EFFECT OF DOWNSIZING ON WORKFORCE QUALITY AMONG COMMERCIAL BANKS IN KENYA

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DECLARATION

This research project has been done by me and has never been submitted for exam in any college, University or any other institute of higher learning.

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This project has been submitted for examination with my approval as University Supervisor.

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DEDICATION

This research project is dedicated to my father, Richard Munyui and my entire family for the moral support and encouragement they have offered me throughout the course.

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ABSTRACT

Downsizing has become the strategy favored by many companies attempting to cope with fundamental structural changes in the world economy. This trend is set to continue with more companies planning to retrench over the next few years. For several years, there has been a strong tendency to adopt a downsizing strategy to deal with the economic pressures in the environment. Once seen as a short-term measure, downsizing has become the way to increase profitability. Of course, there are many anticipated benefits of downsizing, in terms of the economic level and increased operational efficiency of the organization. Downsizing results in detrimental effects on the work force quality if not implemented appropriately. Successful downsizing requires managers to evaluate the overall impact of downsizing especially on the signal they send to the employees as this might reduce their morale.

The study sought to establish the effect of downsizing as a human resource tool on the workforce quality in commercial banks in Kenya. The study employed a purposive sampling research design. The target population included the commercial banks in Kenya that have done downsizing from 2009 to date, targeting senior managers in the banks. The study used primary data which was collected through the use of structured questionnaire to be answered by the respondent. Data analysis procedures employed involved both quantitative and qualitative data analysis procedures. Quantitative data was analysed using descriptive statistics such as frequency counts, means and percentages while qualitative data was analysed using content analysis. Statistical Package for Social Sciences (SPSS) was used to analyse quantitative data.

The study found among other things that organizational downsizing undermines teamwork, reduces employee empowerment, and undercuts employee perceptions that their organization is committed to them and erodes employee commitment to quality workforce building; threatens job security, thus reducing employee commitment to the quality program. Further, downsizing weakens top management commitment to quality workforce and undermines the basic premises underlying workforce quality management Therefore, it is recommended that, analysis of the effects of downsizing on workforce quality and the organization performance as a whole should be done before undertaking downsizing. The study further recommends that, organizations should involve experts while undertaking this exercise, to establish the right criteria to use.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the study

During the last two decades, downsizing has become the strategy favored by many companies attempting to cope with fundamental structural changes in the world economy. This trend is set to continue with more companies planning to retrench over the next few years. Makawatsakul and Kleiner (2003) observe that for several years, there has been a strong tendency to adopt a downsizing strategy to deal with the economic pressures in the environment. Once seen as a short-term measure, downsizing has become the way to increase profitability. Of course, there are many anticipated benefits of downsizing, in terms of the economic level and increased operational efficiency of the organization. It can increase productivity, the value of the companies' shares and the profits by reducing the number of employees per unit. However, the hidden costs of this strategy are enormous and, more often than not, underestimated. In fact, they often eliminate all of the anticipated benefits. Unfortunately, massive downsizing very often seems to generate more problems than it solves, and only rarely does it achieve its original financial objectives.

Downsizing remains a multifaceted business phenomenon. While the body of literature is extensive and many valuable lessons have been learned over the past 30 years, the reactive and strategic practice of downsizing has continued unabated despite its dubious track record. Downsizing is probably also one of the most misunderstood and misinterpreted contemporary phenomena. Thus, a greater depth of understanding is required in order to establish a meaningful dialogue between businesses and academic communities (Gandolfi, 2009).

Since the 1980s the business environment has witnessed an era of continual and dramatic change triggered primarily by global competitive pressures, enhancements in technology and a demanding customer-driven market (Ulrich, 1998).Large and bureaucratic organizations are no longer sustainable. Lean and fit, smaller and responsive organizations (Armstrong, 2001) seem to be preferred features of organization design. In order to achieve these ends, retrenchment has become and will continue to be a commonly applied technique (Sahdev et al., 1999).

The last two decades have also witnessed liberalization which has led to stiff competition in many sectors of the economy and has made firms change by taking certain actions in order to survive. One of these activities is retrenchment which is sometimes referred to as downsizing. The Kenya business environment has been undergoing drastic changes for sometime now. Some of these changes include the accelerated implementation of economic reforms by the government, the liberalization of the economy, globalization, discontinuation of price controls, privatization and partial commercialization of the public sector and increased competition. In this changing environment, organizations have to constantly adapt their activities and internal configurations to reflect the new external realities. During the past year, the effects of economic recession forced companies to make hard decisions about their human capital investments as they worked to contain costs and maintain competitiveness. The most important asset to any organization is the human resources (Halcrow, 1997). People are the most common element in every organization and they can be used to further an organization's competitive advantage (Decenzo, 1998). However, when a cost reduction programme is implemented in any company, the first casualty is the human capital investment like cutting back benefits, staff retrenchment, freezing or cutting salary increases and cutting or freezing development programmes like training.

1.1.1 Concept of Downsizing

Downsizing is a management tool which refers to the process of reducing the number of employees on the operating payroll by way of terminations, retirements or spin-offs. The process essentially involves the dismissal of a large portion of a company's workforce within a very short span of time. From the management's point of view, downsizing can be defined as 'a set of organizational activities undertaken by the management, designed to improve organizational efficiency, productivity, and/or competitiveness (Martin, 2003).This definition places downsizing in the category of management tools such as reengineering and rightsizing.

Downsizing is not the same as traditional layoffs. In traditional layoffs, employees are asked to leave temporarily and return when the market situation improves. But in downsizing, employees are asked to leave permanently. Both strategies share one common feature: employees are dismissed not for incompetence but because management decided to reduce the overall work force. In late 1990s and early 2000s, different organizations in the banking industry adopted different kinds of downsizing techniques and strategies (Joan, 2004).

Downsizing strategy has been adopted by many organizations as a way to deal with the economic pressures from the environment. This was first witnessed in the private sector, but has now spread to all levels of the government. The private organizations that adopted this strategy in Kenya include Kenya Commercial Bank, Barclays Bank, Equity Bank, Cooperative Bank, Safaricom, Coca Cola Company, Nestle (K) Ltd, Glaxowelcome (K) Ltd amongst others. The parastatals that have undertaken retrenchment include Kenya Airways, Kenya Tea Development Agency, Telkom Kenya and National Bank of Kenya. In the civil service, various ministries have been reducing their staff since 1994 in an effort to reduce costs and increase efficiency (Moi, 2002).

In the month of May 2011, Co-operative Bank, Kenya's third largest lender by assets, said it would part ways with 34 of its managers in a bid to cut its top-heavy structure. MD Gideon Muriuki said this was meant to achieve a leaner and flatter structure particularly in the management cadre, a feat that should help the bank hit its $119 million profit before tax target for 2011. KCB, Kenya's largest bank by assets is currently executing one of the biggest corporate reorganizations in the recent history of the banking sector following recommendations by international consultancy firm McKinsey and Company, to help slash the bank's operational expenses. The restructuring, announced on May 17 2011 has so far seen 10 senior executives exit the bank as the lender cut its executive committee to seven members from 22 and scrapped the positions of deputy CEO's, director public affairs and communications, and the divisional director - special projects. The transformation project is expected to enter the second phase, affecting middle-level managers and will see alignment of functions across the business to support the new structure. Early this year, Barclays Bank let go of around 200 middle level managers slashing it labour costs which shot to $98.8 million from $85.7 million in 2009. Comparatively, KCB's wage bill grew 31 per cent last year to stand at 110.7 million from $84.5 million in 2009. Equity Bank too re organized its executive suites, merging some departments and abolishing others (Mwaura, 2011).

