

Downsizing as a Strategic Tool for Effective Organizational Management: A Case Study of Nigerian Banks

Edwin M. Agwu¹, Adele-Louise Carter², Peter J. Murray³

¹*Department of Business Management, Covenant University, Ota, Ogun State, Nigeria*

²*Business Services Expert, United Kingdom*

³*Greenwich School of Management, London, United Kingdom*

¹edwinagwu@yahoo.co.uk

²adele.carter@kiteway.co.uk

³peter.murray@gsm.org.uk

Abstract— Downsizing, in recent years, have assumed a commonplace in various organisations. The views of various practitioners and in fact results of various studies indicates that these initiatives, albeit, intended to produce positive results, often do more harm than good to some organisations, workforce and their performance. The unending quest for lower costs, higher productivity and fatter profits have often led to the wielding of the ‘big stick’. Organisations of varying sizes and shapes have used downsizing as a cost cutting management strategy, however, the untold stories are the actual cost of these exercise to the organisation, performance and it’s far reaching implications to the workforce. This paper explored the costs and implications of the massive wave of redundancies in the workforce in Nigerian banks. With the help of data obtained from open-ended interviews conducted with various stakeholders in downsizing operations and applied within a clinical framework, individual reaction patterns are explored in the victims, the survivors and the executioners. Among the victims and survivors within the Nigerian setting, a number of ways of coping can be discerned, and described as compulsive, abrasive, dissociate and depressive. Findings revealed a plethora of mixed feelings among various employees and expose the far reaching implications both to the organisations, affected individuals (victims) and the psyche of their co-workers (survivors). The article ends with a number of practical recommendations.

Keywords— Banks, Downsizing, Executioners, Nigeria, Survivors, Victims

I. INTRODUCTION

Organisations all over the world are striving to look leaner and more profitable. Hence excess staff, machinery and costs are done away with. Unfortunately, an insidious response to this understanding comes in the form of downsizing. The massive waves of mergers and acquisitions occasioned by the dull economic climate since 2008 have the potential to create

a sense of fear and anxiety of job losses among all employees in all cadres in every organisation. Though there are elaborate literatures on redundancies, the focus has, however, been on positive impacts of the exercise to various organisations. This paper therefore explores in detail the costs and implications of downsizing from a tripartite perspective of the organization (executioners), employees (survivors) and the affected individuals (victims). This study therefore aims to evaluate downsizing as a strategic tool for effective organisational management using selected banks as a case study and data will be gathered from face to face interviews with managers of various banks. The research question based on the above will be:

- What are the drivers of downsizing?
- How is downsizing implemented in organisations?
- What is the impact of downsizing on organisations?

In the course of the analysis, the field-notes, interview data and supplementary discussions will be reviewed as well as analysed in line with each of the research questions. The structure of the remainder of the paper is as follows: after a brief review of the literature, various meanings and scope of downsizing will be discussed followed by the review of related literature and the methodology. The next section presents the results and discussion of the paper, finally, the last section concludes the paper.

A. Meaning and scope of downsizing

Various researchers have written extensively on downsizing. But one wonders its origin and meaning. Littler and Hansson (2007) stated that the terms ‘downsizing’ was coined from the American automobile industry. In their analysis, they stressed that the average American car in the late 1960s and as early as 1970, weighed about 3 tons and more than 15 feet long with a massive engine sizes ranging

from V-6 to V-8. However, the oil crisis of 1973 necessitated the need for smaller fuel efficient cars. And the need for these cars to replace the long and heavy duty cars was then termed "downsizing". The term downsizing has since crept into management dictionary as well as practically applied in the strategic management of organisations. Similarly, Itami and Nishino (2010) stressed that due to the recessionary pressures of the 1980s as well as the most recent economic meltdown of 2008, various governments and organisations applied the downsizing syndrome in order to keep afloat. Downsizing is now embedded in the managerial vocabulary and used as a strategic weapon for righting size and shape as well as a tool for aligning with the organisational mission and goals, hence materials and subsidiaries that are non-performing can be done away with.

Thought the 1960s and early 1970s witnessed its emergence, but the early 1990s saw its widespread usage and application by various organisations, the same period also witnessed its prominence as a topic of both scholarly and practical concerns as a result, the 1990s was regarded as the downsizing decade (Agwu and Carter 2014). Bruton, et al., (1996) in their submissions also argued that in the early part of the 1980s, downsizing came into prominence as a topic of both scholarly and practical concern. It became the management catch-cry of the 1990s which subsequently became known as the downsizing decade (Amundson, et al, 2004). In other words, the primary purpose of downsizing is not increased organizational performance *per se* (Itami and Nishino 2010), but the reduction of the workforce. In its widest sense, downsizing may be seen as a complete strategic transformation intended to change an organization's design, its work processes, corporate culture, values and attitudes, and mission (Hopkins and Weathington 2006). The majority of studies about downsizing have been conducted in the developed countries such as the United States, UK, Canada, Australia, and the wider Europe (Macky, 2004; Gandolfi, 2006; Hillier, et al., 2007; Elstein 2008; Datta, et al., 2010). Unfortunately, the contraction of workforces has not been confined to the organisations in these developed countries alone rather; it has been and still occurs throughout the world and most developing countries and mostly affected.

