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**THE DOWNSIZING AND SURVIVORS' MOTIVATION IN STATE
CORPORATIONS: A CASE STUDY OF AGRICULTURAL
FINANCE CORPORATION OF KENYA (AFC)**

BY

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DECLARATION

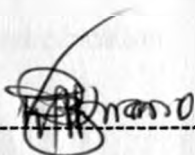
I hereby declare that this is my original work and has not been presented in this or any other university for award of a degree to the best of my knowledge and belief. The contents therein have not been published or written by another person except where due reference is made in the project report itself.

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ACRONYMS

AFC	Agricultural Financial Corporation
NCDA	National Career Development Association
IMF	International Monetary Fund
HRM	Human Resource Management
SHRM	Society Human Resource Management
JKML	Jomo Kenyatta Memorial Library
NCBD	National Central Business District

ABSTRACT

This is a research based on downsizing effects in an organization, and the individual. However, this research, at the individual level, focused specifically on the effects of downsizing on the survivors' motivation of the organization. Downsizing refers to activities undertaken by management to improve the efficiency, productivity, and competitiveness of the organization by reducing the workforce size. Many researchers explain the types of response they expect from survivors of a corporate downsizing.

The research investigated a number of objectives related to downsizing of the organization: In identifying job insecurity, the intervention by the management to the survivors; the strategies which could improve the survivors' motivation and which gave the researcher the research questions. The major concern of this study was to find out the issues involved with survivors' downsizing of an organization. The purpose was to give a better understanding, of the downsizing of survivors' motivation.

The individual downsizing studies are the sources of the variables used to measure motivation and attitudes prevalent among downsizing survivors. Downsizing provides a unique chance to improve motivation by fundamentally changing the culture, and operations of an organization. The management carries out downsizing exercises that pay inefficient attention to the psychological and emotional effects on survivors. However, research show that organizations have many conceptions surrounding the effects on downsizing on survivors which have been neglected and remained unreported.

The problem statement is that downsizing, including retail, industrial, managerial, and office jobs, impacting workers in a wide range of income levels. Over the time, the meaning of downsizing may have changed slightly however, the ultimate goal of improving operating efficiency seems to still hold true.

The findings also reveals a significant difference in work attitudes after downsizing. However, very little if any significant concern or plan had been discussed about survivors and no sufficient information despite the wide report on downsizing of organizations. The researcher therefore would like to point out the gap left on downsizing effects on survivors' motivation. The study justifies that it is important for the survivors to get support and services. The information drawn from the literature as well as from the collected data after downsizing, to demonstrate the key effects on survivors' motivation. The results of this research gave a summary, conclusion and recommendation of the study. The case study took place in one of the state corporations, Agricultural Finance Co-orporation (AFC) Head Office, Nairobi Kenya.

CHAPTER ONE:

1.1 INTRODUCTION

Downsizing began in the 1980s and continued through the 1990s largely unabated and even growing. Downsizing in general had been shown in literature as a cause of organizational problems. It was introduced to describe the contemporary practice of permanently reducing Jobs in an effort to improve operating efficiency, necessarily in response to declines in business.

Organizations of virtually every type face an environment of continuous and accelerating change. A pervasive response to this experience is some form of downsizing. Downsizing has affected hundreds of organizations and millions of workers since the 1980s. Downsizing refers to activities undertaken by management to improve the efficiency, productivity, and competitiveness of the organization by reducing the workforce size. Virtually every sector has engaged in the downsizing craze. The number of organizations and jobs affected by downsizing has been staggering. More than 85 percent of the Fortune 500 firms had downsized by 1994(Cameron, 1994). Defense Department budget by 1996. For example, between June 1992 and June 1993, a reduction of 70,000 Army personnel had occurred (Cameron and Freeman, 1994).

In 1993, in an unending quest for lower costs, higher productivity, and fatter profits, American firms announced 615,000 jobs cut, an all-time record.

Many of these actions reached into the ranks of white collar and middle management positions. Earlier, layoffs were generally limited to low-level, unskilled, or blue collar labor (Hitt et al., 1994). The New York based American Management Association (AMA), in a 1994 study, found two-thirds of firms cutting back in any given year do so again a year later. A quarter of the companies it studied had undergone three or more episodes of downsizing by 1994.

In theory, downsizing is presumed to have positive outcome for the organization. In many situations, downsizing did accomplish what management had intended, and in others, unintended and negative consequences resulted. Although organizations are continuing to use the downsizing tactic as a cost cutting strategy, they are beginning to weigh the relative costs and benefits against the negative impact downsizing has on employees. Most of the research literature on downsizing has addressed its significant negative impacts, especially for individuals.

Downsizing researchers state that survivor reactions aggregate to impact organizational effectiveness. From both a theoretical and practical view point, there exists a need for a more comprehensive understanding of downsizing effects on the individuals who remain the survivors. This research addresses the prevalent behaviors and attitudes found among survivors of downsized organizations.

1.2 STATEMENT OF THE PROBLEM:

The management carries out downsizing exercises that pay inefficient attention to the psychological and emotional effects on individuals. Actions associated with downsizing are initiated and experienced by individuals and groups. As such, more information is needed to understand downsizing at a micro-level while at the same time identifying the differences in the perceptions of survivors on the issues such as loyalty, morale, motivation and job security in organizations. However, very little significant concern or plan had been discussed about survivors and no sufficient information despite the wide report on downsizing of organizations. Therefore, to get a better understanding of the downsizing phenomenon, it is necessary to examine the views of survivors on downsizing. The case study took place in one of the state corporations, Agricultural Finance Co-corporations (AFC) Head Office, Nairobi Kenya.

Statement of the Problem Since the early 1980s, a variety of studies have described the psychological, attitudinal, and behavioral effects of downsizing on survivors. However, most studies have selected only a small subset of the various factors

thought to be affected by downsizing and have limited their investigation to the effects of downsizing on survivors in a state Corporation (Jalajas & Bommer, 1996). The study used qualitative and quantitative techniques, random sampling, and obtained results for a representative sample of the total population studied. It is possible that the findings from these specific situations may not apply to other organizations with different purposes, functions, and/or sectors.

There exist few summarized results based upon combined the findings of the individual studies of the effects of downsizing on those who remain. With an exception of the study by O'Hare and Vilard (1994), research literature in general has not addressed the commonality of the findings of the study on downsizing effects. Some researchers indicate that companies often have surprisingly little information about those survivors. Over the time, the meaning of downsizing may have changed slightly however, the ultimate goal of improving operating efficiency seems to still hold true. The findings also reveal a significant difference in work attitudes after downsizing. The study justifies that it is important for the survivors to get support and services

1.3 Research Questions

This study limited itself to the indentifying the effects of downsizing on survivors' motivation in State Corporations guided by the research questions below.

1. What were the major effects of job insecurity on the survivors?
2. In what ways did the management intervene for the survivors?
3. What were the coping Strategies that management used on survivors' motivation?
4. What influenced job satisfaction after downsizing?

1.4 Broad Objective

The broad objective of the research was to investigate the downsizing of on Survivors' motivation.

1.5 Specific Objectives are:

- (i) To assess job insecurity among the survivors
- (ii) To identify the managerial intervention to the survivors
- (iii) To identify the strategies that improve motivation among survivors
- (iv) To identify the factors that influence job satisfaction.

1.6. Justification

The study justifies that it is important for the survivors to get support and services. There is no question that lay off employees deserve and need these kinds of supports and services. The research examines the downsizing and survivors' motivation in an organization and its objectives ranging from a decrease in direct organization cost to improving the competitive position of the organization. It also emphasizes on the survivors who must soldier on, and the manager must deal with the long-term effects on the remaining survivors. In operational terms, this translates into a number of problems. It also signifies how downsizing is a systematic reduction of a workforce by an employer, usually as a result of financial losses, cash flow difficulties, and loss of government contracts, technological changes, or international competition. The result is hoped that downsizing would better balance the private and the public sectors and foster an economic environment more conducive to the achievement of development goals.

The improvement of overall managerial skills and particularly those of talented managers would still be required. (Wallis, 1989) Zero budgeting techniques may be useful in this whole exercise, and it is likely that external technical assistance may be needed to apply them. The role of the government has to be redefined to fulfill mostly essential services leaving to other sectors what they can do better. Redefinition of functions has to come before a new look at the composition of government expenditure is attempted

1.7 Scope of Study:

The scope of the study was based on downsizing and survivors' motivation in an organization. The basis for selecting an individual downsizing study was that it was examined the perceptions of downsizing effects by those who remain in the organization, had a clear definition of the variables. Other relevant work on the effects of downsizing on survivors were also selected and analyzed. Organization commitment, co-worker support, supervisor support, turnover intention, job insecurity, role conflict, job involvement, job satisfaction, relationship with victims, procedural fairness, and distribute fairness.

CHAPTER TWO

2.0 LITERATURE REVIEW

The employees after downsizing largely determine the effectiveness and quality service provided by the organization. Commitment to the organization and motivation to exert more work effort and the quality of survivors in terms of these attributes after downsizing should be positive for them to champion the organization's competitiveness and productivity objectives according to Armstrong-Stassen (2003). The quality management literature notes the importance of having employees who will in turn support all the quality initiatives of the organization (Lam and Reshelf, 1999).

Downsizing has been defined in terms of its function for the organization. A downsizing by any other name is still traumatic for both displaced and remaining employees alike, no matter what label a company gives the process; there is the task of implementing the reduction in workforce while impacting the production and morale of the remaining employees. The objectives of the downsizing range from a decrease in direct company cost to improving the competitive position of the company (National Career Development Association, 2004)

There are changes in organizations which concerns issues such as increased economic dependency between countries, rapidly changing consumer markets, and escalated demands for flexibility within as well as between organizations. Consequently, organizations have been forced to engage in various adaptive strategies in order to tackle new demands and remain vigorous in this unpredictable environment. The effects of organizational competition, mergers, acquisitions, internal market saturation, technological change and automation, outsourcing and alternative organization structures all act for organizations.

Downsizing, reduction in force, layoffs, rightsizing, restructuring, re-engineering are terms currently being used to describe the efforts of organizations to reduce expenditures and gain or regain a competitive edge. There are two options to become more profitable and they can either increase their gains or decrease their costs, often by reducing the number of employees. These organizational options are often realized in actions like outsourcings, privatizations, mergers and acquisitions, often in combination with personnel reductions through layoffs.

