Downsizing: Perspectives, outcomes and implications

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The editors of *Downsizing: Is less still more?*, Cary L. Cooper, Alankrita Pandey and James Campbell Quick, present a collection of perspectives on downsizing from the point of view of distinguished international experts. This book uses empirical research to explore this business strategy. It spans 13 chapters, which explore and examine the extent and depths of downsizing whilst offering the reader an all-encompassing and impressive understanding of various facets and significant themes of downsizing. The editors skillfully diagnose downsizing in four comprehensive parts, namely overview, human outcomes, organisational outcomes and post-downsizing implications.
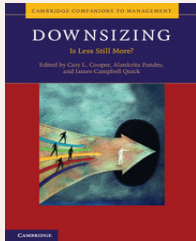
Part I, the overview, provides an overview of job loss and the effects on both workers and firms. The chapter firmly introduces the topic of job loss and readily investigates job stability and sets forth the outline for the remainder of the chapters. The data used to examine job loss are based on four decades of data, from the United States of America, which were derived from various data sources. Subsequently, the chapter examines the alternatives to layoffs, namely work sharing, and examines various cases within organisations to determine the viability and sustainability of layoffs. The chapter concludes by discussing the effects of job loss on workers, namely subsequent work, happiness and health, in addition to the effects on firms.

Chapter 2 brings to the attention of the reader the title of the book and encapsulates the origins of downsizing whilst concisely defining this phenomenon. The contributors of this chapter provide a comprehensive, though non-exhaustive, discussion on the causes of employment downsizing. The authors clarify two broad classes, namely external or macro-environmental and internal organisational factors. This sets the scene for the remainder of the chapter, which investigates 15 tabulated antecedents at great length. The suggested antecedents give rise to suggestions for future researchers.

Part I concludes with Chapter 3, which expands on Chapter 2 by exploring the antecedents of downsizing. Four categories are identified that can effect an organisation's decision to downsize. Subsequently, the chapter elucidates on the role of different factors in shaping downsizing. A framework for understanding the antecedents of downsizing is highlighted and guides the discussion. Internal and external factors of downsizing are revealed that lead to managerial decisions in downsizing. The chapter further elucidates the various moderators that are associated with downsizing, namely industry characteristics, ownership structures, board characteristics and firm characteristics. The chapter adeptly highlights downsizing as a proactive strategy and questions its ability in developing economies. The role of institutional forces are analysed as a way of explaining a firm's decision to downsize.

Part II begins with Chapter 4. Work motivation is reviewed, whilst clarifying such factors as individual values, cultural values, organisational culture, leader member exchange, job design and fit, as well as distributional and procedural justice. The chapter draws on the aforementioned factors, analysing motivation and downsizing. In addition, this chapter examines downsizing and voluntary turnover, which may increase amongst survivors. The link between downsizing and productivity is examined along with the negative effects downsizing has on employees and the work situation.

Chapter 5 focuses on the disparate outcomes of downsizing through an adapted strategic human resource management model. This chapter examines the impact of downsizing strategies of human capital whilst exploring the impact of in-role and extra-role behaviour. Views on justice, social exchange relationships and perceptions are examined at an individual level. The chapter concludes by discussing the impact on human resource (HR) practices and the perceptions of HR practices in eliciting and addressing downsizing.

Chapter 6 draws on the health outcomes of employees, namely survivor disease. The health outcomes are examined from a macro and micro economic change perspective of threats to employees' capabilities and employment status. A succinct table presents the associations between downsizing and health from various international studies. The chapter provides insight into the major concerns of the surviving workforce and explores health effects of job insecurity and job restructuring.

Part III reviews downsizing from an organisational outcome perspective. Chapter 7 discusses the impact of employee downsizing on organisational performance and thoroughly investigates the performance effects of downsizing whilst introductorily reviewing the benefits and costs. This chapter provides a framework of performance outcomes organised around downsizing and identifies three such streams. Stream I focuses on market responses, stream II on profitability and stream III on productivity. The chapter presents the findings, suggesting streams I and II as being detrimental to shareholders and profitability in contrast to stream III, which provides a constructive perspective.

Chapter 8 presents an examination of executive perceptions of downsizing and investigates the institutionalisation of downsizing. This chapter sets out the theoretical framework of the perceptions of downsizing. It presents a model investigating the perception that downsizing is financially effective as well as inevitable. This chapter concludes with implications for empirical research and practice.

Chapter 9 reviews downsizing in today's global economy by examining whether downsizing is viable or not. A longitudinal study is presented that was conducted amongst American Fortune 1000 companies, tracking the financial performance for five years, namely the year before downsizing, the year of the downsizing and each of the three consecutive years. The chapter further builds on psychological contact theory and economic theory. The impact of downsizing on individuals and organisations is identified, favouring the psychological contract theory. It is argued that the benefits of downsizing will be proven in the long run. The chapter concludes by providing theoretical and practical implications of downsizing, indicating that strategic analysis, thoughtful planning and careful execution are prerequisites of downsizing.

Part IV explores post-downsizing implications. Chapter 10 presents the stress outcomes of downsizing and identifies five groups of individuals that are impacted by the process. The chapter focuses on the following groups: victims (primary causalities), survivors and agent survivors (secondary casualties). Each of the affected groups is defined and its stress sources explained. The second half of the chapter explains the moderating factors and elaborates on what can be done to reduce the consequences.

Chapter 11 draws attention to good downsizing and examines the contributions of implementing a workforce reduction strategy at a business unit level. A succinct table of elements of good downsizing is provided. The chapter leverages on normative suggestions by dissecting downsizing strategies affecting structural arrangements.

Chapter 12 explains the implications and consequences of downsizing from a global perspective. The chapter opens by shedding the light on downsizing as a strategy or process, which sets the framework for the chapter. The phases of downsizing are examined, namely before, during and after downsizing. The chapter further builds upon the financial consequences and implications. The chapter also highlights the implications of economic structures in organisations. Subsequently, the chapter explores the organisational implications and consequences and needs for training and development as a national orientation and notes such changes in China due to the changing economy. The chapter examines socio-cultural changes from Australia, New Zealand and South Africa. The chapter distinguishes between private and publicly held firms in terms of the way in which downsizing takes place.

Chapter 13 concludes the book and provides an integrated view between a universal model of downsizing and a country-specific view. Similar to the previous chapter, this chapter examines the global perspective and highlights different approaches of downsizing in different countries. This international perspective suggests that many organisations face global issues. It distinguishes between the 'Western' approach to downsizing and the 'Eastern' approach to downsizing. A multi-factor approach is taken to describe or evaluate the consequences of downsizing. The chapter and the book conclude by exploring downsizing qualitatively by means of semi-structured interviews conducted amongst professionals who have led and or participated in downsizing in multinational corporations.

This book is a value-add and presents a comprehensive study of downsizing. It is a worthwhile read for all human resource professionals and organisations that are embarking on workforce reduction. In addition, the book is deemed valuable to researchers as they will be able to build on the research presented in terms of the gaps in literature, limitations and to build upon the directions for future research. The editors present downsizing effectively, focusing on firms in the United States. However, it is important to note that downsizing is a global phenomenon, and although implications may differ in other countries, organisations around the world may benefit from this book.