

**Gordon Institute
of Business Science**
University of Pretoria

**An exploration of how downsizing influences psychological safety of surviving
employees**

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Abstract

Research has shown that organisations around the world are increasingly implementing employee downsizing to deal with competition. Downsizing is typically implemented to address redundancies, improve efficiency with the aim of making the company more competitive. The research on organisation downsizing started back in the 1980's, but there are still some gaps highlighted by the scholars relating to the understanding on how downsizing impact psychological wellbeing of surviving employees.

One psychological wellbeing element which has been highlighted as lacking in the current literature is psychological safety. The aim of this study was to investigate how the downsizing process impact the psychological safety of surviving employees.

The outcome of the study was that psychological safety was impacted negatively in the Business Unit where employee cuts were not implemented. In this Business Unit, the number of employees increased instead as some employees from another Business Units were transferred to it as part of the restructuring component of the downsizing event. The study also found that psychological safety generally improved in the Business Unit where major employee cuts took place. This was an unexpected outcome based on the literature review.

Keywords

Downsizing, psychological safety, attachment

Plagiarism 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.

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1. INTRODUCTION TO THE RESEAERCH PROBLEM

1.1 Introduction

This qualitative research study investigated how the process of downsizing influence the psychological safety of surviving employees. The study focused on the retrenchment process which is one of the widely adopted employee downsizing methods in business. The study explored how different stages of the retrenchment process influence psychological safety of employees, based on the lived experiences of survivors. The new insights from this study will contribute to the available literature of downsizing and help organisational leaders in planning for downsizing and other organisational changes.

1.2 Background

Organisations are increasingly employing downsizing to survive and thrive in the highly competitive and constantly changing business environment (López Bohle et al., 2021). Employee downsizing which is normally followed by restructuring is typically implemented to achieve cost reduction, increase organisational performance or as a response to redundancies (Dlouhy & Casper, 2021; McLachlan, 2022). In South Africa, the petroleum industry specifically has gone through major downsizing in the past five years mainly due to the change in the business model in the industry and other factors including Covid 19 (sapia, 2022). The one Refinery in Durban, which is the biggest oil refinery in South Africa shut down operation in April 2022 indefinitely after severe damage cause by the Durban April floods (sapia, 2022). The company has since changed its operating model from oil refining to importing finished petroleum product, resulting in major downsizing, and restructuring to suit the new operating model (Govender, 2022). In 2021, the second Refinery in Durban, also permanently shut down operation after a plant explosion (sapia, 2022). The company immediately announced after the explosion that it was changing its business model from oil refining to only importing finished products (sapia, 2022). The change in business model resulted in major redundancies at the manufacturing facility.

The PetroSA manufacturing plant in Mossel Bay was shut down indefinitely in 2020 when it ran out of the plant feed, the company had started downsizing their workforce already in 2015, leading to the plant shut down (Van Wyngaardt, 2015). The petroleum sector is not the only sector undergoing major job cuts in SA. The mining sector, which contribute more than 6% in SA GDP is also going through major job cuts across the industry and some of the companies in the industry are still planning more job cuts (CNBCAfrica, 2024). These job cuts are triggered by various economic factors, including the poor performance of Transnet, the stage logistic firm responsible for managing the rail and ports infrastructure (CNBCAfrica, 2024).

The practice of downsizing is expected to continue industry wide into the future as organisations find new ways to adapt to the new constantly changing environment and competition (López Bohle et al., 2021). This insight from scholars on the future of downsizing necessitate the need to understand the negative influences of downsizing to help organisations to meet their intended objectives post downsizing. Downsizing itself has been studied extensively by various scholars in the past (Tsai & Yen, 2020). With all the various scholar research studies and extensive application in various industries, Ramdani et al. (2021) argues that the effects of downsizing on organisational outcomes is still poorly understood. Neves et al. (2018) and Loh et al. (2021) have both highlighted a gap in scholar downsizing research, in that the influences of downsizing on psychological safety has not been studied. The outcomes of this research project are intended to contribute to closing this gap.

Scholars have studied psychological safety extensively ever since the 1990s and as a result scholars have generally agreed that the psychological safety research has reached maturity status (Edmondson & Bransby, 2023). Psychological safety research has long reached a state where scholars agree that organisations will struggle to thrive in the current business environment with poor psychological safety climate (Edmondson & Bransby, 2023). Edmondson and Bransby (2023) argued that the need for a healthy psychological safety climate is increasing in the current environment as collaboration amongst employees within the organisation, innovation, voice and learning mindset is becoming more important due to the constantly changing business landscape. Psychological safety is the key enabler for all these and more organisational positive outcomes (Edmondson & Bransby, 2023; Zhang et al., 2019; Zhang & Wan, 2021). On the negative side, literature review by Edmondson and

Bransby (2023) associated poor psychological safety climate with employee burnout, fear, incivility, bullying, lack of trust and emotional exhaustion.

1.3 Research problem

Many Scholars have in the past written about the negative impact of downsizing and restructuring on surviving employees. Details on these negative effects are contained in the literature review section of this document. Literature review discovered downsizing scholarly research on employee engagement, innovation, job satisfaction, job security perception, strain, and commitment (Barbero et al., 2020; Tsai & Yen, 2020). These are all important contributors to the performance of the organisation post downsizing. One glaring gap that was discovered during literature review is the lack of studies into the impact of downsizing on psychological safety of surviving employees (Neves et al., 2018). The literature review section in the coming paragraphs will reveal that organisations struggle to achieve good performance and effectiveness if psychological safety is lacking. This observation and need for such studies are supported by Neves et al. (2018) who has called for future research on downsizing effects on psychological safety. Loh et al. (2021) also joined into the call for studying impact of organisational re-structuring on psychological safety. Loh et al. (2021) argued that such studies will assist organisations in future when designing and planning organisational change initiatives to ensure that changes have minimal or no impact on employees overall psychological health. Ramdani et al. (2021) also argued that even though the downsizing practice is widely implemented, scholars still lack good understanding of how downsizing affect the organisational outcomes.

In summary, the main problem at the centre of this research study is the gap in the downsizing literature relating to lack of understanding of how downsizing affects psychological safety of the surviving employees. As part of the study, the research also sought to understand how organisational leaders can plan and execute downsizing with minimal or no effects on surviving employees' psychological safety.

1.4 Purpose of the research

The purpose of this qualitative research study was to understand how the extensively applied process of downsizing influences psychological safety of surviving employees. Through semi-structured interviews, the study explored and unpacked different processes of downsizing and endeavoured to understand how these processes influence psychological safety of remaining employees. The study also explored the type of behaviours associated with the reduced psychological safety climate and the coping mechanisms used by employees in this climate. Finally, through the above-mentioned interviews, the study obtained insights on how organisational leaders can mitigate the psychological safety negative effects.

1.5 Business and theoretical need for the study

As mentioned above, the current business environment is driving companies to apply the process of downsizing more extensively than before. This is due to the dynamic and highly competitive nature of the current business environment (Dlouhy & Casper, 2021). It is therefore crucial that organisational leaders are set up for success when implementing downsizing, through the understanding of potential negative effects on the surviving employees and understanding some of the proactive measures they can put in place to mitigate the negative effects. Part of what defines a successful downsizing event is the positive psychological safety of the remaining staff, ready to take on the challenge and thrive in the new environment.

On the theoretical side, this study will contribute to closing the glaring gap in the downsizing scholar literature caused by the lack of research on the crucial human resource field of psychological safety as supported by Neves et al. (2018) and Loh et al. (2021) above and contribute to the downsizing body of knowledge which Ramdani et al. (2021) argued that it is still lacking overall.

On the business side, even though downsizing has been in the past studied extensively, there is still lack of sufficient guidelines for leaders to implement downsizing with minimal disruptions in the organisation (Loh et al., 2021). This is

unfortunate since there are extensive studies available making reference to the known negative effects of downsizing to be discussed in detail in the literature review (Dlouhy & Casper, 2021; Tsai & Yen, 2020).

1.6 Scope and context of the study

The scope of the study included investigating two human resources phenomena of psychological safety and downsizing with the aim of gaining insights on how psychological safety is affected by downsizing. The study also explored mitigations that the organisations can put in place to reduce the negative effects of downsizing on surviving employees. The study has also contributed to setting the agenda for future research on psychological safety and downsizing research to furtherer close the existing literature gap discussed above. The study focused specifically on employee downsizing in the form of retrenchments, sometimes referred to as employee layoffs.

The context of the study was be based on the South African petroleum industry, which in recent years has undergone major downsizing and restructuring by some of the players.

In the attempt to understand how psychological safety is affected by downsizing, this study also look at the dynamics introduced by the restructuring element. As discussed above, downsizing is normally associated with the restructuring of the organisation. The study also assessed how country, industry and organisational context play a role in the relationship between the two downsizing and psychological safety.

Its also important to highlight that this study was performed in the era in South Africa where companies are moving away from locally manufacturing petroleum product and increasingly relying on imports as discussed above. This context is important because it is painting a picture of stability in the industry in terms of employment.

2. THEORY BASE AND LITERATURE REVIEW

2.1 Introduction

The main purpose of the literature review section is to summarise the existing body of knowledge and a theory this study was grounded on. The existing body of knowledge was used to develop a proposition which guided the development of the research questions and formed the basis of data collection. One theory initially found to be most likely to explain how downsizing affect psychological safety of surviving employees was selected and summarised in this section. The review and critique of the existing body of knowledge in downsizing and psychological safety was crucial in setting the direction for this research. The literature review was also used to guide the development of the research questions and the semi-structured interview questions.

2.2 Attachment theory to understand psychological safety

The basis of this research will be grounded in the attachment theory. The attachment theory was developed by a British developmental psychologist John Bowlby in the 1950's in collaboration with an American – Canadian developmental psychologist Mary Ainsworth (Ainsworth & Bowlby, 1991). The theory was initially developed to help with the understanding of the emotional bonds and the dynamics of attachment relationship between infants (and children) and their mothers or caregivers (Wang et al., 2023). Research has subsequently shown that similar attachment dynamics exists in adults, especially within organisations (Wang et al., 2023). The basis of the theory is that individuals form emotional bonds with other individuals and other entities within the organisation. Research shows that employees tend to form emotional bonds with other co-workers, leaders, supervisors, and the organisation itself or sub-communities within the organisation (Yip et al., 2018). Research has furtherer demonstrated that individual's attachment with the organisation or organisational sub-communities is based on the individual's sense of shared identity and places great emphasis on how the individual recognizes, cares and commit to some of the characteristics of the

organisation including values, purpose, and other organisational themes (Wang et al., 2023).

Yip et al. (2018) literature review on attachment theory summarized previous scholar research and key findings. Previous studies have demonstrated that positive outcomes such as ethical decision making, creative problem solving, follower proactivity and effective decision making can be achieved when employee's attachment needs are met. Zhang et al. (2019) added that once employees form these psychological bonds with the organisation, employees develop positive attitudes towards the organisation. The positive attitudes result in employees taking ownership of their targets and attaining job satisfaction (Zang et al. 2019). Yip et al. (2018) further established that in cases where employee's attachment needs are not met, negative outcomes such as increased stress, increased reporting of burnout, and high turnover may be experienced by the organisation.

The attachment theory has also gained interest in leadership research in trying to understand how attachment influence the leader – follower relationship. London et al. (2023) provided insights relevant to this research when he concluded that that secure employee-leader attachment creates a psychologically safe environment for both employees and leaders.

Scholars have also done research to understand how employee attachment dynamics are influenced by organisational psychological threats (Yip et al, 2018). The downsizing event can be seen as one of those psychological threats in the organisation because of its influence on the employees and leaders' relationships (Yip et al, 2018).

This research postulates that the negative effect of downsizing may breach the sense of attachment and psychological safety of individuals. This has not been shown in literature before. Therefore, the next section will discuss downsizing.

2.3 Organisational downsizing

In simple terms, downsizing which is sometimes referred to as employee layoffs is defined as a deliberate action by an organisation to reduce the number of employees (Fernandez-Menendez, 2020; Huang et al., 2024). Cameron (1994) provided a more

comprehensive definition. Cameron (1994) argued there are four major attributes for an organisational event to be classified as a downsizing event, these attributes relate to motive, employees, efficiency, and work processes. In summary, the process is intentional by the organisation, involves the reduction in the number of employees, focused on improving efficiency and lastly affects the work processes where in most cases surviving employees are left to deal with increased workload per employee (Cameron, 1994). In most cases, downsizing takes a form of forced retrenchments, early retirement, voluntary packages, or employee transfers (Cameron, 1994).

Scholars tend to use the words downsizing and retrenchment interchangeably. Retrenchments are further divided into two categories, these are asset retrenchments and cost retrenchments (Schmitt & Raisch, 2013). Asset retrenchments is where companies shut down plants or sell some of the assets. Cost retrenchment is where companies reduce costs through employee layoffs or improving process efficiencies (Schmitt & Raisch, 2013). In this research, downsizing refers to cost retrenchments through employee layoffs.

2.4 History of downsizing research

Past research on downsizing had mostly focused on the phenomenon called survivors syndrome (Devine et al., 2003). Survivors' syndrome was a term given to a set of attitudes, perceptions and feelings experienced by the surviving employees post downsizing. These symptoms include lack of trust, fear, anger, and depression (Devine et al., 2003). Guilt was also part of these symptoms and scholars had specifically named it survivor's guilt (Devine et al., 2003). Survivor's guilt was based on the surviving employees feeling guilty because of the perception they held that they are better off than the employees who were laid off because they still had employment (Devine et al., 2003).

2.5 Negative effects of downsizing

What is coming out clearly in the current literature is that downsizing has for long been known to create a variety of negative outcomes for the surviving employees. A summary of some of the known downsizing negative effects done by Tsai & Yen (2020) includes increased uncertainty, lack of trust, low work morale, reduced job satisfaction, low commitment, and low willingness to innovate. Dlouhy & Casper (2021) argued that

downsizing has detrimental effects on employees physical and psychological health, increases strain and lowers employee engagement. These outcomes furtherer prove that downsizing is a psychological threat which ultimately has a negative impact on the psychological attachment bonds in the organisation. Low employee engagement and employee demotivation are some of the known negative effects of the downsizing process (Dlouhy & Casper, 2021). Dlouhy & Casper (2021) argued that employee demotivation can be attributed high job insecurity of the survivors.

López Bohle et al. (2021) argues that downsizing survivors are likely to experience the same stress intensity as the retrenched employees. Reasons linked to the stress experienced by the survivors include the sense of not being in control of the situation, perceived procedural injustice, fear that the next wave of downsizing could be coming, and that the employee may not be able to perform well in their new environment mainly due to increased workload for fewer people (López Bohle et al., 2021). The initial shock of the downsizing process is also well-known contributor of stress and anxiety as it triggers many different types of emotions, interesting insight from the literature review is that the downsizing shock effects remains with employees past the conclusion of the downsizing process in such a way that some of the survivor turnover is linked to the downsizing shock (Kim et al., 2024).

Wang et al. (2023) linked some of the negative effects of downsizing to the psychological contract violation which is usually associated with the downsizing process. The violation of the psychological contract is attributed to the breach in employee expectation that the employer will provide long term employment (Wang et al., 2023). This psychological contract breach is then associated with job insecurity and low commitment by employees to the organisation (Wang et al., 2023)

2.5.1.1 Research on rate of downsizing and magnitude of psychological impact

The relationship between the rate of downsizing and the level of disruption and negative perceptions on surviving employees is starting to attract Scholar attention. In their study performed to understand the dynamics of employee voluntary turnover post downsizing, Kim et al. (2024) concluded with an interesting finding that the employee voluntary turnover post downsizing is the highest where the downsizing event is low to

moderate and less severe with the higher downsizing rates. In this case, the downsizing rate refers to the percentage of employees who leave the organisation because of downsizing. Interestingly this was not aligned with the previous generally accepted view that the higher the rate of downsizing are associated with higher rates of disruption in the organisation (Kim et al., 2024).

Some of the reasons linked to this relationship between high downsizing rates and associated lower levels of disruption are that employees perceive themselves as essential to the company when they survive a significant downsizing event and that they also perceive increased availability of developmental and career opportunities in the new organisational structure post downsizing (Kim et al., 2024). It was also suggested that low to medium levels of downsizing are not perceived as being strategic and drastically impacting the future and sustainability of the company but just a mere cost saving exercise.

