

# Downsizing And Employee Normative Commitment From A Developing Country's Logistics Organizational Context

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## **Abstract**

This study investigates the impact of downsizing on employee normative commitment in a logistics organisational context. Downsizing is a prevalent strategy employed by organisations to streamline operations and reduce costs, but its consequences on employee commitment and loyalty have been a subject of concern. Previous research has shown that downsizing events can affect employees' perceptions and attitudes towards their organisations. However, this study aims to comprehensively analyse normative commitment following downsizing in a logistics organisational setting. A diverse sample of organisations from the transport and logistics sector that have undergone downsizing was selected. Quantitative data was collected through a survey instrument, and descriptive statistical analysis was conducted to examine employees' responses to the normative commitment scale. A comprehensive analysis was used to identify significant differences in normative commitment across organisational contexts. Additionally, qualitative insights were obtained through interviews and focus groups to better understand the findings. The study's findings add to the corpus of knowledge by providing an understanding of the intricate interactions between downsizing and employee normative commitment. The findings can help human resource professionals and organisational leaders build plans to lessen the negative consequences of downsizing and increase employee engagement and loyalty. Additionally, the study's thoroughness offers insights into contextual elements that affect how downsizing and normative commitment are related.

## **Introduction and Background**

Employee commitment and loyalty play crucial roles in the success and stability of organisations (Sikayena, 2017). However, events such as downsizing can significantly impact employees' perceptions, attitudes, and commitment towards their employers (Mushonga & Ukpere, 2022). Knowing how downsizing affects normative commitment is crucial for organisations to develop effective strategies to mitigate any negative consequences and maintain a motivated and dedicated workforce.

Downsizing, often undertaken by organisations to streamline operations and reduce costs, can have profound effects on the workforce (Chen & Kao, 2012). It involves reducing the number of employees, which can lead to increased workload, job insecurity, and changes in work dynamics (Johnstone, 2019). Such events can challenge employees' commitment and loyalty, as they may question their obligations to remain with the organisation and experience feelings of guilt or diminished dedication (Mushonga & Ukpere, 2022).

As a dimension of organisational commitment, normative commitment refers to employees' feelings of obligation and loyalty towards their organisations (Cascio, 2010; Allen & Meyer, 1997). It is distinguished by a sense of obligation and faith in the organisation's principles and objectives (Chen & Kao, 2012). Understanding how downsizing impacts normative commitment is crucial for organisations to devise appropriate strategies to address potential adverse effects and maintain a committed workforce.

## **Research Objective**

This study aims to investigate the normative commitment of employees following a downsizing event, analysing the responses to a scale measuring various aspects of commitment.

## **Literature Review**

### **Factors for Downsizing**

Organisational downsizing typically involves laying off employees, eliminating departments or divisions, and cutting costs in order to improve efficiency or cope with financial challenges (Mushonga & Ukpere, 2023). The practice of downsizing has been prevalent in various industries and has its roots in several historical and economic factors (Mapira, 2024). Reviewed below are some of the downsizing factors identified by researchers.

According to Cascio (2010), most organisations downsize

due to economic recessions. Downsizing often becomes more prevalent during economic downturns when businesses face financial pressures. As businesses try to cut costs and survive during challenging economic times, significant recessions like the Great Depression in the 1930s and the global recession in 2008 have resulted in widespread downsizings (Johnstone, 2019).

Secondly, several scholars have identified globalisation and competition as significant factors behind organisational downsizing (Kontogherephes & Frongou, 2009; Gathrie & Datta, 2008; Krishnan, 2007). The rise of globalisation in the late 20th century increased competition among companies. Organisations have sought ways to streamline operations, improve productivity, and reduce costs to stay competitive (Gandolfi, 2007; Mapira, 2014). Downsizing has been seen as a strategy to achieve these goals by eliminating redundant positions and focusing on core competencies.

Undoubtedly, technological advancements are a significant force behind organisational downsizing. The rapid advancement of technology has also influenced downsizing. Automation, computerisation, and the adoption of information technology systems have enabled companies to streamline processes and reduce the need for manual labour (Sikayena, 2017; Johnstone, 2019). This has often led to job cuts as tasks become automated or consolidated.

In addition, business mergers and acquisitions are also a contributory factor to organisational downsizing (Appelbaum et al., 2014). Mergers and acquisitions (M&A) have been another significant driver of downsizing. When two companies combine, roles and functions are often duplicated (Mishra et al., 2009). To achieve synergies and cost savings, organisations may downsize by eliminating redundant positions and consolidating operations.

