

# Midlands State University

Faculty of commerce

Department of accounting

## Approval form

The undersigned certify that they have supervised student registration number R141113E dissertation entitled **The impact of labour force reduction on financial performance of manufacturing companies: A case study of Playtime Manufacturers (2011 – 2016)**, submitted in partial fulfilment of the requirements of the Bachelor of Commerce Accounting Honours Degree at Midlands State University.

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## **Dedication**

I would like to dedicate the project to my supervisor Ms Mhaka and my Parents Mr and Mrs Gwangwadza for their incessant support and assistance throughout the course of the Degree.

## **Acknowledgments**

Firstly, I would like to thank my supervisor Ms Charity Mhaka for her guidance, support and assistance in writing this project. Secondly, I would like to express my gratitude to the Accounting Department for their unwavering support. I am thankful to Playtime Manufacturers for making it possible to carry out my research at their organisation. I would like to thank my Parents Mr and Mrs Gwangwadza, Tanyaradzwa Satade, Ashley Gwangwadza and Caleb Gwangwadza for their unwavering support. Most importantly I would like to thank God for granting me the strength and courage to conduct this research

## **Abstract**

This research was conducted with the aim of determining the impact of employing labour force reduction initiatives on financial performance of manufacturing companies. The research focused on Playtime Manufacturers a garment manufacturing company that has been reducing its labour force since 2012. The researcher adopted mixed methodology incorporating both qualitative and quantitative methodology. A descriptive and correlation research design was used to gather data. Primary data was collected from the total target population through interviews and questionnaires. A census was used to ensure that there was no bias and that findings could be generalised to the entire organisation with accuracy. In addition to primary data analysis the researcher analysed secondary data to triangulate research instruments and validate findings. The first major findings was that manufacturing companies in Zimbabwe used layoffs, furloughs outsourcing and delayering as labour force reduction methods. The second finding was the importance of communication and employee involvement in preventing production efficiency drops and production costs increases. The third finding was that employee's had adverse emotional reactions after labour force reduction initiatives however the emotions did not manifest to physical reactions such as strikes and employee turnover. The fourth finding was that labour force reduction diminishes production efficiency in the short run (1-3 years) However production efficiency improved in the long run (4-5 years) after labour force reduction. The final finding was that labour force reduction is positively related to financial performance as measured by ROTA.

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# CHAPTER 1: INTRODUCTION

## 1.0 Introduction

The current study attempts to corroborate the impact of labour force reduction on financial performance of manufacturing companies in Zimbabwe. Despite the on-going use of labour force reduction, literature and research on this approach continues to yield mixed results. Advocates of labour force reduction (Segers 2016; De meuse and Dai, 2013; Papps, 2014; Deckert, 2013; institute of management accounting, 2013; Yu, Chern, Hsiao, 2012) highlighted how labour force reduction improves the performance of an organisation by making it leaner, aiding efficient productivity, efficient communication and lowering labour costs. On the other hand scholars against downsizing (Sundry, Latreille and Ashman, 2016; Goesaert, Heinz and Vanormelingen, 2015; Anderson and Lewis, 2014; Modreck and Cullen, 2013; Rehman and Naeem, 2012; Holtom and Burch, 2016; Miller, Pentland and Choi, 2012) assert that the practise yields undesired results which include low morale, job insecurity on surviving employees and disruption to organisational routines. Literature against labour force reduction has had a human resources point of view focusing on the well-being of surviving employees while the main objective of labour force reduction is to improve the performance of an organisation. This research aims to analyse the impact of labour force reduction on the financial performance of manufacturing companies operating in Zimbabwe.

## 1.1 Background

Playtime Manufacturer is a Zimbabwean private limited clothing manufacturing company established in 1974 as a manufacturing entity for knitwear. After incurring an operating loss of \$99,099.00 in 2011 the organisation decided to scale down its operations by reducing the labour force and restructuring the organisation to make it leaner, competitive and improve

performance (Board meeting minutes 2012). By 2014 Playtime Manufacturers had reduced its labour force by 115 employees (52.27%) from 220 in 2011 (human resource management reports 2011 – 2014)

The downsizing exercise reduced the payroll costs by 38% from \$810,525.00 in 2011 to \$499,244.00 in 2014 (Playtime Manufacturers management accounts). The production manager stated (production reports for 2013 and 2014) that although the payroll cost were reduced the cost saving exercise was countered by an inefficient use of raw materials and adverse labour efficiency variance. The Production manager highlighted that the adverse raw material usage variance and manufacturing costs were attributable to abnormal wastages and 50% of production lines failing to meet production targets due to diminished workers morale and reduction of skilled personnel on the production floor.

After the downsizing exercise Playtime Manufacturer experienced a revenue decline of 45%. The Sales and merchandising manager highlighted in the sales report (2014) that the decline in revenue in 2013 and 2014 was attributable to failure to meet demand, lower products being available for sale and few sales and marketing personnel to secure customers as illustrated by table 1.1 below.

Table 1.1 Management accounts extract for 2011 - 2014

<b>Year</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Number of employees	220	201	184	105
Number of units produced	441,220	411,308	334,088	260,708
Manufacturing costs US\$	1,791,355	1,731,608	1,480,008	1,214,897
Manufacturing cost /unit US\$	4.06	4.21	4.43	4.66
<b>%Cumulative change</b>		<b>3.69%</b>	<b>9.11%</b>	<b>14.78%</b>
Raw materials US\$	912,652	889,780	736,669	597,173
Raw materials / unit US\$	2.07	2.16	2.21	2.29
<b>%Cumulative change</b>		<b>4.58%</b>	<b>6.60%</b>	<b>10.74%</b>
Sales employees	6	5	3	3
Revenue for the year	\$2,135,721.00	\$2,277,691.00	\$1,628,359.00	\$1,363,372.00
<b>% Cumulative Change</b>		<b>7%</b>	<b>-22%</b>	<b>-45%</b>

Source: Playtime Manufacturers (Private) Limited Management accounts (2011 – 2014)

Table 1.1 above illustrates how Playtime Manufacturers encountered an undesired result of increased manufacturing costs by 14.78% and raw materials consumed per unit by 10.74%, pointing towards possible increased inefficiencies and wastages in the production processes after the labour force reduction exercise.

The above data illustrates how the labour force reduction exercise reduced the number of employees under the sales and marketing team leading to an overall 45% decrease in revenue.

The 41% decrease in number of units produced from 442,220 units in 2011 to 260,780 in 2014 left the company failing to meet targets and demand.



## **1.2 Problem statement**

Playtime Manufacturers incurred an operating loss in 2011. In an attempt to improve its performance Playtime Manufacturers decided to lower its costs through downsizing and restructuring the organisation. Unfortunately the downsizing exercise was accompanied with increased raw material usage per unit, manufacturing costs per unit and a downward spiral of revenue and persistent operating losses. These costs hindered Playtime Manufacturers from fully reaping the benefits of the labour force reduction exercise as per expectation. The following research attempts to unveil the impact of labour force reduction on the financial performance of Playtime Manufacturers.

## **1.3 Research Question**

What is the impact of Labour force reduction on the performance of manufacturing organisations?

## **1.4 Sub research Question**

- Which Labour force reduction methods are implemented by organisations?
- What factors affected the successful implementation of the Labour cost reduction methods?
- How did the employees respond to the employee cost reduction methods implemented by Playtime manufacturers?
- What is the effect of employing labour cost reduction methods on production efficiency of companies?

## **1.5 Hypothesis**

**Hi.** Labour force reduction is positively related to return on total assets (ROTA)

## **1.6 Research Objectives**

- To identify the Labour force reduction methods employed by organisations.
- To determine the factors that influences the successful implementation of Labour force reduction methods employed by organisations.
- To determine the employees reaction and response to the employee cost reduction methods employed by organisations.
- To determine the effect of Labour cost reduction methods on production efficiency.
- To ascertain the relationship between Labour cost reduction and the performance of an organisation.

## **1.7 Significance of the study**

This research will enable organisation seeking to implement labour force reduction measures to critically assess method, effects and factors to consider before selecting a method best suited for their organisation. This study will add to literature on labour force reduction and performance of an organisation. This research will assist future students researching on labour force reduction.

## **1.8 Delimitations of study**

- The research will be focused on one organisation Playtime Manufacturers
- The research will cover a limited period of 6 years from 2011 to 2016

- The researcher will be dealing with the production, sales and accounting department
- The researcher was attached to playtime manufacturers for a period of twelve months and is familiar with the organisation and its personnel.
- The researcher will have an academic supervisor to provide guidance to ensure the student completes the research in a timely and well planned manner.

### **1.9 Limitations of the study**

- The research was limited to assessing one organisation and does not give a clear depiction of the whole manufacturing sector in Zimbabwe.
- The research assessed a period of 6 years which does not provide the effect of labour force reduction in over more than 6 years.

### **1.10 Assumptions of the Study**

- There were no significant changes in the nature of Playtime Manufacturers during the course of the research.
- Respondents will provide unbiased information

### **1.11 Definition of terms**

Downsizing – Downsizing is reducing the number of employees on the operating payroll(Ivancevich, Konopaske 2013). Pearce and Robinson (2015)defines downsizing as reducing the number of employees in an organisation by eliminating particularly middle management.

Fulough – Temporary leave of absence without remuneration granted to an employee due to temporary organisation shutdown (Shepherd2017). Having an employee in a non-work non-pay state temporarily (The U.S. Office of Personnel Management 2015).

Restructuring –is the bringing about of fundamental internal change that alters the relationships between different components or elements of an organization or system. Pearce and Robinson (2015)define restructuring as redesigning an organisational structure with the objective of enhancing the activities critical to an organisation’s strategy to function at maximum effectiveness.

### **1.12 Acronyms**

ROTA – Return On Total Assets

ROCE – Return On Capital Employed

ROE – Return On Equity

COGS – Cost Of Goods Sold

### **1.13 Summary**

The chapter focused on the background of the study were the background of the problems faced by Playtime Manufacturers the case study was highlighted. The problems stated were increased unit cost after labour force reduction, adverse surges in raw materials usage variance and persistent losses after reducing the organisations labour force between 2012 and 2016. The additional costs faced by Playtime Manufacturers hindered the organisation from reaping the full benefits of labour force reduction as they incurred declining revenue and increasing costs per unit.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.0 Introduction**

This chapter reviews the results and findings of empirical and qualitative literature and research on labour force reduction by previous scholars for a period of 6 years ranging from 2012 to 2017. The phenomenon of labour force reduction has facilitated the research and studies on the area in the past six years, with researchers reaching different conclusion on the practise's effect on organisations prompting the researcher to critically study labour force reduction methods, factors affecting their success, employees reaction to the strategy, the practise effect on productivity and the relationship between labour force reduction and organisation performance.

### **2.1 Labour force reduction methods implemented**

“To stay afloat companies have cut costs by announcing layoffs” (Gensler 2016). The National Social Security Authority of Zimbabwe has retrenched fifteen middle managers as it streamlines its operations (Maodza 2016), Air Zimbabwe retrenches 200 employees out of 424 employees (Mugabe 2017). Statements around Labour force reduction have dominated the business papers and labour force reduction has been integrated into the life of organisations seeking survival and improved profit. Organisations take the downsizing route to reduce costs, adjusting their organisational structures making them leaner and efficient work places (George 2014).

Saundry (2016) defines the term labour force reduction as the process of eliminating jobs within an organisation that are often but not necessarily accompanied with the dismissal of the job incumbents with the goal of improving firm performance. Labour force reduction is often used interchangeably with terms such as retrenchment or redundancy but, while it

frequently works hand in hand with those processes, it is not limited to those processes but can be achieved through alternative restructuring activities such as outsourcing, recruitment freeze, furloughs, short time working and pay cuts (Bragger et al 2015). The following sections will explore the methods of labour force reduction implemented by organisations.

### **2.1.1 Layoffs**

Ivancevich, Konopaske (2013) and Pearce and Robinson (2015) point out that reducing the number of employees in an organisations is the focal point of layoff strategy aimed reducing the number of employee in order to stem survival in predicaments threatening the survival of an organisation. Vapnek (2017) asserts that laying off employees is a quick way of cutting labour related costs when an entity is failing to be competitive. This notion is supported by organisational turnaround literature such as the work by Brauer and Tomi Laamanen (2014); Tangpong, Abebe and Li (2015) which suggests that downsizing exercises such as layoffs on indeed assist an entity to successfully restore its financial performance. Yu, Chern and Hsiao (2013) stress's that timely manpower adjustment strategies such as layoffs are optimal for improving output performance for an organisation facing communication difficulties; this is supported by Anderson and Lewis (2014) who emphasized the surfacing of efficient communication and diminished bureaucracy after implementing layoffs as labour force reduction strategies which disrupt the normal pattern of behaviour. De Muese and Dai (2013) aver that layoffs assist organisation to improve their financial performance in the long term.

In light of the benefits associated with layoffs as a downsizing option to resuscitate performance Ndofor, Vanevenhoeven and Barker (2013) reached a different conclusion emphasizing how retrenchment practises such as layoffs are detrimental to performance recovery suggesting that declining entities in unsparing industries cannot layoff their way back to affluence. Ndofor, Vanevenhoeven and Barker (2013) is backed by Powell and

Yawson (2012) and Zorn et al (2017) who accentuate that organisations that exercise layoffs as a labour force reduction exercise are likely to exit industries through bankruptcy further adding that layoffs diminish the survival likelihood of an organisation irrespective of the configuration of the organisation involved.

Habel and Klarmann (2015) assert that organisational employee reduction is correlated to decline in customer satisfaction especially in labour intensive organisations. An additional short fall pointed out by scholars is the fact that layoffs to improve efficiency may be misunderstood by employees resulting in shattered employee morale and deteriorating productivity (Goesaert, Heinz and Vanormelingen 2015; Rehman and Naeem 2012).

Dalen and Henkens (2013) Ritcher and Konig (2017) assert that the method of labour force reduction through layoffs boils down to the employer's perception of fairness and labour legislation strictness and has no significant effect on the performance of an organisation. Hamed et al (2013) and Gandolfi (2013) alluded that Labour force reduction has no significant effect on the performance of an organisation. Literature and research on the outcomes of layoff strategy has found mixed results over the years this research intends to assess the impact of such practises on the performance of manufacturing organisations operating in Zimbabwe.

### **2.1.2 Furloughs (Unpaid Leave)**

Vapnek (2017),The U.S office of Personnel Management (2013) and Saundry (2016) bring to light the effectiveness of furloughs as a labour reduction strategy as it reduces expenditure by placing employees in a non-work and non-pay position, when faced with discontinuous events such as natural disasters or economic calamity. Zvonicek (2012) emphasizes that having employees take unpaid leave is an effective cost cutting measure as payroll costs constitute the bulk of operating expenditure incurred by organisations. Vapnek (2017)concur

pointing out how reducing the number of hours worked assist an organisation to ensure that hours worked are productive and to reduce labour related cost thereby enhancing profitability and competitiveness of an organisation.

Employees found the time off work to be beneficial and found the exercise to be reasonable in times of economic distress, Furloughed employee had job satisfaction and job meaningfulness when they returned to work after unpaid leave notable where improved punctuality and attendance (Zvoniocek 2012). Furloughs send clear messages to employees that they are valuable to the employer and the employer is doing all they can to keep them employed as opposed to the option of laying off employees, furloughs help an organisation to avoid severance and rehiring costs associated with layoffs and retrenchment (Hyman 2012).

Although the method of furloughs is implemented by organisations it has its draw backs. Halbesleben, Wheeler and Paustian-Underfhal (2013) points out how furloughs have a significant negative effect on employees as it leads to high emotional exhaustion and low performance at work. Furloughs are associated with augment turnover rates and lower production efficiency per employee due to employees diminished organisational commitment and organisation citizenship behaviour (Shepherd, 2017). Halbesleben, Wheeler and Paustian-Underfhal (2013) assents emphasizing that furloughs in organisations increases turnover intentions among high performing employees, the very employees an organisation would prefer to keep. Furloughs steer employees to distancing themselves from the organisation, shifting their identification from work directing it more towards their families, this outcome raises concerns among entities seeking to control its labour force through Furloughs (Halbesleben , Bellairs and Mandeville 2014).

Fraher (2013) asserts that furloughed workers experience increased stress and distraction at work leading to increased mistakes and poor performance leading to deteriorated productivity



and wastages at work, employees stress results from worries that the employer might employ permanent labour force reduction methods such as layoffs (Shepherd, 2017). Ko and Yeh (2013) suggests that nonstandard work engagements such as furloughs are associated with declined job satisfaction and motivation among surviving employees who are at the core of an organisations success. Rehman and Naeem (2012) stress that labour force reduction practises such as furloughs destroy employee's perception about their job security and commitment to the organisation.

All organisations are confronted with operational predicaments when the economy becomes challenging, furloughs need strategic focus tied with sound HR policies as employees are crucial resources to an organisation (Bellairs, Halbesleben and Leon (2014). Researchers have also found downsizing to have no significant effect on employees and the organisation, Lee and Sander (2013) avouch that although furloughs have financial and job satisfaction implications on employees, furloughs have no notable effect on individual employees productivity and performance is not affected. Fabiani et al (2015); Pereira and Coelho (2012) and Fraher and Gabriel (2014) elevate this view accenting that furloughs have no noteworthy effect on the performance and motivational drive of employees rather the performance and work drive of an employee is influenced by a number of issues namely their individual objectives and their identities. Researchers on the areas of furloughs have had equivocal findings causing the researcher to evaluate the impact of such labour force reduction practices on manufacturing companies in Zimbabwe.

### **2.1.3 Outsourcing**

Antonioli et al (2015), Agrawl and Hall (2014) and Agrawal and Haleem (2013) concur that outsourcing is a labour force reduction strategy that assists an organisation to reduce costs and improve production efficiency in production and the quality of products. There is a

significant positive relationship between outsourcing and industrial productivity and innovation process performance, the positive relationship is accompanied with cost savings and cost efficiency (Oke and Kach 2012; Arvanitis and Loukis 2012). This is supported by Antonioli et al (2015) who emphasized that externalisation of high value added activities such as research and development and HRM results in productivity growth. Rampton (2012) accentuates that an organisation can save on labour force costs and unit costs of production when it takes on the outsourcing route. Oke and Onwuegbuzie (2013) emphasized that outsourcing is ameliorates an organisations product innovativeness as externally contracted service provide seek to advance and differentiate their services to maintain their service contract.

Despite the benefits associated with outsourcing scholars have uncovered the costs associated with the practice examples include Han and Mithas (2013) who highlighted how outsourcing decreases the cost of the service outsourced however the practise increases other organisational cost associated with the service or production process outsourced and Wickford (2016) who assert that outsourcing is associated with job loss fear and employee insecurity which deters productivity among employees proving detrimental to an organisation. Outsourcing low value added services has a negative effect on productivity further adding that turning fixed expenses into variable costs by moving low value added activities such as ancillary services outside an organisations borders does not result in cost saving (Antolioli et al 2015). Cullinan and Zheng (2017) assert that outsourcing certain activities resulted in time lags for related activities lasting as long as three days, illustrating how outsourcing can cripple the efficiency of product and service delivery to customers.

