stressed that the lack of political will and support impacted the firm's performance.

Some participants felt that it was important for company management to understand the legal ramifications of downsizing. They shared the importance for companies to understand the legal definition of downsizing in different jurisdictions, and the processes to be followed in a downsizing environment as this would inform the downsizing decision and the implementation thereof. Garavan (2012) agreed with this sentiment, adding that the way in which the downsizing process was implemented impacted on the morale of survivors, and that it was important for line managers to spend time with employees to manage expectations and the implementation of the downsizing process.

6.1.1.5 Region

The participants shared the sentiment that country performance impacted on the performance of the firm, so if the country was not doing well economically, the firms would also not do well. If the country was not doing well, then the companies would engage in downsizing. Karlsen (2011) elucidated this view, as he explained that policy makers needed to be aware of the vagaries of different industries and to tailor support and legislative programmes suited to industries and regions.

The participants also shared that when companies engaged in downsizing in certain regions, this helped their competition, as the employees laid off, would join the

competitors, further 'weakening' the competitive advantage of the downsizing firm. Aguinis and O'Boyle (2014) supported this view, explaining that downsizing resulted in the loss of good skills for organisations, and that the downsizing process sent a message to the good talent that the organisation was in decline, and therefore these employees left to join the competition. The retrenched employees shared knowledge and experiences gained from the downsizing firm with the competition.

6.1.1.6 Firm size

Other participants mentioned that firm size impacted on the downsizing decision by companies. The participants mentioned that if a firm was large and dominating a market, that this resulted in a lack of innovation and inefficiencies, ultimately impacting the firm's market share and performance. Wei et al. (2011) could explain this view, as they argued that innovation in organisations was facilitated by companies that had a flat structure, something that most large firms did not possess.

6.1.1.7 Other themes related to Research Question 1

There were two themes that appeared in the literature review and the theoretical model in Chapter 2, related to Research Question 1, that participants did not mention. These themes were capital structure and firm age. None of the participants interviewed were previously involved in financial decision-making at top management level (for example, as CFOs) and so this could explain the reason why these elements were not mentioned. Only one of the participants engaged had previously fulfilled the role of CEO of a parastatal, and he had not experienced these elements in his previous downsizing experience.

6.1.2 Discussion of results for Research Question 2

What do companies consider as strategic human resource management practices?

Research Question 2 aimed to establish the human resource practices that companies considered as strategic to the firm. The question sought to confirm whether companies considered whether elements such as information sharing, employee skills, SHRM fit were considered strategic by senior management of the firms. These elements were emphasised in the literature review and formed part of the theoretical model. The research question also sought to establish whether companies considered any other SHRM practices over and above the listed in the theoretical model.

6.1.2.1 Employee skills

The participants mentioned that it was important for organisations to understand their business strategy and to develop skills to align with their strategy. The participants mentioned that without the correct skills, the business could not perform, ultimately prompting management to embark on downsizing. The participants also reinforced the importance for the organisations to have succession planning and talent pools to support long-term performance. Eeckhout and Pinheiro (2014) supported this view, remarking that organisations that recognised and supported diverse skills showed better performance than organisations that did not.

The participants reinforced that the business needed to match its skills with the market in which it is operating, as this gave the business a competitive advantage. The participants emphasised that companies needed to develop creative measures and to use human resource tools to develop the skills that are required in the present but also skills to deal with the challenges that would confront the business in the future. Wang et al. (2012) supported this sentiment, remarking that companies needed to focus on both the strategic fit and flexibility of employee skills to support company performance.

The participants stressed that companies needed to create opportunities for their impacted employees in the downsizing process. They felt that companies needed to engage in redeployment, retraining or supporting the impacted employees to find placement at other organisations. Drzensky and Heinz (2016) agreed with this view, as they explained that the negative impact of the downsizing event could be allayed through positive signals that the company could send to the employees, including offering placement opportunities of the impacted employees in other firms or recruiters, retraining opportunities, or offering generous financial packages to voluntary leavers, particularly if the event was endogenous.

The participants highlighted the risk of companies losing good skills during the downsizing process. The participants mentioned that the good employees had more possibilities and so they were likely to join other organisations as they felt it was unsafe to remain at the downsizing firm. Aguinis and O'Boyle (2014) echoed this sentiment, suggesting that the downsizing process resulted in the loss of good skills for the organisation, as these employees perceived that the downsizing firm was in decline. Aguinis and O'Boyle (2014) further added that the loss of good skills would serve as a double blow for the downsizing firm, as the good employees would not just leave the downsizing firm, but they would join the competition.

Participants remarked that the loss of colleagues demotivated the survivors, particularly after multiple downsizing events. They argued that the low motivation levels impacted the survivors, hampering their problem-solving abilities. The loss of colleagues also impacted the networks that the survivors had built in order to perform their roles effectively. Delery and Roumpi (2017) explained this reality, arguing that the competitive edge that the good employees brought stemmed from not only their uniqueness, but from the distinctive interactions that they had with fellow colleagues and other social networks outside the firm. To this end, Schenkel and Teigland (2016) proposed that organisations needed to map the social networks that existed inside and outside the firms, as these networks influenced the dynamic capabilities of the firms.

