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NAME OF STUDENT: MHIKE JOTAM

R111353W

DISSERTATION TITLE: An analysis into the effects of downsizing as a measure of cost containment on company performance.

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SEPTEMBER 2014

APPROVAL FORM

The undersigned certify that they have supervised the student named Jotam Mhike's dissertation entitled: **An analysis into the effects of downsizing as a measure of cost containment on company performance. A Case of Hunyani Holdings Limited**, submitted in partial fulfilment of the requirements of the Bachelor of commerce Accounting Honours degree at Midlands State University.

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SUPERVISOR

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DATE

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CHAIRPERSON

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DATE

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EXTERNAL EXAMINER

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DATE

DEDICATION

This research is dedicated to my parents, Gibson and Chipu Mhike, and my siblings, with special mention to my brother Rupenyu for financial support. Without you my beloved brother, I would have been nowhere today. Thank you for your support and always be there for me in times of need. Mum and dad your prayers made this project a success.

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Special thanks go to Midlands State University personnel and staff at Hunyani Corrugated Products for their support.

MAY GOD BLESS YOU ABUNDANTLY!!!!!!

ABSTRACT

The aim of this research was to make an analysis into the effects of downsizing as a measure of cost containment on company performance and to make relevant suggestions to mitigate the shortfalls. Forty-two questionnaires and five interviews were used as data collection instruments necessary for collection of data. Primary and secondary sources were both used to obtain data. The use of literature as well as findings obtained from data collected revealed that downsizing in most cases is initiated as a result of shareholders demand for higher returns and the need to maintain competitive advantage of the company. It highlighted on the effects of downsizing to company performance, victims and survivors of downsizing. It also explained the risks that are likely to be encountered when carrying out the policy. The use of tables, pie charts and graphs were used to display data after analysis. The data and information obtained indicated that downsizing if not carried out properly the benefits associated are of short-term nature. This dissertation looked at some of the principles that need to be adopted when downsizing. It also examined the importance of costing techniques that can be implemented other than downsizing to improve company performance. The major recommendations are that; management must adopt responsibility accounting and clearly define lines of authority and set budgets for every department or division as a measure of performance, human resources department must be involved in the implementation of the policy to mitigate risks associated with downsizing and there should be retrenchment training for the victims of downsizing so that the pressure and stress can be eased.

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CHAPTER 1

INTRODUCTION

1.0 Introduction

This chapter serves to introduce the research problem and what the research aims to achieve at the end of the research. It looks at the background of the study, the statement of the problem, main research question, sub-research questions, research objectives, significance of the study, assumptions of the study, delimitations, limitations, the definition of terms and a summary.

1.1 Background of the study

Hunyani Holdings is a holdings company with the following divisions: Hunyani Corrugated Products, Hunyani Cartons and Labels, Hunyani Flexible Products, Softex Tissue Products, Hunyani Forestry and Hunyani Pulp and Paper.

The holding company embarked on the downsizing programme since April 2009 when it discontinued the operations of Hunyani Pulp and Paper division in Norton. This division was the sole supplier of raw materials to Hunyani Corrugated Products division for the manufacturing of paper packaging products before April 2009. This adversely affected the operations of Hunyani Corrugated Products division in terms of the cost of raw materials which they outsourced after the closure of the Mill from South African companies which include Sappi, Mondi packaging and Nampak. Some of the workers from Hunyani Pulp and Paper were retrenched while others were transferred to other divisions. Following the discontinuance of the Mill, the group went on to cease the operations of Hunyani Forestry in Marondera in a bid to cut on costs but the group retained ownership of its forestry plantations. Since 2009, the Mill was under care and maintenance. (*Source: Hunyani Holdings newsletter for December 2010*).

The Board resolved in October 2012 and January 2013 to dispose of non-core property, plant and equipment in Norton and the Printopak property in Bulawayo. (*Source: minutes of a meeting held in October 12, 2012 at 68 Birmingham Rd*). In 2013, the company concluded the sale as part of the rationalisation and restructuring of the group's activities and as a result a profit on disposal of US\$2.1 million had been realised, and of this amount US\$1 million was recognised at the half

year. (Source: Zimbabwe Stock Exchange (ZSE) update: 12 June 2013). In October 2012, the Board of Directors authorised the move of Printopak which is now Hunyani Cartons and Labels from Bulawayo to Harare and this was implemented in 2013. This process involved the purchase of a new printer, the downsizing and transfer of divisional manpower and the relocation of certain other plant and equipment from Bulawayo to Harare. These initiatives have resulted in a total cost of US\$866,000.00 being incurred in 2013. Total capital expenditure of US\$2.0 million was spent on the Roland Lithographic Printer for Cartons and Labels and this was funded by the sale of non-core assets and borrowings. The relocation of Printopak led to 8% decline in its volumes. (Source: Notes to the audited financial statements for the year ended 31 October 2013).

The shareholders are downsizing the operations of the group because their earnings are low and they still want to maximise their wealth. Information pertaining to the group's earnings per ordinary share is shown in Table 1.1 below;

Table 1.1 Earnings per share for the year ended 31 October 2012 and 31 October 2013

Earnings per share from continuing operations (USD)	2013	2012
Basic and diluted Earnings / (loss) per ordinary share (EPS)	-0.07	0.13
Headline basic and Diluted EPS / (loss)	-0.05	0.29
Market price per share	0.03	0.05

Source: Hunyani Holdings audited financial statements for the year ended 31 October 2013

From table 1.1 above, the group had a decrease in basic and diluted earnings per ordinary share from US0.13 cents at 30 October 2012 to US-0.07 cents at 30 October 2013. Headline basic and diluted earnings per share dropped also from US0.29 cents at 30 October 2012 to US-0.05 cents at 30 October 2013 which reflected that company profitability diminished due to restructuring and retrenchment costs which depleted the profits. This was also as a result of decline in volumes for Hunyani Cartons and Labels by 8% due to relocation disruptions and also poor financial results from Softex Tissue Products. Softex Tissue Products had a very disappointing year due to intense competition from other players in the market. The Board of Directors advised in the interim results for the six months ended 30 April 2013, of the proposed disposal of this division. Since the sale did not materialise, the board is considering other options for this investment.

(Source: Notes to the audited financial statements for the year ended 30 October 2013). In addition, the market price per share dropped from US0.05 cents at 30 October 2012 to US0.03 cents at 30 October 2013 as a result of decrease in earnings per ordinary share since EPS is the most important variable in determining a share price.

1.2 Statement of the problem

Downsizing becomes a culture of Hunyani Holdings Limited yet profits increase slightly with other divisions experiencing consistent losses and earnings per ordinary share being consistently eroded. The risks of downsizing are: it results in hidden costs not actually recognised in the planning which are; increase in retrenchment costs than anticipated, increased overtime, decrease in share price, lost business opportunities, lack of innovation on the survivors, customer dissatisfaction and deconstruction of organisational network. This has persuaded a research to be carried out in the area of downsizing.

1.3 Main research question

What is the effectiveness of downsizing as a measure of cost containment on company performance?

1.4 Sub-research questions

- What are the risks associated with downsizing?
- What is the desired earning per share that the group would like to achieve from restructuring its operations?
- What are management's reactions to downsizing?
- What are employees' reactions to downsizing?
- What other measures can the group implement to achieve its profit objective?

1.5 Research objectives

The following research objectives arise from sub-research questions;

- To discuss the risks associated with downsizing.
- To determine the profit levels that the group would like to achieve from its operations.

- To describe the reaction of management to change management in relation to downsizing.
- To examine the reaction of employees to change management in relation to downsizing.
- To establish other measures that the group can implement to achieve its profit objective.

1.6 Significance of the study

(i) To the researcher

The study is in a bid to fulfil the requirements of Bachelor of Accounting Honours Degree and will enable the researcher to embrace the practicality of theory learnt. It also upgrades the skills of the author.

(ii) To Midlands State University:

The research will provide literature to the university Library and future students.

(iii) To Hunyani Holding Limited:

The research will provide a balanced discussion on downsizing as a measure of cost containment on company performance and will expose strengths and weaknesses of downsizing and other measures that the group can implement to achieve its profit objective while maximising shareholders' wealth.

1.7 Delimitation of the study

- ❖ The research will be limited to downsizing as a measure of cost containment for Hunyani Holdings Limited's performance.
- ❖ The research will also be confined to Hunyani Holdings Limited and its divisions located in Harare.
- ❖ The research covers the period 2012 to 2013.
- ❖ The population under review is the management; top management, middle management, line management and employees.

1.8 Limitations

- ❖ Confidentiality of company information-the confidentiality policy of the company may restrict the researcher from accessing information. However, the information gathered whilst on work related learning will be used.
- ❖ Financial constraints-this could limit the information that could have been accessed. The costs may include transport to Hunyani Holdings Limited in Harare and telephone costs. However, electronic mailing will be used to communicate with the staff to gather information.
- ❖ Time constraints- the researcher has to balance between the research and other academic studies. To counter this, the researcher will work tirelessly.
- ❖ Lack of cooperation from other staff- the researcher will increase the sample size of the staff so as to gather much information.

1.9 Assumptions of the study

- Information that will be obtained from management and other sampled staff is assumed to be accurate and reliable.

1.10 Definition of key terms

Downsizing- a set of planned organisational policies and practices aimed at workforce reductions with the goal of improving firm performance.

Cost containment- the action of prevention of operating costs from expanding.

Outsourcing- the process of obtaining goods or services outside instead of producing within the organisation.

Earnings per share- the portion of a company's profit allocated to each outstanding share of common stock.

1.11 List of abbreviations

ZSE Zimbabwe Stock Exchange

EPS Earnings per Ordinary Share

DEPS Diluted Earnings per Ordinary Share

1.12 Summary

This chapter highlighted the background to the research problem, research questions and objectives to the research. Limitations of the research, delimitation of the study were stated with definition of key terms and list of abbreviations being defined. Chapter 2 will focus on literature review.

CHAPTER 2

LITERATURE REVIEW

2.0 INTRODUCTION

Literature involves the analysis, comprehension and documentation of information from books, journals and other publications in relation to the research topic. This chapter focuses on downsizing and its impact on company performance. The chapter's outline is guided by research objectives and the main thrust of literature review is to find support to or against the topic under consideration.

2.1 Downsizing in Zimbabwe versus growth rate

Datta et al., (2010) defined downsizing as a planned set of organizational policies and practices aimed at workforce reductions with the goal of improving firm performance. Downsizing is an intentional process and the causes of downsizing may be as a result of global trends which cause the enterprise to encounter stronger competitors, economic downturn, increasing labour costs makes companies cut the number of employees in order to reduce human resources costs, shareholders demand for higher return on equity, Yu and Park cited in Datta et al (2010). Vermeulen (2009) cites that although firms view downsizing as a quick way of improving firm performance, the truth is that downsizing efforts often fail to achieve desired economic objectives.

Economic downturn and financial crisis among other things cause companies to downsize and shut the operations. According to Mangudhla (2013) National Social Security Authority (NSSA) Harare Regional Employer Closures and Registrations Report for the period July 2012 to July 2013 shows 711 companies in Harare closed down, rendering 8336 individuals jobless. The growth rate for the country falls from 10.6 % in 2012 to 3.4% in 2013, Zimbabwe 2014 National Budget. Also, the global growth rate falls from 3.2% to 2.9% during the same period. In addition, a July 2013 Employment Confederation of Zimbabwe report shows 1100 individuals were retrenched in the first half of 2013 and were recorded at the Ministry Of Labour and Social Welfare, Mangudhla (2013).

Nyakuzeya (2014) indicated that according to CZI's manufacturing sector survey, industry's capacity utilization dipped in the year to September 2013 from 44.2% to 39.6% due to lack of affordable credit lines resulting in liquidity crunch, ageing equipment, coupled with acute power and water shortages. In addition, according to a Confederation of Zimbabwe Industries (2013) Manufacturing Sector Survey, companies indicated they were downsizing and had retrenched permanent staff due to downturn in business, lack of finance, restrictive labour laws and government bureaucracy. According to the African Development Bank, most of Zimbabwean companies are highly geared and lack credit worthiness, leading to their failure to access credit lines. In Zimbabwe, downsizing is almost in all sectors of the business; manufacturing, mining, agriculture, retail and banking sector, Nyakuzeya (2013).

2.2 Risks associated with downsizing

According to Kandula (2010), downsizing results in more costs incurred than those anticipated. These costs include severance costs which need to be paid out to the retrenched individuals. Severance costs may be so high to such an extent that they result in bank accounts being depleted thereby leading to cash problems for the company. The author went on to say that, these retrenchment costs eventually lead to depleted profits since they are incorporated in the statement of profit or loss and other comprehensive income. Burke and Cooper (2009) mentioned that, excessive severance costs incurred decreases the returns that were supposed to be allocated to equity holders.

Kandula (2010) pointed out that downsizing lead to loss of the best people which results in more use of temporary workers and consultants. These are hidden costs that the downsizing company might not have considered before implementation. In support of this, Latouche (2013) asserts that downsizing results in more use of overtime. This is because more tasks would be assigned to remaining employees to cater for the tasks performed by the victims of downsizing. Kandula (2010) pointed out that as a result of loss of best people in the organisation, more training costs would be incurred in training the remaining workforce.

Innovation is more important for the survival and success of the organisation, Kandula (2010). Further, downsizing hinders product innovation by reducing the effectiveness of strategic linking activity. It was found out that downsizing breaks the network of informal relationships used by

innovations to work out strategic linkages. Innovation requires a complex network of interpersonal and intergroup relationships. Kandula (2010) asserts that though companies have completed the downsizing process successfully, they will decline later because of complacency and failure to make readjustments.

2.2.1 Financial performance as an outcome of downsizing

Research regarding financial performance as an outcome of downsizing is largely aimed at addressing the basic question of whether employee downsizing result in improved company performance, (Datta *et al.*, 2010). Economic theory implies that management actions and organizational outcomes are tightly coupled, and that firms rationally calculate and seek efficiency, Sheaffer et al., (2009). Accordingly, a fundamental assumption in this stream of research is that organizations initiate downsizing activity to reduce costs, gain efficiencies, increase company profits, and positively impact the firm's competitive position, (McKinley *et al.*, 2005).

Financial performance outcomes of downsizing produces mixed results. Advocates of reengineering contend that it leads to lower overhead, less bureaucracy and faster decision making, which results in positive organizational results (Tsai et al., 2010). A number of studies conducted in India in 2009 provide evidence supporting the notion that employee downsizing leads to increased organizational financial accounting performance, John and Vasudevan (2002) cited in Carmeli et al (2009). Extending on this work, Perry and Shivdasani (2003) cited in Datta et al., (2010) provide evidence that firms experience long-term improvements from employee reductions two to three years post-downsizing. Cascio (2005) cited in Tsai et al., (2010) argued that firms that attempted to downsize are unable to achieve better results in terms of return on investment and sales gains. According to Farrell and Mavondo cited in Rehman and Naeem (2012), lay-off strategy has adverse impacts on the firm's performance.

In contrast, critics of downsizing indicate that it is short-sighted and arbitrary, suggesting that downsizing activities largely produce negative outcomes (McKinley *et al.*, 2005). A study conducted in Pakistan provides evidence that employee downsizing has a negative effect on long-term organizational financial performance, Ueng and Ramaswamy cited in Luan, Tien and Chi (2011).

According to Yu and Park cited in Datta et al., (2010) employee reductions lead to increased firm performance while Perry and Shivdasani cited in Datta et al., (2009) observed that such improvements occurred two to three years after downsizing, reinforcing a view that benefits from employee downsizing, if any, are experienced only in the long term. Another survey carried out in Japan in 2008 suggested that about 30% of the down-sized organizations reported deteriorated productivity and profitability after downsizing, Luan, Tien and Chi (2009).

Love and Nothra cited in Datta et al., (2010) found that benefits associated with downsizing were greater in broadly scoped and proactive downsizings and when downsizing firms were characterised by high levels of slack. In addition, Yu and Park cited in Datta et al., (2010) observed that downsizing resulted in improved return on assets (ROA) among firms that did not experience losses in the three years prior to downsizing, no such improvements occurred among loss making firms. In another study, Guthrie and Datta (2009) examined the moderating role of industry conditions on the downsizing performance relationship and concluded that the negative effects of downsizing on organisational performance were more pronounced in industries characterised by high research and development intensity, growth, low capital intensity. Finally in a study of downsizing in hospitals, Chadwick, Hunter and Walston (2009) found that human resources policies and practices for example, advance notice, extensive communication, provision of benefits have positive effect on downsizing success and financial performance.

2.3 Downsizing and earnings per share

According to Riahi-Belkaoui (2011) earnings per share is a summary of returns per each shareholder of common stock that can assuredly communicate considerable information about a firm's performance. Warren, Reeve and Duchac (2013) assert that net profit was previously used by investors and creditors in assessing the company performance. However, net profit is deceiving in comparing companies of different size and trends in net income may be difficult to evaluate if there have been significant changes in a company's stockholders' equity. Therefore company profitability is expressed as earnings per share. In addition, Riahi-Belkaoui (2011) expressed that corporations whose stock is traded in a public market must report earnings per ordinary share on their income statements. Earnings per share is the same as any profitability.