Certain scholars have taken a neutral stance on the subject of downsizing with Meixell et al (2013) suggesting that outsourcing production processes dose not reduce the COGS the tendency is that costs are merely transferred from one COGS class to another seeing as labour

costs are reduced while material costs are increased ultimately having no effect on the organisations profit. When core organisational processes are outsourced the costs saving associated with outsourcing are crippled by the organisational adaptability sacrificed, outsourcing production process leaves adaptation to production and market trends to the service provider which can prove to be detrimental negating the cost saving (Weigelt and Sarkar 2012). Lu, Ng and Tao (2012) emphasizes that outsourcing on its own has no effect on the quality of the final product surfacing the need to pay attention to enforcement of contracts as the determinant of benefits associated with out sourcing. Ho, Wei (2016) supports the notion that outsourcing in itself has no effect on the quality of the product suggesting that quality is a matter of perception to the outsourcing organisation. Outsourcing can produce negative, positive, insignificant, mixed or moderate benefits to an organisation (Lahiri 2016). Gerble, McIvor and Humphreys (2016) suggest that outsourcing is not responsible for time lags but distance is the culprit management has to attend to. After the mixed results related to outsourcing activities of an organisation the research intends to divulge the effect of outsourcing on manufacturing companies operating in Zimbabwe.

#### **2.1.4 Organisation redesigning through delayering**

Brauer and Laamen (2014) outlines that a labour force reduction alternative that can improve the performance or an entity is organisation redesigning and they define it as a processes of re configuring the structure of an organisation with the objective of enhancing the core activities of an organisation's improving efficiency, effectiveness and competitiveness.

Hoyes (2014) asserts that organisation redesigning is an effective labour force reduction technique with the perks of cutting costs while maintaining the capacity of an organisation. Unlike out write layoffs which piles more work on fewer employees organisation redesigning focuses on the jobs, work units and organisational plan (Kavadis and Castañer, 2015). Yu,

Chern and Hsiao (2013) emphasize that redesigning an organisation and delayering tall structures within an organisation assist the organisation to attain swift communication within and across departments facilitating efficient productivity. Brauer and Laamen (2014) assert that small scale redesigning leads to efficiency improvements within the organisation without disturbing existing organisational routines Brauer and Laamen (2014) further added that large scale redesigning is more advantageous as it involve fundamental recreation of routines resulting in enhanced positive outcomes.

Despite the on-going use of organisational restructuring, organisational change literature Miller, Pentland and Choi, (2012) and Swift (2016) outline the negative effect of organisational change on employee morale and motivation and ultimately the firm as it disrupts the normal way of doing things, as employees encounter challenges to unlearn prior lines of conduct and discover and develop new work routines. This notion is supported by Bryson, Barth and Dale-Oslen (2013) who emphasizes that change when approached reactively to factors such as financial constraints or impending losses faced by an organisation will result in questioning employees and destroyed morale. Redesigning organisations tempers with the informal structure of an organisation disrupting the informal flow of efficient communication (Schenkel and Teigland, 2016). Ashard (2016) assert that survivors of organisational redesigning tend to view their organisation as less than a superlative employer increasing the turnover intent in the surviving employees resulting in knowledge loss in the form of employee exits to the organisation. Survivors of the organisational redesigning are diverted to focusing on acquiring and transferring knowledge as opposed to the preferred scenario of employees applying knowledge which they already have resulting in inferior productivity and diminishing efficiency (Anderson ad Lewis, 2014; Holton and Burch, 2016).

Although restructuring through delayering reduces payroll costs by the job demotions involved the cost savings enjoyed are mitigated by the lower productivity of the demoted employees (Fraher 2013 and Goesaert, Heinz and Vanormelingen, 2015). The success of an organisation after restructuring activities such as delayering can prove to be disruptive to the normal pattern of doing things however a well-educated team moderates the effects of downsizing as they take up the challenge to do things differently (Ahn, 2015). Restructuring can be detrimental in the short run as the practise leads to an organisation losing its routine and transitive memory however the practise enable cheaper novices within the organisation to take charge and bring about change and productivity required in the long run. Contextual factor such as workforce configuration and organisational culture help moderate the effect of delayering (Datta and Basuil 2015)

## **2.2 Factors affecting the implementation of labour cost reduction methods**

The successful implementation of labour cost reduction methods perpetually involves a careful consideration and management of the relationship between an organisation and its employees alongside effective communication related to the imminent changes and their implications to the employee from the employees stand point (Datta and Basuil (2015). The interaction between effective communication and employee involvement is critical to the outcome of labour force reduction exercises (Datta and Basuil 2015). The following sub heading will review organisational change and labour force cost reduction literature paying particular attention to organisational downsizing and restructuring.

### **2.2.1 Employee involvement**

Employee involvement is an effective tool to overcome the hurdle of resistance to change by assisting the organisation to calm employee's fears over restructuring by actively engaging them in the process (Sahoo 2014; Himme 2012). Employee participation program such as

employee committees, suggestion schemes and interactive discussion help reduce misconceptions and misunderstanding among employees mitigating the spread of falsified rumours (Sahoo 2014; Applebaum et al 2017). Shah et al (2016) asserts that the success of organisational restructuring rests with the employees because the organisation only makes and announces the decision while the implementation of the changes is carried out by employees highlighting how the involvement of the implementers is of paramount importance to the success of any change initiative, Hoove and Harder (2015) supports this notion emphasising how employee involvement is key to the successful implementation of change as the human factor in this case employees play an important role in organisational change. Frey et al (2016) explained how employee involvement programs ensure acceptance of labour cost reduction strategies and they create the desire to assist the organisation in the labour cost reduction efforts within employees. Bragger et al (2015) found that employees who were actively engaged in layoff processes receiving career counselling and job search assistance had improved perception of the fairness of the labour force reduction exercise. Bragger et al (2015) further indicates how employees perceive layoffs as fair and reasonable if they are engaged in discussions leading to the layoffs and are aware of the criteria to be used prior to the layoff process.

On the other hand Kuafman (2015) suggests that employee involvement programs increase the expense burden of an organisation while the practise raises concerns about job security among employees which leads to ineffective worrying employees, proving to be costly to productivity and as an additional expense. Lam (2015) supports Kuafman (2015) view declaring that involving employees in talks or discussions around layoffs increases employee's perception of job insecurity compared to employees who were unaware of the impending layoff enunciating how involving employees in layoff discussions will lead employees to worrying about their jobs instead of empowering them. Bradford (2012)

supposed that management are risk averse when it comes to involving employees in discussions on implementation of change strategies as they fear that employees may react negatively or protest before a decision is made and management are not interested in increasing costs by facilitating workshops or forums. Rehman and Naeem (2012) assert that merely talking about forthcoming layoffs is stressful.

Employee involvement in organisational redesigning and change has had mixed results, although employee participation may seem like a positive step to reduce resistance the resistance thought and feeling within employees is depended on their level of organisation based self-esteem (Gracia-Cabrera and Hernandez 2014), . Greenbaum et al (2012) concurs that the ability an employee has to adhere to organisational change depends on their personal core self-evaluation. Even though positive stimuli such as involvement in decision making processes can lead to improved behaviour in employees, inertia as a characteristic of employees and systems prohibits ruling out employee resistance as an attempt thwart any change initiative by the organisation (Rupcic 2017), even though employee involvement may assist unpredictability prevails due to inherent contextual matters such as organisational culture differences (Arshad 2016). This is supported by Norman, Butler and Ranft (2015) expressing how matters such as employees level of education can lead to variation of employees empathy of managements justification of labour force reduction during discussion. The mixed findings and notions on employee involvement as a critical factor to facilitate successful implementation of labour force reduction initiatives have pushed the research to investigate the factors influence on the success of labour force reduction in manufacturing companies in Zimbabwe.

### **2.2.2 Communication**

Formal and informal communication with and among employees improves employees commitment to changes such as labour cost reduction programmes as this clarifies grey areas that might be causing concerns among employees (Applebaum et al 2017). Applebaum, Kerelis, Hanaff and McLaughlin (2017) assert that early communication diminishes the feeling of uncertainty among employees and limits the possibility of exaggerated rumours wreaking havoc on the upcoming change process of reducing labour costs. Applebaum, Kerelis, Hanaff and McLaughlin (2017) further adds that maintaining a steady accurate flow of information is key to diminishing resistance to change to come. Leadership's vision for the organisation must effectively be communicated to improve employees' readiness to accept change as this assists management and the employees to operate in unison as they are both aware of the desired result of the change initiative of reducing labour force costs (Haque et al 2016). Sahoo (2014) accentuates that workshops within organisations providing information pertaining to imminent layoffs enhances trust within ongoing employees. Handy et al (2012) affirms that providing honest information prior and during a downsizing exercise raises trust within the remaining employees. Employees who receive notice in reasonable time and explanations as to the causes and proceeding of downsizing exercises perceive labour force reduction exercises as being fair and had the aptitude to accept the outcome of the entire process (Bragger et al 2015).

Although companies try to communicate layoffs in a positive light to employees pointing out how it was the last resort, the question still remains do employees perceive it this way given declined performance of employees whose co-workers were fired during the process showing how communication is not understood even though management makes efforts to avoid negative communication (Drzensky and Heinz 2014). Invernizzi (2012) emphasizes that poorly managed communication can actually worsen the results of the change process as it



results in resistance to change, rumours exaggerating the negative aspect of the change initiative. Grebe (2013) highlights that management trying to conceal its failure to address matter leading to the organisations need to reduce labour costs by communicating labour force reduction in a positive light as doing so aggravates employees and exacerbates the situation. Lam (2015) accentuates that employees that know about an imminent catastrophe such as layoffs have diminished job security which is increases inefficiency and mistakes at work pointing out how communicating the imminent layoff will do more damage than good to both the employees mental well-being and organisational production.

Gracia-Cabrera and Hernandez (2014) took a neutral stance accentuating that although communication may improve employees understanding of the process and reason for the move employee's however the success or failure of communication to reduce employee's resistance to change varies between employees due to varying personal motives and evaluations. Norman, Butler and Ranft (2015) and Rupicic (2017) enunciated how different individuals in the same organisation can perceive a communicated differently during labour force reduction exercises highlighting how an effective announcement can yield mixed results within the same organisation. Communicated labour force reduction can alert employees of potential psychological violation responses to the psychological violation varies dependent on the level of subjection orientation and mastery orientation of the individual(Arshad 2016). Given the equivocal literature on the effectiveness of communication as a factor to successfully implement labour cost reduction techniques the research seek to uncover communications effect on successful labour force reduction in Zimbabwe.

### **2.3 Employees response to labour force reduction**

Employees react differently to labour force reduction programmes differently the following section seek to review literature on employees responses to labour force reduction paying attention to employee feelings job insecurity, organisational commitment, moral and stress relating these to employee responsive behaviours and thoughts specifically turnover intentions, mistakes and productivity.

Employees working in organisations that underwent labour force reduction routines reported increased mistakes and distraction during the discharge of their duties (Fraher 2013). Fraher (2013) underlined the cost of labour force reduction on an organisation pointing out that employees that experienced layoffs and Furloughs had increased levels of stress, frustration and anger resulting in diminished trust in the organisation and reduced moral to undertake their duties. Bryson, Barth and Dale-Olsen (2013) outlined that labour related organisational change is significantly associated with increased errors and mistakes within the workplace as employees are consciously and unconsciously acting on the amplified stress and anxiety feeling within them which are negatively affect ones behaviour. Halbesleben, wheeler and Paustian-Underdahl (2013) emphasizes that labour force reduction measures exert immense emotional nervous tension on employees leading to augmented emotional fatigue, which explains the poor performance exhibited by survivors of downsizing exercises. Survivor's reduced their performance by 43% after the downsizing exercise owing to their perception of the employer's loyalty and psychological contract violation (Drzenksy and Heinz 2014).

Rehman and Naeem (2012) pointed out that organisational downsizing affected employees' commitment to their organisation negatively noting an increases in employee's sense of insecurity therefore decreasing the employee's dedication to stay with the organisation. This is supported by Halbesleben, Wheeler and Paustian-Underdhal (2013) who found that high

performing employees had increased staff turnover intentions following labour cost reduction methods, the very same exceptional employees an organisation tries to secure. Darvishmotevali and Kilic (2016) emphasized how layoff survivors experience anxiety and how it mediates the cynical effect job insecurity has on employee performance, highlighting how the negative response of deteriorated performance builds up within employees.. Halbesleben, Bellairs and Mandeville (2014) drew attention to employee's tendency to redirect their attention from the workplace to family and personal affairs after experiencing labour cost reduction exercises increasing employee's propensity to resign.

Despite the negative employee feelings and responsive behaviours there a notable positive responses seen in labour cost reduction survivors. During labour reduction exercise employees console each other with the fact that they are going through the process together, psychologically each individual comes to terms with the fact that they will be left fighting for limited positions within the organisation cultivating competitiveness among employees justifying positive surges in performance per employee as employees try to prove their worth to their employers (Suandry, Latreille and Ashman 2016). Hamed et al (2013) supports the view seeing as he found that efficiency per employee increased after downsizing exercises reflecting improved work rate per employee in response to downsizing in his empirical investigation found as employees salvage their former co-workers customers and work load. Ahn (2014) accentuated that employee's perception of control over situations affects their propensity to seek for new employment, external factors such layoffs, and furloughs trigger awareness in the minds of employees that their employment status is out of their control enhancing their loyalty to an organisation and shattering turnover intentions as they feel that they are fortunate to be a labour force reduction survivor and no other organisation would accept them (Ahn 2014). Labour force reduction involve the discontinuing organisational norms and routines inherently disrupting individuals knowledge, the disruptions challenge an

employee's respond to the challenges by enhancing their productivity and efficiency learn new skills from the their core workers and adapt to the new way of doing things as they seek to maintain their employment with their employer (Anderson and Lewis 2012).

Tomprou, Roussea and Hensen (2015) and Wei et al (2015) affirm that although labour cost reduction event shatter psychological contracts from employee's perspective this does not guarantee employees acting upon the psychological contract change. Survivors of labour force and cost reduction exhibit mixed reactions which vary from positive reaction, negative reaction to no reaction at all depending on workforce characteristics (Drzenksy and Heinz 2014). Arshard (2016) employee's responses to labour cost reductions vary individuals with different mind sets which can result in employees exhibiting mixed responses within one organisation. Cultures vary among nations Asian nationals are used to lifetime employment and lifetime contracts with their employers while American nationals are used to moving from job to job seeking better contracts and employment conditions, with this in mind labour force reduction exercises in America might not trigger any positive or negative response from surviving employees while the same exercise can result in strikes and adverse reactions from employees in Asia, underling the fact that employees responses to downsizing are contextual (Datta and Basuil 2015). The diverse reactions demonstrated by employees in the various studies on employee's responses to labour force reduction prompted the researcher to investigate the response manufacturing companies in Zimbabwe encountered.

#### **2.4 The effect of employing labour cost reduction on production efficiency**

The high level of labour cost reduction bustle globally indicates managements beliefs with regards to the positive productive efficiency to be gained from the strategy (Datta and Basuil 2015) under the following sub objective the researcher will review the effect of labour cost reduction practises on the production efficiency of an organisation looking into organisational

turnaround literature and downsizing literature paying close attention to layoffs, furloughs, outsourcing and restructuring.

#### **2.4.2 Production time**

in an attempt to isolate the effect of labour cost reduction from the influence of economic hardships De Muese and Dai (2013) conducted an empirical study on downsizing firms in a prospering economy, the results showed improved production efficiency improving an organisations maximum utilisation of time underlining that offensive labour cost reduction improves an organisations performance. In an empirical investigation Kavadis and Castaner (2015) stated that in times of poor performance organisations that employed restructuring as a labour cost reduction method improved the performance of their organisations mitigating the inefficient bottle necks of tall organisational structures and redundant skills within an organisation. Garnero et al (2016) emphasized that organisations on and off employment techniques have a strong positive relationship on the production efficiency of an organisation, highlighting that organisation exercising labour cost reduction practises such as furloughs and fixed term contracts enjoyed improved organisational productive efficiency as employees are driven to work faster and effectively to ensure renewal of their employment contract with the organisation.

Antonioli et al (2015) supports the view that labour cost reduction improves production efficiency of the organisation pointing out how employment of the strategy on high value added activities such as outsourcing research and development as an effective cost containment exercise that yields better quality product development in shorter time spans at lower costs. The secret to Panasonic's successful turnaround is the ability to continuously change and rightsizing adjusting its workforce size and structure to improve production time to compete with mega enterprises (Mathies 2016).

Conversely Goesaert, Heinz and Vanormelingen (2015) found that organisations that reduced their labour cost with the intent of increasing production efficiency experienced great declines in production efficiency with production taking longer than it did prior to downsizing, while organisations that cut labour costs due to economic hardship only faced a disdaining drop in productive efficiency during the labour cost reduction exercises, the drop is closely related to lower employee morale and motivation to tackle tasks at the efficient rate they used to take them prior to the downsizing event (Goesaert, Heinz and Vonormelingen 2015).

Cost reduction methods associated with labour have a negative effect on the likely hood of an organisation recovering from diminishing productivity and performance suggesting the inappropriateness of labour force reduction as a measure improve to production efficiency (Ndofor, Vanevenhoven and Barker 2013). The disruptive result inherent to labour force reduction disrupts collective knowledge which is equivalent to a workforce that collectively forgets how to operate producing permanent detrimental effects on productivity of an organisation (Anderson and Lewis 2014). Miller, Pentland and Choi (2012) Affirms indicating how labour force reduction disrupts an organisations ability to perform established routines which results in a drop in a drop in operating efficiency, the greater the portion of employees laid off the greater the operational efficiency damage. Labour force reduction upsets social network and periphery structure of an organisation the two dynamics are essential to efficiency in tackling internal and external issues namely productivity communication and sales, interrupting already developed and normative dynamics shrink production efficiency of an organisation ( Schenkel and Teigland 2016). Rehman and Naeem (2012) emphasized how labour cost exercises are detrimental to the productive efficiency of individual employees and ultimately the production efficiency of the organisation as a whole. Rahman and Naeem (2012) further added that labour retrenchment strategies as labour cost

techniques are detrimental to the production efficiency of an organisation, further pointing out that ‘cure’ of workforce reductions are more costly than the supposed ‘disease’.

Datta and Basuil (2015) asserts that the result of downsizing of the production efficiency of an organisation is contextual dependent on factors such as culture, firm to employee relationship and timing meaning different organisations can reap different results from implementing labour force reduction techniques as a cost reduction measure. Lahiri (2016) agrees highlighting how organisations employing the same labour force reduction technique can obtain varying production efficiency results from a negative, positive, moderate, mixed or no effect at all. Norman, Butler and Ranft (2013) suggest that the extent of the labour force reduction affects the results of the exercise stipulating that insignificant layoffs such as laying off three managers or supervisors in an international conglomerate may have no significant impact, while laying off 50% of an organisation workforce may improve efficiency by eliminating redundant out dated skills alternatively a similar organisation may do the same might cut too deeply into an organisation and harm its efficiency. In light of the dissonance in findings and conclusions on the impact of labour force reduction on production efficiency the researcher seeks to ascertain how the practice affected the production efficiency of manufacturing companies operating in Zimbabwe.