According to Cascio (2010), changing market dynamics and strategic restrictions have lately become the main reason why most organisations downsize to achieve a competitive edge. In the same vein, Mapira (2014) posits that shifts in market demands and consumer preferences can also lead to downsizing. When companies experience declining sales or face obsolescence of their products or services, they may need to restructure and reduce their workforce to align with the new market reality (Mushonga & Ukpere, 2022). In the same vein, sometimes, organisations downsize as part of a strategic restructuring initiative. This could involve divesting non-core businesses, refocusing on specific market segments, or reorganising the company to improve agility and

competitiveness (Cascio, 2010; Johnstone, 2019). In these cases, downsizing is driven by the desire to realign the organisation with its strategic goals.

It is important to note that while downsizing can provide short-term benefits such as cost reduction, it can also have negative consequences, such as decreased employee morale, reduced productivity, and loss of institutional knowledge (Mapira, 2014). As a result, organisations often need to carefully consider the long-term implications and explore alternatives to downsizing, such as retraining and redeploying employees or implementing process improvements, to achieve sustainable results.

### **Downsizing and Normative Commitment Relationship**

An individual's sense of responsibility or obligation to stick with an organisation is referred to as normative commitment (Alicia & Ludwig, 1999). According to Allen & Meyer (1997), normative commitment is an individual employee's obligation to continue with a downsizing company. Along with affective commitment (emotional attachment) and continuation commitment (perceived costs of leaving), it is one of the three elements of organisational commitment. Allen and Meyer (1997) argue that, unlike employees with affective commitment, those who possess normative commitment do not have significant tendencies to leave an organisation following downsizing. When it comes to organisational downsizing, normative commitment can have significant implications (Mushonga & Ukpere, 2022). Reviewed below is the relationship between organisational downsizing and normative commitment.

Researchers have emphasised that organisations should be mindful of the way employees respond to a downsizing exercise (Mushonga & Ukpere, 2022; Cascio, 2010; Johnstone, 2019). High normative commitment among employees may result in intense loyalty to their employer. They may be more resistant to the idea of downsizing and may experience feelings of betrayal or moral conflict when faced with layoffs or job cuts (Allen & Meyer, 1997). In addition to employee response, organisations planning to embark on downsizing are also advised to check employees' attitudes and behaviours. Normatively committed employees are more likely to display positive attitudes and behaviours, such as organisational citizenship behaviours and going the extra mile (Ugboro, 2006). However, downsizing can have a negative impact on their commitment, leading to reduced discretionary effort, decreased job satisfaction, and increased intentions to leave.

The impact of the entire downsizing process on the

psychological contract is one of the critical connections and correlations between downsizing and normative commitment (Alicia & Ludwig, 1999). The psychological contract, which stands for the unspoken promises and commitments between workers and their employers, is closely related to normative commitment (Sikayena, 2017). Employees may view downsizing as a breach of this contract because it goes against the implicit promise of long-term employment and job stability.

In addition, employees who stay with the company after downsizing, according to the literature on downsizing, may experience survivor syndrome, which refers to the psychological and emotional effects of witnessing layoffs and the aftermath (Mushonga & Ukpere, 2022). Normative commitment can influence how survivors perceive the fairness and rationale of the downsizing process and how it affects their commitment to the organisation (Akiyemi, 2018). In order to avoid negative perceptions of downsizing, effective communication and building trust is vital in maintaining employee commitment (Spreitzer & Mishra, 2002). Organisations that demonstrate transparency, honesty, and empathy in their communication efforts can help mitigate the negative impact of downsizing on normative commitment (Cascio, 2010). Building and maintaining trust is vital to sustaining commitment during challenging times.

### **Research Methodology**

An explanatory sequential mixed methods design was adopted in this research as a research methodology. In order to effectively address the research problem, this approach calls for the sequential application of both quantitative and qualitative research methods (Creswell, 2014). According to Plano Clark and Ivankova (2016), an explanatory sequential study is carried out in two phases. The first phase uses quantitative methods, and the second phase uses qualitative methods. The quantitative phase involved collecting close-ended data from a sample of 200 respondents followed by data analysis. To investigate how downsizing affects normative commitment, this study utilised a scale consisting of several items measuring different aspects of commitment. The participants were asked to respond, noting how strongly they agreed or disagreed with each statement on a five (5) point Likert scale. Descriptive statistical analyses were conducted to examine the frequencies and mean values of the responses, providing valuable insights into the participants' perceptions and attitudes. Thematic and content analysis were used to examine the data that was gathered during the qualitative phase. A subset of participants

from the first phase was chosen to also participate in the second phase as part of the researcher's usage of the mixed-method sampling methodology known as nested sampling (DeCuir-Gunby & Schutz, 2017). The integration of data from both phases was achieved through data integration techniques, such as using a narrative approach or joint displays to report the study's findings (Creamer, 2018). The researcher followed research ethics and procedures throughout the study and aimed to elaborate and clarify the results by integrating both qualitative and quantitative methods.