Higher earnings per share is preferred better than a lower ratio because this means the company is more profitable and hence more profits to distribute to its equity holders.

According to Tsai et al., (2009), the demand by equity holders for higher returns made corporations to downsize their workforce and the need for increases in share prices. Budnos cited in Tsai et al., (2009) observed that declining shareholders value induces downsizing. Hillier et al., cited in Datta et al., (2010) in their study of downsizing in the Pakistan, found a positive relationship between firm market value and employee reductions suggesting that downsizing is often undertaken by firms with robust performance.

According to information obtained from www.ibm.com/annualreport (2014) IBM, in the middle of its huge transformation from a hardware-and-software-and-services company to a cloud-and-services company, is slashing jobs worldwide. The goal, besides remaking the 103-year-old tech giant into a modern IT leader that can take on Amazon Web Services and a flock of younger tech vendors, is to deliver on the promise to deliver \$20 earnings per share by the end of 2015. Attaining that goal would be quite an achievement, given the past few quarters of unsatisfactory performance. For IBM's fourth quarter ending December 31, earnings excluding some items hit \$6.13 per share, exceeding estimates of \$6.00. The motive for downsizing is to increase the earning per each ordinary share.

According to Uchida (2011) firms that downsize do not show performance improvements, suggesting that downsizing does not necessarily raise shareholders value. In addition Farber and Hallock cited in Uchida (2011) asserts that in a study conducted in England stock prices decrease as a result of restructuring announcements.

2.4 Employees' reactions towards downsizing

2.4.1 Organizational commitments

According to Rehman and Naeem (2012) organisational commitment is employees' orientation of the organisation in terms of their loyalty to, identification with and involvement in the organisation. Commitment is also defined as the extent of employees' awareness with the organisational objectives and goals and their willingness to work hard to achieve the set objectives. According to Blau and Boal cited in Rehman and Naeem (2012) a committed

employee yields maximum performance and maintains a good psychological and physical health which reduces his or her absenteeism and turnover. Employee morale goes down when those survivors grow sceptical of management and fearful of future cuts, Meyer and Allen cited in Rehman and Naeem (2012). Normal attrition slows, cuts fail to remedy previously existing inefficiencies within the company and departments already having a basic operation are severely penalized. As morale deteriorates, so does service quality, translating into lost revenue. Genasci cited in Rehman and Naeem (2012) explored a negative relationship between downsizing and overall work situations and employees' commitment towards the firm.

Since downsizing involves shrinking an organization's workforce; therefore, human resource management should be considered closely before adopting such strategies in organizations. According to Burne cited in Rehman and Haeem (2012), there are chances of disruptions in the workplace, which may result in stress, frustration, anxiety and anger in survived employees.

The survived employees face unfavourable effects as they have doubts regarding new or altered work assignments, adaptation in career paths and team changes and resultantly reduced their job efforts, job satisfaction and organizational commitment, Brockner cited in Rehman and Naeem (2012). Laid off employees are not the only population which is affected by the downsizing, in fact downsizing also alter drastically the work environment for the retained or survived workers, Brockner cited in Rehman and Naeem (2012).

2.4.2 Downsizing and the survivors' loyalty

According to Rehman and Naeem (2012) firms build their corporate culture to foster innovation and increase loyalty of employees towards the firm. However, downsizing may harm their feelings and it was observed in different firms that employees once committed, more satisfied, productive, adaptable and effective, may feel the other way round and resign from the firms, Solomon cited in Rehman and Naeem (2012).

According to a study conducted in Japan by Vecchio cited in Rehman and Naeem (2012), the survivors remain loyal as long as the working environment is suitable, wages are enough to satisfy their needs, and chances are available for career advancement. The survivors, once very loyal towards organization, will remain loyal to that organization, if they are satisfied with both internal culture and the external environments of the firm. If after the downsizing, they encounter

such an environment which is not in conformity with their perceptions and in the absence of job security, the employees may tend to lessen the loyalty level and resultantly leave the organization. According to a survey conducted by McKenna cited in Rehman and Naeem (2012), loyalty is a vital and critical contributor in success or failure of any organization. Research also depicted that survivors of downsizing perceive reduction in their bond with the organization, and even some extra efforts from the management to maintain the desired level of loyalty of survived employees may not work. In such situations, the survived employees feel that there is no real solution to stop diminishing loyalty, Willie cited in Rehman and Naeem (2012).

Survivors feel less in control due to witnessing past layoffs and not knowing if they may be the next victims of restructuring, Devine et al., cited in Rehman and Naeem (2012). In some cases headcount may have gone down but labour costs have increased as companies were forced to re-hire, often ex-employees, as consultants, temps and interns.

HRM clearly has an important role in the process. Indeed Chadwick cited in Datta et al., (2010) confirm that downsizing is more likely to be effective in the longer term when accompanied by practices that reinforce the contribution of HR to financial success e.g. extensive communication, respectful treatment of redundant employees and attention to survivors concerns over job security.

2.4.3 Survivors behaviour

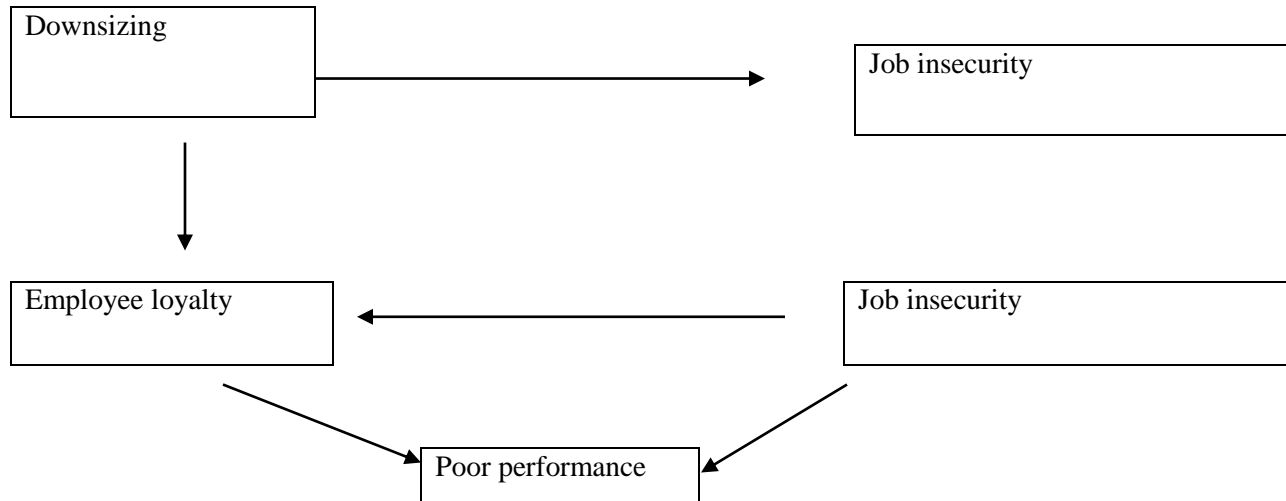
Arguably the most important consequences of downsizing are employees' job performance and organizational citizenship behaviours. Meyer et al., cited in Rehman and Naeem (2012) note that employees who hold a positive view of organizational change are more likely to have a higher level of in-role behaviour, that is, job performance, have a stronger emotional attachment to the organization and engage in extra-role behaviour, mainly organizational citizenship behaviours, for example, working extra hours to learn a new skill. Accordingly, enhanced affective commitment will be positively related to survivors' job performance and organizational citizenship behaviours.

2.4.4 Downsizing and survivors' job insecurity

According to Rehman and Naeem (2012) downsizing results in employee job insecurity regarding their jobs. It is further said that, most organisations do not follow hard and fast rules,

that which employees have to be retrenched and which to be retained and such behaviour in the organisation leaves the employees in uncertainty of their jobs. This uncertainty leads to job insecurity because they may have such perception that they will be the next if the organisation intends to adopt such strategy in future. The following diagram shows the relationship among downsizing, job insecurity, employee loyalty and performance

Fig 2.1 Interdependence among downsizing, job insecurity, employee loyalty and performance.



Source: Rehman and Naeem (2012:152)

2.5 Reactions of management in relation to downsizing

Gandolfi (2009) asserts that downsizing is a change management strategy and often results in the redesign of work processes to improve firm's level of production, efficiency and effectiveness. According to Clair and Dufresne (2004) cited in Gandolfi (2009) downsizing executioners are individuals entrusted with the responsibilities in regard to the planning, execution, and evaluation of downsizing-related activities. They observed management as downsizing executioners. According to Clair and Dufresne (2004) cited in Gandolfi (2009) experiences of management are distinct. The experiences of management may differ from those of other survivors due to their dual role as agents of change and receivers. Gandolfi (2009) claimed that management has influence over employees' reactions and also suffer from similar psychological and emotional effects as downsizing survivors and victims. According to Clair and Dufresne cited in Gandolfi

(2009) management need to find effective ways to cope with the pressures of their responsibilities.

Folger and Skarlicki cited in Gandolfi (2009) examined managers' reactions to downsizing of employees and ascertained that managers' attributions about the need for downsizing affected managerial distancing behaviours in carrying the downsizing activity in the form of truncated dismissal meetings. Such distancing behaviours in a downsizing exercise can be seen as actions that decrease an individual's attachment to or involvement in his or her role, Clair and Dufresne cited Gandolfi (2009). Thus executioners that engage in such behaviours are less likely to be in a position to respond to employees' needs during downsizing. It is further said that it must be understood that executing downsizing activities, staying connected with the downsized individuals and being present for affected employees during downsizing constitute challenging situations for executioners.

According to Gandolfi (2006) a study conducted in India in early 2009, a number of executioners expressed that the need to keep information confidential and to deliberately lie to individuals to maintain secrecy conflicted with their personal values and this created dissonance. It is further expressed that Human Resources perspective be genuinely concerned with the needs of individuals. In addition some managers expressed that they felt anxious and uncomfortable when pursuing executioners' responsibilities and they expressed struggles concerning challenges of making decisions about the restructuring.

According to Clair and Dufresne cited in Gandolfi (2009) all executioners of downsizing realized that all decisions needed to be justified and rationalized, yet there was a real sense of subjectivity since there were often no suitable victims among equally effective employees. There was also a strong sense of concern for people who were facing difficult times, that is, financially. Moreover, executioners expressed frustrations when pressured to select the right people given time and information constraints. Gandolfi (2009) expressed that management which is the executors of downsizing encounter psychological fatigue and burnout during the process. Gilbert cited in Gandolfi (2009) asserts that management can view the whole reengineering process as beneficial to victims provided they are offered reasonable severance packages, in this scenario management can help the victims to ease the stress and trauma.

According to Makawatsakul and Kleiner (2009) low morale as a result of downsizing tends to spill over to other areas and activities in the organization. Motivation is generally affected. They further said productivity tends to suffer and an overall climate of discontent takes over in the corporation. According to Reiss (2012) other side effects of downsizing seem to accompany the decline in morale; they include a sense of chaos and a strong sense of uncertainty. These are particularly unwelcome when they are found in middle managers since they tend to serve as examples and to transfer their feelings to their subordinates. In addition, these side effects also tend to disrupt the entrepreneurial spirit of many middle managers; reduce their level of enthusiasm and the innovativeness with which they conduct their activities and with which they move and shake the company's business. Such effects contribute to a decline in performance.

2.6 Other measures that the group can implement to achieve its profit objective

2.6.1 Throughput accounting

According to Hermes (2012) throughput accounting is a principle-based and simplified management accounting approach that provides managers with decision support information for enterprise profitability improvement. This was developed by Goldratt and Cox (1986), and they postulate that the theory focus attention on constraints or bottlenecks within the company that hinder speed production. The main aim of the theory is to maximize the rate of manufacturing output, that is, the throughput of the organization.

According to Bragg (2010) throughput accounting is a management accounting technique used as a performance measure in the theory of constraints (TOC). He went on to say constraints can also be policies, the modification of which can improve throughput to a considerable extent. However, policies are ingrained in most organizations and require considerable effort to root out.

According to www.accaglobal/students/student-accountant/archive.com (2014) throughput accounting and the theory of constraints (TOC) are applied within the organization by following what are called the 'five focusing steps'. These are a tool that Goldratt developed to help organizations to deal with bottlenecks within the system as a whole, rather than any

discrete unit within the organization. The five steps are:

(i) Identify the system's bottlenecks. This can be done by discussing with factory workers and or physically observe the machines in from. Consequently bottlenecks on production can be identified.



(ii) Decide how to exploit the system's bottlenecks. This involves making sure that the resource bottleneck is effectively being used as much as possible and is producing as many units as possible, that is, productivity and utilization.



(iii) Subordinate everything else to the decisions made in step (ii). The main point here is that the production capacity of the bottleneck resource should determine the production schedule for the organization as whole.



(iv) Elevate the system's bottleneck. At this point, the company may consider the disposal of old machines and acquire new ones or alternatively using both old and new machines.



v) If a new constraint is broken in step (iv), go back to step (i), but do not let inertia become the system's new bottleneck. When a bottleneck has been elevated, a new bottleneck will eventually appear. This could be in the form of another machine that can now process less units than the elevated bottleneck. Eventually, however, the ultimate constraint on the system is likely to be market demand. Whatever the new bottleneck is, the focus of the Theory of Constraints is, never get complacent. The system should be one of ongoing improvement because nothing never stands still for long.

Bragg (2010) asserts that, throughput accounting tends to yield better results in machine-intensive production areas. Where machine usage is prevalent, machines pace the flow of operations and are the primary cost leaving little room for opportunities to alter costs over the short term. He went on to say, with costs relatively fixed, throughput accounting is a perfect tool for focusing attention on throughput enhancement.

Bragg (2010) also mentioned that, throughput accounting factors the impact of incremental changes in investment and operating expenses into its decision models whereas other costing techniques like direct costing is solely concerned with gross margins analysis. Secondly, the primary objective of throughput accounting is to monitor the system's ability to generate throughput whereas direct costing is concerned with localized decisions involving incremental changes in gross margins, Honsen and Mowen (2010).

In addition, according to Hermes (2012) throughput accounting concentrates all attention on proper servicing of constrained resource in order to maximize system throughput, it accepts local inefficiencies as long as this results in maximum throughput, low inventory levels and minimized operating expenses. Variance analysis is largely ignored, with the exception of variance resulting in buffer penetration. Product pricing has an established floor, which is a product's totally variable costs; this can result in additional throughput, depending on the company's capacity to produce.

According to MacArthur (2003) Bertech Cabinet Manufacturing, a wood cabinet manufacturer in the United States Midwest, after Activity Based Costing failed to produce results needed by management they switched to throughput accounting which by then produced intended results.

According to Souren, Ahn and Schmitz (2007) throughput accounting can best applied in machine intensive companies which renders it inapplicable to non-manufacturing companies. In addition, throughput accounting can only be valid concept if applied to the totality of the supply chain including management, production, resources and support, www.cimaglobal.com (2012).

2.6.2 Responsibility accounting

According to the Institute of Cost and Works Accountants of India (2010), responsibility accounting is a system of management accounting under which accountability is established according to the responsibility delegated to various levels of management and a management

information and reporting system instituted to give feedback in terms of delegated responsibility. Under this system, divisions or units of the organization under a specified authority in a person are developed as responsibility centers and evaluated individually for their performance. Debarshi (2011) defines responsibility accounting as a system of control where a responsibility is assigned to different executives of a concern for control of costs or increase in revenue.

Debarshi (2011) outlined the prerequisites of responsibility accounting as follows:

- Activities of an organization are to be segmented in different responsibility centers.
- Clear-cut distinction between controllable and non-controllable costs of the concerned responsibility centers should be made.
- Areas of responsibility of each responsibility centre in the organization should be clearly defined.
- The charge of each responsibility center is to be a manager.
- A plan of objectives should be set up for each responsibility center
- The concerned manager must be motivated to attain the objectives of the responsibility center.
- An adequate device should exist in the organization to provide Feedback Report to the management in respect of the actual performance of the Responsibility Centers.
- An adequate device should exist in the organization for adopting corrective measures on the basis of the feedback report of the actual performance of the responsibility centers.

Weygandt et al (2009) assets that performance evaluation is at the center of Responsibility accounting where actual performance of each division of the organization is compared with the standards set out as the yardstick, which is beneficial to organization as a whole. Debarshi (2011) pointed out that responsibility accounting is important to the business entity in that, it emphasizes the need of clearly defining and communicating the goals and objectives of the organization and its employees thereby facilitating a stronger control on cost, revenue and uses of assets.

According to Pandey (2009) if the philosophy underlying responsibility accounting is not acceptable to executive and operating managers, responsibility accounting is bound to be

ineffective. He went on to say, responsibility accounting is established in terms of the assigned responsibilities and authorities, that is, the performance of each manager is evaluated in terms of the assigned responsibilities and authorities. If there lacks synchronization between responsibility accounting system and organization structure, control would be ineffective. In the absence of clear-cut assignment of responsibilities, either managers cannot be held responsible or they would be held responsible for those activities for which they have no defined accountability. Pandey (2009) clearly pointed out that for responsibility accounting to be effective top management support is needed and it must set realistic goals and objectives that are attainable such that underlying managers can set their own goals.