#### **2.4.1 Employees workload**

Implementation of labour force reduction methods such as layoffs results in an organisation having less employees to complete a task which forces employees to own up to tasks that were tackled by former employees. (Chhimzer and Currie 2012; Rahman and Naeem 2012). Chhimzer and Currie (2012) indicated that organisations that downsize experience organisational productive growth while utilizing less human capital and increased operating profit per employee, pointing out how layoffs augment the production efficiency of

organisations. Kavadis and Castaner (2015) emphasized that employment of restructuring activities leads to surges in productivity per employee as employees are challenged with new tasks that come with the new post that they attain after restructuring activities. After implementation of labour force reduction activities such as layoffs and delayering employees output is increase as they battle to attain and retain management and directors attention so they can avoid getting laid off or get positions of prominence after delayering exercises Pearce and Robinson (2015). This is also supported by Garnero et al (2016) who pointed out that some employees go to lengths of requesting for additional tasks from management or supervisors in attempts to prove their value in the organisation, which creates a competitive environment which rubs off fellow employees improve output per employee notably (De Muese and Dai 2013).

Hamed et al (2013) found that employee's workload was increased with surviving employees taking up the workload of employees that had left the organisation, which meant that organisations could enjoy the production of about the same number of units at with a significantly lower number of employees.

Conversely Anderson and Lewis (2014) found that layoffs, furloughs and restructuring activities that are involved in labour force reduction activities results in employees forgetting how to tackle certain tasks they used to complete in teams after one or more of their co-workers is laid off. Anderson and Lewis (2012) added that once key team members from teams are removed the number of units produced per employee drops and the drop is especially pronounced in the immediate and short term. Miller, Pentland and Choi (2012) concurs that alteration of normal routines by outsourcing production processes or deleyaring disrupts individuals ability to produce as they used to as they need to readjust to new routines which in turn means that employees will produce far less than they did prior to labour force reduction. Schenkel and Teigland (2016) disturbing an individual's daily



activities challenges employees to adjust their output is disturbed adversely meaning that employees effectively take on lighter workloads. Goesaert, Heinz and Vanormerligen (2015) and Rehman and Naeem (2012) found that labour force reduction exercises survivors were slothful after the exercises and they could not manage to take on the workloads they could carry prior to labour force reduction and this was especially evident in the immediate and short run. Ko and Yeh (2013) emphasized that reducing an organisation labour force diminishes employee's job satisfaction and motivation which results in employees slacking and absorbing less work. Shepherd (2017) noted that employee's zeal to complete tasks is shattered when they see they experience the loss of co-workers through labour force reduction especially when the memories are fresh on their mind.

Fraher and Gabriel (2014) emphasized that labour force reduction on its own is not sufficient to hinder and employees from tackling the tasks they used to tackle before labour force reduction. Fabiani et al (2015) also added that labour force reduction initiatives cannot scare an employee into taking on new responsibilities in the workplace. According to Sander (2013) and Perira and Coelho (2012) employees take up new jobs however the fear of losing their job hinders the employees ability to take tackle the tasks they take up neutralising the workload increase that was hoped for. Datta and Basuil (2015) in his researcher pointed out that employee's response to labour force reduction varies dependent on the employee's opinion of the exercises fairness. Research on labour force reduction and employees propensity to work harder and take on more workload has had varying finding and this has pushed the researcher to investigate how labour force reduction affected production efficiency paying close attention to employees efficient completion of tasks in Zimbabwe's Manufacturing industry.

## **2.5 Labour force reduction relationship with ROTA**

In the following section the researcher will review empirical literature on labour force reduction and its impact on financial performance. Profitability is widely accepted as a measure of financial performance with ROTA and ROE being the measures of profitability Gandolfi (2013). ROTA is the most effective measure of financial performance as companies usually reduce their labour force in an attempt to reduce Payroll costs and improve their profit margins, therefore measuring the change in profit as a percentage of sales can give a reflection of the financial performance amelioration or deterioration in value creating organisations (Brauer and Laamanen 2014). If all things are held constant that is revenue and assets are held constant labour force reduction reduces operational costs meaning ROTA should increase (De Muese and Dai 2013). The following section will pay particular attention to literature that used ROTA as a measure of financial performance.

Brauer and Laamanen (2014) found that smaller (5% - 14%) labour force reduction resulted in significant 4% to 8% increases in ROTA as payroll costs are decreased without disrupting organisational routines of the organisation while larger (30% - 40%) labour force reduction exercises improved organisational ROTA by 2% - 13% due to the major changes and interference with organisational routines. The percentage difference of the positive effect of downsizing is attributable to the labour force reduction rational with organisations that implemented downsizing reactively to diminishing performance reaping low performance increments than their proactive counter parts that downsized offensively to improve efficiency. (Brauer and Laamanen 2014). Raynaud (2012) found that reducing labour force was positively associated with increases in an organisation's ROA in both the short (one year) medium (3 years) and long term (5 years) at a steady climb, the positive result was more prominent in non-listed organisation as they give precedence to economic rather than accounting figures (Raynaud 2012). De Meuese and Dai (2013) noted an improvement in

ROTA in the year of labour force reduction and a continuous upward trend post labour force reduction reflecting the positive relationship between downsizing and firm performance. Jung, Kim, Lee and Yoo (2016) found that American corporations that undertook efficient layoffs saw positive increments in ROTA in two subsequent years hinting towards a positive relationship between labour force reduction and ROTA.

Conversely Luan, Tien and Chi (2013) found that reducing the labour force in both economic hardship and prosperity was negatively related to ROTA, while reducing an organisations work force during economic recession prove to be more detrimental to an organisations ROTA. Although downsizing reduces operating costs through cutting wages and salaries they resulted in organisations wrong sizing themselves by cutting operating capacity (Luan, Tien and Chi 2013). Ndofor, Vanevenhoven and Barker (2013) pointed out how retrenchment activities such as layoffs lead to a decline in ROTA in the year of labour force reduction and the following year and no further noteworthy increases or decreases, showing how retrenchment such as layoffs in an attempt to turnaround an organisation prove to be more costly than the payroll savings and having a negative relationship to ROTA. Abraham, Khan and MacDonald (2013) noted a negative relationship between labour force reduction and downsizing with organisations that performed poorly having a severe decrease in ROTA while better performing firms experienced minor decreases in ROTA. The timing of labour force reductions influences the possibility of turnaround success late layoffs are negatively related to increases in ROTA Tangpong, Abebe and Li (2015). Chhinzer and Currie (2014) established that excuse, justification, denial and apology based labour force reduction had a negative relationship with ROAT. Chhinzer and Currie (2014) highlighted that labour force reduction resulted in a sharp decline in ROTA in the year of downsizing for the four rationales behind labour force reduction and a steady rise in the subsequent two years with the rise never exceeding the post labour force reduction Ratio.

Labour force reduction is not necessarily limited to resulting in a positive or negative effect on ROTA Craggier (2016) in his empirical research found that companies that reduced their human capital had no noteworthy increases or decreases in ROTA, ROTA was not affected and the labour force reduction strategy made no significant impact on efficiently using available assets Craggier (2016). After conducting an empirical investigation Hamed et al (2013) asserted that there is no relationship between labour force reduction and ROTA seeing as there were no notable difference between post and pre labour force reduction ROTA ratio. Gandolfi (2013) supports the notion as he established that labour force reduction had no significant impact on organisations ROTA ratio. Research on the relationship between labour force reduction and financial performance measure by ROTA has been inconclusive with contrasting results incentivising the research to investigate the impact of labour force reduction on the financial performance of manufacturing organisations operating in Zimbabwe.

## **2.6 Summary**

In this chapter the researcher made a critical evaluation of results, findings and conclusion of empirical and qualitative research around labour force reduction. The chapter covered recent literature which was no older than six years from 2012 to 2017. The literature reviewed was from academic libraries which had journals and text books that provided the necessary information. The main thrust was to determine previous scholar's findings and answers to sub research questions formulated in chapter 1. Literature was inconclusive and this prompted the research to assess the impact of labour force reduction on the financial performance of manufacturing companies operating in Zimbabwe.

## **CHAPTER 3 RESEARCH METHODOLOGY**

### **3.0 Introduction**

Research Methodology employed in this research is going to be explored and explained in the following chapter. The chapter will discuss the techniques and procedures used to collect data necessary to unearth the phenomenon of Labour force reduction methods, factors affecting their successful implementation, employee's response to the exercise and their effect on company productivity and ROTA. This chapter will help clarify and structure how data was scrutinized, processed and construed by the researcher, to assist the researcher to reach an informed conclusion. The chapter includes the research approach, research design, targeted, sample population, data sources, data collection instruments, validity and reliability of information and the data analysis plan.

#### **3.1.0 Research Approach**

Research design is explicitly focused on the intentions, structure and plans for the collection of data to fulfil the purpose of the research within practical constraints of location, time and money (Almalki 2016). This is seconded by Pandey and Pandey (2015) who suggested that research design is the blue print or framework employed to guide the researcher in conducting their research.

#### **3.1.1 Mixed Approach**

The study employs an appropriate approach to the research, from three alternatives qualitative, quantitative and mixed methodology available to the researcher (Schoonenboom and Johnson 2017). Qualitative research methods encompass uncovering perspectives, thoughts and experiences, focusing on finding the meaning of a reality (Frowler 2013; Creswell 2014). Although Qualitative research allows for denoting the meaning behind

present phenomenon (Myers 2013) it allows for bias in interpreting and analyses of results which diminish the reliability and the neutrality of the research (Nueman 2014).

Nueman (2014) asserts that quantitative methods tackle the challenges of biasness associated with qualitative research by maximising objectivity and replicability of finding. Quantitative approaches are appropriate in determining the validity of a hypothesis (Zohrabi 2013). Rovai (2014) asserts that quantitative methodology is characterised by numbers and deduction. Despite the qualitative approach addressing the issue of objectivity it comes with its limitation of assuming a single truth within a world of intertwined factors affecting outcomes (Rovai 2014). In light of the benefits and limitations associated with qualitative and quantitative approaches the researcher has decided to undertake a mixed methodology approach to satisfy this research.

Schoonenboom and Johnson (2017) highlighted how mixed methodology allows for the collection, interpretation and analysis of qualitative and quantitative data simultaneously by combining elements of qualitative and quantitative approaches, uncovering the meaning of realities within industries while maintaining the qualities of neutrality, objectivity. In Spite of its time consuming constraint, mixed methodology is suitable to any research as it yields positive benefits due to the use of different approaches providing for improved profundity and extensiveness of information which is not enjoyed by exploiting singular methodologies (Almalki 2016). Hollstein (2014) and Johnson and Christensen (2017) supports this view suggesting that mixed methodology helps assist the researcher to broaden the scope of the study by using both words and numbers with the aid of software's. The researcher will incorporate interviews, questionnaires and correlation analysis to uncover the impact of labour force reduction on the performance of Playtime Manufacturers.

### **3.1.2 Combined descriptive and correlation research design**

A descriptive approach to research describes systematically a problem and the attitudes toward the problem and is suitable to provide an accurate and valid representation of variables relevant to the question. A descriptive approach helps to provide a highly accurate picture on a well-defined problem (Nuamen 2012). The approach is centred on the present (Pandey and Pandey 2015), providing new data that compliments or contradicts old data on a defined observable fact (Nuamen 2012).

While a correlation approach establishes the presence or absence of a relationship between a predetermined independent variable and a predetermined dependent variable which is most suitable for proving or disproving the appropriateness of a hypothesis (Adams and Lawrence 2015). A correlation approach employs statistical tools to unveil the relationship between two or more variables (Jackson 2016). The combination of the descriptive approach and co relational approach allows the researcher to exploit fully the benefits of mixed methodology to best explain the phenomenon of labour force reduction and its effect on the performance of a manufacturing organisation (Almalki 2016).

### **3.1.3 Case Study**

The researcher is using a case study of Playtime Manufacturers to assess the impact of labour force reduction on the performance of manufacturing companies in Zimbabwe. Yin (2013) defines a case study research as conducting an investigation into a present-day phenomenon within its innate context using multiple sourcing of evidence, the investigation can look into groups, organisations, individuals or in this case an organisation. Algozzine and Hencock (2016) assert that descriptive correlational case study is fitting for research that covers complicated problems, relationship testing to reach a conclusion with a practical existent perspective. The use of a case study has the advantages of providing heuristic impact on

contemporary problems, holistic elaboration on an entire circumstance and allowing the researcher to calibrate statistical measures (Nueman 2014).

### 3.2 Target population

Target population refers to all persons who meet the criteria specified for a particular research (Alvi 2016), from which a researcher wants their findings to apply (Patten and Newheart 2017). Omair (2014) defines the target population as a large collection of individuals with a binding trait that are the main focus of the research, the research can be generalized to this group of people and will serve to benefit them. The target population in this research includes the production department, sales and accounting departments of Playtime Manufacturers which has a total of sixty one (61) employees' as illustrated in the table below.

**Table 3.1 Target Population**

Population Description	Size
Accounting Department	3
Production Department	54
Sales and Marketing	4
Target population Size	61

### 3.3 Census

Saunders, Lewis and Thornhill (2012) highlighted that in certain situation sampling part of the target population plays a critical role in research, however the practise has its limitations which include sampling bias which reduces the researchers ability to generalise findings to



the entire population. This notion was supported by Pandey and Pandey (2015) who stated that sampling is prone to bias as it allows for exclusion of certain groups of the target population which might have different attitudes not catered for by the sample population. Bryman and Bell (2015) Established that lack of precision is prominent in sampling which diminishes the credibility of the researcher's findings. In light of the limitations inherent with sampling methods the study incorporated the entire target population in reaching a conclusion on labour force reduction methods on performance of the Playtime Manufacturers, its employees and employee's feelings about the methods employed.

A census involves collecting data from the total targeted population for analysis and this method gives a true representation of the thoughts and attitude of the entire target population (Patten and Newheart 2017). Using an entire target population ensures that the researcher will attain credible findings as there is no room for sampling errors (Nueman 2014). This is supported by Suanders, Lewis and Thornhill (2012) who emphasized that including each member of the target population enhances statistical confidence in findings. The use of total target population provides assurance that there is no room for sampling bias in the selection of participants edifying the quality of an objective study (Myers 2013). The study incorporated every member of the target population to ensure that everyone was represented maximising the accuracy of findings and conclusions. The population to be engaged in the census is detailed in the table below.

**Table 3.2 Population under census 1**

<b>Group Descriptions</b>	<b>Target population</b>	<b>Sample Population</b>	<b>Sample %</b>
<b>Accounting Department</b>			
<b>Director</b>	1	1	100%
<b>Accountant</b>	1	1	100%
<b>Clerk</b>	1	1	100%
<b>Production Department</b>			
<b>Management</b>	1	1	100%
<b>Supervisors</b>	4	4	100%
<b>Line workers</b>	49	49	100%
<b>Sales and Merchandising</b>			
<b>Management</b>	1	1	100%
<b>Sales team</b>	3	3	100%
<b>Total</b>	<b>61</b>	<b>61</b>	<b>100%</b>

### **3.4 Sources of Data**

Researchers (Datta and Basuil 2015; Lahiri 2016) looking into the effect of labour force reduction on financial performance and productivity used secondary data to assess the impact. While researchers (Applebaum et al 2017; Gracia-Cabrera and Hernandez 2014) trying to ascertain employees response and feelings toward change initiatives such as labour force reduction used primary sources of data attained through interviews and questionnaires, hence the researcher decision to use both primary and secondary sources of data as input to

the research process. The sources are explained in detail in the sub section below. The use of the combination of secondary and primary sources of data facilitates for comparisons of contextual data allowing the researcher to compare the data collected to secondary sources (Suanders, Lewis and Thornhill 2012).

### **3.4.1 Primary sources of Data**

Pattern and Newheart (2017) accentuated that primary data collection is the collection of first hand data directly from the sample population, this data is found in its original unprocessed state. Primary sources of data include interviews fieldwork, unpublished documents such as board meeting minutes (Myers 2013). Suanders, Lewis and Thornhill (2012) emphasized that when researching on unexploited areas collection of first hand unprocessed data is a requisite to edify the reliability and validity of the research. The researcher used close ended questionnaires and structured interviews to collect first-hand information from the employees at Playtime Manufacturers. The use of primary sources of data adds richness and value to the research representing the value that the research brings to the table, because the primary data collected is unique to the researcher and the particular research (Myers2013).

### **3.4.2 Secondary sources of data**

Secondary sources of data refer to data that is not being collected for the first time, these include published books, journals, newspapers, financial statements, management accounts, management reports and company profiles (Suanders, Lewis and Thornhill 2012). According to Bryman and Bell (2015) secondary data can be used for producing different knowledge, further analysis and, or conclusions. The researcher used Playtime Manufacturers financial statements, management accounts, management reports and company profile to come up with a comprehensive assessment of the impact of labour force reduction on the company's financial performance. In addition to the resource savings of money and time required to

conduct large scale interviews and surveys (Myers 2013), the use of secondary data have the advantages of the permanence of data allowing for the confirmation of the accuracy of findings by an independent party and making unforeseen discoveries (Suanders, Lewis and Thornhill 2012).

### **3.5 Research instruments**

Interviews, observations and questionnaires are essential instruments of research (Myers 2013; Brog and Gall 2013) and Brog and Gall (2013) revealed that researcher's questionnaires and interviews are appropriate means of collecting information relevant to research. The researcher used structured face to face interviews used by Goesaert, Heinz and Vanormelingen (2015) and De Muese and Dai (2013) to uncover the employers rational when downsizing and employees response to labour force reduction and close ended personally administered structured questionnaires as primary data collection instruments. The subsequent sub sections clarify and justify the selected methods administration. Rahman and Naeem (2012)

#### **3.5.1 Interviews**

Bryman and Bell (2015) define research interview as a decisive conversation between the interviewer and two or more parties assisting interviewer to elicit information from the interviewee. Fundamentally and interview is the process of asking purposeful questions and circumspectly paying attention to responses for additional investigation (Suanders, Lewis and Thornhill 2012). The use of structured interviews standardizes both the asking of questions and the capturing of responses reduces variation due to errors caused by interviewer variability (Patten and Newheart 2017). Structured interviews ensue that the variation in responses is a true variation not owing to any variation due to errors which is prevalent in

unstructured questions by ensuring that all interviews receive the exact same context of questioning (Johnson and Christensen 2017).

The researcher used a combination of open ended interview questions to reap the benefits of Myers (2013) stressed that open ended interview questions allow for the interviewees to freely express themselves, revealing information through responses the researcher had not anticipated during the response coding phase. The researcher included three levels of employee’s top management, middle management, bottom management and line workers as illustrated in the table 3.3 below.

**Table 3.3 interview schedule**

Level	Targeted respondents	Number of respondents
Top level management	Directors	1
Middle level Management	Department managers	2
Bottom level management	Supervisor/ Accountant	3
Line workers	Clerk/line workers/ Sales personnel	3
Total		9

### 3.5.2 Questionnaires

According to Pandey and Pandey (2015) questionnaires are organized sets of questions given to a sample population from which a researcher seeks to get relevant information. Suanders, Lewis and Thornhill (2012) defined questionnaires as a data collection instrument in which a person is asked to fill out pre-determined set of questions. Questionnaires are cost effective as they require less time and can be done in the absence of the researcher through mail, online

and drop and pick self-administered questionnaires (Suanders, Lewis and Thornhill 2012; Myers 2013; Brog and Gall 2013).