Early retirement, and increased utilization of subcontracted workers are observed as reorganization strategies that differ in many ways, and they usually have at least one thing in common which lead to the workforce being permeated with worries regarding the future. Such feelings may concern the employees of the organization as a whole, as well as the future existence of the employees' present job or valuable features of the job. One of the most commonly used tactics in reorganization is the practice of downsizing which may be strategies incorporate many different facets and angles, but they all by definition contain methods of personnel reduction (Burke & Nelson, 1998)

2.1 The survivors' job insecurity

A survey of 1005 firms showed that downsized firms between 1986 and 1991 were forty-six (46) percent reduced expenses, thirty-two (32) percent increased profits, twenty-two (22) percent increased productivity, and seventeen (17) percent reduced bureaucracy, although each of these goals were intended. There is evidence, however, which suggests that job status may be a mitigating factor in determining the degree to which an individual survivor is affected by downsizing. Downsizing is viewed as having a profound effect on the organization and the personnel including those who are terminated. Employees who remain with the organization will also get affected by downsizing strategies intended to improve organization flexibility, increasing of employees' responsibility, and streamlining operations. For instance, employees may respond with reduced trust and organizational commitment when the organization breaks its psychological contract' with them.

Downsizing may have unintended negative consequences for individuals and organizations. Survival attributed to mere luck is likely to elicit anxiety resulting from the perceptions of the probability of being laid off in a possible future wave of downsizing. Such survivors live in fear and are not able to perform effectively. They are likely to stay de-motivated and less committed in the post downsizing phase. Managers report that layoffs have negative effects on their subordinates' productivity, morale, and overall commitment to the organization. Whereas other managers report that their subordinates respond very differently even within the same organization or work group according Brockner et al. (1992).

Self-esteem and self-confidence of employees can be badly damaged, and the effects may last for months and sometimes years not only for the employee but, for family and the larger community as well. For instance the highest degrees of anger and hostility toward downsizing are found amongst middle managers particularly where the level of service provided to clients appears to be declining. One of the most debilitating consequences of downsizing exercise may be a sense of guilt over the privilege of staying in the organization when friends and admired colleagues have been dismissed (Greenhalgh 1984).

Survivors may believe that it is only a matter of time before they too are let go, and motivation drops just when the organization needs a redoubling of commitment. Conversely, some survivors may indeed put in extra hours and effort, but stress and burnout become the principal result (Greenhalgh & Rosenblatt, 1984). Generally, studies refer to the feeling of job insecurity as one of personal inefficiency and incapacity to maintain continuity in a situation where the actual role or job position is threatened often from an undesired change that places the continuity and security of the actual employment at risk Hartley *et al.*, (1991) observed job insecurity has both objective and subjective components, which reflects changes that occur within a company and the society in general, and on the other, it refers to a subjective experience based on individual perceptions of uncertainty.

This means that, even when exposed to the same objective situation, the feeling of job insecurity may vary from one individual to the next. In this sense job insecurity is undoubtedly a subjective experience based on perceptions and interpretations of the actual work environment.

However, job insecurity can have effects not only on the worker's well-being but also on his or her work related attitudes. Indeed numerous studies suggest that job insecurity can result in decreased job satisfaction and organizational commitment. (Greenhalgh & Rosenblatt, 1984).

2.1.1. Individual Consequences

Consequences of downsizing consist of changes in power distribution, innovation, trust levels, communication patterns, teamwork, and leadership (Cameron 1994). The first negative attribute of downsizing is the centralization of power to upper management. This factor leads to decision-making leaving out the ideas and input of lower level employees. The second effect is a loss of innovativeness due to fear of taking risks and failing. This consequence leaves employees relying on others decisions instead of creating and testing their own ideas.

2.1.2 Employees Distrust

Another consequence is a loss of trust among members of the organization. Managers and employees become distrustful of decisions made by other groups. Fourthly, an increase in conflict arises from the downsizing because employees are fighting about fewer resources. There is restriction of communications because people are not willing to share information due to fears and distrust that result from downsizing.

2.1.3 Lack of Teamwork

Lack of teamwork is the next consequence of downsizing and results from the individualism that comes with uncertainty and job insecurity from the organizational change. Another effect is lack of leadership stemming from fear of being blamed if a decision does not prove effective.

The final characteristics include a short-term mentality crisis, resistance to change, a decrease in morale, politicized special interest groups, and no prioritized cutbacks (Cameron, 1994).

2.1.4 Family Strains

Mergers and downsizing have many consequences for individuals including job insecurity and symptoms of strain. The problems caused by job insecurity affect women and more often additional consequences that have not been investigated until recently. Long hours of work as employees feel pressure to be visible to display commitment. Another important difficult issue in the impact of job insecurity is the spouse, children, parents, co-workers and friends.

The job insecurity and job loss can spill over to affect other family members. The organization fails to downsize the workload in parallel with staff reductions often the expectation is that remaining staff will just pick up the slack and absorb the duties of former colleagues. Pressure increases but is rarely accompanied by training in new needed job skills, much less by pay increases. An increase in on-the-job injuries and stress-related health problems are frequent side-effects.

Marmot (2005) noted that job insecurity is more stressful than job loss itself, resources are depleted by employees' cognitive demands to understand and predict their environment. Workers try to understand (a) if the event will happen, (b) when it will happen, (c) what will happen and (d) the uncertainty of the event outcomes. Bussing (1999) observed that resources as being depleted by the emotions, such as anger, mistrust, and frustration that are associated with job insecurity. The collective effects of resource depletion are negative effects on job satisfaction, and organizational commitment and reduced task behavior.

2.1.5 Emotions Experience of Survivors

The emotions of people who remain in their jobs are similar to those who lose their jobs. Survivors go through similar feelings of shock, grief, disbelief and anger which manifest through downsizing exercises. (Fineman 2002) among the employees and other things, resistance of survivors to adopt the new and different demands of the organization results in a loss of morale. Survivors feel sad, scared, and worried that their jobs might be the next to go. They also become relieved, thankful, and feel guilty that they still have a job.

They suffer from the loss of their co-workers, despite being survivors they feel a bit like victims, too. They are ushered into a new world of jumbled emotions while they learn to cope with the loss of their co-workers in layoffs. Anxiety and a lack of motivation also accompany the loss of co-workers in layoffs. The tendency of employees in a post-layoff workplace is to hunker down to fly under the radar and avoid being noticed. These positive actions help the survivors feel more in control of their situation. Some of the key players may decide that they don't want to stay, waiting for the next bad news, in an environment of mistrust, anger, and insecurity.

Consequences of downsizing reach far beyond the functions of the organization to the emotions of the individuals impacted by the changes. Those who are made unemployed and re-enter the workforce again, do so with a legacy of wounds and wisdom from their downsizing experiences (Fineman, 2002).

For the survivors, the impact of downsizing is also difficult. Yet still being in work after a downsizing, a survivor can be emotionally conflicting and complex and some say that it is even more difficult to cope with than being one of the casualties the unemployed. Adjustment is difficult because downsizing breaks up established social Networks at work and leaves the survivor unsure about what will come next.

In addition, individuals experience emotions that accompany downsizing as described by Fineman. According to Cameron, Freeman & Mishra (1991), very few organizations implement downsizing in a way that improves effectiveness.

2.1.6 Communication Reinforcement

The role of communication and its importance as the most valuable organizational tool in the prevention of survivor syndrome can not be overlooked. It begins by addressing how employees are typically informed of a downsizing, and as such reveals some of the errors organizations often make in this critical task of informing their labor force of their intentions to downsize. The importance of communication is reinforced given its role in securing the trust of employees, as well as in encouraging empowerment in the workforce.

Corporations have been laying personnel over the past years to downsizing their employees, many of the dismissed employees feel that they were being sacrificed especially those who were in their fifties. Downsizing not only affects the employees but the family and the community as well. When corporation undergo restructuring, it is important that its programs, policies and communication reflected on understanding and willingness to help meliorate the damage caused by downsizing (Van Buren, 1996).

Rousseau (1995) resented job insecurity as a breach of the psychological contract that employees have with their employers an effective violation of work in exchange for pay and continued employment. Adams & Jacob (1964) viewed job insecurity as unfair or inequitable that dates back work and has been a resurgent theme in job-insecurity. Job insecurity is also theorized to undermine motivation due to poor communication by senior management and the wild speculation that ensues when employees seek information via in-theory job insecurity uses employee resources and is a powerful negative influence on motivation.

The latter is observed in the forms of poor attachment attitudes and behavior. Job Insecurity, Job Satisfaction, and emotional states resulting from the evaluation or appraisal of one's job experiences Research has consistently shown that job satisfaction is negatively related to job insecurity. Importantly decreased job satisfaction is negatively related to individual and to aspects of organizational, such as customer service (Lockie et al., 2002) noted that initial effects of job insecurity will be on job satisfaction and this will have mediate subsequent effects. This is consistent with the claim that the effects of job insecurity may be categorized as either immediate or long term. De Witte, (1999) urged that job attitudes such as job satisfaction are immediate, whereas behaviors and somatic responses are long-term effects.

The intensity of job-insecurity reactions should increase over time when their resolution is not apparent. Stan field & Smith, (1998) observed further that protracted periods of job insecurity can be detrimental to performance because employees' preoccupation with their situation will detract from their focus on work. It is becoming increasingly obvious that long-term solutions must be based on experience and research in matters relating to working life.

Stan field & Smith (1998) observed however, that the relationships between job insecurity and employee reactions may not be as clear-cut as implied by this brief review. It is noted that not all studies have found job insecurity related to impaired work, attitudes and well-being. (Smith 1999) Moreover, even where the findings are congruent the magnitudes of relationships differ substantially between studies. It is noted that there are sufficient number of studies, conducted in a variety of settings, to motivate the employees

Rockies and Louis-Guerin (1990) examined the relative importance of various aspects of job insecurity on mental health and work commitment, and found that insecurity about future working conditions were stronger than insecurity about demotion and termination behavior.

Harriman (1992) noted that in downsizing the hiring freeze is usually significant, as it shifts the age and experience distribution in the organization. Fewer and fewer young people are hired into junior positions, there is less inflow of new ideas and new perspective, and there is no bottom-up mechanism for retooling and reeducating older workers.

However, some companies began simply to reduce their workforce without determining whether or not it was necessary and without any kind of accompanying strategy. Sometime they downsized because they lacked new products that would have stimulated growth and because their existing product markets were decreasing. While companies frequently implement downsizing plans to increase profitability and productivity, downsizing does not always yield these results.

Moreover, downsizing can lead to additional problems, such as poor customer service, low employee morale, and bad employee attitudes. Laying workers off to improve competitiveness often fails to produce the intended results because downsizing can lead to the following unforeseen problems and difficulties: The loss of highly-skilled and reliable workers and the added expense of finding new workers. An increase in overtime wages and decline in customer service because workers feel they lack job security after layoffs.