2.7 Summary

The chapter focused on literature review on both theoretical and empirical research whereby information was obtained from published books, journals and the internet. Chapter 3 will be on research methodology.

CHAPTER 3

RESEARCH METHODOLOGY AND DESIGN

3.0 INTRODUCTION

This chapter focuses on research design, sampling procedures, sources of data, research instruments, data presentation and analysis. The research study covers the significance of various research techniques used and their limitations. The data collection techniques used are questionnaires, interviews and observations. Sources of data used are primary and secondary sources. It also includes a summary of the chapter.

3.1 Research design

Saunders and Lewis (2012) defined research design as a planned deliberate arrangement of conditions for analysis and collection of data in a manner that aims to combine relevance to the research purpose with economy of procedure. According to Cooper et al (2006) a research design is a plan and structure of investigation so conceived as to obtain answers to research questions. It is in reality the conceptual structure within which the research is carried out by showing how all the major parts of the research project, the samples, measures, treatments or programs and methods of assessment work together to try to address the central research questions, Kumar (2008).

3.2 Research population

According to Plossy (2004) a population is a group of people, organizations, social interactions and events. It is generally a group from which data has to be collected for study purposes. Population size can refer to the total number of people living within a defined area or it can refer to a group of people from a defined area that has similar characteristics. Since the research is aiming at analyzing the effects of rightsizing as a measure of cost containment on company performance, the researcher targeted those individuals whom believed to be more knowledgeable. The target population is 48 employees comprising management and employees

Table 3.1 Target population

Target population	Population	Sample	Percentage	Questionnaire	Interviews
Accountants	10	6	60	5	1
Human resource officers	8	5	62.5	4	1
Marketing executives	12	10	62.5	9	1
Production officers	40	25	10	24	1
Top executives	10	2	20	-	2
Total	90	48	53.3	42	6

3.3 Sampling procedures

3.3.1 Sampling Techniques

Sampling is the process of selecting a proper subset of elements from the full population so that the subset is used to infer about the population as a whole. According to www.researchonline.com (2014) a sample is defined as a deliberate choice of people who are to provide data from which conclusions are drawn. Sampling technique is implemented on the judgment and opinion of the researcher. Inclusion or exclusion from the sample is based on the researcher's judgment. Researcher used judgmental sampling techniques on the available population.

3.3.2 Random sampling

This technique is based on probability, whereby from the total population, particular people are selected, this is according to Bryman (2008). The disadvantage of this is that responses might not vary because they might come from the same social group or class, hence not giving diversity to the responses expected by the researcher.

3.4 Quantitative data

Quantitative data was mainly obtained from the questionnaires with a number of responses achieved. According to Bamberger (2000) quantitative data is measurements in which numbers are used directly to represent the properties of particular situation.

3.5 Qualitative data

Bamberger (2000) asserts that qualitative data that is frequently recorded in the form of descriptive textual reports with little or no categorisation. This was in the form of explanations obtained from direct interviews and a few questions which were presented on a questionnaire. In this regard, the researcher used mixed research methodology.

3.6 Data collection methods

Primary and secondary sources of data were used to gather data.

3.6.1 Primary data

According to www.businessdictionary.com (2014) primary data involves the collection of data first hand to satisfy the specific requirements of the study. The research instruments used to obtain primary data are interviews and questionnaires. Primary data concentrate on the additional information in order to update or refine the secondary information obtained. According to Khan (2011) primary data has the advantage that the data is specific to the current research and therefore is more accurate in answering the research questions and meeting the objectives of the research. In this research, primary data has been obtained from Hunyani Holdings staff from various departments.

3.6.2 Secondary data

According to www.managementstudyguide.com (2014) secondary data refers to data available because it was collected for some purpose other than solving the current problem. According to Kumar (2008) secondary data is data which the researcher did not collect for themselves directly from respondents or subjects. This means that secondary data was not collected with the researcher's purpose and objectives in mind. It may have been collected in the process of normal operations, for example published financial statements of a company.

3.7 Research instruments

According to Bogdan and Biklen (2003) research instruments refers to research tools used to collect data from the respondents. The researcher used both questionnaires and interviews as research instruments to gather data.

3.7.1 Interviews

According to Dekker (2009) an interview is a systematic oral technique for obtaining data directly from an individual. It is a purposeful discussion between two or more people. It is a face-to-face questionnaire used to gain access to what is inside a person's mind. It gives the researcher an opportunity to verify the information given by respondent immediately; respondents have room to ask in the event they do not understand.

Saunders and Lewis (2012) supports the use of interview method as undoubtedly the most advantageous approach to attempt to obtain data under the following circumstances; where the questions are either complex and therefore require further elaboration, or when the questions are open ended and hence require further probing and where the order or sequence and logic of questions may need to be varied.

Advantages of using interviews

According to Sue and Pitter (2012) use of interviews enables the interviewer and interviewee to notice non-verbal cues which can steer or emphasize certain areas, mislead or explain further items which would otherwise be misunderstood or left blank. Furthermore, use of interviews gives the interviewer an allowance to restructure questions and clarify those questions the respondents had not properly understood.

Disadvantages of using interviews

Interviews are time-consuming and in some cases they may fail because there is need to book an appointment with the respondent, Sue and Pitter (2012)

3.7.2 Questionnaires

According to Rowley (2014), a questionnaire refers to documents that include a series of open and closed questions to which the respondent is invited to provide answers. Closed questions are

quick for respondents which may increase response rate and the responses to the closed questions are easier to code and analyze, which is particularly important if the number of questionnaires collected is quite large. Open questions are useful for collecting more in-depth insights, and allow respondents to use their own language and express their own views. It is a major technique that most people use to obtain specific information about a defined research problem. When designing a questionnaire, the area that needs to be looked at includes the following amongst others, preliminary considerations, question content, question phrasing, choice of response format, question sequence, question layout, pre-testing the questionnaire and compilation of the final version of the questionnaire, Gillham (2007). Research questions highlighted in the questionnaire, and these should have been fully addressed at the end of the field research.

Questionnaires are flexible since they are being able to cover a number of respondents, but it was a convenient way of obtaining data. The questions were open ended. These open ended questions allowed respondents to answer in their own words and thus responses varied. Questionnaires were chosen for the following reasons; it gave the respondents more time to give well thought answers, consult records and other people before answering, thereby coming up with satisfactory and more informative responses, Rowley (2014)

According to Rowley (2014) a questionnaire is encouraged to start with general questions. The questions should be short and straight forward in order to get more responses from the respondents. It should be complete and get all the data required. Questions in a questionnaire must be short and precise and must include more closed questions Rowley (2014). It is further said that sensitive questions should be at the end of the questionnaire.

Advantages of questionnaires

Questionnaires gave the respondent ample time to research and to think about the appropriate answer. In addition, questionnaires eliminated bias, as the respondents were not face-to-face with the researcher when they answered the questions, Rowley (2014). Answering the questions on their own gave the respondents the opportunity to express themselves freely.

Furthermore, the ability to make contact with and gather responses from a relatively large number of people in scattered and possibly remote locations makes use of questionnaires more favourable, Rowley (2014). Again, each respondent receives the identical set of questions and

with closed-form questions, responses are standardized, which can assist in interpreting from large numbers of respondents.

According to Munn and Drever (2004) the use of questionnaires permits anonymity. It is usually argued that anonymity increases the rate of response and may increase the likelihood that responses reflect genuinely held opinions.

Disadvantages of questionnaires

Inevitably, there might unanswered questions on the questionnaire, these might arise from the respondent being bored, running out of time, not being willing to provide certain information, feeling that they do not know a fact or have an opinion, or not understanding the question, Rowley (2014). In addition, questionnaires are complex instruments and if badly designed, can be misleading.

3.8 Data presentation

The data captured will be tabulated, and presented in graphs, pie charts and texts to facilitate easy understanding. This enables the researcher to present the information more accurately. According to Rowley (2014) using charts and graphs is important to add emphasis, to show trends and to make comparisons between different types of data. It is further said that, adopting a consistent style across all tables, charts and graphs is important.

3.9 Data analysis

Data analysis is the organization of data to extract useful information. According to Blumberg (2008) data analysis is the process of evaluating data using analytical and logical reasoning to examine each component of the data provided. For this research, the researcher used confirmatory and explanatory methods for example graphics and simple statistical measures of locations and dispersions, which are mean and mode.

3.10 Reliability

According to www.deanmcdonnell.hubpages.com (2014) reliability refers to the degree by which to independent researchers studying the same topic within the same prescribed working

framework come up with similar results. Reliability is therefore the degree of consistence by the procedures employed in a study to give reliable estimates. To ensure the reliability of the instruments used, questionnaires and interview schedules were piloted and adjusted before they were administered to respondents.

3.11 Validity

According to Khan (2008) data validity is the evaluation of information with conditions and requirements in order to obtain accurate and truthful information. In other words, validity is the quality of data gathered that is relevant to the field of study. It therefore rests on the premise that instruments used will enable the study to gather and measure what the study intends to measure. To ensure the validity of data gathered, the researcher had to analyze data given and then equates it to the research objectives.

3.12 Summary

This chapter enlightened sample intensity, procedure and the way the research instruments were used to gather data for the research study. The chapter also focused on the advantages and disadvantages of the research instruments used and how the researcher overcame the shortcomings of the instruments. In addition, this chapter captured in brief how the data is to be presented.

CHAPTER 4

DATA PRESENTATION AND ANALYSIS

4.0 Introduction

This chapter presents data that was obtained in the field through the research process explained in chapter 3. Data will be presented using bar graphs and pie charts where necessary and the data was gathered through use of personal interviews and questionnaires. The research findings are responses from Hunyani Holdings staff.

4.1 Data response rate

4.1.1 Questionnaire response rate

Out of 42 questionnaires sent out 40 were returned

Table 4.1 Questionnaire response rate

Respondent	Questionnaire sent	Replies	Response rate (%)
Accountants	5	5	100
H R Officers	4	4	100
Marketing executives	9	9	100
Production officers	24	22	92
Total	42	40	95

Analysis of questionnaire

According to Marsden and Wright (2010) response rate is the proportion of people, who responded out of those who could have responded. Peffermann and Rao (2009) assert that a response rate is a ratio of number of respondents to the number of eligible units. The response rate was desirable as the researcher managed to achieve a 95% response rate. Dick et al (2013) suggests that a response rate above 50% is desirable.

The researcher designed 42 questionnaires based on sample size but managed to get back 40 questionnaires on time from the total respondents of 42. Two respondents did not reply the two questionnaires, these were the production officers.

4.2 Detailed analysis and interpretation of questionnaire and interview response rate

4.2.1 Gender

The question wanted to establish whether the company strikes a balance in recruiting its staff and to know which sex group constitutes the majority of the retrenched staff.

Table 4.2 Gender of respondents

Gender	Response rate	Percentage of response rate (%)
Male	26	65
Female	14	35
Total	40	100

4.2.2 Qualifications of respondents

The question seeks to find whether the respondents had reasonable knowledge of business, in particular, knowledge about the effects of downsizing.

Table 4.3 Level of education of respondents

Level of education	Certificate	HND	Degree	Masters	Others(CPA,CIMA,ACCA & CIPS)	Total
Respondents	7	10	15	5	3	40
Percentages (%)	17.5	25	37.5	12.5	7.5	100

The graph below is a representative of the table above

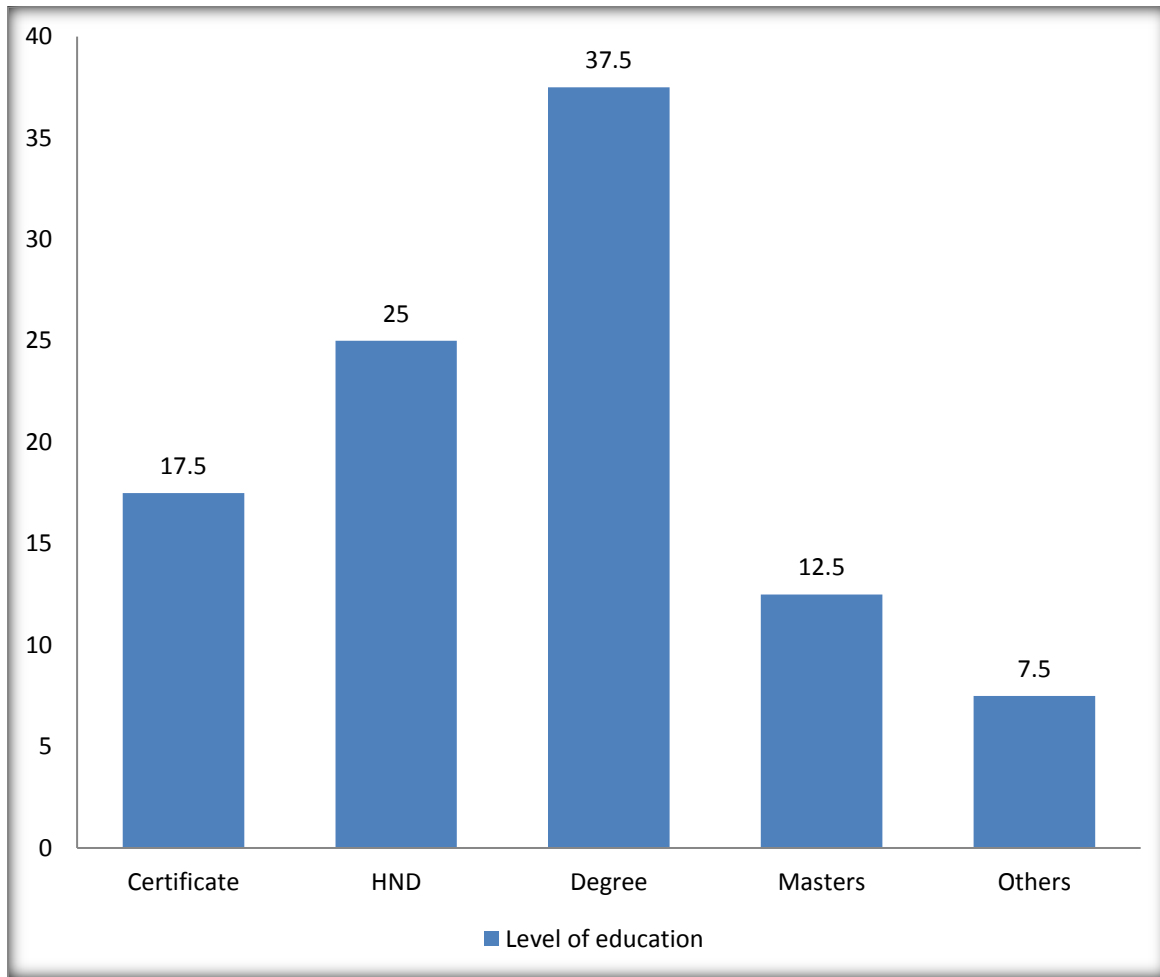


Fig 4.1 Level of education of respondents

The graph above shows the level of education of respondents. Of the 40 respondents, 17.5% had certificates, 25% had higher national diplomas, 37.5% had degrees, 12.5% had masters degrees and 7.5% had other qualifications which are CPA, CIMA, ACCA and CIPS.

This can safely concludes that the respondents had vast sufficient knowledge about the topic under study.

4.3 Years spent with the organization

The question years spent with the organization was asked to determine if the respondent was with the company when the researcher noticed the problem and if there were any changes and developments which took place during the period under study.