1.1.2 Concept of Workforce Quality

According to Powell (1993), workforce quality refers to the characteristics of the employee in an organization that enables them to achieve the organizations goals and targets in time and in the prescribed way. These characteristics include highly skilled workforce -- with diverse experiences, perspectives and cultures -- to provide excellent customer service and create sustainable value for customers and stakeholders. The existence of a skilled workforce in a region is an indicator of both the presence of industries that demand such workers and a measure of a region's ability to educate or attract skilled workers. Workforce quality can be strengthened by investing in education and by creating a business-friendly environment that attracts knowledge-intensive businesses and the skilled workforce that these businesses employ.

A quality workforce that can adapt and thrive in the rapidly changing global marketplace is key to economic vitality. Many organizations face a growing shortage of skilled workers and increasing global competition for the skilled jobs and wages. According to The Western Illinois Workforce Investment Board (WIB) workforce definition identifies seven characteristics that every worker must have to ensure workplace productivity and long-term career viability. The six characteristics of a quality workforce are: learns and adapts, demonstrates a strong work ethic, has a customer service orientation, uses information technology, innovates and displays a global perspective.

1.1.3 Effects of Downsizing on Workforce Quality

Downsizing has diverse effects on workforce quality. The effects are both positive and negative. Downsizing leads to organizational culture change to include both intended effects (planned change) and unintended effect (unplanned change), then it is at least possible to present downsizing as a catalyst to this change. The literature is repleter with examples of depression, anger and betrayal a common responses of survivors (Noer 1993; Brocker 1992). Not all responses are negative. There were reports of people getting ‘chaged up’ , finding new excitement in their work, being challenged by prospect of ‘doing more with less’ or saving the organization (Noer 1993). Downsizing may have a deleterious effect on organizational culture by affecting trust, employee empowerment, initiative and moral (Mishra et al 1998; Mabert and Shmener, 1997) developing narrow-minded, self absorbed and risk averse employees (Cassao 1993) reducing orgnziational learning capacity (fisher and White 2000) and promoting knowledge hoarding (Sarkis et al 2000).

Downsizing is usually geared at improved productivity and enhanced competitiveness; these have helped to make downsizing a very effective strategy for improving an organization's overall performance (Bediako 2002). Following downsizing and restructuring, work is distributed among the remaining staff resulting in increased workload for the individuals, shortage of skilled workers, high staff turnover, deterioration of teamwork, distrust of management and ineffective management of critical resources (Clemmer,1995;Eisenberg,1997).

1.1.4 Commercial Banks in Kenya

The number of commercial banks in the sector declined to 43 in December 2005 from 48 in June 2005 following a merger between one bank and one building society and one bank going under. Other non-bank financial institutions (NBFIs) include mortgage finance companies, building societies and SACCOs, which also provide basic banking services. (Monthly economic review; Jan 2006 issue) According to the Central Bank of Kenya, during the year to December 2005, the balance sheet of the banking sector expanded with total assets increasing by 10% to Ksh. 643 from Ksh. 514 billion in December 2004. The sector recorded an improved performance in 2005 with pre-tax profits increasing by 48% to stand at 20.1 billion from Ksh 13.6billion in 2004.According to an Annual Bank Supervision report (2005), the Kenyan economy recovered to expand with a GDP growth of 5.2% in 2005 compared to overall 4.3% in 2004. During the year, the economy enjoyed a favorable macroeconomic environment, consistent with low and stable interest rates, strengthening shilling exchange rate and falling inflation.

The Banking industry in Kenya is governed by the Companies Act, the Banking Act, the Central Bank of Kenya Act and other various prudential guidelines issued by the Central Bank of Kenya (CBK). All of the policies and regulations that administer the entire banking industry centers in lifting the controls towards the management and equitable services. With the help of the monetary policy theirs is a formulation of policies that fosters the liquidity, solvency and proper functioning of the financial system. Along with the various developmental changes in the environment, Kenya's banking industry recognized the growth in assets, deposits, profitability, and adoption of banking services and products (PwC). As a result of the growth in the financial streams and increased innovative programs, the competition in the banking industry tightened (Elias, 2004).

It is noted in the Central Bank of Kenya Supervision Annual Report (2001) that the banking system remained stable during the year 2001 and recorded remarkable increase in levels of profitability. Aggregate net profits before tax rose from Ksh. 2.8 billion in 2000 to Ksh. 8.9 billion in 2001. The overall audited performance of the banking sector measured in terms of capital adequacy, asset quality, liquidity and earnings remained fair, based on the Central Bank's internal rating system. The sector however, has continued to be faced with a number of challenges. These include reduced business activity arising from slowdown in economic growth, and attempts made during the year aim at re-introducing interest rate controls. The stock of non-performing loans still poses a major challenge. The total number of banking institutions decreased by 5 during the year 2001, as a result of liquidations and mergers (Gacheri 2011).

In recent years, a number of mergers and acquisitions have taken place in commercial banks. Some of the mergers have been triggered by the need to meet the increasing minimum core capital requirements, and also to enhance institutions' market share in the highly competitive local banking environment through the resulting synergies. Over the last few years, there has been a tendency by some banks to reduce the number of their branches. This has in most cases been done with the objective of cutting down costs through staff reduction and to offer quality services to customers. There has been a change in assets composition due to harsh economic conditions that have led to the closure of a number of businesses and low effective demand for bank credit at both personal and corporate level (Mwangi, 2002)

1.2 Statement of the Problem.

Downsizing should never be used as a communication to financial centers or investors of the new management's tough-minded, no-nonsense style of management -- the cost of downsizing far outweighs any benefits thus gained. Most corporate attorneys will advise laying off employees on a last-hired, first-fired basis across all departments. The method for downsizing that is most clearly defensible in a court of law, for example, is to lay off 10 percent of employees across all departments on a seniority-only basis. This way no employee can claim that he or she was dismissed for discriminatory reasons (Paul, 2000).

Skillful downsizing should help a company emerge from challenging economic conditions in stronger shape. Organizations in the banking sector should come up with creative efforts to avoid downsizing negative effects. Negative effects of downsizing includes hiring freezes, salary cuts or freezes, shortened work weeks, restricted overtime hours, unpaid vacations and temporary plant closures. Downsizing may at times prove unavoidable, thus the ultimate goal should be to eliminate nonessential company resources while minimizing the negative impact on the remaining organization and hence the need to carry out the study on effects of downsizing on banking industry (Joan, 2004).

