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FACULTY OF SOCIAL SCIENCES

DEPARTMENT OF POLITICS AND PUBLIC MANAGEMENT

**THE EFFECTS OF RETRENCHMENT ON ORGANISATIONAL
PERFORMANCE IN ZIMBABWE CASE STUDY: NATIONAL FOODS**

BULAWAYO 2008-2015

BY

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ABSTRACT

The study was premised on exploring the effects of retrenchment on organizational performance in Zimbabwe with the utilization of National Foods Bulawayo as a case study. Herzberg's Two Factor theory and Alicia et al's Downsizing model anchored the study serving as its theoretical framework. Investigative research techniques were adopted by the researcher in unearthing the issues encompassed in the relationship between retrenchment and organizational performance. With the use of qualitative techniques. Using simple random sampling, 37 questionnaires were distributed to the general employees and 30 interviews were conducted with the middle and top management who were selected using purposive sampling in generating qualitative data. Thematic and content analysis were used to carry out data analysis. The research findings established that quality planning and employee dedication and trust are crucial elements in redeeming organizational performance through retrenchments. Measures such as market share, productivity and financial status were used to measure performance of National Foods Bulawayo. The findings established that NFB initiated retrenchment prematurely and its organizational performance did not improve as expected. The study concluded that there is need for the management to understand the implications of retrenchment, properly plan, whilst taking into considerations employee needs and feelings for the betterment of organizational performance through retrenchment. It was noted that the interference of the political climate in the activities of the organization disturbed the improvement of organizational performance, this calls for the need of the company to establish a strong corporate governance framework to improve efficiency at the organization. There is need for another research to be conducted at a different entity so as to determine if retrenchment is not truly efficient in improving organizational performance.

DEDICATIONS

This dissertation is dedicated to the almighty God for giving me the strength to pull my yoke. My father Samuel Tiki Sengwe for putting that extra effort to seeing me through, my mother Rosemary Sengwe and brother Reginald Sengwe for their support and prayers and my husband Tichaona Kingstone Chinotsa for being the energy giver that I always wanted and the helper I needed to run that extra mile.

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LIST OF ACRONYMS

NFB	National Foods Bulawayo
OP	Organizational Performance

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CHAPTER ONE

1.0 INTRODUCTION

This study sought to investigate the effects of retrenchment on organisational performance which is the basis of a company's success. This chapter covers the background of the study, statement of the problem, research questions, research objectives, significance of the study and limitations of the study paving way for the whole study.

1.1 BACKGROUND OF THE STUDY

Retrenchment is due to different variables intertwined by specific, related events which can be classified within sectors of the economic, environmental, political, legal, social and technological climate which the organization operates (Gwisai 2006). Corporate governance is the system by which companies are directed and controlled Cadbury Committee (1992). More specifically it is the framework by which various stakeholder interests are balanced. However for corporate governance to work striking a balance between stakeholder interests, there is need to maintain highly outstanding organizational performance.

Organizational performance is dependent on variables which are broadly classified within the confinements of the economic, environmental, political, legal, social and technological climate within which the organization operates (Gwisai 2006). Loss of profits can occur if an organization does not carefully handle these variables. In essence basing on the principle of good service provision and profit making in this economic meltdown era most companies take the retrenchment path so as to reduce operating costs or improve its financial position and be able to accrue revenue.

Drake and Kossen (2007) supports the opinion by saying that downsizing and restructuring is done in response to a crisis or just to attempt to improve the firm's financial position.

In a research by Bailey et al (2009) M G Rover a car manufacturing company declined because of a retrenchment of 300 employees which was meant to reduce cost and maintain competitive advantage .This was due to a loss in skilled labor and insecurity of the remaining employees who felt threatened with the thought in mind that sooner or later the management would embark on another retrenchment exercise. This demotivated employees as they did not have a feeling of organizational citizenship thus having an effect on job security. Further employees lost their morale due to working long hours covering the gap of those who had been retrenched.

A survey by Ochieno (2011) on retrenchment process adopted by Telkom Kenya in preparation for privatization in May 2006 in contrast indicated a positive change at TKL with improved service delivery with introduction of new wireless technology and new brands that were competitive in the market. A general culture change in work has been cited in these improvements. The revenue trend of the company document analysis indicated financial improvement. The results from the study also revealed that the new TKL products had received a substantially good rating 76% in the market compared to other products and services from competitors such as Safaricom and Airtel.

A couple of Zimbabwean Firms have also taken a step forward on retrenchment as a panacea to keep their businesses afloat. National Foods Bulawayo has had massive retrenchment due to the under performance of the organization as a result of bad financial status. Income and expenditure were not balancing.

It is against this background that there is need to analyze the impact of retrenchment on the performance of National Foods Bulawayo.

1.2 STATEMENT OF THE PROBLEM

Even if retrenchments are aimed at cost cutting, an assumption always arises that if organizations remain with the best employees during retrenchment processes the organization will have an improved performance. Several retrenchment exercises in different organizations tend to ignore this thought. However because of some unexpected outcomes both theoretical and practical experts attention have been drawn focusing on the results and questions involved in retrenchment.

1.3 RESEARCH OBJECTIVES

The research study satisfied the following research objectives

- ❖ To analyse the relationship between retrenchment and organizational performance at National foods Bulawayo.
- ❖ To examine the strategies used in ascertaining employees for retrenchment at National Foods Bulawayo.
- ❖ To examine the retrenchment reasons at National Foods Bulawayo
- ❖ To assess the means of communication used in notifying the retrenchment process at National Foods Bulawayo.
- ❖ To examine special measures taken to avoid retrenchment at National Foods Bulawayo.

1.4 RESEARCH QUESTIONS

The study sought to answer the following questions.

- ❖ What was the impact of the retrenchment process on organizational performance at National Foods Bulawayo?
- ❖ Which methods of retrenchment were used in identifying employees for retrenchment at National Foods Bulawayo?
- ❖ What were the reasons for retrenching the employees at National Foods Bulawayo?
- ❖ What are the means of communication that were used to communicate the retrenchment process at National Foods Bulawayo?
- ❖ What special measures can be implemented to avoid retrenchment at National Foods Bulawayo?

1.5 JUSTIFICATION OF THE STUDY

The collapse of the local production industry and the sinking ship of employment sector, the wrongful adaption of the Labour act chapter 12c by many companies in mid-2015 influenced the researcher to examine the impact of retrenchment on organizational performance in Zimbabwe. The topic is worth the attention because it provides a better understanding on the justification of companies who are retrenching and a better understanding on the fruits of retrenchment. The research study will benefit the following in many different ways.

1.5.1 National Foods Bulawayo

The research provided feedback to the National Foods management with regards to the retrenchment process on whether it was fit for its purpose and if it can act as a guiding manual through the ideas proffered by the employees. The research study also served the management with information of whether the retrenchment exercise was fit for purpose. The information gained from this study could also be used on creating participation and involvement policies during

negotiation or bargaining processes which will then result in them feeling recognised in organisational issues and thus strengthening employee loyalty thereby increased efficiency and effectiveness which leads to high productivity rates in the business.

1.5.2 Related Organisations

They gained knowledge as to the pros and cons of retrenchment and the solutions to make sure that they take it up in a proper manner that will not cripple the organisation's performance. They can also use the research study to improve productivity, staff morale, work quality and reducing cost hence gaining a competitive advantage.

1.5.3 Human Resource Practitioners

The research study will illuminate the appropriate practices effective and efficient approaches to carryout retrenchment through the adoption of the recommendations based on the evidence obtained. The study will also be important to the Human Resources practitioners on achieving better organisational results and improve employee outcomes such as high satisfaction and commitment, and reduce turnover intentions.

1.5.4 Universities

Other researchers at different universities will use this study as a cornerstone for their own researches related to the study of retrenchment

1.6 METHODOLOGY

1.6.1 Research design

According to Gilbert (2008) research design is the overall plan for connecting the conceptual research problems to the pertinent (and achievable) empirical research. In other words the research design articulates what data is required, what methods are going to be used to collect and analyse this data and how all of this is going to answer the research question. Both data and methods, and the way in which these will be configured in the research project, need to be the most effective in producing the answers to the research question taking into account practical and other constraints of the study. Different design logics are used for different types of studies.

The researcher used a case study as a research design. A case study involves an up close, in depth and detailed examination of a subject (the case) as well as its related contextual conditions. (Mill et al 2010). Case studies are analysis of persons events decisions periods projects policies institutions and other systems that are studied holistically by one or more method. The case that is the subject of inquiry will be an instance of a phenomena that provides an analytical frame, an object within which the study is conducted and which the case illuminates and explicates. Caswell (2009) is of the notion that case study allows a lot of detail to be collected that would not normally be easily obtained by other research designs.

The research was based on qualitative methods of research using the case study as qualitative gave the researcher a rich colourful data whereas quantitative is very black and white. When doing quantitative, you cannot look further into information it is just "is". When doing qualitative research, as you analyse the data you can look and see the trends and patterns. From this it may lead one to see other things and ideas for potential other areas of research.

1.6.2 Sample selection

As the researcher was using qualitative method of research she adopted non probability sampling. Non probability sampling is a sampling technique where the samples are gathered in a process that does not give all the individuals in the population equal chances of being selected.

The non-probability sampling technique adopted was purposive sampling and simple random sampling. This technique involved the researcher selecting units to be samples based on their knowledge and professional judgement. Purposive sampling is used in cases where the specialty of an authority can select a more representative sample that can bring more accurate results than by using other probability sampling techniques. The process involves nothing but purposely handpicking individuals from the population based on the authorities or researcher's knowledge and judgement. The researcher effected this sampling technique by picking samples from the top management, the middle management and the general employee pool. This enabled her to gather a vast knowledge from different employees with different views on the issues in this research study.

1.7 METHODS OF DATA COLLECTION

Semi structured interviews consist of several key questions that help to define the areas to be explored but also allows the interviewer or interviewee to diverge in order to pursue an idea or response in more detail. The flexibility of this approach, particularly compared to structured interviews also allows for the discovery or elaboration of information that is important to participants but may not have previously been thought of as pertinent by the research team.

Structured self-completion questionnaires are going to be used in this study. These are going to have a design that will address the research objectives. Questionnaires are to be used as they allow employees to have a prerogative to respond on their own.

1.7.1 Instrument

The instrument is the interview guide which is used to help the researcher direct the conversation towards the topics and issues she wants to learn about. Interview guides vary from highly scripted to relatively loose, but they all share certain features. They help know what to ask about, in what sequence, how to pose questions and how to pose follow ups questions. Questionnaire guide is also going to be of greater importance as the research instrument in the research study. The guide will help the researcher to look at the views of different groups of people and track changes over time. The researcher interviewed 3 top managers and 7 managers and gave questionnaires to 30 general employees.