### Data Presentation and Analysis:

**Table :1 Normative commitment scale**

Normative Commitment (NC) scale	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	SD	Rank
1 Following downsizing, I do not feel any obligation to remain with my current employer.	4.5%	23.7%	28.8%	37.2%	5.8%	3.16	1.000	3
2 Even though it was an advantage for me to leave this organisation after the downsizing event, I felt guilty.	0.6%	22.4%	35.3%	38.5%	3.2%	3.21	.850	2
3 I felt obliged to remain with my organisation even after the downsizing event.	2.6%	17.3%	48.1%	30.8%	1.3%	3.11	.792	4
4 This organisation deserves my loyalty, and I could not consider leaving after the downsizing event.	3.8%	23.7%	25.0%	40.4%	7.1%	3.23	1.015	1
5 The downsizing event did not affect my commitment in any way.	34.6%	16.0%	20.5%	17.3%	11.5%	2.55	1.411	5
Overall mean & SD score						3.0526	.49624	

Table 1 above illustrates the frequencies and descriptive statistical analysis results for the normative commitment scale, as perceived by the participants. The far-right column of the table shows the rankings of the items in mean values. 3.052 (SD = 0.496) was the total average mean score for normative commitment. The item with the highest average mean score, NC4, "This organisation deserves my loyalty, and I could not consider leaving after the downsizing event". The lowest average mean score for item NC5, which contained the statement "The downsizing event did not affect my commitment in any way," was 2.55 (SD = 1.411), indicating that, on average, employees' normative commitment was impacted

by downsizing.

"Following downsizing, I do not feel any obligation to stay with my current job", was the statement for the first item on the normative commitment scale, NC1. 37.2% of participants agreed with this statement, and 5.8% strongly agreed with it, compared to 23.7% who disagreed and 4.5% who strongly disagreed. Overall, 43% of individuals agreed with the statement, compared to 28.2% who disagreed and 28.8% who were neutral. The average score for item NC1 was 3.16 (SD: 1.000).

The second item on the normative commitment scale was item NC2, which read, "Even though leaving this organisation after the downsizing event was advantageous for me, I felt guilty." 38.5% of individuals agreed with this statement, while 3.2% strongly agreed. However, 0.6% strongly disagreed, and 22.4% disagreed. Overall, 41.7% of the participants were in agreement, 23% were opposed, and 35.3% were undecided. The average score for item NC2 was 3.21 (SD:.850).

Regarding the NC3 statement: *'I felt obliged to remain with my organisation even after the downsizing event'*, 30.8% of the participants agreed and 1.3% strongly agreed. Conversely, 17.3% of the participants disagreed, and 2.6% strongly disagreed. 32.1% of participants agreed, 19.9% disagreed, and 48.1% remained neutral. Item NC3 had a mean score of 3.11 (SD=.792).

On item 4 on the normative commitment scale, 40.4% of the participants agreed, and 7.1% strongly agreed, with the statement NC4 reads: *"This organisation deserves my loyalty, and I could not consider leaving after the downsizing event."* On the other hand, 3.8% strongly disagreed with it, and 23.7% of the participants did not agree. A total of 47.5% of the participants were in agreement, whereas 27.5% were in disagreement, and 40.4% were neutral. The highest mean score was 3.23 (SD=1.015) for item NC4.

