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The Impact of Downsizing on Occupational Stress and Organizational Commitment

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Abstract

Downsizing is an organizational strategy used to reduce costs and improve performance to remain competitive. It is used by organizations to survive and adapt to changing market demands. The method used was to review thirty articles from well-recognized and highly ranked journals. The review process aims to gather all the factors and strategies of organizational downsizing from previous researches and articles between the years 1980 to 2019. The paper advances a deeper understanding of staff downsizing and addresses theoretical and methodological issues pertaining to the literature. The literature review assembled under the process of reviewing in the area of organizational downsizing and its impact on occupational stress and organizational commitment in these articles. After reviewing these papers, the findings gathered will be useful for organizations and employees.

Keywords: downsizing, organizational commitment, occupational stress

1. Introduction

Since 1980, downsizing has become a common occurrence for hundreds of businesses. Because of the difficult economic conditions, many firms will have to decide how best to handle their most precious resources, which may require downsizing. Nonetheless, downsizing causes an organization's size to decrease. It can be carried out by implementing cost-cutting measures that simplify tasks, reducing workload, or eliminating hierarchical levels (Cameron, 1991). Enhancing the company's capacity to provide greater customer value in the post-downsizing phase is crucial, rather than focusing only on cost-cutting (Tsai and Shih, 2013). Implementing downsizing in an efficient manner is crucial to minimizing harm to workers and improving business success.

The deliberate decrease of positions and staff is known as employee downsizing (Guthrie and Datta, 2008). For instance, managers believe that by cutting expenses and improving organizational effectiveness, downsizing can maintain profitability in the face of diminishing sales. Over the past ten years, there has been interest in the employee-centered organizational downsizing technique (Vahtera and al., 1997). Thus, the emphasis should be on developing people as assets rather than eliminating them as expenses. Downsizing should be used to improve company performance and lessen harm to workers, particularly in the wake of the downsizing plan. This idea has been validated by numerous research (Tsai et al. 2007, Tsai and Shih, 2013, Cameron, 1994).

Survivor syndrome, a term used to describe a set of attitudes and feelings that accompany the involuntary departure of other employees, can affect employees who stay with the firm. This problem persists in many organizations after downsizing (Tsai and Shih, 2013). The linkages between downsizing, occupational stress, and organizational commitment in regard to those who stay in the organization are not well studied. Therefore, the goal of this study is to comprehend how downsizing affects survivors' organizational commitment and occupational stress.

Workers who stay with the company may exhibit symptoms of survivor syndrome, such as a range of unfavorable feelings, heightened feelings of insecurity, and a decline in productivity and loyalty. Additionally, participants' perceived occupational stress increases, which has a direct impact on their organizational commitment. Because of this, it's critical to execute organizational downsizing in a way that minimizes the impact of survivor syndrome brought on by organizational change. The aforementioned study underscores the necessity of enhanced communication within establishments to foster worker involvement and mitigate the adverse consequences linked to downsizing.

Larger businesses are superior, according to several organizational theorists (Cameron et al, 1991; Cameron, 1994). So, when an organization grows, gets bigger, and hires more people, it's deemed successful. However, the economic slump and pressure from competitors have reduced profit margins and cash flows. Because of this, maintaining financial stability in a cutthroat market is one of an organization's biggest problems. Therefore, when businesses strive to reduce costs and adjust to shifting market needs, they turn to downsizing as a means of surviving and competing. It's a situation that many businesses will experience when things go tough financially.

Downsizing has been characterized as a deliberate reduction in the size of a workforce at all staffing levels with the goal of surviving and increasing efficiencies since the early 1980s. Furthermore, it is a choice to cut staff with the goal of enhancing organizational performance (Kozlowski et al., 1993). In the late 1980s and early 1990s, businesses that were going through hard times financially demonstrated downsizing. Subsequently, downsizing has emerged as a top tactic used by governments and businesses worldwide. It is associated with other words, such as re-engineering, rightsizing, and organizational restructuring.

2. Downsizing as a Type of Change Management

Organizations must execute and manage change effectively and efficiently in order to respond to a variety of internal and external forces. Numerous studies have been conducted that highlight the change management process in enterprises, as noted by Tsai and Shih (2013). According to Knudsen et al. (2003), downsizing has an effect on both personnel who remain in the company and those who lose their jobs. The phrase "survivor syndrome," which characterizes the attitudes and feelings of employees who stay in the organization following workforce cutbacks, serves as an example of this (Tsai and Shih, 2013). Employees may therefore experience melancholy, rage, and mistrust. Furthermore, survivors report lower productivity, a decline in organizational commitment, a lack of drive, and feelings of insecurity (Cameron, 1991).