Downsizing results in detrimental effects on the work force quality if not implemented appropriately. Companies must be careful to avoid sending the wrong messages to employees, shareholders and the media. Successful downsizing requires managers to evaluate the overall impact of downsizing especially on the signal they send to the employees as this might reduce their morale. Major challenges are faced when an organization does downsizing without evaluating the impacts. Managers must calculate the present value of all costs and benefits. Therefore, the value created from downsizing should exceed the cost of lower employee morale and potential damage to the company's reputation (Fincham, 2009).

According to Paul (2000), the rationale for downsizing the workforce, the goal of the downsizing and the rate, size and scope of the downsizing differ dramatically across organizations shrinking their workforces. Consequently, organizations are likely to pursue different strategies for reducing their core workforces, why downsizing organizations are likely to pursue different strategies for changing the emphasis of their career development activities and which employees are most likely to experience deteriorating career development opportunities as a result. Effects of downsizing of the workforce quality thus will differ from one organization to another. The effects however, might impact negatively on the institution in terms of profits and reputation. The organization as a result might loose it market share and experience high employees' turnovers therefore its diluting the workforce quality.

Some studies have been done on various aspects of retrenchment, for example: Nzuve (2009), focused on the short term impact on laid-off workers and survivors, the long term, systematic impact of downsizing on organizational career development activities. Moi (2002) did a study on the nature of responses of survivors to downsizing. Another study was conducted a survey of factors that influence the attitudes of survivors of downsizing towards management and job security in the banking sector by Mwangi (2002). Karimi (2002) did a study on the problems experienced by organizations in managing the survivors of downsizing. A survey of the practices of staff downsizing among the major oil firms in Kenya by Guyo (2003). However, none of these studies has specified on the effects of downsizing on the banking industry which is one of the leading industry in the region.

The study sought to answer the following research questions; the effect of downsizing on employee motivation in the workplace and the effect of downsizing on the workforce quality after a downsizing phase has been done.

1.3 Research Objective

The study sought to establish the effect of downsizing as a human resource tool on the workforce quality in commercial banks in Kenya.

1.4 Value of the Study

The study would act as a guide of how banks and other organizations should handle downsizing. It would therefore assist the management on how to about downsizing without compromising on workforce quality. The study findings would be of great significance to the management in the banking industry as they would fully understand the effect of downsizing in the banking industry.

The results of this study would not only be helpful to the bank but to other industries as the challenge of downsizing is not unique to the commercial banks only. This is because the results of this study would act as a guide to the management of other industries, thus helping them to carry out downsizing without diluting the quality of the workforce left.

The study findings would be of great importance to the researcher, as it will contribute to both theoretical and practical knowledge on the effect of downsizing in the banking industry and other organizations. The study would add value to the research in the area of downsizing. Scholars would find it important as it would increase the body of knowledge in this area. It would also assist the researchers in doing further studies on the same. It is hoped that the knowledge gained from the study could serve as a basis for planning and a point of reference for further studies in the field of downsizing.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter gives the review of the literature that is related to the study. The specific areas covered here are overview of downsizing, causes of downsizing, and criteria of downsizing. Also presented here are the effects of downsizing on workforce quality.

2.2 Downsizing

Downsizing consist of an intentional set of activities undertaken by management of an organization in order to improve overall organizations efficiency, productivity and competitiveness, this also results in the reduction of the number of employees required by an organization (Cameron et al, 1993). Downsizing therefore is expected to lead to lower overhauls, less bureaucracy, faster and smoother decision making and overall increase in productivity level of the firm (Sahder et al, 199).

Downsizing is the discharge of surplus employees due to down turn in business, the installation of labour saving machinery and standardization or improvement of plants and techniques. This will result in the reorganization of the employers undertaking; consequently same employees maybe redundant and may have to retrenched (Job Street Journal)

Downsizing is often distinguished from related phenomena such as restructuring and declining (Chair et al, 200. Cameron and others (1991) report that the terms encountered as synonyms of downsizing include resizing, declining, restructuring, recognizing, reengineering, learning-up, streaming, reduction, rightsizing, retrenching, slimming, researching, non-adapting, consolidating and many others, each of these concepts may share some meaning with downsizing but, each may also produce different connotations and criteria for assessment (Chair et al, 200).

2.3 Causes of Downsizing

There are various strategic reasons for organizations to downsize. They include acquisitions and mergers nee to avoid bankruptcy, to prepare for privatization and to reduce costs in order to reduce costs to remain competitive in an increasing global economy. (Appelbaum, 1997).

Downsizing usually results following an acquisition or merger. Duplicate and redundant functions are eliminated in an attempt to consolidate all operations in order to achieve synergies. The resulting new organization is then expected to operate efficiently and effectively and to achieve the strategic objectives of the new organization (Simpson and Shaproo, 1987).When faced with eventual and /or possible bankruptcy, some organization usually small or medium sizes ones, resort to downsizing in the hope of postponing the irresistible. In this situation, the major objective is to cut costs immediately (Stebbins, 1988)

The market place for many organizations has expanded fro within a region to within a nation and the entire globe. According to Mense and Marks (2003), globalization read to adverse global economic conditions by eliminating jobs and closing or diverting operations. Secondly, some organizations react proactively by downsizing as a consequence of their merges, acquisitions alliance and joint ventures aimed at broadening their global reach. Technological continues to become increasingly more sophisticated and effective in enhancing quality and efficiency in the workplace. Firms are taking advantage of new technologies, from factory automation to information storage, to reorganize work and make it more efficient. Technological advances enable greater production by fewer people (Meues and Marks, 2003).

Drew (1994) compartmentalized the factors that cause downsizing into three main categories: Macroeconomic, industry specific and company specific. Empirical evidence reveal that decline in sales (industry specific declines in profits (industry specific) poor financial results (sampling specific), greater responsiveness to customer needs (industry specific) and increased international competition (macroeconomic) were the main downsizing driving forces to the surveyed firms. Mishar and Misha (1994) assert that firms have downsized in order to cut costs, seeing few alternatives for with increasingly competitive global market place. They contend that the kind of downsizing that kind of downsizing that took place on the 1980s was mainly an effort to reduce the number of employees in order to remain competitive, at trend that continued into the 1990s.

More recently, downsizing has become a common response to an emerging global environment. Downsizing is generally a response to one of the following conditions: lose of revenues and market share throught technological and industrial change, the implementation of anew organizations structure and the belief and social pressures that smaller is better (Gandolfi & Niek 2007). This corresponds to assertions by Camings & Worley (2001). Mirabal and De Young (2005) also caution that responding to an organizational crisis in the absence of all will-defined strategic plan might result in across the board acts that penalize the most efficient units of the firm and thus decreasing its competitive advantage.