1.8 DATA ANALYSIS

It is the process of inspecting, cleaning, transforming and modelling data with the goal of discovering useful information, suggestions, conclusions and supporting decision making. The process of data evaluation was done using analytical and logical reasoning to examine each component of the data provided. Data from various sources is gathered, reviewed and then analysed to form some sort of finding or conclusion. Content and thematic analysis were going adapted in the process of data analysis.

1.9 ETHICAL CONSIDERATIONS

Bryman (2008) defines ethical consideration as professional practices undertaken in accordance with the principles of accepted codes of conduct for a given profession or group. The company's confidentiality and individual identities will be protected during the research, and no information will be released in this regard as the obtained information will be used for academic purposes only. The research subjects will be notified about the objectives of the research before proceedings on research.

During the research due consideration will be given to ethical issues. Cohen and Manion (1994) defined ethics as a matter of principled sensitivity to the rights of others. These include ensuring that information would be obtained with authority from the management of National Foods Bulawayo and that it was used for academic purposes only. In addition to this, the researcher will ensure that

The research was not detrimental to the employment relationship of the respondents. The respondents were not deceived in terms of the purpose of the research unless it becomes absolutely necessary in which case the management of National Foods Bulawayo are made aware of such a scenario. The respondents were not forced to participate in this research. Babbie (1998) asserted that participation in a social experiment disrupts the subject's regular activities and may require a significant portion of his or her time and energy. Therefore forcing participants to respond would be unethical since the need to give part of their information was voluntary.

LIMITATIONS

Company policies and practices can make it difficult for the researcher to gather confidential and sensitive information from participants due to the issue of victimisation. Due to tight schedules of the management interviews to be conducted might be delayed and shortened resulting in omission of important information by the interviewee. Latent low response rate Some respondents might give written information for prestige and high esteem thus the information will be biased. Less time to carry out the research.

BREAKDOWN OF THE STUDY

The study is broken down in five chapters which are as follows:

CHAPTER 1: INTRODUCTION AND BACKGROUND TO THE STUDY.

This segment offers the statement of the problem, research objectives and questions, justification of the study, methodology to be employed, limitations of the study and finally the ethical considerations that guided the research study.

CHAPTER 2: LITERATURE REVIEW

The section will be an audit of past exploration discoveries and a few increments to the study. This section will continue to unravel the relationship between retrenchment and organisational performance. The part will likewise give the theories of the study and the conceptual framework that guides the study.

CHAPTER 3: METHODOLOGY

This chapter presents methods that the researcher is going to use to gather data for the study. It will go on discuss the reasons why the methods were adopted and also the debris that comes with the methods.it will encompass research design, sample selection, sampling methods, sample size, methods of data collection and ethical considerations.

CHAPTER 4: DATA ANALYSIS AND PRESENTATION

This chapter presents data findings. It will go on discuss the results out the relationship between retrenchment and organisational performance, giving supporting evidence from other scholars and also what they left out which is the literature gap.

CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

This chapter concludes everything about the relationship between retrenchment and organisational performance bringing out the loopholes in both elements giving out the final statement of the research study. It will proffer recommendations to the study.

CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

This chapter will reveal the various conceptual and theoretical ideas as well as empirical evidence concerning the relationship between organisational performance and retrenchment. This was done through relating the study to the theories, providing a conceptual framework to guide the study, analysis of the retrenchment reasons, the means of communication used in notifying the retrenchment process, proffering ways to avoid retrenchment .Over and above it seeks to find and cover the knowledge gap building from the first chapter.

2.1 THEORETICAL FRAMEWORK

The research is guided by Alicia et al's (1999) downsizing and organisational commitment model and Herzberg's two factor theory.

Alicia et al (1999) Downsizing Theory

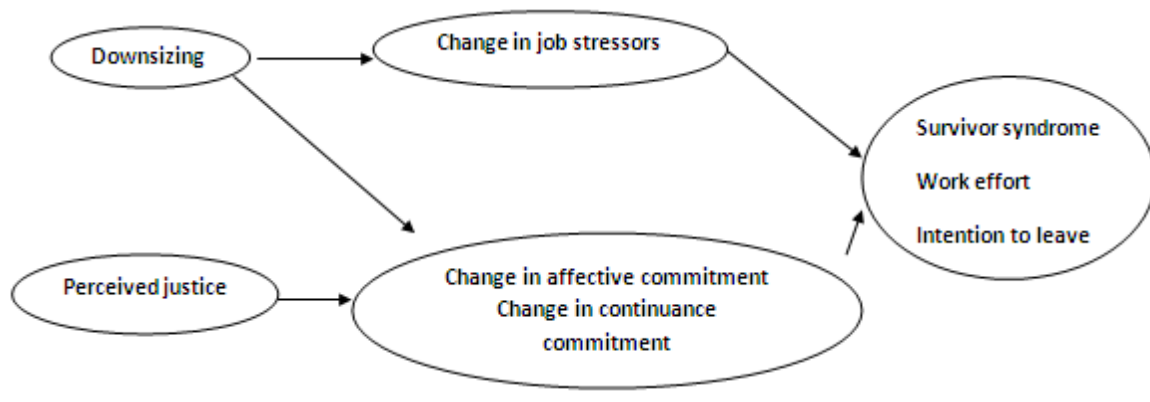
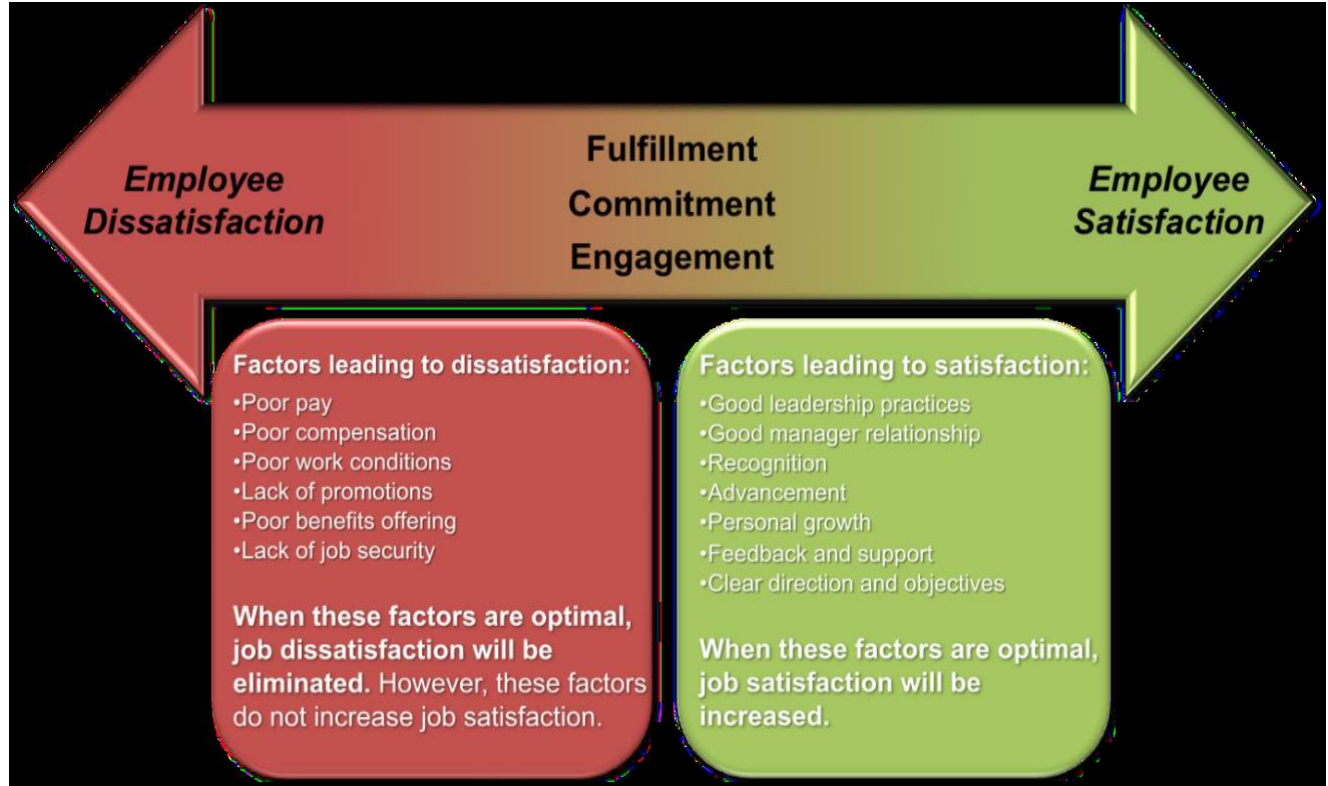


Figure 1

Alicia et al's (1999) theory of downsizing and organisational commitment model helps in understanding the psychological effects of the retrenchment process on the individual's wellbeing and commitment. The model illustrates the effects of retrenchment on changes in the worker's commitment, changes in job stressors and perceptions of job security. With the existence of these variables and the presence of perceived justices there is correlation with survivor syndrome, work effort and intention to leave. The results are poor employee performance and subsequently organisational performance. These assertion provided in the theory will bring out the crucial elements of the relationship between retrenchment and organisational performance. Shedding more light on the internal and external abnormalities.

2.1.2 Herzberg's 1959 Two Factor Theory



Cole (2002) is of the opinion that human beings have two basic needs which are to avoid pain and survive and the need to grow, develop and learn. The theory propounds that there are different factors that brings about job satisfaction in the workplace whilst a set of some causes dissatisfaction Armstrong (2010). Basing on the theory, dissatisfaction of workers were poor organisational performance is stemmed is rooted from employee assessment of job related factors which are salaries, retrenchment and working conditions. For example if a firm retrenches half of the employees, an employee may feel a sense of injustice with a resulting change in attitude and a drop in productivity. In essence, an employee will feel betrayed and will feel pain due to the retrenchment of their fellow employees thus their negative affected performance and commitment and job security affect their need to grow develop, and learn. In contrary the theory suggests that motivating factors such as recognition, increased responsibility growth and development help

promote employee performance and subsequently improve an organisation's performance (Decenzo 2012)