The participants emphasised the role that innovation plays in the sustainable performance of an organisation, and the strategic impact it can have on the downsizing decision. They shared that companies that invested in research not only increased the innovation in the business, but also the decision-making capability of the organisation. Wei et al. (2011) explained that companies which invested in employee skills experienced an innovative culture within the organisation.

6.1.2.2 SHRM fit

SHRM elements bore resemblance with employee skills, but the emphasis of SHRM fit was on how organisations adapted their HRM practices (including employee skills) to align with the firm strategy.

The participants stated that communicating the strategy of the firm was critical to all stakeholders including employees, suppliers, customers, legislators and the hosting communities. They indicated that open and honest communication with stakeholders was critical to building trust, thereby ensuring commitment and support, which in turn supported performance of the business. This was supported by Roderick and Christoper (2011), who argued that the extent to which employees felt that they were fairly treated, engaged and communicated to during the downsizing process, positively impacted on the commitment and trust levels of the survivors.

The participants felt strongly that companies needed to have a view on their future project pipeline and to build a human resource capacity to ensure that they were future ready. The participants suggested that the companies needed to create 'talent pools' or similar programmes that address, and are resourced in accordance with, the companies' future needs. This agreed with Luan et al. (2013), who suggested that companies needed to be forward-looking and to have additional human resource capacity during difficult

economic times in order to build on their competitive advantage, so that they would take advantage of this position during an economic recovery. Luan et al. (2013) had suggested that companies should use this additional human resource capacity in difficult economic times to invest in new enterprises, in preparation for the economic recovery.

The participants felt that the companies needed to develop a human resource strategy that looked beyond technical skills. The participants felt that this strategy would enable the business to have capacity to deliver on its goals. Garavan (2012) explained this sentiment, adding that organisations focused on both technical and leadership skills during difficult economic times, but that the emphasis on the different skill sets depended on the industry that the organisation was in.

The participants expressed that the downsizing process negatively affected the motivation levels of the survivors because of the additional demands thrust upon them. The participants believed that the survivors suffered from anxiety because the process created new teams, leaders and operating models, which created uncertainty with the survivors. This phenomenon was explained by Neves (2014), who suggested that the downsizing process led to supervisors, in particular, exhibiting more abusive behaviour towards their subordinates, as they felt under immense pressure and stress to improve on the inefficiencies of the organisation, whilst at the same time dealing with increased employee turnover intentions and lower performance levels.

The participants emphasised that companies needed to develop appropriate compensation and remuneration programmes that recognised the technical skills of the employee. The participants expressed that far too often, good technical people got promoted into managerial positions to exceed the technical role remuneration ceiling, and then the employees struggled in those positions because the roles were not aligned to their passions and expertise. The participants also felt that employee share ownership schemes needed to be introduced broadly as a tool to incentivise and retain good skills. Aguinis and O'Boyle (2014) explained this sentiment, urging companies to invest in more performance-based and differentiated remuneration programmes.

6.1.2.3 Information sharing

The participants expressed that poor communication influenced the motivation levels of the impacted employees and the survivors. They felt that poor communication hurt their companies' competitive advantage, as the survivors were also unsettled about the facts surrounding the process, which impacted their loyalty to the organisation. Roderick and Christoper (2011) and Homburg et al. (2012) explained that the way in which

stakeholders were treated during the downsizing process impacted on both commitment levels of survivors, but also how customers viewed the organisation.

The participants stressed that honest communication of the causes of downsizing helped all the employees to deal with the situation and supported the company's performance. They emphasised that the communication process helped both the impacted employees and survivors to grieve their loss and to find closure. Roderick and Christoper (2011) urged companies to engage their employees on the strategies of the company and causes of downsizing decisions as this would mitigate the effects of the downsizing process.

The participants stressed that personal communication built trust between the organisation and the employees. The participants urged that it was good to use technology as a supplementary communication tool during the process, but that face-to-face communication needed to be the primary mode of engagement with the employees. Tsao et al. (2016) explained that the impersonal and traumatic nature of the downsizing process often resulted in a breakdown of trust between the organisation and employees, and that employees viewed the process as a breach of the psychological contract.

Other participants mentioned that downsizing negatively impacted the information network that existed in their organisations. They mentioned that once the downsizing process was complete, the organisation lost the institutional memory of the employees that had left. Goesaert et al. (2015) explained that the downsizing process destroyed the relationship networks that existed in the organisation.

6.1.2.4 Company brand

The participants stressed that taking care of the survivors' motivation levels was critical to the organisation, that this communicated to the survivors that there was a future for them in the organisation and they could continue contributing meaningfully. They stated that this impacted on the employer brand of the organisation, and this impacted on the future ability of the organisation to attract or retain talent. Martin et al. (2011) explained that the way in which the company behaved during the downsizing process to its stakeholders impacted on its employer branding.

6.1.3   Discussion of results for Research Question 3
How do companies update SHRM practices in a downsizing environment?

Research Question 3 aimed to establish how companies use the identified SHRM

practices in a downsizing environment. This question sought to understand whether companies update their HRM practices including resource allocation, compensation and capacity building post a downsizing event.

The participants emphasised that the role of good leadership was to craft a sound vision and SHRM strategy, and the implementation thereof. The participants stressed that it was the leadership that drove the company culture, and that this then translated into performance. Garavan (2012) stated that the level of leadership in organisations determined the approach that companies adopted towards SHRM and the development of skills, particularly during difficult economic times. He further reiterated that good leadership was determined to continue developing and retaining skills even during difficult times.