Employee attitudes that may change for the worse, possibly leading to tardiness, absenteeism, and reduced productivity (Appelbaum 1997). An increase in the number of lawsuits and disability claims, which tends to occur after downsizing episodes. Restructuring programs sometimes take years to bear fruit because of ensuing employee confusion and the amount of time it takes for employees to adjust to their new roles and responsibilities.

2.1.7 Duration of downsizing

Duration of the downsizing process and how frequently such downsizing take place, may have a fundamental effect on surviving employees, given that layoffs are a traumatic experience.

Therefore the management would clarify to survivors for how long the downsizing exercise may take (Applbaum, 1997).

2.2 The Intervention on Survivors

Intervention can be described as the sum total of ways in which we deal with minor to major stress and trauma. Some of these processes are unconscious ones, others are learned behavior and still others are skills we consciously master in order to reduce stress, or other intense emotions like depression. Not all Intervention is equally beneficial, and some can actually be very detrimental. Lazarus & Folkman (1984) argued that social support has been named as a possible coping resource for reducing the perceptions of stress. Those who are able to utilize support from others have been found to have reported lower levels of job insecurity. The results of the interviews in the final changes should to be made practical and workable mode

2.2.2 Initiative of strategies

Strategies were made available to those managers wishing to take preventive steps in the prevention of survivor syndrome. When monetary rewards are available managers in downsizing firms might have to be generous with their employees and use the rewards such as praise to motivate. When faced by an external threat, organizations need to be more innovative and proactive in response to environment changes. (Brockner 1988) indicated that a massive downsizing is frequently followed by increased productivity and quality that the survivors try to contribute to the functions of the organization.

2.2.3 Long -Term & Short-Term Responsibility

Morale and production improvement somewhat, it states that when management makes adjustment on the operation they should especially be aware of how the remaining employees are treated.

Organization need to shift their focus from managing short-term responsibility of layoffs to developing better long-term program for managing careers in a downsized environment. Organization will have to make exerted efforts to break out of the cycle of successive rounds of layoffs and then ensuring problems that each round of layoffs has for survivors.

Job security is no longer based on loyal service to the employer the employees must determine how their performance can benefit the organization if they are going to survive. Organization cannot expect employees to be team players when there is lack of job security or organization operated by management and contingent employees. Kuttner (1993) noted that temporary workers are less likely to be committed to the goals of organization. They do not have a vested interest in the organization.

The employees are less likely to be committed to the organization that does not have an investment in them according. Organization need to shift gears from designing career management based opportunities for growth and development. It is difficult for employees to find themselves committed to some organization whose continued existing is in doubt, and as a result the traditional tactics of trying to build corporate loyalty through orientation and socialization programs may be less likely to succeed (Brockner, 1993).

2.2.4 Social Support

Social support was measured with the supervisor and co-worker support subscales developed by Caplan, et al., 1975 (Armstrong-Stassen, 1994). The co-worker consists of four items which assess how much other people in one's work group go out of their way to make the person's life easier for him or her, can be relied on when things get tough at work, and are willing to listen to the person's personal problems, and whether or not the person is at ease talking with his or her co-workers.

Co-worker support and supervisor support are presented as positively correlated. Social support is defined as the set of resources provided by other persons (Armstrong-Stassen, 1994). According to O'Hare and Vilardi (1994), correlation exists between co-workers support and organizational commitment, as well.

Social support may originate from a variety of sources. Lim (1996) observed that family-based support, such as having the presence of a partner has been found to act as a buffer against some of the negative consequences of job insecurity. It is possible that living with a partner may remove some of the pressure of having to bring in an income, however, very few studies have investigated how family status affects the level of job insecurity experienced and the results are inconclusive, indicating that more research with more adequate measures is needed.

Other support are ideas the possible positive outcome of job security that may be a challenge to implicit contract that men will provide economically for their family in return for domestic services.

2.2.5 Union Support

Another source of coping mechanism is that of union membership being a member of a union may serve to protect against actions by management that would harm the employee. The sense of powerlessness often associated with job insecurity and may decrease since unions often have a strong collective voice and may be able to affect management policies in favor of the survivors.

The observed results from research on union membership. (Applebaum, Simpson & Shapiro, 1987) indicated that union members report lower levels of job insecurity than non-members. However, since only a few studies support this result, it is difficult to draw conclusions regarding the role of the union. The union members reported higher levels of job insecurity, since workers are more likely to join a union when their employment is less secure. At present, the impact of support from the family as well as the union on experiences of job insecurity needs to be researched further. It was suggested that coping pattern, among employees are

mostly found in women who use more maladaptive coping strategies than men. Whereas women tended to use more home based coping strategies unlike men who use social support talking with spouse and friends. (Pateman, Dan, Naswall & De Witte, 2003)

2.3. Downsizing Strategies

The literature on downsizing strategy selection is largely prescriptive and is oriented toward minimizing the effects of downsizing on terminated personnel (Kozlowski, 1993). Downsizing strategies refer to the methods used to accomplish the reduction. These strategies may range from those that offer less organizational control, slower reductions, and fewer negative effects on employees (i.e., attrition) to those that are under high control, are quick, and have more negative effects on personnel such as permanent layoffs without assistance (Greenhalgh et al., 1988).

Poorly implemented strategies, or just poor strategies, have led more to decreases in productivity, quality, and employee well-being than to increases (Cameron, Freeman, and Mishra, 1993). Research, performed over a four(4) year period on downsizing manufacturing organizations, found that more organizations were harmed by their downsizing strategies than were helped by them.

Downsizing strategies such as transfers, relocations, work redesign, demotions, and reduced work schedules directly affect the welfare of survivors. Research shows that strategies used to accomplish personnel reductions will also influence the behaviors and attitudes of those who survive (Kozlowski et al., 1993). Attitude is defined as the predisposition to behave toward people, situations, or objects in a certain way (Moorhead & Griffin, 1992).

Downsizing Effects

A major finding in the downsizing literature (Cameron and Freeman, 1994) 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 forty-six(46) percent actually reduced expenses, only thirty-two(32) percent actually increased profits, only twenty-two(22) percent actually increased productivity, and only seventeen(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). In a 15th March 1993 article, in the Time magazine, many U.S. organizations were accused of "dumb sizing" instead of downsizing because of the deleterious actions taken in pursuit of getting smaller (Baumohl, 1993). Downsizing may have unintended negative consequences for individuals and organizations (Cameron, 1994; Cascio, 1993; Kozlowski et al., 1993).

Brockner et al. (1992) state that some managers report that layoffs have a decidedly negative effect on their subordinates' productivity, morale, and overall commitment to the organization. While other managers report that their subordinates respond very differently even within the same organization or work group. Considerable attention has been given to the effects of downsizing on individual employees.

Responses from Survivors

Researchers in management science and psychology explain the kinds of responses that can be expected from survivors of such corporate change. Researchers report such downsizing effects as: feelings of job insecurity, anger, job stress, decreased loyalty and organizational commitment, lowered motivation and productivity, and increased resistance to change (Brockner, Davy, & Carter, 1985; Cameron et al., 1987; Greenhalgh & Rosenblatt, 1984; Isabella, 1989). The current literature on downsizing presents a great variety of dependent variables, such as organizational trust, particularly at the individual and organizational levels.

However, these dependent variables do not have any unifying theoretical theme which contributes to an overall view of the impact of downsizing situations on an organization and its members (Shaw and Power-Barrett, 1997). Literature that examines the survivors of downsizing found that survivor's syndrome describes a common set of symptoms that emerges in layoff survivors. These symptoms include guilt, anxiety, fear, insecurity, anger, and in more severe cases, depression or other emotional and physical ailments.

Survivor's syndrome also refers to the way some survivors react when many of their friends and colleagues are forced to terminate their relationship with the company (Noer, 1993; Cascio, 1993). Baumohl (1993) also states that some survivors feel relieved; others experience guilt; and still others feel anxious, wondering if they will be next to lose their jobs. Brockner and his colleagues conducted several studies to determine survivors' reactions to downsizing (Brockner et al.1992). Their work was based on equity theory which posits that employees' work outcomes (e.g., salary, rank) are commensurate with their work inputs and on stress literature.

Complex Issues of Downsizing

In a private company, the board of directors could decide when to downsize their company or when to take alternative approaches to cost reduction.

On the other hand, the heads of, State Corporations have to respond to budget cuts and time frames established by elected officials. In some situations, certain parts of the government such as state correction systems grew rapidly, resulting in a need to reduce other parts of government to stay within budget limits. These types of situations often forced the heads of organizations to cut employees now and figure out how to get the work done later.

Summary

This chapter puts organizational downsizing into perspective stating the issues, such as approaches to downsizing, the effectiveness of downsizing efforts, areas where research had been done, areas where research is needed, levels at which research has been done, and some of the effects that occurred at each level of the organizational downsizing activity. Effects that occur at the individual level are of special interest for this research, since it will investigate the effects of downsizing on the people who remained in the organization after downsizing, survivors.

The Conceptual Framework

The work suggests that layoffs have the potential to affect survivors' psychological States which, in turn, have the potential to influence a variety of work behaviors and attitudes. Stress literature suggests that post-layoff work environments can be quite stressful, leading to worry, anger and an array of other physical and emotional symptoms. Survivors of downsizing perceive a variety of effects. In addition to the effects mentioned above, researchers have reported such effects as: unfairness in job layoff, unfair treatment of the layoffs, perceived (procedural) justice, job performance, job security, turnover intentions, coping strategies, supervisor support, co-worker support, optimism, job satisfaction, organizational morale, effectiveness of communication, and envy of those taking advantage of separation incentive programs.

These downsizing effects are of particular interest to supervisors since they will be faced with a work force at least partly staffed with survivors of downsizing. Downsizing in the Public versus Non-Public Sectors Private industry is not the only sector of the economy impacted by downsizing; the public sector is reporting downsizing activities as well. Although downsizing activities in the government sector are not as widely documented or deep as those being weathered by private industry, employee reductions are possibly more devastating to government personnel than to workers in private industry.

In times past, job security was an allure of government work, and employees were more willing to forego higher pay rates in return for the day-to-day certainty offered by being a civil service employee (Forest, 1996). The public organization is often constrained by such factors as public sentiment, budget limitations, legislative mandates, and personnel laws; and therefore, has less of an option than a private sector corporation to determine its own fate. The recommendations of this report are strongly linked to the proposal that the federal government within five years reduce its workforce by 279,000 positions. As the federal organizations began to implement the recommendations, it became necessary for the public to understand.

2.4 Survivors' Job Satisfaction

Job satisfaction is said to be the most important occupational consideration and suggest that challenges and autonomy are the keys factors to retention. Whether future employees perceive autonomy and challenges in specific positions this will be determined by the organizational culture and the managers' development and assignment process.

