

The Impact of Downsizing on Trust, Loyalty and Employee Morale in Surviving Employees of the Organisation – A Review

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Abstract

In the firm or the corporate world, downsizing mean a small population density in an organization. It also has a review paper of 20 investigation paper reviews got from Research Gate and Google Scholar, for analysing how trust, loyalty and employee morale contributes to the surviving employees for deciding an firm al downsizing. In fact the reviews which are comprised of Methods is more of cross sectional method type. to the result of this work, redundancy has been considered change which has rather negative impact on survivors and more often does not meet the objectives for which it was justified, and has other implications thereby; therefore, firm al downsizing has effects on trust, loyalty, and employee morale in surviving employees. They change total employee perception, workers are eager to do their job and responsibilities, so motivation to work over and above is eliminated as there is high possibility one be pulled down in number; thus downsizing has negative effect on trust, loyalty and job satisfaction of remaining employees. The reviews are made up of cross sectional approaches. The investigation also reveals that according to the survivors' perception, redundancy is indeed deemed to be one of the most toxic change management activities and it can seldom fulfil goals for which it is called and has a range of underlying effects. Therefore, it can be clearly said that the process of firms downsizing does have the negative effects of trust, loyalty and morale which is in the surviving employees. It changes the overall outlook and anyone at work feels insecure any time they are at work. Therefore, their commitment to work decreases over time because they do not feel that at any given time; they will be laid off to compensate for the reduced number. Therefore, downsizing results in negative organizational consequences on the various key stakeholders including the surviving firms downsizing.

Key Words- trust, loyalty, employee morale, organisational downsizing

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Introduction

In the firm or the corporate world, downsizing literally mean the process whereby an firm cuts the number of people it employs. Some users also split it into the reducing from a layoff; with reducing taken to mean a permanent down sizing and a tool for layoff which was believed to be temporary down sizing to be followed by recall to work later. The following is how on businesses are able to employ downsizing and one of them is to request employees to retire early though they will be transferred to the subsidiary organisations, the usual and most popular method is to tell some employees that they are no longer needed. It is possible to define downsizing within capabilities that are built by the firm with an objective of reducing employees, which affects the functional capacity of a firm in the process. A goes further to explain that downsizing is a concept which Cameron (1993) explained as a set of activities which are performed an

a firm in order to bring out enhance receptiveness as well as productivity The same author added that downsizing has at least four aspects that help one to try and distinguish downsizing the attributes which may include intent personnel and work processes. In fact, there has been possibly a wave of global downsizing of employees in many other firms since the early 2000's most probably due to the availability of automated technologies. With regards to the intension of the focus a question could be asked at what size should firms follow the focus to adopt a downsizing policy framework so that procedural and efficiency should be done firms downsizing has recently emerged as a significant issue that needs to be discussed to address the question of equal employment opportunity Later that same month employees were taken back. Some of methods used by Businesses in the Act of downsizing are; Early retirement offers and transferring of employees to

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subsidiary companies; The most popular and widely practiced technique however, is the dismissal of employment of a certain number of people instantly. Downsizing could therefore is simply a strategy which the firm establishes in an effort to scale down the employee's density and this impacts the works of a firm. In it, it describes some actions that are carried out in other to achieve the desired efficiency level aspiring at. We can as well understand that while downsizing as defined by Cameron (1993) is really a simple concept which anyway has only essentially four components and which have the potential to always take us to a distinction between the two concepts where as one is for a few years, the other is for ever where the layoff is definitely for ever. These attributes may be best defined as being intentional, and of personnel and work processes, the following descriptions apply. As from the year 2000 there appeared to have been probable signs of initial worldwide reduction of employees in many other firms. A question can be posed: the extent to which firms have committed on the process of adopting downsizing policy framework asserts that procedural and efficiency should be done; firm downsizing has in recent years emerged as a crucial organizational phenomenon that must be accorded attention for ensuring employment equity to be achieved.