2.5.1.2 Alternative view on the negative effects based on the rate of downsizing

Literature review performed by Barbero et al. (2020) on the study to understand whether downsizing process is effective as part of turnaround strategy for a declining firm revealed a contrary view to that discussed in 2.3.1 above with regards to the impact of the rate of downsizing. The literature review revealed that extreme or higher downsizing rates results in higher levels of loss in employee commitments due to the employee's higher perception of psychological contract violation and a perception of loss of commitment from the company itself (Barbero et al., 2020). The literature review also linked higher rates of downsizing to elevated feeling of job insecurity which subsequently leads to demotivation, anxiety and demoralization and a higher turnover rate.

2.5.1.3 Factors associated with successful downsizing

Literature review done by the researcher on factors which have been found by research to mitigate the downsizing negative psychological effects led to the realisation that more work still need to be done to develop new frameworks and guiding principles to help organisations with the design, planning and execution of employee downsizing

processes with minimal negative impact on employees and organisational outcomes. Currently there is much more literature available on the negative effects of downsizing but less literature available to guide organisations on successful execution with minimal disruption. One of the few available studies was by McLachlan (2022) who looked at how downsizing human resource management (HRM) internationally accepted best practices coupled with organisational and societal contexts can be applied to minimise the employees negative psychological effects of downsizing. In this study McLachlan (2022) designed and proposed a framework shown in Figure 1 and Table 1 on the development of a responsible downsizing strategy.

The key takeaway from this study was that simply applying universally acceptable HRM practices, or the law of the country will most likely not win leaders favour with employees as this will not automatically lead employees to perceive procedural fairness or responsible downsizing and there are key in mitigating downsizing negative effects (McLachlan; 2022). Responsible downsizing and procedural fairness go beyond complying with best practices and regulations. The study furtherer suggest that meeting employees need is crucial as this gives employees a sense of control which has been shown to have positive effects in this delicate process of downsizing (McLachlan; 2022). Several other studies had also emphasized the provision of employee's sense of control and strongly linked the positive perception of control to higher job security perception (López Bohle et al., 2021).

In terms of the organisational responsibilities listed in Figure 1 and Table 1 below, the study emphasized the importance of not looking at each responsibility in isolation but acknowledging the interrelatedness of these responsibilities and emphasizing that getting only parts of these correctly will most likely lead to a negative perception of procedural fairness (McLachlan; 2022). Good example is that for the downsizing event communication to be effective, the communication plan must cover relevant elements of all the other responsibilities (McLachlan; 2022).

Other factors previously linked to ways to minimise downsizing negative effects on employees are employee's knowledge that the leadership has in advanced done their homework in terms of performing a detailed analysis leading up to the downsizing decision and that leadership is proactive and not implementing downsizing as a knee-jerk reaction caused by lack of proactivity (Barbero et al., 2020). Employees perceiving

leadership as competent to decide and execute the event has also been previously linked to minimising the negative effects, implying negative outcomes are likely to manifest if the employees lack confidence in the leadership team's capability to execute the event (Barbero et al., 2020).

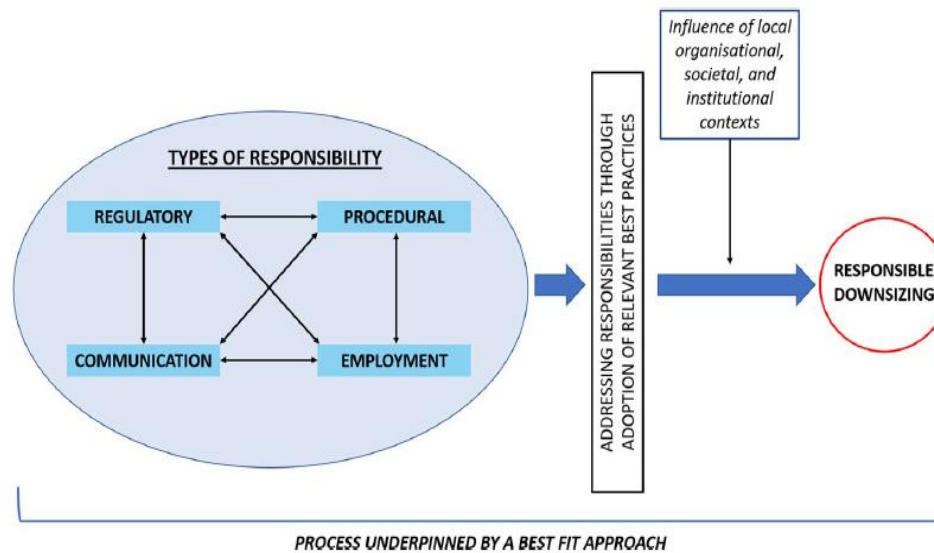


Figure 1: A framework for responsible downsizing (McLachlan; 2022, p.33)

Table 1: Summary of responsibilities and practices (McLachlan; 2022, p.34)

Type of responsibility	Some examples of best practice
Regulatory	Legal compliance; Stakeholder engagement; Collective agreements; Meaningful employee consultation periods; Going beyond minimum statutory requirements
Procedural	Evidence of formal processes (company policies); Consideration of timing of downsizing practices; Transparency of the process; Procedures appropriate to demographics of the workforce
Communication	Sharing strategic and financial information; Interpersonal interactions; Involvement of trade unions (employee representatives); Establishing multiple channels of communication; Ongoing dialogue with employees over effects
Employment	Opportunities for retraining and reskilling; Outplacement services; Meaningful engagement with skills and training institutions and related stakeholders; Possibilities for internal redeployment

2.5.1.4 Downsizing timing and fair treatment of departing employees

One key factor in not only demonstrating proactivity but also care for employees is the timing of the downsizing. To show care for employees, employees should not feel that the downsizing is rushed just to quickly get rid of them as this makes them feel like objects and does not paint a picture of a company caring for its employees (Cascio et al., 2021; McLachlan, 2022). According to Cascio et al. (2021) some companies in the United State of America take up to a year to initiate the formal downsizing process after initial communication of the reduction targets. This prolonged period helps to develop companies to ensure they comply to the complex regulatory requirements in the country, but in the researcher's view this period can also be used to get employees involved in the strategy development early on. One last important factor which has been highlighted on the literature to prove to surviving employees that the company cares about employees, is the treatment of retrenched employees (Barbero et al., 2020). This includes the perception of procedural fairness plus also the severance payment. Surviving employees are likely to react positively if the severance payment and associated additional exit benefits are deemed to be fair (Barbero et al., 2020). The good perception created by fair treatment of employees most likely is not only because of demonstration of a caring company but also helps reduce the intensity of employees' survivors' guilt feelings.

2.5.1.5 Organisational support

Wang et al. (2023) contributed to this body of knowledge through the study which suggested that organisational support plays a major role in helping the surviving employees recover quicker from the negative effects of perceived psychological contract breach. Organisational support comes in the form of organisation showing care to the surviving employees, demonstrating that employee contributions are being appreciated and valued and that employee values are being considered by the company (Wang et al., 2023).

2.5.1.6 Other interpersonal relational dynamics

While researching for the literature review, the researcher made a discovery that downsizing research is still missing research on factors contributing to improving interpersonal relationships amongst downsizing survivors post downsizing. By looking at the concept of survivor syndrome, one can conclude that the downsizing event is traumatic to all staff involved including both survivors and downsized staff (Devine et al., 2003; Tsai & Yen, 2020). What is currently missing is the research on how this collective trauma affect the emotional bonds of surviving employees. To understand the impact of collective trauma, the researcher came across a phenomenon in social psychology field called interpersonal emotion regulation (IER) (Williams et al., 2018). In its simplest form, IER speaks to how human beings tend to use social resources to manage their situations especially in traumatic situations (Williams et al., 2018). In the area of shared social events people share their feelings, emotions, hurt to gain validation and helps to build stronger social bonds (Williams et al., 2018).

2.5.1.7 Current and future direction on downsizing research

Lately the Scholars have been changing the direction of research and focusing more on isolating specific downsizing negative outcomes to get a deeper understanding of these outcomes and provide organisations with solutions to mitigate these negative outcomes. These studies have covered outcomes such as low engagement, low willingness to innovate and high stress and strain, breach of psychological contract (Dlouhy & Casper, 2021; Menendez et al., 2019; Huang et al., 2024). The relationship between the rate of downsizing and the level of disruption and negative perceptions on surviving employees is also attracting Scholer attention and more studies are expected in this area in future (Kim et al., 2024).

2.6 Psychological safety

2.6.1 Psychological safety definition and characteristics

Psychological safety can be defined within a team environment as a shared feeling or perception that individuals are safe to take interpersonal risks (Edmondson & Bransby, 2023). Where there is a positive psychological safety climate in the workplace, employees feel they are safe to speak up, share their opinions and views, experiment, take risks without fear of rejection or blame by other team members or leaders (Amil et al., 2023). In such a climate, employees feel comfortable to share knowledge, ask for help, admit their mistakes and trust that their team members will handle conflict constructively and that their team members will not engage in deliberate act of sabotage or revenge against them (Amil et al., 2023; Edmondson & Bransby, 2023).

2.6.2 Psychological safety antecedents

Previous research has also linked psychological safety to the quality of interpersonal relationships at work (Frazier et al., 2017). These interpersonal relationships include employee relationships with each other, supervisors, managers, and company leaders. Research has shown that the higher the quality of these interpersonal relationships, the more likely that a psychologically safe environment will be created in the workplace (Carmeli & Gittell, 2009; Frazier et al., 2017). In the context of this research, which is based on the downsizing event, there will be a special focus on the relationship between the employees and the company senior leadership team on one side and the employees and direct supervisors on the other side. This is because the leadership team in most cases initiate and execute the downsizing process, but on the other side employees spend more time with their supervisors and less time with the leadership team. Based on the work done during their meta-analytic review on psychological safety, Frazier et al. (2017) argued that the relationships between employees and leaders play a crucial role on how employees perceive psychological safety in the workplace. Frazier et al. (2017) also argued that the social exchanges between the company leaders and employees have an important effect on the perceived expectations in the company with regards to acceptable behaviours.

With regards to relationships, Carmeli & Gittell (2009) argued that mutual respect between the leadership and employees is one of the key ingredients for a high-quality relationship to be created and maintained. Amil et al. (2023) and Edmondson & Bransby (2023) also argued that organisational leadership holds the key in the creation and maintenance of antecedents for psychological safety. Leadership behaviours including inclusiveness, support, openness, trustworthiness, listening, and transparency are some of the key behaviours in the creation, maintenance, and improvement of the psychological safe atmosphere. In the context of downsizing, transparency contributes to psychological safety through employees perceiving that leaders are honestly and openly sharing the real reason of the downsizing and maintain the sharing of relevant information to the employees throughout the downsizing process (Edmondson & Bransby, 2023).

2.6.3 Additional contributors to psychological safety

2.6.3.1 Psychological safety trickling down effect

Frazier & Tupper (2018) contributed to the psychological safety body of knowledge through their study performed to understand how the Supervisor's prosocial motivation impact employee's psychological safety. Focusing only on the psychological safety element, the study found that the Supervisor's perception of psychological safety has a direct influence on the psychological safety of the employees they lead. This is through the trickling down effect where employees perceive psychological safety for themselves based on the actions and the behaviours of the supervisor (Frazier & Tupper, 2018). This means that if the Supervisors behaviour reflects elements of positive psychological safety, then the employees will also perceive negative psychological safety for themselves (Frazier & Tupper, 2018). Indirectly linked also to the findings of the study by Frazier & Tupper (2018) above, previous studies have also shown that a Supervisor who demonstrate care for his team helps create a positive psychological safety climate in the environment (Edmondson & Bransby, 2023).

2.6.3.2 Meaningful work effect on psychological safety

On other interesting contributor to a positive psychological safety environment which has not been rigorously studied by the Scholars in the past is the impact of meaningful work. A study conducted by Rabiul (2024) to understand the linkages between psychological safety, workplace ostracism and employee vitality revealed that there is a positive association between meaningful work and employee's psychological safety. In this study Rabiul (2024) views psychological safety as a personal resource which an employee may decide to utilise and not necessarily as a perception influenced by the environment (i.e. psychological safety climate). This is an interesting approach because psychological safety is typically viewed as perceived or influenced by factors in the environment. In summary, in this study Rabiul (2024) argued that employees can make use psychological safety as a resource to generate another resource which is vitality. More applicable to this research though is the study conclusion that meaningful work will likely influence employees to tap into their resource of psychological safety (Rabiul, 2024). This is because employees engaging in meaningful work is linked to high levels of sense of self-worth because of the value adding nature of the work (Rabiul, 2024). The study then posits that if employees sense high levels of self-worth, they are more likely to tap into their psychological safety resource (Rabiul, 2024). The implications of this study in the context of the downsizing event are that even if the downsizing event has negative effects on the environment, employees may still decide to tap into psychological safety as a resource if they are for example given meaningful work.

2.6.4 Silence and voice as indicators for psychological safety climate

Employee voice can be defined as the employee's discretionary sharing of suggestions, opinions, concerns, or ideas related to the workplace matters with the motive to improve the functioning of the function or organisation through various forms of communication (Sherf et al., 2021). According to Sherf et al. (2018) research has shown that voice "can help leaders and teams identify mistakes, solve problems, maintain safe operation, and produce innovation" (p. 114). On the other side, silence can be defined as the case where an employee's consciously refrain from sharing of suggestions, opinions, concerns, or ideas relating to workplace matters which are potentially important to the functioning of the organisation and where someone in the

organisation could take action to address those withheld concerns or issues (Sherf et al., 2021).

Employee voice and silence are two of the most used indicators of a psychological safety climate in the workplace (Sherf et al., 2021). Looking at the psychological safety definition in paragraph 2.4.1, it is not difficult to predict that employee silence will manifest when employees do not perceive the environment as having psychologically safe and voice will most likely manifest if employees the environment as psychological safe (Edmondson & Bransby, 2023).

In their study to gain a deeper understanding on distinguishing the employee voice and silence and link to psychological safety, (Sherf et al., 2021) managed use behavioural activation system (BAS) and the behavioural inhibition system (BIS) to explain the relationship. In summary, BAS is linked to potential opportunity and reward for self and associated with appetite to act towards the goal or opportunity (Sherf et al., 2021). BAS is therefore associated with positive emotions such as hope and eagerness to act. The study concluded that an environment with a positive psychological safety climate is conducive for BAS and that BAS itself is strongly associated with employee voice (Sherf et al., 2021). On the other side the opposite is true, BIS is linked to perceiving risk, threat or danger and also associated with vigilance (Sherf et al., 2021). BIS therefore associate with negative emotions such as fear and anxiety. The outcome of the study concluded that BIS is strongly associate with an environment lacking psychological safety and employee silence manifestation. In summary, voice and silence were the main indicators of the psychological safety climate in this study (Sherf et al., 2021).

Drilling a little deeper into the dynamics of employee voice and silence, Sherf et al. (2018) noted that even though research has highlighted that employees generally perceive less psychological safety towards leaders compared to their fellow team members. Both voice and silence become more amplified towards the leaders due to the impact leaders have in the organisation (Sherf et al., 2018). Leader's impact can be perceived as both negative or positive depended on the context and situation being dealt with (Sherf et al., 2018).

2.6.4.1 Other indicators of an environment with low or lack of psychological safety

In terms of the indicators of low psychological safety, silence is the most common behaviour in the literature as discussed above. In their literature review on psychological safety, Edmondson & Bransby (2023) also found links of low psychological safety to behaviours such as bullying and incivility.

2.6.5 Psychological safety benefits for the organisation

Psychological safety has been found to be one of the key factors contributing to employee's psychological wellness. Positive psychological safety climate has been linked by scholars to improved innovation, improved employee voice, fostering the learning culture within organisations, improved collaboration and improved self-efficacy amongst other organisational positive outcomes (Edmondson & Bransby, 2023). Ultimately a psychological safe climate results in improved individuals, teams, and organisational performance (Amil et al., 2023).

In the petroleum sector and other higher safety risk industries, psychological safety also plays a significant role in contributing to improved safety climate and reduction of safety incidents in the workplace (Probst & Estrada, 2010). The reduction in safety incidents is achieved through the culture of learning from incidents and near misses, making incident and near miss reporting crucial for these sectors. This culture is achieved through a positive psychological safety climate, which enables employees to report incidents and near misses (Probst & Estrada, 2010). Important learning opportunities are missed in a workplace where the culture of reporting is not present.

2.6.6 Psychological safety negative effects

With all the highlighted benefits of psychological safety, Zhang and Wan (2021) has warned that too much psychological safety can also lead to negative outcomes in the organisation. Zhang and Wan (2021) study found that psychological safety negative outcomes would only be prominent in an organisational atmosphere with low task interdependence, team power distance differentiation and group conflict asymmetry.