The psychological contract, or the set of expectations between an employee and an employer, might further impact workers as a result of downsizing (Cameron, 1991). This indicates that in exchange for compensation, the worker applies their skills and knowledge to improve organizational success at work. A downsizing means that the company can no longer compensate its employees. This will cause them to feel badly about their employer. According to Brockner's (1988) research, downsizing causes significant levels of stress and lowers organizational commitment in those employees who stay with the company.

For instance, the survivors may exhibit higher levels of job stress, job insecurity, and career ambiguity, all of which are detrimental to organizational commitment. Additionally, research on downsizing reveals that survivors report higher levels of stress and weaker organizational commitment throughout the downsizing (Knudsen et al., 2003). Obtaining the commitment of employees is crucial for the successful implementation of downsizing inside the firm. This demonstrates the necessity for more study to comprehend the facets of organizational commitment brought forth by the downsizing process (Cameron, 1991).

3. Impact of Downsizing on the Individuals

Downsizing leads to harm on the lives of employees' families in addition to creating unemployment (Cameron and Freeman, 1993). It influences employees economically, socially and psychologically. Also, the remaining employees will feel uncertain about if they will leave their jobs or will stay, this will lead to a lower morale, less trust, lower job satisfaction, anxiety for the future, and lower organizational commitment. These effects are described as the survivor's syndrome, which lead to increase fatigue and less creativity (Tsai and al., 2007).

Furthermore, from the viewpoint of the social network, the surviving employees' actions were impacted by losing pals at work. They have a propensity to lose interest in the organization, get disgruntled, and perform worse. People will start to believe that they have little control over what happens. Also, they will feel hopeless, headaches, upset stomachs, less creative, stress, and fatigue. For this reason, gaining employees commitment and sharing with them the importance of downsizing will help in the good implementation and decrease these negative effects.

4. Effects on the Organization

Employee engagement at work will be greatly enhanced and productivity will be maintained when workers are heavily involved in the implementation of downsizing techniques. Numerous activities, including production, sharing, flexible work arrangements, information sharing, and learning and development opportunities, are impacted by these high participation work practices. For this reason, organizations that invest in gaining employees commitment to downsizing and training and learning will avoid productivity losses.

According to recent studies, staff reductions are a normal aspect of working for a company. Businesses should review their cost structures, particularly their human resource allocation, in order to obtain a competitive advantage in these shifting demand situations. Furthermore, in many nations, staff downsizing has become the norm. Certain nations have implemented the practice of staff downsizing, in addition to those that have had their fair share of job losses. Given its significance, the workforce downsizing strategy might be considered one of the most important management challenges of the modern day. Given its effects on the social and economic spheres, it is not surprising that staff downsizing has gained attention in both academic and commercial circles.

The organization benefits from employee downsizing in the form of reduced expenses and increased production. While companies perceive downsizing as an expedient means of enhancing performance, the reality is that downsizing may not always yield the anticipated financial gains. A planned series of organizational procedures known as "employee downsizing" aims to reduce staff in order to increase company performance. Cameron (1991). Scholars in a variety of fields, including economics, finance, organization behavior, organization theory, and human resources, have written about employee downsizing. This paper aims to gather all the factors and strategies of organizational downsizing from previous researches and articles between the years 1980 to 2019.

An integrative framework-based systematic evaluation of the literature aids in highlighting the areas that investigate potential explanations for findings. A review can also highlight the significant gaps in the body of current research. This review will therefore support and direct future research. Finding the context-specific from earlier research that is helpful for practical managers will be made easier with the use of a systematic review. Additionally, this will direct studies on an issue that has grown in importance within academic research. Research on workforce downsizing has increased between 1980 and 2019. The causes of downsizing and its effects on people and organizations were the main topics of this essay.

5. Method

In the process of studying the impact of downsizing on employees and organizations, we must select the articles that will be involved in the study; and on which we will construct the literature review, critical analysis, and assumptions for further studies and reviews about this concept. The best method that could assist in capturing the articles from different emerging fields of the study is known as an “integrative literature review." Using this method, we will be able to signify how researchers have studied this emerging topic in various academic fields.