In this research the researcher utilized close ended self-administered questionnaires. Self-administered questionnaires have the advantage of convenience to respondents as the employees can complete the questionnaires when they are comfortable to complete them in their free time, at their own pace (Bryman and Bell 2015; Brog and Gall 2013). Bryman and Bell (2015) emphasized that self-administered questionnaires dispel the risk of interviewer variability in influencing the results as the researcher will not be present to sway the respondent to respond in a certain manner. Pandey and Pandey (2015) support this notion pointing out that self-administered questionnaires are objective with no clues or hints to direct the respondent. The method has the limitations of

### **3.5.2.1 Types of questionnaires**

The researcher identified two types of questionnaires namely closed ended and open ended questionnaires as established by Bryman and Bell (2015), Myers (2013) and Patten and Newheart (2017). With open ended questions respondents have the liberty to respond in any desired manner with an unlimited number of possible responses (Bryman and Bell 2015; Patten and Newheart 2017), while with closed ended questionnaires the respondent is provided with a fixed number of pre coded responses (Nueman 2014). The researcher used closed ended questionnaires in this research as Nueman (2014) and Suanders, Lewis and Thornhill (2012) emphasized that information collected from close ended questionnaires are valid and reasonable as they allow for comparison and quantitative analysis of responses as the questions and set of responses are identical. This is supported by Bryson and Bell (2015) who stated that close ended responses allow for easier data processing using statistical software for quantitative analyses.

### 3.5.2.2 Likert Scale

In this research the researcher made use of vertical Likert scale in making standardized close ended questionnaires. Likert scale is a psychometric five point response scale established by Rensis Likert in 1932 used in questionnaires to ascertain respondent’s predilection, concord and disagreement with a statement. Bacon-Shone (2015) defined the Likert scale as a means of measuring multifarious mind-sets and feelings scientifically (2015). A vertical Likert scale format clearly distinguishes questions from answers (Bryman and Bell 2012), a vertical format is more appropriate as this is how persons usually interpret data (Saunders, Lewis and Thornhill 2012). This research made use of the five point Likert scale in questionnaires have the sample population at Playtime Manufacturers tick the box that reflects their agreement or disagreement to a statement as illustrated in the table below.

**Table 3.4 Five point Likert scale**

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	4	3	2	1

Source: Saunders, Lewis and Thornhill (2012)

### 3.6 Validity and Reliability

Validity is the extent to which selected data collection instruments accurately measure the relevant concept (Bacon-Shone 2015; Patten and Newheart 2017). According to Bacon-Shone (2015) and Patten and Newheart (2017) Reliability is the extent to which a research instrument would produce consistent results if used repeatedly). The researcher ensured for

validity of questionnaires and interviews by pretesting them as recommended by Bacon-Shone (2015), Nueman 2014 and Myers (2013) to verify whether the questions were appropriately lengthened, understandable and unambiguous and altered the questions accordingly. The researcher made use of structured research questions, which ensures that the information is reliable as it diminishes the opportunity for researcher variability in asking questions and interpreting responses (Patten and Newheart 2017). This is supported by Brynam and Bell (2013) who assert that the standardization of questions and answers ensures that there are no contextual variations in finding.

### **3.7 Data analysis and presentation**

Qualitative data can be analysed manually or by making use of qualitative data analysis software's such as NVivo, and HyperResearch (Myers 2013; Suanders, Lewis and Thornhill 2012). Quantitative analysis and presentation using analysis software ranging from Microsoft Excel to more complex management and analysis software packages such as MIntab, Statview and IBM Statistical package for social sciences (Suanders, Lewis and Thornhill 2012; Bryman and Bell 2015).

The researcher presented results from the questionnaires and interviews in the form of bar graphs, tables and pie charts, to make for comprehensive illustration of findings (Suanders, Lewis and Thornhill 2012). The graphs tables and charts were developed by making use of presentation functions available in Microsoft excel and IBM's statistical packaged for social sciences. The results from interviews were interpreted and analysed qualitatively using computer aided data analysis software and quantitatively making use of IBM's statistical software package for social sciences. The researcher made use of bivariate correlation analysis functions available in IBM's statistical software package for sciences which are



pearsons co efficient correlation and simple regression to uncover the relationship between labour force reduction and the performance of playtime manufacturers.

### **3.7.1 Linear regression model**

In this section the researcher explains the model utilized in the study to determine the relationship between labour force reduction and financial performance as measured by ROTA. Previous scholars ( De Muese and Dai 2013; Braure and Laamanen 2014; Gandolfi 2013; Hamed et al 2013) tested the relationship between labour force reduction and ROTA using general linear model that included but was not limited to linear regression and paired t test. The study adopted a linear regression model to test the hypothesis that states that there is a positive relationship between labour force reduction and ROTA, the adoption of the model was stimulated by the use of the model by De Muese and Dai (2013) and Braure and Laamanen (2014)

### **3.7.2 Dependent variable**

In this research the dependent variable is financial performance which is depicted by ROTA as used by Craggier (2016), Brauer and Laamanen (2014) and Gandolfi (2013) in their study on the relationship between labour force reduction and ROTA.

ROTA = net profit/total assets

### **3.7.3 Independent variables**

Layoffs = Decrease in number of employees

Furloughs = Number of days off work

Outsourcing = Number of employees and production process outsourced

Delaying = Number of middle managers removed from the organisational structure

### **3.7.4 Multiple linear regression Model**

$$\text{ROTA} = \alpha + \beta \text{ layoffs} + \beta \text{ furloughs} + \beta \text{ outsourcing} + \beta \text{ delaying} + \varepsilon$$

$\alpha$  = (alpha) being autonomous ROTA

$\beta$  = (beta) representing the rate of change

$\varepsilon$  = uncertainty the change in ROTA not explained by the independent variables included in the model

### **3.8 Ethical consideration**

Ethics arise at every stage of business research and cannot be ignored as they relate directly to the integrity of the study and the discipline involved (Bryman and bell 2015). Suanders, Lewis and Thornhill (2012) pointed out that a researcher must adhere to certain standards with regards to the researchers conduct with participants and organisations that become the subject of the study or are affected by the study. Pandey and Pandey (2015) and Patten and Newheart (2017) emphasized the importance of avoiding the habit of jeopardizing participant's physical and mental safety. The researcher safe guarded the anonymity and safety participants by not including the names of participants in the study to avoid jeopardizing employee's job security and physical safety. The researcher observed all necessary confidentiality and did not include any findings or data in the study without the knowledge of the case study Playtime Manufacturers. Bryman and bell (2015) and Suanders, Lewis and Thornhill (2012) emphasised the need to avoid undue intrusion into individuals or an organisations private affairs in a bid to respect Playtime Manufacturers privacy the

researcher did not carry out any research without the consent of the Playtime Manufacturers management and directors.

### **3.9 Summary**

This chapter highlighted the methodology used in this study, pointing out the target population, sources of data, data collection instruments, the validity of methodology applied and ethical considerations made by the researcher in conducting this study.

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## **CHAPTER 4: DATA PRESENTATION AND ANALYSIS**

### **4.0 Introductions**

This chapter presented and analysed primary and secondary data collected from Playtime Manufacturers the case study using the research methodology outlined in chapter three of this research. From the data collected the researcher established major findings on which the conclusions to this research are based. This chapter will outline the response rate on questionnaires and will move on to the presentation and analysis of primary information collected through questionnaires .secondary data will be presented and analysed to test the hypothesis that labour force reduction methods are positively related to financial performance as measured by ROTA, at the end of this chapter the researcher presented and analysed data collected through interviews.

### **4.1 Presentation and analysis of Data collected through questionnaires**

The population's response rate and data collected through questionnaires methods is presented under the following subsection. The responses are further analysed in the next sections.

#### **4.1.1 Response rate**

The study adopted a census to unveil the impact of labour force reduction on financial performance of manufacturing companies paying particular attention to Playtime Manufactures. The census included sixty one (61) employees, all of which managed to receive the 61 issued questionnaires and responded to questionnaires furnished to them as illustrated in table 4.1 below.

**Table 4.1 Response rate**

Target population	Questionnaires sent	Questionnaires completed	Response rate
61	61	61	<b>100%</b>

## **4.2 Questionnaire analysis**

In this section the researcher presented information gathered by the use of questionnaires. For each question results were firstly presented in a 5 point likert scale Table accompanied with brief descriptions of responses, secondly results were presented in a 3 point scale table and graph accompanied with an explanation of the meaning of the responses given by respondents when restricted to a 3 point scale, the explanation supported by scholarly opinions and findings acknowledged in chapter 2 of this study. Finally the mode responses were provided for each question with explanations of the results meaning and additional scholarly support was provided.

### **4.2.1 Labour force reduction methods used by Playtime Manufacturers**

#### **4.2.1.1 Layoffs**

Question number 1.1 intended to determine whether layoffs were used as a labour force reduction method by Playtime Manufacturers. Table 4.2, Table 4.3 and Figure 4.1 below provide a comprehensive presentation of responses to question number 1.1 on the use of layoffs at Playtime Manufacturers as a labour force reduction method.

**Table 4.2 Response to Layoffs question**

Question 1.1: Playtime Manufacturers Laid off workers between 2012 and 2016		
Available Responses	Respondents	Percentage
Strongly Agree	23	37.70%
Agree	38	62.30%
Undecided	-	-
Disagree	-	-
Strongly Disagree	-	-
	61	100%

Results in Table 4.2 above illustrates how 23 out of 61 respondents (37.70%) of the respondents strongly agreed that Playtime Manufactures adopted layoffs as a labour force reduction method between 2012 and 2016 which means that employees were certain of Playtime Manufacturers layoff habits. 38 out of 61 respondents (62.30%) agreed that Playtime Manufacturers laid off employees between 2012 and 2016 which is indicative of Playtime Manufacturers use of Layoffs as a labour force reduction method. None of the employees felt that Playtime Manufacturers did not use layoffs as a labour force reduction strategy as illustrated in table 4.2 above, seeing as there are 0 out of 61 respondents that disagreed with the statement meaning that none of the employees refused layoffs as a labour force reduction method implemented by Playtime Manufacturers. 0 out 61 (0%) of the employees strongly disagreed with the statement that layoffs were used as a labour force reduction method by Playtime Manufacturers. 0 out of 61 (0%) of the employees were

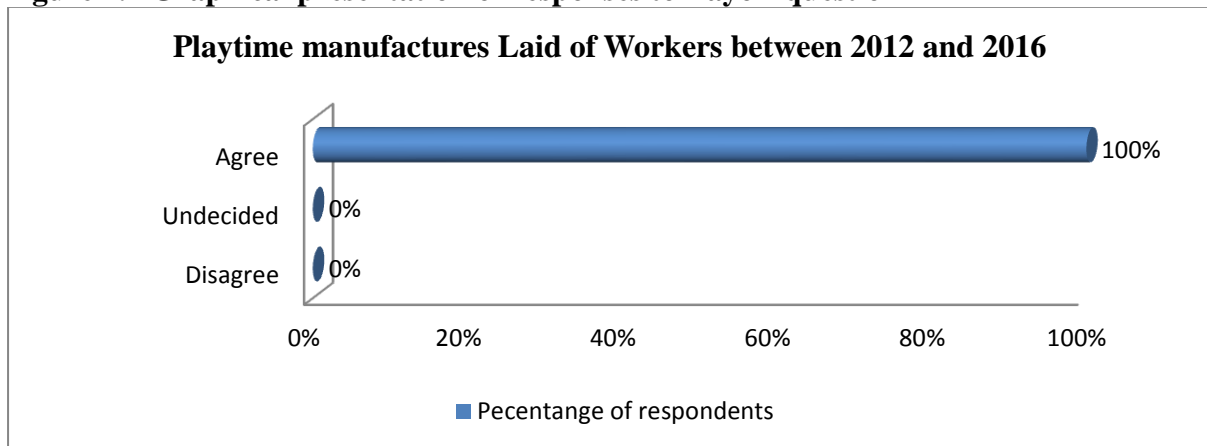
undecided showing how all employees were certain about Playtime Manufacturers use of implementation of layoffs without a shadow of doubt.

The results were further narrowed down to a three point scale and critically interpreted and analysed to establish the meaning of the results and carefully linking the findings to literature as presented in table 4.3, figure 4.1 and the section below.

**Table 4.3 Response to Layoffs question (Limited to 3 point scale)**

Response	Agree	Undecided	Disagree
Respondents	61	0	0

**Figure 4.1 Graphical presentation of responses to Layoff question**



When limited to the three points scale an overall 100% (61 out of 61) agree with the statement that Playtime Manufacturers laid off employees between 2012 and 2016 this suggests that Playtime Manufactures used layoffs to reduce its labour force and all employees were of the practise of laying off employees in prevailing in the organisation. The finding reinforce statements by Maodza (2016) and Mugabe (2017) who mentioned that organisation in Zimbabwe have been vigorously laying off employees in a bid to reduce labour cost and improve financial performance. Scholars which include De Muese and Dai (2013) and

Vapnek (2017) support Playtime Manufacturers practise of laying off employees suggesting that employers that lay off employees to reduce labour related costs enjoy improved financial performance due to reduced payroll costs and higher returns on reduced human capital. Yu, Chern and Hsiao (2013) and Anderson (2012) also mention how employers' propensity to lay off employees has increased in recent years as they seek to reap benefits such as improved communication and production efficiency which is associated with leaner organisational structures that surface after cutting off superfluous employees.

0% (0 out of 61) employees were undecided as illustrated in table 4.3 showing how all employees were certain of Playtime Manufacturers initiatives to layoffs employees. This suggest that employers are not scared away from exercising layoffs by scholars such as Goesaert, Heinz and Vanormelingen (2013) and Zorn et al (2017) that pointed out the risks of bankruptcy and the practise potential to prevent the likely hood of turnaround success due to an organisation wrong sizing itself and retrenchment costs associated with the practising.

0% (0 out of 61) employees disagreed reinforcing the fact that Playtime Manufacturers did in fact lay off employees and all employees in the census were aware of the fact. Employee's awareness of organisations habit of laying off employees was found to be true by Gansler (2016) and George (2014) who stated that news of layoffs has dominated the papers such that any knowlagble and willing party is aware of current employer retrenchment trends.

The modal response was an Agree with the response occurring 61 times out of a possible 61 times. This means that irrefutably layoffs are common practise done by manufacturing companies in Zimbabwe. The mode reinforces the statement that Playtime Manufacturers and manufacturing companies in Zimbabwe lay off employees which is in line with the notions by Ivancevich and Konopaske (2013) and Vapnek (2017) who stated that organisations that find themselves in financial distress tend to resort to laying off employees to cut back on



labour force costs, and inherently labour related costs. The Mode means that Layoffs are used regardless of establishments by some scholars (Ndofor, Vanevehoeven and Barker 2013; Zorn et al 2017) which emphasize that organisations in financial distress cannot layoff their way back to financial prosperity, companies continue to reduce the number of employees in attempts resuscitate financial performance (Tangpong, Abebe and Li 2015).

#### 4.2.1.2 Furloughs

This sub section aimed to establish whether Playtime Manufacturers utilized furloughs as a temporary labour force reduction method. Table 4.4, table 4.5 and Figure 4.2 illustrate employee’s responses to the question.

**Table 4.4 Responses to Furlough Question**

Question 1.2 : Playtime Manufacturers furloughed employees between 2012 and 2016

Available Responses	Respondents	Percentage
Strongly Agree	49	80.32%
Agree	12	19.67%
Undecided	-	-
Disagree	-	-
Strongly Disagree	-	-
	61	100%

Results from the questionnaire illustrated in table 4.4 above reveal how 49 out of 61 (80.32%) of the respondent strongly agreed that Playtime Manufacturers utilized furloughs as a temporary labour force reduction method, which means that employees have been

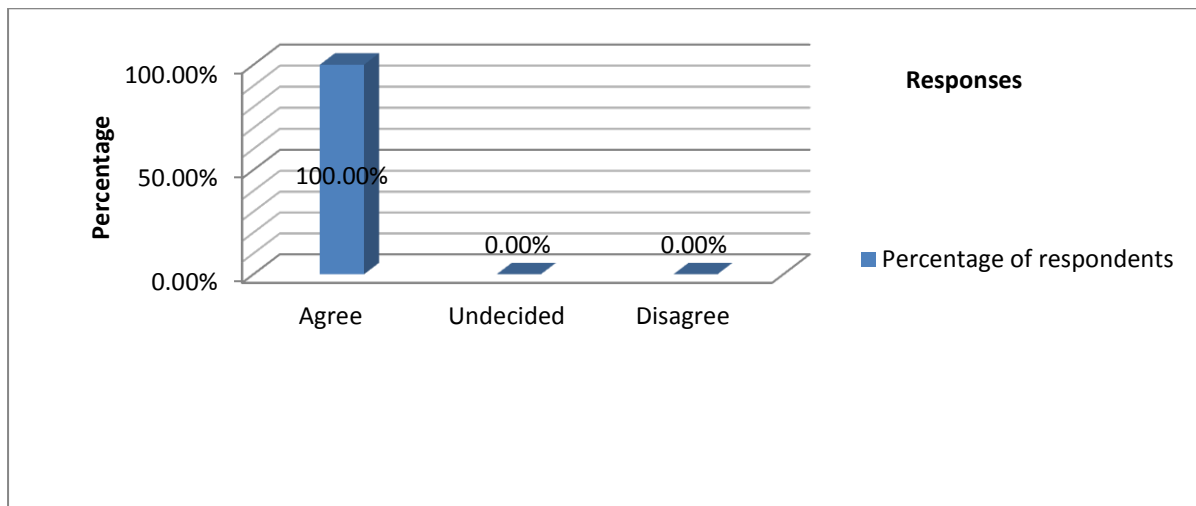
furloughed on a number of occasions between 2012 and 2016. 12 out of 61 of 19 (19.67%) of the respondents agreed that Playtime manufacturers furloughed employees between 2012 and 2016 suggesting supporting the 80.32% that strongly agrees. None (0%) of the respondents under census disagreed with the statement that Playtime Manufacturer Laid off employees which is indicative of the fact that Playtime Manufactures undeniably laid off employees between 2012 and 2016. 0 out of 61 (0%) employees strongly disagreed indicating that all employees were aware of Playtime Manufacturers implementation of furloughs as a labour force reduction strategy between 2012 and 2016. None of the employees (0 out of 61) were uncertain about the accuracy of the statement that Playtime Manufacturers furloughed employees between 2012 and 2016 meaning that all employees knew about Playtime Manufacturers implementation of furloughs to reduce its labour force to match sales and demand.

Results from the question on furloughs were further scrutinized, the respondents responses were tapered to three alternatives that is agree undecided and disagree as illustrated in table 4.5 and figure 4.2 below to provide for comprehensive interpretation, analysis and linkage to literature.

**Table 4.5 Response to furlough question (Limited to 3 point scale)**

Response	Agree	Undecided	Disagree
Respondents	61	0	0

**Figure 4.2 Graphical presentation of responses to furlough question**



An overall 100% (61 out of 61) of the employees agreed that Playtime manufacturers employed furloughs as a labour force reduction method which means that Playtime sought reduced payroll cost by reducing its labour force temporarily by furloughing employees. The 100% agreement suggests that all employees felt that Playtime Manufacturers furloughed employees between 2012 and 2016 to reduce payroll cost. The finding is supported by Zvoniecek (2012) and Hyman (2012) who found that when confronted with financial difficulties employers furlough employee as a temporary labour force reduction method to avoid retrenchment costs associated with layoffs but enjoy the benefits of reducing an organisation payroll.