B. Definitions

The concept of downsizing emerged from a number of disciplines and draws upon a wide range of management and organizational theories. Hence a single definition of downsizing does not exist across studies, in a layman's point of view, downsizing means a contraction or shrinkage in the size of a firms' workforce. However, Carswell, (2002), stressed that downsizing is the planned eliminations of positions or jobs. In another premise, Agwu and Carter (2014) stated that downsizing is a set of activities, undertaken on the part of the management of an organization and designed to improve organizational efficiency, productivity, and/or competitiveness" (p. 77).

In popular usage "downsizing" is frequently used as a synonym for redundancy (Farrell and Mavondo 2004). It is also used interchangeably with a range of other sometimes oxymoronic terms such as "de-recruiting", "de-massing", "re-engineering", "re-sizing", "restructuring", "re-organisation" and "rightsizing", to name but a few (Guthrie and Datta 2008). The practice of organisational downsizing, where the term is invoked, lends support to this association with redundancy. The print and electronic media are awash with frequent reports about downsizing associated with redundancies, leading to the situation where terms such as those mentioned above are "generally understood to be no more than pseudonyms for the more ubiquitous, unambiguous, but unappealing 're'-word, redundancy" (Rafferty and Griffin 2006, p.1158).

II. REVIEW OF RELATED LITERATURE

As a strategic managerial tool, it has changed tens of thousands of companies and governmental agencies and the lives of millions of workers around the world (Amundson, Borgen, Jordan, & Erlebach, 2004). The body of literature on downsizing is substantial, reflecting its prevalence in countries like the U.S., the UK, Canada, Europe, Australia, New Zealand, and Japan in the 1980s, 1990s, and the early days of the new millennium (Macky 2004); Littler and Gandolfi 2008; Weiss, 2008; Itami and Nishino 2010). This literature has emerged from a number of disciplines and draws upon a wide range of management and organizational theories. While downsizing has developed into a popularist term that has arisen out of managerial press usage (Lindgreen, et al, 2009), it lacks precise theoretical formulation (Mann 2009).

Downsizing is viewed as a planned elimination of positions, and or jobs is a relatively recent management strategy, (Spreitzer and Mishra 2000). This trend has however, become a strategic weapon of mass cleansing adopted by most troubled organisations. Since the 1980s, many organisations have fallen under as a result of several reasons such as mismanagement, bankruptcy; high levels of competition, etc, much more organisations were known to have gone under before and after the recession. Moreover, downsizing often rears its ugly head in other areas such as the times of mergers and acquisitions. These have often been blamed on the recent advent of the internet and the outcomes of living in a globalized world where organisations struggle to continually adjust their products and services, as well as prices and costs of labour to stay not just competitive but profitable. Downsizing in its most extreme form may turn into an across-the-board cut in personnel (Noer 1993) or a re-focus on core businesses and a disposal of peripheral ones (Smithikrai 2007). The majority of downsizing research has been conducted in the U.S. (MacKenzie, et al., 2001). Still, the contraction of workforces has not been confined to U.S. firms, but has occurred throughout the world (Littler, and Gandolfi 2008). Empirical evidence shows that downsizing and its many related concepts has been particularly pervasive in

North America (Hopkins and Weathington 2006), Britain (Boerner, et al., 2007), Canada (Casio, 2002), Europe (Lamsa & Takala, 2000; Gandolfi, 2007), Japan (Griggs & Hyland, 2003), Australia, (Gandolfi and Hansson (2010), New Zealand (Macky, 2004), South Africa (Littler, 1998), Eastern Europe (Redman & Keithley, 1998 and China (Guo and Miller 2009). Downsizing is also prevalent in countries that have been moving from a state-dominated to a market system, such as countries in Latin America, Russia, and Eastern Europe, where privatization activities often bring about the need to reduce firms' headcounts (Macky, 2004). Downsizing has even become common in industrialized countries, such as Japan and Sweden, which have historically shown to have very stable employment practices (Weiss 2008). Downsizing is also affecting China which has become one of the world's foremost manufacturing hubs. In 2003, over 25 million Chinese lost their jobs from the transformation and privatization of state-owned-enterprises (Williamson 2010).

A. Why do organisations downsize?

In its most narrow sense, downsizing can be viewed as a set of activities introduced to make a firm more cost-effective. While downsizing is viewed as a complicated, multifaceted phenomenon (Gandolfi, 2006), it has generally been adopted either reactively or proactively (Macky, 2004). To put a single downsizing cause forward is problematic and underrates its inherent complexity. Each downsizing decision is likely to constitute a combination of company-specific, industry specific, and macroeconomic factors (Elstein 2008). Firms frequently justify downsizing through the emergence of deregulation, globalization, merger and acquisition (M&A) activities as it was with the Nigerian banks under review, global competition, technological innovation, and a shift in business strategies in order to achieve and retain competitive advantages (Dolan and Belout 2000). Table I below shows some of the reasons for downsizing in organisations.