2.7 Current and future psychological safety research

Previous studies on psychological safety have been dominated by the healthcare industry (Edmondson and Bransby; 2023). Lately, the research is becoming more nuanced, and studies are performed in other industries. As an example, Amil et al. (2023) recently performed psychological safety research in the software industry. The study was initiated after Amil et al. (2023) discovered there has been lack of psychological safety studies in this industry. Going forward it is expected that more studies specific to industries who have not dominated the research in the past will continue.

2.8 Conclusion

In summary, the literature review has revealed extensive literature review on both psychological safety and downsizing separately. According to the knowledge of the researcher, this is the only study attempt to study both these phenomena together to see how psychological safety is affected by downsizing.

The researcher went to this study with a strong view that the downsizing event is disruptive in nature on one side and that psychological safety has many benefits for the organisation. The researcher also started the research being aware on alternative views regarding the impact of the rate of downsizing as discussed above and this relatively new and uncommon view that psychological safety is not only adopted from the environment but can also be a personal resource that an employee can tap into.

3. Research question and Proposition

3.1 Introduction

As discussed above, scholars have highlighted a gap in the downsizing literature relating how psychological safety of the remaining staff is affected by the downsizing process (Neves et al., 2018). This research project sought to explore this gap. The research questions were guided by the literature review discussed above. The questions were designed to allow proper exploration of the research question and conducting interviews without guiding participants to a certain viewpoint.

The proposition carried forward in this research based on the literature review, was that downsizing will most likely have negative effects on the psychological safety of surviving employees. This will manifest in the undesirable employee behaviours which may include silence and some elements of incivility and bullying. Through the attachment theory it is also expected that employees will lose the emotional bond with the company, and this will negatively affect trust and psychological safety.

The overarching research question (RQ) is as follows:

RQ: How does the process of downsizing influence the psychological safety of surviving employees post downsizing?

The overarching research question is furtherer broken down to the following sub-research questions designed to guide the exploration of the research phenomenon.

3.2 RQ 1: How do the key downsizing steps and associated sub-processes influence the psychological safety of the remaining employees

The main purpose of this question was to gain understanding on how different stages or sub-processes of downsizing influence the psychological safety of remaining staff. This was to allow the researcher to gain deeper understanding of the key factors and different influences contributing to the psychological safety breach while at the same time allowing for the discovery of unexpected or surprise insights in the study. The aim was also to allow for the capturing of lessons for organisations per stage or sub-process and help future research to be nuanced and targeted.

3.3 RQ2: How does downsizing influence the attachment bonds in the organisation?

This question aims to explore the connections between the attachment theory and the psychological safety as discussed in the literature review (Yip et al., 2018). The approach was to first understand how the downsizing process influences the pre-existing emotional bonds of the surviving employees have with the company and thereafter endeavour to understand how the influence on the emotional bonds affects psychological safety of the surviving staff.

3.4 RQ3: How does psychological safety breach post downsizing influence employees' behaviours?

The aim of this research question is to gain understanding on the negative impact of the psychological safety breach in the organisation, this question is based on the predicted behaviours associated with low psychological safety including silence (Edmondson & Bransby, 2023; Sherf et al., 2021). Understanding undesired behaviours emanating from the psychological safety breach will provide valuable contribution to the existing body of knowledge relating to how lack of psychological safety impacts organisational outcomes.

3.5 RQ4: How do employees cope with psychological safety breach post downsizing?

This research question was designed for the researcher to gain insights and understanding on how employees cope with the breach of psychological safety. The insights from this research question will contribute to the existing body of knowledge and help organisational leaders identify the signs of psychological safety breaches early enough for intervention prior to escalation.

4. PROPOSED RESEARCH DESIGN AND METHODOLOGY

4.1 Purpose of research design

This study aims to gain new insights in the Human Resource Management fields of psychological safety and downsizing and contribute to the existing body of knowledge in this field. Based on this desire, the explorative approach will be adopted (Saunders & Lewis, 2018).

4.2 Philosophy

This study endeavoured to gain new insights through South African petroleum employee's perceptions, feelings, and interpretations of lived experiences of surviving downsizing to gain deeper meaning and understanding of their post downsizing behaviour (Chen, 2011). To achieve this deeper meaning, interpretivism research philosophy was adopted for this study (Chen, 2011). Interpretivism research philosophy is ideal in this study due to the complexity of the constructs being studied and general complexity of business organisations who are characterized by diversity of individuals coming from different backgrounds, religions, and who hold diverse underlying beliefs (Saunders & Lewis, 2018). Chen (2011) argues that in its basic form, interpretivism is based on taking human interpretation as a starting point for gaining insights about the social world.

4.3 Approach

This exploratory study involved the collection of new data using semi-structured interviews, identification of themes and exploration of patterns with the aim of answering the research questions and identifying new themes relevant to the theory. This aligns closely to the inductive research approach, and this approach was therefore employed on this study (Saunders & Lewis, 2018). According to Saunders and Lewis (2018), inductive research can be regarded as a 'bottoms-up' type of a research where contribution to the existing body of knowledge is done through observing certain patterns and thereafter generalizing based on those patterns. This approach helps to uncover new insights as research emphasis can be changed as the study progresses

(Saunders & Lewis, 2018). In the abductive study, it is not uncommon to come across surprising or unexpected insights and observations as has happened in this case. In this study, the effects of downsizing on psychological safety were explored based on employee's behaviour, feelings, and emotions post downsizing. The attachment theory together with insights from previous studies relating to the negative effects of downsizing were used to guide the exploration on how psychological safety is affected by downsizing.

4.4 Methodological choices

Only the qualitative method was employed in this study, making it a mono study. Qualitative approach aligns well with the purpose, time, and resources for the study (Saunders & Lewis, 2018).

4.5 Strategy

The strategy selected for this exploratory research is a case study. The case study strategy is recommended for studies asking "How" or "Why" questions where the researcher can obtain detailed understanding on the context and the phenomenon being investigated (Saunders & Lewis, 2018; Yin, 2018). This was a single extreme case study design targeting a company which had undergone significant downsizing event. The downsizing event was also recent, with a 15-month period. This was to ensure downsizing effects were still vivid in surviving employees' minds.

The single case study approach was selected to be able to allow for a deeper, more detail exploration of the research phenomenon taking the full context supported by secondary data into account (Yin, 2018). The single company was also chosen to obtain a wide range of perspectives from different levels and different business units in the organisation and to also ensure that the effects of extraneous variables such as culture are mitigated. This strategy supports the call by Bleijenbergh et al. (2021) to have more explorational case studies for theory development in Human Resource Management studies which have in the past been dominated by existing theory testing.

4.6 Time horizon

This was a cross sectional study, the data was collected from the participants at a given once off period (Saunders & Lewis, 2018). The data collection period was two months, this period was driven by the availability of the researcher and participants.

4.7 Population

The population selected for this study are employees of a single company in the South African Petroleum sector which has gone through an extreme case of downsizing. For the purposes of protecting the anonymity of the company and employees, the company will be referred to as Company X and employees who participated in the study will be referred to as Participants 1-15. The target population was distributed across three organisational levels starting from the first middle management down to the field supervisory team level, including the second middle management level. The first middle management level (Middle Management 1 in Table 2) reports directly to the executive team and the second level (Middle Management 2 in Table 2) reports directly to the first level. This helped to provide deeper understanding of how different levels of the organisation were affected by the downsizing and helped with the understanding of how perceptions differ from one level to the next. The field supervisory level participants were also used to solicit information relating to how the field teams were affected by the downsizing. The target population included employees from four business units. The first two business units could be regarded as core business units and the last two business units are support services of which one of them is the Human Resource department. The two core departments are in two separate locations, which are less than 50 kilometres apart. In this report, the first core business unit will be referred to as CBU1 and the second core business unit will be referred to as CBU2. HR will be referred to as HR and the other support service Unit will be referred to as SBU1. HR was mainly involved to provide a view on measures put in place to mitigate against negative psychological effects of downsizing on the remaining employees and their observations post downsizing.

4.8 Unit of analysis

When reviewing studies on psychological safety over the years, Edmondson and Bransby (2023) noted that studies have covered individual, groups and organisational units of analysis. Edmondson and Bransby (2023) indicated no preference amongst these analysis options.

The unit of analysis for this study will be individuals, this is because the study is not targeting specific groups and some individuals who formed part of the target population interact with different teams in the organisation and are not permanently placed with one team (Edmondson & Bransby, 2023).

4.9 Sampling method

In this study, the researcher used logic and personal judgement to select the people to form part of the sample, therefore the purposive sampling technique was employed for the study (Saunders & Lewis, 2018). Purposive sampling is one of the non-probability sampling techniques frequently used for small samples when compared to the full population (Saunders & Lewis, 2018). This was a qualitative study with a limited number of participants, purposive sampling helped the researcher to select participants who were most likely to provide useful and appropriate insights and help deepen the level of understanding of the study (Campbell et al., 2020). In this study, the initial plan was to target mostly employees who were affected by the downsizing (those who were required to apply for the jobs they occupied post downsizing) for participation. During the interviews, the researcher picked up an interesting insight that some of the employees who were not required to apply for jobs in the process were also affected psychologically due to the restructuring element of the downsizing event. After picking up on this insight, the researcher started including the employees who did not have to apply for jobs during the downsizing process. To ensure the participant selection was done ethically, part of the secondary data from the company included the list of positions that were advertised as part of the retrenchment process and selection will be made based on these positions and not individuals. The advertising of these positions was made publicly in the company's intranet portal and was not deemed confidential within the company. It is important to note that the entire

organisation was affected one way or another by the downsizing. This was an important point to highlight when approaching individuals to participate in the study so that they do not feel targeted because of how they were affected by the process.

4.10 Case selection criteria, sample, and sample size

In line with the research strategy discussed in paragraph. The case selected was on an extreme downsizing event where 60% of the total number of employees left the company as part of a single downsizing event (Yin, 2018). In terms of downsizing recency, the company selected had concluded the downsizing event 15 months prior to the start of data collection for this study. The 15 months period is based on research by Devine et al. (2003) which found that the negative effects of downsizing on surviving employees may start diminishing after 15 months of finalizing the event. The company finalised the event and released employees in April 2023. The research data collection started in July 2024, which was within 15 months from the finalisation of downsizing.

Based on the time and resources available for the study, a total of twenty employees were approached to participate in the study (Saunders & Lewis, 2018). Out of these twenty employees, only fifteen participated. Two of the employees declined to participate and three did not participate because of availability during the data collection period. Saturation was reached at participant 14 and 15, and this was a justification to stop pursuing more participants and move the research to the next phase.

4.11 Research instrument

This research will employ the use of the semi-structured interview guide as an instrument. The interview guide will include a step by step process the researcher needs to follow when conducting interviews and include all the interview questions (Saunders & Lewis, 2018). The process will as a minimum include asking the participants for their consent and permission to record prior to the start of the interview, introduction of the study, and the purpose of the study and thanking the participant in the end. See interview guide below.

Research Question (RQ)	Interview Question
<p>RQ1: How do the key downsizing steps and sub-processes influence the psychological safety of the remaining employees.</p>	<ol style="list-style-type: none"> 1. Please tell me about your role and how long you have been working for Company X? 2. Downsizing involves a lot of stages and processes these include communication, people care initiatives, employee representation during negotiations facilitated by the CCMA, handling of job placements and final release of employees. Amongst these, which ones impacted you the most psychologically? (Also ask about feelings and emotions associated with the process). 3. How did the overall process of downsizing affect your psychological safety (First explain psychological safety). (Continue probing about feelings and emotions associated with downsizing where necessary). <ol style="list-style-type: none"> 3.1. What else did you observe within your team or other members. 4. What do you think leadership should have done things differently to minimise the impact on psychological safety for yourself or your colleagues?
<p>RQ2: How does downsizing influence the attachment bonds in the organisation?</p>	<p>How was your emotional connection with the organisation impacted by downsizing? What else did you observe within your team or other members.</p>
<p>RQ3: How does psychological safety breach post downsizing influence employees' behaviours?</p>	<p>How did your behaviour at work change once your psychological safety was impacted? What else did you observe within your team and others? (Continue probing about feelings and emotions associated with downsizing where necessary).</p>
<p>RQ4: How do employees cope with psychological safety breach post downsizing?</p>	<p>How did you eventually recover from this negative impact on psychological safety? What else did you observe within your team and others?</p>
<p>Questions for the HR team</p> <ol style="list-style-type: none"> 1) What role did you play in the SAPREF downsizing / retrenchment process? 	

- 2) Please summarise how SAPREF planned to minimize negative psychological effects during the process and after retrenchments for staff with special focus on the surviving staff.
- 3) Based on your own observations, how were surviving staff affected emotionally and psychologically by the downsizing process? How were their psychological safety impacted?
- 4) In your view, did the mitigation on psychological impact succeed? How can the process be improved in future to reduce psychological safety impact? **This question was to be skipped if the participant indicated in question 3 that they noticed no psychological safety impact on staff.**

Guidance for Psychological safety definition from the literature review section 2.4.1

Psychological safety can be defined within a team environment as a shared feeling or perception that individuals are safe to take interpersonal risks (Edmondson & Bransby, 2023). Where there is a positive psychological safety climate in the workplace, employees feel they are safe to speak up, share their opinions and views, experiment, take risks without fear of rejection or blame by other team members or leaders (Amil et al., 2023). In such a climate, employees feel comfortable to share knowledge, ask for help, admit their mistakes and trust that their team members will handle conflict constructively and that their team members will not engage in deliberate act of sabotage or revenge against them (Amil et al., 2023; Edmondson & Bransby, 2023).

Guideline steps for the researcher

- 1) Researcher to introduce himself and elaborate on the purpose of the study and indicate approximate meeting duration.
- 2) Researcher to take the participant through the GIBS consent form.
- 3) Researcher to request permission for recording the interview.
- 4) Researcher to start recording the interview.
- 5) Researcher to explain the psychological safety meaning.
- 6) Researcher to start asking interview questions.
- 7) Researcher to thank the participant and close the interview.

4.12 Data gathering

This research made use of both secondary and primary data. The primary data was collected using semi structured interviews based on the interview guide questions mentioned above. The main aim of the interview guide was to provide the participants guidance on what to talk about (Kallio et al., 2016). All interviews were performed

virtually using Microsoft Teams. Microsoft Teams allowed for the simultaneous recording and transcriptions (Saunders & Lewis, 2018). Where the participant was comfortable and the network allowed, interviews were conducted with the camera on to afford the researcher the opportunity to read the body language of the interviewee. The interviews were based mostly on open ended questions, allowing the participants to freely express their perceptions, feelings, and interpretations of their lived experiences of being a downsizing survivor to gain deeper understanding of how psychological safety was affected (Saunders & Lewis, 2018). The researcher had an awareness that these interviews may be sensitive to some of the participants as there was potential to evoke some of the negative emotions and feelings experienced during downsizing. Because of this reason, the researcher was intentional about creating an atmosphere where the participants were fully comfortable and felt safe to share their experience before getting into the interview questions.

All participants were read their right to stop the interview should they start becoming uncomfortable to proceed. The researcher was also careful to respect participant's boundaries and did not push participants to share information they were not willing to share. All participants were also taken through the consent form before starting with the interviews. The researcher was intentional not to take notes while conducting the interviews, this was to give the participants full attention at any given time and avoid creating a perception of loss of focus.

The researcher was guided by the questions in the interview guide but also allowed himself freedom to probe beyond the interview guide depending on the responses to improve the richness of data obtained from the interviews (Kallio et al., 2016). The researcher was careful to ensure that furtherer probing using questions outside the interview guide remained relevant and contributed to answering the research questions and remained fair and ethical in the type of questions asked. All interviews lasted between 25 – 60 minutes.

An unfortunate technical glitch with participant no. 8, where Microsoft Teams overwrote the first 35 minutes of recording and eventually the only recording and consent available was the last eleven minutes of the interview. Attempts were made to recover the first part of the recording, but the researcher eventually learnt that parts of

interviews overwritten by Microsoft Teams cannot be recovered. Therefore, only the last eleven minutes of this interview were used in the data analysis.

4.13 Data analysis approach

Relevant secondary data was obtained from the company's HR department. See Appendix C for the relevant data used. The secondary data is presented on this report in such a way that the anonymity of the company and employees is protected. Therefore, some information has been intentionally blocked.