1. *Langster et al.,2003* This paper therefore aims at undertaking a systematic review so as to special insight of the effects of an organisational RNIF on the surviving nursing staff. For the literature review, criteria applied were publication in English, participants aged 18 years and above, and articles issued from January 1990 to October 2019. The studies included met the following criteria: written, published and peer reviewed and restricted to articles in English The following learning type were included: original articles, review articles, research articles, notes, case reports, editorials, letters, learning points, short reports, updates, meta-analysis, life table analysis and guidelines. However, newsletters containing articles in languages other than English including Other Book Chapters "OBC's", abstracts were omitted. The present work undertakes a scoping review of literature regarding the Responsible Individual Leave (RIF) undertaking to demonstrate how downsizing nurtured an unfavourable view of workers' handling in the future. Outcomes can be synthesized to four different groups: the perceived negative impacts are dissatisfied employees, low

organizational productivity, high sick leaves utilization and high turn-over rates high stress, low energy, low productivity, high number of sick leaves used, low engagement, low life satisfaction, and high level of burn out On the other hand, high trust business organization employees reported low stress, high energy, high productivity, low sick leaves used high engagement, high life satisfaction, and low burn out. Employment downsizing to improve the productivity of the organisations was evidenced in 34.4 percent of the organisations that stated that they have practiced downsizing. A quarter of the time profits increased and even more often, in 30.1% of the sample, they declined. The worries of employment reduction have led to statistically significant improvements in patient ischemia, the cholesterol level, and body mass index. They also established small rise in the rates of divorce and alcohol consumption. Mortality and morbidity have generally increased. The investigation indicates that the most important firm impact of such a breach is the loss of trust felt by the remaining employees, which is closely related to a decline in productivity, a loss of morale, and disengaged employees who spend time thinking about or looking for work elsewhere. A decline in morale, trust, and subsequently loyalty to the firm are among the long-term effects of firm downsizing on the survivors. Because of the lack of trust, downsizing survivors are more likely to be looking for work in another company(Langster & Cutrer, 2021).

2. *Campbell-Jamison et al., 2001* assumed a learning to look at how downsizing and redundancy affect the people still working for an firm following massive redundancy programmes. Despite the fact that there have recently been a lot of investigation of this kind, our job is to examine two distinct studies that have looked into this phenomenon. The first research investigates how layoffs affected a freshly privatised UK firm. Given the drastic changes that have afflicted UK firms that have undergone privatisation, we contend that this is a particularly promising area of research. The findings come from a qualitative, exploratory case learning that emphasises the individual. The findings of a UK survey that looked at the effects of change in both public and private sector firms are explored in the second learning mentioned in this paper. The consequences of redundancy from a firm perspective are examined quantitatively in this survey. Our investigation examines the effects of redundancy on two levels—

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the human level and the firm level—by examining these two studies. First, we look at how redundancy affects survivors' emotions, attitudes, and behaviours, as well as the management implications that follow, particularly how line managers' roles change in situations where there has been delayering and redundancy. Second, we examine the effects of redundancy on the firm in terms of firm motivation, loyalty, and job security where redundancy has occurred (Campbell-Jamison et al., 2001).

3. *Worrall et al., 2000* operated learning on how firm change affects surviving managers in firms where redundancy has been implemented, as opposed to firms where it has not. The five-year UMIST-Institute of Management investigation programme was designed to investigate the changing nature of managerial work in the UK and the effects of firm change on managers' sense of loyalty, morale, and motivation. The learning design was a narrative review of literature based on the results from the first three years' data. According to the findings, redundancy is viewed as a particularly harmful form of change by survivors and frequently fails to fulfil the goals for which it was justified, leading to a variety of unexpected consequences. Further investigation indicates that managers should be mindful of the negative effects of redundancy on not only individuals but also the culture of the smaller firm if it is to be pursued continuously as a strategy of change.

4. *Appelbaum et al., 1997* The assumed investigation also aims to review the literature of downsizing at the firm level and outline the key success factors of downsizing, or the guidelines to execute the downsizing processes effectively. One of the learning was to define downsizing and based on the literature review, the various ways in which firms undertake downsizing operations and based on the discussion, factors that make businesses employ downsizing. Discusses the justifications used by businesses for downsizing, the anticipated outcomes in terms of the economic and social repercussions, the techniques to downsizing (reorientation and convergence), and particular strategies such staff reduction, job redesign, and systemic strategy. Along with downsizing strategies, planning, involvement, leadership, communications, and assistance for victims and survivors are also explored. Exploration of survivors' reactions involves both laboratory tests and empirical studies. Included in the procedure are the function of trust and the human resource

specialist. The article is concluded with some suggestions.