Important factors are the frequency of reassignment, opportunities for increasing responsibilities, and education experiences, as well as the richness of each assignment. While the fairness and equity of the promotion systems are important, the overall importance of promotion is likely to diminish unless it remains a criterion for retention.

Asch and Hosek (2004) past analytic efforts regarding retention have been primarily related to economic considerations. However, while there have been many surveys and studies regarding job satisfaction, the efforts to integrate these factors are limited. The economic considerations are not as simple as they once were. As was noted earlier most are affected by environmental factors such as economic conditions, inflation and job growth. The dynamic changes in culture also make analysis difficult. Pay and perceived promotion opportunities are important determinants of job satisfaction. Surprisingly, there is almost universal agreement among researchers that compensation is a major, if not the major factor in retention decisions.

2.4.1 Positive Effects Influencing Job Satisfaction

There have been a number of analytical tools developed in an attempt to capture job attitudes and/or satisfaction levels. The factors that produce job satisfaction are hygiene needs: Incentives rewards such as salary increase, insurance cover team work. Job satisfaction may produce among employees good team players, Good promotional prospects may be contributed through trust between the management and employees. Recognition of employees may also be provided through involvement and feedback of employees. However, there are two sets of motivation needs that produce job satisfaction and job dissatisfaction. The two sets are separate that, absent of one does not produce the opposite condition. It is claimed that only motivator needs can produce job satisfaction (Herzberg, 2002).

2.4.2 Motivational factors on survivors

Organizational change does not favor majority of survivors, because the personal growth and esteem are as important as economic security whereby work is seen as both a psychological experience and an economic pursuit. Employees aim to get their physiological needs, shelter, food, and safety. Physiological needs motivate the need for belongingness which gives job satisfaction. Implementation of intensive training by management, Increase salary, Better medical Scheme.

However, if there is inadequate communication and non-involvement of employees in decision making, then employees would lack initiative of work (Marks, 18994). It is possible also for these potentials to be inhibited by in their environment, such as job insecurity that these implications results to low morale because apart from the anticipated loss of love and belongingness, the work that is perceived as worthwhile will be lost. The employees' self- actualization is affected by insecurity of job and at the same time threatens the provision of physiological needs (Maslow, 1980).

It is agreed that downsizing enables an organization to become more viable and competitive, if good implementation is involved in the plan. Jane Capanzzi - Mook, (1997) studies have shown that half of the downsized survivors have the same or lower level of productivity, low morale, distrust of management and fear of future downsizing. Organizations are no longer able to serve their clientele, as they out the staff to become efficient, but in reality they are left with inefficient human resources to serve the existing the customers or to generate new customers and new revenue.

Layoffs are often used to reduce labor cost due to unfavorable business conditions, survivors of layoffs respond to work behavior and attitudes, such as productivity and organizational commitment in very different ways according (Barrows and Wesson, 2001). The factors which influence job satisfaction of the respondents' level in the organization matters. The literature regarding the impact of job level on satisfaction is decidedly mixed, making it difficult to draw any strong conclusions. Kotler and Keller's (2006) overview of the empirical evidence that a lead survivor to satisfaction is a critical driver of customers. Employees need to feel secure and satisfied to perform their job effectively.

The reason that job insecurity reduces job satisfaction is attributable to the uncertainty of not knowing how to predict or control job threats. Golembiewsk et al. (1998) observed that, job satisfaction is largely a matter of an individual survivor comparing his/her career and life expectations with those being offered by an organization career.

In theory, this comparison is made on a regular basis and at certain key career junctures such as reassignment, promotion, selection for an assignment with a service obligation and leads to a decision regarding job satisfaction and commitment.

2.4.3 Commitment of work

In identifying career satisfaction factors the current individual values and career expectations of survivors, should be investigated to understand what influences these values and expectations and anticipate on how these influences will shape future career expectations. It is stated that commitment whether the survivor desires to remain in the service at a given career juncture is a measure of job satisfaction, given that the individual is a rational decision maker. Fricker (200) also found job satisfaction to be influenced by professional considerations, economic factors, occupational and family considerations.

All are evaluated by the survivor relative to the prevailing culture and environmental factors. The survivors in the organizations payment is related to promotion (Fricker, Asch and Hosek 2004). The current evaluation system is effective for promotion and downsizing decisions. Overall, however, 62% are satisfied with their promotion and advancement opportunities in the organization.

Satisfaction with promotion opportunities decreases with years of service for employees, which could reflect perceived inequities of the promotion system. Promotion opportunities decline as years of service increase as stated by survivors and that their pay would not keep pace with the rate of inflation in the economy. Majority of employees agreed with the statement that financially their families would be better off if they took a job.

2.4.4 Elements of Job Satisfaction

Personality characteristics, interest inventory scores, job challenges, supervisory style, spousal support, organizational characteristics and practices, pay and promotional opportunities, availability of employee jobs, organizational

commitment, meeting expectations. Important contribution of challenges and autonomy. Other elements of job satisfaction were associated with the supervisor's style and satisfaction with co-workers (Fricker 2002). If these separations are handled well, those who remain will not be adversely affected. For example, in terms of morale, productivity, or readiness.

If the survivors are left unattended to, there apt to feel some degree of job insecurity; this is especially true in organizations that had been considered stable places of employment. Experts find that the commitment of employees drops after downsizing. Family life, including spousal support, personal flexibility, and separation from family, are important social considerations. Job expectations, as related to prior knowledge of both the positive and negative aspects of the organization remained (Asch and Hosek, 2004)

2.4.5 Environmental and Cultural

Organizational culture or characteristics were other important considerations and surveys addressed such specific issues as organizational emphasis on human resources, fairness of the assignment process, and policies regarding living conditions and family issues (Asch and Hosek, 2004).

In addition to economic, occupational, and family considerations of job satisfaction they are influenced by changes to the cultural and environmental factors. Today's organizations are defined by several emerging characteristics representing different values and social norms. More employees are married and there is larger number of cases where both family members have careers away from home and there is more division of household responsibilities, greater importance of leisure activities (Fricker 2002).

2.5 Gender Influences perception of Job

The gender identity language has survived two mergers and the addition of many new staff of ongoing efforts to reinforce the importance of the policy. The strong relationship between human resource and the employee resource group help talk through next steps, approvals and other changes that would need to be made. The motivation to add to gender identity and policy is the same as it is for a development.

It is found that recruiting efforts on individuals will often look for signals about what a culture is like having gender identity protection signals are a diversity leader and are serious about providing an inclusive environment.” However, it is clear that adding gender identity to a policy is "not a silver bullet for solving diversity issues related according to (*Hladilek, 1987*). Little evidence of gender influences the perception of job stress and stress strain related in identifying gender related differences in workplace.

Stress may be due to bias, whereby men are over represented in managerial position and women are more to be in clerical and service jobs. However, there are no differences in emotional well-being between individuals who had lost their jobs and the survivors in the same organization. Gender differences may play a moderately role with regard to the experience of being unemployed.

Women due to the unemployment have been found to be less affected in comparison with men because even today the traditional role of full-time housewife remains open to women. It is observed that unemployed, educated, married, white-collar workers especially men do experience more psychological difficulties than women. This difference resulted from greater financial hardship rather than from difference in the function of work and family role according (*Shamir, 1986*).

2.5.1 Termination of Employees

Final major issue is the assistance provided to terminate employees. This may be a major key because the way in which terminated employees are cared for, greatly defines the organization itself. Treating terminated employees with care, dignity and respect also sends a signal to the surviving employees as to how they would be taken care of if in the same predicament. The decision to downsize can be traced to five major concerns: cost, reduction, and productivity improvement, responding to competitive threats, consolidation after a mergers or acquisition and increasing efficiency.

Cost reduction, mainly due to competitive pressures, is perhaps the most prevalent reason behind downsizing initiatives. Much of these pressures result from an increasingly open and liberal economy, where slow economic growth, coupled with a rapidly changing market place, forces companies to be increasingly cost competitive (*Appelbaum et al., (1987)*).

While observed that while many companies have in fact responded to the recession of the late 1970s and 1980s by downsizing, this explanation in itself does not suffice, considering that the subsiding of such recessions has not been followed by proportional reductions in downsizing.

2.6 Theoretical Framework

Expectancy Theory: (Greenhalgh & Roseblatt 1984)

Besides evaluating downsizing, remaining employees may be concerned about their future in the reduced organization which results to Job insecurity, defined as perceived powerlessness and to maintain desired continuity in a threatened Job situation (*Greenhalgh & Rosenblatt 1984*).

Other theorists emphasize that Job insecurity is a multi-phenomena; Ashford Lee & Broko (1989) whereby the dimension are severity of threat which the workers features at risk. Therefore this theory is very much related to the study on downsizing and survivors' motivation, whereby survivors experienced fear of losing their job, they also expected to have career improvement after downsizing. This theory supports the survivors in the downsizing exercise whereby they are expecting the change made by the organization to assist them either in bettering their skills or increase salaries and an understanding with management.

2.4.8 Motivational theory on survivors

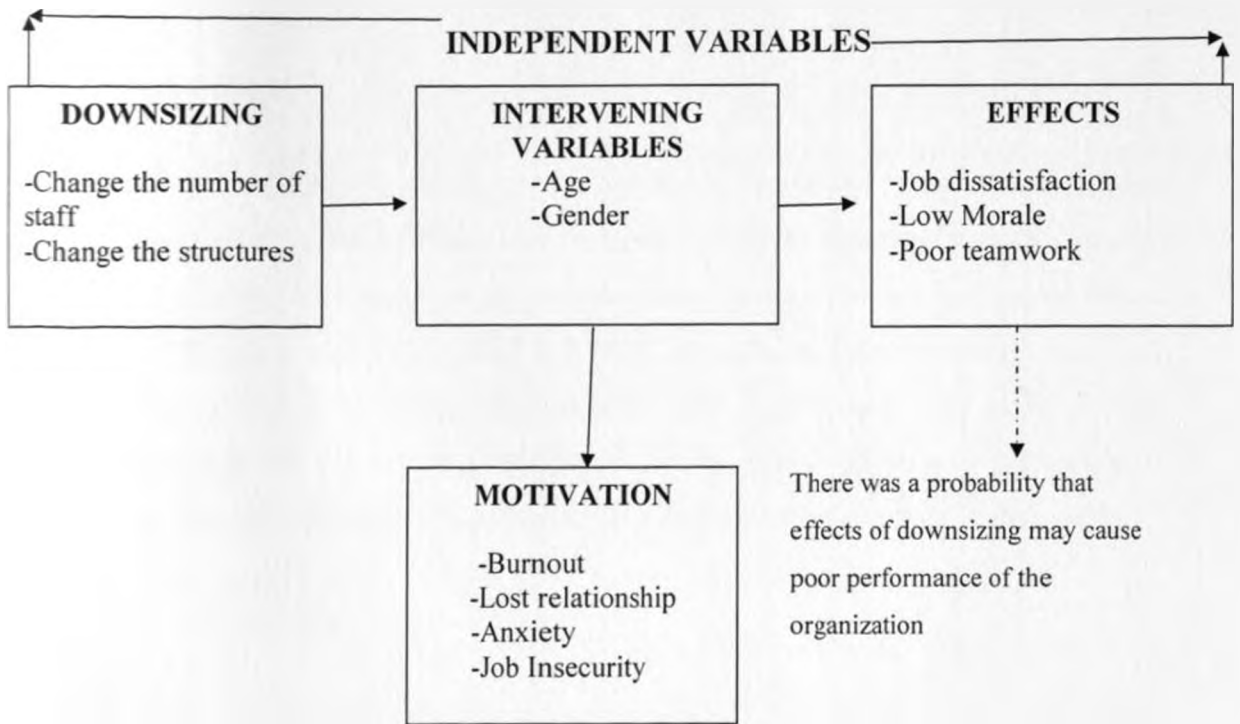
According to Maslow's, (1987) hierarchy of needs organizational change does not favor majority of survivors, because the personal growth and esteem are as important as economic security whereby work is seen as both a psychological experience and an economic pursuit. Survivors aim to get their physiological needs, shelter, food, and safety, once these basic needs are tempered with by the employer through job insecurity then the survivors live in fear that one day he will be told that there is no job.