2.2 CONCEPTUAL FRAMEWORK

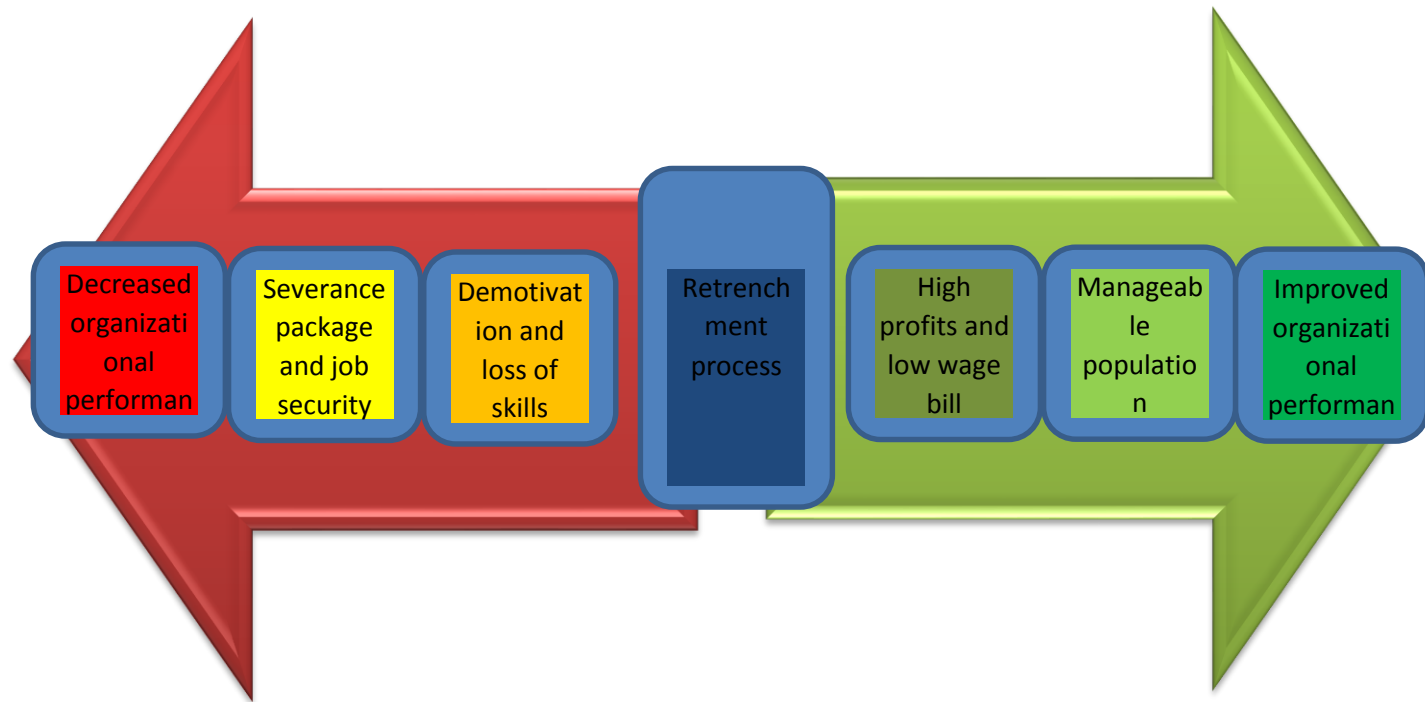


Figure 2

The conceptual framework denotes that the retrenchment process either has positive factors or negative factors at an organisation thus yielding either an improved organisational performance or a decreased organisational performance.

2.2.1 Organisational Performance

Organisational performance can be measured using indicators in efficiency, effectiveness, relevance to stakeholders and financial viability (Dunford 1998). Organisational performance is driven by intentions and goals Decenzo et al (2012) defines organisational performance as

comprising of the actual output of an organisation as measured against its intended output. Mullins (2001) spreads it as a set of financial and non-financial indicators which offers information of the degree of achievement of objectives and results. Both these definitions link back to the theories as the outputs of the definitions has an influence on the morale of the workforce which vice versa determines the organisational performance of an organisation. Over and above relating to this, one can denote that employee morale and organisational performance work hand in hand and neither one of them needs disturbance from each as they can go down together because of the existing relationship. The researcher for the purpose of this research is defining Organisational Performance as the outcome in tandem to profits and market share which are determined by the type and quality of input from the employee this however poses the question that is retrenchment necessary when organisational performance is not up to standard? and another one that does retrenchment have a stand-alone effect on employee morale?

2.2.2 Retrenchment

Retrenchment is the downsizing of a workforce due to the fact that the employer is not in need of many employees as he currently has. In support, The Labour Act [Chapter 28.01] defines retrenchment as a means terminate the employee's employment for the purpose of reducing expenditure or costs, adapting to technological change, reorganizing the undertaking in which the employee is employed, or for similar reasons, and includes the termination of employment on account of the closure of the enterprise in which the employee is employed. Supporting these assertions is Mishra (1998) who clarify retrenchment as a purposefully process taken to systematically reduce the workforce with the intention of enhancing performance and to fulfill shareholders' profit maximization strategies. For the purposes of this research, retrenchment is defined as the termination of employment where the services of the employee are no longer

required for economic or business reasons. Relating to Herzberg's two factor theory questions arise that although retrenchment is done to curb costs enhancing performance thus fulfilling shareholder's profit maximization is this practical or literal? Does retrenchment bring about employee satisfaction or dissatisfaction which in turn brings life to Winfield's assertion?

2.3 EFFECTS OF RETRENCHMENT ON ORGANIZATIONAL PERFORMANCE

The key reason of retrenchment is to reduce cost as management seeks to maximise efficiency. The most typical objectives of retrenchment are to improve performance enhance competitiveness advantage reduce costs and improve quality Cascio (2002). It is therefore evident that the relationship between retrenchment and Organizational Performance is one that each is dependent on the other. In agreement Muller and Zahawi (2007) are of the notion that the need for retrenchment is catalysed by the Organizational Performance of an organization and this may either be improved or decreased by the retrenchment process. A study by Cascio (2002) on examining change in organizational performance and productivity improvement was observable in very few insignificant minority of cases sometimes even decline in performance was experienced. According to Krasz (2004) Organizational performance is also negatively influenced by loss of Organizational Knowledge and memory possessed on one hand by those retrenched and on the other by survivors quitting in the post retrenchment process. This shows that retrenchment is not always properly planned but rather it is an immediate response to crippling situations that is it is a reactionary move in response to the performance of the organisation. Although retrenchments have been standard managerial strategy in most organizations their effectiveness in

increasing organizational efficiency is unclear Modise (2002) from this we can conclude that retrenchments by organizations are equal to life or death of that organization.

In support a study by Phillip (2003) who say that separation and programmes to manage them can be costly as separations involve activities such as exit interviews, outplacement assistance, severance pay as well as requiring administrative and clerical support. Such costs can amount to a lot of money per separation. The irony of this lies in the fact that the severance packages come from the company's pocket which means that the organization loses more money in a bid to improve its profits. This however points back to Herzberg's two factor theory which propounds that loss of money by an organisation leads to poor remuneration, poor working conditions and finally lack of job security which results in employees' dissatisfaction a death penalty for organisational performance.

However in contrast a research by Wandera (2002) at the Kenya Tea Development Agency showed that the firm managed to successfully cut down its wage bill which made funds accessible for other inputs, this was done despite low employee morale. A proper change management policy was credited for this success. The assertion that retrenchment has either a positive or negative impact is therefore valid.

2.4 RETRENCHMENT METHODS

2.4.1 Voluntary retrenchment

Voluntary retrenchment is an alternative to a potential forced/compulsory retrenchment. On this method the employee volunteers and agrees to be retrenched and not to sue the employer for an

alleged unfair dismissal in return for payment of an amount or receipt of benefits in addition to what he/she is legally entitled to. (Bowman and Gilfillan)

The employee is also expected to waive any rights to a fair dismissal for payments which are legally owed. Contrary to this in a case of Roberts and others v WC Water Comfort Private Limited 1999 (1) BLLR 33 (LC), the labour court acknowledged that if a court fails to give effect to these types of agreements there would be little point of concluding them. Pertaining to this notion a voluntary retrenchment agreement will only be enforceable if the employer offers the employees a sweetener which comes in form of gratuity or an enhanced package.

There is also the issue of misrepresentation of agreements which managements should be aware of as they can be costly. The courts strongly consider intentional misrepresentation a valid ground for setting aside voluntary retrenchment agreement. In Baudach v United Tobacco Company 2000 (4) 436 SCH, the employer intentionally misrepresented to the employee that his position had become redundant and offered him an enhanced retrenchment package in return for entering into an agreement in full settlement.

The employer is entitled to reject an application for voluntary retrenchment on the basis of its welfare. But while at this move the worker by volunteering to be retrenched may already be disengaged and issues around motivation and productivity may arise. Carbridge and Pilbeam (1998) supports this argument though in a different way but on the same issue that appropriate employees may not volunteer for redundancy as this will result in an unbalanced skill profile of the workforce. According to Bowman and Gilfillan this risk exists irrespective of when the voluntary retrenchment exercise is introduced and should be managed carefully from an industrial relations perspective.

According to Luis and David (2006) voluntary redundancy can come in two ways avoidable or unavoidable. The later stems from the employee's decision being influenced by a life factor that goes beyond the reach of the employee for example a difficult life that needs a strong financial breakthrough. Clarke (2004) is on the same stream arguing that problems can occur if there are more volunteers from the workforce than those that are required and this can be as a result of the severance package

Basing on Fisher, Schoenfield and Shaw (1992) the advantage of voluntary redundancy lies in the fact that there will be a reduction in potential conflict between the management and the employees which further results in a low negative impact of retrenchment on the workforce. However the management need to avoid resentment among the remaining workforce by making sure that enhanced packages are not seen as a reward for employees who are weak or who lack the required skills as this can lead to bad employment relations.

2.4.2 Compulsory retrenchment

2.4.2.1 Last in first out

Corbridge and Pilbeam (1998) suggest that the selection is rooted on the time frame of an employee on the employment arena. Employees who have changed jobs have to be given the special consideration. This method is quantifiable and resistant to a charge of favouritisms or managerial basis and it is also a lower cost option because long service staff is retained (Sommer 1999). There will be a large number of skewed age as younger ones are lost thus this can cost the organisation in the future as the packages for the long serving members is higher. However this method can disturb the remaining workforce through perceived justice as highlighted in Alicia et al's theory

thereby disturbing the organisational performance of the company. There is greater need for the organisation to avoid this by giving proper reasons of why this method was adopted

2.4.2.2 Employee efficiency and effectiveness criteria

This one relies more on accurate employee's records and care must be taken to make sure that the reason for dismissal is redundancy (Cameron 1994) the method encompasses the assessment of employee's records of work performance (balance scorecards), absence records and time keeping. According to Jankowicz(2005) performances which are not appealing and out of expected context can create a feeling of unfairness and inconsistency and lead to claims that the reason for dismissal is incapability or misconduct rather than redundancy. The management should make sure that when adopting this method there is no sour relations between the supervisor and the employees as unfair appraisal can arise (*ZIMRA case of the Masvingo sation manager and the commercial desk officers*) as retrenchment basing on information from such relationships can be harmful to organisational performance through losing the wrong workforce. This method tend to improve the organisation's performance culture by retaining higher performers. This is because morale of the workforce is boosted as there is a reward of increasing job security linked to high performances. Phillip et al (2003) are of the notion that appraisal rating should not be used as the sole bases for redundancy selection as this may intensify concerns over lack of managerial objectivity.

2.4.2.3 The application of skills and the acquisition of qualifications

Corbridge and Pilbeam (1998) puts forward the assertion that this can also form the basis of selecting employees for redundancy as the efficient and effective workforce is retained. The method requires employee skills and organisational objectives to be in tandem. According to Hui

(2008) it can however be problematic to define skill requirement in sufficient detail for objective and systematic measurement and sufficient data on individual employee skills may not be available. Corbridge and Pillbeam (1998) are of the opinion that these methods are not exclusive or exhaustive and they can be combined in various ways and may even result in employees being required to compete for a smaller number of jobs through a sophisticated selection and assessment process.