6. Selection of Articles

The best method to assemble the collection process was to search within the journals that are highly ranked and among recognized research papers to have accurate, useful and credible sources of information. Searching for studies and articles related to the topic done using different academic search engines such as Google Scholar, Microsoft Academic, Emerald, Wiley, and Research Gate. Using these search engines, the search mainly focused on highly ranked and recognized journals.

These journals are the Journal of Management, Journal of Healthcare management, Journal of Organizational Behavior, Human Resource Management, Academy of Management Journal, Organization Science, Team Performance Management, Group & Organization Management. The searching process is done by querying English Language peer-reviewed articles with abstracts that include “organizational downsizing” phrase. The research was limited to articles published from 1980 to 2019.

Table 1. Number of Selected Articles by Sources of Database

Source of Database	Number of Abstracts
Journal of Management	6
Journal of Healthcare management	1
Journal of Organizational Behavior	2
Human Resource Management	4
Organization Science	1
Academy of Management Journal	5

Journal of World Business	1
Journal of Occupational and Organizational Psychology	1
Team Performance Management	1
Group & Organization Management	1
The International Journal of Human Resource Management	1

7. Historical Review of Organizational Downsizing

Table 2. Research Articles Used in downsizing Historical Review

Author(s) & year of publish	Journal	Title	Journal Rank
Datta D. K., Guthrie J.P., Basuil D., and Pandey A. 2010	Journal of Management	Causes and Effects of Employee Downsizing: A Review and Synthesis	Q1
Davis J., and Savage G. 2003	Journal of Healthcare management	Organizational Downsizing: A review of literature for planning and research	Q2
Spreitzer G. M., and Mishra A. K. 2002	Journal of Organizational Behavior	To stay or to go: voluntary survivor turnover following an organizational downsizing	Q1
Cameron, K.S. (1994).	Human Resource Management	Strategies for successful organizational downsizing	Q1
Guthrie J.P., and Datta D.K. 2008	Organization Science	Dumb and Dumber: The Impact of Downsizing on Firm Performance as Moderated by Industry Conditions	Q1
Tsai, P. C. F., Yen, Y. F., Huang, L. and Huang, I. (2007)	Journal of World Business	A Study on Motivating Employees' Learning Commitment in the Post-Downsizing Era: Job Satisfaction Perspective.	Q1
Cascio, W.F. and Wynn, P. (2004	Human Resource Management	Managing a Downsizing Process	Q2
Vahtera J., Kivimäki M., and Pentti J. 1997	Lancet	Effect of organizational downsizing on health of employee	Q1
Amabile T.M., and Conti R. 1999	Academy of Management Journal	Changes in the Work Environment for Creativity during Downsizing	Q1
C. Chadwick, L. W. Hunter and S. L. Walston. 2004	Strategic Management Journal	Effects of Downsizing Practices on the Performance of Hospitals	Q1
Freeman, S.J. (1994	Human Resource Management	Organizational Downsizing as Convergence or Reorientation: Implications for Human Resource Management	Q1
Allen, T.D., and Freeman D. M. 2001	Journal of Occupational and Organizational Psychology	Survivor reactions to organizational downsizing: Does time ease the pain?	Q1
Cameron, K., and Raymond, Z. 1983	Human Resource management	Matching Managerial Strategies to Conditions of Decline.	Q1

8. Theoretical Perspectives

Research on staff downsizing conducted between 1980 and 2019 concentrated on what causes it as well as how it affects employee attitudes and organizational effectiveness. Three factors—content, context, and process—that impact organizational transformation were the subject of scholarly research on several theoretical perspectives on downsizing that were derived from a variety of disciplines (Armenakis & Bedian, 1999; Self, Armenakis, & Schraeder, 2007). Employee downsizing serves as a representation for content and displays the amount and acceptance rate of downsizing (Iverson & Zatzick, 2007). Decisions for downsizing are impacted by both internal and external variables. Decision and implementation variables also impact the organizational and human consequences of downsizing.

Theoretical analyses of shrinking articles are displayed in this section. This is accomplished within the framework of an integrative paradigm that illustrates the connections between organizational commitment, occupational stress, and staff downsizing. Based on a systematic paper of research published between 1980 and 2019 that looked at at least one of the discovered relationships, the reviewed studies were chosen. EBSCO Business Source Complete and Google Scholar were used to find the first batch of studies. Finding more research is aided by a thorough review of each paper and its references. Nevertheless, this review is limited to English-language studies. Stated differently, research in any other language or that has not been published was not included in this review.