TABLE I
 REASONS FOR DOWNSIZING

Macro-economic	- International competition - Globalization - Political Trade Agreements
Industry-specific	- Decline in total sales - Decline in profits - Introduction of new technology - Rising labour costs - Need for greater responsiveness to customers' needs - Deregulations - Privatization
Company specific	- Poor financial results - Change in strategy - Change in management

	- Change in ownership - Improvement of innovation - Improvement of entrepreneurship - Poor productivity relative to competition
--	--

Source: Freeman (1994); Guthrie and Datta (2008); Hopkins and Weathington (2006)

Other causes are described by the following authors: Datta, et al., (2010) posits that firms have downsized in order to cut costs, seeing few alternatives for coping with the increasingly competitive global market-place. The authors contend that the kind of downsizing that took place in the 1980s was mainly an effort to reduce the number of employees in order to remain competitive, a trend that continued well into the 1990s. In the same vein, Littler and Gandolfi (2008) also asserts that technological advancement and innovations resulted in increased productivity and a decrease in required workers. In contrast, Itami and Nishino (2010) contend that a change in technology was not the primary reason for firms to engage in downsizing. Rather, technological improvements often resulted in hiring additional workers. Similarly, Mann (2009) concludes that it was not the introduction of technology per se, but the administrative impact of the revolutionary transformation in information and communication technology that resulted in downsizing. Still, a chief outcome of the technological advances in the 1990s was an increased redundancy of middle management which resulted in 'delayering'. In a more drastic approach, Macky (2004) examined the nature, management practice, and strategic planning of large downsized Canadian firms concluding that the forces driving downsizing were remarkably diverse. The author compartmentalized the factors into three main categories; macroeconomic, industry specific, and company specific. Empirical evidence revealed that declines in sales (industry specific), declines in profits (industry specific), poor financial results (company specific), greater responsiveness to customer needs (industry specific), and increased international competition (macroeconomic) were the main downsizing driving forces for the surveyed firms. This study evaluated the heavy downsizing exercises, of the not too distant past, by the Nigerian banks and sought to unravel the impacts on the victims and survivors.

B. Brief history of distress in the Nigerian Financial System

The manifestation of distress in the banking sector was officially pointed out by the World Bank team that examined the financial sector shortly before the NDIC became operational in 1989 (Soludo 2008). Soludo (former Governor of CBN) stated that by 1993, more than 66 banks in the country were reported to be in distress while some are terminally distressed. According to NDIC report, as at 1994, some of the banks licensed between 1989 and 1991 were among those reported to be distressed (CBN 2009). The first

hammer of liquidation fell on the likes of the then Alpha Merchant Bank, Kapital Merchant Bank, Republic Bank, Financial Trust Bank and United Commercial Bank Ltd. These banks were liquidated in 1995 while CBN/NDIC took over the management of another 37 banks that same year (CBN 2009). A joint study of distress in the Nigerian Financial sector conducted by the Central Bank of Nigeria (CBN) and the Nigeria Deposit Insurance Scheme (NDIC), confirmed the general views of experts and financial analysts that distresses in Nigerian banks was precipitated by a complex set of inter-related problems that had for long afflicted the industry (CBN 2006, 2007, 2009 and NDIC 2011). These include among others:

- Poor management accessioned by lack of experience, greed and get rich quick syndrome of the society.
- Inhibitive political environment
- Capital inadequacy
- Ownership structure and political interference in the management of government owned institutions and their indebtedness to banks
- Widespread incidence of non-performing loans arising from economic downturn, poor lending and borrowing culture and poor credit appraisals

In January 1998, 26 banks were approved for liquidation bringing the total of liquidated banks to 31 while 10 remain distressed and under the management of CBN and NDIC (CBN 2007, NDIC 2009). As at June 1999, two out of the ten banks, that is, Commercial Bank of Africa (then Fortune International Bank), and Rims Merchant bank Ltd, then Asset-Plus Bank Ltd) were restructured and recapitalized (NDIC 2010). In the light of these developments, one can assess the effectiveness of the Nigerian Deposit Insurance Corporation in ensuring the maintenance of sound and safe banking practices in the country, as well as maintaining customers' confidence and creation of a level playing field for the practitioners (CBN 2009).

C. Effect of distress of banks in the Nigerian Financial System

Following the Structural Adjustment Programme (SAP) of the then Military President, General Ibrahim Babangida's administration and the financial liberalization policies, private individuals floated several banks (NDIC 2009); a crucial economic function which was hitherto left for the government and foreigners. According to the NDIC Annual Reports and Accounts (NDIC 2010), by December 31, 1993, the country had 66 commercial banks with 2270 branches. And 54 merchant banks with 137 branches operating in Nigeria, employing more than thirty-five thousand graduates and

professionals – this was the banking boom of the Babangida's administration and the second in the history of the country. Ayo (2006), Okpara (2009) and Adesina and Ayo (2010) stressed that the first experience of the banking boom was in the early 1930s when most of the banks collapsed before 1960 except four. The role of banks in financial matters received a boost within this era. People became more aware of the activities of banks and the opportunity for economic growth arising from patronizing them (CBN 2005). According to the Annual Reports and Accounts of NDIC for the year ended December 31, 1998, cited in NDIC (2009) the number of banks as at that date has reduced to 51 commercial banks with 2007 branches and 38 Merchant banks with 113 branches and 31 of them are already in liquidation; meaning that the Nigerian economy had the unfortunate privilege of passing through the trauma of bank failures for the second time. It was however reported that so many bank customers lost all their savings and many small businesses folded up (Okpara 2009). The deduction from these may have accounted for the reasons for the huge loss of interest in the banks and many Nigerians are not interested in putting their hard earned money in the banks. Before the creation of the NDIC, customers are often left with nothing when a bank becomes distressed, thereby losing all they had saved (Okpara 2009).