5. *Ann Feldheim, 2007* operated a learning to decide how downsizing affected remaining employees. This article analyses downsizing in the public sector using the reinventing government reform of the 1990s and the cutback management movement of the 1970s. As a result of these developments, the public sector workforce and level of commitment to the public service ethic have decreased. This is due to reduction-in-force strategies, cutback management, privatisation, and contracting out. The outcome demonstrated that the employee's sense of obligation to the public good is severed when their trust in the system is betrayed by violating the psychological contract. The ramifications of downsizing for public administration in terms of ethics and management are then examined with an emphasis on preserving the psychological contract, employee trust, and the public service ethic.

6. *Mishra & Spreitzer, 1998* operated a learning to decide how downsizing affected remaining employees. This article analyses downsizing in the public sector using the reinventing government reform of the 1990s and the cutback management movement of the 1970s. As a result of these developments, the public sector workforce and level of commitment to the public service ethic have decreased. This is due to reduction-in-force strategies, cutback management, privatisation, and contracting out. The outcome demonstrated that the employee's sense of obligation to the public good is severed when their trust in the system is betrayed by violating the psychological contract. The ramifications of downsizing for public administration in terms of ethics and management are then examined with an emphasis on preserving the psychological contract, employee trust, and the public service ethic.

7. *Luthans & Sommer, 1999* operated a longitudinal, quasi-experimental field learning to provide a systematic, empirically based investigation of the effects that downsizing has on attitudes in an HCO—both for managers and front-line employees of a downsizing intervention in a healthcare organization. Measures of work attitudes (job satisfaction, organizational commitment, supervisor support, and workgroup trust) were taken at annual intervals over a 3-year period. Results partially supported the hypotheses that managers and front-line employees would report different reactions to downsizing programs. Explanations and implications

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for future investigation and practice are discussed. Downsizing experience did affect traditional organizational level attitudes such as satisfaction and commitment, while local measures such as attitudes about one's own work group were significantly affected. The results suggest that managers and employees are more likely to target their frustrations against the organization rather than against their immediate colleagues, suggesting a local-cosmo differentiation about the downsizing activities. Managers have a longer-term vision and frequently meet face-to-face and as a management team to be briefed on plans and progress. However, overall downward trends in commitment from managers and employees alike imply that both groups may not have felt as secure in their jobs as they had in the past. This learning found that change processes such as downsizing often bring about fear, anxiety, and resistance from key managers and employees. The lack of an interaction effect for each of the analyses suggests that even though attitudes of downsized departments declined, there were parallel declines in attitudes among members of non-downsized departments. This suggests that while some were experiencing the pains of downsizing, others were vicariously feeling its effect. Additionally, the difference in attitudes at baseline and the departments selected for intervention were not coincidental, suggesting that the lower attitude scores were a function of existing inefficiencies. These results confirmed the identification of where the intervention should begin. The most important details in this text are the impacts of the intervention on the organization's managers and staff, and the question of whether the cost savings were worth it. The HCO stated that service had improved, patient satisfaction had increased, and the average cost of a patient's stay decreased almost 15%. However, there is not enough information to decide the representativeness of the patient survey.

8. *Davis et al., 2003* operated a systematic literature learning to give a thorough analysis of downsizing literature written between 1985 and 2002. The findings and conclusions of these papers are generally contradictory, but the general consensus is that successful planning must take place long before, during, and after downsizing. Additionally, regardless of whether a firm intends to shrink or not, a downsizing plan should be incorporated in the strategic management plan. By implementing such a plan, the company will be more equipped to start the

staff-reduction process in the event that it is required to do so due to environmental changes. The organization's rehabilitation and growth depend on offering the workforce a lot of assistance and security. Lessons from this literature evaluation should help the healthcare industry.

9. *Fraher, 2013* operated a investigation of US airline pilots to investigate how corporate downsizing affected their commitment to the firm, morale, and sense of trust. The purpose of the learning is to evaluate recent investigation on downsizing and high-risk teams in order to identify knowledge gaps regarding how external factors like downsizing can affect operational performance of high-risk teams by increasing errors, distractions, and stress. one- to two-hour semi-structured interviews (43) and 127 detailed pilot survey responses from captains and first officers of major US airlines provided the data. Commercial pilots employed by reduced airlines noted an uptick in stress, diversion, and mistrust along with a commensurate decline in morale, commitment, and firm trust. The article adds to the body of knowledge on high-risk team performance and corporate downsizing. A lens through which to assess post-9/11 managerial decision-making in one high-risk industry, aviation, is provided by these insights, with implications for leadership in other risky industries.