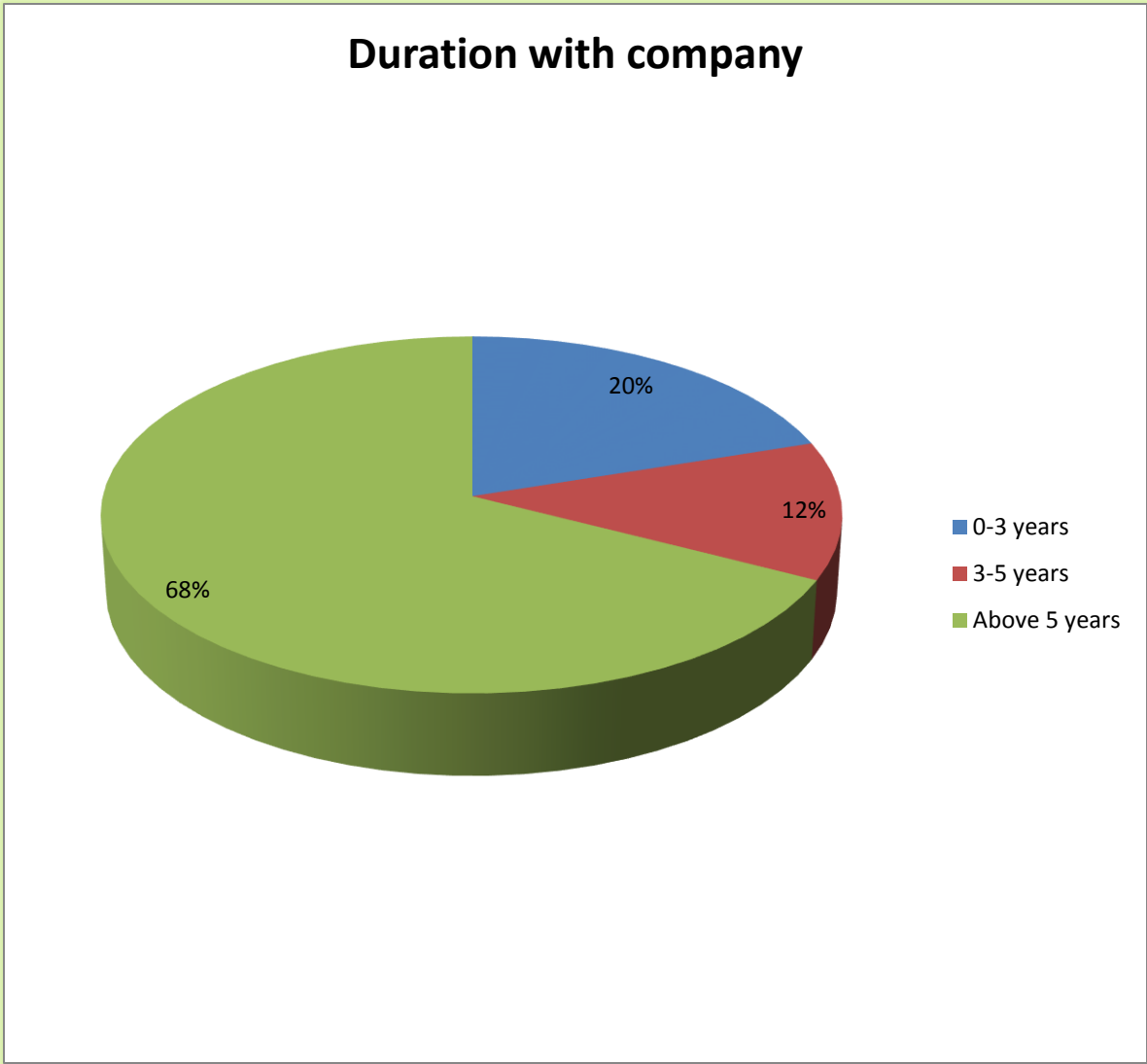


Fig 4.2 Duration with the company

As depicted in the pie chart above 20% (8/40) of the respondents have been with the company for up to 3 years, 12% (5/40) have been working for Hunyani Limited for at least 3 years and 68% (27/40) have been working for Hunyani Holdings for at least 5 years.

This shows that the majority of the employees have been with the company for more than 5 years and they were there when the company exercised downsizing and knowledgeable in their areas to provide accurate information.

4.4 Departments that the respondents specialize in



Fig 4.3 Departments of the respondents

4.5 Who was responsible for the formulation of downsizing strategy

a) Shareholders

b) Managing directors

c) Top management

The question seeks to know whether there are executives responsible for the formulation of the policy in the company or there is conflict of interest in the implementation of the policy.

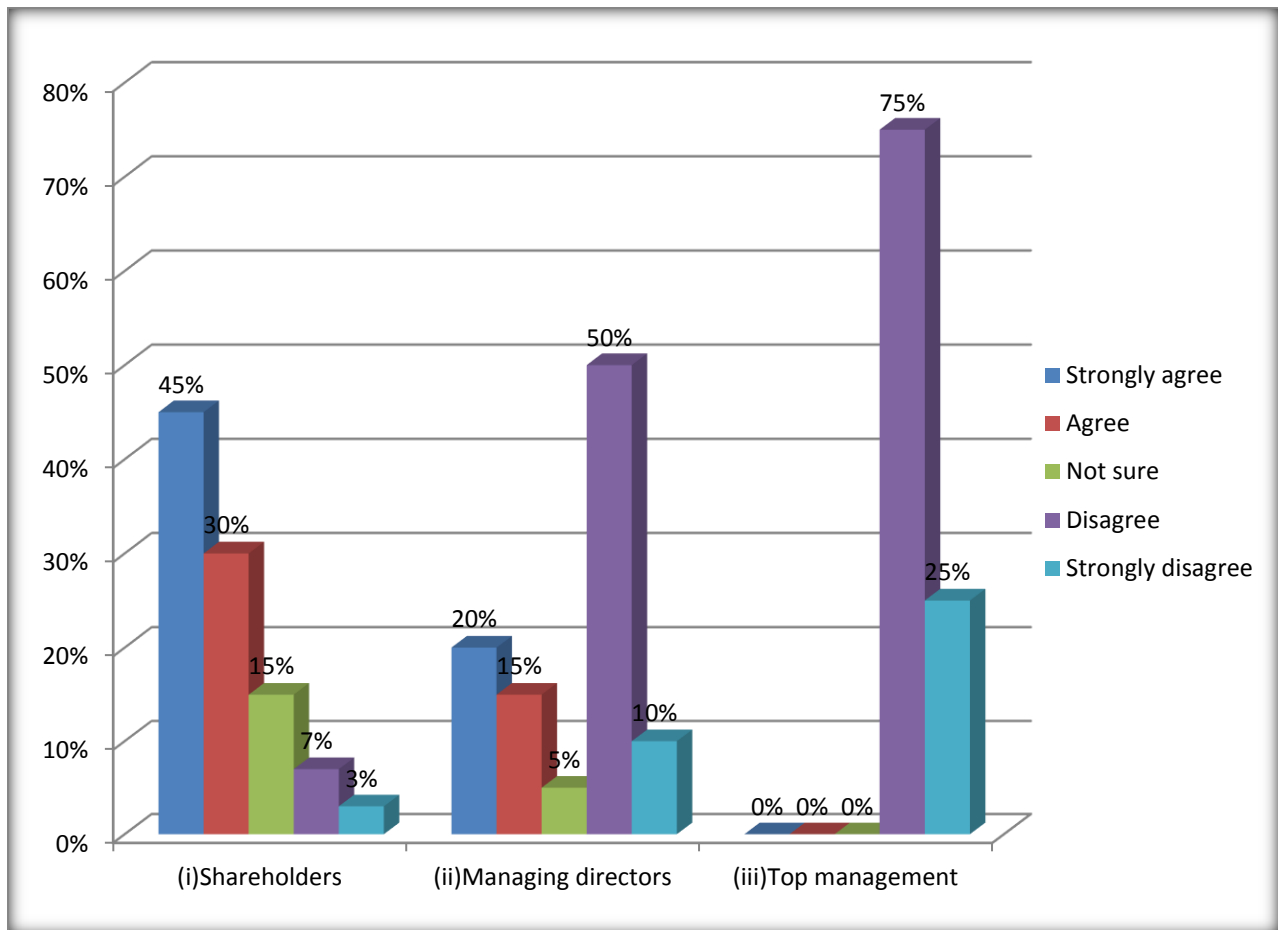


Fig 4.4 Personnel responsible for the formulation of the downsizing strategy

(i) The downsizing strategy is formulated by shareholders

From the table and pie chart above, out of 40 respondents, 45% (18) strongly agreed, 30% (12) agree, 15% (6) were not sure, 7% (3) disagreed while 3% (1) strongly disagreed that the strategy was formulated by shareholders.

This can safely conclude that downsizing strategy was formulated by management since 75% of the respondents agreed that downsizing is formulated by shareholders. Datta et al., (2010) assert that shareholders' demand for higher return on equity induce them to formulate downsizing.

(ii)The strategy is formulated by managing directors

From the above graph, out of 40 respondents 20% (8) strongly agree, 15% (6) agree, 5% (2) were unsure, 50% (20)disagreed and 10% (4) strongly disagreed that the downsizing strategy is implemented by managing directors.

This concludes that downsizing strategy is not formulated by managing directors since 60% of the respondents disagreed that downsizing strategy is formulated by managing directors.

(iii)The downsizing strategy is formulated by top management

On whether top management is responsible for the formulation of the downsizing strategy, 0% (0/40) strongly agreed, 0% (0/40) agreed, 0% (0/40) were not sure, 75% (30/40) disagreed while 25% (10/40) strongly disagreed.

From the above responses, it can be concluded that 0% agreed that top management is responsible for the formulation of the downsizing strategy. According to McKinley et al., (2005) managers as agents for shareholders implements downsizing.

4.6 The following risks on table 4.6 were experienced on downsizing

The purpose of the question was to determine whether the risks discovered in literature by other scholars are those that the company experienced.

Table 4.4 Risks associated with downsizing

	Strongly agree	Agree	Not sure	Disagree	Strongly disagree
(i)Job insecurity	17	18	2	2	1
Percentage	42.5%	45%	5%	5%	2.5%
(ii)Voluntary turnover	15	10	5	6	4
Percentage	37.5%	25%	12.5%	15%	10%
(iii)High retrenchments costs	12	18	3	2	5
Percentage	30%	45%	7.5%	5%	12.5%
(iv)Lack of innovation	10	17	3	10	0
Percentage	25%	42.5%	7.5%	25%	0%
(v)Decrease in earnings per share	14	9	12.5	20	0
Percentage	35%	22.5%	12.5%	20%	0%

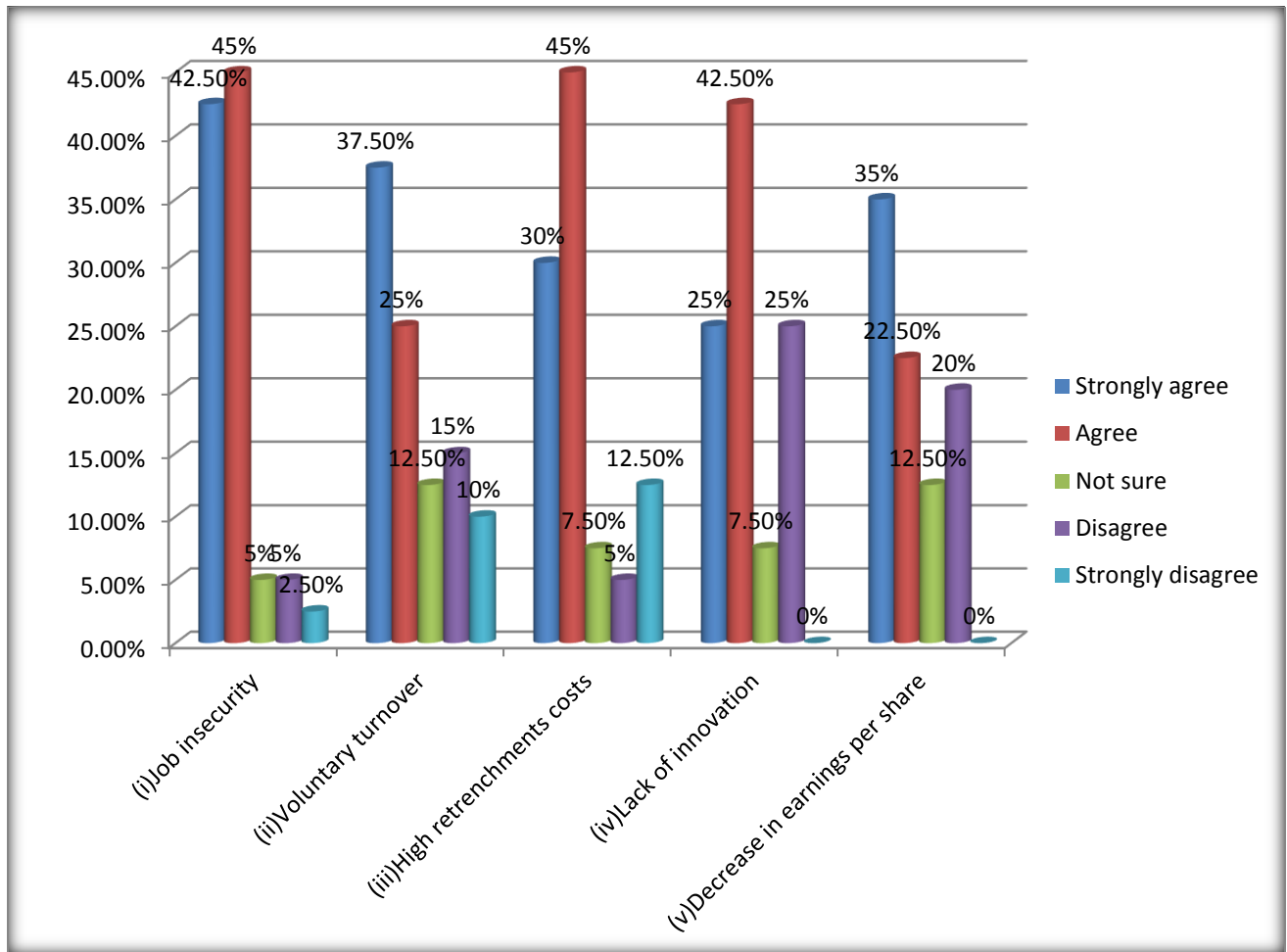


Fig 4.5 Risks associated with downsizing

(i) Employee job insecurity as a result of downsizing

From the above graph, out of 40 respondents 42.5% (17) strongly agree, 45% (18) agree, 5% (2) were not sure, 5% (2) disagree and 2.5% (1) strongly disagreed that employee job insecurity was experienced on downsizing.

This concludes that employees became insecure of their jobs since 87.5% agreed that downsizing lead to job insecurity. This is in agreement with interview question number one (1).

(ii) Voluntary turnover as a result of downsizing

From the above graph, 37% (15/40) strongly agree, 25% (10/40) agree, 13% (5/40) were not sure, 15% (6/40) disagree and 10% (4/40) strongly disagreed that voluntary turnover was experienced at Hunyani as a result of downsizing.

This can be safely concluded that downsizing results in voluntary turnover since 62% of the respondents agreed that downsizing results in voluntary turnover.

(iii) High retrenchments costs than anticipated

From the above graph, out of 40 respondents 30% (12) respondents strongly agree, 45% (18) agree, 7.5% (3) were not sure, 5% (2) disagree and 12.5% (5) strongly disagree that downsizing results in the company incurring more retrenchment costs than anticipated.

This can be concluded that downsizing results in more retrenchments costs than anticipated since 75% agreed that downsizing results in the company incurring more retrenchments costs than expected. Kandula (2010) asserts that downsizing leads in more costs incurred than those expected. This is supported by interview question number one.

(iv) Lack of innovation

From the above graph, out of 40 respondents 25% (10/40) strongly agreed, 42.5% (17/40) agreed, 7.5% (3/40) were not sure, 25% (10/40) disagreed and 0% (0/40) strongly disagreed that downsizing leads to lack of innovation.

This can be safely concluded that downsizing results in lack of innovation since 67.5% agreed that downsizing leads to lack of innovation.

(v) Decrease in earnings per share as a result of downsizing

From the above graph, 35% (14/40) strongly agree, 22.5% (9/40) agree, 12.5% (5/40) were not sure, 20% (8/40) disagree while (10%) (4/40) disagreed that downsizing results in decrease in earnings per share.

This can be concluded that downsizing results in decrease in earnings per share since 57.5% agreed that downsizing results in decrease in earnings per share. The table below shows the earnings per share as at 31 October 2012 and 2013

Table 4.5 Earnings per share at 31 October 2012 and 2013

Earnings per share	2013	2012
Basic and diluted earnings / (loss) per ordinary share [EPS]	-0.07	0.13

Source: Hunyani Holdings audited financial statements for the year ended 31 October 2013

From table 4.5 earnings per each ordinary share is decreasing from from US\$0.13 in 2012 to US\$0.07 in 2013.

4.7 Downsizing is long-sighted and benefits associated are of long-term nature

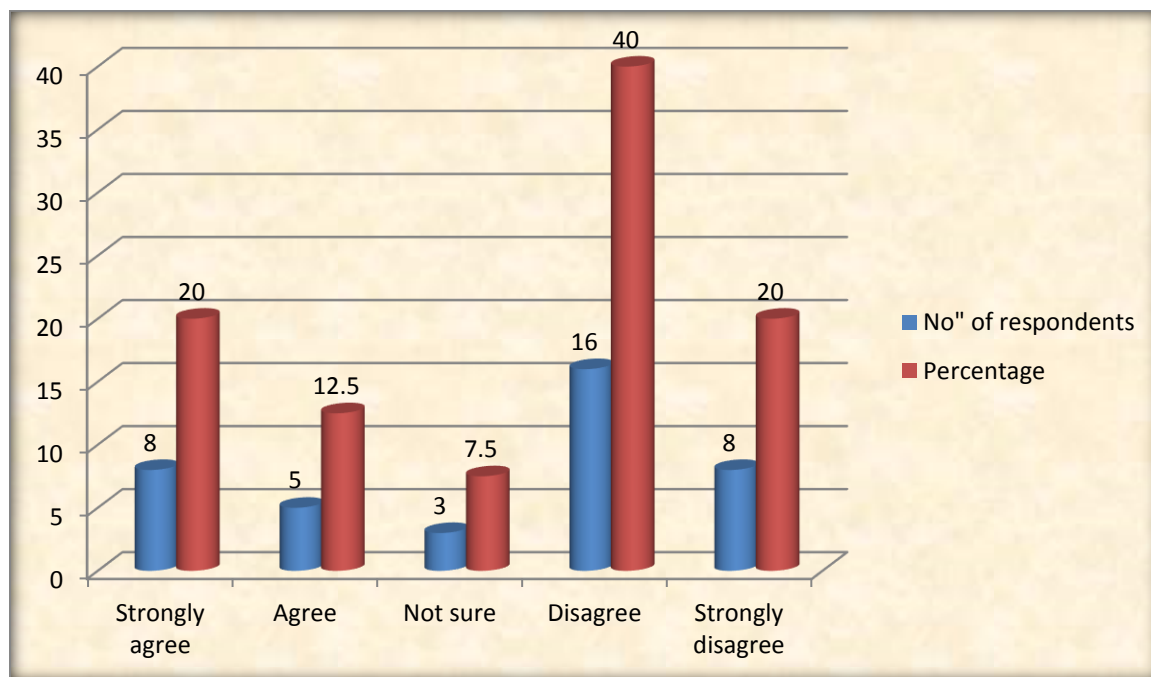


Fig 4.6 Downsizing is long-sighted and benefits associated are of long-term nature

From the above graph, 20% (8/40) of the respondents strongly agree, 12.5% (5/40) agree, 3/40 7.5% (3/40) were not sure, 40% (16/40) disagree while 20% (8/40) strongly disagree that downsizing is long-sighted and benefits associated are of long-term nature.