D. Changes in Nigerian Banking Industry

Banks all over the world are witnessing changes that have resulted from globalization and technological innovations. Nigeria banks, according to Oke, (2006) and Okpara (2009) like their counterparts in other parts of the world, are known to operate multiple branching systems that are commercially oriented. However, the most noticeable changes in the Nigerian banking industry occurred in 2001 when there was a drastic decline in the value of the naira from N113 which was equivalent to a dollar to N126 (Okpara (2009). The decline in the naira value caused Nigerian foreign exchange reserves to fall from 10.27 billion dollars to 8.29 billion dollars (Oke 2006). However, the Nigerian banking sector was dominated by the large four banks - First Bank of Nigeria Plc, United Bank for Africa Plc, Union Bank of Nigeria Plc, and Afribank Plc; each bank including the new entrants were required to maintain a minimum holding at CBN of N2 billion from 2001 (Ezeoha, 2006a, NDIC 2009). Okpara (2009) stressed that this decision did not last long because it led to the creation of many weak banks, making it difficult for these financial institutions to finance major investments in the economy and lending was also poor. It was also a difficult task for the regulatory authorities as it made regulation more difficult and allowed corrupt businessmen to set up bogus banks with no solid financial base and little or no financial management experiences. This undoubtedly tainted the Nigerian banking industry; resulting in the greatest criticism of the Nigerian banking sector from the international community due to increased number of weak banks operating in the country (Ford, 2006). As a result, the government took steps to

consolidate the banks and instituted laws whereby no individual or group of individuals could establish a bank without an initial deposit of N25 billion with the Central Bank of Nigeria (Oke, 2006; Soludo, 2008; CBN 2010). The minimum deposit was subsequently raised to =N=25 billion in 2005.

Okpara (2009) stressed that the capital adequacy standard was designed to address and checkmate the intentions of the business moguls who intend to open a bank in one year and fold the next year. As Oke (2006) emphasized, to support the newly instituted laws, these measures were rigorously pursued. This is because a very important function of capital in a bank is to serve as a means of absorbing losses (Soludo (2008), thereby, providing the capital protection for the depositors and creditors during the period of failures. Therefore, the capital requirement for banks with CBN may help to restore customers' confidence in the banking system; furthermore, CBN's action of raising the minimum financial holding from N2 billion in 2001 to N25 billion in 2005 was widely accepted and it was hoped that it will result in stronger banks in Nigeria (Soludo 2008; CBN 2009; Agwu and Carter 2014). According to Central Bank of Nigeria, (2010) report, the action has resulted in strengthening the lending ability of banks in terms of financing major projects in various sectors of the economy, especially the oil and gas industries as well as infrastructures and other sectors such as telecommunications, as well as helping the banks in diversifying their service delivery channels. However, with the minimum financial holding requirements of =N=25 billion, the number of banks in Nigeria was reduced from 89 to 25, and the banks are now able to maintain 93.5% of the deposit liabilities of the banking system (Central Bank of Nigeria, 2007, 2009). The reforms assisted in putting the banks in a better position to develop new technologies that will assist them to improve the ways they do business as well as the banking environment (Agwu and Carter 2014). Okereke (2007) and Okpara (2009) argued that foreign investors will be more prepared to do business in Nigeria with banks that is solid and managed by banking experts – this is because, the soundness of the banks determines the economic progress of a country.

III. CASE STUDY METHODOLOGY

This study adopted an inductive theory-building rather than a deductive theory-testing approach (Yin, 2008). This choice is consistent with the methods adopted by Rafferty and Griffin (2006); Hillier, et al., (2007); Littler and Gandolfi, (2008). We employed the case study methodology. Yin (2008) and Saunders et al., (2009) stressed that case study method focuses upon a phenomenon within its real-life context by obtaining data from a multitude of sources in order to comprehensively investigate and analyze the phenomenon in-depth. Furthermore, Yin (2008) stated that case study method has the capacity to generate theory. Creswell (2009) contend that the selection of cases in qualitative case study research is purposeful and involves the use of replication rather than