9. The Influence of Environmental Factors on Employee Downsizing

Employee downsizing is due to demand declines and economic circumstances that make firms reduce labor costs (Cameron, Freeman, and Mishra, 1993). Demand declines lead to market-clearing that lower underperforming firms, leading to employees downsizing to decrease cost. Also, firms seek efficiency and productivity enhancements due to industry globalization, this is through employee reductions in order for the organization to remain competitive (Budros, 1999).

According to Freeman and Cameron (1993), downsizing can be understood as an organizational reaction to institutional forces. in order for organizations to face pressure from within an institutional field. Additionally, businesses are attempting to follow institutional norms by implementing specific managerial techniques. Because of this, organizations copy the downsizing strategies of profitable businesses in an attempt to gain respectability. in order for enterprises to feel secure in the quantity of businesses implementing the new practice, enabling them to implement the current practice without incurring significant costs. A study looked at how industry features, like changes in industry structure and demand growth, affected the decision to downsize.

10. Relationships Between Environmental Conditions and Downsizing

Research typically indicates that when demand is dropping, staff reductions are more successful (Baumol, Blinder, & Wolff, 2003; Filatotchev, Buck, & Zhukov, 2000; Wagar, 1997). Budros (2002), however, contended that there is no meaningful correlation between the state of the economy and workforce downsizing. Employers frequently reduced their workforce while the economy was struggling. Additionally, staff reductions are a result of industry deregulation. Additionally, companies lay off workers when there is a general increase in company downsizing; this is particularly true for companies in the financial and utility sectors, but not for those in the industrial sector.

A number of organizational context-related elements are thought to be downsizing determinants. Reducing employees is a more effective use of human resources. Employee downsizing is a key tactic in influencing organizational performance, as demonstrated by the organizational efficiency, which is based on the resource-based view of the company. However, staff reductions are crucial for conveying the goals and initiatives of the company. It facilitates the reconciliation of managers' expectations with actual performance. Additionally, making remarks that improve organizational performance when bad performance is not there results in a proactive action.

Downsizing can be explained by the organizational efficiency. For example, when similar firms merge, this will lead to undercutting financial performance. Agency theory ideas serve as the foundation for research on the organizational antecedents of employee downsizing. According to this argument, ineffective governance practices cause managers to act in ways that serve their own interests over those of shareholders (Eisenhardt, 1989; Fama & Jensen, 1983). According to this viewpoint, managers would decide to reduce due to the advantages of larger companies and the fact that any savings from downsizing will be passed on to shareholders (Stulz, 1990).

There has been a claim made that when there are independent outsiders present, there is a larger perspective to shrink when performance is poor. Governmental mechanisms changes will lead also to downsizing. For example, in countries like Japan and Korea, increased levels of employee downsizing is contributed to the changes in cultural norms governing employment practices (Ahmadjian & Robbins, 2005). Finally, employee downsizing level can be explained in relation with the upper-level perspective (Hambrick & Mason, 1984).

The age and functional background of managers improves their cognitive orientation and knowledge, which will have an impact on strategic decisions like downsizing. Four major categories can be used to classify the 30 research. Those looking at how business performance and other variables affect employee downsizing come first. Secondly, in an effort to demonstrate how company strategy affects downsizing, an analysis of how ownership, CEO traits, and board composition affect the extent of downsizing is conducted. Next, studies on how HR rules at companies affect downsizing incidents.

Staff reduction lowers expenses and boosts revenue. The influence of business performance, including accounting, market-based, and efficiency indicators, on downsizing choices have been the subject of several studies. Additionally, a key consideration in decisions for downsizing is business performance. Therefore, personnel downsizing will result in disgruntled workers, which will have an impact on their output. A few studies, however (Yoo & Mody 2000), have discovered no meaningful connection between workforce downsizing and company performance. While Budros (2004) noted that dwindling shareholder value has an impact on downsizing, Hillier et al.'s (2006) downsizing study discovered a favorable correlation between employee downsizing and organizational success. Additionally, while some research (Cameron, Lim, & Rivas, 2006; Yoo & Mody, 2000) indicates a negative correlation between downsizing and business productivity, other research indicates a favorable correlation between downsizing and employee productivity.