Maslow's theory, states that hierarchy of need motivates the need for belongingness which gives job satisfaction and hope to actualize. Maslow's, (1980) explained development by use of the basic needs nature of human beings. Although the human being has positive potentials, Maslow argues that it is possible for these potentials to be inhibited by what is happening in their environment.

These implications results to low morale because apart from the anticipated loss of love and belongingness, the work that is perceived as worthwhile will be lost. The survivors' self-actualization is affected by insecurity of job and at the same time threatens the provision of physiological needs which are safety, shelter and food. Marks, (1994) cited the studies indicating that "job loss is second only to death of a loved one in terms of psychological impact".

Rubach, (1995) agreed that downsizing enables an organization to become more viable and competitive, if good implementation is involved in the plan. *Jane Capanzzi-Mook, (1997)* studies have shown that half of the downsized survivors have the same or lower level of productivity, low morale, distrust of management and fear of future downsizing. Stamps, (1996) stated that in order for an organization to compete in the near global economy, they are no longer able to serve their clientele, they out the staff to become efficient, but in reality they are left with inefficient human resources to serve the existing the customers or to generate new customers and new revenue. Layoffs are often used to cut labor cost due to unfavorable business condition, survivors of layoffs respond to work behavior and attitudes, such as productivity and organizational commitment in very different ways.

2.6.1 Conceptual Framework



The conceptual Framework according to Yoda (1985) is a conceptual Model or design that identifies each of the series of the logical steps, variables and assumed interactions bridging the gap from beginning to the end of the total process by which the research is dependent upon. In this study the independent variables were the effects of downsizing on survivors' motivation. The intervening variables were being affected negatively by the independent variables such that they will affect productivity, types of intervention, and strategies. This creates the gap that the researcher was interested in.

CHAPTER THREE:

METHODOLOGY

3.1 Research Design

Barker, (1994) explained sampling in a research as the process of defining the target population, deciding the sampling method and the sample size. The study was based on effects of downsizing on survivors' motivation. Quantitative design was applied to this study. Data was collected through structured questionnaires and face-to-face interviews. The data was analyzed using descriptive research approach.

The research sample had a total of 45 respondents obtained through a systematic random sampling. The case study relied on employees records/lists availed by the heads of departments/units. This was done in order to eliminate double count/data capture in the systematic random selection at the sample level.

3.2 Site Selection

The study was carried out in the city of Nairobi at Agricultural Finance Corporation of Kenya (AFC) Head Office. This organization was chosen due to its specific characteristics and strategic location within the city centre which is a cosmopolitan city of about three million people. It is both the capital and the largest city of Kenya and as such all the ethnic backgrounds were represented. In addition, the organization was chosen because through information from literature it had been involved in the downsizing and restructuring exercise in the recent past five years.

3.3 Data Collection

The study used both primary and secondary methods. The sources of data collection was a descriptive research, whereby a structured questionnaire was developed and administered to the survivors. The key informants were given face-to-face interviews using interview guide.

The sampling method fitted in as a non-probability sampling, which in the light of methods was what referred to as purposive. According to Mugenda and Mugenda, (1999) purposive technique refers to the researchers' use of identified participants who have the required information with the objectives of the study in mind. During data collection, the researcher was able to interview the selected 45 respondents by distributing the questionnaires. An interview guide was also used on 5 key informants who by virtue of their positions were able to provide insightful information for the research.

3.4 Sampling procedure

Sampling is defined as the selection part of an aggregate. Given the large number of employees in the organization, there was need to select a representative sample from the population. which population consisted of employees in all departments.

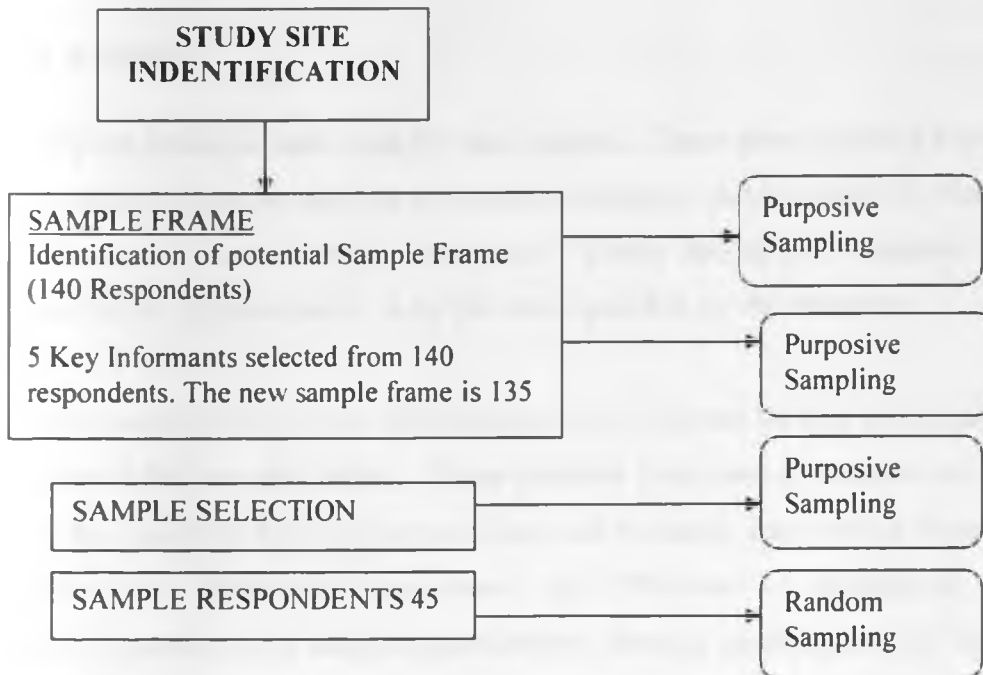
The purposive selection of participants represented a key decision point in a quantitative study.

The purposive sampling is the most important kind of non-probability sampling, whereby researcher relies on their experience. The purposive sampling was based on the fact that the target population in the corporation was ideal because they had experienced a downsizing exercise, hence deliberate subjective choice in drawing a representative sample. This was done to eliminate anticipated sources of distortion in order to eliminate the inclusion of employees who had joined the organization after the downsizing exercise. This yielded a total population of 140 potential respondents. From among this group, five (5) as key informants were purposively selected on account of their position or experience and comprised of mainly the top management, who were perceived to have more information. Thus the new sampling frame changed to 135.

3.5 Random Sampling

Random sampling was employed to pick study sample of 45 respondents from the sampling frame of 135 respondents. Figure 3 below presents a pictorial representation of the sampling procedure.

Figure 3.1: Representation of the sampling procedure



3.7 Tools used

The study tools used were structured questionnaires (Appendix 2 and 3). They consisted of various parts. Appendix 2 was designed to gather data from the general survivors of the downsizing exercise. To relate the survivors' attitude the researcher used likert scales. The Likert scale is commonly used in survey research. It is often used to measure respondents' attitudes by asking the extent to which they agree or disagree with a particular question or statement. A structured questionnaire was administered to all respondents appropriately.

Section C is based on questions to the key informants for the researcher. The sampling method fitted in as a non-probability sampling, which in the light of methods was what referred to as purposive.

According to *Mugenda and Mugenda, (1999)* purposive technique refers to the researchers' use of identified participants who have the required information with the objectives of the study in mind.

Data Analysis

Descriptive statistics were used for data analysis. These were preferred because of their ability to provide statistics and graphical displays that are useful for describing variables such as frequency percentages. Under descriptive, variables can be ordered by the alphabetically, or by the order specified by the researcher.

The cross-tabs form two-way tables and provided a variety of tests and measures of association for two-way tables. These statistics were used to compare as well as show the disparities that exist between men and women in their various responses to questions and researcher observations, age differences of respondents, among others. Questions were analyzed quantitatively through questionnaire and interview guide based on observed activities as well as explanations and discussions with respondents. The sampling method fitted in as a non-probability sampling, which in the light of methods was what referred to as purposive.

Definition of Terms

Downsizing is a cutback in a company's operations and usually implies a reduction in its employee headcount as well. Downsizing results from many factors, including increased global competition, new technologies, and weaker labor unions; it takes various forms and has various outcomes.

Some firms use downsizing as part of a long-term effort to transform their businesses; others turn to downsizing simply to slash costs and boost earnings.

Sometimes downsizing boosts employee morale by giving the remaining workforce new responsibilities and opportunities; in other cases, downsizing leaves a demoralized staff that is undermanned when economic conditions improve.

Some firms carry out downsizing relatively gently by offering workers strong incentives to retire; for other companies, downsizing means chopping heads as quickly and cheaply as possible. Whether downsizing generally helps or hurts a company's long-term profitability remains controversial. Evidence can be presented on both sides, but most would agree that the answer greatly depends on how the downsizing is executed (2003-2010, Investor Glossary).

It is also described as the contemporary practice of permanently reducing of Jobs in an effort to improve operating efficiency, not necessarily in response to declines in business. Daft (2000) emphasizes on downsizing that it was solely meant as a way in which an organization could evaluate itself in terms of structure and to determine whether or not the structure within the organization was a good. Over time, the meaning of downsizing may have changed slightly, however, the ultimate goal of improving operating efficiency seems to still hold true.