sampling logics. Silverman (2005) also argued that the selection of individual cases depends largely upon the conceptual framework developed in the literatures reviewed and prior theories. Yin (2008) adds that the ultimate underlying principle of the selection procedure is selecting "information rich cases". This study has purposefully selected ten study cases. The banks selected in this study have engaged in mergers and acquisition as well as downsizing exercises. Documentary analysis and face to face interviews with senior, middle and operational managers of the ten banks were conducted. The selection of participants for this study was premised on two factors; "downsizing drivers" (i.e. those in authority who make the rules and are actively involved in the planning and execution) and "downsizing survivors" (i.e. a staff who survived the exercise). In both cases, however, and to qualify to be accepted as a participant, a participant must have been part and parcel of the organisation before, during and after the downsizing exercises. Participants in this study were regarded as informants (Gill and Johnson 2010) as it is expected that they will provide useful information that will ultimately be used to build theory (Bryman and Bell 2011). Virtually all the participants did not give their consent for the interview to be tape-recorded, hence the researchers took notes and later transcribed same ad-verbatim, and this data constituted the raw material for the research. However, the overall figure was consistent with the case study literature that suggests the number of conducted interviews to be ten to twenty participants (Yin, 2008; Saunders et al, 2008; Gill and Johnson, 2010; Bryman and Bell 2011).

A. Organisational samples

The Nigerian banking industry was the focus of this study due mainly to the extensive downsizing activities that occurred and still occurring due to the after effect of mergers and acquisitions and the stiff competition in the Nigerian financial system. About half a million people work in various financial organisations in Nigeria. In addition, several organisations serve as suppliers and the banks have more than twenty million active customers. The capitalization exercises of 2005/2006 by the Central bank of Nigeria required commercial banks to maintain a minimum balance of twenty five billion naira. The ten banks selected for this study have branches in all states, towns and some villages in Nigeria. Some of these banks also have subsidiaries which are either still existing or closed. Each of the banks in this study had engaged in the mergers and acquisition as well as downsizing activities.

B. Data collection

Creswell (1994, 2009) stated that qualitative design of a particular study is a valuable instrument with which a researcher can effectively capture the cultural beliefs and behaviour within a particular group or people. Interviews was chosen over close-ended questionnaires because of their adaptability and ability to probe and investigate (Robson,

2002, Glesne, 2006; and Bryman and Bell (2011). Therefore, interviews were conducted with top managers of the selected banks. The decision making rationale as well as the visible activities of top managers were investigated through these interviews. The interview questions dwelt more on downsizing strategies, organisational characteristics, organisational changes, approaches to quality, organisational culture, communications patterns, and organisational effectiveness. Finally the findings were integrated and organised on the basis of the interview questions.

C. Findings

1) Organisational effectiveness

Several years after the first wave of massive downsizing in 2006, and many more downsizing occasioned by strategic alignments as well as competitive needs, ratings by organisational members were obtained on the extent to which their performance had improved as a result of downsizing. The various levels of organisational performance were discussed. Four of the top managers interviewed stated that they implemented downsizing gradually and incrementally (This is consistent with the findings of Gandolfi and Hansson 2010, p.738). However, the other six managers stressed that a rapid and quick fit approach to downsizing was their preferred method. The aftermath of the various discussions, in both cases, was captured in the words of participant 8: [*'delaying was consistent with performance and customer trust and the customer base are attestation to the exercise'*]. We however concluded based on the various discussions and documentary reviews that the firms that are greatly improved were those that prepared for downsizing in advance. And we noted from the documents reviewed that they prepared for downsizing in advance by investing time, resources, in a systematic analysis of various tasks, personnel skills, resource needs, time, etc. These meticulous planning and strategic approach enabled the concerned banks to surgically eliminate roles that are not needed, processes that are obsolete, and positions that are conflicting. This also enabled these banks to identify areas in which additional investment and growth might be needed. We however, deduced that the later approach are much more result oriented than the former. One of the banks today ranks top among equals and have engaged, more than the others in the downsizing exercise, however, the manager, participant 3, described the communication processes associated with their mode of downsizing thus: [*the exercise was not the brainchild of the top management alone; however, the middle and lower management cadre were also involved. Suggestions were sought from them over a long period on what and how downsizing within the bank should be implemented*]. This, according to him is the result of the high level performance of the bank. Guthrie and Datta (2008) stressed that increased participation and discretion given by employees in determining changes in their work place have been found in the past to produce increased efforts. All the banks in this study did not fare well with their downsizing

exercise. Documentary analysis and interview of participant 9 is a pointer to this assertion. Facts and figures show that the exercise was not as successful as it was in some of the other banks. Participant 9 summed this up thus: [*'the fire-brigade approach was adopted as a strategy, however, the replacement of those disengaged was not as swift and this rubbed off on performance'*]. Fisher and White (2000) assert that this is a common-across-the-board downsizing approach which often leaves the organisation without crucial skills and human resources. Furthermore, Hillier, et al., (2007) argued that pursuing downsizing strategies without also pursuing quality improvement strategies was not helpful to organisational performance.

2) Financial

Due to the sensitive nature of the desired information, most of the banks were not willing to produce statistical evidences to back up their blotted claims of financial improvement as a result of the various downsizing exercises. Though the downsizing literature portrays an overwhelmingly negative picture of the financial benefits of downsizing; findings however proved otherwise with respect to some Nigerian banks based on the information gathered from annual reports and newsletters. The annual reports of three of the banks showed a remarkable financial increase. There is also evidence on the annual reports to show a bigger balance sheet as well as increase in the customer base. This is however, not unconnected with the mergers and acquisition which is based on the directive of Central Bank of Nigeria requiring all banks to maintain a minimum deposit base of twenty five billion. The financial increase can therefore be ascribed to the fact that the bank are beginning to regain the trusts of the Nigerian banking customers. On the other hand, the other banks did fare well since the downsizing. Hillier, et al., (2007, p.486) asserts that the overall picture of the reported financial effects of downsizing is usually bleak, in furtherance of this, they stated that some firms have reported financial improvements however, Guthrie and Datta (2008) posits that the majority of downsized firms have not been able to reap improved levels of efficiency, effectiveness, productivity, and profitability.

