

Abstract

The increasing turbulence in the market place over the last two decades have forced organizations throughout the world to go in for various restructuring exercises in an effort to survive and compete. Of all such exercises, the popularity of downsizing appears to be increasing (Cascio, 1993; Mishra & Spreitzer, 1998), though there has been no conclusive proof in literature that downsizing helps to improve an organization's performance (Krishnan & Park, 1998). Given this scenario, the important question today is not so much *whether* or not to downsize, as *how best* to do it (Mishra, Spreitzer & Mishra, 1998) in a way which will lead to an improvement in the performance of the firm, and cause the least amount of pain for all those involved and affected by the process (Labib & Applebaum, 1993). Therefore, the study of implementation of downsizing has assumed a great deal of relevance in the current context.

There exists an extensive body of research dealing with various aspects of downsizing, including its theoretical imperatives, individual and organizational consequences, and recommended strategies for successful downsizing. Researchers are yet to reach a consensus among themselves regarding the efficacy of downsizing in improving a firm's performance. Despite the differences in opinions, a majority of researchers have agreed that it is not the process of downsizing per se, but the way the downsizing is implemented in the organization which could affect the success or failure of a downsizing exercise in terms of improving a firm's performance (Cascio, 1993; Mishra, Spreitzer & Mishra, 1998; DeMeuse, Vanderheiden & Bergmann, 1994). However, propositions in existing literature about the criticality of implementation

process in downsizing have been mostly episodic or anecdotal in nature, without much empirical support. Again, researchers in related areas of change management have established that the role of the implementer can be very crucial to the success of implementation of any change exercise. However, in existing downsizing literature, there has been little attention paid to this aspect of downsizing, i.e. studying the process of implementation from the perspective of the individual implementer.

In the recent past, a large number of Indian organizations have undertaken downsizing exercises. However, while the popular press continues to report on various downsizing decisions and initiatives taken up by Indian organizations, at an academic level, there have been few empirical attempts to understand this phenomenon in the Indian context.

Given this scenario, the present study attempted to understand the process of implementation of downsizing among Indian organizations, from the perspective of the individual implementer. The proposition and hypotheses attempted to establish relationships between (a) individual and organizational variables, under the moderating influence of degree of autonomy, and the final approaches adopted by the implementer, and (b) possible impact of the implementer's approaches on the firm's performance. 100 respondents (or implementers) from seven organizations in India, belonging to both the manufacturing and service sectors, were included in the study. Both quantitative and qualitative methods for data analysis were used for this study.

The results indicated that during the implementation process, irrespective of the degree of autonomy perceived by the implementer, it was his / her individual attitudes and values which had a greater impact on the approaches he / she adopted during

implementation, as compared to the impact of organizational variables. Apart from indicating that there exist differences between the perspectives of the individual employee and the organization, the study served to highlight the importance of the individual in an organization's decision-making process. In addition, the interview responses brought out some of the salient features of downsizing implementation being practiced in India. These findings indicated that by and large, organizations performing better after downsizing were employing long-term and employee-friendly practices, as recommended by scholars in the area of downsizing (e.g. Cameron, Freeman & Mishra, 1991; Cascio, 1993; Khandwala, 1992; Nelson & Burke, 1998). A comparison of the data between organizations belonging to different sectors also provided valuable insights into how Indian managers in different industries were approaching their task as implementers, their convictions regarding the downsizing decisions, their methods of dealing with affected employees, the lessons learnt from their experiences, and their overall reactions to and feelings about the process. Moreover, the responses also helped to identify certain apparent shortcomings in implementation practices, which Indian organizations might need to consider and improve upon, while implementing a downsizing exercise.