Thematic analysis (TA) was used in this study for the primary data analysis. TA is a method used extensively by researchers in qualitative studies; the method is based on highlighting, analysing, and reporting themes or patterns within the data (Castleberry & Nolen, 2018). The process started with the researcher cleaning up the Microsoft Teams transcripts, removing errors, ensuring that every sentence in the voice recording is correctly converted into text. This was important to ensure data integrity before commencing with the analysis. The next step included a thorough review of all the transcripts followed by highlighting valuable insights from each transcript. The coding process was adopted using data analysis software called ATLAS.ti. Coding is a process of grouping statements or paragraphs with meaningful insights into the research and giving them codes. The coding started with the interview considered most insightful to create as many codes as possible at the early phase of the process and make it easy for the researcher to identify saturation as interviews progress.

The codes were then grouped into categories and categories later grouped into themes to help analyse the findings. In order to guide the categorization process, codes were categorised based on whether they have a positive or negative impact on psychological safety of surviving staff. Themes were then developed from these categories. These themes were used to answer the research questions leading to the final study conclusion (Baškarada, 2013; Castleberry & Nolen, 2018).

4.14 Quality controls

The credibility of this study was achieved using the interview guide. The interview questions in the guide were based on insights from the literature review on downsizing and psychological safety. The literature review was based on highly ranked, peer reviewed journal articles. Data triangulation, transferability and authenticity was achieved through conducting interviews at different levels from four different business units in the organisation and the use of company secondary data to support the data collected from the interviews (Saunders & Lewis, 2018). Secondary data was used to set the context for the study. Secondary data includes Company X's internal documents relating to the downsizing, such as retrenchment procedure, communication plan, people care plan and. The secondary data was used to describe the context and the process followed by the company; this helped give meaning to the primary data and guide the researcher in the participants selection.

Data saturation was also used to support authenticity of the study. The interview guide and the questions were reviewed and endorsed by the research supervisor who provided an independent point of view. Dependability was achieved through ensuring that study participants were indeed present in the company when the downsizing event took place and this was validated through the company's HR department.

4.15 Ethical considerations

To ensure the researcher conducts the research in an acceptable ethical manner, data collection only commenced after ethical clearance was obtained from the Masters Research Ethics Committee. The researcher protected the anonymity of all participants by firstly not mentioning participants real names in the report and by not saving interview transcripts with participants name in the research folder. All participants were taken through the consent form before starting with the interviews. The consent form included the purpose of the study and clearly stated that the participant was allowed to withdraw from the study at any given point. The researcher also obtained a permission letter from the company to conduct the study and the company is fully aware of the purpose of the study and that any of the staff members may be interviewed as part of data collection.

The company name is masked on all secondary data attachments and the name of the company remained anonymised throughout this report. Information that could give a clue to company ownership was not included in this report (e.g. company location, ownership model etc.). All secondary data was sourced through the company's Support Services Manager (Support services in this company includes HR, Finance and Procurement) who signed the permission letter. The Support Services Manager was not persuaded in any way to provide information that the company was not comfortable providing.

4.16 Data Storage Methods

All data relevant to this research will be stored on a secured password protected cloud storage space. This data will be available should an authorised person wish to access for a period of 10 years minimum.

4.17 LIMITATIONS

This was a cross sectional study on a construct (psychological safety) regarded as dynamic because it is shaped and influenced by time, it is therefore recommended that future research on the impact of downsizing on psychological safety be conducted using longitudinal studies (Boon et al., 2019; Edmondson & Bransby, 2023).

The study was limited to one company in South Africa, which is part of the developing countries. Future research is recommended in developed economies and different industries for new insights since the two constructs have not been studied in combination before.

This study was also limited to the qualitative method only, this is good for two constructs which have not be studied in combination in the past. Future research will benefit from mixed studies where the theory can also be tested using qualitative methods.

This was a single case study, more case studies either single or multiple will be required in future to improve confidence in the findings for generalization.

Employees working in the front line, or in the field in the case of this study were not part of the population. As per the discussion, these employees were the most affected by the downsizing event based on behaviour. Future studies should include the field or front-line staff in the study population.

5. FINDINGS

5.1.1 Context setting

Company X is a South African company in the petroleum industry which went through a significant change in business and operating model in 2022. The company initially operated two sites (CBU1 and CBU2). CBU1 was the core manufacturing facility for the company and CBU 2 was a product storage and distribution facility used by Company X to store product manufactured from CBU1. All support services were located at the premises of CBU1 and prior to the change in business model most Company X employees were located at CBU1 premises and CBU1 was regarded as the primary core facility because this is where product manufacturing was taking place. Being a manufacturing facility, CBU1 processes, technology and equipment were much more complex than those of CBU2.

An extreme environmental event took place in the province where the company is located in 2022. The environmental event caused extensive damage on plant and equipment at CBU1. Subsequently, the company shareholders decided to shut down the CBU1 manufacturing facility indefinitely due to the environmental damage. The shutdown of the manufacturing facility was a significant change in company's business model as the company began to shift from manufacturing of products to importing and distributing product. CBU2 facility became the core facility for company and was used for receiving, storage and distribution of the imported products.

The shutdown of the company's manufacturing facility led to a high number of positions becoming redundant. The company shareholders reacted to the redundancy by issuing an instruction to the company leadership team to initiate a downsizing process. The process was initiated towards the end of the third quarter in 2022. Because of the high number of redundant positions, the subsequent downsizing was extreme, resulting in

60% of the employees getting retrenched through a single Section 189 process. The release of retrenched staff was done in two phases with most of the staff leaving the company in April 2023 and the rest in December 2023 see attachment.

To account for the loss in synergies between the two core business units and also to help minimise the loss of employment, the company transferred some of the employees from CBU1 to CBU2 facility as part of the downsizing process. The transfer of employees to CBU2 also helped to strengthen the CBU2 operation because CBU2 had become the core facility for the company. Post the downsizing, CBU1 remained with a smaller multifunctional team of employees who were responsible for the processes associated with the safe decommissioning and upkeep of the CBU1 facility.

Employment of staff originally working at CBU2 was not affected by the downsizing, instead they underwent a restructuring process as discussed above. It should be noted that employees transferred from CBU1 to CBU2 moved from a facility with high technical and process complexity to a facility with relatively low complexity in terms of technology and process. It is also important to highlight that the company moved some employees temporarily from CBU1 to CBU2 while the process of finalising the new structure, advertising of vacancies and placements was still in progress. This caused other issues as discussed in the coming paragraphs.

Shared services departments were also drastically reduced as their main function was to support the primary manufacturing facility of the company. Few individuals remained from these departments to support CBU1 operation which had become the core operation of the company.

The main purpose of this paragraph is to paint the picture of the company employees state of mind when the retrenchment process was announced by highlighting pre-existing triggers of anxiety and uncertainty in the company prior to the shutdown of the CBU1 facility. Firstly, there was Covid 19 which affected the whole country, then there were the 2021 riots which were quite intense where the company is located. In 2021, the company shareholders had also issued a statement that they are initiating a process to sell both CBU1 and CBU2 assets as a going concern. In 2022, the employees witnessed an extreme environmental event which resulted in the destruction of the CBU1 asset.

5.1.2 Data Analysis

A total of 15 participants from four business units and three job levels were interviewed. Below is the table showing the distribution of participants in terms of business unit and three job level. It should be noted that some of the CBU2 participants had moved from CBU1 during the restructuring of CBU2 as part of the downsizing process.

Table 2: Details of the study participants

Participant	Business Unit (post downsizing)	Job Level
Participant 1	SBU1	Middle Management 1
Participant 2	CBU1	Field Supervision
Participant 3	SBU1	Middle Management 1
Participant 4	CBU1	Middle Management 2
Participant 5	CBU2	Field Supervision
Participant 6	CBU2	Middle Management 2
Participant 7	CBU1	Middle Management 2
Participant 8	CBU2	Middle Management 2
Participant 9	CBU2	Field Supervision
Participant 10	CBU2	Field Supervision
Participant 11	CBU2	Field Supervision
Participant 12	CBU2	Middle Management 2
Participant 13	CBU2	Middle Management 2
Participant 14	CBU1	Middle Management 1

Participant 15	HR	Middle Management 1
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The thematic analysis processes described in Section 4.13 above yielded five themes. These themes were derived from a total of eight six codes which were grouped into fourteen categories. These themes were based on the meaningful and logical grouping of the categories. It should be noted that the coding was an iterative process with continuous refining as more transcripts were reviewed and coded. See thematic map in Appendix B.

Data collection was stopped after reaching saturation with participants 14 and 15, this is because no new insights or codes could be extracted from both these two participants (Saunders, et al. 2019). See Figure 2 below showing the distribution of new codes and subsequent saturation.

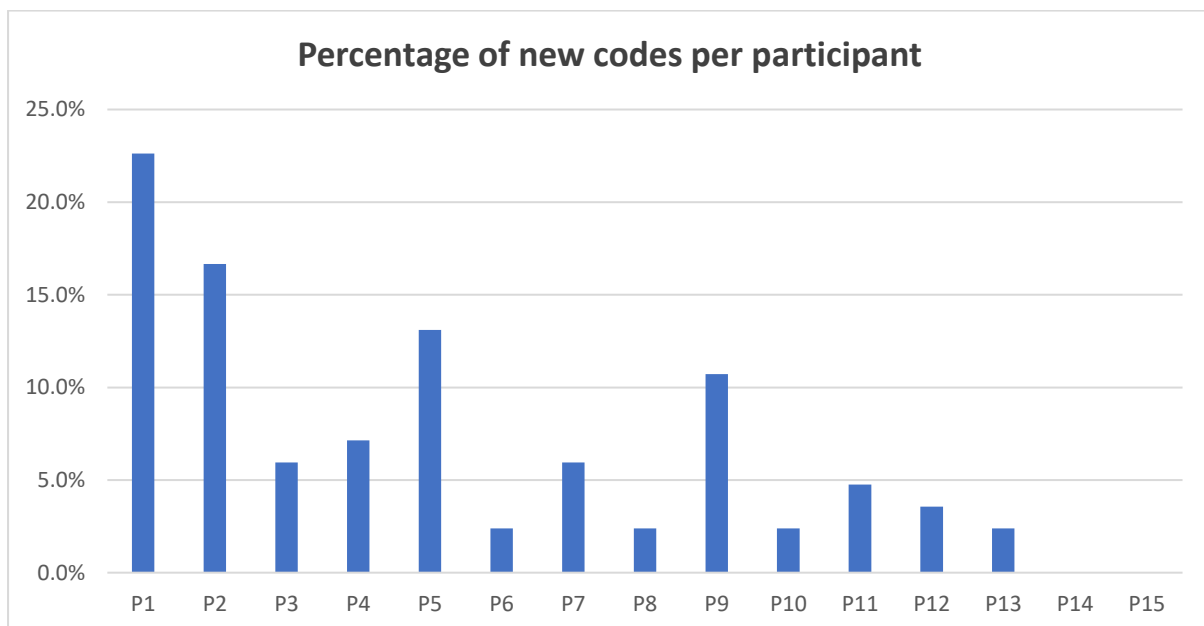


Figure 2: Distribution of new codes and saturation

Table 3: Examples of codes for categories and themes

Code Examples	Category	Theme
Future uncertainty	Process inherent personal stress and anxiety triggers	Personal and social factors
Empathy	Personal resources effects	
Collective trauma effects	Social resources effects	
Loneliness	Pre-existing attachments effects	
Heightened competition	Contributors to a dysfunctional environment	Environmental factors
Improved cohesion	Unexpected positive outcomes	
Pre-existing uncertainties	Impact of pre-existing uncertainties	
Meaningful work	Management interventions effects	Management and HR Influences
Team building sessions	HR interventions effects	
Loss of motivation and passion	Manifestation of discouragement	Undesirable manifestations and behaviours
Silence	Employee behaviour	
Perceived procedural justice	Positive effects of leadership actions	Leadership Team Influences
Loyalty violation	Negative effects of leadership actions	
Adjustments to new environment	Indications of poor change management processes	

5.1.3 Theme no. 1 analysis: Personal and social factors

Personal and social factors theme was developed from categories. This theme speaks to both personal and social factors which were found to be influencing the psychological safety of the downsizing survivors. As you will see in the analysis below, some of these factors have the positive influence on psychological safety while some of them have a negative influence. The four categories are discussed below.

5.1.3.1 Category 1: Process inherent personal triggers

Personal factors included in this category are factors which are triggered by the nature of the process. In this case the nature of the process can be characterised by inevitable loss of employment, future uncertainty, and the closure of the most technologically and process complex facility. In this case personal factors are mainly based on personal feelings and emotions experienced by the employees in the downsizing process. This category contains both factors threatening psychological safety together with those factors who were found to improve psychological safety.

The first and the mostly stated trigger and contributor to the feeling of anxiety and stress amongst the employees comes with uncertainty of future employment. This was mainly in the period after the downsizing announcement and before job placements. The expression by participant 7 below referred to a period leading up to job placement when most employees went on yearend leave.

“I think things were quite bad, I remember we went into December the holidays. Uh, I think that was one of the worst holidays, I think for everyone here at Company X because we went to the holiday knowing it's holiday but taking a break knowing that you didn't want to come back to this place because you have to come back to this, how can I put it, this reality....” Participant 7

The expression from participant 2 below highlights how the personal circumstances come into the picture to elevate stress and anxiety in this period.

“...for me, the most stressful of these phases came not so much when the 189 was announced, but I think when the placement or the new organogram was being structured and then placements started becoming a real thing. So in in my

personal life, yeah, my wife had just become pregnant with the child. So as you can imagine, I've got my son on the way, right. And we're going through this process. So yeah, a very anxious time..." Participant 2

Participants also expressed feeling or observing anger, resentment and betrayal towards the company. This was during downsizing and after downsizing was concluded. Anger and resentment was observed generally on employees. There is one particular group of employees that was noted. This group really wanted to take their retrenchment packages and leave the company, but the outcome of the process was in such a way that there were some roles in the organization that they had to fill and they were refused retrenchment.

Participant 2 gave the following expression when he was commenting on the employees who were wanted to be retrenched by were refused.

".....That I think for me were the most hurt or really became resentful.in in my head these are the only people I know that we're told to stay right so yeah they were very resentful because they wanted their money they wanted to be done." Participant 2

Participant no. 10 also noted observing the feelings of anger and resentfulness from this group of employees. In the statement below participant 10 was answering a question on whether he observed others whom their psychological safety was negatively impacted.

"Firstly, it wasn't fair that the other people left and also they actually wanted to be downsized, wanted to go but the company, didn't agree for them to go. So maybe that's like a reverse kind of situation where they felt, no, I should have gone because I wanted this..." Participant 10

Participant 11 who works for the Health, Safety, Security and Environmental (HSSE) department also commented on general employee anger and resentment. One of the HSSE department function is to ensure overall safety of the employees and part of what they do is to scan the work environment regularly and look for potential threats. Participant 11 expressed how worried the department was just by observing employees' anger below.

“..But now, we worried about if we get a call of someone coming in and injuring someone because the anger levels are so high.....or should someone even come and commit suicide on site.....” Participant 11

One other interesting source of anxiety for the surviving employees who moved from CBU1 to CBU2 as part of downsizing was the fact that the expertise, process knowledge and skills acquired through many years of working at CBU1 will no longer be needed. Participant 12 mentioned that this made her loose her self-worth as per expression below.

“....And then after Section 189, your entire self-worth and value adding just dropped because now you not adding value anymore, you're not part of that that (manufacturing) supply chain anymore. You're not part of contributing in the way that you used to contribute in the last 20 years and now your entire thought process, your technical skills and everything is not used now. You know there's a clause behind it, if you don't use it, you lose it, you know.” Participant 12

5.1.3.2 Category 2: Personal resources effects

Included in this category are personal resources which assisted the participants to mitigate against the negative psychological effects of downsizing and also helped to foster a psychologically safe climate in the work place. Some of these resources include the feeling of empathy for others who are either clearly not taking the process well or whom the participant understands the impact of them loosing their job in their families. Six out of the fifteen participants reported that they felt empathy for their colleagues or their teams. Below is the expression of empathy from participant 1.

“You kind of put yourself in people’s shoes and say this is quite a traumatic thing to go through, going from having a job to not having a job or no job security, particularly in the South African market where there's limited job opportunities.”

Below is the expression of empathy from participant 9.

“You could see the effect it had on others. Not everybody's as strong as the next person. For some people, this was it, they were done. They thought they would be with Company X until they retire.”

One other personal resource which helped participants to mitigate against negative effects of the retrenchments was being intentional on keeping the positive mindset. The positive mindset allowed these individuals to mitigate any potential negative psychological effects of downsizing mainly by remaining hopeful and focusing on what they can control. Below is the expression of positive mindset by participant 6.