The participants stated that the culture set in the organisations was key in driving performance. The participants agreed that culture related to the systems, values, and prevailing atmosphere within an organisation. They mentioned that regardless of the performance cycle of the organisation, the culture dictated how the company would perform, and that this was driven with what the organisation promoted and what it punished. Wei et al. (2011) supported this sentiment, adding that a development culture, in which employees were encouraged to grow and develop, was key to driving innovation and performance. Stanton and Nankervis (2011) also reflected that organisations experienced greater effectiveness when elements of the organisation's strategy (such as strategy, mission, and values) were incorporated into the performance management system.

The participants emphasised that there was a general lack of understanding of SHRM in organisations, particularly from top leadership in organisations. The participants said that leaders did not often understand the strategic impact of their human resources, and that employees were not seen as a strategic asset, and not enough was done to incorporate HRM into the strategy of the firms. Sikora et al. (2015) explained that the lack of understanding of SHRM practices, and the commitment required to implement these practices, had a negative impact on organisational outcomes.

6.1.4   Discussion of results for Research Question 4
How do SHRM practices affect a downsizing firms' performance?

Research Question 4 aimed to determine the effect of the identified SHRM practices on the performance of the downsizing firm. This question sought to establish the dynamics

between the SHRM practices and the performance of the downsizing firm.

The participants agreed that downsizing impacted on the motivation levels of both the impacted employees and the survivors, usually negatively. They stressed that the survivors took time to recover from the trauma of the process. They believed that the unpredictable nature of the process created uncertainty, and this uncertainty took its toll on all the employees. Tsao et al. (2016) reflected on this reality, as they reported that the adverse effects of downsizing on survivors included lower commitment, lower motivation levels, lower performance, high absenteeism, and turnover intentions.

The participants stressed that downsizing impacted on the loyalty of the survivors. They expressed that those who had survived the process were questioning whether they would be impacted in the next downsizing process. They said that some of the survivors had expected loyalty form the organisation towards its employees, and that the downsizing had negatively influenced their view of the organisation. Tsao et al. (2016) and Schenkel and Teigland (2016) reported that the downsizing process resulted in a lack of trust between employers and employees, as employees often viewed the process as a breach of the psychological contract.

The participants felt that even though companies wanted to retain good skills in a downsizing event, this was not always the case. They said that it was easier for the good skilled employees to find employment elsewhere, or to pursue entrepreneurship opportunities as a way of taking control of their own futures. Aguinis and O'Boyle (2014) discussed that the downsizing process often resulted in a loss of good skills for the downsizing organisation, as the good employees perceived the organisation to be in decline and therefore left to join other companies, which was often the competition.

The participants also expressed that downsizing impacted on the identity of people. They felt that people defined themselves through their jobs, and so a downsizing process would question the individual's identity, and not just the fact that they had lost a job. Kostopoulos and Bozionelos (2010) reflected that the effects of downsizing were even direr when survivors felt that their jobs were threatened, as often the employees defined themselves through their jobs.

Participants also expressed that downsizing could create job insecurity, particularly if the downsizing event became a norm in organisations. They said that this insecurity could lead to low productivity as people no longer considered the job a priority. Wei et al. (2015) suggested that the downsizing process could create job insecurity, particularly in the

older employees, as older employees were looking for stability and job security, so it was important for organisations to understand the impact of the process to different employees.

The participants conveyed that sales performance, customer focus, and productivity of the organisations did not improve immediately following the downsizing event, but that as the new operating models were rolled out and stability was introduced, performance improved over time. Favero and Rutherford (2016) stated that organisations struggled to perform immediately following on a downsizing event due to the instability introduced by the process, but that the low performance levels could be drawn out over a long period because of the negative client satisfaction effects of the process.

The participants expressed that new performance targets in an organisation helped to motivate employees, to associate with a new direction of the 'updated' firm. The participants felt that new targets reenergised the survivors to align to a new future and to let go of the downsizing image of the company. Tang et al. (2015) explained that SHRM elements gave employees more effective decision-making capabilities for the benefit of the firm, but nowhere did the literature mention setting fresh targets as a strategic lever to support motivation and performance levels post the downsizing process.

6.1.5   Discussion of results conclusion

This chapter discussed the findings from the research in relation to the literature review and theoretical model, following the order of the research questions. Most of the themes raised by the research participants were corroborated by the literature. However, there were a small number of constructs that were discussed in the downsizing and SHRM literature but were not raised by the research participants.

7. CONCLUSION

This chapter concludes the principal findings of the research, the implications of the findings for management, limitations of the research, and suggested topics for future research areas.

The objectives of the research were to identify what senior managers defined as downsizing, what they determined as strategic human resource management practices, and how these practices influenced the performance of the firm, particularly after a downsizing event. The principal findings follow the order of the research questions, using the themes as presented in the theoretical model to determine the insights the study provides.

7.1 Principal Findings

7.1.1 Downsizing

7.1.1.1 Definition of downsizing

This study observed that senior managers define downsizing as the actions which organisations implement to reduce the number of employees in an organisation. The managers did not include the margins of decrease that organisations effected in the downsizing process, as they believed that the margin of decrease did not influence the definition. This definition is supported by literature Habel and Klarmann (2014); Kawai (2015); Kostopoulos and Bozionelos (2010); and Schweizer and Nienhaus (2017), and the margin of reduction is arbitrary.

