ABSTRACT

Strategies that lead to downsizing

This study began as a general inquiry into downsizing and then focused on two objectives which became the research question:

What strategies allow an organization to continue performing functions, once the decision to downsize has been made, and what combination of strategies will be optimal (or at least satisficing) for the organization at a given point in time?

While the study commenced with the aim of using a grounded theory methodology, difficulties experienced in obtaining a rich set of responses from interviewees, necessitated making modifications. Both quantitative and qualitative methodologies were adopted. Data were collected during two rounds of semi-structured interviews, from organizations in the metropolitan area of Perth, Western Australia. During the first round of interviews, thirteen strategies that lead to downsizing were identified, along with nine associated properties. These were used to construct a questionnaire which was administered during the second round of interviews. Subsequently, two further strategies were identified, but not included in the questionnaire or quantitative analysis. The quantitative analysis of the questionnaire data lead to a three-level indicative model of the associations between the strategies, properties and organizations.

The qualitative analysis was conducted using fifty three examples extracted from the interviews. These examples were used to amplify the quantitative relationships, provide counter examples and show that a range of responses is possible, under various sets of conditions.

While the model developed is indicative and not predictive, it will provide management with a tool which will assist them to decide which downsizing strategies are appropriate in their particular circumstances.