3) Human cost

Datta, et al., (2010) argued that the human costs of downsizing are far reaching as well as extensive. Within the banks sampled, downsizing was viewed from various angles, however, three will be stated and explained – these are the executioners, victims and survivors. The executioners in this context are the bank management teams, the victims are those affected and the survivors are the employees that remain with the banks after the downsizing have taken place. Data collected from three Human Resource Managers who participated in this study identified negative symptoms as a result of the downsizing exercises; as summed up in the words of participant 2: [*'most symptoms noticed on the survivors are far-reaching but some are strange behaviours laden with*

fear, set of emotions, and negative attitudes’]. These clearly corroborates Agwu and Kadiri (2014) who asserts that downsizing engenders a variety of psychological states in survivors, namely, guilt, positive inequity, anger, relief, and job insecurity. Participant 4 also states that within the first two quarters after the major downsizing exercise, the survivors showed signs of decreased levels of morale and displayed attitudes such as lack of trust towards management.

4) *Victims, survivors and organisational consequences*

Findings of study further revealed that in most of the banks sampled, the victims, survivors as well as the organisation are affected greatly as a result of the downsizing exercises. Evidence from the data showed that victims receive severance packages but no hope, in some individual cases, of finding a job for a steady income soon after. Findings further revealed that the survivors on the other hand undergo high level of stress and unlike the victims; they receive little or no support from the management, furthermore, they generally find themselves with increased workloads and job responsibilities while frequently receiving few or no resources, training, and support. To the organisation, it is a relief, this hinges on the fact that employees is regarded as a component of the operating costs, therefore the organisational benefits include lower overheads, less bureaucracy, faster decision making, smoother communications, greater entrepreneurship, and increased productivity, etc.

IV. DISCUSSION, CONCLUSION AND RECOMMENDATION

The case study established the various implementation strategies adopted by the sampled banks. It also sought to determine the effect of downsizing on the victims, survivors and the organisations. Two key findings emerged in the course of data analysis.

Firstly, findings revealed that all participants and their respective banks engaged in workforce downsizing practices between 2006 and 2012. Most of the managers who participated in this study indicated that downsizing is necessary to right-size their banks and sees such as a quick approach to organisational problems. However, very basic issues such as job redesigns, merging of units, abolition of functions, etc, were not seen as important, hence the job overload on the survivors. Some of the tops managements stressed that their first preference in addressing the various banks’ issues was delayering. This is because; the employees are often regarded as a cost rather than an asset.

Secondly, it was discovered in the course of the data analysis that various banks adopted different implementation strategies in the course of carrying out their downsizing exercises. Four of the banks specifically adopted overboard downsizing without recourse to organisational redesign strategies. It was however noted that these four banks have fewer customers compared to the rest six as well as smaller balance sheets and their performances are average. This is

often blamed on the heavy work-loads on the ‘survivors’ coupled with the emotional effects. In contrast however, the other six banks reported broader implementation strategies. There seems a balance between the job and the survivors. New recruits were also at hand to ensure a soft landing. These six banks also applied systemic strategies such as continuous improvement, bottom-up change, and staff involvement in all cadres of management. Various downsizing scholars have studied and still studying the survivor syndrome and the exhibited behaviours at the workplace by individuals. In conclusion, many survivors exhibit work behaviours and attitudes that are dysfunctional (Spreitzer and Mishra 2000; Macky 2004; Mirabal and DeYoung 2005; Littler and Hansson 2007; Itami and Nishino 2010) to the firm and to the individuals work performance. Agwu and Kadiri (2014) stressed that the impact of downsizing on the survivors is believed to be one of the major reasons for the failure of downsizing efforts and their ensuring long-term problems.

Findings of this study as well as some studies have shown positive organizational outcomes following downsizing (Bean and Hamilton 2006; Boerner, et al., 2007; and Datta, et al., 2010). However, Gandolfi and Neck 2008) stressed that majority of restructurings and downsizings fall short of objectives.

While there must be an acknowledgment that downsizing is sometimes the hefty price paid for mismanagement and serious strategic errors at the executive levels; Gandolfi (2006) stressed that there are three social forces that precipitate downsizing efforts; constraining, cloning, and learning forces. Constraining elements force top management to resort to legitimate managerial actions. Executives are frequently expected to reduce workforce levels and employee cuts are seen as good business practice. In contrast, cloning forces are the result of benchmarking and competitive imitation. Reacting to uncertainty, managers display that they are in control and that they are engaging in a practice that addresses the organizational decline. Finally, learning, as the third force, takes place through educational institutions and professional associations. It is on record that cost accounting methods encourage downsizing as a legitimate business activity. Therefore, firms engage in downsizing for a number of reasons; some of them have economic reasons while others are of social origin as documented in the findings of this study. This clearly means that the executives need to pay considerably attention to survivors if they are serious about executing downsizing successfully and harnessing its gains. This includes a clear strategy on how to take care of the survivors during all phases. Finally managers need to make sure that the survivors receive full access to counselling, support, help, and retraining as well timely, honest, and unbiased information.