Through the study, it was also observed that senior managers differentiate between the different downsizing forms that organisations embark on. Senior managers believe that certain downsizing practices were aimed at different hierarchical levels of the organisation, stating that the downsizing process could be targeted at low level workers or at the management levels. They also believe that the downsizing process could be used to get rid of employees beyond a certain age, to attract a younger workforce. This definition is consistent with literature on downsizing (Schweizer & Nienhaus, 2017).

It was also observed that senior managers define downsizing as the actions that organisations took to reduce the number of operations, business units or departments. They believe that downsizing also applies to situations when organisations reduce their business footprint, i.e. from large operations to smaller operations. It was observed that senior managers relate downsizing not just to activities within a company, but extended the definition to the business portfolio, which relates to divesting activities that companies

engage in. This definition is consistent with the literature (Amin et al., 2017).

Senior managers relate downsizing to the actions that organisations take to cut on the human resource training budget. The managers believe that the actions of organisations to cut on the employee training budget communicates a message to the managers that the company is in some form of distress, particularly if the company had experienced downsizing previously. This is supported by literature (Tsao et al., 2016).

7.1.1.2 Causes of downsizing

The study revealed that senior managers believe that the causes of downsizing can be categorised into two areas, i.e. endogenous and exogenous causes, as shown in the theoretical model in Chapter 2. Schweizer and Nienhaus (2017) described endogenous causes as the variables that prompted the downsizing decision that were within the scope or control of management, whereas exogenous factors were the trigger causes that were external to the organisation, for example increased competition, technology disruption, and changes in legislation.

Endogenous factors

The study revealed that senior managers believe that organisations embark on downsizing to divest from certain assets or businesses, to focus on other products, services or processes. They view that this downsizing form is embarked upon to eliminate the process inefficiencies that exist in organisations. They believe that organisations embark on this downsizing form because of a change in strategic direction brought about by new top management at the helm of the organisations. This downsizing form is due to endogenous causes, as the causes are within the scope or control of management. This finding is supported by Neves (2014); Roderick and Christoper (2011); and Schweizer and Nienhaus (2017).

Closely aligned to changes in organisational processes, services or products, the study also observed that senior managers believe that downsizing happen in organisations due to the high operating expenses on companies' income statements, and that downsizing is embarked upon to cut costs to help the organisations to survive. This downsizing form is prompted by endogenous factors as companies were looking at ways to improve productivity and profitability. This is supported by Moser et al. (2015) and Teague and Roche (2014).

Through the study, it was observed that senior managers believe that organisations embark on downsizing to attract the right fit talent or to get rid of 'misfit' employees from

the organisation. The managers believe that the downsizing process is sometimes used as an alibi to 'purge' the organisation of 'bad' talent, as a means of avoiding the complex legal processes that may be involved in laying off employees. Senior managers believe that it is this non-transparent element of the downsizing process that results in a breakdown of trust between employers and employees, as the employees view the process as a violation of the psychological contract. This finding aligns with Goesaert et al. (2015).

It was observed from the study that senior managers consider that organisations engage in downsizing to reduce the duplication of roles that exist in the structures of companies. Senior managers believe that the duplication in roles in organisations is due to previous merger activities that companies had partaken in, merger arrangements that had left the company structures unoptimised. This downsizing form is caused by endogenous causes and is supported by Goesaert et al. (2015).

Senior managers believe that downsizing is also prompted by the pressure exerted on top management by shareholders who demand exorbitant returns on their investments. They believe that companies engage in downsizing to cut costs to show higher profits, to show to the markets that the company is performing (Jung, 2015; Kawai, 2015). Downsizing as a response to the pressure exerted by shareholders is because of endogenous factors, as it is prompted by factors within the scope and control of management and not by factors external to the organisation.

Senior managers believe that companies engage in downsizing because of the short-sightedness of top and executive management in organisations. They believe that top management view downsizing as a panacea to resolving the financial and organisational challenges that exists, instead of focusing on other strategic levers that could support performance of the company. This downsizing form is endogenous and aligns with Aguinis and O'Boyle (2014); Favero and Rutherford (2016); and Lakshman et al. (2014).

A new finding from the study revealed that senior managers believe that companies engage in the downsizing process to rid the organisation of employees because of their age. Participants felt that companies engage in this downsizing form to introduce a younger workforce who bring a different culture and way of thinking into the organisation. Nowhere does the literature directly attribute the downsizing decision as a reason for companies to get rid of employees due to their age. This form of downsizing is endogenous, as it is prompted by factors within the scope and control of management.

<u>Exogenous factors</u>

Senior managers believe that there are also exogenous factors related to restructuring of a business portfolio that prompted the downsizing decision. They believe that organisations engage in a portfolio review process, particularly divestment processes, because of changes and pressures from the external environment. This downsizing form is exogenous, as it is prompted by external forces to the organisation such as increased competition, technology disruption and changes in legislation. This finding is supported by Schweizer and Nienhaus (2017).

A new finding from the study revealed that senior managers believe that companies, especially state-owned entities, embark on downsizing practices as a response to the political landscape prevalent in the country at the time. Senior managers believe that politics influences the downsizing decision related to state-owned entities, as the major shareholder in these companies is politically aligned, so the decisions would vary depending on who is in power at the given point in time. Politically motivated downsizing is exogenous and is not located in the existing literature.