10. *Tsai et al., 2007* In the post-downsizing era, a learning was done to examine employees' learning from the perspective of their psychological constructs, with the expectation that the results would serve as a crucial guide for developing HRM (human resource management) practises. In order to better understand downsizing, HRM practise, firms learning, and two psychological conceptions of employees—job satisfaction and learning commitment—we researched the literature. Both quantitative and qualitative investigation methodologies were used in this learning. For the quantitative learning, we employed questionnaire surveys, and for the qualitative learning, we used interviews and supplemental document analysis. To ensure consistency, we then compared the outcomes of these two approaches. The entire data collection process took more than two years. According to this learning's rigorous evaluations of both qualitative and quantitative data, "family relationships" and "interpersonal relationships" are the two most significant factors influencing employees' commitment to learning in the context of job satisfaction. As a result, they are now the key factors in determining learning commitment.

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11. *Ndlouvu & Parumasur, 2005* operated a investigation learning to examines the "survivor syndrome" and decides how the downsizing and transformation process affects morale, communication, trust, survivor dedication and loyalty, and prospects for professional growth. An employee/survivor stratified random sample of 361 people from a branch of a motor manufacturer that had undergone a significant transition was used for the learning. Data were gathered using a self-created questionnaire, and descriptive and inferential statistics were used to analyse the results. In order to give change managers a competitive and strategic advantage, the learning develops a framework or model of crucial change implementation aspects and recommendations.

12. *Cloete & Jano, 2007* operated a investigation learning with aim to look into the firm commitment of those workers who survived and stuck around the retail firm after a downsizing procedure. An objective, non-probability quantitative convenience sampling design was used for this investigation. Males and females from various ethnic groups made up the sample (N=150). The Organizational Commitment Questionnaire (OCQ) and a self-developed biographical questionnaire were both utilised to collect information. Analyses of statistical data used both descriptive and inferential statistics (the Pearson Product-Moment Correlation Coefficient, Multiple Regression Analysis and Analysis of Variance). The learning's findings show that employees' levels of loyalty to the company are below average. More particular, it was discovered that affective and normative commitment are directly and favourably related. A statistically significant link between affect and continuation commitment was also discovered. The connections between the biographical factors, namely tenure, gender, and age, and organisational commitment, were shown to be statistically significant. The current learning 's limitations are presented, and suggestions for the structure

13. *Arshad & Sparrow, 2010* operated a investigation learning to test empirical test of a model of antecedents and consequences of psychological contract violation (PCV) caused by the experience of downsizing. A longitudinal survey method was used to collect data at two different points in time (a month after downsizing, and eight months later) from a sample of 281 survivors from a large Malaysian organization going through downsizing. Respondents

were from the headquarters (HQ), factories and subsidiaries located across the country and were employed across hierarchical positions including managers, supervisors, technical, operating and administrative staff. A causal model is proposed and tested. The model proposes that the perception of justice and negative affectivity at time 1 (T1) predict PCV, which in turn predicts three attitudinal and behavioural outcomes of commitment, organizational citizenship behaviours (OCBs) and turnover intentions at time 2 (T2). Three variations of the model (fully-mediated, partially-mediated and unmediated) were tested with structural equation modelling. The results show that both the perception of justice and negative affectivity significantly predict PCV, and that there is a direct effect between PCV and commitment, an indirect effect between PCV and OCBs, and both direct and indirect effects between PCV and turnover intentions. The findings demonstrate the utility of psychological contract framework in explaining survivor reactions to downsizing. And future investigation are suggested.

14. *Nyamikeh, 2017* operated the investigation learning to examine how downsizing affected the morale of the remaining staff. Using focus groups with employees in different departments of ten insurance companies in the Ghanaian insurance industry and unstructured interviews with line managers, human resources managers, and union executives, researchers discovered that downsizing is equivalent to a breach of the psychological contract workers have with management. Once more, it has a negative impact on staff morale, increases absenteeism and labour turnover, decreases job satisfaction, and worsens employee performance. These results contradict prior investigation showing that morale is high among surviving employees.