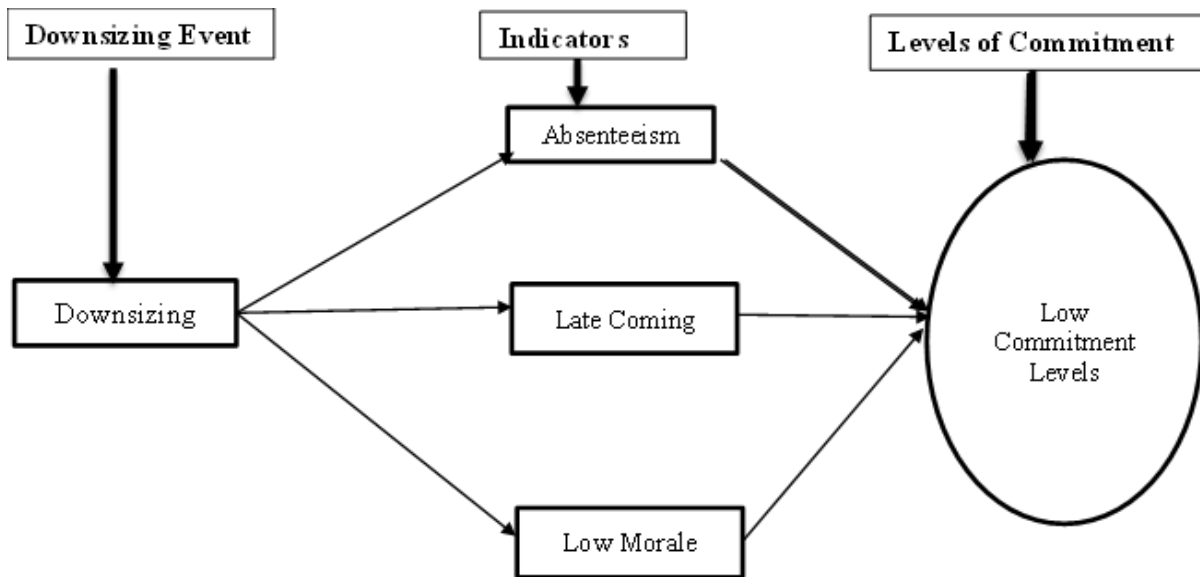
*"The downsizing event did not affect my commitment in any way"* was the final statement on the normative commitment scale, NC5. 17.3% of those polled agreed with this assertion, while 11.5% strongly agreed. 16% of the participants disagreed, and 34.6% of them strongly disagreed. A total of 28.8% of the participants agreed with the statement, while 50.6% disapproved and 20.5% stayed indifferent. The mean (SD) for item NC5 was 2.55 (1.411). A qualitative analysis of the findings is presented in the section that follows.

### **Commitment Levels and Indicators**

Participants who were asked to give some remarks on the levels

of employee commitment agreed that downsizing had a detrimental impact on such commitment. They also said that commitment levels were not very high. The researcher inquired if any symptoms were there to suggest poor commitment to further delve into why participants said it was low. In their submissions, participants frequently mentioned absenteeism, tardiness, and low employee morale.

**Fig 1 Indicators and levels of commitment**



Source: Author's fieldwork

Most participants said that levels of commitment fell off quickly following downsizing, as shown in Figure 1 above. They noted that low commitment is indicated as more people miss work, show up late, and have lousy morale. This shows how the downsizing event affected employee commitment in some way, and the early warning signs of poor commitment were absenteeism, lateness, and low morale. In addition to the aforementioned, absenteeism and a lack of managerial respect were noted in a few isolated comments as signs of low commitment. In order to learn more about the unique characteristics of commitment, participants were asked if they still wanted to work for their organisation following downsizing. The majority of participants said they were no longer inclined to and did not want to continue working for their organisations. Interestingly, respondents claimed that their only goal was to support their families and make a living.

### Discussion of findings



Overall, the findings highlight a mixed response from participants regarding normative commitment after downsizing. While some participants expressed loyalty and a sense of obligation towards their organisations, a significant portion also indicated a lack of obligation, guilt, and a negative impact on commitment. The findings offer insightful information on how employees feel and behave after a downsizing event, which can inform organisations about potential challenges in maintaining employee commitment and loyalty. Allen & Meyer's (1997) claim that downsizing significantly impacts employee commitment supports this finding.

In terms of normative commitment, the results indicate an overall mean score of 3.052. The statement: 'This organisation deserves my loyalty, and I could not consider leaving after the downsizing event,' recorded the highest ranking and an average mean score of 3.23, indicating that employees remained loyal to their organisations even after downsizing. The research findings suggest that about 47.5% of the participants agreed, 28.2% disagreed and 24.3% remained neutral. This is in line with Alicia and Ludwig's (1999) study results. However, 50.6% of the participants indicated that downsizing somehow affected their commitment.

The quantitative component of the research suggests that downsizing did not have a more pronounced impact on employee commitment and that respondents had conflicting opinions about this impact. The overall quantitative findings of this study show that downsizing has a favourable impact on employee commitment in all areas. This goes against the body of existing downsizing literature. According to several academics (Allen & Meyer, 1997; Alicia & Ludwig, 1999; Ugboro, 2006; Gandolf, 2007; Matika et al., 2017), downsizing has a negative impact on employee commitment.

However, a thorough investigation of the qualitative strand revealed that downsizing had a negative impact on employee commitment. Meta-inferences revealed that there was little to no normative commitment observed throughout the inquiry despite the outcomes of the quantitative and qualitative strands appearing to vary. A follow-up using qualitative analysis was carried out to clarify this ambiguity, and the results showed that employees stayed with the downsized companies since they had no other employment prospects. These results are consistent with Mushonga & Ukpere's (2022) findings that some employees quit and stay only to earn a living wage after downsizing exercise.