In a business enterprise, downsizing is reducing the number of employees on the operating payroll. Some users distinguish downsizing from a layoff, with downsizing intended to be a permanent downscaling and a layoff intended to be a temporary downscaling in which employees may later be rehired. Businesses use several techniques in downsizing, including providing incentives to take early retirement and transfer to subsidiary companies, but the most common technique is to simply terminate the employment of a certain number of people. Rightsizing is downsizing in the belief that an enterprise really should operate with fewer people. Downsizing is that, in retrospect, failed to achieve the desired effect (Copyright 2000 - 2008 Tech Target, Inc.).

Motivation: Motivation is the inner power or energy that pushes toward acting, performing actions and achieving. Motivation has much to do with desire and

ambition, and if they are absent, motivation is absent too. Often, a person has the desire and ambition to get something done or achieve a certain goal, but lacks the push, the initiative and the willingness to take action. This is due to lack of motivation and inner drive.

Motivation strengthens the ambition, increases initiative and gives direction, courage, energy and the persistence to follow one's goals. A motivated person takes action and does whatever it takes to achieve his/her goals. Motivation becomes strong when you have a vision, a clear mental image of what you want to achieve, and also a strong desire to materialize it.

In this situation it awakens and pushes are forward, towards taking action and making the vision a reality. It can be applied to every action and goal. There could be motivation , for instance to study a foreign language, to get good grades at school, bake a cake, write a poem, take a walk every day, make more money, get a better job, buy a new house, own a business, or become a writer, a doctor or a lawyer.

Motivation is present whenever there is a clear vision, precise knowledge of what one wants to do, a strong desire and faith in one's abilities (Copyright 2001-2010 Remez Sasson). Motivation is one of the most important keys to success. When there is lack of motivation one either get no results, or only mediocre results, whereas when there is motivation one attain greater and better results and achievements. Compare a student who lacks motivation and who hardly studies, to a student who is highly motivated, and who devotes many hours to his studies; they will get absolutely different grades.

Motivation is a concept of management practice that needs to be understood by managers and then applied to the survivors, even to the extent of being instilled into organization (Campell and Pritchard, 1976).

Change: Management means to plan, initiate realize, control and finally stabilize change processes on both, corporate and personal level. Change may cover such

diverse problems as for example strategic direction or personal development programs staff. People resist change for good reason.

Everyone is under great pressure to meet targets and, to be efficient, therefore routines are needed. A great deal of our work may require us to solve problems with some creative thinking, but the bulk of it can be done on automatic pilot once it is known what is to be done. This takes a lot less effort than having to think through from scratch how to do something. Change is frustrating because it disrupts people's routines.

This is very threatening because it raises the possibility that we might not meet our targets if we have to learn something new. It is a worrying thought that we might not be competent in the new methods. Change is also annoying because someone else is trying to tell us how to do our job better. This is insulting and people resist it for emotional reasons no matter how good the idea might be. (Jan 23, 2008 Mitch McCrimmon)

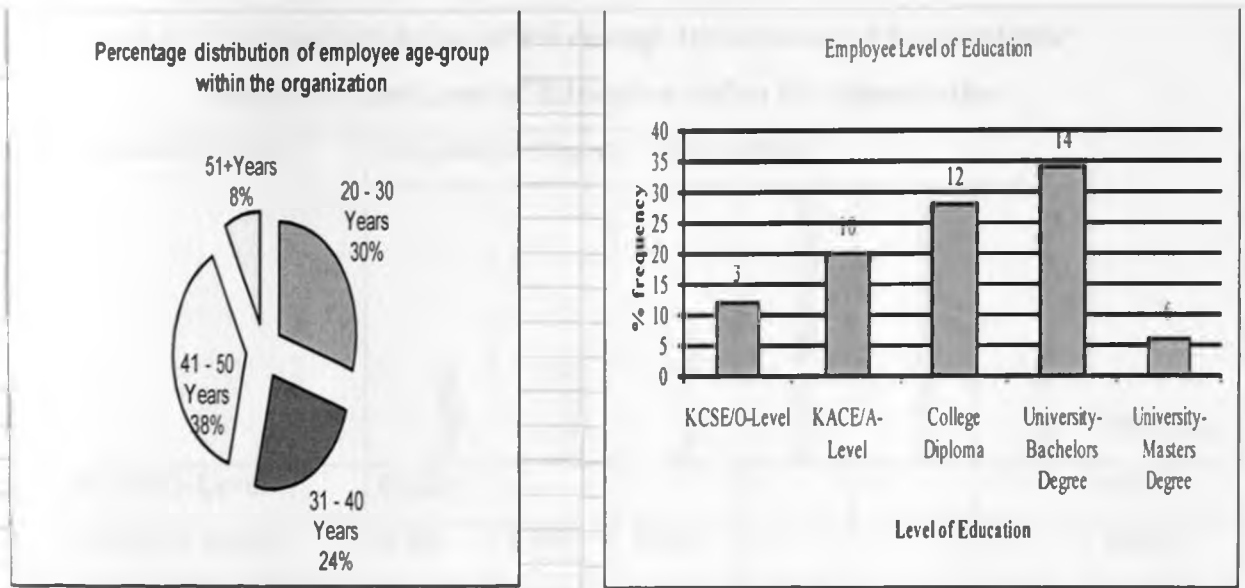
CHAPTER FOUR

RESULTS PRESENTATION AND DISCUSSION

Introduction

The four sections relate, job insecurity, identify the coping mechanism, and identify the strategies and asses job satisfaction that may elevate motivation among survivors. The study looked at various respondent characteristics during the interviews and was analyzed through descriptive statistics. The data was presented in tables and figures as appropriate. Figure 4.1 below illustrates age and education level of the respondents’.

Figure 4.1: Percentage distribution of Respondent’s Age-group and Level of Education within the organization



The results indicate that the mean age of the respondents was 38.4 years with the majority of them being in the age-groups of 20-30 years at 30% and 41-50 years at 38%. The characteristics of the respondents revealed that the majority of the respondents were university graduates with 14% holding a first degree and 6% with a Masters degree.

Other cadres of educational levels included college diploma about 12% A-Level at 10% and O-Level at 12% as shown in Table 4.1 below shows the cross-tabulation of percentage distribution of respondents' job-group.

It was found that the top management positions in the organizations were held by graduate managers about 34%. This result concurred with Marcelli (1999) findings that had similar comparison between education and occupation which showed a higher percentage was in the management.

This is consistent with the Galloway and Bernasek's (2002) study, who found that people with the highest levels of education were more likely to be found in top management white collar jobs, whereas those with the lower levels had the highest probabilities of working in the lower job cadres in the organization.

Table 4.1: A Cross tabulation of Percentage Distribution of Respondents' Job-group and Level of Education within the organization

Education level	Job group category in percentage						TOTAL
	Support	Clerical	Supervisor	Middle Management	Senior Management	Top Management	
KCSE/O-Level	6 (13)	-	-	-	-	-	6(13)
KACE/A-Level	3 (6)	3 (6)	2 (4)	-	-	-	8(16)
College Diploma	4 (9)	3 (6)	4 (9)	4 (9)	-	-	15(33)
University-Bachelors Degree	-	0 (0)	6 (13)	5 (11)	2 (4)	2 (4)	15(32)
University-Masters Degree	-	-	-	-	-	3 (6)	3(6)
Total	13 (28)	7 (12)	12 (26)	9 (20)	2 (4)	5 (10)	45(100)

Figure in parentheses are percentages

Thus, in occupations in which a higher percentage of the jobs were in the lower job cadres, diploma level 33%, those jobs were more likely to be held by persons with less education, age and skill and were more likely to pay lower inconsistent wages. This then is likely to have a ripple effect in the lives of the majority of lower cadre-job holders in the organization with regard to among others, their savings, maintenance of their households, working hours and motivation.

4.2 Job Insecurity

It was found that job insecurity was contributed by several factors after downsizing. The most common was that the organization did not accomplish the desired improvements but instead experienced negative responses. The survivors felt insecure, low morale due to lack of proper information about downsizing. Communication among the survivors did not flow due to fear and distrust of being blamed if decision did not prove effective.

The survivors experienced long hours of work as felt pressure to be visible to display loyalty, and this affected other family members as the organization failed to realize the heavy workload in parallel with the staff reductions with the expectation that the remaining staff will just pick up. It was found that survivors and those who left shared the same effects, feelings of shock, grief, disbelief and anger which manifested through downsizing exercise.

This is evidenced by the statement that those who are unemployed and re-enter the workforce again, do so with a legacy of wounds and wisdom from their downsizing experiences (*Fineman, 2002*). The results showed that management failed the survivors by expecting them to be team players where there was no job security. The survivors found it difficult to commit themselves in the organization activities bearing in mind that it was unstable and they feared they were the next victims to let go. The survivors gave evidence that for the three decades they have witnessed feelings of insecurity concerning the nature and future existence of their jobs.

They indicated that the organization strategies were not immediately implemented to prevent the most negative impact of job insecurity from occurring. Majority of survivors complained that there was lack of technology as the new demands were put in place after downsizing. There was also lack of managers' initiative to take steps immediately after workforce reductions in order to provide the remaining workers with the support and guidance they needed.

4.3 The Intervention on Survivors

The organization implemented useful coping mechanism to the survivors, although the problem was not responded immediately. The findings showed that the support which survivors would have given one another was reported at lower levels due to job insecurity. The results showed that management lost its the sense of security according to the survivors; they only made an adjustments on the operations and did not consider the remaining survivors. The survivors argued that there was need for the management to shift their focus from managing short-term responsibility of layoffs to developing better long-term program for managing careers in a downsized environment.

4.4 The Strategies employed by the management

The study showed that the negative effects which occurred as result of survivors' fear of expressing their views on safety measures were put in place to counteract survivors' apathy and improve customer service to restore their trust. Practices and strategies has three issues which are key, the first consists of the reasons that lead to the decision to downsize. This is of importance not only to ensure that the decision is made for the right reasons, but also so that employees' confidence and understanding of the need for the changes is maintained throughout the implementation of downsizing.