Magar (2010) adds a few reasons why firms downsize, namely outsourcing practice, strategy changes, change in management, economic crisis and excessive workforce. Organizations catering to international markets require a huge and efficient employee base. If this later can be obtained by exploiting the job to other countries, a huge downsizing takes place in the parent country. Some companies may reduce certain areas of operation and focus in other areas. This usually occurs on small and medium sized firms. The change in the top brass of a company can result to downsizing. The working methods and procedures vary with management. Economic crisis is the single biggest cause of downsizing. The recent economic recession has triggered a number of lay-offs in many reputed and popular firms in the world. Lastly in a period of high growth, a company hires excess staff to meet the needs of a growing business. However, in firms if a recession the business opportunities dwindle leading to downsizing of the surplus staff.
An organization may downsize as a result of persistent failure to perform assigned duties or to meet prescribed standards on the job. Specific reasons here include excess absenteeism, tardiness, a persistent failure to meet normal job requirements, or an adverse attitude towards the company supervisor or fellow employees (Flippo, 1984).Employers may find that performance appraisal schemes provide a useful structure for establishing fair and objective criteria and that the use of appraisal data can help to ensure that the act of selection is not itself unfair (Lewis 1992).

It is generally found in practice that seniority is a stronger factor in layoff than it's in promotion decision. In one survey of union management contracts, seniority was the sole factor controlling layoff decisions in 25% of the contracts, a primary factor in one half (seniority controlled if the mere senior employee could meet minimum performance requirements) and a secondary factor in the remainder (seniority controlled only if the more senior employee was relatively equal in ability to the person to be replaced) (Flippo, 1984). This system involves laying the least senior people in each jog class. Cutting the same percentage of employees from each job class would make downsizing process completely objective and automatic. This system has several advantages. The system ends reliance on subjective employee evaluations and would generate few legal challenges. It reduces moral effects and pressure to search for the jobs if one is "safe" and finally it removes some of the stigma that unjustifiably attaches to downsizing. Seniority based system has its disadvantages too. Low morale and pressure to search for other jobs are still felt by all employees, even if the pressure is eased for some people. There is no incentive to improve productivity. Positions are cut regardless of need (Harry C. Dennis, jr 1983)

It is fair to dismiss an employee on the grounds of capability or qualifications, but subject to the test of reasonableness. Capability refers to skill aptitude or nay other physical or mental quality. Qualifications mean any 'degree, diploma or other academic, technical or professional qualification. In practice, dismissals on the grounds of capability are the involving incompetence, where incompetence reflects the fact the employee is working below capacity rather than a lack of ability, the issue is to be treated as one of the misconduct rather than one of the capability. Loss of confidence in an employee more likely in a management position, can amount to incompetence (Lewis 1992).

In ill health dismissals much depends on the context. A dismissal in a small firm will often be fair, while in a larger firm, where the work can be 'covered' it will be unfair. The nature of the job will be a consideration too. At some stage, provided a proper procedure has been followed, an ill health dismissal is likely to be fair. The procedural necessities include ascertaining the medical position and consulting with the employee (Lewis 1992).

Misconduct may be defined as deliberate and willful violation of the employer's rules and may include stealing, rowdyism and insubordination (Flippo 1984). Certain offences normally attract the label 'gross misconduct'. These include theft, physical violence, drunkenness, breach of confidence and refusal to carry out a legitimate order. Gross negligence in the absence of any element of intention, does not amount to gross misconduct. The employer may consider the level of misconduct of various employees in the past (Lewis, 1992).

People may also leave organizations voluntarily to further their careers, get more money, move away from the district or because they are fed up with the way they feel they have been treated. They may also take early retirement (although this is sometimes involuntary) or volunteer for redundancy (under pressure or because they are being rewarded financially for doing so) (Armstrong, 2006)

Many organizations have resorted to early retirement programs as a criterion for reducing the size of the workforce. Research indicates that prospective retirees predict far more dissatisfaction with the retirement role than they actually experience after leaving the organization. Property designed programs can do much to lessen these anxieties (Flippo 1984) notes that whether cause of effect it is evident that retrenchment is a major event in one's lifecycle and the organization has a major responsibility in facilitating the transition from one stage to the other. People must become able to accept the idea that one can successfully live in dignity as an adult without having a job.

He further notes that retirement programs can also provide considerable values for the organization and society at large. They reduce the burden on the firm's personnel department after retirement in as much as most of their queries have been answered. It is also possible that their productivity in the few years prior retirement has been enhanced because of lessening of anxiety about the future. Society in general also profits from successful programs retirees posses a valuable societal resource – a daily supply of free time. Programs voluntary organizations enhance society's wealth. Programs that enhance greater self sufficiency in financial planning can do much in retirees' lives thereafter (Flippo 1984: Hall and Goodale 1986).

Armstrong (2001) suggests other criteria which include: Changed requirements of the job which is an employees incapability of doing the work assignments after the nature of the job has been changed; a legal factor that prevents the employee from continuing work; the employee book or repudiated his or her contract by going on strike – as long as he or she was not singled out for this treatment, that is, all striking employees were treated and no selective re-arrangement took place; the employee was taking fast in an official strike or some other form of industrial action.

2.4 Workforce Quality

A quality workforce that can adapt and thrive in the rapidly changing global market place is key to economic vitality (Al-Kazemi and Zajac, 1998). In most regions in the world, nations face a growing shortage of skilled workers and increasing global competition for skilled jobs and wages, the importance of defining "workforce quality" takes on new urgency (Powell, 1993). Many organizations in the world have begun a process to define and benchmark "workforce quality." A clear understanding of workforce quality is based on a recent survey of the region's employers, educators, economic developers, government representatives, and other stakeholders. This definition identifies seven characteristics that every worker must have to ensure workplace productivity and long-term career viability (McCabe and Wilkinson, 1998). The seven characteristics of a quality workforce are: Learns and adapts; demonstrates a strong work ethic; has a customer service orientation; uses information technology; innovates; displays a global perspective.

High-performing organizations must have the right people with the right set of skills in the right place at the right time. They must have effective mechanisms for acquiring the talent needed and for keeping the talent once it is acquired (Edwards et al. 1998). Many of the mechanisms for acquiring and retaining top quality individuals for the federal government are broken. In April 2001, the National Academy of Public Administration, in partnership with its Human Resources Management Consortium, sponsored a conference of government executives and professionals to examine these issues. The goal of the conference was to identify the legislative, leadership, and structural issues that must be addressed if the federal sector is to attract and retain the talent it needs (Blackburn and Rosen, 1996).

The critical success factors can be categorized into those organizational-level factors that provide the infrastructure for a quality management initiative and employee-level factors that promote employee support for the quality program. Top management commitment has been identified as one of the major determinants of successful quality workforce (Ahire et al., 1996) Communication of the quality mission and goals together with frequent, honest and open communication with employees is required to create a culture of shared ownership of organizational information (Blackburn and Rosen, 1993). Training employees in quality concepts and tools is essential for the implementation and maintenance of a quality workforce (Ahire et al., 1996; Blackburn and Rosen, 1993).