Research looked at the connections between market share, age, size, and staff reductions. Downsizing is more common in larger businesses. Cascio et al. (2004), however, could not discover any connections between downsizing and business size that were noteworthy. Additionally, Cameron (1994) discovered that shrinking is decreased by strong sales growth. There have also been contradictory results about the connections between staff downsizing and company qualities. Additionally, it is discovered that employee downsizing and firm qualities have a good association. Freeman, S.J. (1994), however, suggests that declining market share serves as a driving force behind staff reductions.

Larger businesses are superior, according to several organizational theorists (Cameron et al, 1991; Cameron, 1994). Thus, growing in size, adding more divisions, recruiting more employees, and expanding are all regarded as good organizational strategies. However, the economic slump and competitive pressures have reduced profit margins and cash flows. Because of this, maintaining financial stability in a cutthroat market is one of an organization's biggest problems. Therefore, as businesses fight to reduce costs and adjust to shifting market demands, one of the most common techniques employed by organizations to survive and compete is downsizing. Since 1980, millions of workers and hundreds of firms have been impacted by this issue. During difficult economic times, many firms will have to decide how to reduce their personnel.

Few academics have provided distinct definitions of downsizing since the early 1980s. In order to survive and increase efficiency, a workforce at all staffing levels is purposefully reduced in size. Additionally, reducing the workforce is a decision made by the business with the goal of enhancing performance (Kozlowski et al., 1993). In the late 1980s and early 1990s, businesses that were going through hard times financially demonstrated downsizing. Downsizing has emerged as a popular alternative for businesses and governmental organizations worldwide since the mid-1990s. Re-engineering, rightsizing, and organizational restructuring are some of the concepts that are related to "downsizing."

Reducing the number of employees inside a company in order to increase production, efficiency, and competitiveness is known as downsizing. Cameron (1994). It is an example of a management technique that has an impact on the number of employees, expenses, and workflow inside the company. Downsizing is "a set of managerial actions taken by firms aiming to adjust to environmental changes, improve efficiency, and increase productivity," according to Tsai and Yen (2008). There are four main characteristics of downsizing: work procedures, people, intent, and efficiency. Downsizing is a deliberate series of actions that includes staff cutbacks. Downsizing, however, does not always entail hiring fewer people because new items are occasionally introduced. Then, compared to some prior level of employment, fewer workers are employed per unit of output. Enhancing the organization's efficiency is another goal of downsizing. Finally, work procedures are impacted by downsizing. There are fewer workers available to complete the same amount of work when the workforce shrinks, which affects what gets done and how it gets done.

Businesses used downsizing tactics to cut down on layoffs and retain the best employees. The remaining staff still needed to be trained in new abilities and have their quality improved in order to increase the competitive advantages of the company (Tsai et al., 2007). Many businesses see downsizing as a means of gaining a competitive edge and improved strategic positioning (Cameron, 1994). These types of downsizing may lead to the complete deletion of employees, the loss of organizational levels, or the elimination of particular positions (Cameron et al., 1991). Downsizing was not always motivated by an organization's collapse; some organizations downsized in an effort to develop innovations and gain a competitive edge. Business process reengineering, or BPR, has been in widespread usage since 1993 and has contributed to an increase in company downsizing.

Three institutional external social forces led to downsizing: learning (via MBA courses), cloning (imitation), and constraining, which is top management's determination to reduce. (Mckinley et al., 1995). Thus, managers carry out downsizing as a result of societal influences (Tsai and Yen, 2008). The reasons behind downsizing in corporations are examined in 2000. Managers concurred, for instance, that downsizing was a successful tactic for the process of collective socialization. Furthermore, a study by Tsai et al. (2006) showed that institutional, socio-cognitive, and economic aspects are connected to downsizing.

Downsizing has a negative impact on employees' families' life in addition to increasing unemployment (Sun, 1994). Employees have experienced psychological, social, physical, and economic effects from downsizing. The surviving staff members felt more anxious about the future, less committed to the organization, and less satisfied with their jobs. Physical discomfort, a progressive decline in inventiveness, weariness, and rage will result from this (Tsai et al., 2007). Furthermore, from the standpoint of the social network, the attitudes and actions of the surviving employees were impacted by the loss of coworkers and friends at work. They have a propensity to lose interest in the organization and to become less dedicated to its performance (Shah, 2000). The following are examples of the negative characteristics linked to organizational decline (Cameron, Kim, and Whetten, 1987): a fall in innovativeness, resistance to change, and a concentration of decision-making at the top of the organization. There is less sharing of power. Lack of leadership, growing conflict, and a lack of teamwork.