So, all these changes that were happening, I think it needed someone to remain positive, I guess and try to adjust with the changing environment. But I think for me it became to say, you know, whatever environment where one is in, you still need tofocus on what you're meant to do. Don't be distracted with what's happening around you. So I think with this section 189 as well throughout the whole process as much as we knew that our jobs were not safe... I think the approach had always been to just remain positive and..... sometimes they say worry, give the small thing a big shadow....”

Other code groupings in these human resources category included the positive psychological effect of understanding the reason for downsizing, which leads to quicker acceptance of the downsizing process and less time being stuck in negative emotions, stress, and anxiety. Two participants also mentioned that they have been through the downsizing process before, and that experience helped them firstly to support others because they understand the process but also gave them a sense of assurance that things will work out for good. As we will see in the discussion section, the impact of employees in a Supervisory position remaining positive and maintaining their psychological safety is crucial for the psychological safety of people they lead as research has shown that psychological safety can be transferred from the Supervisor to the team.

5.1.3.3 Category 3: Social support effects

Most participants interviewed have direct reports under them. Providing support to their teams and other colleagues was one of the ways they helped to minimise the negative psychological effects of the downsizing. Below is the expression from participant 3 on how he supported his team and other colleagues.

“Because you are constantly interacting with the colleagues and discussing how they are affected or how they view things and also trying to understand everybody's direction on what they need to do to be able to move forward.”

Below is the expression from participant 1 who had been through downsizing in his previous company before. He used his prior downsizing experience to support and educate his team on the process to help them through the process. As we will see in later paragraphs that some employees were greatly overwhelmed with the process as they were going through it for the first time.

“I've been through that before, so it was nothing new to me and I used that process to try and give feedback to team members to say this is this is part of a process..... I used my knowledge and experience from different processes that I went through, which were very similar. Basically, I shared with them and say this is what you need to do. You can learn, educate yourself on the process...”

One other interesting social dynamic that came into the picture was the positive effect of the shared or collective trauma. This was prevalent at CBU1 facility where extreme employee's reduction took place. Collective trauma led to people sharing their emotions whenever they get together and this strengthened their social bond. See the expression from participant 7 below with regards to what he observed with the survivors after the downsizing.

“And I think this comes because people have been through the most, they've been through quite a massive thing in their lives together. You know, sometimes when you go to war and you fighting at the trenches with people, and when you survive and you come out, it makes your bond stronger”

See also expression from participant no.5 below with regards to discussing details of the process.

“I think what helped is more engagement, like going through the same thing with the same people, speaking about it and learning about the process and internalizing what it means. Like speaking about it more and just making it a reality, like, understanding that it's happening.”

5.1.3.4 Category 4: Pre-existing attachments

The last category within this theme are the attachments that the surviving employees had with the “old company”. In this category, the participants raised items such as missing the high energy and the vibrancy of the CBU1 facility while it was still operating, missing the people the participants spent many years to build relationships with and the feeling of loneliness in the new organisation. These breakages of pre-existing attachments resulted in negative emotions of sadness and loneliness in the new environment. See Theme no. 5 on how relational bonds between employees and the leadership team were broken.

Below is attachment 4 expression regarding the effects loss in interpersonal relationships with the people who departed the organisation because of retrenchments.

“And also the thing is the people, if you come to think of it, when you are working you spend more than 70% of your time at work. So that means the people that you have here at work are part of your life, they are part of your family. So it was also affecting that when now you have to part with some of those people you could see that you are still going to grow with these people in terms of the knowledge and you know how they motivated you in the company.”

5.1.4 Theme no. 2: Environmental factors

These themes speak to environmental factors which contributed either negatively or positively to the psychological safety climate in the work environment during and post the conclusion of the downsizing process.

5.1.4.1 Category 1: Contributors to the dysfunctionality in the workplace

The researcher picked up from the interviews that there was a heightened sense of competition at both CBU 1 and CBU2 sites during the downsizing process and this continued at CBU2 post downsizing. This heightened competition seemed to have been more severe at CBU2 leading up to the process of job placements. This is because the company moved some employees from CBU1 to CBU2 temporarily before job

placements were finalised. Generally, the competition was triggered by the fact that there were much less positions available in the new structure than the people who wanted to remain with the company post downsizing. Based on the interviews, the competition created a toxic work culture which negatively impacted the employees psychological wellbeing. Below is how participant 9 described what he observed because of heightened competition.

“But what I noticed in other teams, people started looking or tried to cement their position, because they know there's a lot of us and somebody needs to be chosen to take in the space and then the knives come out.the knives come out because we've heard now look, we're gonna need to downsize to take care of this place that we living in. The of us is too much, we have to bring it down.....So that's what a lot of it came out, is those what we call the back biters started coming out to cement their own positions.

Below is the expression from participant 6 on the competition he is currently experiencing at CBU2 post downsizing. His response speaks to what other participants also spoke to, which is a suspicion that a second wave of downsizing will come at some point and therefore everyone needs to always be proving that they are valuable. This highly competitive environment also led to toxicity in the workplace.

“You don't feel like you can be yourself. Even when you go an extra mile you go an extra mile to impress not to because you're satisfied with your job. So now it's like you have to show gratitude and you need to rise above everybody else. It's not about your personal achievement to achieve a goal. It's about now rising above other people.....it's like everybody's trying to show that they deserve to be here. Uh, it's no longer about them coming to work to deliver on their role but it's about to come and show that I'm better than everybody else.

5.1.4.2 Category 2: Unexpected positive outcomes

This category speaks to unexpected positive outcomes in the environment which promoted a positive psychological safety climate. These outcomes were reported mostly CBU1 where employee retrenchments took place. These outcomes speak to the fact that before the downsizing process, CBU1 had a very complex and heavy structure with many different teams and multiple levels. The environment seemed to have some form

of intimidation. Post downsizing CBU1 was left with a small team and a much simpler structure. The simple structure removed the level of intimidation which was present in the previous structure, improved team cohesion, team communication and sense of community. Below were some insights from participant 4.

“So it might be emotionally bad onto you and on what's happening. But psychologically the safety aspect of things in the ...(CBU1), I think it improved in my view, I think it improved and we are more of our brothers keepers at the moment because we all know one another.....I mean, it was taboo for everyone to walk on the first floor (senior leadership team floor) before. Yeah, but after this thing sometimes ...(Name of the departmental head) just calls, when you are back, please come see me. So now we are feeling like, OK, we are one team. There's no this thing, the ones that are here and the other ones that are there.”

Participant 7 shared his observations below relating to how the overall cohesion has improved amongst different functional teams. The participant has observed that the different functional teams are now working more like as one unit than before and that it has become easier for him to influence his team and also support teams.

“Yeah, that's what I've noticed. It's just much easier and people are influenced easier with the smaller team. You don't have as much negativity you have with the bigger team.....so we've got about 40 people at the ...(CBU1).. here, alright and I think what's also key is the cross department interaction, it's much higher as compared to before where now you have one team working.....It's like one unit, one team and you see a lot of camaraderie, a lot of teamwork. And I think this comes because people have been through the most they've been through quite a massive thing in their lives together.”

5.1.4.3 Category 3: Impact of pre-existing uncertainties

This category speaks to all the traumatic events, stress and anxiety triggers which are describes in the context setting paragraph above. These were important to highlight as the participants indicated that they potentially heightened the negative psychological effects of downsizing.

5.1.5 Theme no. 3: Management and HR influences

This theme speaks to both management and HR interventions during and after the downsizing which had a positive effect on psychological wellbeing of the remaining staff. One key management intervention mentioned by the participants is ensuring that teams are always occupied with meaningful work. Participants were of the view that when people are occupied with meaningful work, they have less time available for them to focus on the negative aspects of downsizing. Below are the views from participant 13 on meaningful work.

“We had so many objectives that we needed to achieve and also having staff you needed to be there to support them. You could not be off the rails, you know, because your staff needed the support in order for work to get done. You know, so I think there's a portion that stems from there, but there's also portion where somehow need to, you know, the thing of giving people meaningful work, it makes so much sense to me now.”

Participant 2 also expressed the following views on concerning meaningful work.

“So I think it's proof again then that uh, how do I put this properly? I want to say meaningful work, you know, can take the guy's minds away you know, they still committed to doing their job, despite how they feel.”

From the participants interviews, it became quite clear that most teams were not given enough time to adjust to the new environment after the conclusion of downsizing as you will see in the coming paragraphs. This caused quite a lot of anxiety and stress, participant 3 who is from the support services department seemed to have had a different experience to others. Below is participant 3's articulation on the benefits of being allowed some time to adjust to the new environment.

“I think one of the things that did help with the changes that occurred was there was a period that we had where the work pressure itself wasn't as intense at the end, part of it had to do with the(referring to the environmental event).. and I'll say that that provide a bit of a quieter time break period. And I think that had a good positive impact because if we just switched directly from the two operational modes into the next immediately and the impact or they would have been much

greater. So I do know that for myself that helped. I can only infer that for the team that I work with.”

Below was the expression from participant 12 regarding the team building session arranged by the HR team. To assist with context, participant 12 was talking about the fights, arguments and chaos that carried on at CBU2 post the downsizing. This was mainly due to the clash of the cultures between CBU and CBU2 after the merger which I will be discussed furtherer in the coming paragraphs. Her view was that the team building sessions arranged by HR helped to try and address the problem.

“.....we weren't listening to what ...(CBU2)... people were saying you know and how they do things because we were so stuck in our cultures that it finally came to a point where we had to have team away days, you know team building where we all needed to come together and say that we are working for one common goal, which is to make our ...(CBU2)... world class and in order to do that we need to merge, you know, and we need to come together and we need to stop saying things at ...(CBU1)... were done like this. We had these away days, we had these and it was away from the(CBU2).We had it in Hotel, and that is where the teams got together and we thrashed out everything there.....what we'd like and what our goals and what our vision is.....and then further to that we had another one at the where we had courses that we had to do and work as a team together to try and build relationships and build that communication.....And you know, just break the ice as such and get to know the...(CBU2).. people and try and work all those disagreements and all those arguments that we've been having here on the site we thrashed it all in a day you know.....It was very good.”

5.1.6 Theme no. 5: Undesirable manifestations and behaviours

This theme speaks to how the competition, toxicity and tension mainly at CBU2 during and post the downsizing process manifested in terms of the employees behaviour. The manifestation in summery was in the form of chaos and fights in cross functional meetings, silence (loss of voice) and employee apathy.

The expression from participant 5 below highlights a couple of interesting manifestations of the toxic environment discussed above. Firstly it highlights the loss of voice during the process, where the participant and other made a conscious decision to keep quite and not raise issues in order to stay off the radar and also raises how other employees displayed their competitive behaviour through having more voice and sometimes raising unnecessary issues and how others displayed quite quitting behaviours due to discouragement.

“There are people who you can see that they have given up because maybe they already feel that they can't compete, some are more competitive. Now it brings out those survival traits from individuals..... Because you also don't want to be on the radar anymore, of maybe raising issues. You want to toe the line. There are also those characters of people who because maybe with the competitive environment, they want to prove something, then they start voicing out sometimes even unnecessary things just to keep the competition and the pressure going. It's just that everyone reacts differently in a survival situation. Some you can see they've given up some of them they are ready to move on because they lost hope.”

Participant 11 below expressed her observations on how the toxic environment culminated to conflict and fights at the CBU2 morning meetings where there was a clear separation between staff from CBU1 and original CBU2 staff and also how she highlighted how she saw the need to tread carefully so that she does not offend others.

“....the systems that have been working for us now you're trying to implement new things because you want to prove a point. So again, so it created conflict between them and us. You know, there was the them and us and in the morning meetings, it was so toxic even to think my manager even said can I take some time out. I don't wanna join these meetings because it's like fights on everything and you starting your day early in the morning with conflict within departments, everybody talking.”

“So it's like you need to tread carefully around people and not to trigger anyone.”

Participant 12 below also expressed how she saw the need to maintain her silence as a result of the highly competitive environment.

But where I felt in this whole process is I wanted to be employed right and the safety risk was that I couldn't say too much. When I say that you know, like, uh, what's the word? I couldn't vocalize what I was feeling right because I was up against other people.

Participant 13 below raised interesting observations where in a certain team at CBU2, employees who joined from CBU1 were not allowed to share their ideas based on the CBU1 working experience. They were told to simply execute as instructed. The behaviour highlighted with this point is the behaviour of rejecting new ideas, mostly likely resulting from the feeling that new comers are trying to dominate you.

"I'd say yes, I did see some positives like I mentioned within the leadership team, there was some negatives under, where I spoke to a lot of the at the time and the guys were very disheartened to actually work, there was no motivation for them. They were afraid to talk up because they were told like listen, I know how things happen here. Yeah, you just do what I tell you to do, you know that type of environment."

"But the idea is that when you've got new people, you want to listen to what they have to say, you know, if they come up with a brighter idea than you, and I think that wasn't supported from what I could hear from the In fact, we had a meeting. It was one of the feedback meeting. In any case, one of the of the lady actually broke down into tears because of the environment she was working in and she said she just can't take it anymore and something needs to be done. And she was asking to actually address this because their voices aren't going beyond the beyond their lead."

5.1.7 Theme no. 5: Leadership influences

This theme speaks to how the company leadership team influenced the employee's psychological wellbeing through their approach to the implementation of the downsizing process. Some of these factors may have been influenced by the shareholder actions, but these will all be grouped under this theme. This section will cover both negative and positive psychological safety leadership team influences. For the sake of clarity,

leadership team refers to the company's managing director who report directly to the board and all his direct repartees who are departmental managers. As can be seen in the code book on Appendix B Most of the factors covered on this theme had a negative impact on employees psychological wellbeing. As explained below, the management of change was included under this theme.

5.1.7.1 Category no. 1: Positive leadership team influences

One of the few positive leadership influences were from participants who perceived the downsizing process as handled fairly. Four participants indicated in the interviews that they perceived the downsizing as fair and this had a psychological impact on them. Unfortunale Below are the views of participant 14 regarding the procedural fairness of the downsizing process.

"I think during the consultation process, I should agree that there was enough room given to me as an employee, to share my feelings or my input into the whole process. So when we had our discussions with our reps, we could also look at alternatives, how we can structure the way we want management to go through. So they created the idea that they allowed us to have our a consultation process where we had representatives, and to me, it felt that they also wanted to hear our views."

5.1.7.2 Category no. 2: Negative effects of leadership actions

This category includes mainly negative personal factors which can be attributed directly to how the leadership team handled the process. Most lessons learnt and areas of improvement on the leadership side will come from this category. Generally the handling of the process by the leadership team was not perceived by most participants as transparent, fair and appropriate for the employees who some have spent their entire working life with the company. Some participants indicated that they lost trust and confidence in the leadership team during this process and some perceived the leadership approach to be that of dictatorship.

With regards to transparency, below are participant 11 views on the transparency of the leadership team in handling the process.

“.....and being transparent to the people on the next step on what is as much as some things are confidential in terms of if there is sales. But it's important that people feel like they need to know rather than kept in the dark, because that's where a speculation starts. And once you speculate and people can exaggerate with staff and end up being stressed more because they don't know what is, and you know that takes a lot.”

Participant 9 shared his views relating to trust and his views dated back before the process was initiated, highlighting inconsistencies in the leadership communication relating to the future of the company and job security.

“There was assurances made by the company. Don't worry, you are in a good space. Nothing's gonna happen. And then next minute, you know.... And don't get me wrong, ...this was coming from before...(environmental event)... where, we were told, nothing's gonna happen... So now there was a lot of mistrust. I can tell you that from management, I didn't feel that management was honest with us..... So yeah, the way the communication on the decision came about, I didn't have faith, I felt disrespected, to be honest, and that wasn't me only. It was a lot of the people that I know who felt disrespected.”

Below is participant 1 expression of how the company should have handled the process, in his view the company rushed quickly into implementation. He compared Company X's approach with that of his previous employer.

“... the one thing that that Company X didn't quite do is, ...(name of participant's previous company).. spent a lot of time talking about it, talking about why they needed to do downsizing or restructuring before they actually rolled it out, where Company X kind of rolled it out at the same time, so they didn't let any time to digest, it was just immediately we're going into it, whereas ..(name of participant's previous company).. had a lot of consultation sessions up front before they even rolled out the process.”

Below is participant 7 expression of his dissatisfaction with how the process was handled and lack of consultation before rolling out the process and involving the CCMA.