V. LIMITATION AND FURTHER STUDIES

The small sample size in this study limits the generalizability of the findings in that they may not be

generalized across entire Nigerian financial institutions. The study also solely focused upon ten banks out of 22 banks, future research could consider the entire commercial banks in Nigeria. Furthermore, a comparative study of the banks and other organisations can be explored.

REFERENCES

- [1] Agwu, M.E. and Kadiri, I. (2014) Analysis of critical strategic factors for the successful implementation of poverty alleviation programmes in Nigeria. *International Journal of Computational Engineering & Management*, Vol. 17(1) 1–9, January 2014
- [2] Agwu, M.E and Carter, A.L. (2014) Mobile phone banking in Nigeria: benefits, problems and prospects. *International Journal of Business and Commerce* Vol. 3, No.6: Feb 2014 [50-70]
- [3] Amundson, N., Borgen, W., Jordan, S. and Erlebach, A. (2004), Survivors of Downsizing: Helpful and Hindering Experiences, *The Career Development Quarterly*, 52: 256-271.
- [4] Astrachan, J. H. (2004). Organizational departures. *Journal of Applied Behavioural Science*, 40(1), 91-111.
- [5] Bean, C J. and Hamilton, F.E. (2006): Leader framing and follower sense making: Response to downsizing in the brave new workplace. In: *Human Relations*, 59, 321-349
- [6] Beylerian, M., & Kleiner, B. H. (2003). The downsized workplace. *Management Research News*, 26 (2-4), 97-108.
- [7] Boerner, S., Eisenbeiss, S., and Griesser, D., (2007). "Follower behaviour and organizational performance: The impact of transformational leaders", *Journal of Leadership and Organizational Studies*, Vol. 13, No.3, pp.15-26
- [8] Brockner, J. (1988), "The effects of work layoffs on survivors: research, theory and practice", in Staw, B.M. and Cummings, L.L. (Eds), *Research in Organizational Behavior*, Vol. 10, ch. 10, JAI Press, Greenwich, CT, pp. 213-55
- [9] Brockner, J., Davy, J. & Carter, C. (1985), Layoffs, self-esteem and survivor guilt: motivational, affective, and attitudinal consequences. *Organizational Behavior and Human Decision Processes*, 16: 229-244.
- [10] Bruton, G. D., Keel, K. J., & Shook, C. L. (1996). Downsizing the firm: Answering the strategic questions. *Academy of Management Executive*, 10(2), 38-45.
- [11] Bryman, A. & Bell, E. (2011). *Business research methods*. 3rd ed. Oxford: Oxford University Press.
- [12] Carswell, P. (2002), Organizational downsizing: gain from the pain? *University of Auckland Business Review*, 4 (1): 71-82.
- [13] Casio, W.F. (2003). Responsible Restructuring: Seeing employees as assets, not costs. *Ivey Business Journal Online*, November 2003, 1-5
- [14] Casio, W.F. (2002). *Responsible Restructuring: Creative and Profitable Alternatives to Layoffs*: Berret Koehler Inc, San Francisco
- [15] Chadwick, C., Hunter, L. and Walston, S. (2004). Effects of Downsizing Practices on the Performance of Hospitals, *Strategic Management Journal*, 25(5): 405-420.
- [16] Creswell, John W. (2009). *Research design: Qualitative, Quantitative, and Mixed Methods Approaches*. 3rd ed. California: Sage Publications.
- [17] Datta, D.K., Guthrie, J.P., Basuil, D., and Pandey, A. (2010). Causes and effects of employee downsizing: A review and synthesis. *Journal of Management*, 36(1), 281-348
- [18] Devine, J., Reay, T., Stainton, L., & Collins-Nakai, R. (2003). Downsizing outcomes: better a victim than a survivor? *Human Resource Management*, 42(2), 109-124.
- [19] Dolan, S. and Belout, A. (2000). 'Downsizing without downgrading: learning how firms manage their survivors'. *International Journal of Manpower*, 21(1), pp.34-46
- [20] Easterby-Smith, M., Thorpe, R., and Jackson, P.R. (2008), *Management Research*, 3rd ed., Sage Publications Ltd., pp. 55 – 59, in (Kuhn, T.S. (1962), *The Structure of Scientific Revolution*. Chicago, IL: University of Chicago Press.
- [21] Elstein, A. (2008) Research: 22,000 jobs cut on Wall Street, with more to come. *Crain's New York Business, Workforce Management*. Accessed 30th August 2013 from <http://www.workforce.com/section/00/article/25/56/87.html>
- [22] Farrell, M. and Mavondo, F. (2004), The Effect of Downsizing Strategy and Reorientation Strategy on a Learning Orientation, *Personnel Review*, 33(4): 383-402.
- [23] Fisher, S., & White, M. (2000). Downsizing in a learning organization: Are there hidden costs? *Academy of Management Review*, 25(1), 244-251.