The quality literature emphasizes the importance of the employee for the success of any quality management program (Fok et al., 2000). The employee-level factors that enhance quality workforce are teamwork, empowerment, perceived commitment by the organization to the employee, employee commitment to quality management, and perceived job security. The notion of teamwork is central to quality improvement especially for a workforce (Coyle-Shapiro, 1995). According to Cardy and Stewart (1998), teams are the workforce structure of the quality movement and empowerment is its process. Anderson and Adams (1997) found employees strongly believed that teamwork was an important part of the quality process. Employee empowerment is essential to fostering employee participation and improving in-process quality control of a workforce (Ahire et al., 1996). Empowerment has been shown to have a significant positive effect on a number of workforce quality factors (Geralis and Terziovski, 2003). Quality management requires creating a positive reciprocal relationship between employees and their organization (Allen and Brady, 1997). Employees will be committed to their organization and its programs when they feel that their organization is committed to them. Perceptions of organizational support reflect employees' beliefs that their organization is committed to them and values their contribution (Eisenberger et al., 1986).

2.5 Effects of Downsizing on Work Force Quality

Downsizing acts as a catalyst for culture change. When we broaden our conceptualization of organizational culture change to include both intended effects (planned change) and unintended effect (unplanned change), then it is at least possible to present downsizing as a catalyst to this change. Lewis (1951) and Argyris (1992) have insisted upon the need for a destabilizing element in any change process. The existing status quo is conceptualized as a dynamic in which forces resisting change and forces pursing for change have found a balance. Downsizing qualifies as a destabilizer of status quo ante even under circumstances where departures are voluntary. Hickot (1995) documented symptoms of survivor illness at an air force installation that had, up to the point of research, experienced only voluntary departures. The literature is repleter with examples of depression, anger and betrayal a·common responses of survivors (Noer 1993; Brocker 1992). Not all responses are negative. There were reports of people getting 'charged up' , finding new excitement in their work, being challenged by prospect of 'doing more with less' or saving the organization (Noer, 1993)

In any event, it should be acknowledged that downsizing has altered the rule of employment. The way these changes have tended to be theoretically euphemized is by indicating that the psychological contract between employers and employees has been violated (Raisseau, 1995). No longer can the employer offer job security. The new psychological contract being marketed is conditional employment, with the availability for training and development opportunities to help keep employees 'employable' even if not this particular company. (Tichy and Sherman 1994; Waterman, Waterman and Colland, 1994).

The symbolic aspects of culture change associated with downsizing should not be overlooked. The very act of downsizing creates an appearance of leadership that is taking charge. For instance, in Kenya, the civil service reform program (CSRP) adopted retrenchment strategy for ministerial rationalization an staff right seeing to improve efficiency reduce the cost of government and improve efficiency through a learn well equipped and more efficient public service. The symbolism associated with this change may weigh more heavily in people's minds than the costs, which may include contracting about at a much higher price for services previously provided in-house. The political aspects of culture change associated with downsizing are also quite dramatic. Downsizing represents a power shift in the direction of top management and shareholders. One way of conceptualizing the change is via expectancy theory (Vroom 1964). The unsaid message is that management is not afraid to decide who 'has a future with the organization and who does not'

Downsizing alters the structure of an organization by redesign and contraction. It is possible that the newly designed structures may exhibit some of the difficulties outlined by the previous structure. For example social networks are disrupted when positions and groups are re-organized, affecting informal communication patterns (Dougherty and Baoman, 1995). Downsizing may have a deleterious effect on organizational culture by affecting trust, employee empowerment, initiative and moral (Mishra et al 1998; Mabert and Shmener, 1997) developing narrow-minded, self absorbed and risk averse employees (Cassao, 1993) reducing organizational learning capacity (Fisher and White 2000) and promoting knowledge hoarding (Sarkis et al 200).

Many firms have done organizational changes or direct workforce downsizing in order to cope with dramatic changes in the business environment (Mckee – ryan and Kinicki, 2002). Management use retrenchment as a tool improves the bottom line (Rinka, 1997) and it is often associated with organizational decline (Esisenberg, 1997). However the effect of downsizing is not as optimal as the company had expected at first, in terms of cost reduction, profit entrancement, return of investment (ROI), productivity and stock price (Cascio 1993: Cameron, 1994; Rigby 2002).

The goals of improved productivity and enhanced competitiveness have helped to make downsizing a very effective strategy for improving an organization's overall performance (Bediako, 2002). Following downsizing and restructuring, work is distributed among the remaining staff resulting in increased workload for the individuals, shortage of skilled workers, high staff turnover, deterioration of teamwork, distrust of management and ineffective management of critical resources (Clemmer,1995;Eisenberg,1997). The layoff survivors can be expected to exhibit the most negative reactions when they identify with layoff victims (Brockner et al 1987). As for the impact of downsizing on productivity, an American Management Association study found that companies that have downsized were as likely to report a decline in productivity as an increase. The study's director concluded that the after-effects of downsizing are problematic at best and raise the question as to whether the cure is worse than the disease (Lesley and Light 1992). After layoffs, employees who are left have to do not only their work, but also the work of people who have gone. Survivors often do not know how to do all the work of those departed and morale and productivity goes down.

Downsizing often leads to substantial short-term costs. This is because severance packages temporary declines in productivity or quality and rehiring or retraining costs more than offset the short term wage savings. The labour laws in Kenya dictate that an employee declared redundant should be paid 15 days pay for each year employed by the company (Kenya Labour Laws 2007. These severance cost can quickly became a burden. Appelbaum (1993) observed that downsized companies often retire old employees or 'binge on retiring' and train new ones quickly at high costs. Legal costs due to risks of neglecting or violating labor and civil legislative acts can be substantial. Downsized employees could feel that their termination was a result of discrimination on the basis of age, race, gender or disability. Timing could also be an issue. Employees citing breach of contract or lack of advance termination notice could file suit against the company. Whether the suits are lost or won, litigation is never cheap and many corporations tend to underestimate the cost of litigation (Appelbaum, 1993)

The remaining employees are victims themselves of uncertainty, lower morale, lost trust, envious to management levels, lower job satisfaction, lower organizational commitment and anxiety to the future (job insecurity).These negative effects are summarized as 'survivors syndromes', which can cause physical discomfort, gradually reduce creativity, increase fatigue and anger and lead to extreme avoidance of risks. The effects in behavior include; absenteeism and poor personal relationships (Brockner, 1998; Mckinley et al 1995; Gomez-Meijia et al 1998). These negative effects decrease productivity and competitive advantage (Sun, 1997A, 1997B; Shah, 2000). The psychological responses to downsizings are feelings of betrayal and confusion, which managers have to deal with (Buch and Aldmidg, 1990) to avoid downward trend in performance

(Zeigler, 1995). In addition the survivors of retrenchment suffer from fear, insecurity and uncertainty; frustration, resentment and anger, sadness, depression and guilt, injustice, betrayal and mistrust (Tylezak, 1981) often leading to survivors syndrome (Noer, 1993) manifested through attitudes, feelings and perception.

On another hand downsizing would have some positive outcomes for organizations if coupled with proper management and done for well conceived intentions. Firstly, when downsizing efforts are announced “the markets usually roar with approval” (Copeland, 1997). Downsizing can send a very positive message to stockholders. It can show that the company is serious about cutting costs or repositioning the company, thus resulting in an increase in stock prices. Increased human resource specialization is an obscure benefit. When companies downsize an entire department or functioning group and replace them with an outsourcing initiative, the human resource department now has one less type of employee that they must be able to deal with (Appelbaum, 1993).