“.. You need to lay your cards out. Guys, this is the story, help us, how can we do this? Sometimes we are very quick to go to the Commissioners and the Labour Court and all these things, before we just sit down and speak to our staff, and say, guys, this is the situation we are in this situation here, this is what we need

to do. Uh, can you help us as well? Nothing stops the company and the staff from engaging, but always we always bounded by law, by legalities, etcetera..."

One other factor highlighted by some of the participants speaks to the perceived lack of appreciation or focus by the company on the remaining employees. The perceptions shared was that the company placed too much focus and allocated most of the budget on the retrenched staff and very little focus and funds left for the remaining staff. This didn't help to make the interviewed survivors feel appreciated for staying. Below is participant 5 views and utterances regarding the feeling of not being appreciated.

"Yeah, I would think we need to invest a little bit more on people wellness, you can see the whole process was concluded without a bit of investment of the aftermath for the people who remain first. Because now what you want to gain back from the people is that they need to feel part of the company again."

"What I feel didn't happen with Section 189 is that all the budgets was to make sure that the people that go, they go smoothly, but not much on the people that stay."

"You know you could, like start showing appreciation or having it as part of the budget of downsizing to say that let's leave something just to get these people.....you know just show that the company was also thinking about the people that are going to stay because it was like the process that just ended there, you are now left to feel whatever you feel but we need to move and there's no money there's no more money."

Below's is participant 13 expression of his disappointment on the lack of appreciation for the surviving staff.

"So I think the one thing that was missing from the process was that, look I know, yes you maintain your employment but part of the emotional journey that you go through in the Section 189 like I mentioned, you know, waiting for your letter to say that you employed and stuff. The one thing that I think was missing was actually the emotional support of the remaining staff. The stuff that went off you

know were told, there's money to go train for this and that, there's your package, there's this and that, there's all kinds of things being given out to them and the team that remains behind you just carry on working, that's it. I know they gave jackets eventually and but there was just no focus on the remaining team."

"A lot of people, I know one person was that said you know like, where's the thank you for us? You know the transition from ...(CBU1)... to ...(CBU2)... wasn't easy. It needed to be managed and only could be managed by the people that's going to be remaining. And in all essence, there was very little focus on those people."

"They still had the care for people, but it wasn't much. It was almost, you almost felt as if you're an afterthought staying behind, and you must just be grateful you got a job, carry on, get done."

5.1.7.3 Category no. 2: Indicators of poor change management

This category speaks directly to factors which could have been addressed through a change management process. The category speaks mostly to employees' frustrations at CBU2 due to the restructuring of the site. Some of these issues started during the downsizing process when some employees were moved from CBU1 to CBU2 temporarily while the recruitment and placement process was still in progress. Some of the issues continued post downsizing. The move of some employees from CBU1 which was a more complex facility in terms of process and technology to CBU2 which had much simpler processes resulted in some unintended consequences. The staff who were originally at CBU2 felt intimidated by the staff from CBU1 and were concerned that they were coming to take their jobs. From the interviews it also appears that the CBU2 employees felt dominated by the new staff and felt undermined as they perceived that the new staff wanted to come and change everything on their site. It does also seem that the two sites historically had different cultures and did things differently. CBU 2 employees seemed to have been much less vocal than the CBU1 employees, which is why they felt dominated and intimidated by them.

Below is participant 12 expression of her observations after moving to CBU2 relating to how the CBU2 felt with the merger.

“Yeah, because there was a threat because they felt that we were coming, almost to take their jobs, you know. So yeah, there was a certain amount of fear that they had. And there was also that psychological factor of saying you know what, these people are from the(CBU1)... and now they coming here to teach us how to do things or they're trying to tell us how to do our job, you know.”

Below is participant 10 expression on what he experienced as he led a team which had both original CBU2 employees and the new CBU1 employees.

“And then there was also this merge that we had to deal with, because you merging two different entities of a company together now because of the same downsizing, right, and these are the ...(CBU1)... people who are very opinionated. They were used to getting, or they had a voice. The ...(CBU2)... guys didn't. Yeah, it was very strange when you lead those situations, when you see that maybe now these people (CBU2 staff) are saying yes to everything you say and these other people (CBU1 staff) are saying no to everything.”

Below are some of the articulations from participant 11 frustrations she personally experienced when she moved from CBU1 to CBU2.

You know, coming and stepping in because you are coming in with mentality that OK, I'm grateful. I've gotten the opportunity. I'm still here and so I need to make that change, and proud of doing that. You wanna make the change but the other people are feeling offended, they are like ...you trying to indirectly tell us we haven't been working, you're stepping in our territory. The systems that have been working for us now you're trying to implement new things because you want to prove a point... So again, so it created conflict between them and us. You know, there was the them and us and in the morning meetings, it was so toxic.

Participant 11 also shared her frustrations relating to the handling of the restructuring at CBU2 which relates directly to change management. It seems the moved just happened quickly with no proper onboarding, and this caused frustration.

“We were given a certain date and a target saying that on the first now you reporting to this site and now coming in and to seeing what's happening and suddenly it's supposed to be business as normal for the guys who've been here now, it's like you in the space and finding out. So it didn't give them much time to like, the merge was on the go, on the run....Because there was no time to come and do induction to say this is what is expected, we were supposed to just roll with what the business is doing.”

6. DISCUSSION OF RESULTS

6.1 Introduction

The main purpose of this section is to synthesize the findings presented on the previous paragraph in line with the literature review section to answer the overarching research question of understanding how the downsizing process influence the psychological safety of surviving employees post downsizing. This section will make use of both literature review insights from the downsizing research and insights from the psychological safety research to make sense of the employees psychological safety dynamics in the downsizing context.

To have a structured approach in answering the overarching research question, the discussion will be broken down to the sub research questions discussed in section 3 above.

6.2 Research sub-question no. 1 discussion

How do the key downsizing steps and associated sub-processes influence the psychological safety of the remaining employees?

Employee downsizing is a multistep process with multiple sub-processes which depending on how companies choose to execute could start with informal engagement with staff to discuss the reasons for the downsizing and other options considered or as seen in the case of Company X could start immediately with the formal process described without a prior notice. The aim of this research question was to facilitate the

development of interview questions which would guide the study participants to unpack and peel an onion on the downsizing process to gain deeper understanding on how different stages and sub-processes impact the psychological safety of downsizing survivors. Guiding the participants to unpack the process also helped them to remember the experience of each stage and share the lived experience.

6.3 Summary of Research sub-question no. 1 discussion

By design the first sub-research question ended up capturing most of the insights for the study due to the level of openness of the question. The findings from this sub-question firstly confirmed the literature review discovery that the downsizing process is intensely stressful and triggers a wide range of negative emotions and feelings from the employees.

6.3.1 Downsizing timing and announcement

Downsizing literature review revealed the importance of the timing on pulling the trigger and the announcing of the downsizing event. Based on the literature review, these steps firstly set the tone as to how the employees will perceive the leadership team in terms of competency and proactiveness (Barbero et al., 2020). In this case the research findings revealed that there was unhappiness from the employees firstly because the company was not upfront with all the information and analysis done leading to the decision to retrench staff and that the leadership team went straight to kick off the downsizing process with no warning or any form of employee engagement. It was interesting to note that even participants who felt that the downsizing event was justified, believe that it was wrong for the leadership team to pull the trigger with no form of employee engagement. Based on the findings, the leadership team action immediately violated bonds that existed between the leadership team and employees including the feeling of loyalty violation and betrayal.

This was an unfortunate start to a process known to be prone to stress, anxiety and disruptions. In line with Barbero et al. (2020) predictions, there was evidence that employees' loss of confidence in the leadership team and the leadership team's perception of proactiveness and competency. This added to employee stress in that it took some time for some of the employees to understand the reasons for downsizing and subsequently took longer for some employees to mentally accept the downsizing

process. Evidence of this is some participants who still believed that should there have been some form of employee engagement prior to pulling the trigger on retrenchments, a solution to the CBU 1 redundancy problem should have been found and retrenchments could have been avoided.

Other negative consequences of the above handling of the process led to some employees losing the sense of control because of lack of inclusiveness and engagement prior to pulling the trigger. Theory had predicted the loss of sense of control on the event depending on the handling of the process element and the theory furtherer predicted loss of job security even for survivors due to the loss of sense of control (López Bohle et al., 2021; McLachlan, 2022). This also led to some participants thinking that the process was rushed and employees were not given sufficient time to think about their future, evaluate their options and make informed decisions about their careers. This was unfortunate because the company allowed seven months to finalise and execute the process from the day of initial announcement. Unfortunately in this case the good intentions linked to relatively longer downsizing implementation period was counteracted by the lack of pre-consultation period.

As it has been seen from the literature review that some companies take up to a year to pull the trigger on retrenchments after initially communicating the employee reduction targets (CASCIO et al., 2021). More evidence on alignment with literature review on the negative impact of inappropriate timing is some participants did highlight the perception that the process was too rushed and one participant also highlighted the feeling of being treated like an object whose quantity can just simply be adjusted (CASCIO et al., 2021; McLachlan, 2022).

With the way downsizing was launched, the company also missed on an opportunity to develop a responsible downsizing strategy discussed in the literature review based on the work done by McLachlan (2022). The impact of this missed opportunity is that the company started the process with no retrenchment policy which is a key part of the responsible downsizing strategy. This is because the company never executed retrenchments of this magnitude before and there never really had a need to develop a retrenchment policy. Added to this dilemma, the company also missed an opportunity to include employees and unions in the policy development prior to instituting a formal process (McLachlan; 2022).

The above also meant that the company was unable to educate their employees on the downsizing process and lost an opportunity to properly explain the downsizing reasons and give employees a perception of inclusivity and proactiveness. All these factors are part of responsible downsizing best practices based on extensive literature review by McLachlan (2022).

6.3.1.1 Negative effects associated with downsizing announcement and timing

The missed opportunity discussed above gave some employees doubt if there will be procedural fairness when the process unfolds. Perceiving of procedural fairness as seen in the literature review is one of the proven ways of mitigating the negative effects of downsizing (López Bohle et al., 2021).

This also led to some employees seeing the leadership team as incompetent to execute the downsizing, which is one perception highlighted by Barbero et al. (2020) as to be avoided at all costs. The missed opportunity to educate the employees on the process also led to employees feeling anxiety linked to getting overwhelmed with the complexity of the process and understanding of the legal terms involved which was all new to the employees and they had to learn and understand on the run.

In missing the opportunity to develop and educate the employees on the process, the leadership team also missed an opportunity to educate themselves as well in order to give the employees a sense that they are competent to handle the process and that the process will be fair and transparent. In summary the impression the researcher got from the participants is that the process did not start on a good footing. The company learnt the lesson quite promptly as a new retrenchment policy was developed immediately after the conclusion of the process and the copy was shared with the researcher with the first page of the policy attached in Appendix B.

All the above missed opportunities led to a whole host of negative effects on employees. Firstly, some employees saw the company leadership as reactive, lacking care or mistreating employees, unfair and inhumane in their approach. It also came out of the interviews that especially employees who had been with the company for many years (some up to 30 years) felt that their loyalty to the company was violated and some felt betrayed by the company. Some of the anger and resentment to be discussed further in the later paragraphs emanated from this stage of the process. One

participant even mentioned that him and other employees he knows felt disrespected by the company.

6.3.1.2 Psychological safety effects

A lot of red flags with regards to psychological safety can be seen from the first part of the process discussed below. The negative psychological effects described above already shows that the relationship between the leadership team and the company employees was compromised. In the literature review it came out quite strongly that high quality relationships between the employees and the leadership team including respect and sense of inclusiveness are key in building and maintaining a psychologically safe environment (Carmeli & Gittell, 2009; Frazier & Tupper, 2018). The above discussion already painted a gloomy picture about the state of the relationship between the leadership team and the employees. Since the research is focused on the downsizing influence on the psychological safety of the people who survive downsizing, psychological safety will be discussed in depth in the latter part of this report.

6.3.1.3 Role of contextual factors

One element downsizing element with McLachlan (2022) emphasized on the literature review regarding a responsible downsizing strategy design, which came out quite strongly in this research is that some of the downsizing stress and anxiety triggers are not necessarily more contextual and need deeper level of thinking from the management side on how to incorporate into the downsizing strategy. The good example of these contextual factors in this research is how the participants reported stress and anxiety due to the sense of loss in stability. Section 1.2 of this report stipulated how the petroleum industry has been shutting down manufacturing facilities in South Africa resulting in loss of employment in the product manufacturing sector. This coupled with the fact that this facility has been in operation for more than 50 years, resulted in people seeing the petroleum industry in South Africa as quickly losing stability. A couple of participants mentioned that the company has always been viewed in the past as a company providing lifetime employment, where a person can walk in from high school or tertiary institution and work until retirement. They also mentioned that the petroleum industry itself was one of the industries known to provide stability in

terms of employment. This factor amplified and added to the known elements of shock and uncertainty of downsizing discussed in the literature review (Kim et al., 2024; Tsai & Yen, 2020).

6.3.1.3.1 Organisational context

In this research context was also applicable to the organisation itself. Relevant elements of the context also include the organisational context. The employees were already in a state of stress and anxiety when the announcement shock kicked in, this was due to the contextual matters discussed in the earlier parts of this paragraph including the environmental event which caused severe destruction in the area and also completely destroyed the manufacturing facility and also earlier announcement of company sale.

Based on McLachlan (2022) responsible downsizing framework, the company was to incorporate all these contextual elements into the downsizing strategy for employee and other stakeholders to perceive the downsizing event as being handled responsibly.

One other feature in this stage in terms of context and can be accommodated to a certain extent in the responsible downsizing strategy through severance packages, are personal circumstances. This is being highlighted because the participants had also highlighted it. This also add to the anxiety and shock of the downsizing announcement and is mainly because different employees have different personal circumstances. A good example is the one participant who mentioned that him and his wife had a baby on the way when the announcement was made. One other participant mentioned that she recently left her previous employment to join the company and she started getting the feeling of regret on leaving he previous company because of the fear of first in first out criteria which she suspected the company will implement and that she did not have enough years of service to get a decent severance pay. This view is not in line with the view by Barbero et al. (2020) that fair treatment of the retrenched staff will mitigate the negative downsizing effects on the remaining staff. It does highlight a risk where companies place too much focus on the departing staff.

6.3.2 Consultation, recruitment process and conclusion of downsizing

This stage of the process included the consultation sessions between management, employee representatives and the unions facilitated by the CCMA, publishing of the new organisational structure, advertising of available jobs in the new structure, placement of candidates in the new structure and the final release of employees. In terms of the employee's psychological wellbeing, this stage revealed differing views regarding the process. A lot of use of personal and social resources came into the picture and helped mitigate the negative effects to a certain extent. Some of the findings on employee's psychological wellbeing were common on the two sites, while some were quite distinct and unique to a specific site.

6.3.2.1 Procedural fairness and sense of control

In the above paragraph, the focus was on the employees who perceived procedural unfairness purely based on the timing and the announcement of the event. This section will focus on all participant's views on how they perceived the fairness of the procedure.

Generally, participants gave differing views on their perception of procedural justice. Some participants felt very strongly that there was a sense of procedural unfairness, and that the leadership team gave no room for employees to negotiate the retrenchment terms in the consultation process, while other participants felt the process was fair and that employees were given room to negotiate.

One area which most participants highlighted as a concern was communication. This is likely could have been triggered by the discussion above on the timing and announcement of downsizing. Most participants highlighted that the leadership team was not transparent in their communication throughout the process. In the framework for responsible downsizing, communication was one of the most important leadership responsibilities because it covers all the other three responsibilities (McLachlan, 2022). It was clear from the interviews that this perceived lack of transparency led to the lack of trust in the leadership team.

6.3.2.2 Lack of motivation and engagement

Participants from both sites reported observing lack of motivation especially with the field staff leading to the job placement and beyond in some cases. Prior to job placements the participants attributed low levels of motivation to the high competition created by the fact that there were much fewer available positions than the people who were looking for positions. This was in line with the literature review where employee demotivation was linked to job insecurity (Dlouhy & Casper, 2021). Some people had already given up and were not hopeful that they will land employment and therefore they were discouraged, and their motivation was very low. Other people had already started applying for work externally and their minds were no longer with the company. The lack of motivation and engagement will not be discussed furtherer in this section because it did not seem to continue becoming a problem at CBU1 post the conclusion of the downsizing and it will be discussed furtherer in the paragraph specific to CBU2.

Impact of low motivation on the psychological safety of the survivors will be discussed in the coming paragraphs.

