

ABSTRACT

Downsizing refers to activities undertaken by management to improve the efficiency, productivity, and competitiveness of the organization by reducing the workforce size. The impact of downsizing was looked at in terms of the Morale, Performance and motivation that leavers and survivors had towards the downsizing process.

Research on the effects of downsizing has focused on several levels including the global, organization, and the individual. However, this research, at the individual level, focused specifically on the impact of downsizing on the employees of the organization. Employee downsizing has considerable negative consequences not only for employees who leave the organization, but also for those who remain. Employee downsizing in Karachi has been used by many organizations to improve organizational effectiveness and competitive ability. The purpose of the study was to examine the impact of downsizing on employees.

The objective of this study was to identify the factors that influence the morale, performance and motivation of employees in a developing economy with a volatile environment. To achieve this objective, a theoretical model was presented. In order to present the model, firstly, a literature survey was conducted. Secondly, literature survey pertaining to the influencing factors on employees after downsizing was done, and thirdly, literature dealing with strategies to deal with these factors.

The theoretical model was used to compile the research instrument that determined the Morale, motivational and Performance levels of employees. How the three constructs are related after downsizing, as well as the factors influencing the observed levels. The

questionnaire was randomly distributed among employees in the selected Public and Private sectors' organizations in Karachi. The empirical results obtained from the study showed that employees in a developing economy with a volatile environment had moderate levels of morale, motivation and Performance. Two categories of factors were identified as important in influencing these levels. They were downsizing factors and demographic factors.

Then key factors identified as influencing employees morale, motivation and performance in this study were integrated into the model which can be used by other organizations in a similar context to manage employee's quality in order to increase their efficiency, effectiveness and competitive advantage after downsizing.

This is accomplished by systematically analyzing and combining the findings of independent studies through SPSS and Ms. Excel. This research identifies the variables and key variable which represent effects of downsizing on the employees through Pareto and T- test was also applied to compare the Impact of downsizing on public and private sectors' employee.