In conclusion, from the downsizing literature (Cameron and Freeman, 1994), the finding is that most organizations do not accomplish the desired improvements, but instead experience an escalation in negative consequence. A survey of 1005 firms shows that downsized firms between 1986 and 1991 found that only 46 percent actually reduced expenses, only 32 percent actually increased profits, only 22 percent actually increased productivity and only 17 percent actually reduced bureaucracy although each of these goals was intended. Downsizing is viewed as having a profound effect on the organization and the personnel including those who are terminated and those who survive. Kozlowski et al (1993) state that employees who remain with the organization will also be affected by downsizing strategies intended to improve organizational flexibility, increase employee responsibility and streamline operations. For example, employees may respond with reduced trust and organizational commitment when the organization breaks its ‘psychological contract’ with them. A survey found that 74 percent of senior managers in downsized companies said that morale, trust and productivity suffered after downsizing (Henkoff, 1990).

According to Wilkinson et al. (1997), downsizing is a factor that might have a considerable negative impact on employee support for workforce quality. Neubert and Cady (2001) found that employee commitment to the quality program was related to employees' participation in the program and program-related performance. A sense of job security is a prerequisite of employee commitment to quality management (Blackburn and Rosen, 1996) and has been shown to be an important factor in promoting a favorable view of quality management (Edwards et al., 1998).

Some researchers (Cameron, 1995) argue that workforce quality management initiatives and organizational downsizing are inherently incompatible because downsizing undermines the basic premises underlying quality management. Conversely, other researchers (Bassi and Van Buren, 1997) contend that these two initiatives can and do co-exist. Several researchers have speculated that organizational downsizing has a negative effect on the workforce quality (Hubiak and O'Donnell, 1997). There is some, albeit limited, empirical evidence that downsizing weakens top management commitment to quality workforce (Lam and Reshef, 1999), reduces levels of communication in general, adversely affects employees commitments, subverts continuous improvement in product and service quality and overall performance (Bassi and Van Buren, 1997).

Researchers have also contended that organizational downsizing negatively affects the employee-level factors (Al-Kazemi and Zajac, 1998). There is some empirical evidence that organizational downsizing undermines teamwork, reduces employee empowerment, undercuts employee perceptions that their organization is committed to them and erodes employee commitment to quality building (Lam and Reshef, 1999). There is considerable empirical evidence that organizational downsizing undermines job security (Sverke et al., 2002). However, except for Armstrong-Stassen (1997) and Edwards et al. (1998) these studies have not specifically examined job security and organizational downsizing in conjunction with quality management.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

Dooley (2007) defines a research design as the scheme, outline or plan that is used to generate answers to research problems. The study employed a purposive sampling research design. According to Oso and Onen (2005), purposive sampling starts with a purpose in mind and the sample is thus selected to include people of interest and exclude those who do not suit the purpose. This method was therefore suitable in selecting the respondents who would give the necessary information as sought by the study. Saunders and Thornhill (2003) also posited that purposeful sampling is useful when one want to access a particular subset of people. They also indicated that when the desired population for the study is rare or very difficult to locate and recruit for a study, purposive sampling may be the only option.

3.2 Population of the Study

This study was conducted in all commercial banks within Nairobi. The target population included the commercial banks in Kenya that have done downsizing from 2009 to date, targeting senior managers in the banks. The researcher conducted a census of all the commercial banks in Kenya picking one respondent per bank.

3.3 Data collection

The study used only primary data. Two sources of primary data were identified from respondents and analogous situations (Saunders et al., 2007). The primary data for the current study was collected through the use of structured questionnaire to be answered by the respondent. Primary data is raw data collected for specific purpose (Kotler, 2006).

3.4 Data Analysis

After all the data was collected, data cleaning was done in order to determine inaccurate, incomplete, or unreasonable data and then improve the quality through correction of detected errors and omissions. After data cleaning, the data was coded and entered in computer for analysis. Data analysis procedures employed involved both quantitative and qualitative procedures.

Quantitative data was analysed using descriptive statistics such as frequency counts, means and percentages while Statistical Package for Social Sciences (SPSS) will be used to analyse Qualitative data. Martin and Acuna (2002) state that SPSS is able to handle large amount of data, and given its wide spectrum of statistical procedures purposefully designed for social sciences, it is also quite efficient. Qualitative data was analyzed qualitatively using content analysis based on analysis of meanings and implications emanating from respondent information and comparing responses to documented data on effects of downsizing on workforce quality. The qualitative data was presented thematically in line with the objectives of the study.

CHAPTER FOUR: DATA ANALYSIS AND PRESENTATION

4.1 Introduction

This chapter presents the data that was found on the analysis of effect of downsizing on workforce quality among commercial banks in Kenya. The research was conducted in commercial banks in Kenya that have undertaken downsizing.

A total of 40 questionnaires were administered, however 38 questionnaires were returned duly filled-in by the respondents. This makes a response rate of 95%. This response rate was excellent and representative and conforms to Mugenda and Mugenda (1999) stipulation that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent.

This commendable response rate was made possible after the researcher personally administered the questionnaire and made further visits to remind the respondents to fill-in and return the questionnaires.

4.2 Demographic Information

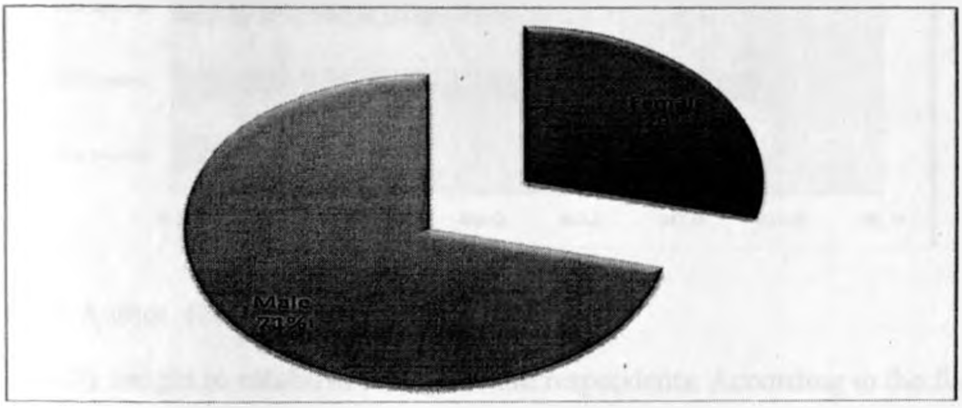
Table 4.1: Position in the bank

	Frequency	**Percentage**
Procurement head	2	5.3
Legal officer	4	10.5
Human resource manager	15	39.5
Human resource officer	11	28.9
Branch manager	6	15.8
Total	**38**	**100**

Source: Author, (2011)

The study sought to establish the respondents' position in the bank. According to the table above, most of the respondents (39.5%) were human resource manager, 28.9% were human resource officer, 15.8% were branch managers while 10.5% and 5.3% were legal officers and procurement heads respectively.