- [24] Freeman, S.J., (1994). "Organizational downsizing as convergence or reorientation: implications for human resource management", *Human Resource Management*, 33 (2), 213-238
- [25] Gandolfi, F. (2006), *Corporate Downsizing Demystified: A Scholarly Analysis of a Business Phenomenon*, The ICFAI University Press, Hyderabad, India.
- [26] Gandolfi, F., and Hansson, M. (2010). Reduction-in-Force (RIF) – New developments and a brief analysis of a business strategy. *Journal of Management and Organisation*, 165(5), 727-743
- [27] Gandolfi, F., Neck, P., (2008). "Consequences, payoffs, and fallout of downsizing (A literature review of corporate downsizing: Part 3)", *Review of International Comparative Management*, 9 (1), 55-78
- [28] Gill, J and Johnson, P. (2010) *Research Methods for Managers*, (4th ed.) Paul Chapman
- [29] Guthrie, J.P., and Datta, D.K. (2008) Dumb and dumber. The impact of downsizing on firm performance as moderated by industry conditions: *Organisational Science*, 19, 108-123
- [30] Guo, C. and Miller, J.K. (2009), "Organisational justice and fairness in China: an inductive analysis of the meaning and dimensions", 2009 Best Paper Proceedings of the Academy of Management Annual Conference, Chicago, IL
- [31] Gumusluoglu, L., and Ilsev, A., (2009). "Transformational leadership, creativity, and organizational innovation", *Journal of Business Research*, Vol. 62, pp.461-473
- [32] Hillier, D., Marshall, A., McColgan, P., and Wream S. (2007). Employee layoffs, shareholder wealth and firm performance: Evidence from the UK. *Journal of Business Finance and Accounting*, 34(3-4), 467-494
- [33] Hopkins, S. M. and Weathington, B.L. (2006): The relationship between justice perceptions, trust, and employee attitudes in a downsizing organisation. In: *Journal of Psychology*, 140, 477-498.
- [34] Itami, H. and Nishino, K., (2010) Killing two birds with one stone: profit for now and learning for the future, *Long Range Planning*, 43 (2-3), 364-369
- [35] Lindgreen, A., Palmer, R., Wetzels, M., and Antioico, M., (2009). "Do different marketing practices require different leadership styles? An exploratory study", *The Journal of Business & Industrial Marketing*, Vol. 24, No. 1, pp.14-26
- [36] Littler, C.R., Gandolfi, F., (2008). "What happened to downsizing? Organizational continuity, managerial fashion, & signaling", *Academy of Management Conference, Anaheim, LA*
- [37] Littler, C.R. and Hansson, M. (2007): Closure and downsizing: *Integrating overlapping literatures*. Academy of Management Annual Conference: Philadelphia, PA
- [38] Macky, K., (2004). "Organisational downsizing and redundancies: The New Zealand workers' experience". *New Zealand Journal of Employment Relations*, 29 (1), 63-87
- [39] Mann, J., (2009), Systematic Innovation for Business and Management Experiences. <http://www.systematic-innovation.com/Articles/Articles.htm>. Accessed 20th October 2013)
- [40] Merriam, S. B. (1998). *Qualitative research and case study applications in education*. San Francisco: Jossey-Bass
- [41] Mirabal, N. and DeYoung, R. (2005), Downsizing as a Strategic Intervention, *Journal of American Academy of Business*, 6(1): 39-4
- [42] Noer, D. (1993), *Healing the Wounds: Overcoming the Trauma of Layoffs and Revitalizing Downsized Organizations*, Jossey-Bass, San Francisco, CA.
- [43] Rafferty, A. E. and Griffin, M.A. (2006), "Perceptions of organisational change: a stress and coping perspective", *Journal of Applied Psychology*, Vol. 91 No.5, pp. 1154-62
- [44] Silverman, David. (2005). *Doing Qualitative Research*. SAGE Publication, London, Thousand Oaks, New Delhi

- [45] Smithikrai, C., (2007). "Personality traits and job success: An investigation in a Thai sample", *International Journal of Selection and Assessment*, Vol. 15, No. 1, pp. 134-138
- [46] Spreitzer, G. M. and Mishra, A. K., (2000): An empirical examination of a stress-based framework of survivor responses to downsizing: In RJ. Burke & C.L. Cooper (Eds.), *The Organization in Crisis: Downsizing, Restructuring, and Privatisation*, Oxford, Blackwell. pp 97-118.
- [47] The Associated Press (2007), *Heinz Earnings Fall on Costs of Downsizings*, March 1, 2006.
- [48] Weiss, D.C., (2008). "Humour columnist takes aim at stealth layoffs", *ABA Journal*, May 23, 2008
- [49] Williamson, P.J., (2010), 'Cost innovation: preparing for a value-for-money' revolution' *Long Range Planning* 43 (2-3), 343-353
- [50] Yin, R. K. (2008). *Case study research: design and methods* (4th ed.). Thousand Oaks, CA: Sage