0% (0 out of 61) of the employees was undecided which indicates that employees did not take a neutral stance. The absence of neutral responses means that employees were certain of Playtime's adoption of furloughs as a labour force reduction method. 0% (0 out of 61) of the employees disagreed with the statement that Playtime manufacturers furloughed employees between 2012 and 2016 which means that all employees noted Playtime manufacturers use of furloughs without the exception of any employee although the practise deteriorates job

satisfaction and employees commitment as mentioned by Shepherd (2017) and Ko and Yeh (2013) Playtime manufacturers laid off employees without the exception of any employee.

The mode response was agree which was identified with resounding 100% frequency meaning that all employee were aware of Playtime Manufacturers furloughing habits without any disagreement which is reflective of the establishments made by Shepherd (2017) and Vapnek (2017) that employers are inclined to adopt furloughs as a temporary labour force reduction measure when confronted with economic downward spiral and employees are likely to comprehend and maintain relationships with the employer as the separation is temporary.

The mode response which is agree means that manufacturing companies in Zimbabwe indubitably furloughed employees in attempts to low their labour force and avoid losing their valuable employees. The mode also hints towards the fact that employers are hesitant to hastily dispose of their valued human capital when faced with discontinuous events or catastrophes to maintain relations and avoid severing ties with their employees the solution to employer fears is employers pausing operations and contracts instead of outright cancelation of contracts (Zvonicek 2012; Hyman 2012), putting employees in a non-work non pay state temporarily before they restart operations as normal (The U.S office of Personnel Management 2013; Fraher and Gabriel 2014).

#### **4.2.1.3 Outsourcing**

The following section on outsourcing intended to establish from the population whether Playtime Manufacturers outsourced some of the jobs to external service providers. Results from primary data collection are laid out in table 4.6, Table 4.7 and figure 4.3 below.

**Table 4.6 Responses to outsourcing question.**

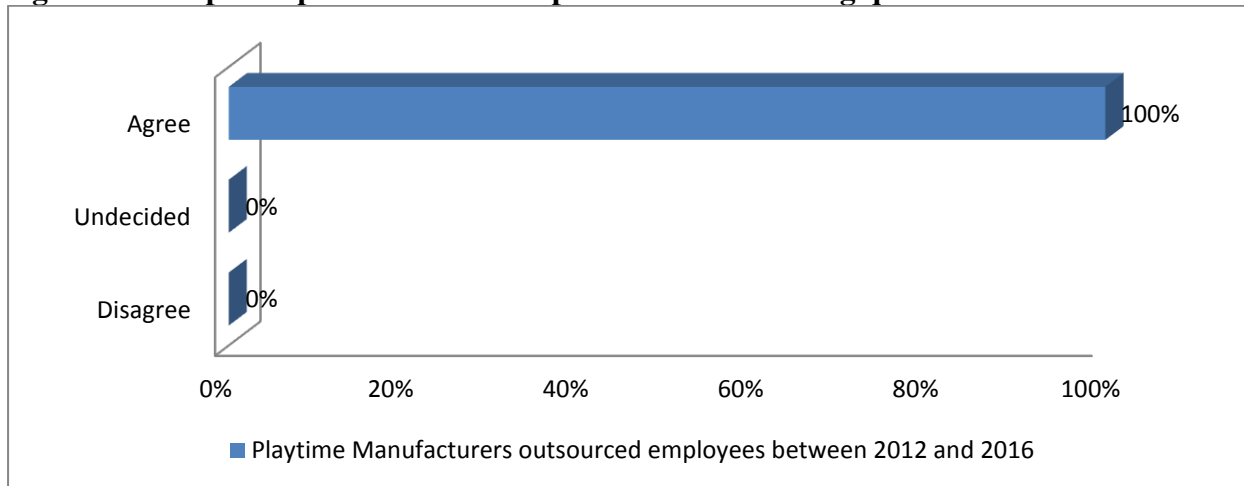
Question 1.3: Playtime Manufacturers outsourced employees between 2012 and 2016		
Available Responses	Respondents	Percentage
Strongly Agree	25	40.98%
Agree	36	59.02%
Undecided	-	-
Disagree	-	-
Strongly Disagree	-	-
	61	100%

The population was in general agreement with 40.98% of the population (25 out of 61) and 59.02% of the population (36 out of 61) strongly agreeing and agreeing respectively that Playtime Manufacturers outsourced employees between 2012 and 2016. 0% (0 out of 61) of the individuals in the census disagreed. 0% (0 out of 61) of the employees strongly disagreed with the statement that playtime manufacturers outsourced employees. The Lack of disagreements is reflective of the fact that without a doubt Playtime Manufacturers outsourced employees between 2012 and 2016. 0% (0 out of 61) of the employees from the census were undecided when it came to Playtime Manufacturers use of outsourcing as a labour force reduction method suggesting that none of the employees were in doubt with regards to Playtime Manufacturers use of outsourcing as a labour force reduction method. Further analysis was conducted to establish the dominant response when responses were limited to three options in a three point scale as illustrated below.

**Table 4.7 Response to Outsourcing question (Limited to 3 point scale)**

Response	Agree	Undecided	Disagree
Respondents	61	0	0

**Figure 4.3 Graphical presentation of responses to Outsourcing question**



An overall 100% (61 out of 61) of the employees agreed that Playtime manufacturers employed outsourcing as a labour force reduction method which indicates that outsourcing production processes and certain tasks was one of main labour force reduction exercises in Playtime Manufacturers . Playtime Manufacturers adoption of outsourcing as a labour force is reinforced by scholars such as Oke and Kach (2012) and Arvanitis and Loukis (2012) who agreed with organisations adoption of outsourcing emphasizing that the practise is positively related to productivity growth and profitability due to removal of inefficient processes and removal of expensive in house production processing lowering the cost of goods sold and ultimately profit..

0% (0 out of 61) of the employees was undecided which indicates that employees were which means that all employees were certain about Playtime Manufacturers stance on outsourcing as a labour force reduction method. 0% (0 out of 61) of the employees disagreed

with the statement that Playtime manufacturers outsourced employees between 2012 and 2016 which points out that none of the employees thought Playtime Manufacturers refrained from using outsourcing as a labour force reduction method providing further evidence that organisations in Zimbabwe’s manufacturing industry resort to outsourcing as a labour force reduction method regardless of the potential drawbacks such as prolonged time lags between activities (Cullinan and Zheng 2017) and increased job insecurity in employees (Wickford 2016; Han and Mithas 2013).

The modal response was Agree with 100% frequency indicating that Playtime Manufacturers reduced its labour force via outsourcing employees and production processes which supports notions by Antonioli et al (2015), Agrawl and Hall (2014) whom concurred that outsourcing employees is a practise adopted by numerous entities in hopes of reducing production costs this is seen in the case of Playtime Manufacturers where they adopted outsourcing employees and production process as a labour force reduction method. Employers adopt the method stand in attempts to enjoy the benefits of improved production efficiency and reduced cost per unit due to cheaper external service providers ( Antonioli et al 2015; Rampton 2012),

#### **4.2.1.4 Delayering**

Under this sub heading the researcher presented Playtime Manufacturers employee’s responses when asked whether the organisation delayered the organisational structure. The findings are presented in table 4.8, table 4.9 and figure 4.4 below.

**Table 4.8 Reponses to delayering question**

Question 1.4 : Playtime Manufacturers combined departments as a delayering strategy between 2012 and 2016

Available Responses	Respondents	Percentage

Strongly Agree	11	18.03%
Agree	46	75.41%
Undecided	3	4.92%
Disagree	-	-
Strongly Disagree	-	-
	61	100%

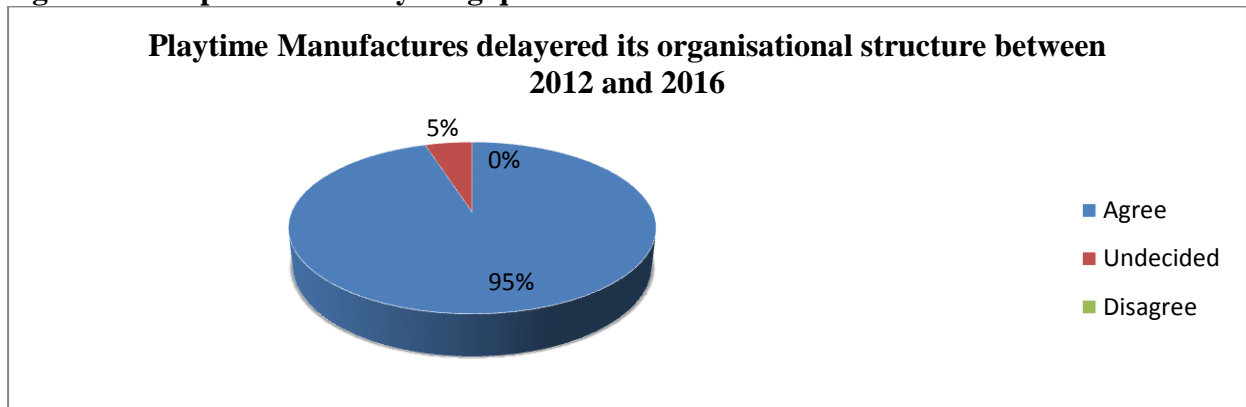
From the data collection conducted the researcher established that Playtime Manufacturers adopted delayering as a labour force reduction technique given the fact that 75.41% (45 out of 61) of the census population agreed with this statement. 18.03% (11 out of 61) employees of the target population strongly agreed with the statement that Playtime Manufacturers delayered between 2012 and 2016. 4.92% (3 out of 61) of the employees were undecided when it came to Playtime Manufacturers use of delayering as a labour force reduction strategy which indicates that a small portion of the employees were in doubt with regards Playtime Manufactures implementation of delayering as a labour force reduction strategy. 0% (0 out of 61) of the employees disagreed with the statement that Playtime Manufacturers delayered between 2012 and 2016 which indicates that indeed the organisation delayered between 2012 and 2016. 0% (0 out of 61) of the employees disagreed with the statement that Playtime Manufacturers laid off employees delayered between 2012 and 2016 which reinforces the fact that Playtime Manufacturers delayered between 2012 and 2016. The results were further narrowed down to a three point scale as presented in table 4.9 and figure 4.4 below. .



**Table 4.9 Response to delayering question (Limited to 3 point scale)**

Response	Agree	Undecided	Disagree
Respondents	59	3	0

**Figure 4.4 Responses to Delayering question Pie chart**



A majority of 95.08% (59 out of 61) of the employees agreed with the statement that Playtime Manufactures delayed the organisation between 2012 and 2016 which means that Playtime Manufacturers reduced its labour force by removing certain job units from the organisational structure as a form of labour force reduction method through delayering. Scholars support the act of employers reducing an organisations labour force through delayering suggesting that removal of redundant middle managers and job units without the cost of capacity cutting or wrong sizing an organisation is the major benefits of delayering over outsourcing or layoffs (Kavadis and Castaner 2015; Hoyes 2014).

An inconclusive 4.92% (3 out of 61) of the employees were undecided hinting towards the shadow of doubt with regards to Playtime Manufacturers position on the use of delayering as a labour force reduction strategy, which reflects how a select few could not notice the exercise within the organisation this was also found to be the case by Datta and Basuil (2015) who mentioned how employees might interpret the re configuration of an organisation

differently based on cultural and contextual matters and experiences. 0% (0 out of 61) of the employee disagreed with the statement which is indicative of Playtime Manufacturers use of delayering since none of the employees objected to this statement pointing towards the fact that Playtime Manufacturers delayered between 2012 and 2016 as the statement was uncontested.

The mode response was agree which is indicated employers propensity to downsize through delayering by reducing the job units within the organisational structure so as to reduce bottlenecks within the organisation. Braure and Laamen (2014) and Schenkel and Teigland (2016) found the same to be true establishing that employers reduced job units within organisational structures to reduce bottlenecks within the organisation in order to improve communication (Chern and Hsiao 2013) and production efficiency (Kavadis and Castamer 2015).

#### 4.2.2.1 Employee involvement

To successfully implement change initiatives such as delayering employees involved must be consulted and involved in labour force reduction exercises (Datta and Basuil 2015), this statement was examined by the two following questions to see if it holds fast in a Zimbabwean context.

**Table 4.10 Responses to the effect of employee involvement**

Question 2.1: Successful implementation of labour force reduction initiatives was affected by the non-involvement of employees		
Available Responses	Respondents	Percentage
Strongly Agree	5	8.20%

Agree	43	70.49%
Undecided	12	19.67%
Disagree	1	1.64%
Strongly Disagree	0	0%
	61	100%

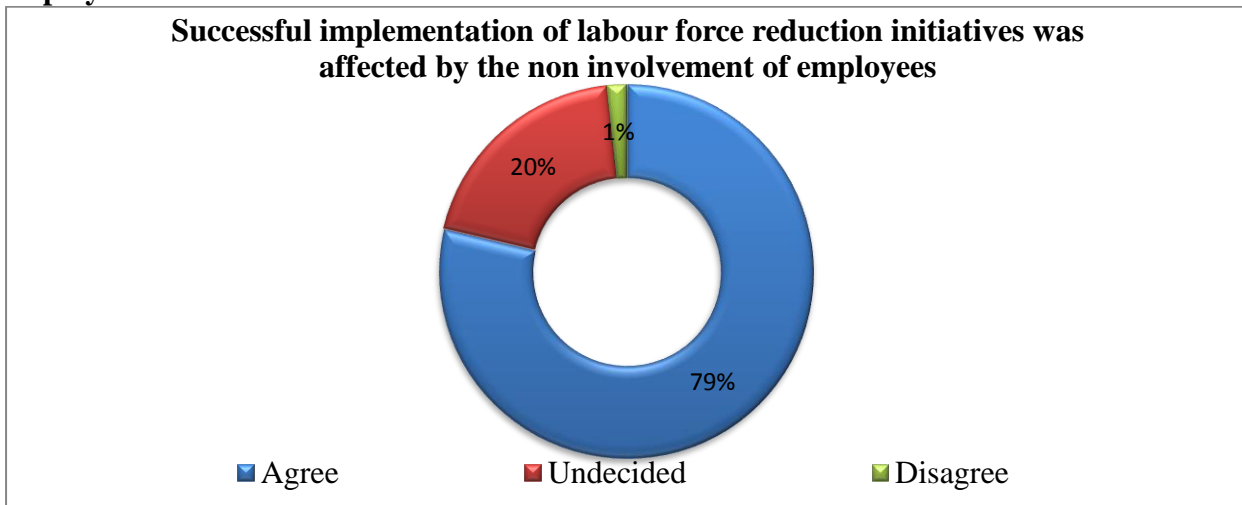
43 out of 61 (70.49%) of the employees agreed with the statement that non-involvement of employees in labour force reduction meetings and discussions affected the successful implementation of the methods, hinting towards the fact that possible gains from labour force reduction were lost due to employee non-involvement. 5 out of 61 employees strongly agreed (8%) with the statement that successful implementation of labour force reduction methods was adversely affected by non-involvement of employees. 12 out of 61 employees (19.61%) were undecided which is indicative of employees' doubts on the significance of employee involvement on the success of labour force reduction. 1 out of 61 employees (1.64%) of the employees disagreed with the statement that labour force reduction was affected by non-involvement of employees. 0 out of 61 employees (0%) strongly disagreed with the statement.

Further explanations and meanings behind employee's responses were provided for 3 point scale responses below with the analysis being concluded by a measure of central tendency (mode) was used to evaluate responses

**Table 4.11 Response to employee involvement question (Limited to 3 point scale)**

Response	Agree	Undecided	Disagree
Respondents	48	12	1

**Figure 4.5 Doughnut presentation of employees response to the effectiveness of employee involvement**



As illustrated in table 4.11 and figure 4.5 above 78.69% (48 out of 61) employees of the employees agreed with the fact that successful implementation of labour force reduction initiatives was affected by the non-involvement of employees. This meant that initial failures of labour force reduction such as falls in production efficiency were attributable to the non-involvement of employees who preferred to be involved before accepting the labour force reduction initiative. The evidence suggests that employees preferred to be involved in processes leading to change (Himme 2012), these employees perceive labour force reduction exercises to be more fair when involved (Bragger et al 2015). The involvement of these employees diminishes their resistance to change (Sahoo 2014) and persuades the employees to be cooperative and assist management during the downsizing exercise because they acknowledge that they assisted in the decision making process (Frey et al 2016).

Although the bulk (78.69%) of the respondents are of the opinion that for successful implementation of labour force reduction the involvement of employees is critical, results from the questionnaires revealed that there is a significant number of employees in the manufacturing industry which were indifferent about employee involvement in pre labour

force reduction discussions and its bearing on the successful implementation of labour force reduction methods, seeing as 12 out of 61 (19.67% ) employees from the target population were undecided as to whether employee non-involvement or involvement affected the successful implementation of labour force reduction exercises. The evidence is in line with Gracia-Cabrera and Hernandez (2014) and Greenbaum et al (2012) who accentuated that although employee involvement is a positive step towards motivating employees the practise does not guarantee employees coordination and enthusiastic participation in labour force reduction exercises, Arshad (2016) concurred pointing out that unpredictability prevails even with sound employee involvement.

A negligible 1 out of 61 of the employees (1.64%) disagreed with the notion that successful implementation of labour force reduction methods was affected by none involvement of employees which means that an inconsequential yet notably 1 employee was of the opinion that non-involvement of employees did not adversely affect the success of labour force initiatives. These Employees types of employees are further explained by Lam (2015) and Kuafman (2015) who were of the view that employees who were aware of forth coming labour force reduction had high levels of stress related to job insecurity compared to employees that did not know meaning that employee involvement is detrimental to employees mental orientation and agreement.

The mode response was Agree with a 78.69% frequency, which indicated that the majority of employees believed that the organisation involving them in decision making improves the likelihood of labour force reduction success. This is supported by literature by Sahoo 2014 and Himme 2012 who suggested that employee involvement calms down employees fears which adversely affect successful implementation of labour force reduction. The mode

response is also found to be true by Shah et al (2016) who noted that successful implementation of labour force reduction ultimately rests with employees and early involvement of employees ensures they get on board quick enough to avoid initial drops in productivity. The mode responses to the question tally with Frey et al (2016) assertions that early and belligerent employee involvement leads to improved results from labour force reduction.