15. *Maertz Jr et al., 2010* conducted a learning to compare Griersons who had gone through layoffs, outsourcing, offshoring, and all sorts of combinations with a group of employee who had not. Employed layoff survivors' organisational perception was seen in inferior organisational performance, job security, effect for affective and calculative attachment, and raised turnover intentions. However, as compared with the no-downsizing group, outsourcing survivors did not do worse in overall outcomes but did perceive their organization, their job, and themselves as performing less well, as being treated less fairly, and as having less positive affective attachment. Overall, it was found that the effects of layoffs were less

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favourable than effects of the other forms of downsizing.

16. *Allen et al., 2001* used a learning to examine alterations in survivors' attitudes following an organisational downsizing utilising the work role transitions theory as a guiding framework. At three distinct points, 106 managers who had been downsized supplied information on organisational commitment, turnover intentions, job participation, role clarity, work overload, contentment with top management, and satisfaction with job security. Even though the results generally showed that downsizing had a considerable impact on work attitudes, that the impact varied with time, and that the initial impact was generally unfavourable, diverse patterns of results were also noted among the job attitudes analysed. For instance, while job involvement declined with time, top management satisfaction grew. The results also showed a strong relationship between changes in organisational commitment and turnover intentions and changes in role clarity, role overload, satisfaction with top management, and job security. Additionally, changes in job engagement moderated a number of associations, making it so that when job involvement was higher than when it was lower, there was a stronger relationship between the independent variable and the outcome variable. The findings' theoretical and practical ramifications are examined, as well as future learning objectives.

17. *Dlouhy & Casper, 2021* operated a learning to decide the impact that higher expectations and reduced resources would have on the health and engagement of surviving employees. We view downsizing as a stressor event and explain its connection to worker health through the demands of the job. In addition to its association with employee involvement through the job resources, work overload and job insecurity are (two) job demands. Job resources include supervisor assistance and possibilities for advancement. We demonstrate that job demands mediate the negative link between downsizing and employees' psychological and physical health, and that job resources mediate the negative relationship between downsizing and engagement using data from two sizable representative samples of German employees. The notion that job resources our learning fails to provide evidence for mediating the effects of downsizing on the health of the remaining staff or suggesting that job demands enhances the influence of downsizing on the participation of the remaining employee. We discuss

how these emergent findings extend the knowledge of downsizing and present specific practical implications for human resource managers.

18. Hence *Knudsen et al., 2003* undertook a learning whereby data from the 1997 National Employee Survey and structural modelling techniques were used to compare the socio-demographic indicators, job characteristics and organisational environment of workers down-sized and workers not down-sized in order to explain why lower organisational commitment was exhibited by the survivor. Everyone agreed with the theory that dedication was a direct and indirect determinant of the reduction of survival rate. They found that compared to the workers who were not working there when the accident occurred, the survivors were less dedicated. Also, these results support H2 in that the Downsizing Survivor index was lower among the downsizing survivors because it was positively associated with job stress, and negatively with the perceived organisational support. Altogether, this work suggests to those companies, which decide to downsize, to think about how to modify work process to decrease job stress and to choose the organisational behaviours which are supportive to the remaining employees.

19. *Paulsen et al., 2005* concluding employment uncertainty research on growing employment uncertainty with an endeavour to construct a model for individuals who face a layoff and other individuals who do not. Two surveys, one pre and one post were used for assessing the level of USA employee involvement and participation Before the announcement of the staff redeployment and downsizing, as well as during and toward the completion of the downsizing implementation. In each sample, the population consisted of the employees in a public hospital. As anticipated, on emotional tiredness and job satisfaction, the degrees of the job uncertainty and personal control utilized were direct opposites of one another. An evaluation of outcomes depicting variations in patterns consistent with the three phases of a change event provided evidence for the postulation of the relationship between job insecurity and employee adaptation through the identified mediator, personal control. This supported the hypothesis that work insecurity, control and satisfaction went up or were stable from the organizational climate perspective as organizations downsized. Perceived job instability did not differ between the two worker groups at the implementation phase, where self-identified victims and survivors

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responded similarly; however, survivors reported greater levels of personal control than victims. We discuss how our results may help offer recommendations on when, how and why uncertainty might be strategically managed before during and after the organisational change process.