Another new insight emanating from the study revealed that senior managers believe that downsizing happens due to the cyclic nature of industries and that organisations in certain industries downsize at the bottom of the cycle. Senior managers believe that companies in certain industries do not apply forecasting and predictive models to better understand the SHRM drivers of their industry, but that they engage in downsizing practices as a reaction to the cycles that characterise the industry and in keeping with historical practices. Senior managers believe that companies do not implement risk management practices to be aware of the environmental threats to their industries and to implement risk mitigation measures.

7.1.2 Macroeconomic factors

7.1.2.1 Industry

The study revealed that senior managers believe the specific industry influences the downsizing decisions that are made. They believe that the commodity industry (mining and other resource industries) are impacted by myriad external factors, e.g. exchange rates, country inflation rates, country risks, country interest rates. For instance, mining is a price taking industry, and so the price of products that the industry charges are determined in commodity markets, so the downsizing decision would need to consider that management does not have control over certain elements of their operations. Senior managers believe that companies in different industries needed to consider different strategic levers to influence the performance of firm, particularly during difficult economic

times. This finding is supported by Garavan (2012); Karlsen (2011); and Luan et al. (2013).

Through the study, it was observed that senior managers believe that different industries had different level and types of workforce profiles, for example the higher education sector (universities) had more knowledge workers that the mining industry. Senior managers believe that companies need to consider the level of workforce and develop support, remuneration, engagement and communication strategies aligned to the type of workforce during a downsizing process. This finding aligns with Aguinis and O'Boyle (2014) and Tsao et al. (2016).

7.1.2.2 Legislation

The study revealed that senior managers believe that an understanding of the legal framework and downsizing legislation in their operating jurisdictions would help companies to properly and effectively implement downsizing processes, as the way in which the downsizing process is implemented impacts on the morale of survivors and the downsizing firm could be taken to task on the legal transgressions. This aligns with Garavan (2012).

7.1.2.3 Region

The study revealed that senior managers believe that an understanding of the competition landscape in their regions would help companies in making correct downsizing decisions. They believe that when companies downsize, their good talent joins their competitors, and therefore further weakens their competitive advantage, as these employees shared knowledge and experiences gained from the downsizing firm with the competition, supporting Aguinis and O'Boyle (2014).

7.1.3   Microeconomic factors

7.1.3.1 Firm size

Through the study, it was revealed that senior managers believe that the probability of downsizing is high in larger organisations, as complacency and a lack of innovation plagued bigger organisations. Larger organisations enjoyed bigger market share and domination, and so there was a risk that these companies could rest on their laurels. Senior managers also cautioned that companies needed to put in additional effort in larger organisations to spend time with their employees during the downsizing process. This view aligns with Garavan (2012) and Wei et al. (2011).

7.1.3.2 Other themes related to microeconomic factors

In the study, no mention was made of capital structure and firm age, which are concepts mentioned in downsizing literature.

7.1.4 Strategic human resource management practices

7.1.4.1 Employee skills

The study revealed that senior managers believe that it is critical for companies to understand their strategy and to map their employee skills to the strategy. Senior managers believe that it is important for companies to have talent pools and succession planning programmes to support the long-term performance of the firm. This finding is supported by Eeckhout and Pinheiro (2014).

Through the study, it was observed that senior managers believe that companies need to create opportunities for their impacted employees during the downsizing process. They believe that this action not only communicates a positive message to their stakeholders and survivors, but also ensures that the company would have access to the impacted employees in future, supporting Drzensky and Heinz (2016).

Senior managers believe that companies stand a very high risk of losing good skills during the downsizing process, as the good employees perceive that the downsizing firm is in decline and so would join the competitors or engage in entrepreneurial activities. Senior managers accepted that the good employees had more employment options, and so were likely to join other companies, as conveyed by Aguinis and O'Boyle (2014).

The study discovered that senior managers believe that the downsizing process hampered on the problem-solving abilities of the survivors, by destroying the social networks that these employees had, networks that had made them effective in their roles, supporting Schenkel and Teigland (2016).

The study revealed that senior managers believe that investment in research and employee skills plays a fundamental role for organisations not only in facilitating innovation and therefore supporting company performance, but also in enhancing the decision-making capability of employees, also leading to better firm performance, supporting Wei et al. (2011).

7.1.4.2 SHRM fit

Senior managers believe that companies need to focus on both technical and leadership skills to support firm performance. They believe that companies need to develop career

paths and remuneration programmes that appeal to both technical experts and leadership inclined employees, supporting Aguinis and O'Boyle (2014) and Garavan (2012).

Senior managers believe that the downsizing process creates additional capacity burdens on survivors, which results in stress, as the supervisors are expected to perform with new teams and operating models but with increased employee turnover intentions and lower performance levels, supporting Neves (2014).

7.1.4.3 Information sharing

Senior managers believe that information sharing networks are critical to providing an organisation with a competitive advantage, as information flow improves effective decision-making, reducing the cost of rework, errors and inefficiencies in the organisation, supporting Delery and Roumpi (2017) and Schenkel and Teigland (2016).

Through the study, it was observed that senior managers believe that communicating the firm strategy to all stakeholders, including downsizing decisions, was critical to building trust and commitment with survivors, which would support company performance after the downsizing event. This is supported by Roderick and Christoper (2011).