2.5 REASONS FOR RETRENCHMENT

According to Riley (2012) in his survey in Europe, cost cutting are the actions taken by a company to reduce its expenses and be more profitable. Armstrong (2010) is of the opinion that downsizing as a strategy should be based on analysis of the strategic plans for reducing employment levels as a result of organisational restructuring, new technology or need to achieve cost reduction targets. He further cautions that the strategy should be concerned mainly with methods of achieving staff reductions with the minimum of hardships and disruption. The various reasons for retrenchment are cost cutting, competitiveness, cloning and technology

2.5.1 Cutting Costs

Employers retrench merely because profits have dropped slightly or are expected to drop slightly. To curb this the immediate response is to cut costs. In a study by Riley (2012) Phillips electrical company retrenched to cut costs and decrease the wage bill however although they decreased the wage bill the financial stanz of the company did not fully change as they had tackled the wrong area. In contrast in a survey by Burda (1993) in United States of America hospitals were decreasing their staff so as to cut unnecessary expenses and concentrate more on procurement of drugs and

useful medical equipment this improved organisational performance because the main basis of their mission is to provide medication to the populace so they realised that having a lot of engines without any fuel does not help. Over and above when carrying out cost cutting retrenchment

2.5.2Technology

When new technology is introduced into the workplace system the employer can immediately retrench the employees who have not been trained in the use of the new technology. In a survey by Appleton et al (1999) Toyota Motor Company retrenched due to the advent of effective and efficient technology which made operations easier. The company however lost revenue in purchasing and training employees. The technological reason to retrenchment is however broad it can be due to internal technological change or external technological evolution both ways the organisation does not have a lea way as downsizing will be the only way to keep the business afloat by laying off the business waste. A good example is that of a study on ZIMPOST and Telone, their operations were disturbed by the technological evolution of cell phones, internet and the advent of social media, because of lack of income that arose from this and the need to adapt to the new global systems these two organisations had to retrench and improve the workforce.

2.5.3Competitiveness

Competitiveness pertains to the ability and performance of a firm to sell and supply goods and services in a given market in relation to the ability and performance of other firms in the same market. A study by Jane et al (2001) revealed that during the recession period in 1999 continental airlines shifted its strategy and embarked on a restructuring exercise through downsizing resulted in layoffs of the staff in order for them to remain competitive mainly from Delta airlines.

2.5.4 Cloning

This reason encompasses copying competitor's strategies and policies of improving business so as to keep up with the competition. A good example is, when Econet Zimbabwe introduced internet services other companies such as Telecel and Netone followed suit. A research conducted in South Africa by independent Communications Authority of South Africa in 2014 supports this view and revealed that MTN South Africa retrenched in 2014 by end of that year all other Telecommunications companies in South Africa retrenched.

2.6 MEANS OF COMMUNICATION FOR A RETRENCHMENT PROCESS

Communication is the process of transmitting information and common understanding from one person to another. Keyton (2011) says that the elements in the communication process determine the quality of the communication. A problem in one element can reduce communication effectiveness.

2.6.1 Rumours

Harrison (2005) asserts that if managers do not attend to the communication needs of their staff, there is no vacuum of information, instead the informal avenues of rumours grows, frequently placing a destructive slant on organisational happening when employees are uncertain. If this happens during retrenchment –communication deprivation- it does not alleviate employees' fear of job security but rather result in an uncertainty which affect their commitment.

2.6.2 Notices

Workplace communication is one of the key components to a productive work environment and notices should be used to convey the right message. According to Eisenberg (2010), notice is a legal concept in which a party is made aware of a legal process affecting their rights, obligations or duties information to affected employees as first-hand information. Although they are affective their disadvantage lies in the fact that employees are not given the chance to ask questions thus insecurities might rise.

2.6.3 Workshops

A workshop is a meeting at which a group of people engage in intensive discussion and activity on a particular subject or project Eisenberg (2010). They are a good reasonable means of communicating as employees are given the room to grasp the concepts in an interactive manner. Workshops however are time consuming and costly as there have been hand-outs and disruption of working schedules.(Lutgen-Sandvic 2010)

2.7 WAYS TO AVOID RETRENCHMENT

Organisations should employ measures to avoid retrenchment so as to curb abnormalities such as unemployment and loss of efficient workforce, Labour Act chapter 28.01 section 12c. These measures include the use of short time work, shifts and overtime reduction.

2.7.1 Short time work

Short time work is a situation or system in which employees agree to or are forced to accept a reduction in working time and pay. Employers adapt short time agreements to avoid laying off any of their employees by instead reducing the working hours of all or most of their employees. This helps in making up some of the employees' lost income Sommer (1999) supports this notion by asserting that a firm choose to introduce short time work in a bid to reduce production cost of goods in response to the market demand of their products or services and increase competitiveness.

2.7.2 Shifts

Shifts is when the employer break down the workday into a series of slots. Shift work in which an employee works the same shift consistently is usually considered better for employee health and performance (Keyton 2011). In a production line with 360 employees the management can have 180 employees working 180 days of the month and the other 180 working the other 180 days. This ensures that no employees are retrenched by the company yet the company is only spending salaries for 15 employees following the equal work equal pay maxim. Shift work also improves the skills of the employees as rotational shifts provides the opportunity for training and additional inputs.

2.7.3 Salary slashing

According to Phillip (2003) salary slashing is the reduction of the worker's salary in a bid to reduce cost. Richard (2009) notes that salary slashing is also done after performance appraisal or job evaluation. In this study salary slashing is an option of avoiding retrenchments when it is to be done as a reason for cost cutting. The government of Zimbabwe provides salary slashing as the first option of cost cutting before retrenchment. This process is supposed to be done ina rightful

manner because wrong implementation can result in an organisation losing money through lawsuits.

2.7.4 Overtime reduction

Goldman 2014 asserts that using a lot of overtime is costly in running a business. Reducing overtime requires improvements to operations and good management skills. This is because overtime is usually charged at double the regular hourly rate hence reducing overtime would ensure that costs are saved. However, employees who are accustomed to receiving overtime cheques can be weary.

2.8 KNOWLEDGE GAP

Several researches (*Brockner and Wiessenfield (1993) dwelled on change in perceived intrinsic quality of the content of survivors' jobs in terms of autonomy, task identity, task variety, task significance, and feedback from the job*) have been carried out on the impact of retrenchment on organizational performance but the following addressed aspects were over looked, and some where applied in the context far-fetched (*Modise (2002) differentiates the impact due to different contexts in the Americas and Europe he believes that some of the retrenchments can be endured*) from the one of the researcher which however this research tried to bring to light.

2.8.1 Social Context

Several studies concentrated on the effects of retrenchment on the morale and Job security of surviving employees, revealing that there can be a direct correlation between retrenchment, morale and job security - *Dunford et al (1998) concentrate on the work pressure brought about by downsizing he does not explain on how work pressure affects the organizational performance he treats work pressure as a means and an end of employee morale. Kenneth et al 2003 talks about*

the trauma faced by the employees after layoffs of their own co-workers he concentrates on the psychological wellbeing of the remaining workers he therefore did not bring out how the psychological aspect affects organizational performance. These researches left out the crucial adverse effect on organizational performance. The researcher however also brought out how retrenchment affect the social wellbeing of the employees which later on affects organizational performance e.g the disturbance of human resources officers through threats they get from the retrenched workers, corruption which creates hatred between management and the general employees because of the difference in livelihoods, ignorance on the part of the employees. All these have a way of disturbing organizational performance as illustrated in the study.

2.8.2 Geographic and Economic context

Problems of an African nature were not addressed as most of the researchers conducted their researches in the developed nations with stable economies particularly the Americas and Europe. *A study by Burda (1993) on retrenchment in the public health sector showed that the health employees went on to find employment in the private health sector which is booming in United States.* The recommendations and results obtained from these studies are at most only relevant to the Americas and Europe and has limited applicability to poor African contexts particularly Zimbabwe as there is a large gap in employment practices. The research is going to bring out the issue of brain drain disturbing organizational performance as employees leave to seek employment elsewhere. Also another gap to be covered is that of life practices such as communism at the workplace. Zimbabweans have a tendency of living as a community creating strong relations from similarities in totems and rural homes however disturbances in these relations through retrenchment can result to psychological issues in the society which can have an impact on how one works and the end result will be poor organizational performance.

2.8.3 Time Context

The research as it is recent tended to cover the gap which was created by the lapse of time. Much of the past researches carried out are now of age and can no longer fit in this globalized world. So the research bridged the gap with current and postmodern information and results that reflect and address issues of current times in the workplace. Retrenchments these days can result in the collapse of the economy as the formal employment sector deteriorates leading to the rise of the informal sector, competition that rises from the informal sector disturbs organizational performance.

2.8.4 Legal Context

The legal instruments applied in the past researches is rooted in the American and European context and most of it is outdated, it no longer applies to the modern globalized work and is not even fit for reference in the context outside its origins Bowman and Gillfillan cited cases of Roberts and other v WC Water Comfort and Private limited and Baudach v United Tobacco company are solely based on the American Labour Law . The researcher by using the Labour Act of Zimbabwe bridged the gap bringing out the modern adverse effects on retrenchment and organizational performance. Brought about by the legal instruments. Also covered is the effects of government policies and politics causing retrenchment which later on disturbs organizational performance.

SUMMARY

This chapter dealt with the review of related literature as far as retrenchment and organizational performance is concerned. Further, an explanation of the theories underpinning the study were elaborated. The next chapter is going to focus on the methods used in collecting data used in this research.

CHAPTER 3

METHODOLOGY

3.0 INTRODUCTION

This chapter spells out the research methodology used by the researcher in solving the research problem. Covered in this chapter are the research philosophy, research design, sample size, sampling techniques and data collection instruments. The target population is also covered in this chapter including the issues of validity.

3.1 RESEARCH DESIGN

Gilbert (2008) defines research design as a logical manner in which data is collected, synthesised and to address research objectives in the most efficient manner De Vaus (2000) asserts that research design is a ground plan which allows the researcher to consider various research strategies prior to implementation. The researcher adopted a descriptive survey research design in collecting data. It allowed the researcher to use qualitative methods which is effective for revealing deep issues and making voices heard. It also allowed the researcher to focus on different hierarchal levels. The objective of the design was to employ multiple data collection techniques to collect large amounts of data from an efficient population and minimising sampling errors. It allowed the researcher to use both investigative and instrumental research design in this research.

Research design was used as it enabled the researcher to comprehend why and how things happen. It was also adopted because of the flexibility it offers in terms of data sources and data collection procedures.