**Table 4.12 Responses to the adequacy of employee engagement programs**

Question 2.2: Workers did not get adequate counselling prior to and post implementation

Available Responses	Respondents	Percentage
Strongly Agree	4	6.56%
Agree	30	49.18%
Undecided	19	31.15%
Disagree	8	13.11%
Strongly Disagree	0	0%
	61	100%

7% (4 out of 61) of the respondents strongly agreed to the statement that employees did not get adequate counselling as shown in table 4.12 above. The responses indicate how employees feel that they should be actively engaged during labour force reduction exercises. 49.18% (30 out of 61) of the respondents agreed with the statement suggesting that Playtime Manufacturers did not conduct adequate and sufficient counselling which was expected by the employees. 31.15% (19 out of 61) of the respondents were undecided taking a neutral stance which points out that a good portion of the employees were uncertain with regards to the sufficiency of counselling conducted by Playtime Manufacturers. 13.11% (8 out of 61) of the respondents disagreed with the statement that workers did not get adequate counselling prior and post implementation of labour force reduction, which suggests that a significant

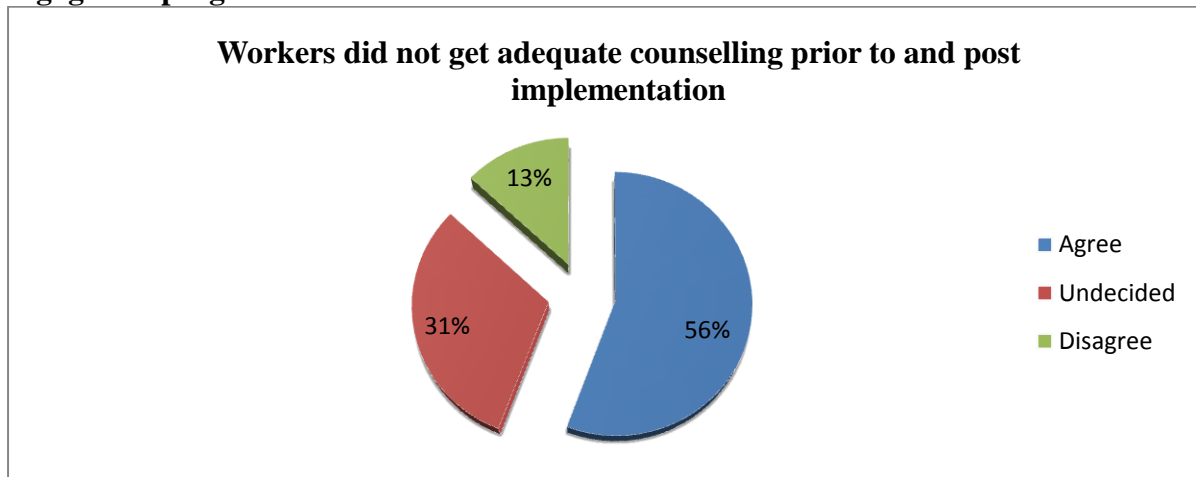
amount of employees were content with Playtime Manufacturers employee involvement efforts. 0% (0 out of 61) of the respondents strongly disagreed with the statement meaning that none of the employees were extremely satisfied with Playtime Manufacturers employee involvement efforts

Further analysis of responses to employee involvement and a comprehensive link to literature is provided below with results trimmed down to three responses agree, undecided and disagree.

**Table 4.13 Response to adequacy of employee engagement programs question (Limited to 3 point scale)**

Response	Agree	Undecided	Disagree
Respondents	48	12	1

**Figure 4.6 Pie Chart presentation of responses to the question on adequacy of employee engagement programs**



From the questionnaires distributed and collected there was a resounding 56.54% (34 out of 61 respondents) agreement to the statement that employees did not get adequate counselling prior to and post implementation. This means that employee involvement attempts by Playtime Manufacturers were not deemed to be sufficient by employees. The Agreement adds to the previous question on employee involvement and successful labour force reduction initiatives, the results suggest that indeed employers are not devoted to committing resources to fund counselling and employee engagement programs (Kaufman 2015). Inadequate employee involvement noted could have been motivated by employers desire not to disrupt production processes prior to and after the labour force reduction exercise by exerting stress on employees through sensitive counselling and discussion and diverting production time to discussions (Lam 2015).

Although there was general agreement to the inadequacy of counselling programs and employee involvement a considerable amount of respondents constituting 31.15% (19 out of 61) of the census population were neutral when it came to the adequacy of Playtime Manufacturers employee engagement programs. This meant that some employees are not keen on negotiating or participating in pre and post labour force reduction consultations.



The 31.15% finding is supported by Gracia-Cabrera and Hernandez (2014) and Greenbaum et al (2012) who emphasized that employees perceptions of the adequacy of employee involvement activities and their subsequent response to organisational change depends on their core self-valuation and not solely on the organisations efforts to involve employees.

While notable a 13% (8 out of 61) of the census population believed that Playtime Manufacturers conducted adequate counselling workshops. 75% of the respondents that selected this option were either managers or middle managers meaning that manager and middle managers felt that they were adequately involved and in turn they adequately involved others. The driving force to the difference in responses is attributable to the difference in level of education (Norman, Butler and Ranft 2015), individuals of different levels of education interpret situations differently and empathise with management differently (Norman, Butler and Ranft 2015), this is evident as 97% of the respondents that agreed that Playtime Manufacturers did not conduct adequate counselling are the line workers while 100% of the respondents that disagreed are Middle and top management.

The most frequent response was agree which is the mode, The mode points out that the initial shortfalls and failure of labour force reduction is attributable to lack of employee involvement. This finding was also established by Frey et al (2016) and Bragger et al (2015) who emphasized that employers are not eager to divulge information about poor financial performance to employees by having discussion hence the lack of employee involvement which results diminish the returns from labour force reduction initiatives. Hoover and Harder (2015) provides additional support stating that employee involvement is paramount in ensuring successful implementation of labour force reduction initiatives.

#### 4.2.2.2 Communication

Theory (Applebaum et al 2017; Kerelis, Hanaff and McLaughlin 2017) suggests that adequate communication heightens the probability of successful labour force reduction. The following two questions examined the appropriateness of this statement in Zimbabwe’s manufacturing industry. Table 4.14, table 4.15, table 4.16, table 4.17 figure 4.7 and figure 4.8 below illustrate the findings from the target population.

**Table 4.14 Responses to the question on adequacy of communication**

Question 2.3: Playtime Manufacturers adequately communicated its labour force reduction strategy		
Available Responses	Respondents	Percentage
Strongly Agree	0	0.00%
Agree	4	6.56%
Undecided	11	18.03%
Disagree	42	68.82%
Strongly Disagree	4	6.56%
	61	100%

None 0% (0 out of 61) of the respondents strongly agreed to the notion that playtime manufacturers adequately communicated its labour force reduction strategy which hints towards lack of proper communication as an avenue for unsuccessful labour force reduction. While a percentage of 6.56% (4 out of 61) agreed to the proclamation pointing to the fact that employees did not deem Playtime Manufacturers management’s communication efforts to be sufficient. 68.82% (42 out of 61) of the employees disagreed with the statement that adequately communicated its labour force reduction strategy. The resounding disagreement

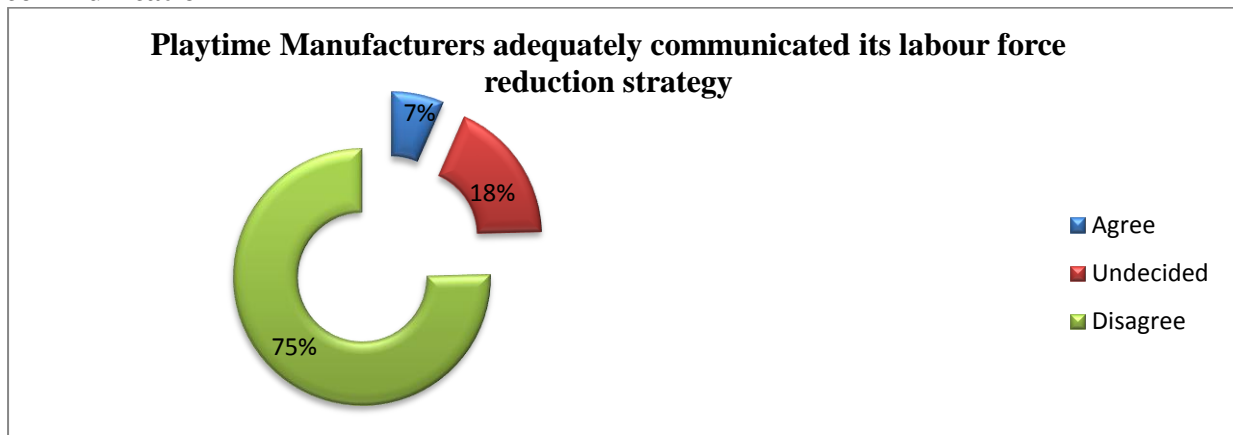
reflects how employees feel the need to be notified of change initiatives. 6.56% (4 out of 61) of the employees strongly disagreed with the statement that Playtime Manufactures adequately communicated its labour force reduction strategy. Notably 18% (11 out of 61) of the respondents took a neutral stance as to the adequacy of management communication attempts.

The meaning and scholarly support for responses to question on the adequacy of communication is given the section below where results were trimmed down to a 3 point scale.

**Table 4.15 Response adequacy of communication question (Limited to 3 point scale)**

Response	Agree	Undecided	Disagree
Respondents	48	12	1

**Figure 4.7 Doughnut presentation of responses to the question on adequacy of communication**



As demonstrated in table 4.15 and figure 4.7 above 75% (46 out of 61) of the respondents disagreed with the statement that Playtime Manufacturers adequately communicated its labour force reduction strategy. This results signals that poor communication might have warranted the initial deficiencies of labour force reduction. Drensky and Heinz (2014) and Invernizzi (2012) support this mentioning how inadequate communication worsens the results from change initiatives such as labour force reduction. Grebe (2013) concurs indicating how

inadequate poorly managed communication can actually worsen employee's resistance to change as employees will be acting on negative exaggerated rumours instead of precise information from management.

18% (11 out of 61) of the respondents took a neutral stance choosing to be undecided when it came to the adequacy of Playtime Manufacturers communication efforts. This reflects how a portion of the employees were not particular about the adequacy of communication. This result is supported by Rupicic (2017) and Norman, Butler and Ranft (2015) who accentuates those individuals in the same organisation can perceive the adequacy and sufficiency of communication differently, they further added that some employees reaction remains unchanged regardless of managements communication attempts.

4.7% (4 out of 61) of the respondents were of the opinion that Playtime manufacturers adequately communicate its labour force reduction method. The response indicates that only an inconsequential number of people were satisfied with Playtime Manufacturers communication during the implementation of labour force reduction strategy. This indicates that Playtime Manufacturers secured a negligible 4.7% of employee's commitment to the organisation through its communication attempts (Applebuam et al 2017; Sahoo 2014).

The mode response was disagreeing meaning that the most common response was disagreeing with the statement that Playtime Manufacturers adequately communicated its labour force reduction strategy. The mode response emphasizes that Playtime Manufacturers did not adequately communicate its labour force reduction strategy. The mode is in line with findings by Grebe (2013) which indicated that management try to conceal their mistakes by providing employees with inadequate information and in some cases providing employees with no information at all. Invernizzi (2012) agreed with the mode suggesting that employers are reluctant to reveal sensitive information about labour force reduction to employees.

In light of the previous questions findings with regards to the inadequacy of communication by Playtime Manufacturers management, the next question sort to reveal whether the inadequacy affected the successful implementation of labour force reduction methods.

**Table 4.16 Responses to the role of communication**

Question 2.4: Successful implementation of labour force reduction initiatives was affected inadequate communication.

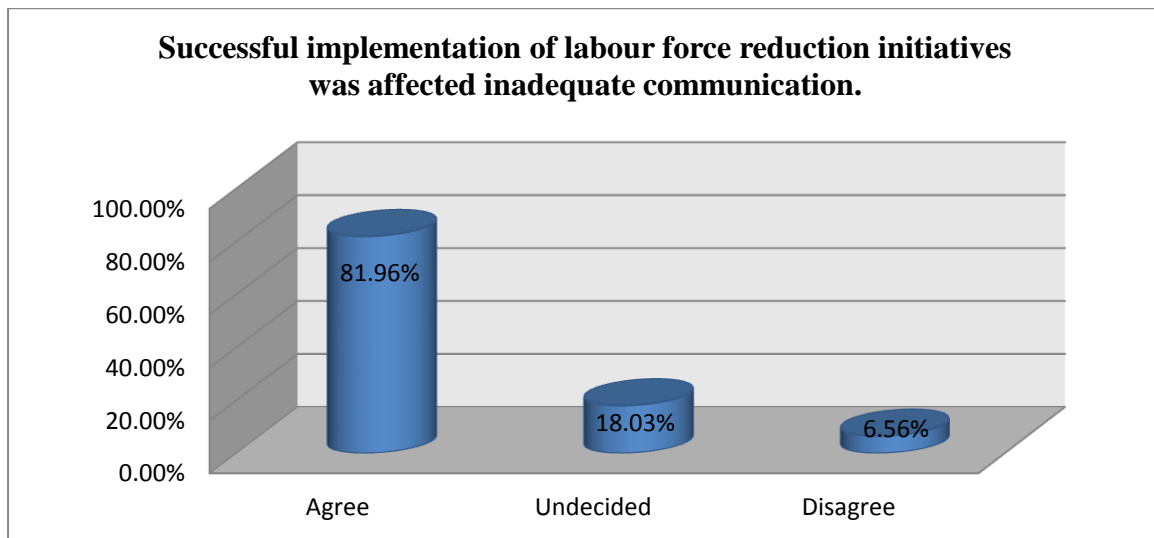
Available Responses	Respondents	Percentage
Strongly Agree	9	14.75%
Agree	41	67.21%
Undecided	7	11.48%
Disagree	4	6.56%
Strongly Disagree	0	0.0%
	61	100%

A total of 41 out of 61 (67.21%) employees in the target population agreed that communication is a factor critical to the successful implementation of labour force reduction methods. 9 out of 61 (14.75%) respondents strongly agreed and 41 out of 61 employees agreed to the fact that communication has an immense bearing on the success of labour force reduction exercises. 7 out of 61 (11.48%) of the employees were undecided about the role of communication in successful implementation of labour force reduction methods. 4 out of 61 (6.56%) of the employees disagreed indicating that communication played no role in the implementation of labour force reduction strategies. 0 out of 61 (0%) of the employees selected the strongly disagree option.

**Table 4.17 Response to the role of communication question (Limited to 3 point scale)**

Response	Agree	Undecided	Disagree
Respondents	48	12	1

**Figure 4.8 Graphical presentation to the role played by communication**



A total of 50 out of 61 (81.96%) employees in the target population affirmed that communication is a factor critical to the successful implementation of labour force reduction methods which meant that communication was a critical factor to success which Playtime Manufacturers management overlooked. The evidence reverberate accentuations by Applebaum et al (2017), Haque et al (2016) Kerelis, Hanaff and McLaughlin (2017) and Handy et al (2012) who emphasized that a sturdy flow of precise information to the workforce is critical to diminish resistance to change, improve employees willingness to cooperate and improving employees trust in management and the organisation, all of which are critical to the successful implementation of labour force reduction initiatives (Sahoo 2014).

A noteworthy amount of employees 12 out of 61 (18.03%) employees were indifferent when it came to the effect of communication on the successful implementation of labour force reduction initiatives, Echoing the fact that although communication helps employees understand, employee cooperation and successful implementation varies contextually dependent on the type of employees being dealt with (Gracia-Cabrera and Hernandez 2014). An inconsequential amount of employees (4 out of 61, 6.56%) disagreed with the fact that communication is a factor critical to the successful implementation of labour force reduction methods. The difference in responses is evidence of the fact that individuals in the same organisation can perceive communication differently (Rupicic 2017), hence the exercises can yield mixed results within the same industry (Norman, Butler and Ranft 2015).

The mode of the responses was agree is represented by 98.56% of the responses which means that inadequate communication in playtime manufacturers affected the successful implementation of labour force reduction, Ivernizzi (2012) found the same accentuating that poor and insufficient communication with employees during labour force reduction initiatives deters the chances of success. Grebe (2013) also supports the modal responses emphasizing how management trying to conceal their failure by limiting the information it communicates to the employees aggravates the initial failures associated with labour force reduction.

#### **4.2.3.1 Employees responses to labour force reduction**

This section focused on presenting and analysing data with regards to employee's cerebral and physical responses to implementation of labour force reduction methods. In concern to employee responses the research zeroed in on employee morale, job insecurity and labour turnover in an attempt to ascertain whether employees in Playtime Manufacturers reacted favourably or adversely.

Irrefutably employees held a common view that labour force reduction did not improve their job morale but on the contrary the practise diminished their work moral as illustrated in table 4.18, Table 4.19 and figure 4.9 below.

**Table 4.18 Response to question on job morale**

Question 3.1: Implementation of labour force reduction methods improved job morale.		
Available Responses	Respondents	Percentage
Strongly Agree	0	0.00%
Agree	0	0.00%
Undecided	2	3.28%
Disagree	16	26.23%
Strongly Disagree	43	70.49%
	61	100%

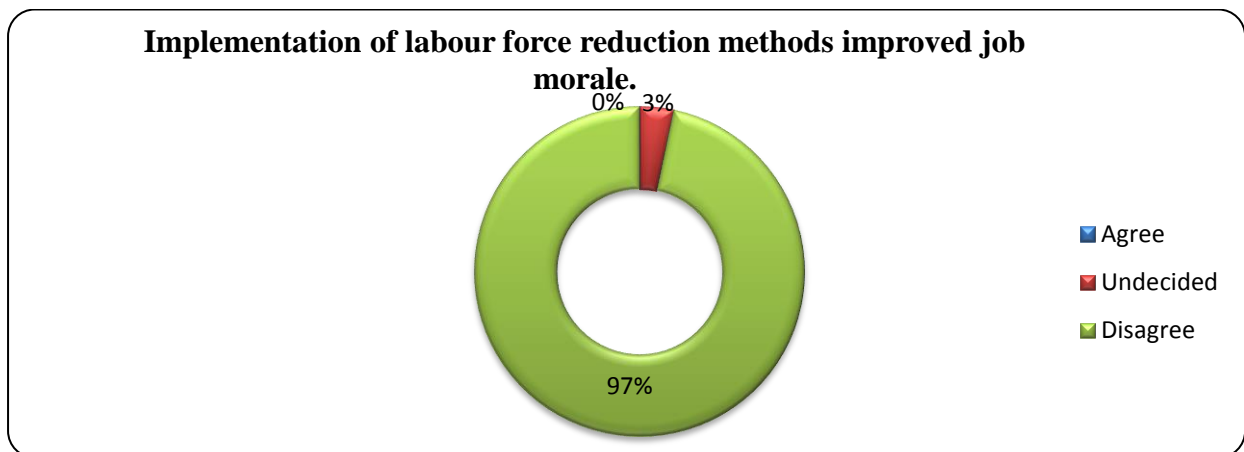
0 out of 61 (0%) of the respondents strongly agreed that labour force reduction improves job moral which means that job moral in employees was not improved by labour force reduction initiatives. 0 out of 61 (0%) of the respondents agreed that labour force reduction improves job morale which suggest that none of the employees perceive their job morale to be improved by labour force reduction. 2 out of 61 (3.28%) of the respondents in Playtime Manufacturers were undecided which reflects how the employees perceived labour force reduction as having no bearing on job morale. 16 out of 61 (26.23%) of the respondents disagreed which indicates that employees job morale was depleted after labour force reduction exercises. 43 out of 61 (70.49%) of the respondents strongly agreed which means that employees felt that labour force reduction immensely diminished their job morale.