7.1.4.4 Company brand

Senior managers believe that the way in which companies implemented the downsizing process, and the way in which they treated employees, customers and other stakeholders, impacted on the employer brand of the organisation and how it was viewed by customers. How the organisation was viewed as an employer would determine how the company would attract or retain good skills, and how it would attract or retain customers in the future. This aligns with Martin et al. (2011).

7.1.4.5 Leadership

Senior managers believe that leadership from top management in organisations is critical in setting the pace and the focus on SHRM. They believe that the level of leadership determines the approach towards SHRM and the development or lack thereof of skills, particularly during difficult economic times. This aligns with Garavan (2012).

7.1.4.6 Company culture

Senior managers believe that the culture in organisations facilitated firm performance. They believe that the values in an organisation, what it promotes and punishes, is key in

supporting or stifling innovation and performance. This is supported by Stanton and Nankervis (2011) and Wei et al. (2011).

7.1.5 Firm performance

Senior managers believe that downsizing negatively impacts on the motivation levels of all employees, particularly the survivors. They believe that the uncertainty created by the process creates long-term anxiety and disloyalty amongst survivors. This is supported by Tsao et al. (2016).

Senior managers also feel that the uncertainty created by the downsizing process is manifested through increased turnover intentions, resulting in the loss of good skills, supporting Aguinis and O'Boyle (2014).

Through the study, it was observed that senior managers feel that downsizing negatively impacts on the identity of employees, and this results in a breakdown of trust between the organisation and the employees, leading to lower performance and high turnover intentions, supporting Kostopoulos and Bozionelos (2010).

Senior managers believe that downsizing does not result in immediate improvement in productivity and sales performance, but that over time company performance could improve, aligning with Favero and Rutherford (2016).

A new finding emanating from the study revealed that senior managers believe that companies need to implement new performance targets post the downsizing event, as this helped to motivate and reenergise survivors to achieve the new targets and to form a new psychological contract with the 'updated' organisation.

7.2 Implications for Management

To support company performance after the downsizing event, companies should consider the following SHRM elements before a downsizing event:

1. Foster a developmental culture in the organisation, which supports employees and encourages them to develop;
2. Understand the environmental factors of their industry, including the political climate of the industry they find themselves in;
3. Invest in employee skills even during difficult economic times;
4. Focus on the development and appropriate reward programmes for technical and leadership skills;

5. Invest in research and development for the organisation;
6. Develop forecasting scenarios and risk management tools to understand the risks and associated mitigation actions for their industry;
7. Create and map the information sharing networks in the organisation, to define the gatekeepers, connectors, brokers and community of practice participants;
8. Communicate the company strategy and downsizing decisions to all stakeholders;
9. Create opportunities for impacted employees during the downsizing process;
10. Offer generous financial packages for voluntary leavers;
11. Develop new performance targets after the downsizing event.

7.3 Limitations of the Research

The sample population consisted of senior managers and managers with an operations background and only one with an HR background, so the extent to which HR influences top and executive leadership regards SHRM practices was not extensively probed. The sample consisted predominantly of senior managers whose role involved enforcing policy, so the extent to which SHRM practices are considered by senior and top management involved in the development of policy was not extensively probed.

The sample consisted mainly of male participants, so the sample might have a gender bias. The sample consisted mainly of senior managers from large organisations, so the extent to which senior managers in smaller organisations considered SHRM practices was not probed.

The researcher was not expertly trained in conducting interviews, and so this might have influenced how the interviews were conducted.

7.4 Suggestions for Future Research

- Future research could focus on top and executive managers, to probe their consideration of SHRM practices;
- Future research could focus on HR personnel in top and executive management, to probe their degree of influence on CEOs and executive management on SHRM practices;
- Future research could focus on longitudinal studies on the effect of SHRM practices on company performance after a downsizing event;
- Future research could focus on the effect of SHRM practices on company performance after multiple downsizing events;

- Future research could focus on the effect of SHRM practices on company performance after a downsizing event on smaller organisations;
- Future research could probe whether companies use the downsizing process as an alibi to get rid of 'misfit' employees, to avoid the legal processes required for layoffs.
- Future research could further explore SHRM practices and the reasons for downsizing practices in different industries until data saturation is exhibited across industries.

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9. APPENDICES

9.1 Appendix A: Interview Questionnaire

Question 1: What is your understanding of downsizing?

Question 2: How often does your company downsize?

Question 3: What are the reasons for your company to downsize?

Question 4: What does your company consider as strategic human resource management practices?

The following could be used as prompts for SHRM practices:	
Information Sharing	
Employee Skills	
SHRM Fit	

Question 5: Of the factors identified, which ones do you consider as most important during a downsizing event?

Record the reasons for ordering of SHRM practices:	
Practice 1:	Why:
Practice 2:	Why:
Practice 3:	Why:

Question 6: How does your company incorporate HRM practices into the company strategy?

Question 7: How does your company adjust HRM practices in a downsizing environment?

Question 8: What strategic human resource practices did your company implement in the last downsizing event?

Question 9: How did the last downsizing event impact on the productivity levels of the survivors?

Question 10: How did the last downsizing event impact on the motivation levels of the survivors?

Question 11: What were some of the causes for the surviving employees' motivation & productivity levels after the last downsizing event?