At early 1980’s, the following propositions were almost discussed is in organizational development; organizational adaptability and flexibility are associated with slack resources, loose coupling, and redundancy; consistency and congruence are essential for effective organizations (Cameron, 1994). two kinds of downsizing strategy was proposed: convergence and reorientation strategy (Freeman and Cameron (1993). Whenever an organization embarks on a significant downsizing initiative, the right strategy is to approach the process as a reorientation. The purpose of downsizing as convergence, which is a component of continuous improvement, is to enhance all ongoing organizational procedures. Every one of these downsizing strategies includes a specific set of organizational adjustments, implementation procedures, and shrinking techniques.

Depending on how much the downsizing efforts changed the strategies, Cameron et al. (1993) further separated them into three categories. These strategies—known as the workforce reduction strategy, job redesign strategy, and systematic approach—were ultimately responsible for the most significant organizational changes.

The advantages of workforce reduction strategies are creating readiness for change, and motivating cost savings. It is tough to foresee who will be fired or accept the early retirement offer, though. Certain aspects of downsizing are linked to long-term improvements in organizational performance. The most potent element is attrition-based downsizing or employing recruiting bans and failing to replace departing employees. Although it happens frequently, the organization loses out on talent and expertise. Furthermore, if positions or staff are cut without corresponding reductions in work, performance suffers as a result of the remaining staff members being overworked and often forced to perform duties for which they may not be qualified.

According to the institutional theory of downsizing (McKinley et al., 1995, 2000), many businesses view downsizing as a successful management strategy because of social reasons. Managers gradually embraced comparable downsizing tactics, like offering job-seeking assistance. Furthermore, others contended that a different downsizing approach would be more suitable than simply cutting jobs and shrinking. Since the late 1980s, the idea has been discussed (McCune et al., 1988; Ulrich and Lake, 1991). The plan called for things like fewer prospects for promotions, a pay freeze, fewer working hours, two people sharing one job, and no paid time off.

Cameron offered a 30-point recommended prescription for effective downsizing in 1994 after researching the auto industry's downsizing approach. A downsizing approach would result in performance and ability losses for organizations. Before cutting staff, businesses should conduct a thorough analysis, promote employee involvement, communicate effectively, and implement higher level quality management. A successful downsizing, however, needs to include all factors, including strategies, planning, employee involvement, leadership, employee care, performance evaluations, and execution.

Nevertheless, a lot of smaller businesses failed to meet their initial objectives and develop the necessary competitive advantages. As a result, they experienced low staff presence, fewer employee commitments, and a loss of loyalty rather than cutting expenses, making more money, and boosting productivity. This will have an impact on people-related corporate operations including customer service and quality (Cameron, 1994).

Successful downsizing, according to Cascio (1993), Cascio (2002), and Cameron (1994), can be attained by ongoing performance improvement and attention given to the remaining employees (making them feel taken care of by the employers). For instance, reducing companies with compassionate HRM policies would improve the effectiveness of the organization. These demonstrated the significance of tending to the remaining staff members and making sure they understood the work that the companies had done for them (Tsai et al., 2007). Companies should encourage people to learn in order to improve competitive advantages, especially for businesses that have experienced downsizing, as personal and organizational learning are critical to both employees' personal development and firms' competitive advantages (Tsai et al., 2007).

10.1 Individual Outcomes of Employee Downsizing

It is important to study the effect of employee attitude and behaviors on downsizing. It affects group and individual attitudes, and destroy the trust and loyalty between employees and their employers. Downsizing depends mainly on how it is managed and successfully implemented in order to increase organizational profitability. For example, it has been argued that effective communication of downsizing completeness can help decrease employees anxiety and resistance to change among downsizing survivors. Also, the the procedures used to manage downsizing allow employee to communicate with the changes by providing them with opportunities to express their views and opinions (Self et al., 2007).

Enabling employees and training them well and letting them know the importance of downsizing to them will gain their loyalty and successfully implement the downsizing into the organization (Cameron, K.S., 1994). Organizational downsizing's impact on people and groups is discussed in the framework of psychological contract theory. According to Rousseau and Tijoriwala (1998), this theory highlights the drawbacks of contracts that regulate relationships between employers and employees. The expectations regarding a set of duties that bind employers and employees are known as psychological contracts.