Figure 4.1: Gender of the respondents



Source: Author, (2011)

On the gender of the respondents, the study found out that majority of the respondents was male as shown by 71% representation. The rest 29% were female. It therefore indicates that at the banks sampled majority of the employees are male. This is as shown on figure 4.1 above.

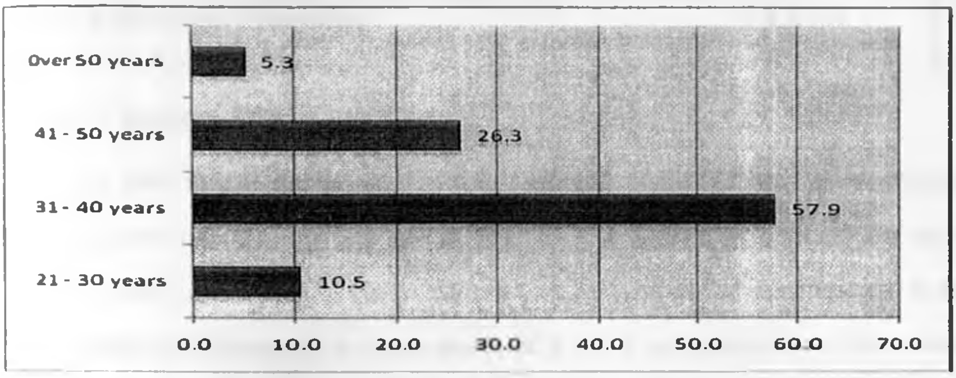
Table 4.2: Highest Level of Respondent Education

	Frequency	Percentage
College	9	23.7
Graduate	22	57.9
Post graduate	7	18.4
Total	**38**	**100**

Source: Author, (2011)

According to the table above, most of the respondents were graduates; this is indicated by a percentage of 57.9. Among the respondents, 23.7% had their highest education level as college while 18.4% were post graduates. According to the table above, majority of the respondents (76.3%) had university degree and above, this depicts that, these banks employs personnel with high academic credentials.

Figure 4.2: Age of the Respondents



Source: Author, (2011)

The study sought to establish the age of the respondents. According to the figure above, majority of the respondents, 57.9% were aged between 31 and 40 years, 26.3% were aged between 41 and 50 years, 10.5% were between 21 and 30 years while 5.3% of the respondents were over 50 years of age. It therefore depicts that majority of the employees in the banks interviewed are middle aged.

4.3 Causes of Downsizing

Table 4.3: Causes of Downsizing

Causes of downsizing	Mean	Standard deviation
Acquisition and Mergers	4.5667	.50401
Avoidance for Bankruptcy	3.8333	.74664
Globalization	4.2546	.66436
Technological Change	4.2667	.90719
Unsatisfactory Performance	4.3378	.88668
Seniority Systems	4.3544	.60743
Incapability	3.5333	.73030
Ill heath	4.1253	.49827

Misconduct	4.4333	.21116
Early Retirement Programs	4.5348	.50401

Source: Author, (2011)

Further, the study aimed at finding out the main causes of downsizing in the banks. The respondents strongly agreed that downsizing is caused by acquisition and mergers as shown by a mean score of 4.5667, early retirement programs as shown by a mean score of 4.5348, misconduct as shown by a mean score of 4.4333 and seniority systems as shown by a mean score of 4.3544. Further, they strongly agreed that downsizing is caused by unsatisfactory performance as shown by a mean score of 4.3378, technological change as shown by a mean score of 4.2667 and globalization as shown by a mean score of 4.2546. They were also in agreement with the following as reasons for downsizing Ill heath as shown by a mean score of 4.1253, avoidance for bankruptcy as shown by a mean score of 3.8333 and incapability as shown by a mean score of 3.5333.

The respondents were required by the study to indicate other causes of downsizing. They gave organization restructuring, financial crisis in the organization and decline in performance as reasons for downsizing in companies. Other reasons were given as strategic change in cost reduction and voluntary decision by employees. On the criteria used in employee downsizing in organizations, the respondents stated job profile reviewing, organizational structuring and implementation, age and academic qualification.

4.4 Effects of Downsizing

Table 4.4: Effects of Downsizing

	Mean	Standard Deviation
Downsizing qualifies as a destabilizer of status quo	3.3433	.73030
Downsizing causes depression, anger and betrayal a common responses to the individuals affected.	4.2253	.49827
It leads to 'charged up' , people finding new excitement in their work,	4.4333	.21116

being challenged by prospect of 'doing more with less' or saving the organization		
Psychological contract between employers and employees has been violated through downsizing	4.5248	.50401
Downsizing has lead to a situation where employer can no longer offer job security	4.3733	.73030
Downsizing is useful in improving efficiency, reduce cost improve efficiency and enhanced competitiveness.	4.2667	.86834
Downsizing may have a deleterious effect on organizational culture by affecting trust, employee empowerment, initiative and moral	4.4667	.55605
Downsizing leads to increased workload for the individuals, shortage of skilled workers, high staff turnover and deterioration of teamwork.	4.2333	1.00630
Downsizing can cause physical discomfort, gradually reduce creativity, increase fatigue and anger and lead to extreme avoidance of risks	4.3000	.65126

Source: Author, (2011)

The study sought to find out the respondents' level of agreement with above statements concerning effects of downsizing. The respondents strongly agreed that psychological contract between employers and employees has been violated through downsizing as shown by a mean score of 4.5248, downsizing may have a deleterious effect on organizational culture by affecting trust, employee empowerment, initiative and moral as shown by a mean score of 4.4667, it leads to 'charged up' , people finding new excitement in their work, being challenged by prospect of 'doing more with less' or saving the organization as shown by a mean score of 4.4333 and that downsizing has lead to a situation where employer can no longer offer job security as shown by a mean score of 4.3733. Further, they strongly agreed that downsizing can cause physical discomfort, gradually reduce creativity, increase fatigue and anger and lead to extreme avoidance of risks as shown by a mean score of 4.3000, downsizing is useful in improving efficiency, reduce cost improve efficiency and enhanced competitiveness as shown by a mean score of 4.2667, downsizing leads to increased workload for the individuals, shortage of skilled workers, high staff turnover and deterioration of teamwork as shown by a mean score of 4.2333 and that downsizing causes depression, anger and betrayal a common responses to the individuals affected as shown by a mean score of 4.2253. They were however neutral on the statement that downsizing qualifies as a destabilizer of status quo as shown by a mean score of 3.3433.