Prompts that could be used on this question:	
Low Employee Motivation / Productivity	Lack of trust between employee and organisation
	Poor communication by the organisation regarding downsizing event
	Loss of friends
	Job insecurity

Question 12: What strategic human resource management practices should companies implement to buffer the company's performance after a downsizing event?

9.2 Appendix B: Code Book

Refer to the Atlas.ti report for the Code Book in the memory stick (reference MailaC Atlas.ti report).

9.3 Appendix C: Interview Consent Form

THE EFFECT OF STRATEGIC HUMAN RESOURCE MANAGEMENT PRACTICES ON COMPANY PERFORMANCE DURING A DOWNSIZING EVENT

Researcher: Clement Maila, MBA Student at the Gordon Institute of Business Science, University of Pretoria

As per my previous communication with you, the title of my research is "The Effect of strategic human resource management practices on company performance during a downsizing event". The aim of this research is to understand the different downsizing forms in organisations and how strategic human resource management practices affect the performance of the firm during a downsizing event.

The interview will last a maximum of 45 minutes and the information gained during the interview will hopefully help me to better understand how companies engage in downsizing activities and the influence of strategic human resource management practices on firm performance.

Your participation in the interview is voluntary and you can terminate the session at any time without any fear of reprisal. The audio recording of the interview is also voluntary and you may opt not to have the session recorded. All data emanating from the session will be kept confidential. No names will be requested and all data will be stored without identifiers. If you have any questions or further concerns, please contact me or my supervisor. Our contact details are supplied below:

Clement Maila	Colin Rowley
maila.clement@gmail.com	colinrowley@vodamail.co.za
0810368923	0828285413

9.4 Appendix D: Ethical Clearance

GIBS ETHICAL CLEARANCE FORM

MBA RESEARCH PROJECT INFORMATION	
NAME	CLEMENT MAILA
STUDENT NUMBER	16390522
TELEPHONE / CELL PHONE	0810368923
E-MAIL OF RESEARCHER	maila.clement@gmail.com
PROPOSED TITLE OF STUDY	THE EFFECT OF STRATEGIC HUMAN RESOURCE MANAGEMENT TECHNIQUES ON COMPANY PERFORMANCE DURING A DOWNSIZING EVENT
RESEARCH SUPERVISOR	COLIN ROWLEY
E-MAIL OF SUPERVISOR	colinrowley@vodamail.co.za
SIGNATURE OF SUPERVISOR	

GIBS distinguishes between FOUR types of data. Please complete the table for ALL the data types that you plan to use.

Type of data	Relevant section of form	Attachments (please mark that they are included)	Initial all those sections that apply to your research
HUMAN: A. Pre-existing personal records, e.g. performance reviews	A	☐ Methodology section of proposal ☐ Permission letter from organisation to use the data	
B. New data solicited, e.g. interviews or surveys	B	☒ Methodology section of proposal ☒ Separate informed consent statement (unless included in the document marked below) ☒ Interview schedule / questionnaire / proprietary test instrument / description of intervention ☐ IF proprietary test instrument, letter of permission (e.g. the MBTI)	
NON-HUMAN: C. Public data, e.g. World Bank or other databases (no letter needed)	C	☐ Methodology section of proposal	

| D. Private/ Organisation-specific non-human data, e.g. financial statements of private companies (letter needed) | D | ☐ Methodology section of proposal ☐ Permission letter from organisation to use the data | |

Complete all sections relevant to your research.
ALL researchers must complete Sections E and F.

A. PRE-EXISTING RECORDS OF HUMAN SUBJECTS

1. Specify the nature of records and how they will be used.

2. Confirm that permission has been obtained to study and report on these records.
   ☐   I confirm.
   Remember to attach permission letter(s).

3. Provide the name and job title of the person in the organisation who has authorised the use of the records.

4. How will confidentiality and/or anonymity be assured? (Mark all that apply).

   ☐   No names will be reported
   ☐   No names will be requested
   ☐   Data will be stored without identifiers
   ☐   Only aggregated information will be provided
   ☐   Other. Please specify

B. NEW DATA OBTAINED FROM HUMAN SUBJECTS

5. Please confirm that no inducement is to be offered.
   ☒   I confirm

6. Mark the applicable box(es) to identify the proposed procedure(s) to be carried out to obtain data.
   ☒   Interview schedule (Attach if applicable)
   ☐   Questionnaire (Attach if applicable)
   ☐   Pre-existing proprietary test instrument, e.g. MBTI (Attach)
       IF a pre-existing proprietary test instrument is used, confirm that permission has been obtained to use it.
       ☐   I confirm
       Remember to attach permission letter(s).
   ☐   Intervention, e.g. training (Describe)

7. Confirm that the data gathering is accompanied by a consent statement.
   ☒   I confirm

8. Where is the consent statement found?
   ☐   As part of the data gathering document, e.g. in the introduction of the questionnaire.
   ☒   As a separate document. Remember to attach.

9. Is there is risk that the researcher is not competent in (one of) the language(s) subjects use to communicate?
   ☐ Yes, there is a risk
   ☒ No, there is not a risk
   IF yes, how will the subjects' full comprehension of the content of the research, including giving consent, be ensured? Please specify.