20. *Kalimo et al., 2003* was carried out with the aim to establish the effects of anticipation of future downsizing and previous downsizing on the health of the workers. The initial findings of a survey with 1297 employees from Finland will be discussed as well as the analysis of the variances and structural modelling findings. Self reported experience of OD or the recommendation of more OD in the future with organizational inequality, which in turn was positively related to psychological distress, orientation to pessimism cynicism and absenteeism. That inequity moderated only partly the relationship between downsizing and wellbeing was because downsizing had direct effects on stress, cynicism, and absenteeism in terms of past/anticipated future downsizing. In addition, it was discovered that the nature of downsize had an implication on wellbeing.

Methodology

The rationale for this learning is to value the impact of downsizing on the remaining organisational employee's trust, organisational commitment, and organisational citizenship. Consequently the study intends to assess the impact of downsizing in firm in so far as the confidence of employees, their allegiance and job satisfaction is concerned. The types of learning used in the current learning are cross sectional studies

Results

Despite the fact that, after reading of 20 review papers, the contemporary studies provided evidence of relationship between the organisational downsizing and trust and loyalty and the morale of the company's employees. They said that downsizing reduces organisational trust, organisational loyalty, organisational commitment and overall job satisfaction because when employees are doing their duties performing their duties and if they heard many people in the same organisation they feel lucky still working with the company and the morale starts to decrease because you might be the next to be fired thus downsizing has a negative impact on trust loyalty commitment and satisfaction in employees

Discussion

Refer to the concept of scaling As you scale something, you are basically shrinking or lessening it, interfering with the valuable hierarchy of in a way of the general demeanours of the workforce and therefore denying the dynamics of the accomplishment and accountability of representatives Structural employees may perceive this as possibilities of mobility or promotion within the company The rest who remain of scaling down are left with limited of the organization they can exercise. Since there is no representation to a similar level of work, survivors may understand a far greater motivation to perform as they see a greater work importance which may lead to greater skill utilisation and organisational commitment The survivors' disorder reveals that when the employees are dismissed due to downsizing the remaining employees feel low and insecure they think that they are lucky enough that they still work with the company there

Conclusion

Last but not the least, a very limited area of the firm for which the survivors have comfort to perform remains operational after downsizing. This means that because the same amount of work is being produced with less number of people, survivors could get more motivation to perform because they think that task importance is bigger, thus could apply their skills more and be more committed to the firm Survivor's syndrome also has to do with how some of the survivors react when many of their friends or co-workers are let go by an firm also notes that while there are survivors who tend to feel guilty

Practical implications

Downsizing has positive effect in the successfully of the organisational change thus the general tendency of the staff in eradicating the satisfaction and commitment of the employees may deem it as an opportunity to ladder within the organisation The organisational after downsizing survive to face the challenge of completing the tasks formerly done by their counterpart in an organisation that operational n is leaner. The rest of employees are fewer proportion of the firm where they can work without much pressure As for the aspect of task perception especially as to the importance, there is more demand for skill and organisational commitment from the part of the firm once downsizing has taken place. In as much as the various survivors appreciate the amount of work as being relative to the amount of work to be performed several survivors know that we are on their side and thus several of the motivation towards

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performance, skill and organisational commitment of downsizing have perceived the work as significant and are left with the challenge of doing the work of their former partners, peers in an organisation that is smaller and not as diverse. Since the survivors have equal work load with many less people; they could maybe work harder since they have more frequent perceived task importance, and in result they practice more skill implementation and organizational reliability in the firm. As the aim is to achieve the same amount of work with less number of employees, the survivors can get a greater motivation level since they are likely to perceive many things important for the organisation, thus, leading make an improvement on the skill utilisation and organisational commitment.

Future implications

It is clear from the analysis that downsizing has responsibility of changing the working environment of an firm. In this case, it can be associated in a better way with the level of satisfaction, and the level of commitment the employee has to bring so as to cultivate a good workplace. Downsizing as a process impacts morale of existing staff; most people get a feeling that they have been let down.

Some of the organizational implications of changing work environment for the long-term include increased rate of turnover due to voluntary separation among employees, low rates of innovations. Actually downsizing is always positive as it can bring less responsibility, fewer works load, more monetary returns and flexible work environment which can in turn, tone down stress which in results can make the employees have more times for themselves and their families.

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