3.2 SAMPLE SELECTION

According to Burns (2005) target population refers to all elements that meet the sampling criteria for inclusion in a study. The population under survey covered National Foods Bulawayo and comprised of both management and staff. The total population of the study was 50. The researcher chose this number because it enabled her to have a balanced sample.

3.3 SAMPLING METHODS AND TECHNIQUES

According to Grove (2005) sampling is a process of systematically selecting cases for inclusion in a research project. Sampling is a process in which representative number of elements is selected from a population so that the behaviour of the people is studied and the results obtained can be generalised. (Cohen 1980) The researcher used two procedures for managerial and non-managerial employees. For the former expediency/convenience sampling due to the tight schedules of the managers and for the rest it was simple random sampling.

3.3.1 Justification for simple random sampling

The expediency sampling approach could suit the limited research time and busy schedule of the management. The advantage lies in the fact that it became easy to implement and respondents had equal chances of being selected to participate in the study.

3.4 SAMPLE SIZE

Katz (1990) defines a sample as a collection of units and people that has capability of being selected. He also recommended that the minimum sample of an academic research ranges from 10 to 60 units. The sample consisted of 50 participants who were drawn from various departments. The organisation has got a total of 6 departments with 6 top managers and 12 middle managers. The actual number of all employees is unknown to the researcher. So to strike a balance and not exceed the number 60 stipulated by Kats (1990) the researcher picked 4 top managers and 9 middle managers and 37 general employees so as to have balanced adequate information from all parts of the hierarchy.

LEVEL	SAMPLE SIZE
Top Management	4
Middle Management	9
General employees	37
Total	50

TABLE 1

3.5 METHODS OF DATA COLLECTION

For the purpose of this study, the researcher employed questioner and interviews. This was done to ensure more internal validity of the research. According to Cohen and Manion (1980) the use of two or more methods in data collection is called triangulation.

The research also made use of self-completion questionnaires in the study. DeVaus (2002), postulates that a questionnaire is used as a general term to include all techniques of data collection in which each person is asked to respond to the same set of questions in a predetermined order. Questionnaires work best with standardised questions that can be interpreted the same way by all respondents (Robson,2002).Questionnaires if worded correctly normally require less skill and sensitivity to administer than semi-structured or in depth interviews (Jankowicz, 2005).Its purpose was to gather information about an issue of interest to the investigator ,(Cooper and Schindler, 2005). This allowed the researcher to collect information from many respondents and had greater feelings of anonymity thus respondents were more comfortable in expressing their real feelings on sensitive topics that might have been difficult to say face to face interviews. The researcher was able to collect large amount of information within a short period of time from employees. The researcher distributed 37 questionnaires. In addition, it permitted greater uniformity on the presentation of question hence ensured greater comparability of the answers.

However, they had limitations, one of the disadvantages of the questionnaires were of high chances of respondents misinterpreting the questions, some of the NPD employees were illiterate to such an extent that they were not able to read or respond to the questionnaire on their own, and there was need for a researcher to explain the questions to them, but the researcher could not manage to explain the questions to all the illiterate respondents resulting in other questionnaires being returned unanswered or spoiled.

In addition, the researcher was not able to identify non-verbal cues as there were not any face to face contacts with the respondents. There was also little control over who completed the questionnaires since the respondents completed in their own time which lead to biased results. More so, it was also dependent on the ability and willingness of the respondents to provide information needed and some respondents did not even return the questionnaires on time hence there were also low response rates.

To counter the problems encountered in the use of questionnaires, a cover letter assured respondents that the information they provided on the questionnaires was confidential. The researcher also made use of clear and simple language. The questionnaire was pretested and piloted to check people's understanding and ability to answer the questions hence this ensured validity and reliability of the research instrument. Reminders were used to increase the response rate.

3.5.1 Interviews

Interviews are the oral equivalent of questionnaires. Interviews were used because of their instant feedbacks as the management were having tight schedules. Torrington et al (2002) defines an interview as a method of gathering data through direct verbal interaction between individual. Creswell (2009) argue that "capturing what people say in their own words is the most important contribution of qualitative research to understanding human behaviour". The researcher made use of face to face interviews to collect information for the study. Interviews like any other method of collecting data has advantages and disadvantages. Face to face interviews allows the researcher (interviewer) to adapt the questions as necessary, clarify doubt and ensure that the responses are properly understood by repeating or rephrasing the questions. Another advantage of using face to face interviews lies in the quality of the data obtained. Un-ambiguity is reduced through probing

and a better rate of return of the interviews is achieved when compared to the average 30-40% rate of return in posed questionnaires. Babbie (1998) articulates that interviews can yield rich material and can often put flesh on the bones of questionnaires responses. Also, using face to face interviews in this study allowed the researcher to identify non-verbal cues from the respondents and hence made judgement on the actions and thereby collecting valid data. Face to face interviews also allowed the researcher to get instant feedback and high response rate. Furthermore, using face to face interviews as propounded by Bryman (2008) can allow the interviewer to conduct the interview in the respondents' home or location such as shopping malls or even simply on the streets. Moreover, the disadvantages of interviews were complicated by the advantages of the questionnaire through the use of triangulation approach.

3.5.2 Questioners

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3.6 ETHICAL CONSIDERATIONS

Bryman (2008) defines ethical consideration as professional practices undertaken in accordance with the principles of accepted codes of conduct for a given profession or group. The company's confidentiality and individual identities were protected during the research, and no information was released in this regard as the obtained information was used for academic purposes only. The research subjects notified about the objectives of the research before proceedings on research.

During the research due consideration was given to ethical issues. Cohen and Manion (1994) defined ethics as a matter of principled sensitivity to the rights of others. These include ensuring that information would be obtained with authority from the management of NPD and that it was used for academic purposes only. In addition to this, the researcher was to ensure that:

The research was not detrimental to the employment relationship of the respondents. The respondents were not deceived in terms of the purpose of the research unless it becomes absolutely necessary in which case the management of NPD were made aware of such a scenario. The respondents were not forced to participate in this research. Babbie (1998) asserted that participation in a social experiment disrupts the subject's regular activities and may require a significant portion of his or her time and energy. Therefore forcing participants to respond would be unethical since the need to give part of their voluntarily.

SUMMARY

The chapter looked at the research methodology to be used in the study. The next chapter covers data presentation, interpretation and discussion.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

4.0 INTRODUCTION

This chapter presents and analyses the information collected from National Foods Bulawayo through interviews and questionnaires. The researcher adopted the use of tables, graphs and statistical summaries as ways of summarising large amounts of data. The thematic approach was used in which the research themes taken from the research questions.

4.1 RESPONSE RATE

LEVEL	TARGET	ACTUAL	%RESPONSE RATE	NON RESPONSE	%NON RESPONSE RATE
TOP MANAGEMENT	4	3	75	1	25
MIDDLE MANAGEMENT	9	7	78	2	22
GENERAL EMPLOYEES	37	30	81	7	19
TOTAL	50	40	80	10	20

TABLE 2

The interviews and questionnaires had 80% response rate. 37 questionnaires were handed out to the general employees and 30 were answered showing an 80% response rate. The researcher conducted 13 interviews to middle and top management and the returned responses were 7=78% and 3=75% respectively. The researcher received a high response rate due to the sampling and data collection techniques which she improvised. Those who failed to respond did so for the fear of being alienated if discovered to have leaked important secretive information as many companies are aware and afraid of the government's audit whip eg the personnel manager refused to provide the researcher with the company employee statistics. The refusal to provide company employee statistics could be because of the existence of ghost workers which could render retrenchment as a false necessity. This proves that relations at the workplace are not so democratic. One can however denote that although retrenchment is being blamed for poor Organisational Performance sour relations can also be attributed to poor Organisational performance. Those general employees who did not respond did so because of illiteracy and ignorance of the activities taking place at the organisation.

4.2 CONCEPTUALISATION OF RETRENCHMENT

According to the research on the importance of retrenchment 10 managers had the knowledge of retrenchment. Their knowledge can be summarised to retrenchment being a way of reducing costs and remaining competitive through losing the waste of the organisation. However the definition wraps up the explicit strain between organisational control of the reason and call to retrench and the magnitude of the possible outcomes for the organisation and the implicit strain between

probable gains for the organisation and the probable impacts for the reduced workforce. Mishra (1998) supports this notion as he attaches that retrenchment is an intended and systematic reduction in the workforce with the view to enhance performance, flexibility and fulfil shareholders' profit maximisation strategies. Modise (2002) also agrees saying that retrenchment is the reduction of the workforce because the employer no longer need the much workforce he has. the Labour Act chapter 28.01 which defines retrenchment as a means to terminate the employee's employment for the purpose of reducing expenditure or costs, adapting to technological change, reorganising the undertaking in which the employee is employed. Through questionnaires the 30 non-managerial staff's knowledge of retrenchment can be compressed into the view that retrenchment is a decision taken deliberately by the organisation's management to downsize the workforce with the goal of covering the incompetence of the management.

'vanotidzinga mabasa kuti ivo vadye vanotambisa mari vachitengerana mota dzakanaka

Basa vasingaite nemazvo kana zvavaomera votidzinga mabasa kuvhara madhiri avo

Vavhinyepa kuti macompany costs akawandisa.

This quotation shows that there is an element of corruption in the adoption of retrenchment at National Foods Bulawayo. None of the scholars highlighted the possible chances of corruption in the adoption of retrenchment by companies. This can further be evidenced by the fact that the personnel manager refused to provide statistics of employees. Further the difference in the contexts of the previous researches and this one can be related to the loophole of corruption. These definitions shows that the respondents had a required knowledge of the meaning of the concept of retrenchment though each was influenced with each's environment security and purpose at the

organisation. Somehow there exist the sense of protectionism in the respondents' knowledge of retrenchment.

4.3 CONCEPTUALISATION OF ORGANISATIONAL PERFORMANCE

Respondents displayed an in-depth knowledge of the issue of organisational performance. Their definitions encompassed production performance, financial status and market share.

Management interview: *Organisational performance is how the organisation manages to fulfil*

Its objectives and mission and also be able to keep the business

Running smoothly.

General employee questionnaire: *kugona kufambisa basa zvakanaka nekufadza macustomer*

These definitions go hand in hand with Richard et al (2009) who says that organisational performance encompasses 3 specific areas of a firm's outcome that is financial performance, product market and shareholder's return. Mullins (2001) is in the same drain with his definition propounding that organisational performance has to do with financial and non financial aspects which shows the degree of goal getting of the objectives through the results attained. However both the respondents admitted that the poor economy of the country is to be mostly blamed for the poor organisational performances being faced by the country showing that retrenchment is done to improve organisational performance which is disturbed by the country' economic status. This

view differs from that of Drake and Kosselin who believe that retrenchment is done on organisational performance because of the changes in the market which is the emergence of new competitors. They link poor O.P to the market context. Another issue raised by the management was that of the not properly written or misinterpretation of the law which tends to decrease employee morale there by affecting organisational performance e.g. the Labour chapter 12c which calls for the 3 months' notice at first with no benefits and then with a month's salary for a year disturbs the mind-set of the employees thereby resulting in unscrupulous activities like corruption e.g the existence of ghost workers retrieved by lorimark who were long retrenched but still existed on the pay role.