This concept is consistent with Alicia and Ludwig's (1999)

downsizing and commitment model, which postulates that organisational downsizing will cause a shift away from affective commitment and normative commitment to continuance commitment due to fear of financial loss and survivors' ineligibility for employment at other organisations during financial crises. To put it another way, due to a lack of available alternatives and out of concern for their financial security, employees were compelled to continue working for the downsized firms (Mushonga & Ukpere, 2022). At this juncture, reiterating that commitment manifests in three ways— affective, normative, and continuous—is crucial (Allen & Meyer, 1997; Meyer & Allen, 1990; Meyer & Herscovitch, 2001). According to the findings, personnel in Zimbabwe's fright sector lost affective and normative commitment to their organisations as a result of downsizing. In summary, the results demonstrate that even if workers did not leave their workplaces to join other organisations, their thoughts and loyalty were somewhere else. This supports Cangemi's (2000) assertion that when workers lack faith in their employers, they "quit and stay."

The study findings has shed light on the impact of downsizing on normative commitment among employees. Examining the responses to individual items on the scale made it possible to identify specific areas where downsizing may have affected employees' commitment levels. These findings can help organisations to develop targeted strategies to address the concerns and challenges faced by employees following downsizing events, ultimately fostering a positive and resilient work environment.

### **Conclusion and Recommendations**

In conclusion, the study's findings provided insight into employee commitment's intricate and multi-faceted nature of employee commitment following downsizing events. The participants' responses provided a nuanced picture, reflecting both positive and negative aspects of their commitment towards the downsized organisations. While a significant number of employees expressed loyalty and a sense of obligation towards their employers, a substantial portion also conveyed feelings of diminished commitment, lack of obligation, and negative impacts resulting from downsizing.

The overall mean score for normative commitment was relatively moderate, suggesting that, on average, employees felt a certain degree of loyalty to their organisations despite the downsizing event. The statement indicating organisational loyalty received the highest ranking, indicating that many employees remained steadfast in their dedication despite

downsizing. Nevertheless, the quantitative results also revealed that downsizing influenced employee commitment, with over half of the participants reporting that their commitment was affected to some extent.

Interestingly, the quantitative and qualitative strands of the research yielded somewhat disparate results. While the quantitative analysis indicated a positive effect of downsizing on employee commitment, the qualitative analysis painted a different picture, revealing adverse effects on commitment. Upon deeper exploration, it became apparent that the reason for employees staying with the downsized organisations might not necessarily be due to heightened normative commitment but rather a result of limited alternative employment opportunities and the fear of financial loss.

The study aligns with existing literature that suggests that downsizing often leads to a shift in employee commitment from normative and affective dimensions to continuance commitment. In other words, employees may remain with the organisation out of necessity rather than true loyalty or emotional attachment. The observed phenomenon of employees "quitting and staying" due to a lack of trust in the organisation reflects the delicate balance between financial survival and genuine commitment.

Organisations must consider these insights seriously when undertaking downsizing or significant restructuring initiatives. While downsizing may be necessary for survival and adaptability, it can profoundly affect employee commitment, motivation, and organisational performance. Addressing employees' concerns and emotional well-being during such times is crucial to minimise the negative impact on their commitment.

Moreover, fostering open communication, transparency, and trust within the organisation can help mitigate the erosion of normative commitment that often occurs during times of uncertainty and change. Even in the face of downsizing, employees who feel acknowledged, appreciated, and supported are more likely to sustain higher levels of commitment. It is essential for management to recognise that commitment is a multi-dimensional construct, and a decline in normative and affective commitment does not necessarily equate to a complete lack of dedication from employees. Instead, it reflects the complex interplay of individual, situational, and organisational factors that influence employee commitment.

Future research could delve deeper into the specific mechanisms that contribute to the observed shifts in commitment following downsizing events. To increase

commitment and lessen the negative consequences of downsizing, it can be helpful to understand these factors and devise focused strategies to bolster commitment and alleviate the adverse effects of downsizing. In a nutshell, the study highlights the significance of considering the human aspect when making organisational decisions. Organisations must be mindful of the potential consequences of downsizing on employee commitment and work towards creating an inclusive and supportive work environment that fosters genuine loyalty and dedication among its workforce. Only by acknowledging and addressing the emotional and psychological impact of such events can organisations indeed maintain a committed and engaged workforce, ensuring long-term success and resilience in an ever-changing business landscape.

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