**Table 4.19 Response to job morale question (Limited to 3 point scale)**

Response	Agree	Undecided	Disagree
Respondents	0	2	59

**Figure 4.9 Doughnut presentation of responses to question on job morale**



When refined to the three pointy scale as illustrated in Table 4.19 and figure 4.9 the researcher noted that an astronomical 96.63% (59 out of 61) of the respondents disagreed with the statement that labour force reduction improves job morale going to show how labour force reduction is detrimental to job morale of individuals in downsized organisations. A resounding no from the employees augments findings by Drzenksy and Heinz (2014) and Halbesleben, Wheeler and Paustian-Underdahl (2013) which sanctioned that labour force reduction exercises mutilate employee’s job morale due to augmented stress and mental fatigue associated with labour force reduction exercises survivors. Fraher (2013) supports the 96.63% that disagree stating that increased levels of stress due to concerns about ones future diminishes job morale during labour force reduction exercises and in the short run after labour force reduction initiatives.

0 out of 61 (0.00%) of the respondent agreed with the assertion that implementation of labour force reduction methods improved job morale which indicates that labour force reduction does not result in improved job morale as mentioned by Halbesleben, Wheeler and Paustian-Underdahl (2013) and Fraher (2013) who stated that mental strains dominant in labour force reduction survivors hinders them from improving their job morale.

A notable 3% (2 out of 61) of the respondents responded neutrally selecting the undecided option meaning that job morale in select few individuals was not affected by labour force reduction. this indicates that labour force reduction does not have a negative effect on job morale in all cases as seen in research by Tomprou, Roussea and Hensen (2015) and Wei et al (2015) who affirmed that labour force reduction initiatives do not always warranty a negative response, although an employee's perception of the employer might change job morale may remain unchanged.

The mode response was Disagree with the highest frequency of 96.63% this results means that labour force reduction reduces employees job morale in interviews due to stress and mental fatigue as indicated by Drzenksy and Heinz (2014) and Halbesleben, Wheeler and Paustian-Underdahl (2013) who sanctioned that employees job morale takes a heavy blow as employee feed on falsified recurring rumours that they are disposable. Bryson, Barth and Dale-Olsen (2013) found the same to be true in their research establishing that downsizing survivors exhibited deteriorated levels of job morale and motivation to complete their tasks effectively and efficiently.

Employee errors at work are amplified due to increased anxiety and stress one of the main stresses include job insecurity (Bryson, Barth and Dale Olsen 2013). The following table present employee's responses to the question of job security

**Table 4.20 Responses to question on job security**

Question 3.2: Implementation of labour force reduction methods reduced job security.		
Available Responses	Respondents	Percentage
Strongly Agree	28	45.90%
Agree	33	54.10%
Undecided	0	0.00%
Disagree	0	0.00%
Strongly Disagree	0	0.00%
	61	100%

54.10% (33 out of 61) of the respondents from the census agreed that labour force reduction methods negatively affected their perception of their job security with Playtime Manufacturers. Which means that job security is adversely affected by labour force reduction and labour force reduction survivors in Zimbabwe experienced a heightened sense of job insecurity. The remaining 45.90% (28 out 61) employees strongly agreed to the fact that labour force reduction exercise reduced job security providing further support to the 54.10% that agreed adding to the fact that labour force reduction deteriorates employees job security.

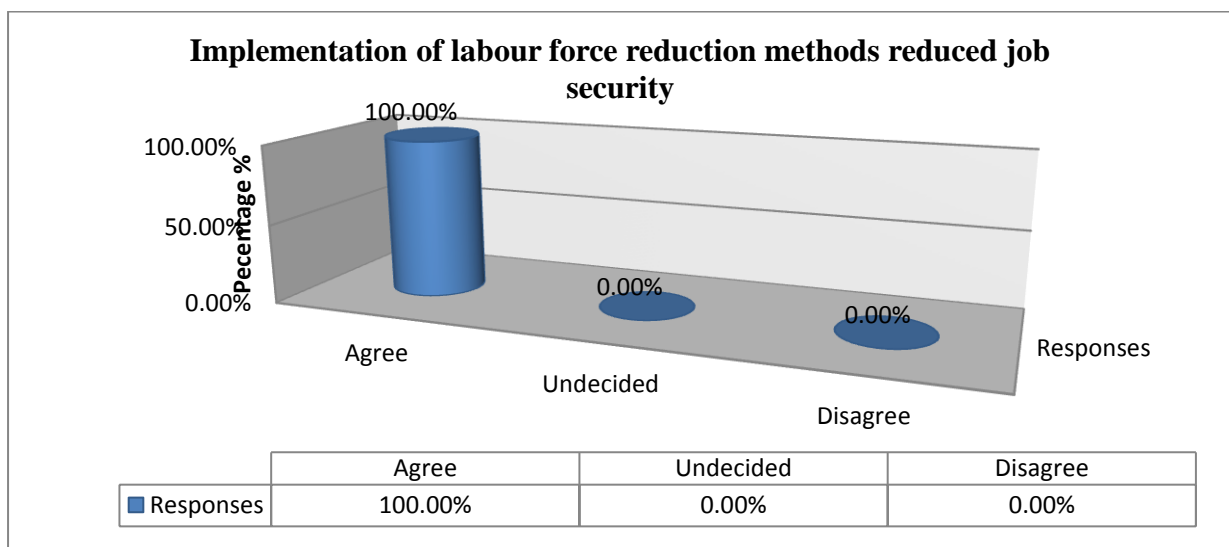
0% (0 out of 61) of the employees disagreed with the statement that labour force reduction exercises reduce job security which means that in the manufacturing industry of Zimbabwe labour force reduction survivors do not manage to overcome job security concerns. None (0 out of 61) of the employees strongly disagreed meaning that labour force reduction is certainly detrimental to job security. 0 out of 61 of the employees were undecided on employee's mental response in the form of job security as a result of labour force reduction

this reflects how no doubts covers employee’s perceptions of their job security after labour force reduction exercises.

**Table 4.21 Response to job security question (Limited to 3 point scale)**

Response	Agree	Undecided	Disagree
Respondents	61	0	0

**Figure 4.10 graphical presentation of responses on job security**



Results from the three point scale presentation above reflect how employees were in overall agreement with 61 out of 61 of the respondents agreeing, the emphatic 100% response means that all employees felt that they were they future with Playtime Manufacturers was on the brink of extinction. The finding is in line with findings by Dervishmotevali and Kilic (2016) and Fraher (2013) which pointed out that labour force reduction survivors experience immense job insecurity due to the fact that the practise violates employees psychological contracts, even though physical contracts hold mentally employees feel unsafe and insecure. Drzenksy and Heinz (2014) added that employees experience augmented job insecurity because they will be considering the likelihood they are next to be laid off or demoted.

None (0 out of 61) were of the employees disagreed with the statement that labour force reduction exercises reduce job security which is indicative of the fact that all employees experience job insecurity such that the feeling cannot go unnoticed as explained by Halbesleben, wheeler and Puastian-Underdahl (2013) who emphasized that labour force reduction places immense worrying about their future with the organisation which cannot be suppressed.

0 out of 61 of the employees were undecided on employee’s mental response in the form of job security as a result of labour force reduction. This is reflective of employee’s inability to remain content with their employment status after changes in labour force size and configuration.

The mode response was agree, with an absolute 100% frequency which emphasizes that job insecurity is dominant in labour force reduction exercises survivors scholars such as Drzenksy and Heinz (2014) and Rehaman and Naeem (2012) agreeing with this finding that downsizing survivors demonstrated depleted levels of job security due to violated mental contracts and employees loss of trust in the employer.

**Table 4.22 responses to question on Employee commitment**

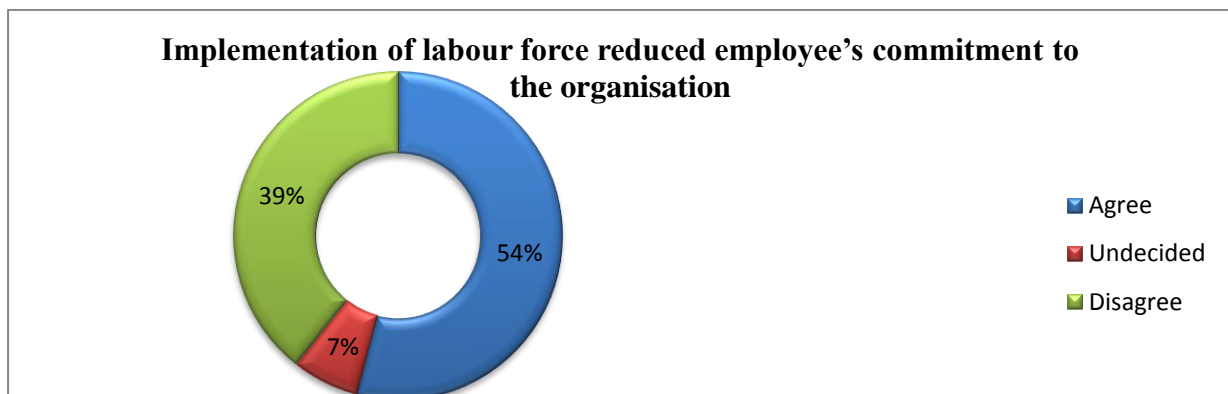
Question 4.3: Implementation of labour force reduced employee’s commitment to the organisation.		
Available Responses	Respondents	Percentage
Strongly Agree	9	14.75%
Agree	24	39.34%
Undecided	4	6.56%
Disagree	23	37.70%
Strongly Disagree	1	1.64%
	61	100%

The results show differences in opinion among employees seeing as 14.75% (9 out of 61) of the employees strongly agreed that labour force reduction methods reduced employees commitment to an organisation and an additional 39.34% (24 out of 61) agreed with the statement. 6.56% (4 out of 61) of the employees took a neutral stance selecting the undecided option while 37.70% (23 out of 61) disagreed with the statement that labour force reduction reduced employees commitment to the organisation 1.64% (1 out of 61) of the employees strongly disagreed with the statement that labour force reduction resulted in reduced employee commitment.

**Table 4.23 Response to employee commitment question (Limited to 3 point scale)**

Response	Agree	Undecided	Disagree
Respondents	61	0	0

**Figure 4.11 Doughnut presentation of responses to question on employee commitment**



When trimmed down to a three point scale as displayed above an overall 54.09% (38 out of 61) of the respondents agree to the fact that labour force reduction reduces employees commitment to the organisation which points out that employees commitment to the organisation was diminished after labour force reduction exercises due to reduced goal congruence and employees shift of focus to other engagements. This result is also supported

by Halbesleben, Ballairs and Mandeville 2014 who indicated that employees propensity to shift their attention from work to personal activities was heightened as their commitment to the organisation is reduced due to the shrinkage in goal congruence between the employee and the employer in the employees stand point (Halbesleben, Wheeler and Paustian-Underdhal 2013). The evidence provide support to Drzenksy and Heinz (2014) view that employees performance deteriorates due to contract violation and reduced organisational commitment which is evident after labour force reduction exercise.

Employees could not reach absolute agreement seeing as 39.34% (24 out of 61) of the respondents disagreed with the statement which indicated that some employees commitment to organisations is not diminished by labour force reduction exercises which supports the improved production efficiency gained in long term. This is in line with accentuations by Ahn (2014) and Anderson and Lewis (2012) who suggested that employee's performance at work improves as they are more committed to the organisation and they perform better to impress the employer after labour force reduction exercises as they seek to prove their worth to the organisation.

Noteworthy 6.56% (4 out of 61) of the respondents were undecided meaning that labour force reduction was not the cause of reduced commitment to the organisation in these employees. The mixed responses between employees matches previous scholars work (Arshard 2016; Datta and Basuil 2015) who established that employees reaction with regards to their commitment to the organisation varies dependent on the diversity and contextual matters of individuals in the group understudy. In this case the statements proved to be true with varying responses from employees in one organisation.

Despite the varying responses the mode response was agree with a majority appearance of 33 out of 61 possible times. The mode is found to be true in scholarly work by Halbesleben,

Wheeler and Paustian-Underdhal (2013), Halbesleben, Ballairs and Mandeville (2014) who emphasized that labour force reduction exercises affect employees perception of the employer, employee will view their employment with the employer as less convenient and will draw their attention to other engagements resulting in employees considering other employment. Fraher (2013) also supports this view highlighting that employee’s poor performance immediately after labour force reduction exercises is backed by drops in employee’s commitment to the organisation.

Although labour force reduction negatively affects employees mentality and perceptions about the employer (Tomprou, Roussea and Hensen 2015) these mental and physiological responses do not guarantee the materialisation of physical responses (Wei et al 2015) the next question on labour turnover in table 4.13 and Figure 4.12 below disclose that the above mentioned statements to be true as 55.74% employees were undecided as to whether labour force reduction increased turnover among remain employees.

**Table 4.24 Responses to question on subsequent Turnover**

Question 3.4: Implementation of labour force increased labour turnover.		
Available Responses	Respondents	Percentage
Strongly Agree	0	0.00%
Agree	11	18.03%
Undecided	34	55.74%
Disagree	16	26.23%
Strongly Disagree	0	0.00%
	61	100%

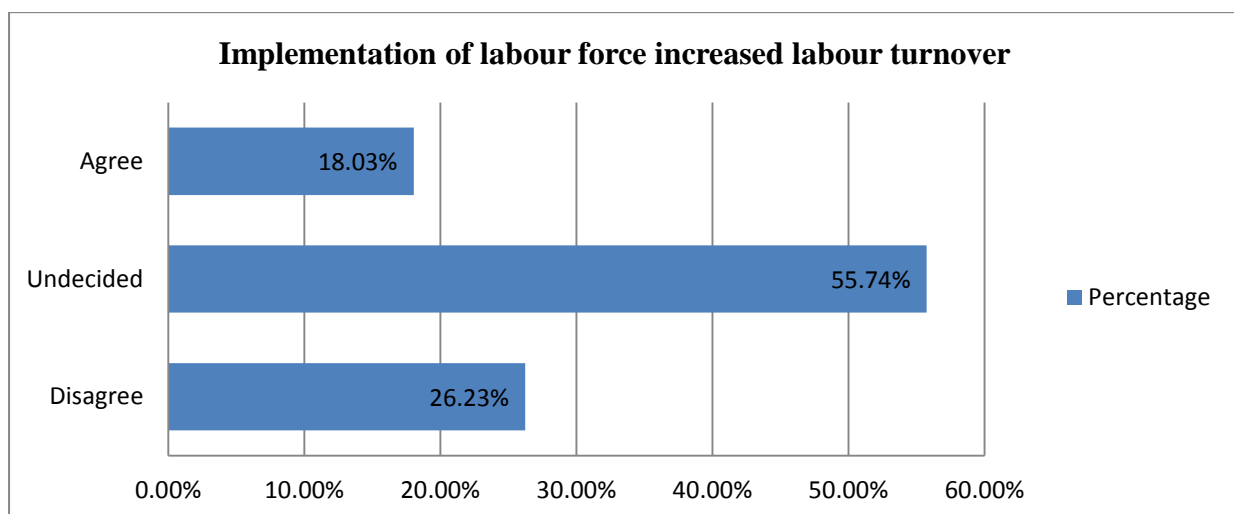


As illustrated in table 4.24 above 34 out of 61 (55.74%) respondents were undecided about labour force reduction impact on subsequent turnover meaning that subsequent turnover was not significantly affected by labour force reduction exercises. 0 out of 61 (0%) respondents strongly agreed meaning that labour force reduction did not result in astronomical voluntary labour turnover. 11 out of 61 (18.03%) respondents agreed pointing out that labour force reduction partially motivated subsequent labour force turnover within Playtime Manufacturers. 0 out of 61 (0%) of the respondents strongly disagreed with the statement that labour force reduction increased labour turnover. 16 out of 61 employees disagreed with the statement that labour force reduction increased labour turnover meaning that labour force reduction did not result in mass employee exodus from the organisation. To give a clearer picture and a link to literature the findings were limited to a three point scale in table 4.25 and figure 4.12 below. An analysis of the central tendency of the results is also provided

**Table 4.25 Response to turnover question (Limited to 3 point scale)**

Response	Agree	Undecided	Disagree
Respondents	11	34	16

**Figure 4.12 Graphical presentation of responses to question on subsequent turnover**



55.74% (34 out of 61) of the employees were undecided when it came to labour force reductions negative effect on voluntary labour turn over. The 56% respondent's undecided opinion suggests that employees are not necessarily prompted to adversely act on their mental responses of low morale, job insecurity and reduced organisation commitment. Scholars that investigated the impact of labour force reduction on turnover (Tomprou, Roussea and Henses 2015: Wei et al 2015) found similar results they suggested that although employees psychological contracts may be violated employees tend not to breach physical contracts by leaving the organisations hence the neutral effect of labour force reduction on subsequent labour turnover.

26.23% (16 out of 61) disagreed with the assertion that labour force reduction increases labour turnover this implies that labour force reduction does not increase employees propensity to resign or move to another organisation. This is supported by Ahn (2014) who emphasized that labour force reduction exercises such as layoffs, furloughs and outsourcing send signals to the employee that their employment status is out of their control and once an employee feels this way they try to secure their current employment translating into diminished labour force turnover within an organisation. Anderson and Lewis (2012) support the 26.23% that disagrees stating that downsizing survivors attention is redirected from seeking new employment to impressing the current employer to maintain employment after labour force reduction exercises.

18.03% (11 out of 61) of the employees agreed with the proclamation that labour force reduction increases voluntary labour turnover which means that an inconsequential but considerable amount of employees are persuaded by labour force reduction exercises to leave organisation. Perivous scholars (Halbesleben, Wheeler and Paustian-UnderDhal 2013) touched on the matter explain how it is worth noting that higher performing employees have

high voluntary turnover intentions after implementation of labour force reduction initiatives the very same employees an organisation would prefer to secure.

The mode response was undecided which indicates that labour force reduction has a neutral effect on subsequent employee turnover. This is supported by Arshard (2016) who suggested that labour force reduction has a neutral effect on labour turnover as employees in different organisations, economies and cultures exhibit vastly different responses to labour force reduction, Datta and Basuil (2015) concur pointing out that labour force turnover as a response to labour force reduction is contextually based hence the effect of labour force reduction on labour turnover can be deemed to be neutral.

#### **4.2.4 The effect of employing labour cost reduction on production efficiency**

Production efficiency is measured by an organisations ability to use resources in the best possible time utilizing fewer resources to produce more. The following sub sections will analyse the effect of labour force reduction methods on Playtime Manufacturers production efficiency paying particular attention to employee productivity and total production time.

##### **4.2.4.1 Productivity per employee**

This section will assess labour force reduction on production efficiency per employee which reflects the organisation's overall production efficiency. Two questions were put across to determine whether labour force reduction methods improved or diminished efficient use of human capital. The questions and results are presented in Table 4.26, Table 4.27, Figure 4.13 and figure 4.14 below.