Management interview: *the issue of ZUVA petroleum company dismissing employees basing on the Labour Act section 12c has disturbed our workforce, workers are no longer working properly we have a record of some who fought for duties as a way of trying to secure employment because of the fear that this might come to national foods.*

Lorimark management interview: *the poverty in Zimbabwe is to be blamed for the poor organisational performance at national foods which results in the management resorting to retrenchment a good justification was the existence of the ghost workers on the contract workers' payrole kutsavaga kurarama.*

These findings have allowed the researcher to discover the missing gap of economic context and legal context affecting organisational performance in a different way from those being stipulated by other researchers

4.4 IMPACT OF RETRENCHMENT ON ORGANISATIONAL PERFORMANCE

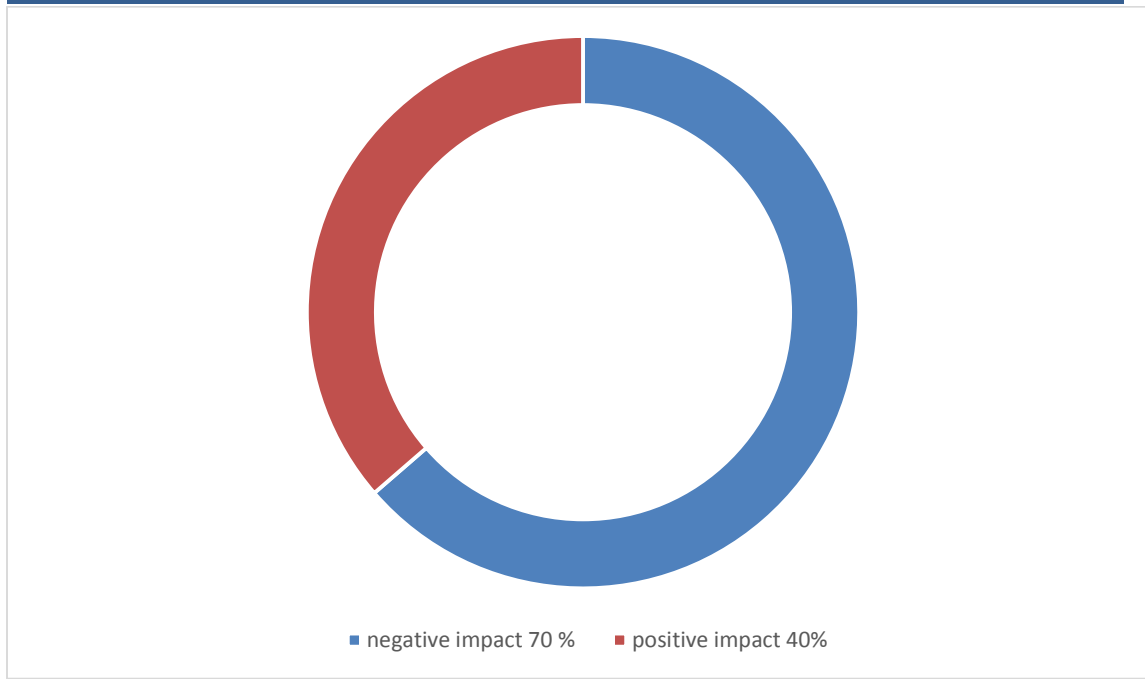


Figure 3

The employees proved that they had an understanding of the relationship between retrenchment and organisational performance. Majority were of the opinion that retrenchment is a result of poor organisational performance of an organisation. Cascio (2002) is of the opinion that the most typical objectives of retrenchment are to improve performance, enhance competitiveness advantage reduce costs and improve quality. This stock of knowledge is in tandem with what the researcher obtained from an interview with a management member thereby proving that no matter the different contexts retrenchment is due to organisational performance although the OP can be as a result of different causes.

Management interview: *we retrenched because our production performance was low as expenses were getting high due to the failure of the company to adapt to the changing economic era.*

7.5% of the respondents were opinionated that the relationship between poor organisational performance and retrenchments can be a 2 way street i.e. retrenchment can cause poor organisational performance and poor organisational performance can cause retrenchment.

Questionnaire: the management retrenched to improve our production and be able to pay us but nothing has changed and they still expect us to work we are demotivated.

Sommer (1999) supports this notion by saying that retrenchment is due to the organisational performance of a firm and the performance of the organisation can be made better or worsened by retrenchment process. This stock of knowledge of retrenchment being done to improve organisational performance through cost reduction which improves the financial status of the firm differs from that provided by 70% of the employees who said that retrenchment at National Foods Bulawayo did not improve the firm's financial status.

Interview: I once asked an employee I found dozing his reason for such an action and he told me the makapa mari kuvanhu vamakaretrencher isu munotipa mahalf pay saka tinoshandirei totomirirawo retrenchment tigowanawo yakawanda.

This interviewee attributed the none development to the payment of severance packages and the engagement of Lorimark Personnel Management. 10% of the 70 said that there can be no improvement and there argument went hand in hand with Krasz (2004)'s that OP is also negatively influenced by loss of Organisational knowledge and memory possessed on one hand by those retrenched and on the other by survivors quitting in the post retrenchment process. The previous statement is evident due to the number recorded by the HR long service old age retirement who retired due to the fear of the issue of the three months' notice. The respondents cited the late

payment of salaries, poor production statistics and the sale of imports e.g. Pronutro and the engagement of Lorimark as a sign of nonexistence of financial improvement. A low number of respondents (40%) were of the notion that retrenchment process was better than the previous situation and site the fact that at least now through salaries are being paid late its better than not having them at all. However basing on these findings it is evident that retrenchment is not always not properly planned but rather it is an immediate response to crippling situations that is a reactionary move to the performance of the organisation. In a nutshell the responses show that retrenchment has a gross negative impact on organisational performance.

4.5 REASONS FOR RETRENCHMENT

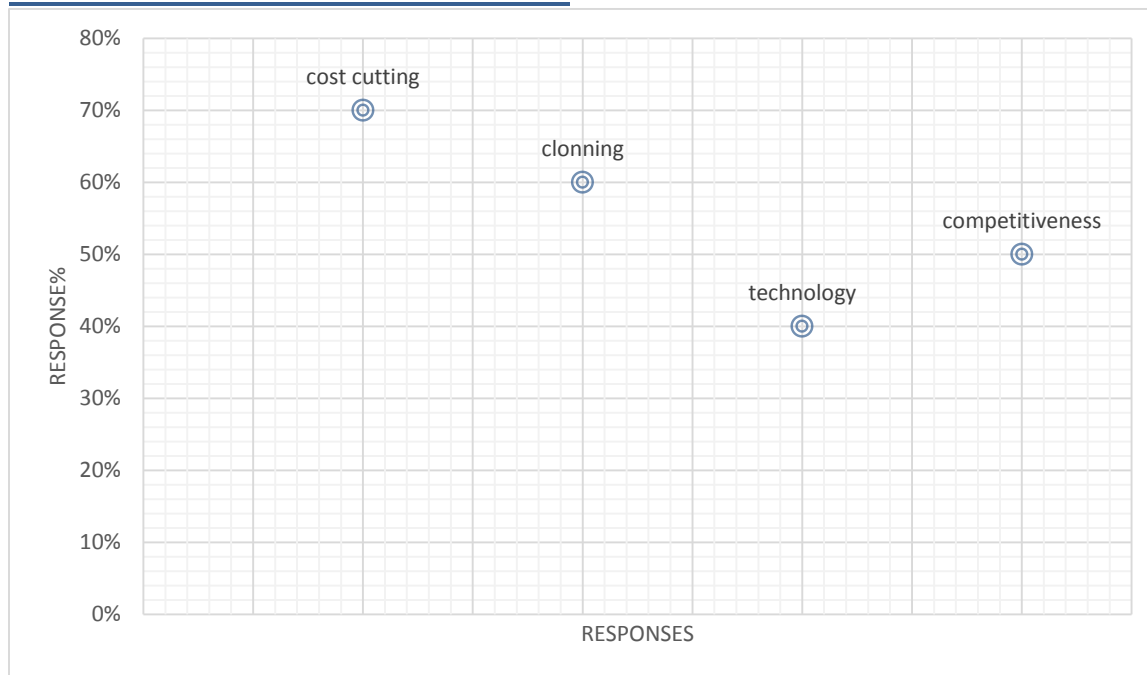


Figure 4

According to the research 70% and 60% respectively shows that cost cutting and cloning are the major reasons for retrenchment. This goes hand in hand with Riley (2012) whose research proved

that the need for cost cutting is the major reason why companies retrench. ICASA (2014) also provides that cloning can be a reason to retrench in a competitive market. The research also revealed that the adoption of retrenchment was a bid to cover up management failure in terms of incompetency and inefficiency which led to the collapse of the firm's financial status in 2009. The management however dismissed this allegation that the financial mishaps were beyond their control i.e. the dollarization process and the hyperinflation. This finding fills in the literature gap of the role played by the government and politics in the issue of organisational performance.

Questionnaire: I am afraid of being retrenched again the new tax policy on import and export is going to make our production worse because we got most of our inputs from outside so as the costs are going to be higher retrenchment is coming back.

In relation to Appleton et al (1999) a minority of employees 40% and 50 % acknowledged that technology and competitiveness were some of the employee retrenchment reasons. Most of the managerial staff argued that with the coming of technology like mechanical processors and packers the firm had redundant employees whose duties had been replaced by technological machinery. Over and above the existence of different definitions of retrenchment proves that there still will be different reasons for retrenchment.