This can be safely concluded that downsizing is short-sighted and benefits associated are of short-term nature since 60% of the respondents disagreed that downsizing is long-sighted and benefits associated are of long-term nature. McKinley et al., (2005) asserts that downsizing is

short sighted and arbitrary suggesting that downsizing activities largely produce negative outcomes.

4.8 Human resources department is involved in the implementation of downsizing strategy

The aim of the question is to find out whether human resources department is involved in the implementation of the downsizing strategy or not. This is because human resources department offers extensive communication to employees to accept retrenchment and it recognizes the need for training of employees and evaluation of employee performance.

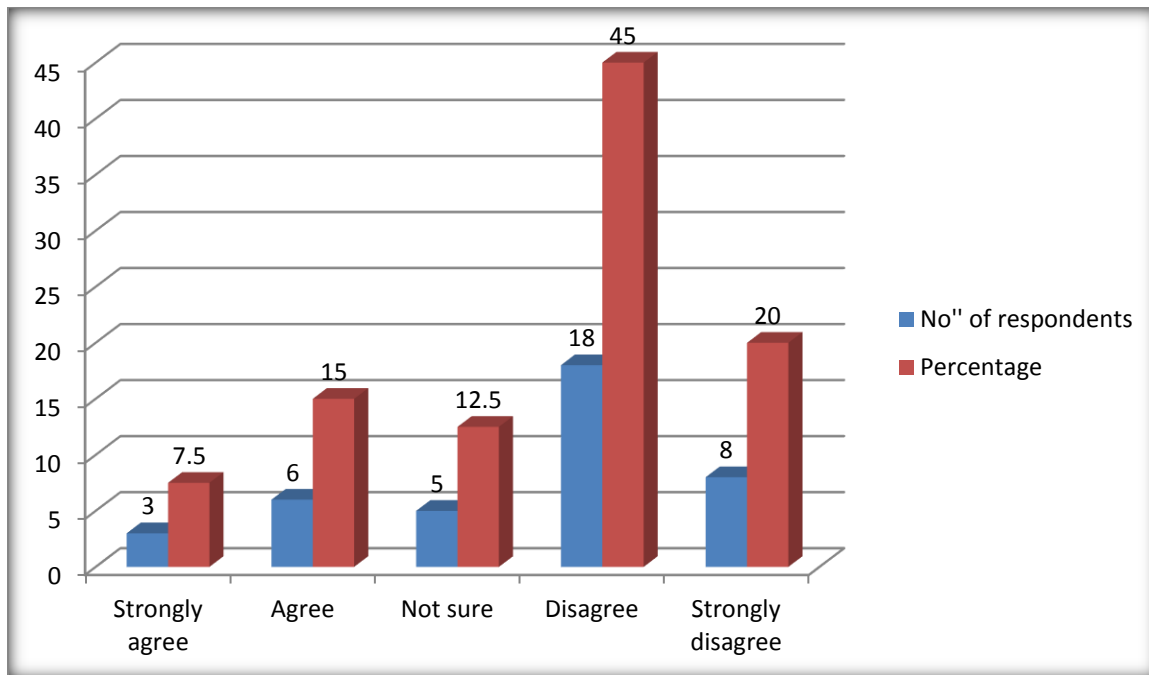


Fig 4.7 Involvement of Human Resources department in downsizing implementation

From the above graph, out of 40 respondents 7.5% (3) respondents strongly agree, 15% (6) agreed, 12.5% (5) were not sure, 45% (18) disagreed while 20% (8) strongly disagreed that human resources department was involved in the implementation of downsizing strategy.

This can be concluded that Human Resources department was not involved in the implementation of the downsizing strategy since 65% of the respondents agreed that human resources department was not involved in the implementation of downsizing strategy.

4.9 Profits earned are enough to distribute to ordinary shareholders

This question seeks to know whether the profits made by the company are enough to distribute to ordinary shareholders.

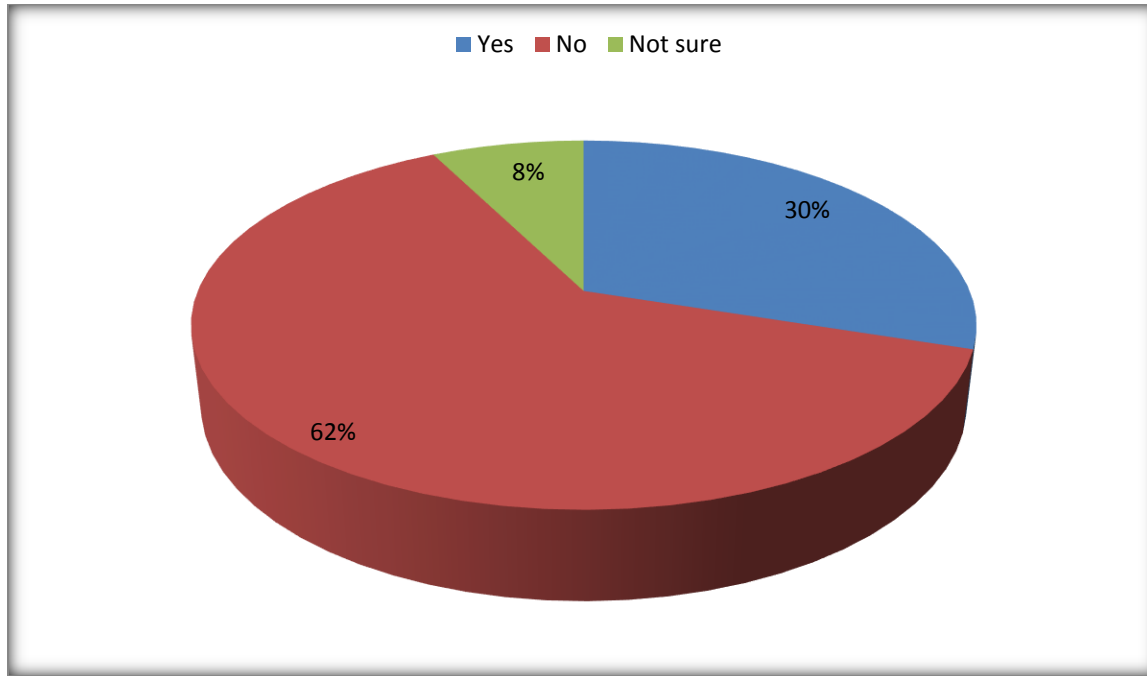


Fig 4.8 Profits earned were enough to distribute to shareholders

From the above pie chart, out of 40 respondents 12 (30%) said yes, 25 (62.5%) said no and 3 (7.5%) were not sure that profits earned are enough to distribute to ordinary shareholders.

This can be concluded that from the respondents, profits earned are not enough to distribute to ordinary shareholders since 62.5% of the respondents said the profits earned were not enough to distribute to ordinary shareholders.

4.10 Retrenchments costs did not deplete the profits that were then distributed to shareholders

The question wanted to investigate whether retrenchments costs incurred as a result of downsizing did not deplete the profits that were then distributed to shareholders.

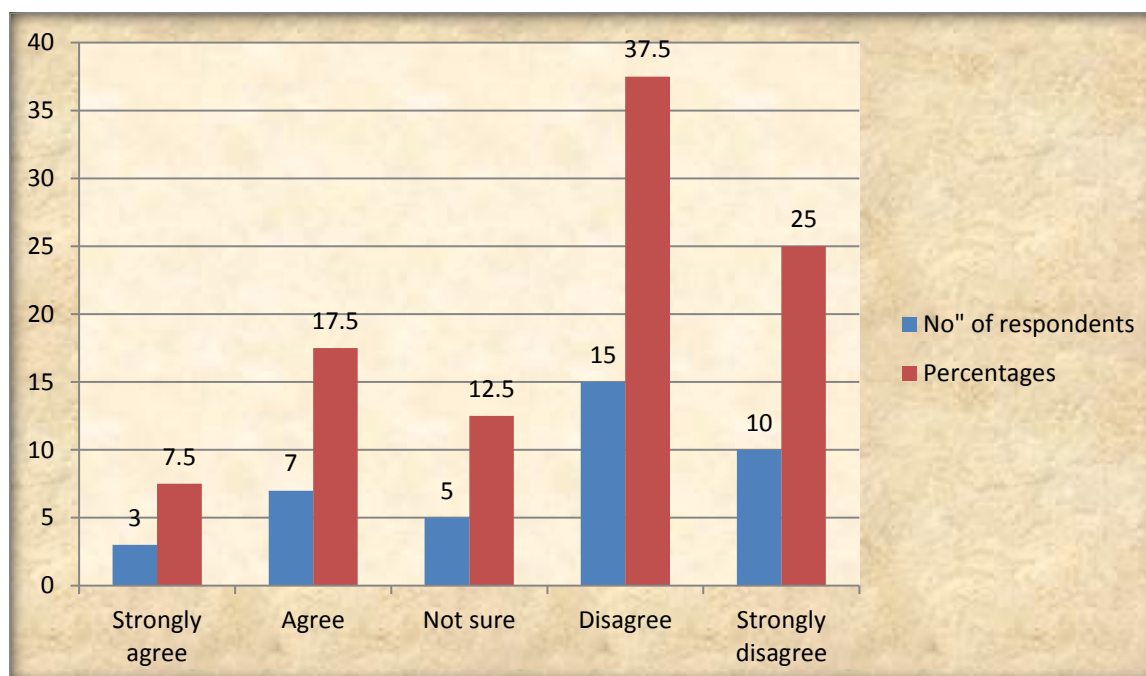


Fig 4.9 Depletion of profits to be distributed to shareholders by retrenchments costs

From the above graph, 3/40 (7.5%) respondents strongly agree, 7/40 (17.5%) agree, 5/40 (12.5%) were not sure, 15/40 (37.5%) disagreed while 10/40 (25%) strongly disagreed that retrenchments costs did not deplete the profits that were then distributed to shareholders.

This can be concluded that retrenchments costs depleted the profits that were then distributed to shareholders since 62.5% of the respondents disagreed that retrenchment costs did not deplete the profits that were then distributed to shareholders. Burke and Cooper (2009) mentioned that excessive severance costs incurred decreases the returns that were supposed to be allocated to equity holders.

According to the unaudited financial statements for the six months ended 30 April 2014, the group earned an operating loss of US\$106,579.00 against restructuring and retrenchment costs of US\$83,835.00. In addition, for the six months ended 30 April 2013 the group earned an operating profit of US\$43,050.00 before deducting restructuring and retrenchment costs amounting to US\$684,143.00. This information reflected that retrenchment costs depleted profits that were supposed to be distributed to equity holders.

4.11 Is the share price increasing

The aim of this question is to determine whether the share price is rising or decreasing as a result of downsizing.

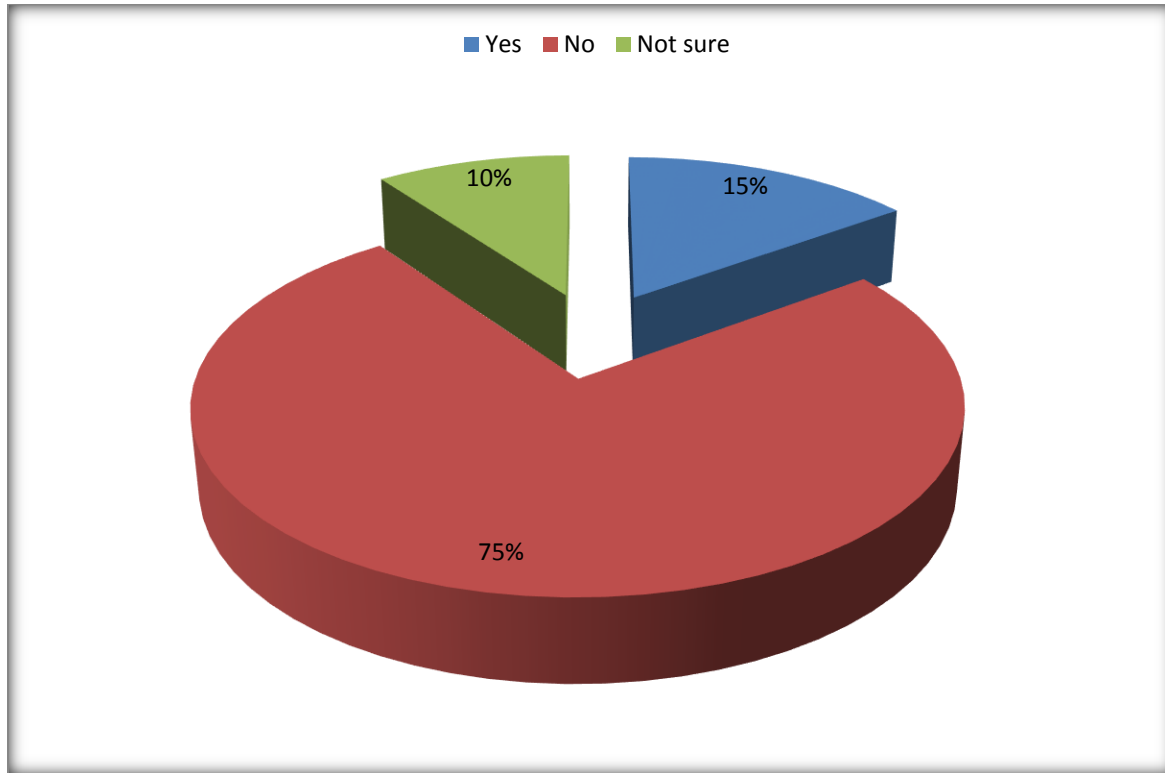


Fig 4.10 Rise of share price

From the above pie chart, 15% (6/40) of the respondents said yes, 75% (30/40) said no while 10% (4/10) were not sure that the share price is increasing.

This can be safely concluded that the share price is decreasing since 75% of the respondents said the share price is not increasing. Hallock (2009) asserts that stock prices decrease as a result of restructuring announcements. According to information obtained from Hunyani Holdings audited financial statements for the year ended 30 October 2013, the share price as at that date was US\$0.03 and as at 30 October 2012 was US\$0.05. This reflects that the share price is decreasing.

4.12 Job security of employees increased after downsizing

The purpose of this question is to determine whether job security of employees increase after downsizing.

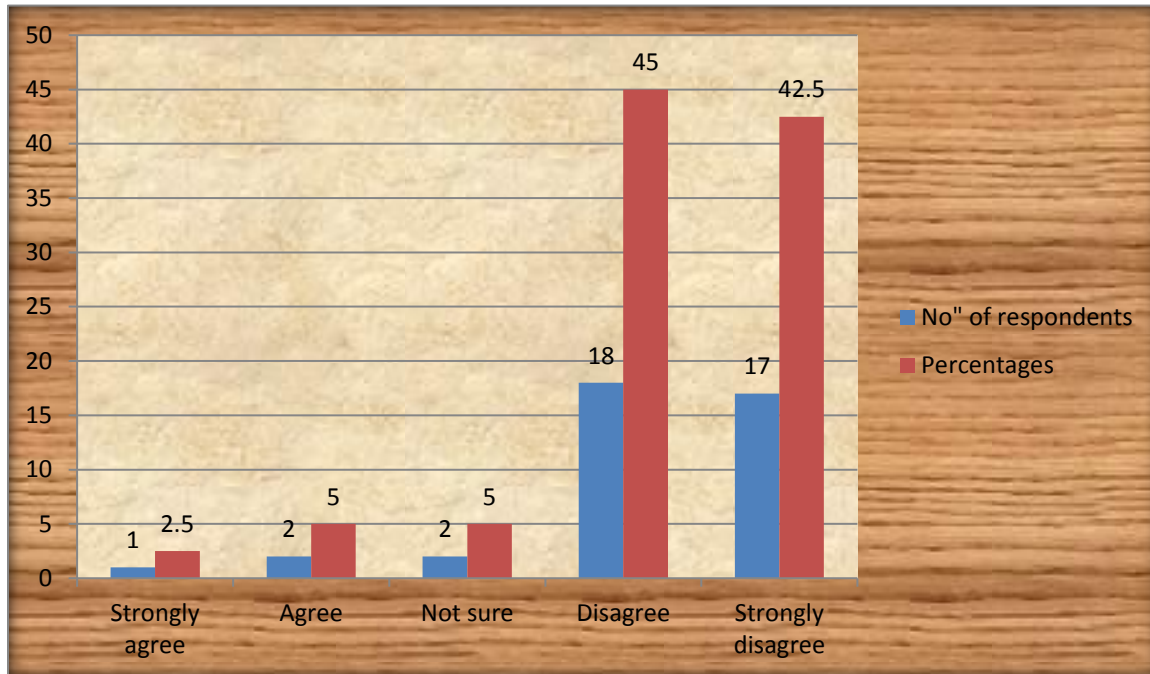


Fig 4.11 Increase of job security of employees after downsizing

From the above graph, 1/40 (2.5%) respondents strongly agree, 2/40 (5%) agree, 2/40 (5%) were not sure while 18/40 (45%) disagree while 17/40 (42.5%) strongly disagree that job security of employees increased after downsizing.