Employees who survive may experience psychological withdrawal, including decreased involvement or absences, as well as decreased trust and loyalty. Procedures that guarantee uniformity amongst people are considered equitable. In order for them to embrace and represent the viewpoints of those who are impacted. Employee conduct is significantly impacted by perceptions of justice surrounding decision-making and execution processes connected to downsizing. When determining if downsizing is necessary, employees' perceptions have an impact on justice perceptions. The displeasure of downsizing may vary depending on how fair the reduction is judged to be.

Researching the connections between downsizing and self-worth, loyalty, job involvement, and job happiness is crucial. Downsizing can significantly affect the attitudes and actions of employees. There is a broad consensus that downsizing causes survivors to be less committed to their organizations and to their jobs (Cameron, K.S., 1994). However, research by Freeman, S.J. (1994) indicate that downsizing impacts are manifested in higher perceived control and high supervisor support. According to research by Freeman, S.J. (1994), job commitment after downsizing is a significant element that promotes the effective use of the coping mechanism used by survivors who use control coping, which in turn leads to increased commitment among survivors.

In addition to the aforementioned, research by Amabile and Conti (1999) shows that distributive justice and management trustworthiness have an impact on the detrimental impacts of downsizing on survivors' attachment and commitment. According to a study by Allen and Freeman (2001), empowerment helps downsizing survivors develop a stronger sense of organizational attachment. Conversely, low justice will impact survivors who have a high organizational commitment. Additionally, work satisfaction and organizational commitment are decreased as a result of downsizing.

The first discussion of the importance of perceived justice in downsizing came from Brockner et al. (1994). Therefore, layoffs did not significantly affect organizational trust and support when survivors thought that procedural fairness was high. According to Amabile and Conti (1999), survivors who hear about downsizing from their managers rather than from outside sources feel that the downsizing is more fair. Additionally, there is a correlation between the source of layoff information and the perception of procedural fairness in leader-subordinate interactions, which are marked by a high degree of commitment and confidence.

The majority of research pertaining to this downsizing and turnover relationship has looked at how downsizing affects survivors' voluntary turnover. This demonstrates that while downsizing raises the effects, they are less significant when workers are more positive, committed to the business, and have higher task self-esteem. Furthermore, workers who feel helpless will not quit the organization; on the other hand, a high turnover rate will result from a larger sense of control and a perceived increased risk of losing their jobs.

Furthermore, there was a stronger correlation between downsizing and turnover in companies that had more HR policies focused on improving career development. Lastly, there is some evidence to support the theory that, during the postdownsizing phase, downsizing causes a rise in absenteeism among survivors in addition to higher turnover (Travaglione & Cross, 2006). The research focuses on how downsizing affects the volume and caliber of work produced by survivors. Research suggests that downsizing hinders creativity (Amabile & Conti, 1999) and negatively affects several facets of quality enhancement. According to Cameron, K.S. (1994), there is an increase in innovation in the workplace after downsizing.

According to numerous studies (Amabile & Conti, 1999; Gilson et al., 2004; Mishra & Mishra, 1994; Travaglione & Cross, 2006), downsizing will result in a drop in work performance on many different levels and dimensions. We can, however, presume that a number of things affect this association. For instance, Armstrong-Stassen (1994) discovered that while supervisor support was favorably correlated with post-downsizing work performance, the danger of job termination had a negative correlation, meaning a lack of advancement and success. Similarly, threats to the well-being of survivors after employee reductions have a negative impact on their job performance, according to Brockner et al. (2004).

However, in contrast to escape coping, survivors' control coping improved their productivity at work (Armstrong-Stassen, 1994). Lastly, it is reasonable to suppose that strong bonds with other survivors and their responses influence how well survivors perform at work. There is a clear correlation between survivor attraction and better job performance. Furthermore, Brockner et al. (1997) discovered that improved job performance among downsizing survivors was a result of communications as well as supportive responses from other survivors.

10.2 Organizational Outcomes of Employee Downsizing

This stream of study aims to produce evidence demonstrating how staff reductions enhance an organization's performance. Downsizing advocates have long maintained that managers can use workforce reductions to increase organizational effectiveness and efficiency. Because labor expenditures make up the largest portion of the cost structure, their decrease may be the reason for some of the institution's successful performances. This reduction leads to fewer personnel working at better levels of productivity.