4.6 COMMUNICATION CHANNELS

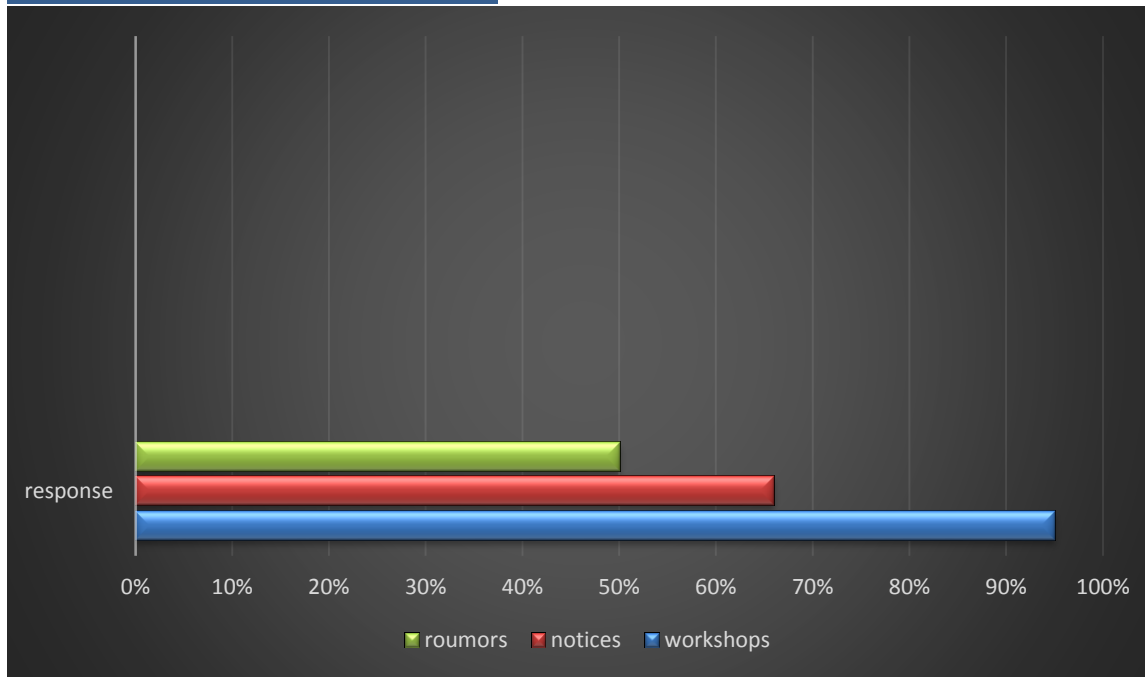


Figure 5

The researcher discovered that 95% and 66% workshops and notices respectively were used as the major communication tools of the retrenchment process by the management. However the employees notified that although literally workshops were done in order for the employees to have a positive perception on the retrenchment issue it did not fully work as most were emotionally affected due to the hopeless unstable economic environment. The worrisome part was that 50% cited rumours as the way in which they learnt about the retrenchment and as a result anxiety struck the employees to the extent that most retired even those who were not supposed to be retrenched and this cost the company a lot more money. Johnson (1996) is of the notion that depriving employees of information during the retirement does not alleviate their job fears. The final analysis on this issue however is that although the organisation tried by all means to notify the employees through the proper channels panic arose and organisational performance was disturbed by the retrenchment news. Retrenchment thus has a negative effect like that of a snake because even

before it approaches it scares people. This is evidenced by the number of employees who retired and applied for their back pays due to fear of job insecurity.

4.7 METHODS OF IDENTIFYING EMPLOYEES FOR RETRENCHMENT

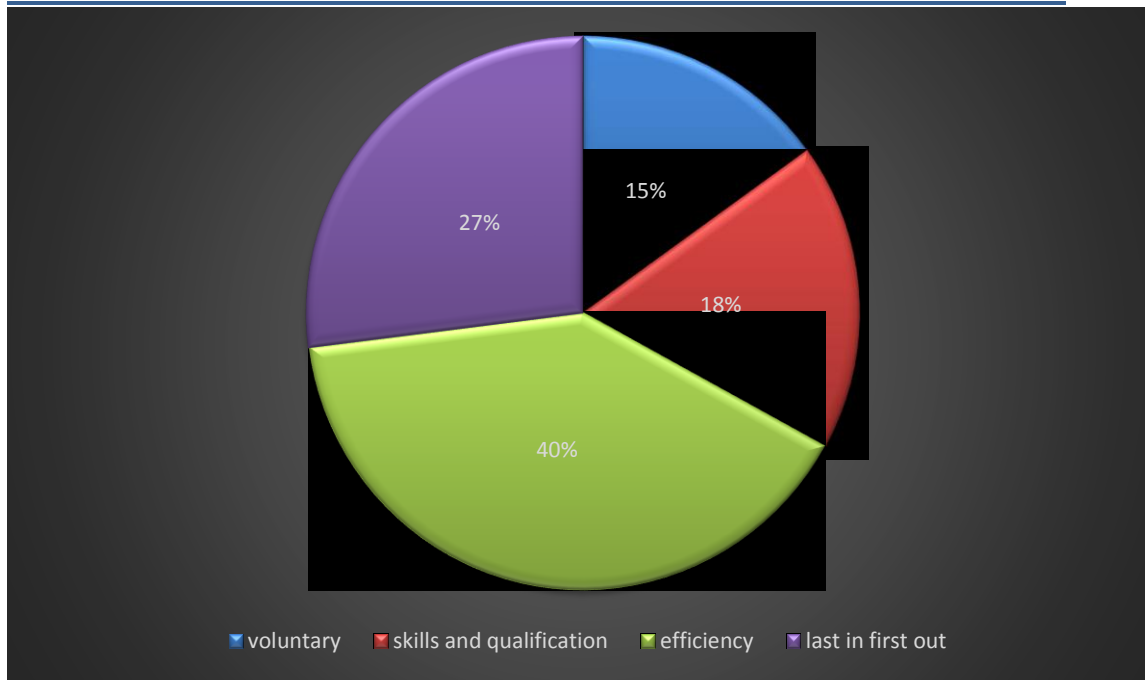


Figure 6

The results show that the management was eager to retrench with the most merciful method having the least percentage and the crude one having the highest percentage. However the fact that efficiency and effectiveness was proven to be mostly used showed that the company was eager to resuscitate itself through choosing those who are of the highest need thus protecting the knowledge and skill base. This was however a wise decision because no one would volunteer to lose employment knowing about the dry curse that struck the employment sector. The revealing of this adds to the knowledge base as Hugh (2008) says that being at an organisation for a long period of time can lead to one not volunteering for retrenchment. Phillip (2003) differs with both Hugh and the research findings as he asserts that appraisal ratings should not be used as the sole basis for

redundancy selections as this may intensify concerns over lack of managerial objectivity hence the efficiency criteria demotivates employees work on terms thus making it difficult to identify the underperforming employee. Secondly last in first out can result in knowledge skills and efficiency drain as it does not consider the issue of qualifications and usefulness. It also gives the human resources a difficult time as some would have developed useful relations due to the fact that Zimbabweans have a tendency of living as a community even at the workplace it even endangers their social life as evidenced by the quotation below.

Management interview: I have some employees whom I share a totem with who did not get retrenched and the difference on their contract with this guy who threatened to use juju on me so that I would not be functioning as a man was a year...

Thirdly the researcher observed that although the application of skills and qualifications was adopted it did not gain much momentum because of its nature of being costly. In an interview the Lorimark personnel officer said that the method proved to be costly before the end of the retrenchment period in which it was being used. He further went on to say that this was due to the fact that the loss of the old serving members is costly basing on the packages they are supposed to receive. The old serving members would be lost because of the issue of the new better study programmes being acquired by the newly serving members who were recruited so the qualifications would be of no match. This disadvantage fills in literature gap as other scholars gave different disadvantages. Phillip (2003) only gave the excuse of sufficient qualification data on individual employees not being readily available. Corbridge (2002) says that employees because of this method end up fighting for a smaller number of jobs.

4.8 RETRENCHMENT ALTERNATIVES

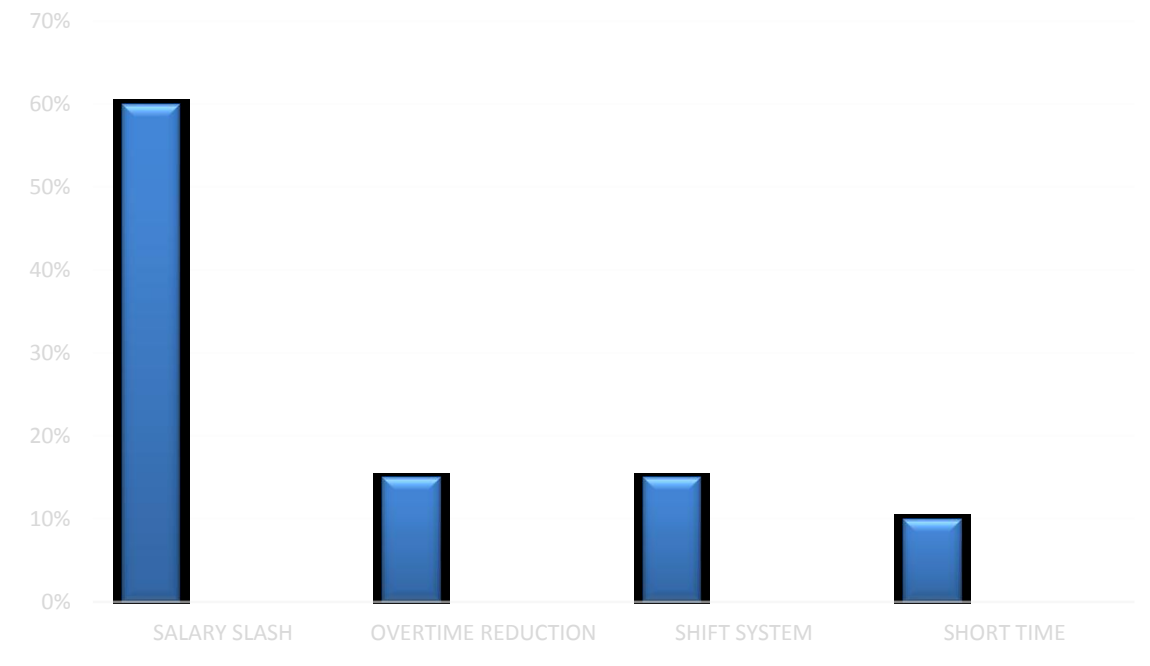


Figure 7

60% which is the majority of the respondents alluded that NFB slashed salaries as a way of avoiding retrenchments. This goes hand in hand with Anderson and Gunnarsson (2003) who postulates that retrenchment weakens the economic situation of a country so to be at least on a safe side workers should at least accept salary slash than to face the sharp sword edge of retrenchment. A study at Econet Zimbabwe also revealed that there was a 35% salary slash of the wage bill so as to avoid retrenchment. The government of Zimbabwe supports salary slash in place of retrenchment as it introduced the new retrenchment requirements such as the submission by companies of the salary structure of the executive and management so as to guard against the unscrupulous activities of the management which may result in management. 15% noted overtime reduction as a measure taken by the organisation to avoid retrenchment. International Labour Organisation advises that for financial crisis to not turn into job loses organisations must change working arrangements and stop overtime working. Goldman (2014) also agrees to this saying that

it is costly to run a business using a lot of overtime. Reducing overtime however requires improvements to operations and good management skills. 15% revealed that there was also the introduction of the shift system. This stems from the fact that about 60% to 70% of the company profits goes to the wage bill of employees. The general populace blamed the management for not adopting other better strategies such as export concentrated production.

SUMMARY

This chapter focused on data presentation, interpretation and discussion of the research findings. It also included the comparison of the research and other related researches the main thrust being to use a practical method in relation to filling the literature gap. The next chapter is going to focus on recommendations and the conclusion.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.0 INTRODUCTION

This chapter presents conclusions drawn from the results and recommendations by the researcher. The main thrust being to give a final analysis of the research study. The conclusions and recommendations will be made in line with the research objectives as they were the main guidelines of the study.