6.3.3 Post downsizing period

6.3.3.1 Positive interpersonal relationships at CBU1

The relational dynamics discussed in this section applied mostly at CBU2 but there were also some elements of it at CBU1. This downsizing event was classified in the earlier sections as an extreme event because the staff reduction exceeded 50% of the total staff. In terms of the theoretical approaches regarding the significance of the rate of downsizing, the data collection was started with two theoretical views in mind. The first view was that the higher rates of downsizing are associated with lower rates of disruption in the workplace (Kim et al., 2024). The alternative view was that the higher rates of disruption was associated with higher rates of disruptions (Barbero et al., 2020).

The interviews have revealed that at CBU2, the quality of the interpersonal relationships improved. The participants mentioned improved sense of belonging, improved communication, improved cohesion between different cross functional teams. What also came through was that specifically, the quality of relationship

amongst the employees and direct supervisors was much higher but there was still some caution and reservations between the employees and the leadership team. This could indicate that the negative effects of psychological contract breach and the handling of the event timing discussed above had still not been resolved (Barbero et al., 2020; McLachlan, 2022). The participants attributed the improvement in interpersonal relationships to a variety of factors. Firstly, they attributed the improvements to the fact that the employees went through a series of traumatic events together and in the end, this ended up strengthening their bond interpersonal bond through sharing of emotions and empathic feelings for each other. These findings line up quite closely to the concept of IER discussed in the literature review (Williams et al., 2018). The employees seem to have employed IER as a collective and this resulted in improved quality of relationships (Williams et al., 2018)

Other participants attributed the improvements to the structure simplification. What came quite clear as well from the interviews was that the previous structure which was quite complex, with much more layers than the current one had some elements of toxicity where people were treated based on their level in the organisation, knowledge, and expertise. The new much more smaller, simplified organisational structure made the environment feel lighter and easier for employees to exist in. This was interestingly validated by the Human Resource participant.

The researcher tried to link this positive outcome to the argument by Kim et al. (2024) that higher rates of downsizing results in less disruptions than lower downsizing rate. This is because the reasons given by the participants on these positive outcomes did not align with the reasons provided by Kim et al. (2024) who linked the positive outcomes to employees feeling valuable and seeing growth opportunities in the new structure.

6.3.3.1.1 Psychological safety effects

Based on the definition of psychological safety from the literature review section where employees feel they are safe to be themselves and share their feelings, it can be concluded that the environment at CBU1 had a positive psychological safety climate amongst the employees (Edmondson & Bransby, 2023). The bond that was created through IER and the “lightness” of the environment post downsizing led to the improved quality

of the relationships amongst employees, and this is one of the key contributors to a psychologically safe environment as discussed in the literature review (Carmeli & Gittell, 2009; Frazier et al., 2017). The participants at CBU1 both had direct reports and they also indicated that contrary to what the researcher expected coming this research, the psychological safety in their teams and in the environment generally improved. Employee

6.3.3.2 Post restructuring challenges at CBU2

As discussed in the context setting paragraph, as part of strengthening the workforce in CBU2, minimizing loss of employment and make up for loss synergies. New permanent roles were created for this Business Unit and some employees from CBU1 which was a much more complex manufacturing facility moved to CBU2 which had much simpler processes and technology. The company's perception on this was that it is something good that will be accepted by staff because the company was seen to demonstrate care by minimizing loss of employment. Based on the literature review, this was a good move by the company as it aligns to the principles of responsible downsizing by minimizing loss of employment (McLachlan, 2022). It could also be analysed in terms of looking at the context of the industry which has been shedding employment over the years and this also demonstrate good intentions and furtherer alignment with responsible downsizing principles looking at the industry context.

6.3.3.3 Challenges with restructuring of CBU2

The good intentions from the company at CBU2 were unfortunately met with a lot challenges. Based on the interviews, the challenges to be discussed in this section were mainly due to the fact that the two sites had different cultures. The employees from CBU1 were generally more vocal than the employees from CBU2. It also does come across that the employees from CBU1, because of working for the company's core business unit, had a sense of being more valued than the employees of CBU1. From the interviews its also came out quite clear that they because in the past they worked with more complex technology and processes, they felt a certain level of

superiority and deemed themselves as more advanced in terms of technological skills and knowledge. This should have been expected given that indeed the CBU1 employees used to work with much more dangerous process elements and involved with more complex process and technology.

Based on the participants observations, the impact of this restructuring resulted in original CBU2 employees feeling that they are being dominated by the new employees. They also felt that the new employees were coming to take over their jobs and that the company is plotting to replace them at a later stage. Most likely with good intentions, the new employees suggested some changes to the ways of working at CBU2 based on their previous experiences. This furtherer exacerbated the negative effects as the original employees felt offended that the new employees are implying that they don't know what they have been doing all these years working at the facility.

The above conflict created competition and extremely high level of toxicity in the workplace. Literature review had predicted certain levels of job insecurity to be expected after the conclusion of downsizing mainly because of the breach in psychological contract leading to survivors tending to expect another wave of downsizing (Barbero et al., 2020; Wang et al., 2023). In this case the level of job insecurity was amplified by the perception that the new employees were coming to replace the old employees. These factors eventually led to high competition in the environment. Interestingly the literature review on downsizing has not linked the job insecurity to competition, the uniqueness of this case introduced this new element which is not covered in the current literature according to the knowledge of the researcher.

Some of the undesirable behaviours emanating from this environment will be discussed when addressing the third sub-research question in the coming paragraphs.

6.3.3.4 Implications of the above challenges to employees

The implications of the above challenges on both groups of employees meant that they had to deal firstly with the handling of the event timing and announcement disappointment discussed above, the known survive syndrome negative feelings and emotions discussed in the literature review (Barbero et al., 2020; Devine et al., 2003). On top of these stress and anxiety triggers, they also had to deal with these unique

elements of environmental toxicity and the perception of high competition. Original CBU2 employees also then needed to cope with the sense of inferiority, feeling of being dominated by new employees and feeling of people entering your space and taking over.

The employees also felt the higher levels of job security because of the high levels of competition that was created.

6.3.3.5 Leadership perceptions at CBU2 post downsizing

At the time of the interviews, which was about 15 months post downsizing conclusion. The trust in the leadership team and the perception of lack of transparency had not been restored. The trust was broken at the announcement of the downsizing as discussed at length above. The participants still believe the leadership team is not being transparent with the employees and there are currently high levels of suspicion that the leadership team is hiding something relating to the second wave of downsizing. This is in line with the literature review where surviving employees are expected to perceive lack of transparency, lack trust in the leadership team and expect a possibility of the next wave of downsizing (Devine et al., 2003; Tsai & Yen, 2020). As also discussed in the literature review some of these negative effects can be attributed to the breach in psychological contract and in this case exacerbated by the timing of downsizing (Huang et al., 2024) Participants also highlighted a perception that the leadership team placed too much focus and budget in ensuring that the retrenched employees are taken care off and placed very focus and budget on the remaining staff. This left the remaining staff feeling lack of appreciation by the leadership team. This furtherer lowers the quality of the relationship between the leadership team and the employees as it was already seen in the literature review that showing appreciation forms part of perceived organisational support and contributes to the high quality of relationship between employees and the leadership team (Frazier et al., 2017; Williams et al., 2018). Both are crucial elements of psychological safety (Frazier et al., 2017).

6.3.3.6 HR and management interventions

The participants highlighted the value added by the HR and management team interventions and pointed out that these interventions yielded some improvements in the environment. Firstly, in trying to properly merge the employees from the two sites. The HR team arranged team building away day sessions for the entire CBU2 employees, where the spirit of one company one team was preached and employees were motivated to work together in order to achieve the company objectives and improve performance which had declined during and post downsizing. Employees from CBU1 were also told to stop using the phrase “this is how it was done at CBU1”, which seemed to have been causing a lot of unhappiness in the facility. In line with the literature review, these interventions were positive in a sense that they showed that management cares for what’s happening in the environment and showed support in resolving issues that were clearly causing disruptions.

6.3.3.7 Implications on psychological safety of employees

Based on the definition of psychological safety from the literature review section where employees feel they are safe to be themselves and share their feelings, it can be concluded that the toxic environment at CBU2 post downsizing had low levels of psychological safety (Edmondson & Bransby, 2023). Added to the toxic environment, the low relational quality between employees and the leadership team also did not help to improve the psychological safety (Frazier et al., 2017). The trickling down effect theory cannot be applied in this case as well since management is perceived as withholding crucial information, not being transparent and therefore cannot be regarded as good role models for the employees (Frazier & Tupper, 2018).

Participants confirmed that the psychological safety post downsizing was low amongst the employees. They also confirmed that the toxicity in the environment improved after management interventions and also there was some level of improvement in psychological safety.

Unfortunately, job insecurity still persists even after the team building exercise, and unfortunately there are still demotivated employees in the organisation. Participants stated that the employees who are mostly demotivated are the ones who deem the competition as being too high for them and they have already lost hope that they

could survive the suspected next wave of downsizing. This aligns strongly with (Dlouhy & Casper, 2021) who argued that high levels of job insecurity are associated with lack of motivation.

Lack of motivation can be associated with psychological safety by looking at psychological safety as a personal resource as discussed in the literature review section (Rabiul, 2024). The researcher argues that a demotivated employee is unlikely to tap into a personal resource of psychological safety especially in the environment that has some toxicity (Rabiul, 2024).

Some participants highlighted that they used meaningful work to protect the psychological safety and overall psychological well-being of their direct reports. The participants were convinced that meaningful work managed to keep their employees away from the negativity in the environment. This aligns closely with the argument by Rabiul (2024) that employees can tap into the psychological safety as a human resource even if the environment is not conducive.

6.4 Summary of Research sub-question no. 2 discussion

How does downsizing influence the attachment bonds in the organisation?

Discussion on this research question will be brief because of the extensive discussion above on the relationship challenges between the employees and the leadership team. The break in the pre-existing attachment bonds that could have existed between the leadership team and the employees was clearly broken and had not been restored at the time of doing the interviews. The attachment theory which was the grounding theory for this research had predicted in the literature review that the downsizing event will result in the breakage of the attachment bonds between the employees and the leadership team and eventually psychological safety breach (London et al., 2023; Yip et al., 2018). The first part of the prediction was accurate, but the second part cannot be answered in simplistic terms because of the differences in the psychological safety climate between the CBU1 and CBU2. At CBU1 this bond does not seem to have been restored but the overall psychological safe environment has improved. This research therefore could not prove the original theory proposition.

6.5 Summary of Research sub-question no. 3 discussion

How does psychological safety breach post downsizing influence employees' behaviours?

From the literature review low psychological safety environment was predicted to be associated with silence and some elements of bullying and incivility (Edmondson & Bransby, 2023; Sherf et al., 2021). At CBU2, the participants mentioned the presence of silence. This is where the participants themselves highlighted cases where they decide to keep quiet for fear of negative consequences but also the observed silence of people in meetings. One participant called it withdrawals, where people come into meetings and keep quiet the whole meeting. Elements of fights in cross sectional meetings were also mentioned and this could be seen as some form of incivility as predicted by the theory. Demotivated employees were also observed to be withdrawn, which is simply another way of expressing silence. One participant at CBU2 managing a restructured team highlighted an interesting common occurrence in his team, where in team meetings the group from CBU1 agrees to almost everything he says and the original CBU2 team disagrees to almost everything he says. This could possibly point out to the group saying agreeing to things as being afraid to speak up and therefore lacking psychological safety.

Participants had also observed certain line managers who also managed a restructured team who caused frustrations in the team by blocking new ideas especially from the new employees, basically forcing silence. This negative behaviour could also be interpreted as incivility.

6.6 Summary of Research sub-question no. 4 discussion

No valuable insights were obtained from the participants on this research question and therefore no further discussion is warranted.

6.7 Psychological safety at different organisational levels

Interesting observations in this study was that generally participants at the middle management levels seemed to be able to easily tap into psychological safety as personal resource. Most observations linked to low psychological safety behaviours were linked to the from line or field employees. The researcher could not find literature on the impact of job levels on psychological safety and therefore this was left purely as an interesting observation.

6.8 Discussion of the overarching research question

How does the process of downsizing influence the psychological safety of surviving employees post downsizing?

The primary research question of this study was to explore how the process of downsizing which previous studies had shown to have negative psychological effects on surviving employees effects the psychological safety. Going to the study, the proposition was that the downsizing survivor's psychological safety will be negatively impacted by the downsizing process.

In summary, the answer two answers emanated from this study. A single downsizing event executed by a single company produced two opposing results. In one business unit, psychological safety amongst employees improved. This was mainly due to the simplification of the organisational structure which was because of an extreme reduction in the number of employees due to redundancies. In this business unit (CBU1), interpersonal relationships amongst the staff improved in general but employees remained cautious in when dealing with the leadership team. In CBU2, there was no reduction in the number of employees, but the number increased instead. The increase in number of employees introduced a lot of challenges which eventually had a negative effect on psychological safety. In short, psychological safety improved in one business unit and declined in one business unit.

There was also support services departments which were involved in the research. Based on the interviews the downsizing event did not have an impact on the psychological safety of the remaining staff. It should be noted that the support service

departments employees in this company typically work from home and there are not much physical interactions with the core business units.

7. CONCLUSION AND RECOMMENDATIONS

The main aim of this study was to explore the effects of downsizing on the psychological safety of downsizing survivors. Based on the knowledge of the researcher, this is the first study which is looking at both these phenomena together.

Extensive literature review using highly ranked scholar articles had shown that the downsizing process is disruptive in nature, resulting in stress and anxiety caused by a variety of factors on downsizing survivors. The conclusion drawn from the literature review was that even though the downsizing is typically implemented to improve organisational performance, a variety of negative organisational outcomes may result if not properly handled.

7.1 Responsible downsizing

The literature review highlighted the criticality of designing and implementing a responsible downsizing strategy to ensure that factors such as internationally accepted downsizing best practices, local regulations and local context are accounted for in the execution of downsizing and that all key stakeholders are accounted for in the process. Key responsibilities in the downsizing strategy are communication, procedure, regulation, and employment. In this case, the company seems to have got the regulation part and the employment part right as no issues were raised by the participants in this regard. In terms of employment, the company demonstrated intention to minimise the loss of employment through incorporating re-deployment of staff in their strategy.

7.1.1 Timing of downsizing

Most issues in the process emanated from the procedure and communication. One of the recommended best practices for downsizing, is for companies to demonstrate proactivity, competency, and care by the leadership team. One of the issues which compromised perception of all these three factors was the timing on the pulling the trigger on the process. The company pulled the trigger immediately without any form of prior engagement with staff this was a source of much unhappiness in the beginning of the process. Unhappiness was mostly because the intention to implement downswing was not discussed with the employees beforehand and employees felt this move by the company went against all the sacrifices they have made for the company over the years, and some felt that they were treated like objects. All this unhappiness meant that the process had started on a wrong foot.

There was also an element of missing the opportunity to develop and educate the employees on the process beforehand which caused further frustrations. The key lesson for organisations regarding the timing of downsizing is that organisations should rather reduce time for the execution of downsizing itself and spend more time preparing for the execution. This will avoid a similar situation where the attachment bonds between the leadership team and employees build over many years get breached immediately on the announcement of the event.

7.1.2 Fair treatment of staff

From the literature review, there was also emphasis on the fair treatment and fair severance packages for the departing staff. In this case, the company lost balance in the fair treatment of both remaining staff and departing staff and was eventually seen as favouring more the departing staff. This was not expected from the literature and emphasized that the company must be intentional in demonstrating care for both remaining and departing staff.

7.2 Unexpected positive outcomes

Outcomes that were not predicted by the literature review included the improvement in the overall psychological well being of staff in one of the Business Units where major cuts took place. These positive outcomes included improved cohesion amongst different functions, improved overall communication, improved in the employees' sense of belonging and eventually improved in the overall psychological safety of the remaining staff. As expected from the literature the psychological safety of staff towards management had still some more room for improvement. The literature review attributed this overall improvement to positive effects of IER. The employees went through a series of traumatic events, including the extreme environmental event which resulted in the shut down of their facility. In this period there was a lot of sharing of emotions and showing empathy to each other and this resulted in the development of stronger social bonds.

7.3 Unexpected negative outcomes linked to restructuring

In the process of downsizing, the company restructured the new core business unit. The restructuring was in the form of increasing the number of employees in order to improve performance but also minimise loss of employment. Unfortunately, the restructuring resulted in the original business unit staff feeling overwhelmed by the restructuring and a tense, toxic environment which was not conducive to psychological safety was created. There was therefore reduction in psychological safety of staff in this business units where restructuring took place.