This can be concluded that downsizing reduces job security of employees since 87.5% of respondents disagreed that job security of employees increase after downsizing. According to Rehman and Naeem (2012) downsizing resultantly leads to job insecurity for employees regarding their jobs.

4.13 Management did not suffer from similar psychological emotions with employees

This question seeks to investigate if management shares the same psychological emotions with employees.

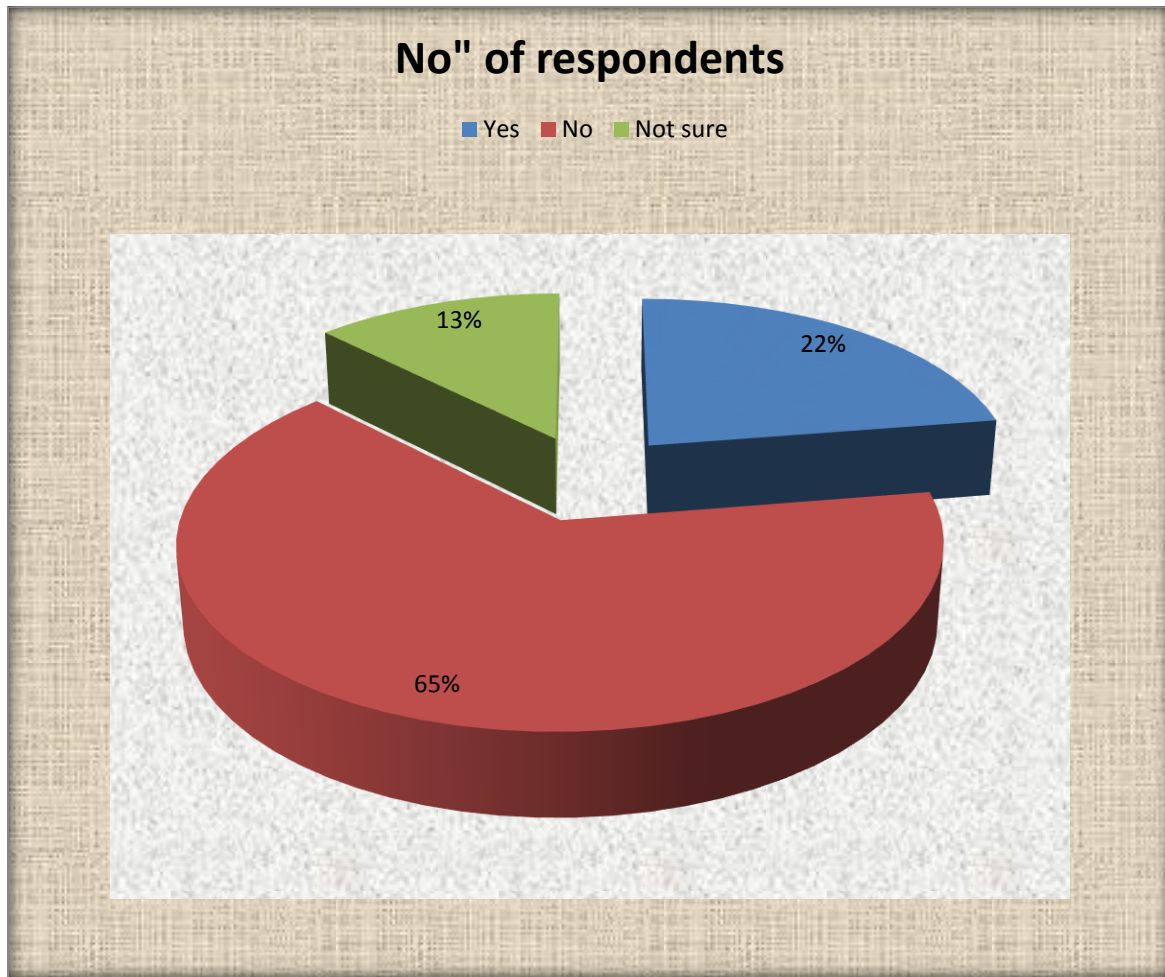


Fig 4.12 Suffering of management from similar psychological emotions with employees

From the above pie chart, 9/40 (22.5%) said yes, 26/40 (62.5%) said no while 5/40 (12.5%) were not sure whether management suffer from similar psychological emotions with employees. This is in agreement with interview question number 3.

In a nut shell, as a result of downsizing, management suffer from similar psychological emotions with employees since 65% of respondents disagreed that management did not suffer from similar psychological emotions with employees. According to Gandolfi (2009) management has influence over employees' reactions and also suffers from similar psychological and emotional effects as downsizing survivors and victims.

4.14 How can you describe the reactions of management with regard to downsizing

The objective of this question is to know the range and extent of management's reactions with regard to downsizing.

a) Considerate

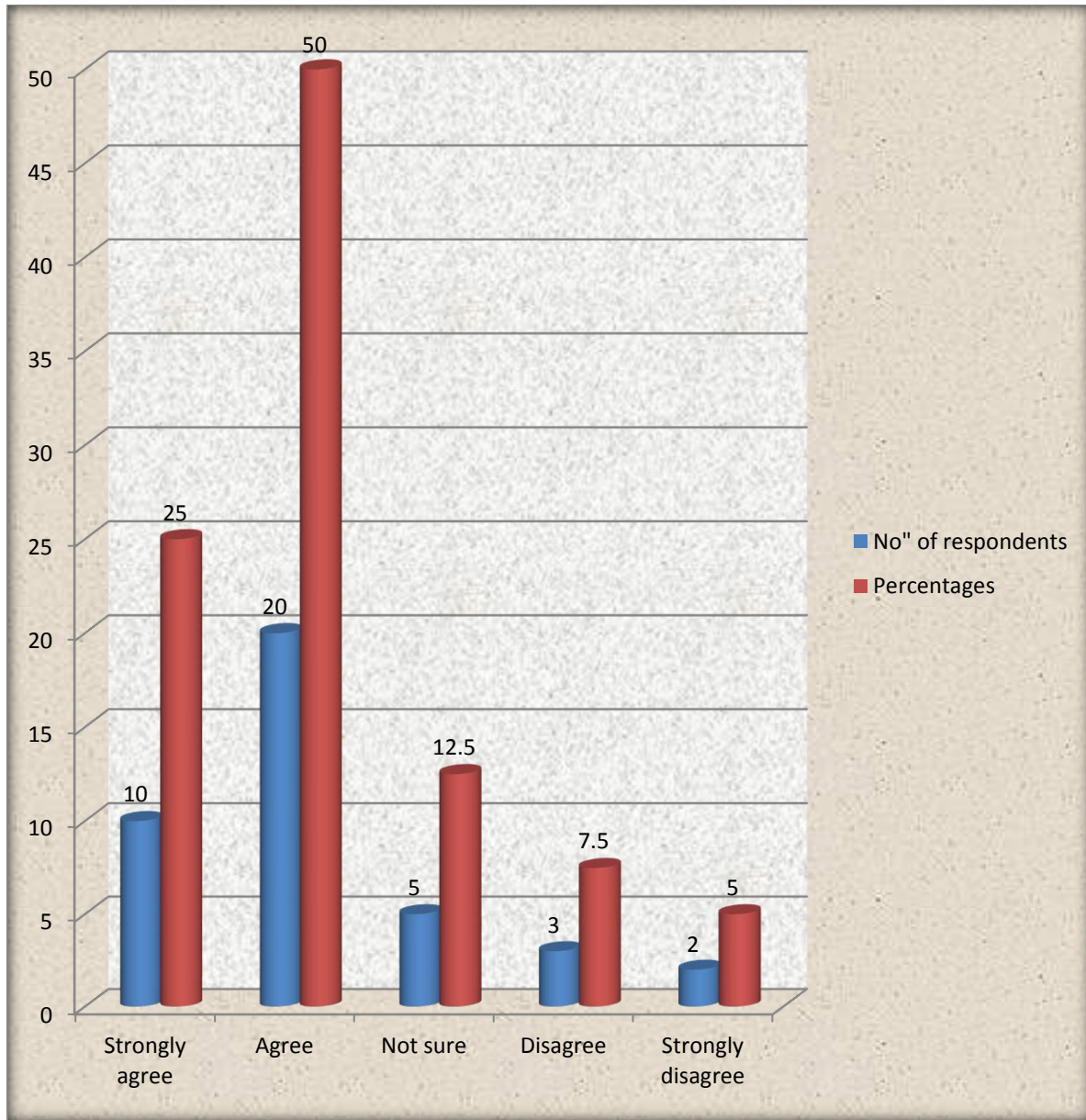


Fig 4.13(a) Considerate of management with regard to downsizing

From the above graph, 25% (10/40) respondents strongly agree, 50% (20/40) agree, 12.5% (5/40) were not sure, 7.5% (3/40) disagree while 5% (2/40) strongly disagree that management were considerate in carrying out downsizing.

This can be concluded that management was considerate in exercising the downsizing strategy since 75% of the respondents agreed that management was considerate.

a) Sympathetic

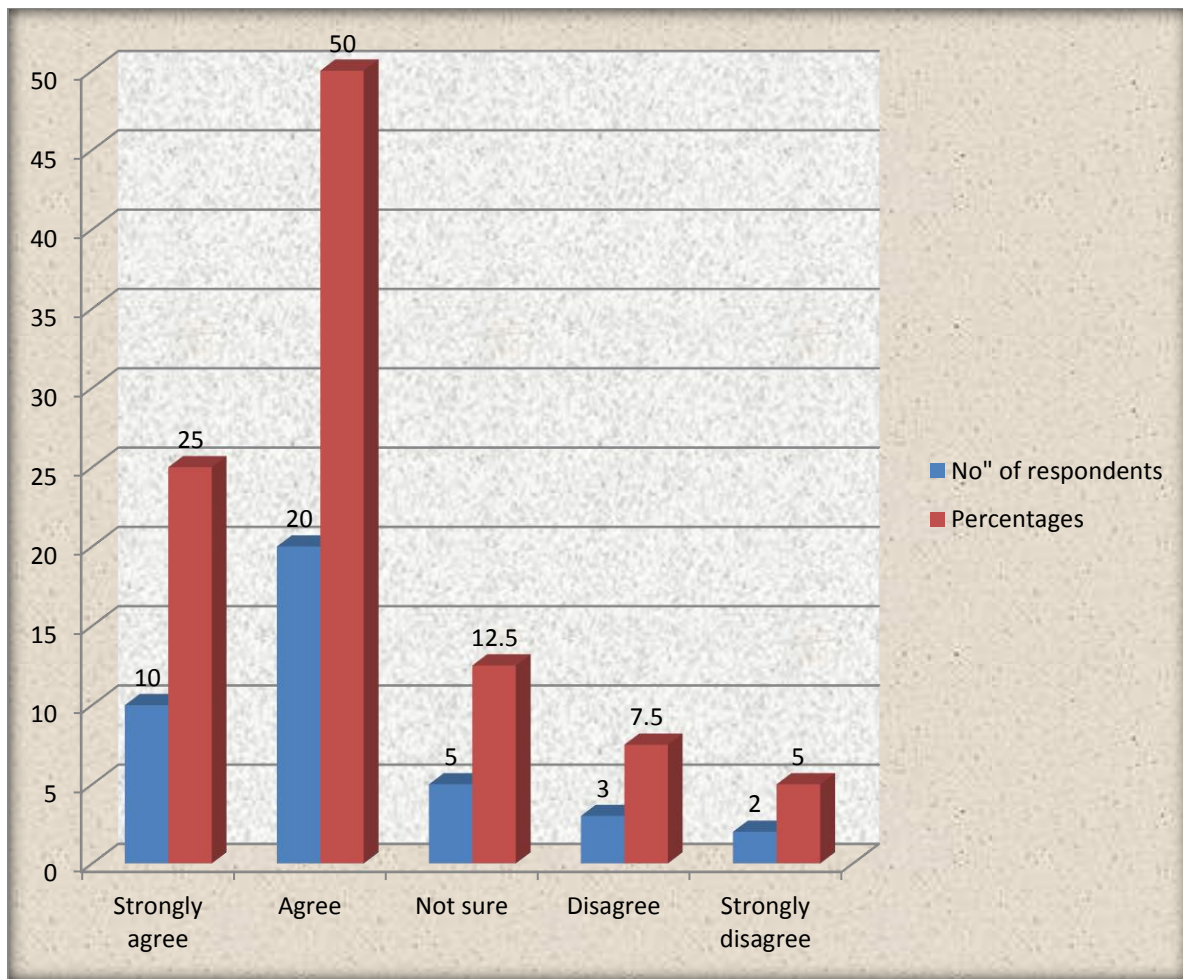


Fig 4.13(b) Management sympathetic to employees with regard to downsizing

From the above graph, out of 40 respondents, 10 (25%) strongly agree, 20 (50%) agree, 5 (12.5%) were not sure, 3 (7.5%) disagree while 2 (5%) strongly disagree that management was sympathetic as a result of downsizing.

This can be concluded that management were sympathetic as a result of downsizing since 75% agreed that management were sympathetic in carrying out downsizing. This is supported by interview question number four.

4.15 Were there any retrenchment training for the victims of downsizing?

This question wanted to establish whether management at Hunyani Holdings Limited recognize the importance and impact of retrenchment training for the victims of downsizing.

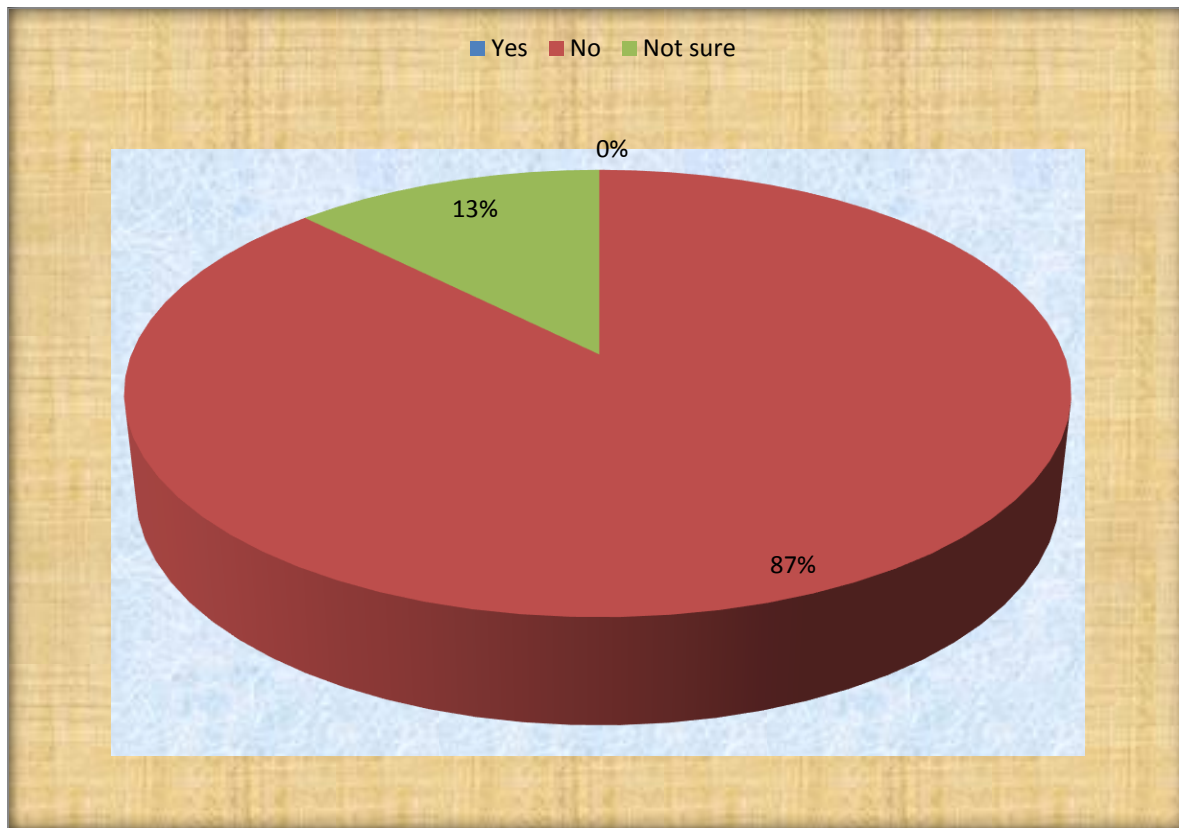


Fig 4.14 Conducting of retrenchment training to the victims of downsizing

From the above pie chart, 0% of the respondents said yes there was retrenchment training for the victims, 87.5% (35/40) said there was no retrenchment training for the victims while 13% (5/40) were not sure whether there was any retrenchment training for the victims of downsizing. This can be concluded that there were no any retrenchment training for the victims of downsizing since 87% of the respondents indicated that there was no any retrenchment training for the victims of downsizing. According to Gandolfi (2006) training to the victims make them feel that the organisation recognises their efforts and it also helps to ease their stress and trauma.