However, those who oppose downsizing have steadfastly maintained that these advantages are, at most, negligible or nonexistent. They contend that while downsizing may lower labor expenses in the near term, it also weakens an organization's long-term competitive edge by dismantling talent bases, perplexing organizational relationship networks, and, as was previously mentioned, inciting resistance from survivors.

While most of the research in this stream has focused on the effects of downsizing on financial performance, such as market returns and firm profitability, a few studies have also examined the effects of downsizing on other organizational outcomes, such as sales growth, labor productivity, changes in R&D intensity, and reputation. The 36 studies included here are divided into three groups: (a) studies looking at the effects of downsizing on stock prices and investor reactions (Link 3-5a has 20 studies), (b) studies looking at the effects of accounting returns (Link 3-5b has 19 studies), and (c) studies looking at the effects of organizational efficiency and other outcomes (e.g., sales growth and R&D investments; Link 3-5c has 16 studies). The table above provides an overview of the studies that are part of this stream.

This evaluation found thirty papers that looked at how organizational downsizing affects workers using the event study approach. Staff reduction lowers expenses and boosts revenue. The influence of business performance, including accounting, market-based, and efficiency indicators, on downsizing choices have been the subject of several studies. Additionally, a key consideration in decisions for downsizing is business performance. Therefore, personnel downsizing will result in disgruntled workers, which will have an impact on their output.

11. Conclusion

This study shows a review of articles examining the impact of downsizing on employees attitudes and organizational performance. It is clear that managing downsizing in an effective and efficient way is important for the good implementation of downsizing in to the organization. Restructuring, force reduction, selective shrinkage, dehiring, delayering, reengineering, rebalancing, and outplacing are some examples of how downsizing is demonstrated. Downsizing is a phenomenon that has become a reality of contemporary organizational life.

According to recent studies, staff reductions are a normal aspect of working for a company. Businesses should review their cost structures, particularly their human resource allocation, in order to obtain a competitive advantage in these shifting demand situations. Furthermore, in many nations, staff downsizing has become the norm. Certain nations have implemented the practice of staff downsizing, in addition to those that have had their fair share of job losses. Given its significance, workforce downsizing strategy might be considered one of the most important management challenges of the modern day. Given its effects on the social and economic spheres, it is not surprise that staff downsizing has gained attention in both academic and commercial circles.

The organization benefits from employee downsizing in the form of reduced expenses and increased production. While companies perceive downsizing as an expedient means of enhancing performance, the reality is that downsizing may not always yield the anticipated financial gains. A planned series of organizational procedures known as "employee downsizing" aims to reduce staff in order to increase company performance. Cameron (1991). Scholars in a variety of fields, including economics, finance, organization behavior, organization theory, and human resources, have written about employee downsizing. The goal of this work is to compile all of the organizational downsizing elements and strategies from earlier studies and publications published between 1980 and 2019.

"The Impact of Downsizing on Occupational Stress and Organizational Commitment" presents a comprehensive review of previous literature from a top-ranked journal, exploring the intricate relationship between downsizing, occupational stress, and organizational commitment. This article delves into various studies conducted in the field, synthesizing findings and highlighting key insights. By meticulously examining existing research, it aims to elucidate the effects of downsizing on employee well-being and their dedication to the organization. However, while the review offers valuable theoretical insights, it lacks empirical validation. To bridge this gap, a practical study accompanied by statistical analysis is imperative. Such an endeavor would not only validate the claims made in the literature but also provide a more nuanced understanding of the dynamics at play within organizations undergoing downsizing. Consequently, this study serves as a precursor, laying the groundwork for future empirical investigations that can offer actionable insights into mitigating the negative impacts of downsizing on employee morale and organizational commitment.

Nevertheless, the review's theoretical framework provides a robust foundation for subsequent empirical inquiries. Through meticulous analysis of existing literature, it identifies gaps in current understanding and highlights avenues for further exploration. By leveraging statistical techniques to validate the theoretical assertions, future studies can build upon this groundwork to generate more nuanced insights into the complex interplay between downsizing, occupational stress, and organizational commitment. Thus, while the current review may lack empirical validation, it offers a springboard for researchers to embark on empirical studies that can refine and expand upon its theoretical underpinnings. In doing so, it paves the way for a more comprehensive understanding of the multifaceted impacts of downsizing on both individual employees and the organizations they serve, thereby facilitating the development of more effective strategies to navigate periods of organizational change.

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