Table 4.3: Expressed feelings of survivors

	Likert 5 Point Scale				
	Never feel this way	Rarely feel this way	Occasionally	Frequently feel this way	Always feel this way
My work does not allow me to spend enough time with my family	24%	4%	2%	8%	7%
My workmates are good team players.	4%	3%	16%	7%	15%
My workload is too heavy	3%	2%	18%	12%	10%
I wish I had more skills to handle the responsibility of my job.	22%	2%	12%	5%	4%
I do not have good promotional prospects.	14%	8%	8%	10%	5%
I fear for the security of my job.	24%	10%	2%	5%	4%
I am angry at the loss of friends and colleagues who left.	12%	8%	14%	3%	8%
The work I do is worthwhile and challenging	5%	3%	14%	3%	20%
I work under pressure to meet deadlines.	11%	13%	6%	1%	14%
I am not kept well informed about changes in my job.	6%	28%	6%	1%	4%
I always stay in the office even when I have urgent personal things I would like to do.	8%	2%	9%	4%	22%
I am currently well paid for the job I do.	3%	26%	8%	4%	4%
The changes that have taken place make me feel out of control	4%	12%	10%	5%	14%
It was much more fun to be at work in the days before the changes	5%	4%	14%	8%	14%
I never felt threatened at work before the changes started taking place.	15%	11%	6%	8%	5%
Things used to be calm before the changes came.	12%	6%	12%	5%	10%
I had more trust towards my bosses before the changes came.	14%	4%	16%	4%	7%
I felt useful as role model at work before the changes than I feel presently.	16%	4%	18%	2%	5%
When the changes started I felt lost.	24%	8%	4%	5%	4%

Positive attitude:

The positive feelings among the respondents were received as follows;

They expressed their feelings towards how they felt about their workmates being good-team players with about 33% of the respondents reported to have “always” (16%) “Frequently” (44%) felt that their workmates were good team players. On the feelings that the work they did was worthwhile and challenging, 44% respondents reported to have “always” (16%), “frequently” (31%) and “occasionally” (30%) felt that the work they did was worthwhile and challenging. However, most of the respondents at 60% were not enthusiastic about their remuneration compared to their workload. Of these 38% “never” felt that they were adequately compensated for the work they did. A further 22% “rarely” felt that their pay was commensurate with their workload. Other respondents at 17% “occasionally” felt that they were well paid for their work.

Negative attitude:

There were many negative feelings to express, however, from the Table 4.4 above, it can be inferred that most of the respondents were comfortable with their work and work-environment. Nevertheless, 72% felt that their work did not allow them to spend enough time with their families. Of these, 32% “occasionally”, 22% “Always” and 18% “frequently” felt that they did not have enough time left to bond with their families. A more significant figure of 40% respondents “occasionally” felt that their workload was too heavy. This is confirmed by 49% of respondents who expressed the sentiment that they always stayed in the office even when they had urgent personal things to do.

Table 4.4 Three Phases of Downsizing

Year	Survivors	Non-survivors	Percentage
2000	7 (15)	3 (7)	10(22)
2004	16(36)	2 (4)	18(40)
2006	12(27)	5 (11)	17(38)
Total	35	10	45(100)

The findings showed that there were also non-survivors among the survivors. The survivors were about thirty five (35) while the non-survivors were ten (10). They both experienced effects of downsizing. In some cases the survivors expressed how the first (2000) and second (2004) phases of downsizing were carried out without pre-planning and that many of employees left without their dues while others were under-estimated and they were not given any option.

However the survivors explained that the third phase of downsizing in (2006) was well-planned and the management had given the employees option of choosing whether to go voluntarily and be given their package. Many of the employees accepted. The non-survivors were those who were employed after downsizing exercise. Eight of them being newly employed while two were called back to occupy their previous position.

Figure 4.2: Gendered job classification

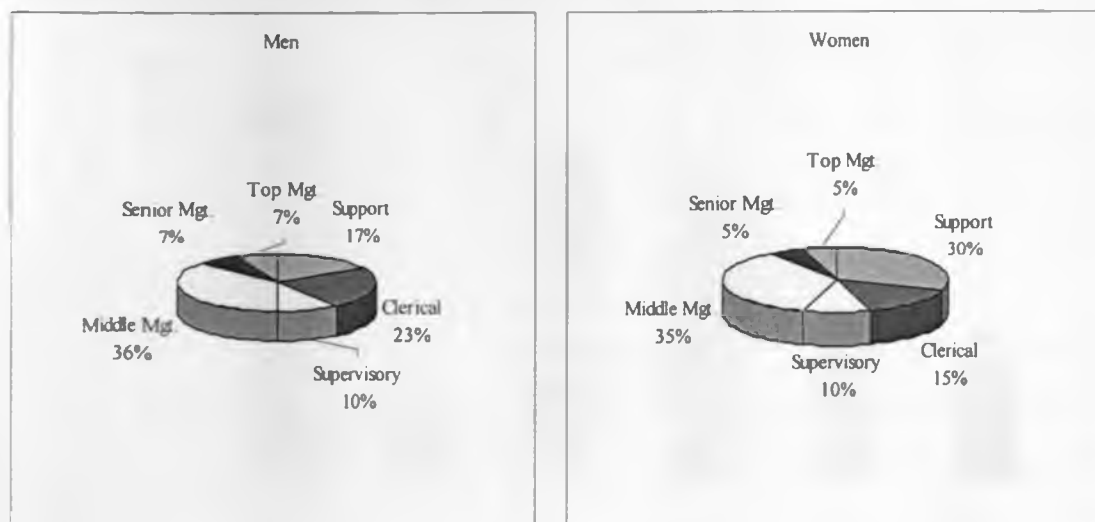


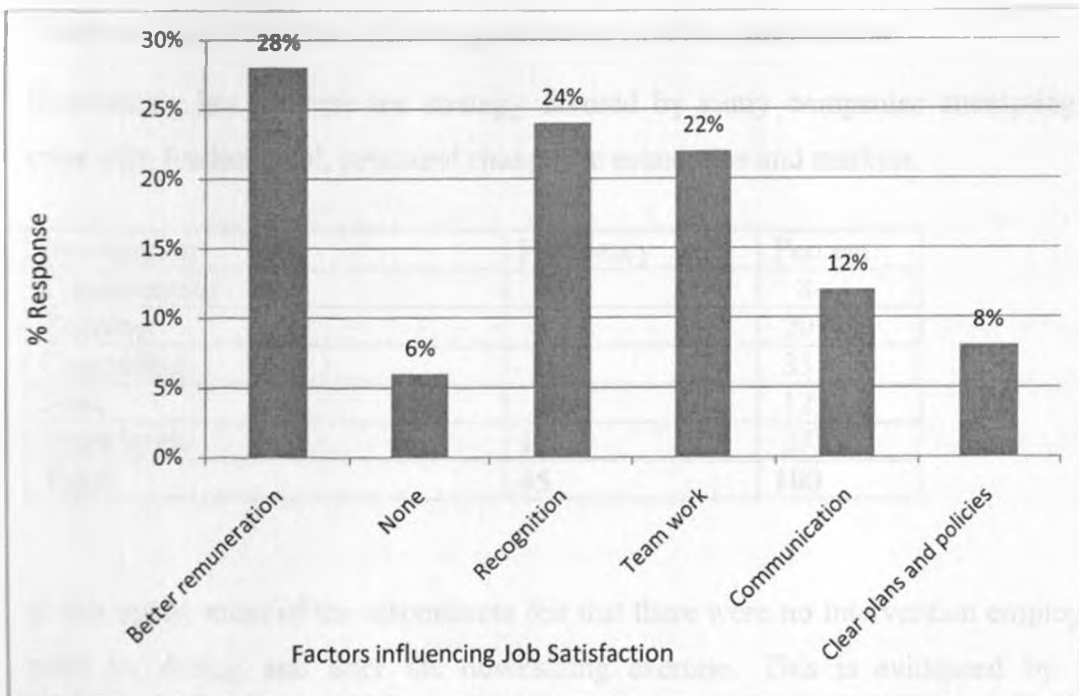
Figure 4.2. Above shows the respondents' job classification aggregated along gender differences between men and women in the organization during the downsizing exercise. Generally, there were no significant differences in job-classification and placement of men and women in the organizations in the study. However, a closer scrutiny of the analysis showed that there were 8% more men in clerical jobs than women and 13% more women in support positions. This could be attributed to their length of service, age and education levels.

Table 4.5: Respondents' Duration of Service

Years service	Frequency	percentage
5-10 Years	10	20%
20 -35 Years	20	50%
35-50 Years	15	30%
Total	45	100%

The analysis carried out is that the data revealed most of the respondents in the study as were in the Middle Ages about 50 % who had recently joined the organizations. In table 4.3 it showed the duration the survivors had been in the organization. This is a confirmation that majority of survivors had given long service to the organization.

Figure 4.4: Factors influencing job satisfaction



The above figure showed the factors that influenced job satisfaction among the survivors.

When employees and management were asked to rate the importance of the aspects of the work environment commonly associated with job satisfaction they listed them as above. Among the most favored factors contributing to job satisfaction was “better remuneration”, “Recognition” and “Team work” at 27%, 22% and 20% respectively.

This reinforced the notion that remuneration had consistently remained one of the top five job satisfaction aspects most important to employees. It may be that while management valued compensation/pay, they also understood the relationship with their immediate supervisors and opened lines of communication with senior management which were integral to job satisfaction, especially when employees’ morale was threatened. Employees who were compensated well but had poor relationship with their supervisors were more likely to be frustrated, less productive and dissatisfied and which would negatively affect the dynamics of a Team

Table 4.6: Intervention by management on survivor motivation

Downsizing has become the strategy favored by many companies attempting to cope with fundamental, structural changes in economies and markets.

Intervention	Frequency	Percent
Consultancies	4	8
Training	8	20
Counseling	15	33
None	6	12
Team work	12	27
Total	45	100

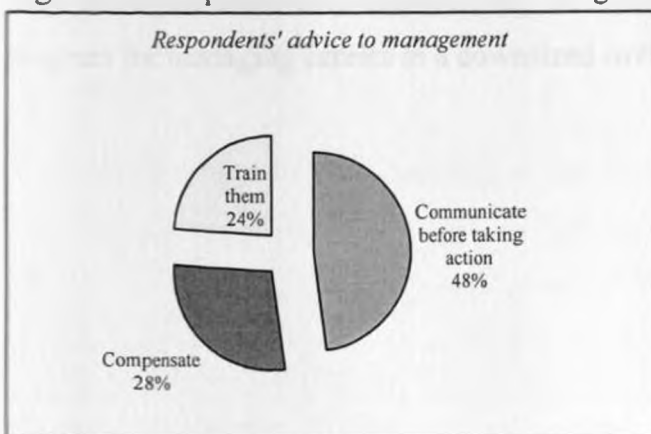
In this study, most of the respondents felt that there were no Intervention employed prior to, during and after the downsizing exercise. This is evidenced by the significant 12% negative response of none implementation of Intervention. Counseling ranked the top with 33% among the other reported Intervention. Team work was the second favorite coping mechanism at 27%.

The low percentage evidenced on the Intervention employed on consultancies which had response of 8%. This confirmed that downsizing was a controversial phenomenon.