4.5 Downsizing and Workforce Quality

Table 4.5: Downsizing and Workforce Quality

	Mean	Standard Deviation
Downsizing threatens job security, thus reducing employee commitment to the quality program.	4.5333	.62881
Downsizing undermines the basic premises underlying workforce quality management.	3.9667	1.32570
Downsizing weakens top management commitment to quality workforce.	4.4000	.62146
Downsizing reduces levels of communication in general, adversely affects employees commitments thereby threatens workforce quality	4.5000	.50855
Organizational downsizing undermines teamwork, reduces employee empowerment, undercuts employee perceptions that their organization is committed to them and erodes employee commitment to quality workforce building.	4.6333	.49013

Source: Author, (2011)

Further, the study aimed at finding out the respondents' level of agreement with above statement on effects of downsizing on workforce quality. The respondents were in agreement to the statements that organizational downsizing undermines teamwork, reduces employee empowerment, undercuts employee perceptions that their organization is committed to them and erodes employee commitment to quality workforce building as shown by a mean score of 4.6333, downsizing threatens job security, thus reducing employee commitment to the quality program as shown by a mean score of 4.5333 and that downsizing reduces levels of communication in general, adversely affects employees commitments thereby threatens workforce quality as shown by a mean score of 4.5000. They were further in agreement with statements that downsizing weakens top management commitment to quality workforce as shown by a mean score of 4.4000 and that downsizing undermines the basic premises underlying workforce quality management as shown by a mean score of 3.9667

CHAPTER FIVE: SUMMARY OF THE FINDING, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter presents the summary of the data findings on the effect of downsizing on workforce quality among commercial banks in Kenya, the conclusions and recommendations drawn there too. The chapter is hence structured into summary of findings, conclusions and recommendations.

5.2 Summary of Findings

The study has found out that majority of the respondents were male, and that most of the respondents had university degrees and above. Majority of the respondents were aged between 31 and 40 years.

On causes of downsizing, the study has found that downsizing is caused by acquisition and mergers, early retirement programs, misconduct and seniority systems. Other causes were identified as unsatisfactory performance, technological change and globalization.

On effects of downsizing, the study found out that, psychological contract between employers and employees has been violated through downsizing, downsizing may have a deleterious effect on organizational culture by affecting trust, employee empowerment, initiative and moral, that downsizing causes depression, anger and betrayal a common responses to the individuals affected and that it leads to 'changed up', people finding new excitement in their work, being challenged by prospect of 'doing more with less' or saving the organization. Further, it was found out that downsizing has lead to a situation where employer can no longer offer job security, downsizing can cause physical discomfort, gradually reduce creativity, increase fatigue and anger and lead to extreme avoidance of risks, downsizing is useful in improving efficiency, reduce cost improve efficiency and enhanced competitiveness and that downsizing leads to increased workload for the individuals, shortage of skilled workers, high staff turnover and deterioration of teamwork.

Finally on the effects of downsizing on workforce quality, the study found out that organizational downsizing undermines teamwork, reduces employee empowerment, undercuts employee perceptions that their organization is committed to them and erodes employee commitment to quality workforce building, downsizing threatens job security, thus reducing employee commitment to the quality program and that downsizing reduces levels of communication in general, adversely affects employees commitments thereby threatens workforce quality. The study also illustrated that downsizing weakens top management commitment to quality workforce and that downsizing undermines the basic premises underlying workforce quality management

5.3 Conclusion

The study sought to establish the effect of downsizing as a human resource tool on the workforce quality in commercial banks in Kenya. To this objective, the study concluded that organizational downsizing undermines teamwork, reduces employee empowerment, undercuts employee perceptions that their organization is committed to them and erodes employee commitment to quality workforce building. Further, it has concluded that downsizing threatens job security, thus reducing employee commitment to the quality program and that downsizing reduces levels of communication in general, adversely affects employees commitments thereby threatens workforce quality. Finally, it has concluded that downsizing weakens top management commitment to quality workforce and that downsizing undermines the basic premises underlying workforce quality management

5.4 Recommendations

The study recommends that organizations should undertake a thorough analysis of the effects of downsizing on their workforce quality and the organization performance as a whole before undertaking it. This is because; downsizing if performed without care may have detrimental effects on the workforce quality, overall performance of the organization as well as the image of the company. Therefore, the study further recommends that, organizations should involve experts while undertaking this exercise, to establish the right criteria to use.

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Appendix I: Questionnaire

Kindly fill in the following questionnaire. Information obtained will be used for academic purposes only and will therefore be handled with the highest level of confidentiality. Your corporation will be highly appreciated.

SECTION A: BACKGROUND INFORMATION

1. Name of the respondent (optional)……………………………………………………
2. Please indicate the bank you work for…………………………………………………
3. What is you position in the bank…………………………………………………………
4. Please indicate your gender?

   Male [ ] Female [ ]

5. For how long have you worked in the bank?

   1 to 3 years [ ] 4 to 6 years [ ]

   7 to 10 years [ ] more than 10 years [ ]

6. Please indicate your highest level of education.

   Primary school [ ] Secondary school [ ]

   College education [ ] Graduate [ ]

   Post graduate [ ] Others…………………………………

7. What is your age?

   20 years and below [ ] 21 to 30 Years [ ]

   31 to 40 Years [ ] 41 to 50 Years [ ]

   More than 50 Years [ ]

SECTION B: CAUSES OF DOWNSIZINGS

8. Kindly indicate your level of agreement with the following causes of downsizing in reference to your bank, where 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree and 5 =strongly agree.

Causes of downsizing	**1**	**2**	**3**	**4**	**5**
Acquisition and Mergers					
Avoidance for Bankruptcy					
Globalization					
Technological Change					
Unsatisfactory Performance					
Seniority Systems					
Incapability					
Ill heath					
Misconduct					
Early Retirement Programs					

9. Please indicate any other causes of downsizing in an organization known to you?

....
....
....

10. Please indicate any other criteria that are used in employees downsizing in organizations.

....
....
....

SECTION D: EFFECTS OF DOWNSIZING

11. Downsizing acts as a catalyst for culture change. Please indicate your level of agreement with the following statements in relation to effects of downsizing. where 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree and 5 =strongly agree.

	1	2	3	4	5
Downsizing qualifies as a destabilizer of status quo					
Downsizing causes depression, anger and betrayal a common responses to the individuals affected.					
It leads to 'charged up' , people finding new excitement in their work, being challenged by prospect of 'doing more with less' or saving the organization					
Psychological contract between employers and employees has been violated through downsizing					
Downsizing has lead to a situation where employer can no longer offer job security					
Downsizing is useful in improving efficiency, reduce cost improve efficiency and enhanced competitiveness.					
Downsizing may have a deleterious effect on organizational culture by affecting trust, employee empowerment, initiative and moral					
Downsizing leads to increased workload for the individuals, shortage of skilled workers, high staff turnover and deterioration of teamwork.					
Downsizing can cause physical discomfort, gradually reduce creativity, increase fatigue and anger and lead to extreme avoidance of risks					

SECTION E: DOWNSIZING AND WORKFORCE QUALITY

12. Downsizing is a factor that might have a considerable impact on employee support for work force quality. Please indicate your level of agreement with the following statements in relation to effects of downsizing and workforce quality. Where 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree and 5 =strongly agree.

	1	2	3	4	5
Downsizing threatens job security, thus reducing employee commitment to the quality program.					
Downsizing undermines the basic premises underlying workforce quality management.					
Downsizing weakens top management commitment to quality workforce.					
Downsizing reduces levels of communication in general, adversely affects employees commitments thereby threatens workforce quality					
Organizational downsizing undermines teamwork, reduces employee empowerment, undercuts employee perceptions that their organization is committed to them and erodes employee commitment to quality workforce building.					