4.16 I think retrenchment is worth to be undertaken

The purpose of the question is to establish an understanding whether the respondents are of the opinion that downsizing should be undertaken after weighing the benefits and costs associated with it.

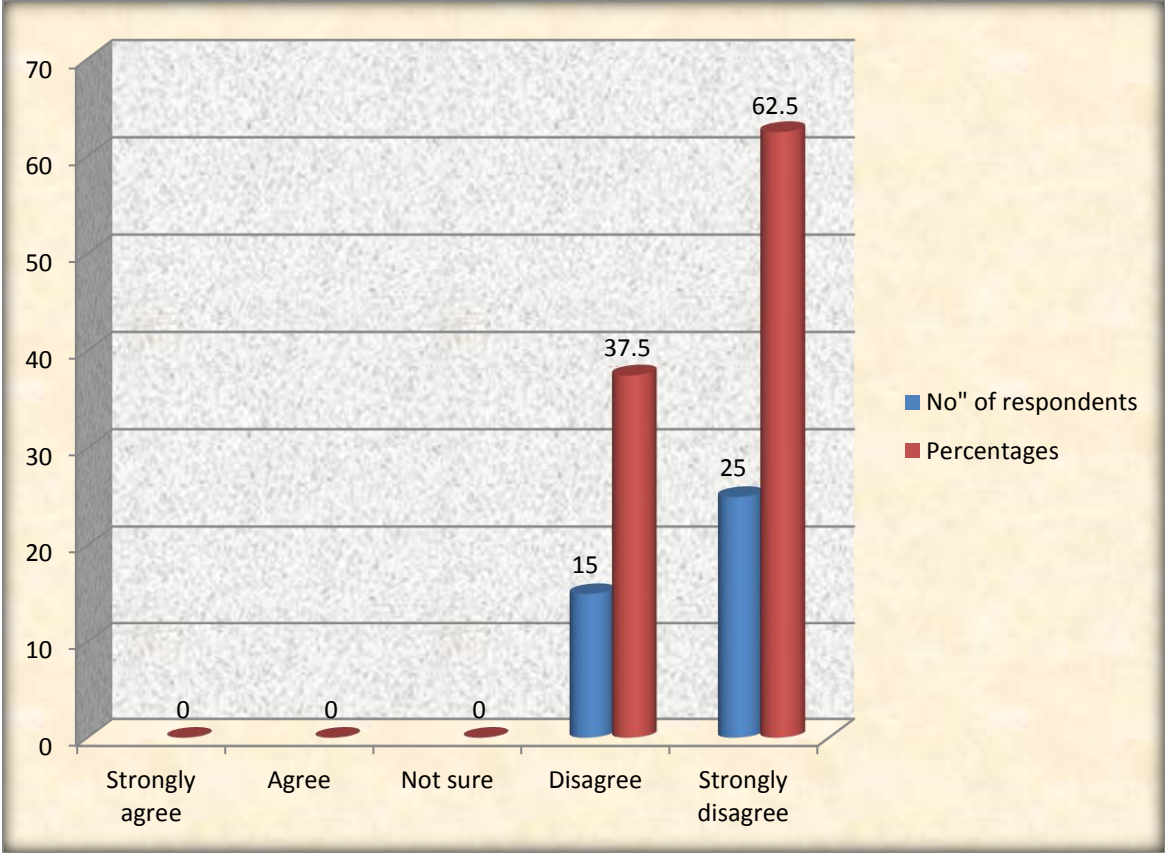


Fig 4.15 Worthiness of retrenchment

From the above graph, out of 40 respondents 0% strongly agree, 0% agree, 0% were not sure, 37.5% disagree while 62.5% strongly disagreed that retrenchment is worth to be undertaken.

Since all of the respondents disagreed, that is 100% that retrenchment is worth to be undertaken, this can be concluded that retrenchment is not worth to be undertaken. According to Uchida (2011) downsizing is not worth undertaken since it does not show company performance improvements.

4.17 Downsizing did produce better results because of:

(i) Good planning before implementation

(ii) Proper readjustment after the process

(iii) Heavy involvement of human resources department

The purpose of the question is to establish whether the respondents noted the importance of the above principles for downsizing to produce best results.

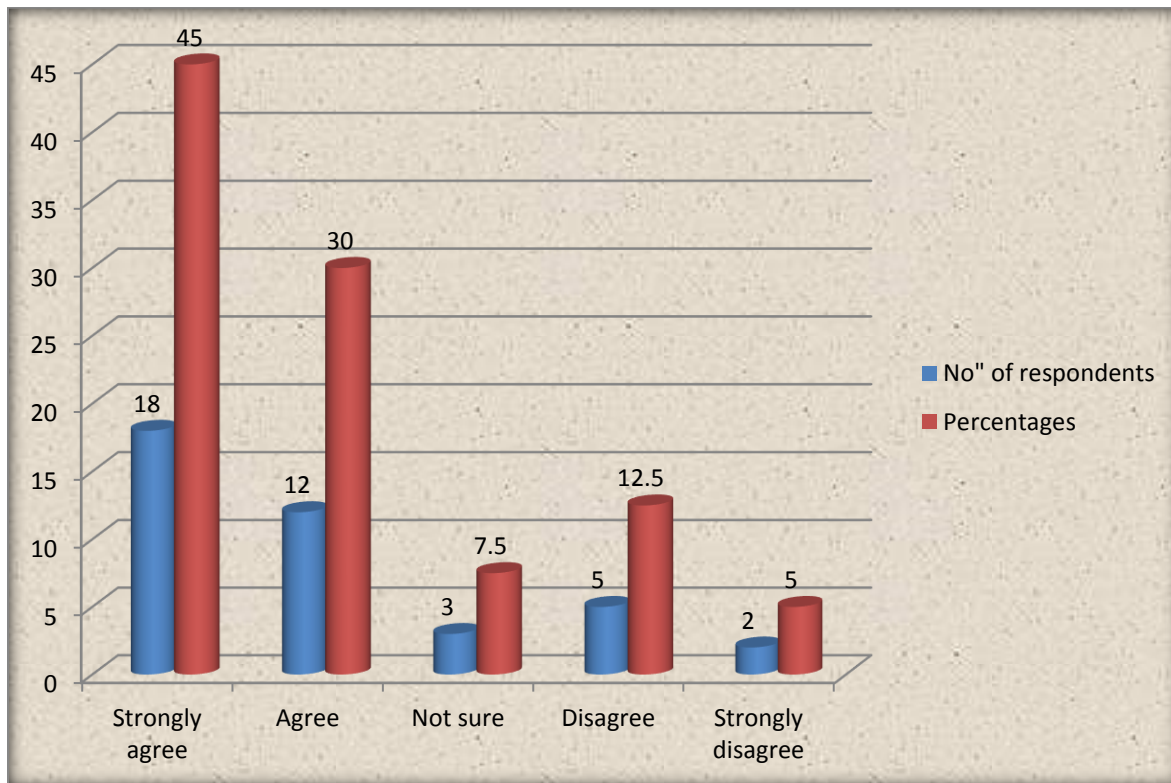


Fig 4.16(a) good planning before implementation

From the above graph, out of 40 respondents, 45% strongly agree, 30% agree, 7.5% were not sure, 12.5% disagree while 5% strongly disagree that downsizing did produce better results because of good planning before implementation.

This can be safely concluded that downsizing did produce better results because of good planning before implementation since 75% of the respondents agreed that downsizing produce better results because of good planning before implementation.

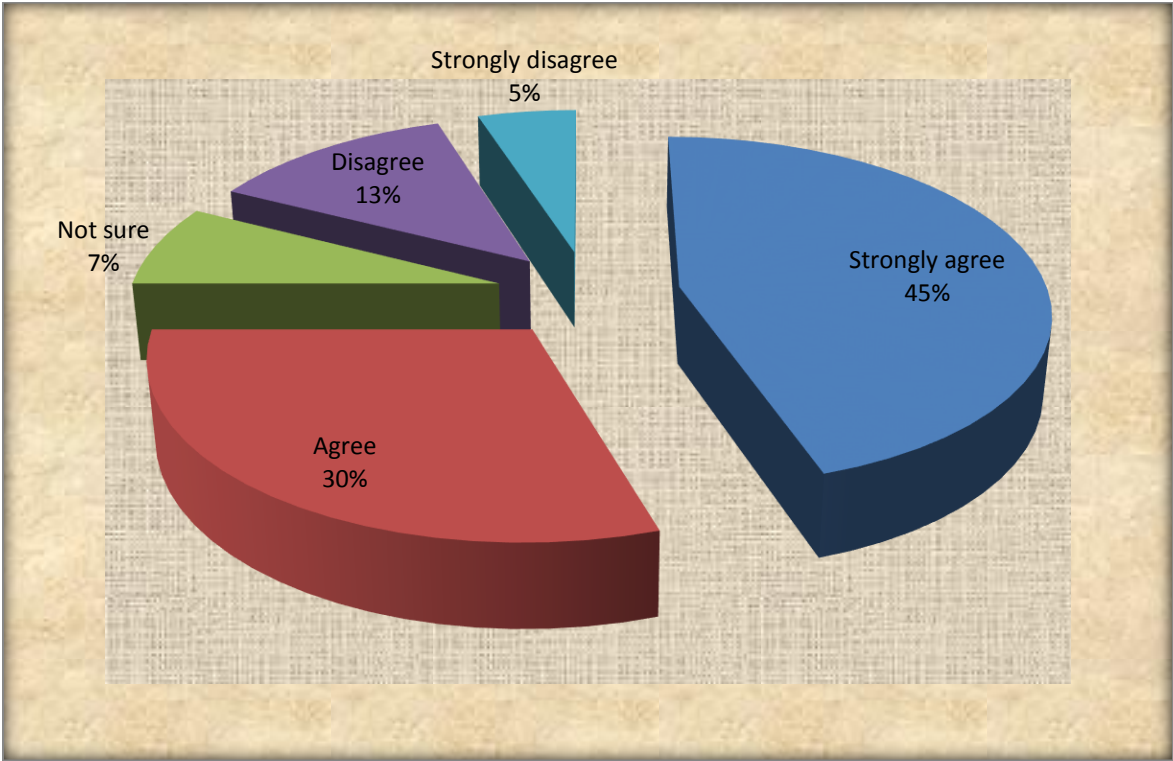


Fig 4.16(b) Proper readjustment after the process

From the above pie chart, out of 40 respondents, 45% (18/40) strongly agree, 30% (12/40) agree, 7.5% (3/40) were not sure, 12.5 (5/40) disagree while 5% (2/40) strongly disagree that downsizing did produce better results because proper readjustment after the process.

Since 75% of the respondents agreed that downsizing did produce better results because of proper readjustment after the process, this can be concluded that proper readjustment after downsizing makes it yields better results. Kandula (2010) asserts that though companies have completed the downsizing process successfully, they will decline later because of failure to make readjustments.

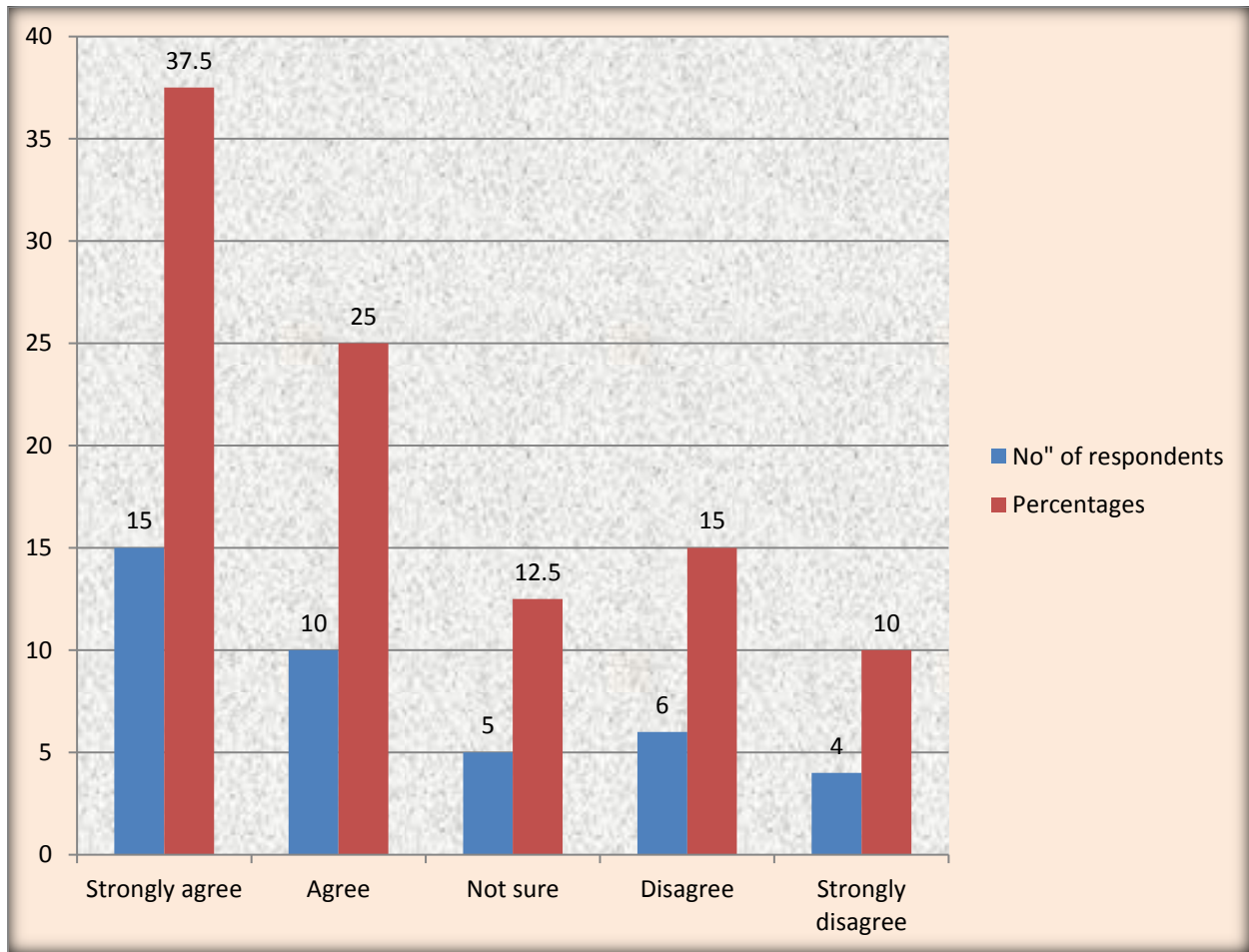


Fig 4.16(c) Heavy involvement of human resources department

From the above graph, 37.5% (15/40) strongly agree, 25% (10/40) agree, 12.5% (5/40) were not sure, 15% (6/40) disagree while 10% (4/40) strongly disagree that downsizing did produce better results because of heavy involvement of Human Resources department.

This can be concluded that downsizing produce better results because of heavy involvement of human resources department since 62.5% of the respondents agreed that heavy involvement of human resources makes downsizing more successful. Datta et al., (2010) asserts that consideration of resources department especially in offering extensive communication, advance notices and

4.18 To further improve company performance, the can implement the following:

(a) Responsibility accounting

(b) Throughput accounting

The question seeks to get an understanding whether the respondents agree that the above costing techniques can improve the performance of the company.