4.4.2 The Respondents' Advice to the Management

The study sought to find out what course of actions respondents' would have liked the management implement after the downsizing exercise.

Figure 4.5: Respondents' Advice to the Management



Results from the study as presented in Figure 4.5 above show that responses were generally grouped in to three broad categories. 48% of the respondents would have wanted the management to communicate more effectively on the impending changes in the organization. 28% wanted the management to think more on the lines of compensating both the “let-go” employees and the “survivors” too. The last group at 24% wanted the management to initiate training of the survivors in order to improve on their work-skills to ensure continuity in production.

The study further sought to establish the kind of leadership style respondents' thought their organizations operated in. 64% respondents thought that their organizations were “authoritarian” agencies while the remaining 36% thought their organizations were “democratically” run.

This is in tune with “authoritarian” agencies which seek to concentrate all power and decision making to a few central and controlling persons. It further observed that it is likely that employees felt a sense of control over the situation when they had an opportunity to influence the decisions being made. The study showed that control perceptions had positive direct effects on various health indicators and work attitudes, and in addition, that control perceptions moderated the effects of job insecurity on physical health.

The survivors argued that there was need for the management to shift their focus from managing short-term responsibility of layoffs to developing better long-term program for managing careers in a downsized environment.

CHAPTER FIVE:

INTRODUCTION

The purpose of this study was to better understand the survivors of organization after downsizing. The study has shown that changes in working life witnessed over the past two decades have caused feelings of insecurity concerning the nature and future existence of survivors' jobs. It has also shown the terms and conditions of employment after downsizing changes. The majority of survivors had mixed reaction towards downsizing. to the new technology introduced after downsizing exercise and some of them were not trainable due to age factor.

Summary

According to the records the first downsizings exercise took place in 2000 and was done haphazardly without any option where about 300 employees lost their jobs. The second downsizing exercise took place in 2004, and on learning from the first the management gathered ideas on how to handle it. The third phase of downsizing was done in 2006 and it was systematically done, where employees were given option to either retire voluntarily Most of the employees chose to go on early retirement. However, for the survivors, the terms of employment changed either from permanent to contract.

Limitations

The study points out the reasons why many of the expected gains from downsizing have not been achieved. It is drawn from the findings that effective strategies for downsizing, sometimes retained workers although the work of two or three individuals with little appreciation or acknowledgement remains. Despite the reduction of employees, still salaries are not increased commensurately or perhaps even at all.

The resources made available to them are often very lean or nonexistent. While at the very same time, the demands on their productivity might be significantly increased.

Conclusion

The researcher found that many of the survivors have not been allowed to spend enough time with their families due to workload. This is evidenced by the fact that the staff reduced after downsizing but the workload increased. Many of the survivors had good team work, being few of them they had to support one another to meet the deadlines required by the organization after downsizing. It was found that some of the survivors wished that they had more skills to handle the heavy responsibility which was put on them. Majority of them complaint that they were working under pressure since deadlines were to be met within the speculated period.

The organization housed some of the survivors who had good prospects of being promoted. They had hope that the change would give them a chance for promotion, but this was not implemented after downsizing. Some managers had very useful role model within the organization but the change they felt that they were under utilized. It was also found that loss of colleagues affected majority of survivors as they had personal issues with one another; For instance they talked about welfares which were headed by some of the laid-off staff.

Recommendations

Downsizing preview should provide survivors information on the overall changes to the system as well as the changes immediately affecting them. During and after downsizing exercise a thorough scheme should be put in place, not only for managers but also the survivors themselves such that they may effectively deal with the increased workload. It is the responsibility of the management to prepare quality communication and increasing managers role in the prevention of survivor syndrome.

Organizational managers' intervention should be made regularly for the survivors to emulate and transpose the context of downsizing. The managers should be addressed the traps which block communication before and after downsizing, so as to prepare the survivors psychologically. There is need for the management to take measures to mitigate the most negative impact of job insecurity and encourage survivors' motivational change.

The role of communication in organization change needs to be researched further because all indications in this study were that the organizations endeavored to communicate. However, their communication was not well perceived and internalized by the survivors. The study needs to show the realization that though survivors are diverse in personalities; their issues are common and can be addressed to make their lives better, in the process also making their organizations better in productivity and profitability.

Management need to attain positive results if they handle downsizing in a way that, departing employees leave with dignity and enables remaining survivors to be motivated, productive, and committed to a better future. In order for the organization to effectively and fairly downsize survivors they need to make strategies of implementing policy which would be key element met at all times. The aftermath of downsizing also places greater demands on managers to make do with less. In other words, managers must strive to maintain or increase productivity and quality levels despite having a smaller workforce. Since downsizing often brings about a flatter corporate structure, the flow of information and communication no longer requires the effort needed prior to restructuring.

There was need to negate the impact of downsizing and keeping everyone informed about organization change developing up-front communication plans, clarifying objectives and defines the strategic goals. Moreover, during downsizing, empowerment becomes even more critical because there are fewer employees to complete the work of the organization. Managers should confer with employees regularly to discuss motivation and strategies which help meet the goals.

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APPENDICES

APPENDIX1: GENERAL INSTITUTIONAL QUESTIONNAIRE

COVER LETTER.

Dear Research Participant,

My names are ----- an M.A. student at the Department of Sociology, University of Nairobi. I am conducting a study entitled “The Effects of Downsizing on Survivors’ Motivation in Organizations within Nairobi”

The primary purpose of this research is to analyze the psychological, attitudinal.

Behavioral and motivational effects on survivors of organization.

You are invited to participate in this study if you are interested. Data is being collected from a possible population sample of 100 respondents within two different organizations.

There are no direct benefits to you from your participation. Participation is expected to take not longer than 45 minutes. Your participation is entirely voluntary. You may discontinue your participation in the study at any time if you so choose without prejudice. Your confidentiality will be assured by assigning you a number.

All of your responses will be associated with this number. Only the investigator will be aware of your identity. If data from this study is presented or published, your identity will not be divulged in any way.

Sincerely,

Student Researcher

APPENDIX 2: QUESTIONNAIRE FOR DOWNSIZING OF ORGANIZATION

Participants will remain anonymous and confidential

SECTION A:

PERSONAL DATA

1. How old are you? -----

 2. What is your marital status? -----

 3. What is your level of education? -----

 4. For how long have you worked for this organization?

 5. What designation are you in the organization?

 6. In what way did the downsizing exercise affect your work?

 7. In your view do you think downsizing had a profound effect on you?

 8. During the downsizing exercise, were you within the organization?

 9. If yes, state whether you were a survivor or a non survivor?

 10. What were the experiences that you went through?

 11. Do you still retain your trust with the organization?

 12. How did the community get involved in the downsizing of organizations?

 13. What would you say, if you are asked about the most commonly cited reason why the downsizing was done?

-

14. What negative perceptions you experienced as a survivors?

Please select from the list below all what applies.

12. What would you say were the incentives which motivated you most?

- (a) Remuneration
- (b) Recognition
- (c) Policy change
- (d) Feedback
- (e) Involvement in decision making

13. What was the Intervention offered by the management?

- (a) Consultations
- (b) Counseling
- (c) Better safety measure
- (d) Medical Cover

14. What were some of the feelings about job insecurity?

- (a) Inefficiency
- (b) Risk
- (c) Incapacity
- (d) Uncertainty

15. What were the factors which indicated negative response to your job?

- (a) Decreased job satisfactory
- (b) Strain

(c) Lack of Commitment

(d) Increased pressure

16. What were the emotions brought about by the change?

(a) Anger

(b) Mistrust

(c) Frustration

(d) Violation

17. What would you say contributed to the job dissatisfaction?

(a) Lack of recognition

(b) Lack of Commitment

(c) High rate of turnover

(d) Low morale

18. What were the factors used by the management as a strategy to elevate Motivation?

(a) Promotion

(b) Medical Cover

(c) Insurance Cover

(d) Change of Policy

(e) Training

19. In your view, were you accorded the right intervention after downsizing?

20. What would you have liked the management to do as a safety measure to the survivors?
- (a) Initiate intensive training to survivors
 - (b) Include all survivors in decision making
 - (c) Communicate effectively
 - (d) Feedback
21. Do you still trust your employer or your trust is reduced after the change?
22. How would you describe the overall status of your organization now?
- (a) Stable
 - (b) Unstable
 - (c) Improving
 - (e) Declining
23. Did the downsizing affect your family? If Yes How
- (a) Deny the family time
 - (b) Family job insecurity of the breadwinner
 - (c) Anxiety due long hours of work
24. Are your children old enough to assist in case of loss of job?
- (a) My children are between 15-20 years
 - (b) My children are school going
 - (c) My children are very young
 - (d) None of the above

SECTION B:

PLEASE INDICATE THE NUMBER THAT BEST REPRESENTS YOUR OPINION BY USING THE FOLLOWING SCALE (1-5). USE THE NUMBER CLOSE TO YOUR OPINION BY TICKING.

	FEELINGS	I never felt this way	I rarely feel this way	Occasionally I feel this way	Frequently I feel this way	I always feel this way
1	My work does not allow me to spend enough time with my family					
2.	My workmates are good team players					
3.	My workload is too heavy					
4	I wish I had more skills to handle the responsibility of my job					
5.	I do not have good promotional prospects					
6.	I work under pressure to meet deadlines					
7.	I am not kept well informed about changes in my job					
8.	Things used to be calm before the changes started taking place					
9.	I had more trust towards my bosses before the changes came					
10.	I felt useful as role model at work before the changes than I feel presently					
11.	When the changes started I felt lost					
12.	I never felt threatened at work before the changes started taking place					
13.	I always stay in the office even when I have urgent personal things I would like to do					
15.	I am angry at the loss of friends and colleagues who left					
16.	I am not kept well informed about changes in my job					
17.	The work I do is worthwhile and challenging					
18.	The changes that have taken place make me feel out of control					

Section C

Interview Guide

1. What was the major downsizing effects based on job insecurity?
2. What intervention did management offer to the survivors?
3. What were strategies employed after downsizing?
4. Were survivors trained for the new skills?
5. What negative remarks did the survivors make after the change?
6. To what extent did the management improve the organization after downsizing?
7. Were the survivors allowed to participate in decision making after downsizing?
8. What was the reaction of the clients after their services were interrupted by downsizing exercise?
9. According to you, are the services to client better than before the downsizing?
10. What duration do you think could be best for downsizing of an organization?
11. What coping mechanism did you use on survivors after downsizing?
12. What can you suggest on survivors counseling/consultancy?

	March	April	May	June	July	August	September
Data Collection							
Data Entry							
Data Analysis							
1st Draft							
2nd Draft							
Final Draft							
Presentation							