10. Do subjects risk possible harm or disadvantage (e.g. financial, legal, social) by participating in the research?
    ☒ No
    ☐ Yes.
    IF yes, explain what types of risk and what is done to minimise and mitigate those risks.

11. Are there any aspects of the research about which subjects are not to be informed?
    ☒ No
    ☐ Yes.
    IF yes, explain why, and how subjects will be debriefed.

12. How will confidentiality and/or anonymity be assured?   .
    ☒ No names will be reported
    ☐ No names will be requested
    ☒ Data will be stored without identifiers
    ☐ Only aggregated information will be provided
    ☐ Other. Please specify

C. PUBLIC NON-HUMAN DATA

13. Specify the nature of records to be used: How they will be selected, sourced and used.

D. PUBLIC DOMAIN / COMPANY-SPECIFIC NON-HUMAN DATA

14. Specify the nature of records (e.g. marketing reports or safety records) and how they will be used.

15. Confirm that permission has been obtained to study and report on these records.
    ☐ I confirm.
    Remember to attach permission letter(s).

16. Provide the name and job title of the person in the organisation who has authorised the use of the records.

17. Do companies risk possible harm or disadvantage (e.g. financial, legal, social) by participating in the research?
    ☐ No
    ☐ Yes. Explain what types of risk and what is done to minimise and mitigate those risks.

18. How will confidentiality and/or anonymity be assured?   .

    ☐ All company-specific details will be removed and not reported.
    ☐ Data will be stored without identifiers
    ☐ Only aggregated information will be provided
    ☐ Other. Please specify

E. CONFIDENTIALITY

Please select the relevant option

☒ Free access, i.e. report not embargoed

☐ No access for a period of two years
   Specify reasons for consideration

☐ No access under any circumstance for an undetermined period.
   A letter of permission from the Vice- principal: Research and Postgraduate Studies
   needs to be obtained – and attached to ethical clearance application.

F. TO BE COMPLETED BY ALL RESEARCHERS

19. In what format will the data be stored? Mark all that apply.
    ☐ Physically
    ☒ Electronically
    ☐ Other. Please explain.

20. Confirm that the data will be stored for a minimum period of 10 years.
    ☒ I confirm.

21. It is a goal of GIBS to make research available as broadly as possible. Mark the boxes
    below for the medium/media in which you do **NOT** wish results to be made available.

    Academic dissemination
    ☐ Research report
    ☐ Scientific article
    ☐ Conference paper
    ☐ Book

    Popular dissemination
    ☐ TV
    ☐ Radio
    ☐ Lay article
    ☐ Podcast
    ☐ Book

22. Confirm that the consent obtained is aligned with the extent of dissemination. E.g.
    consent if you are planning to use the research to launch a consulting career will be
    more comprehensive than in the case of research that is intended only for a scientific
    audience.
    ☒ I confirm

23. IF you wish to describe any other information which may be of value to the committee in
    reviewing your application, please attach a separate sheet.

Gordon Institute of Business Science
University of Pretoria

Dear Clement

Please be advised that your application for Ethical Clearance has been approved.

You are therefore allowed to continue collecting your data.

Please note that approval is granted based on the methodology and research instruments provided in the application. If there is any deviation change or addition to the research method or tools, a supplementary application for approval must be obtained

We wish you everything of the best for the rest of the project.

Kind Regards

GIBS MBA Research Ethical Clearance Committee

G. APPROVALS

The applicant must please ensure that the supervisor has signed the form before submission.

RESEARCHER/APPLICANT:

24. I affirm that all relevant information has been provided and that all statements made are correct.

Student/ Researcher's Name in capital letters:

CLEMENT MAILA

Signature: _____

Date: _____ 09/06/2018 _____

Supervisor Name in capital letters:

COLIN ROWLEY

Signature: __10/06/2018_____

Date: _____

9.5 Appendix E: Consistency Matrix

Table 4: Consistency matrix.

No	Research Questions	Literature Review	Data Collection Tool	Analysis
1	**Research Question 1** What do organizations define as downsizing and how often do they engage in downsizing?	Habel & Klarmann, 2014 Kawai, 2015 Kostopoulos & Bozionelos, 2010 Roderick & Christoper, 2011 Schweizer & Nienhaus, 2017	Questions 1, 2 & 3 in questionnaire	Content analysis on open-ended questions, to determine understanding and definition of downsizing
2	**Research Question 2** What do companies consider as strategic human resource management practices?	Delery & Roumpi, 2017 Eeckhout & Pinheiro, 2014 L.-Q. Wei et al., 2011 Schenkel & Teigland, 2016	Questions 4 & 5	Content analysis on open-ended questions, to determine understanding and definition of strategic human resources management practices (SHRM)
3	**Research Question 3** How do companies update SHRM practices in a downsizing environment?	Garavan, 2012 Neves, 2014 Tang, G., Wei, L. Q., Snape, E., & Ng, Y. C. (2015)	Questions 6 & 7	Content analysis on open-ended questions, to determine understanding of adaptation of strategic human resources management practices
4	**Research Question 4** How do SHRM practices affect a downsizing firms' performance?	Aguinis & O'Boyle, 2014 Kawai, 2015 Tsao, C. W., Newman, A., Chen, S. J., & Wang, M. J. (2016)	Questions 8, 9, 10, 11 & 12	Content analysis on open-ended questions, to determine understanding of effect of SHRM on firm performance after a downsizing event