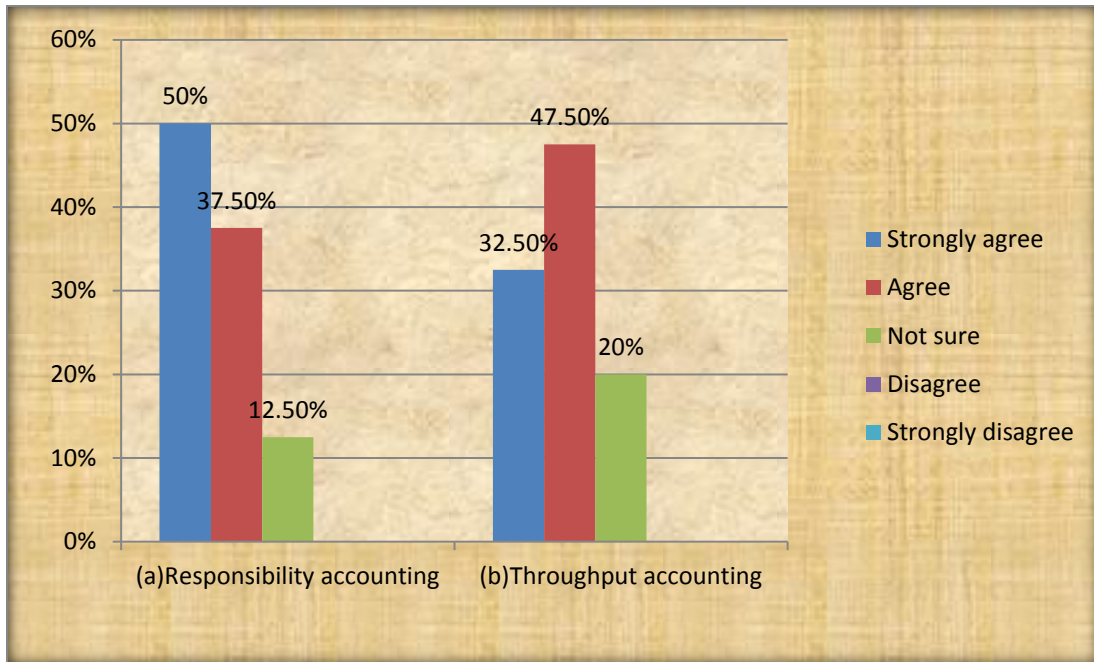


Fig 4.17 costing techniques that can be implemented to improve company performance

a) Furthering of company performance by responsibility accounting

From the above graph, 50% (20/40) strongly agree, 37.5% (15/40) agree, 0% (0/40) were not sure, 0% (0/40) disagree while 0% (0/40) strongly disagree that responsibility accounting can be implemented to improve company performance. This is in agreement with interview question number five(5).

Since 87.5% of the respondents agreed that to further company performance the company can implement responsibility accounting, this can be concluded that implementation of responsibility accounting can further improve company performance. According to Debarshi (2011) responsibility accounting is important to the business entity in that, it emphasizes the need of

clearly defining and communicating the goals and objectives of the organisation and its employees thereby facilitating a stronger control on cost, revenue and uses of assets.

(b) Increase of company performance by throughput accounting

From the above pie chart, 15% (6/40) strongly agree, 42.5% (17/40) agree, 20% (8/40) were not sure, 17.5% (7/40) disagree while 5% (2/40) strongly disagree; that the implementation of throughput accounting can improve company performance.

Since 57.5% of the respondents agreed that the implementation of throughput accounting can improve company performance, this can be concluded that throughput accounting as a costing technique can further improve the performance of the company. According to Hermes (2012) throughput accounting is a principle-based and management accounting approach that provides managers with decision support information for enterprise profitability.

4.19 Personal interview response rate

Out of six scheduled interviews, five interviews were successful.

Table 4.6 Personal interview response rate

Respondent	Number of staff to be interviewed	Successful interviews	Response rate (%)
Accountants	1	1	100
H R Officers	1	1	100
Marketing Executives	1	1	100
Production officers	1	1	100
Top executives	2	1	50
Total	6	5	83

Interview analysis

The response rate was generally very good considering that interviews tend to be long and they need to be scheduled before, due to work pressure of respondents since they were on year end. The researcher had planned to interview 6 personnel from different departments and he managed

to interview 5 staff but the researcher is of the opinion that the findings would be of significance to the study.

4.20 Interview question 1

What are the risks associated with downsizing experienced at Hunyani Holdings Limited?

Response

All the interviewees expressed that the following risks were experienced; employee job insecurity, loss of employee loyalty and high retrenchment costs than anticipated. According to Rehman and Naeem (2012) downsizing results in job insecurity regarding employees' jobs. The respondents expressed that downsizing leads to employee uncertainty about their jobs and this uncertainty leads to job insecurity because they may have such perception that they will be the next if the company intends to adopt such a strategy in future.

According to Kandula (2010) downsizing leads to more costs incurred than those anticipated. It is further said that, these costs include severance costs which need to be paid out to the retrenched individuals. The respondents highlighted that these costs are in form of use of consultants, increased overtime and more training costs as a result of loss of the best employees.

80% of the respondents said downsizing results in lack of innovation. According to Kandula (2010) innovation is more important for the survival and success of the organisation. The respondents highlighted that downsizing hinders product innovation by reducing the effectiveness of strategic linking activity and it also breaks the network of informal relationships used by innovations to work out strategic linkages. Kandula (2010) further highlighted that innovation requires a complex network of interpersonal and intergroup relationships.

In addition, 63% of the interviewees expressed that downsizing depleted profits that were supposed to be distributed to shareholders. These were the, two finance directors and one chief accountant. Burke and Cooper (2009) mentioned that excessive severance costs incurred decreases the returns that were supposed to be allocated to equity holders. According to the unaudited financial statements for the six months ended 30 April 2014, the group earned an operating loss of US\$106,579.00 against restructuring and retrenchment costs of US\$83,835.00. In addition, for the six months ended 30 April 2013 the group earned an operating profit of

US\$43,050.00 before deducting restructuring and retrenchment costs amounting to US\$684,143.00. This information reflected that retrenchment costs depleted profits that were supposed to be distributed to equity holders.

Analysis

To a larger extent, downsizing results in employee job insecurity, lack of innovation, high retrenchment costs than anticipated and decrease in earnings per share.

4.21 Interview question 2

What is the desired earnings per share that the group would like to achieve from restructuring?

Responses

All of the respondents expressed that the group would like to accomplish a favourable earnings per share except for one of the interviewees, the managing director who expressed that the shareholders will desire earnings per share which is above US\$10.00. According to Tsai et al., (2009), the demand by equity holders for higher returns made corporations to downsize. According to information obtained at www.ibm.com/annualreport (2013) IBM, in the midst of its massive transformation from hardware and software and services company to a cloud and services company, is cutting jobs worldwide. The goal is to deliver on the promise to deliver \$20.00 earnings per share by the end of 2015. The top executives of Hunyani Holdings indicated that group would like to achieve an earnings per share which is above US\$10.00.

Analysis

To a large extent corporations downsize their operations with the view to increase the earnings per share. This is supported by all of the respondents who agreed that the company downsized in order for shareholders to have a favourable earnings per share.

4.22 Interview question three

What are management's reactions in relation to downsizing?

Responses

70% of the respondents expressed that management suffer the same pressure experienced by employees while 30% expressed that management did not suffer the same pressure because they are downsizing executioners. Folger and Sksrlicki (2009) examined managers' reactions to downsizing of employees and ascertained that managers' attributions about the need for downsizing affected managerial distancing behaviours in carrying the downsizing activity in the form of truncated dismissal meetings. Such distancing behaviours in a downsizing exercise can be viewed as actions that decrease an individual's attachment to or involvement in his or her role, Clair and Dufresne (2010). According to Gandolfi (2009) management has influence over employees' reactions and also suffers from similar psychological and emotional effects as downsizing survivors and victims.

From the interviews, one of the respondents claimed that it was so hard to decide which employees to leave the organization especially when you know their financial problems, the respondent expressed that the need to keep information confidential and to deliberately lie to individuals to maintain secrecy conflicted with their personal values and this created dissonance.

Analysis

To a large extent, management suffered from similar psychological and emotional effects as downsizing survivors and victims.

4.23 Interview question four

What are employees' reactions in relation to downsizing?

Responses

All of the interviewees expressed that employees' job security drastically decreased as a result of downsizing. According to Rehman and Naeem (2012), downsizing results in job insecurity of employees regarding their jobs. It is further said that, most organizations do not follow hard and fast rules, that which employees have to be retrenched and which to be retained and such a behaviour in the organisation leaves the employees in uncertainty of their jobs. This uncertainty leads to job insecurity because they may have such perception that they will be the next if the organization intends to do so in future.

The respondents also expressed that the survivors felt stressed and anxious. According to Burne cited in Rehman and Haeem (2012), there are chances of disruptions in the workplace, which may result in stress, frustration, anxiety and anger in survived employees. The survived employees face unfavourable effects as they have doubts regarding new or altered work assignments, adaptation in career paths and team changes and resultantly reduced their job efforts, job satisfaction and organizational commitment, Brockner cited in Rehman and Naeem (2012).

Analysis

All of the respondents expressed that job security of employees decreased as a result of downsizing.

4.24 Interview question five

What other measures can the group implement to achieve its profit objective other than downsizing?

Responses

All of the interviewees positively expressed that responsibility accounting is one of the measures which the group is implementing. The respondents expressed that they are still some policies that need to be implemented for responsibility accounting to be effective. Debarshi (2010) defines responsibility accounting as a system of control where a responsibility is assigned to different executives of a concern for control of costs or increase in revenue. Responsibility accounting is important to the business entity in that, it emphasizes the need of clearly defining and communicating the goals and objectives of the organization and its employees thereby facilitating a stronger control on cost, revenue and uses of assets, Debarshi (2011)

Weygandt at al., (2009) asserts that performance evaluation is at the center of responsibility accounting where actual performance of each division of the organization is compared with the standards set out as the yardstick, which is beneficial to the organization as a whole. The respondents expressed that responsibility accounting makes every division, manager, employee held accountable for his or her actions which is beneficial to the organization.

Analysis

All interviewees expressed that responsibility accounting is one of the measures that the group can implement to achieve its profit objective.

4.25 Chapter summary

The chapter focused on presentation and analysis of data gathered in the field through use of pie charts and bar graphs. Chapter 5 will be looking at research findings, recommendations and conclusion.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter will focus on summary of all chapters, recommendations basing on research findings and conclusion.

5.1 Summaries of chapters

Chapter One was focusing on the background of the study where the researcher analyzed into the effects of downsizing as a measure of cost containment on the performance of Hunyani Holdings Limited. The research looked at the period 2012 to 2013. In addition, the chapter cited research objectives, main research question and sub-research questions. Last but not least it also covered limitations to the study, delimitation to the study, justification to the study as well as definition of key terms and list of abbreviations

Chapter Two which is on literature review gave a balanced discussion of the effects of downsizing as a measure of cost containment. Literature by other authors was made use of in this chapter and the main authors were Datta et al, Kandula, Rehman and Naeem, and Gandolfi.

Chapter Three was on research methodology. The researcher used mixed research methodology, that is, quantitative and qualitative data. Data obtained was acquired through primary sources of data; questionnaires and interviews as well as secondary data; financial statements.

In chapter Four, the research findings from chapter three are presented and analyzed using pie charts and bar graphs. The questionnaires and interviews were 95% and 83% successful respectively and also 5% and 7% unsuccessful respectively.

5.2 Research findings

Objective: To discuss the risks associated with downsizing

Major Finding:

It was found that the following risks were experienced on downsizing: employee job insecurity, voluntary turnover, high retrenchment costs than expected, increased overtime, lack of innovation, decrease in share price and negative psychological effects and emotions on employees. However, measures need to be put in place to mitigate these risks.

Objective: To determine the earnings per share that the group would like to achieve from restructuring its operations.

Major Finding:

The results reflected that the shareholders would like the earnings per share which are favourable and one of the interviewees expressed that earnings per share which is above US\$10.00 is desired by the shareholders.

Objective: To describe the reactions of management in relation to downsizing

Major Finding:

It was found that management suffered from same psychological effects and emotions with employees, and was sympathetic and considerate to the victims of downsizing and also survivors.

Objective: To examine the reactions of employees in relation to downsizing

Major Finding:

The results obtained indicated that employees were very insecure of their jobs which decreased their attachment to the organisation resulting in low performance.

Objective: To establish other measures that the group can implement to achieve its profit objective

Major Finding:

It was found that the following techniques can be implemented to improve company performance: responsibility accounting and throughput accounting.

5.3 Conclusion

The research findings reflect that the research was successful since all of the objectives were achieved and the response rates from questionnaires distributed and interviews were 95% and 83% respectively which is good.

5.4 Recommendations

- Human resources department must be involved in the implementation of the policy to mitigate risks associated with downsizing. Chadwick, Hunter and Walston (2009) assert that HR policies and practices for example, advance notice, extensive communication, and provision of benefits have positive effect on downsizing success and financial performance.
- There should be retrenchment training for the victims of downsizing so that the pressure and stress can be eased. This also makes them feel that the company recognizes them and also make survivors feel less insecure of their jobs. According to Gandolfi (2006) Training to the survivors should also be done and this made them less resistance to the changes in work designs, that is, redesigning of work after downsizing.
- Management should consider the following principles for downsizing to yields best results: encouraging employee participation, proper readjustments after the process and heavy involvement of human resources department. According to Kandula (2010) proper readjustments after downsizing and heavy involvement of human resources department makes downsizing produce intended results.
- Management must adopt responsibility accounting and clearly define lines of authority and set budgets for every department or division as a measure of performance. According to Debarshi (2011) responsibility accounting is important to the business entity in that, it emphasizes the need of clearly defining and communicating the goals and objectives of the organisation and its employees thereby facilitating a stronger control on cost, revenue and uses of assets.

5.5 Area of further study

An empirical study may be carried out on assessing the relevance of downsizing as a cost reduction strategy in comparison with other companies in the manufacturing sector.

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Appendix I

Midlands State University

P. Bag 9055

Gweru

15 September 2014

The Managing Director

Hunyani Holdings Limited

68 Birmingham Rd

Southerton, Harare

Dear Sir

RE: RESEARCH ASSISTANCE

I am a fourth year student at Midlands State University studying towards a Bachelor of Commerce Accounting Honours Degree. I am seeking approval to carry out my research at your organization on the topic: An analysis into the effects of downsizing as a measure of cost containment on company performance. **A case of Hunyani Holdings Limited**

I was attached at Hunyani Corrugated Products Division during the period 01 March 2013 to 28 February 2014

Please note that all the information will be treated with confidentiality as the research is strictly for academic purposes only.

Your assistance in this matter will be greatly appreciated

Yours faithfully

Jotam Mhike

R111353W

Sign

Dated

Appendix II

Dear respondent

My name is Jotam Mhike, a final year student undertaking a Bachelor of Commerce Accounting Honors Degree at Midlands State University. I am doing a research titled: **An analysis into the effects of downsizing as a measure of cost containment on company performance**. Please feel free to answer the questions below by ticking in the box which you think is more appropriate. Your responses are confidential and are being solicited for academic purposes only.

1 Gender

Male Female

2 Qualifications

Certificate HND Degree

Masters

Others(specify _____

3 Years spent with the organization

Up to 3 years 3 to 5 years Above 5 years

4 Which department do you specialize in

Accounting HR Marketing Production

5 Who was responsible for the formulation of downsizing strategy?

	Strongly agree	Agree	Strongly disagree	Disagree	Not sure
Shareholders					
Managing directors					
Top management					

6 The following risks were experienced on downsizing

	Strongly agree	Agree	Not sure	Strongly disagree	Disagree
Employee job insecurity					
Voluntary turnover					
High retrenchment costs than expected					
Lack of innovation					
Decrease in share price					

7 Downsizing is long-sighted and benefits associated are of long term nature

Strongly agree Agree Not sure

Strongly disagree Disagree

8 Human resources department is involved in the implementation of downsizing strategy

Strongly agree	<input type="checkbox"/>	Agree	<input type="checkbox"/>	Not sure	<input type="checkbox"/>
Strongly disagree	<input type="checkbox"/>	Disagree	<input type="checkbox"/>		

9. Profits earned are enough to distribute to ordinary shareholders

Strongly agree	<input type="checkbox"/>	Agree	<input type="checkbox"/>	Not sure	<input type="checkbox"/>
Strongly disagree	<input type="checkbox"/>	Disagree	<input type="checkbox"/>		

10 Retrenchments costs did not deplete the profits that were then distributed to shareholders

Strongly agree	<input type="checkbox"/>	Agree	<input type="checkbox"/>	Not sure	<input type="checkbox"/>
Strongly disagree	<input type="checkbox"/>	Disagree	<input type="checkbox"/>		

11 Is the share price increasing

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	Not sure	<input type="checkbox"/>
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12 Job security of employees increased after downsizing

Strongly agree	<input type="checkbox"/>	Agree	<input type="checkbox"/>	Not sure	<input type="checkbox"/>
Strongly disagree	<input type="checkbox"/>	Disagree	<input type="checkbox"/>		

13 Management did not suffer from similar psychological emotions with employees

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	Not sure	<input type="checkbox"/>
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14 How can you describe the reactions of management with regard to downsizing?

	Strongly agree	Agree	Not sure	Disagree	Strongly disagree
Considerate					
Sympathetic					

15 Were there any retrenchment training for the victims of downsizing?

Yes No

16 I think retrenchment is worth to be undertaken

Strongly agree Agree certain
 Strongly disagree Disagree

17 Downsizing did produce better results because of

	Strongly agree	Agree	Not sure	Disagree	Strongly Disagree
Good planning before implementation					
Proper readjustment after the process					
Heavy involvement of human resources department					

18 To further improve company performance the company can implement the following

	Strongly agree	Agree	Not sure	Disagree	Strongly disagree
Responsibility accounting					
Throughput accounting					

Any other comments to assist in the
research

THANK YOU FOR YOUR
COOPERATION

JOTAM MHIKE

R111353W

Sign _____ Dated _____

Appendix III

INTERVIEW GUIDE

- 1 What are the risks associated with downsizing experienced at Hunyani Holdings Limited?
- 2 What is the desired profit that the group would like to achieve from restructuring?
- 3 What were management's reactions in relation to downsizing?
- 4 What were employees' reactions in relation to downsizing?
- 5 What other measures can the group implement to achieve its profit objective other than downsizing?