5.1 CONCLUSIONS

5.1.1 The relationship between retrenchment and organisational performance at National Foods Bulawayo.

At N.F.B retrenchment was done in a bid to improve organisational performance through cost cutting, improving quality and competitiveness although there were different views on this issue amongst the workforce showing that there was no cooperation on the issue of retrenching to improve O.P. retrenchment at N.F.B was encompassed by a lot of elements, some legitimate (*cost cutting, competitiveness, cloning*) and some not (*corruption, incompetency, inefficiency*). The effects of retrenchment at National Foods Bulawayo were crippled by factors such as corruption, (*luxurious life*) failure to plan the financial factors surrounding the retrenchment process i.e

severance packages thus proving lack of dedication to work. The relationship is further stressed by the issue of the loss of skilled workforce through those retrenched and mostly by those hitting the panic button which resulted in in continued poor production hence poor organisational performance. Retrenchment had little impact on the firm's financial status because of the issue of half salaries, late salaries. The engagement of Lorimark is a huge sign that the company almost took a turn as a failed company.

5.1.2 Methods used in determining employees for retrenchment at National Foods Bulawayo

The major reason for retrenchment at NFB which can act as an umbrella to all the other specified reasons is cost reduction and the need to survive. The main context influencing this being the evolving globalised world and its proponents. The issue of the country having characteristics of a failed state as can be noted through the politics and economic status (*government policies such as indigenisation, 2015 tax policy and the dollarization issue*) also results in some reasons such as cost cutting and cloning. Cloning being a reason proves that the political economic effects are not affecting NFB alone and in the end although the retrenchment process did not fully succeed in eliminating the elements proffered by the reasons NFB is justified in undertaking retrenchment. The poor economic context however led to some illegitimate reasons such as corruption, incompetence, inefficiency of the management. The difference in the definitions shows that retrenchment at NFB was done in a premature way bringing up questions on the reasons and implementation of the process because of lack of uniformity in the knowledge and reasons about retrenchment.

5.1.3 Communication channels used in notifying the information of retrenchment at National Foods Bulawayo.

In a bid to do retrenchment in the right way and avoid poor Organisational performance management adopted workshops and notices as ways of communicating retrenchment to the employees. Although this was done rumours had already made their way into the peoples' ears thereby causing panic. However although the organisation tried to avoid poor OP b using the correct methods to notify and explain themselves a human being a human having emotions, job insecurity fear struck leading to more costs as people retired before retrenchment struck the organisation. This shows that no matter the type of communication tool used the news of retrenchment always is a bad curse to an organisation. Communication channels cripple the retrenchment methods through existence of perceived justice, whatever the management tried to do after even in a good way perceived justice would have taken over. The abnormalities in the in the communication channels resulted in employee satisfaction which is a basis of good OP being vanquished i.e destruction of feedback and support, clear direction and objectives.

5.1.4 Methods of identifying employees for retrenchment at National Foods Bulawayo

NFB used employee efficiency and effectiveness method more than any other method because they were aware of the immediate need to retain those of the highest need and protection of the skill base. Noticing skill as an important tool leaves no room to flush out money training more people, at least adoption of this method allowed NFB to avoid going over recruitment after noticing the skill gap that would have been caused by other method. Organisational performance

had little chance of survival through retrenchment because of the inconsistency in method selection. The change of methods meant that each method came with its own rubbles which triggered confusion in the employees. There was no job security as no one was safe not knowing which method was going to be used next, affecting who. Inconsistency blackened good leadership practices which is a need of employee satisfaction that leads to good OP. retrenchment through these inconsistent methods was rendered as a damage to organisational performance as it brought changes in job stressors, effective commitment thus crippling the work effort.

5.1.5 Retrenchment alternatives at National Foods Bulawayo

The government of Zimbabwe had a helping hand in trying to keep NFB afloat. This was through the retrenchment requirements such as the submission of the executive's payroll. NFB adopted salary slashing more than any other alternative method. Other alternatives used were overtime reduction, shift work system and short time. The use of these alternatives however whitens the blemishes of the management of being self-centred as they implored the national duty of sustaining the economy. This is because the engagement of retrenchment results in job loses thereby weakening the economic status of a country.

5.2 RECOMMENDATIONS

5.2.1 Abandoning retrenchment

As the retrenchment process risk in causing panic among all employees which then leads to the firm losing its best performers with rare good skills as they move on to seek better job security elsewhere, it should be taken as the last resort to organisational problem solving. However whenever possible redeployment, natural attrition and overtime should be considered.

5.2.2 Financial management before retrenching

A firm should avoid retrenchment as a resort because severance packages and brain drain due to job insecurity can take the firm back into the drain it is running away from. The organisation should forecast on its financial position. Also proper financial analysis management should be implemented in the organisation. Auditing boards should be set up so a to facilitate proper financial management.

5.2.3 Methods of retrenching

As organisational performance is also as a result of disheartened employees, in the future on retrenchments, management should offer a chance to voluntary retrenchment. Although there has

to be attractive severance packages to employees as encouragement, the financial management team should make sure that the packages do not worsen the situation the company will be in. retrenchment has to be a blessing in a curse. In the case of forced retrenchment, a clearly explained reason should be provided and a reasonable retrenchment method has to be adopted so as to help the employees have closure on retrenchment process. Organisation should try not to have mass retrenchments.

5.2.4 Planning

It is important for a company to do consultations on the development and implementation of retrenchment as a plan to problem solving. If consultations are not done the company risk making wrong key decisions resulting in the breach of legal rules, collective agreements and community and workers' alienation. Workers are capable of giving the company important insights and also provide alternative ways of doing the process to lower the impact on the workforce and the community. Another important issue is on the choice of whom to consult and inform. The first is supposed to be the employees to be affected by the retrenchment. A trade unionist is one of the important bodies to consult even when there are no smooth relationships.

5.2.5 Communication Channels

Timing of providing the employees with the information about the retrenchment is of crucial importance. Although it may be dangerous to expose the information before it is clear, it is important to tell employees earlier so that they can be able to contribute in terms of finding

alternative economic solutions. For this to work effectively thorough preparations of the workforce to be downsized should be made.

5.2.6 Training and development

After retrenchment the management must care towards the remaining employees so as to boost their morale and productivity. Remaining employees should go through training in the skills that relate to their jobs and the gap that needs to be filled and above all in the attitude change. These employees should be given the chance to feel the reform process by allowing them to be part and parcel of decision making on matters that affect them so as to ensure maximum support in strategic planning thus promoting job security. Also the personnel management must redesign the jobs after retrenchment so as to be equivalent to the remaining workforce.

5.3 CONCLUSION

The research study was guided by the need to unearth the relationship between retrenchment and organisational performance in Zimbabwe with the use of National Foods Bulawayo as a case study. Retrenchment was adopted as a panacea to redeeming good organisational performance. However retrenchment failed to fully resuscitate the company through improving organisational performance due to internal challenges such as failure to properly plan the retrenchment process, communication breakdown, lack of employee dedication and corruption and also external challenges such as government policies and political and economic stature of the country. Also the elements of retrenchment are intertwined and were supposed to be treated with extra caution as

mismanagement of one had an effect on the next e.g. communication channels and the methods used in selecting employees to be retrenched with all this resulting in unimproved organisational performance. Overallly the research proved that retrenchment should be taken as a last resort and were there is need for it no shortcuts should be taken because they tend to backfire on the organisation.

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APPENDIX A

INTERVIEW GUIDE

Name of organisation

Position in organisation

Date

Sex

- 1) How long have you been working at National Foods
 - i) In what capacity have you been involved
- 2) National foods has been there to promote the domestic food production market and enhance economy through industrialisation and job creation but poor production emerged mostly due to poor financial status. In your opinion do you think retrenchment can improve the situation at National Foods Bulawayo depot?
- 3) We understand that production has been poor due to poor organisational performance, with retrenchment which was a result of poor financial situation being credited to this. You as part of the management team what do you think is causing poor organisational performance?
- 4) Poor production at your organisation has been said to have started back before retrenchment came into being at your organisation .do you think that retrenchment can improve the situation and do away with all the other causes?
- 5) When retrenchment is done the methods to be used should be linked to the reasons for retrenchment or selection has to be done curbing high severance packages. In regard to labour law were the reasons and selection criteria probable?
- 6) If retrenchment news is not handled with care and interested parties not properly informed a disaster can occur. Which communication methods were used and were they capable of maintaining order and avoid misunderstandings?
- 7) When a company is up for a downfall business management gurus encourage that retrenchment be avoided to keep and maintain a good business status. What measures were taken to avoid retrenchment?
- 8) After retrenchment at National Foods organisational performance never changed .in your own understanding how did the retrenchment process affect organisational performance?

APPENDIX B

QUESTIONNAIRE GUIDE

RESEARCH TITTLE: THE EFFECTS OF RETRENCHMENT ON ORGANISATIONAL PERFORANCE IN ZIMBABWE: CASE STUDY NATIONAL FOODS BULAWAYO 2008-2015.

My name is Regina Sengwe Reg number R122301H. I am conducting a research in partial fulfilment of my Bachelors of Social Science Honours Degree in Politics and Public Management with Midlands State University. My research focuses on the EFFECTS OF RETRENCHMENT ON ORGANISATIONAL PERFORMANCE. My objective is to expand the body of knowledge surrounding the relationship between retrenchments as a driver of Organisational Performance. Please take a few minutes to answer the attached questionnaire. Responses provided will be treated in strict confidence and will be used for academic purposes only.

SECTION A: DEMOGRAPHICS

Please indicate your answer by ticking in the appropriate box.

1a) Gender

Male []

Female []

b) Age category

16-20 []

21-30[]

31-40[]

41-50[]

51+ []

c) Highest level of education and professional attainment

O –Level []

A-Level []

Diploma []

Degree []

Masters []

Doctorate []

d) Work experience

On contract []

5years and below []

6-9 years []

10years and above []

e) Job category/position.....

SECTION B

2a) what do you understand about retrenchment?

.....

..... b) What does organisational performance mean to you?

.....

c) In your opinion is there a relationship between retrenchment and organisational performance?

.....

d) Are you afraid that the organisation may retrench you? Please give reasons.

.....

In the table below please tick the box that best describes your response.

The codes are as follows;-

Strongly disagree (SD); Disagree (D); Agree (A); Strongly Agree (SD)

3) In your view:

		SD	D	A	SD
	The financial structure of the firm is stable				
	There are signs of retrenchment in the near future				
	People are paid on time				

	Management made efforts to communicate retrenchment				
	Over time work is allowed				
	Employees participated in the decision to retrench				
	Management fairly selected employees to retrench				

SECTION C

- a) I knew about the retrenchment exercise through
 Workshops Notices Rumours
- b) Management tried to avoid retrenchment through
 Short time work Shifts Overtime reduction
 Salary slash
- c) The company retrenched employees because of
 Cost cutting Clonning Competitiveness Technology
- d) Methods used for identifying employees for retrenchment are:
 Voluntary retrenchment Forced retrenchment