7.4 Theoretical contribution

The result of this study firstly shines the light on the importance of the timing of the initiation of the formal downsizing process as part of responsible downsizing. Currently the literature places more emphasis on spending time in the preparation stage to meet regulation compliance and include other stakeholders in the process (McLachlan, 2022). This study brought a new dimension into the literature by highlighting the importance of engaging employees and making them become part of the downsizing decision making, development of the strategy and the process to be followed. This gives

employees a sense of control and also helps create a positive perception on the leadership team.

The downsizing literature so far has not looked at the effect of the collective trauma on the employees' social bonds. The results of this study produced new insights, currently not part of the downsizing literature according to the knowledge of the researcher. The study showed that a positive outcome can come out of this process, which the literature has proved to be traumatic. This outcome results from employees sharing and validating each other's emotions and feelings about the process and eventually strengthening the social bonds amongst them (Williams et al., 2018). The simplification of the structure and reduction in number of employees also contributed to this positive outcome. The result is that in this case the workplace psychological safety amongst employees improved and this was not expected but could possibly be aligned to

In terms of the amplification of some of the survivor's syndrome manifestations in the restructured business units, this research introduced new dimensions in the downsizing research. This dimension speaks to the negative effects of restructuring in business units where there are no job cuts. This has not been part of the downsizing literature in the past based on the researcher's knowledge. This is a crucial dimension in the research because as shown in the literature review, downsizing is in most cases accompanied by restructuring (Dlouhy & Casper, 2021). This also highlighted that a single company could have different cultures in different business units, in the same country and same province and that when merging two separate business units you could expect the same problems expected in the merger of two separate organizations in some cases.

An interesting observation in the study could also contribute to setting the direction for psychological safety research. The psychological safety breach seemed more prevalent on the front line or field teams than in the other levels in the organisation. Currently the researcher could not find any research linking psychological safety to different levels in the organisation.

7.5 Implications for organisational leaders

The first key learning for the organisational leaders is to allow sufficient time to develop a downsizing strategy which will sufficiently cover all contextual and organisational based factors. Involving employees early in the development of the strategy will also help improve the perception of transparency, control and inclusivity. Based on this study, leadership should rather spend more time in the preparation of the event and less time in the execution.

What also came clearly in this study is the need to incorporate change management processes into the strategy, especially when some business units are being restructured or amalgamated. The disruptions at CBU2 was a clear sign that the company did not incorporate change management processes in the downsizing strategy. The change management processes should include counselling both groups of employees separately and together before the merger takes place. This should also observe cultural differences between the business units being merged to have a tailored solution in managing the merger of two cultures where applicable.

The leadership team should always be thinking of ways to maintain high quality interpersonal relationships with employees and note that some of actions done with good intentions could jeopardise this relationship. A good example is focusing too much on ensuring that the retrenched staff if fairly treated could make the survivors feel unappreciated. High quality relationships are key in maintaining a psychologically safe environment as seen in the study. High levels of support and care are also crucial in maintaining these quality relationships and psychological safety.

7.6 Research limitations

This study was only limited to one organisation, future studies should throw the net wider and incorporate different organisations. This researcher was not able to get access to the front line or field teams to participate in the study. The front-line employees seemed to have been mostly affected by downsizing and the future studies should look at getting them to participate.

This study was also based in the petroleum industry where the researcher is also employed, therefore possibility of biasness based on industry experience on the data analysis cannot be ruled out. More studies by different researchers would benefit the body of knowledge creation.

7.7 Direction for future studies

Future studies should start focusing on the dynamics linked to the restructuring element of downsizing. As shown in this study, restructuring can be a source of unhappiness in this process.

Future psychological safety studies should look deeper into the use of psychological safety as a personal resource and how this links into different levels in the organisation.

Future studies should also look deeper into the role played by the collective trauma effects on the surviving employees.

The organisational leaders will also benefit from more studies on how to maintain or improve high quality relationships and demonstration of care and support to the employees. The current literature does not provide leaders sufficient guidance in this area.

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Appendix A: Ethical Clearance and consent forms

Gordon Institute of Business Science University of Pretoria	Ethical Clearance Approved
<p>Dear [REDACTED]</p> <p>Please be advised that your application for Ethical Clearance has been approved. You are therefore allowed to continue collecting your data. We wish you everything of the best for the rest of the project.</p> <p>Ethical Clearance Form</p> <p>Kind Regards</p>	
<p>This email has been sent from an unmonitored email account. If you have any comments or concerns, please contact the GIBS</p>	

02 July 2024

Gordon Institute of Business Sciences

University of Pretoria

COURSE/MODULE: 2024 MBA General Management – Research Project

To Whom it May Concern

Approval to Conduct Research: [REDACTED] (27606211)

This letter serves to confirm that S [REDACTED]
P [REDACTED] has been made aware of the research project
to be undertaken by M [REDACTED] in fulfilment of his MBA degree.

SAPREF is also aware that the research will be conducted by virtual interviews with **SAPREF** past and present employees and also that some company documents may be requested from the HR department to support the research. All company documents used in the research will be formally requested from the Support Services Department Manager and will only be shared with The Gordon Institute of Business and no other parties.

Proposed Research Topic: An exploration of how downsizing influences psychological safety of surviving employees.

S [REDACTED] grants approval to M [REDACTED] to undertake the research.

Kind regards,

Informed consent for interviews for qualitative interviews

I am currently a student at the University of Pretoria's Gordon Institute of Business Science and completing my research in partial fulfilment of an MBA. I am conducting research on "An exploration of how downsizing influences psychological safety of surviving employees". The interview is expected to last about an hour and will help us to understand how downsizing influences psychological safety. **Your participation is voluntary and you can withdraw at any time without penalty.** All data will be reported without identifiers. By signing this letter, you are confirming that you have given permission for:

- The interview to be recorded;
- Verbatim quotations from the interview may be used in the report, provided they are not identified with your name or that of your organisation;
- The data to be used as part of a report that will be publicly available once the examination process has been completed; and
- All data to be reported and stored without identifiers.

If you have any concerns, please contact my supervisor or me. Our details are provided below.

Researcher name

Research Supervisor name

Email

Email

Phone

Phone

Signature of participant: _____

Date: _____

Signature of researcher: _____

Date: _____

Appendix B: Thematic Analysis Table

Codes	Description	Category	Themes
Skill loss	Worry of loss of skills and expertise accumulated over many years	Process linked personal stress and anxiety triggers	Personal and Social Factors
Family and personal life	Negative impact on personal and family life		
Expertise and knowledge redundancy	Loss of self worth associated with your specialized expertise no longer required		
Self doubt	Anxiety caused by self doubt after appointment to a new role in the process of downsizing		
Missed growth opportunities	Emotions associated with missed growth opportunities through parting with experts and reduced scope and complex		
Regret	Feeling of regret from people who recently left their previous jobs		
Future uncertainty	Anxiety due to future uncertainty		
Anger and resentfulness	Feelings of anger and resentfulness		
Placement uncertainty	Feeling of stress and anxiety leading up to job placements		
Managing demotivated staff	Frustration due to lack of motivation of your team and others		
Loss of sense of stability	Loss of sense of stability that the company and industry previously presented		
Traumatic experience	Trauma experience after downsizing announcement		
First time experience	Overwhelmed by first time downsizing experience		
Understanding downsizing reasons	Positive effects of understanding reasons for downsizing		
Coming to terms with the change	Eventually accepting the change post downsizing		
Empathy	Feeling of empathy for others		
Hope for the future	Feeling of hope for the future		
Sense of being control	Option to apply for posts gave a sense of choice		
Acceptance of the downsizing process	Positive psychological effects of acceptance of the downsizing process		
Gratitude	Feeling of gratitude towards the company		
Downsizing experience	Positive effects of prior experience with the downsizing process		
Positive mindset	Maintaining positive mindset during and post downsizing		
Focusing on the bright side	Focusing on the brightside of downsizing		
New opportunities	Looking at downsizing as an opportunity to explore outside the company		
Wake up call	See downsizing as a wake up call		
Opportunity for fresh start	Seeing downsizing as an opportunity for a fresh start	Social resources effects	
Supporting others	Providing support to your team and others		
Collective trauma/trauma	Positive psychological effects of shared trauma and emotional sharing	Pre-existing attachments effects	
Loss of personal relationships	Negative emotion associated with separating with people you bonded with over the years		
Loneliness	Feeling of loneliness in the new organisation		
Energy and vibrancy	Feeling of missing the old high energy and vibrant environment		
Heightened competition	Tension and anxiety caused by heightened sense of competition during and post downsizing	Contributors to a dysfunctional environment	Environmental Factors
Merging of different cultures	Tension resulting from the merging of two different cultures		
Heightened suspicion	Heightened sense of suspicion on leadership actions post downsizing	Unexpected positive outcomes	
Second downsizing anticipation	Anxiety due to high anticipation of second round of downsizing		
Toxicity	Toxicity during and post downsizing	Impact of pre-existing	
Structure-simplification benefits	Positive psychological effects of transitioning to a simpler org structure		
Cohesion	Improved cohesion with simpler structure	Management interventions effects	Management Influences and HR
Team influence	Improved influence for a smaller team		
Sense of community	Improved sense of community in the new structure	HR interventions effects	
Team communication	Improved team communication in the new structure		
Pre-existing uncertainties	Negative effects of pre-existing uncertainties	Manifestation of discouragement	Undesirable manifestations and behaviours
Frequent check ins	Regular check ins in team meetings		
Affording time to adjust	Positive effects of being afforded enough time to adjust to the new organisation	Employee behaviour	
Coaching and support	Positive effects of management interventions including support, guiding and coaching		
Team shielding	Positive effects of shielding one's team from toxicity and negativity		
Meaningful work	Positive psychological effect of meaningful work		
Psychological support	Positive effects of psychological support arranged by the company		
Team building interventions	Positive effects of team building exercises		
Silence	Lost sense of care with what the company says or does		
Loss of motivation and passion	Lack of motivation and passion post announcement		
Disfunctional meetings	Fights during multifunctional meetings		
Inappropriate voice increase	Increased voice due to loss of care about consequences		
Loss of voice	Keeping quiet to avoid negative consequences during and after downsizing		
Rejection of new ideas	Negative effects of intentionally blocking new ideas post restructuring		
Meetings disruptions	Diverting from routine meetings agenda to discuss downsizing matters		
Quite quitting	Quite quitting during and post downsizing		
Perceived procedural justice	Perceived procedural justice	Positive effects of leadership actions	Leadership Team Influences
Placement assurance	Positive impact of knowing your role is not affected by downsizing		
Perceived lack of appreciation for survivors	Survivors feeling they are not appreciated for staying	Negative effects of leadership actions	
Lack of process knowledge	Feeling overwhelmed due to lack of downsizing process knowledge		
Reasons for downsizing	Lack of understanding of downsizing reasons		
Reason for restructuring	Lack of understanding the need for restructuring		
Betrayal	Feeling of being betrayed by the company		
Loss sense of control	Feeling of not being in control during the downsizing		
Leadership team versus employees	Tension due to Leadership team and employees separation		
Reason for restructuring	Lack of understanding the need for restructuring		
Pressure to show gratitude	Feeling of pressure to show gratitude for surviving		
Announcement shock	Feeling of shock after downsizing announcement		
Loyalty violation	Feeling of loyalty violation by the company		
Disappointment	Disappointment towards company and leadership		
Feeling of disrespect	Feeling of being disrespected by the company		
Loss of trust	Loss of trust during and continuing post downsizing		
Perceived lack of transparency	Perceived lack of transparency from leadership	Indications of poor change management	
Perceived dictatorship	Perceived leadership dictatorship		
Perceived inhumane approach	Perceived lack of human element in the leadership approach		
Threat of new comers	Fear that others are coming to your space to take your job		
Quick pace of change	Overwhelmed by quick pace of change post downsizing		
Perceived domination by others	Frustration caused by feeling that are others coming to dominate you in your space		
Inferiority complex	Frustration due to being looked down upon by staff joining from more complex plants		
Imposing new comers	Negative psychological effect of a feeling that you are not welcomed in the new environment		
Managing restructured teams	Frustration caused by managing a restructured team with clashes		
Adjustment to new environment	Difficulty in adjusting to the new environment		
Capacity reduction	Difficulties coming with reduced capacity post downsizing		

Appendix C: Secondary Data

Business Management System	PEOPLE Procedure	Level 2
Originator: XXXXXXXX Document Controller: XXXXXXXX	Document ID: XXXXXXXX Effective date: 01 May 2023 Revision: 0	
Retrenchment Policy		

Warning: Paper copies are uncontrolled.

Please check the controlled version on the XXXXXX Web.

Table of content

Purpose, Scope and Target Group

Description

Alternative to Retrenchment

Policy Enforcement

S189 Retrenchment (large scale)

CCMA Facilitation

Consultation Process Flow Diagram

S189 Retrenchment (Small Scale)

Exit Process

References

Keywords

Revision List

1. Purpose, Scope and Target Group [\[back to TOC\]](#)

1.1 Objectives of the Policy

The objective of this policy is to set out procedural guidelines for termination of employment due to operational requirements and to ensure consistency in application.

1.2 Scope

This document sets out rules and guidelines with respect to:

S189 - Operational requirements

S189 Consultation

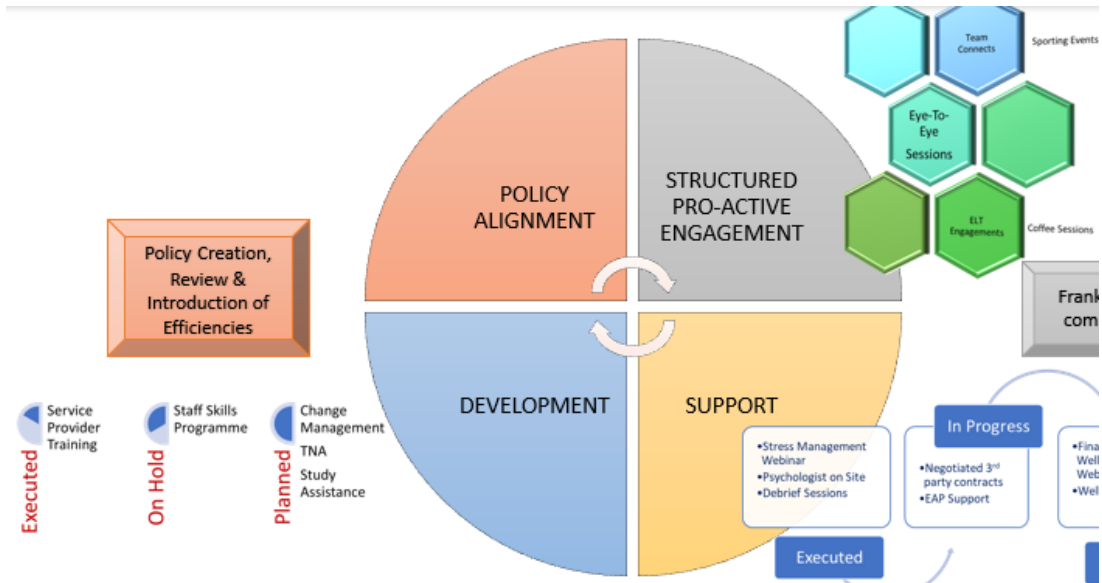
Selection Criteria

Severance Package

Termination Notice

Return of Company Property

People Care Plan



MEDIA RELEASE

To: All Media

Date: [REDACTED]

XXXX signs a Retrenchment Agreement with labour after a successful S189A consultation process

[REDACTED] The [REDACTED] resulted in severe damage to the [REDACTED] requiring intensive capital investment of about 3-5 years duration for repair due to damage of long lead items [REDACTED]

Given the 3-5 year estimated duration for repairs and uncertainties on the future of the [REDACTED] took the decision to right size the organisation. On the 20th of October 2022, [REDACTED] started a consultation process with affected staff. This consultation was done through a CCMA facilitated process with labour representatives as well as [REDACTED] (only recognised Trade Union).

A total of [REDACTED] CCMA facilitation sessions were held exceeding the legislated 4 sessions and 60-day period. The extensive engagement and consultation started in October 2022 and ended in January 2023. Initially [REDACTED] staff were potentially affected but at the end; [REDACTED] employees are to be retrenched.

All [REDACTED] employees have been offered psychological care through the Employee Assistance Program. Those who will be retrenched as well as their families are offered access to the EAP for up to 6 months from their date of termination. All employees have also been offered financial guidance and individual sessions with a financial planner.

Retrenched employees will be given priority consideration in the event of future availability of employment opportunities.

ENDS