**Table 4.26 Responses to question on employee workload**

Question 4.1: Implementation of labour force increased employee's workload.		
Available Responses	Respondents	Percentage
Strongly Agree	43	70.49%
Agree	17	27.87%
Undecided	1	1.64%
Disagree	0	0.00%
Strongly Disagree	0	0.00%
	61	100%

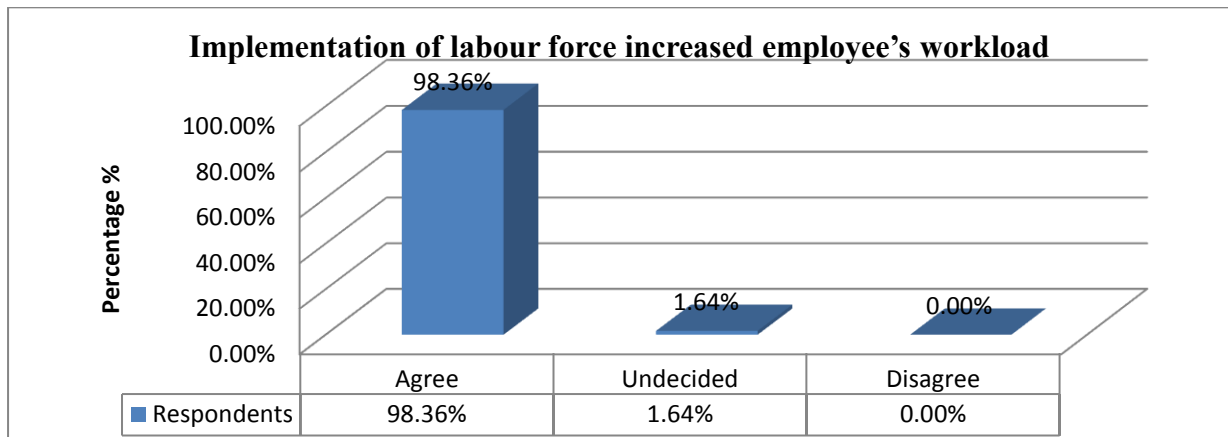
The 5 point scale results highlight the fact that labour force exercises increase workload per employees as a result of reduced hands on the job 70.49% (43 out of 61) of the employees strongly felt that implementation of labour force reduction methods increase subsequent workload on them. 27.87% (17 out of 61) of the employees agree with increased workloads as a result of labour force reduction exercise which provides additional support to the 70.49% meaning that all most all employee received additional tasks and duties after labour force reduction while a negligible 1.64% (1 out of 61) of the respondents were neutral neither agreeing nor disagreeing indicating that a minute number of employees do not experience enhanced workloads after labour force reduction activities. 0% (0 out of 61) of the employees disagreed which means that none of the employees felt that labour force reduction had no effect on their workloads. 0% (0 out of 61) of the respondents strongly disagreed which means that labour force reduction exercises do not reduce employee's workload. The researcher took a step ahead to refine the results to a three point scale and linked the finding

to relevant literature in the section below which includes table 4.27 and figure 4.13. The mode response was also provided as a tool to analyse the central tendency of responses.

**Table 4.27 Response to employee workload question (Limited to 3 point scale)**

Response	Agree	Undecided	Disagree
Respondents	60	1	0

**Figure 4.13 Graphical presentation of responses to employee workload**



The results displayed above indicate that there was an overall 98.36% agreement with the fact that implementation of labour force reduction methods increase workload per employee highlights that indeed labour force reduction exercises improve employee's productivity and allows an organisation to improve labour utilization. Garenero et al (2016) Mathies (2016) support this emphasizing that labour force reduction increases workload per employee and productivity per employee as labour force reduction survivors retrieve duties previously performed by laid off personnel, which positively affects organisations production efficiency (Mathies 2016).

0 out of 61 (0%) respondents were undecided which means that some employees do not experience increases in workload and in some circumstances labour force reduction has a

neutral effect. This is supported by Lahiri (2016) and Datta and Basuil (2015) who found that labour force reduction results in mixed effect on workload per employee in some instances labour force reduction was found to have no effect on workload per employee due to the operations of the organisation downscaling in proportion to the labour force reduction exercise.

0 out of 61 (0%) of the respondents disagreed with the statement that labour force reduction resulted in increased workload per employee this means that there was general consensus that employees experienced surges in workload after labour force reduction exercises. This is supported by Chhimzer (2012) who indicated that labour force reduction resulted in productivity increases and increases in workload per employee.

The mode response was agree with 98.36% frequency indicating how labour force reduction improved the workload per employee from the employers perspective by enhancing the returns Playtime Manufacturers reaped from each employee. Scholars supported the modal finding suggesting that reduced number of employees persuades employees to take up new tasks in addition to existing tasks in order to fill in voids left within the organisation which directly translate to increased workloads and better production efficiency (Anderson and Lewis 2014). During periods of recurrent layoffs and delayering employees work harder and take up additional tasks to prove their worth to the employer (Garnero 2016).

#### **4.2.4.2 Production Time**

One of managements concerns when it comes to efficiency is the efficient use of time as it is a limited resource (Goesaert, Heinz and Vanormeligen 2015) organisations seek to improve the time they take to produce output without deteriorating the quality of its end products. In the next section the researcher looked into labour force reductions effect on the efficient use

of time in production processes, the results from the questionnaire reflected a positive outcome with improvements in production time and quality as illustrated below.

**Table 4.28 Responses to the question on production time**

Question 4.2: Implementation of labour force improved production time (the time it took to complete a single unit).		
Available Responses	Respondents	Percentage
Strongly Agree	6	9.84%
Agree	37	60.65%
Undecided	2	3.28%
Disagree	1	1.64%
Strongly Disagree	15	24.60%
	61	100%

Results from the questionnaire hint towards benefits to be gained when it comes to production time seeing as 60.63% (37 out of 61) of the employees agreed that production time improved after the reduction of labour at Playtime Manufacturers and an additional 9.84% (6 out of 61) strongly agreed that reduction of labour improved the time taken to produce output meaning that the time it took Playtime Manufacturers to produce products was reduced due to improved efficient and effective use of time.

24.60% (15 out of 61) employees that strongly disagreed with labour force reductions positive effect on production efficiency this means that not all production processes stand to gain from labour force reduction as some intrinsic process might be fragile to labour force reconfiguration. As illustrated in table 4.28 above 3.28% (2 out of 61) neither agreed nor disagreed opting to be neutral indicating that some of the production processes in Playtime

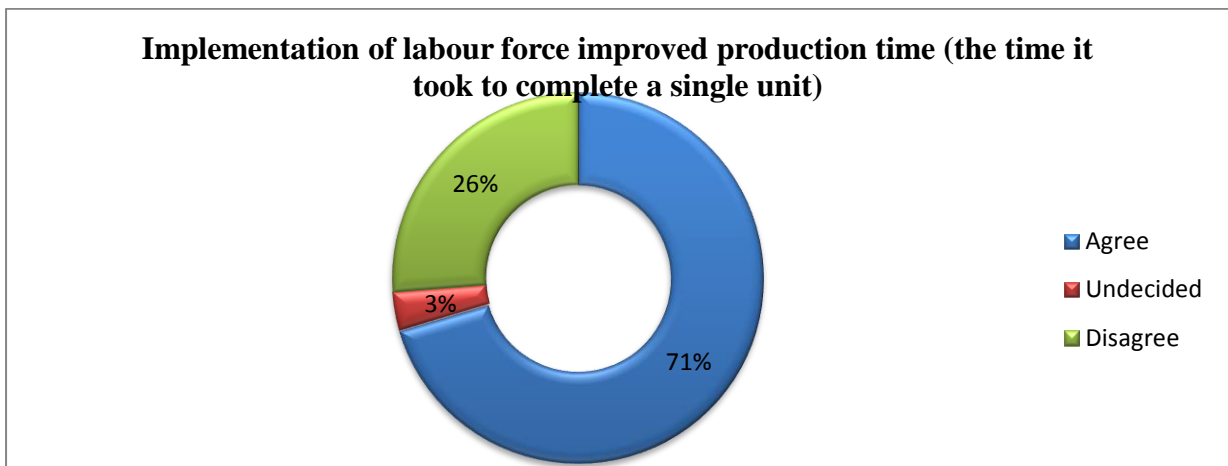
Manufacturers did not experience any changes in production time as a result of labour force reduction. Only 1.64% (1 out of 61) of the employees disagreed, a small but notable number which reflects that not all production processes experienced gains in production efficiency.

Results from questionnaires were further interpreted and analysed and interpreted in table 4.29 and figure 4.14 and the section below.

**Table 4.29 Response to production time question (Limited to 3 point scale)**

Response	Agree	Undecided	Disagree
Respondents	43	2	16

**Figure 4.14 Doughnut presentations of responses to question on Production time.**



When restricted to a 3 point scale results reflected strides in a positive direction resulting from implementation of labour force reduction methods seeing as 70.49% (43 out 61) of the employees agreed that production time improved after the reduction of labour at Playtime Manufacturers meaning that labour force reduction improved the time taken to produce output due to task reorientation and reduced bottlenecks in production processes. It is



noteworthy to state that 89.19% (33 out of 37) of the employees that are agreed are from the production department. This means that productivity within playtime manufacturers drastically improved and employers stand to experience improvements in production efficiency as a result of labour force reduction as employees will be taking up more tasks and duties to impress the employer.

The findings are supported by Garnero et al (2016) who suggests that production workers are pushed to work harder to meet deadlines in order to safeguard their employment. Labour force reduction initiatives reduced communication inefficiency and blockage due to leaner structures (Yu, Chern and Hsiao 2013), and eliminated redundant skills within the organisation mitigating possible bottlenecks within the production process to make room for improved production efficiency (Kavadis and Castaner 2015).

26.23% (16 out of 61) employees disagreed with labour force reductions positive effect on production efficiency. It is worth noting 93.33% (14 out of 15) of the employees that strongly disagreed with the statement that labour force reduction improved production efficiency were responsible for the production of sample products. This proposes that not all production processes stand to gain from labour force reduction as some fundamental processes in the organisation might be sensitive to changes in labour force. Scholars (Miller, Pentland and Choi 2012) support the findings suggesting that as a disruption to an established process might diminish production efficiency. Production of samples is a complex process of producing something for the first time, laying off personnel with the creative and innovative skill set to produce a sample is equivalent to erasing already developed dynamics and the organisation's memory to tackle problems once this is done production efficiency drops (Schenkel and Teigland 2016; Anderson and Lewis 2014).

As illustrated in table 4.29 above 3.28% (2 out of 61) were undecided neither agreeing or disagreeing indicating that some labour force reduction did not have a bearing on a negligible part of Playtime Manufacturers production processes. The result is supported by Norman, Butler and Ranft (2013) who emphasized that the extent of labour force reduction determines the effect meaning that small scale layoffs or restructuring in some parts of the organisation will not affect the overall production efficiency of the whole organisation.

The mode response to the question of production time was agree with the response appearing 43 out of 61 times. The mode indicates that Playtime Manufacturers experienced efficient use of time during production process and manufacturing industries can gain production efficiency by reducing their labour force. The same result was found by Anderson and Lewis (2012) who suggested that production time was cut down after labour force reduction as employees found new ways of tackling work tasks due to disruption to normal routines inherent in labour force reduction exercises. Garnero et al (2016) and Kavadis and Castaner (2015) supports the findings emphasizing that production time is improved as employees seek to impress their employer by working harder and faster thereby improving production efficiency and time

#### **4.2.4.1 Labour force reduction is positively related to ROTA**

In the following section the researcher presented the target populations responses to the question on labour force reduction and its bearing on financial performance as measured by ROTA. Table 4.30, Table 4.31 and Figure 4.15 below illustrate employee's opinion and views on the practises effect on Playtime Manufacturers ROTA. The questionnaire analysis of the hypothesis sought to edify findings established in the multiple regression analysis presented in the secondary data analysis section.

**Table 4.30 Responses to the question on ROTA**

Question 5.1: Implementation of labour force reduction methods improved Playtime Manufacturers ROTA (Return On Total Assets)		
Available Responses	Respondents	Percentage
Strongly Agree	13	21.31%
Agree	33	54.10%
Undecided	8	13.11%
Disagree	7	11.48%
Strongly Disagree	0	0%
	61	100%

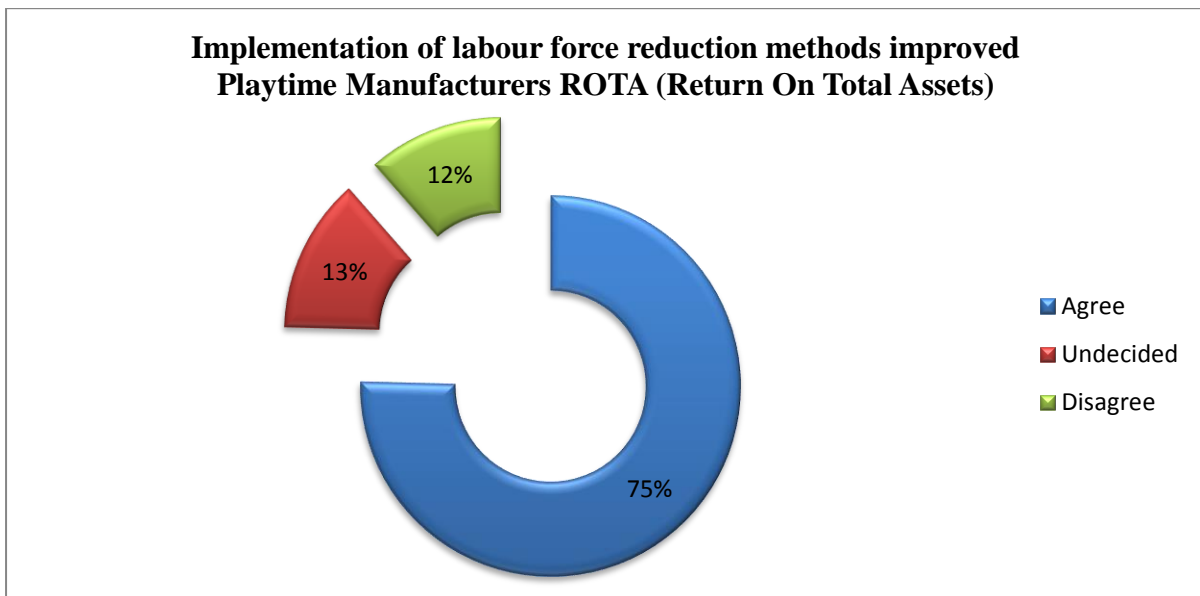
54.10% ( 33 out of 61) of the employees agreed with the fact that labour force reduction improved the Playtime Manufacturers ROTA meaning that labour force reduction positively affected Playtime manufactures financial performance from employees perspective. An additional 21.13% (13 out of 61) strongly agreed with the statement that labour force reduction was positively related to labour force reduction further solidifying employees stance on labour force reduction positive effect on ROTA and ultimately financial performance. 13.11% (8 out of 61) of the employees where uncertain about labour force reductions effect on ROTA and selected the undecided response, which indicates that not all labour force reduction methods are associated with positive move in financial performance. An inconsequential but not to be overlook 11.48% of the employees disagreed with the accentuation that labour force reduction improved ROTA demonstrating that employees in some cases labour force reduction diminishes to ROTA. 0% (0 out of 61) of the employees strongly disagreed with the fact that labour force reduction improved ROTA which hints on the fact that labour force reduction does not result in detrimental drops in ROTA.

Although validation of the hypothesis stated in Chapter one was done in the secondary data analysis section of this chapter through multiple regression the question is further analysed in table 4.31 and figure 4.13 below with an explanation and link to literature review to edify findings made.

**Table 4.31 Response to ROTA question (Limited to 3 point scale)**

Response	Agree	Undecided	Disagree
Respondents	46	8	7

**Figure 4.15 Responses to the question on ROTA**



71.41% (46 out of 61) of the respondents a substantial amount of employees were of the opinion that labour force reduction methods implemented by Playtime Manufacturers improved ROTA. This means that labour force reduction resulted in improved ROTA assets ratio. Scholars ( De Muese and Dai 2013; Brauer and Laamanen 2014) found similar results asserting that large scale changes associated in labour force reduction exercises substantially improve an organisations ROTA.

13.11% (8 out of 61) of the employees were uncertain about labour force reductions effect on ROTA and selected the undecided response which means that some of the labour force reduction methods have inconsiderable bearing on ROTA. The inability of labour force reduction exercises to affect on ROTA was also found in Craggier (2016) Hamed et al (2013) and Gandolfi (2013) empirical researches as they highlighted that post and pre ROTA ratios were unchanged.

An inconsequential but not to be overlooked 11.48% of the employees disagreed with the accentuation that labour force reduction improved ROTA meaning that not all labour force reduction exercises yield positive gains in ROTA as mentioned by Luan, Tien and Chi (2013) and Ndofor, Vanevenhoven and Barker (2013) reducing an organisations labour during times of prosperity or hardship diminishes an organisations ROTA due to the high retrenchment costs associated with the practise. In some instances labour force reduction might result in organisations wrong sizing which is detrimental to ROTA (Chhinzer and Currie 2014).

The mode response was agree meaning that from an overall stand point labour force reduction improves financial performance as measured by ROTA this provides additional support for work by De Meuse and Dai (2013) and Jung, Kim, Lee and Yoo (2016) who emphasized that labour force reduction resulted in an upward climb of ROTA due to cost saving from reduce expenditure on human capital. It also supports work by Brauer and Laamanen (2014) and Raynuad (2012) who found that large scale changes in labour force size and composition changes improve an organisations ROTA as production efficiency and labour force usage is improved.

### **4.3 Secondary data analysis**

In the next section the researcher attempts to corroborate findings from interviews and questionnaires by analysing secondary data extracted from management accounts and reports prepared between 2011 and 2016. In the last section of this area the researcher tests hypothesis that states there is a positive relationship between labour force reduction and ROTA using multiple linear regressions.

Below is a presentation of information extracted from management reports and accounts from 2011 to 2016 to verify the information established from interviews and questionnaires

**Corroboration of Labour force reduction methods employee response and production efficiency**

**Table 4.32 Secondary Data analysis**

<b>Year</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Labour force reduction</b>						
<b>Methods</b>						
Employees Laid off	-	19	17	79	10	6
Employees Furloughed	-	22	29	42	62	68
Number of days furloughed	-	40	24	22	61	73
Number of employees Outsourced	-	4	7	8	4	-
Number of job units removed from the organisational structure	-	2	4	6	2	1
<b>Employee Response</b>						
Voluntary turnover (number of employees)	1	-	-	-	1	2
<b>Production Efficiency</b>						
No of units Produced	441220	411308	334088	200608	237706	215708
No of Production employees	160	152	132	86	76	64
Units produced per employee	2757	2705	2530	2333	3121	3370
<b>Cumulative Change %</b>	<b>-</b>	<b>-1.89%</b>	<b>-8.23%</b>	<b>-15.37%</b>	<b>13.20%</b>	<b>22.22%</b>
Average Garment completion Time	30mins	32mins	35mis	41mins	27mins	25mins
<b>Cumulative Change %</b>	<b>-</b>	<b>6.67%</b>	<b>16.67%</b>	<b>36.67%</b>	<b>-10.00%</b>	<b>-16.66%</b>

Extracted from management accounts, production report and human recourses report (2011 - 2012)

The results from Table 4.32 indicate that that Playtime Manufacturers laid off 132 employees between 2011 and 2016 reinforcing findings from questionnaires and interviews which indicated that Playtime Manufactures exercised layoffs as a method of labour force reduction method.

The results indicate that Playtime Manufacturers exercised furloughs between 2012 and 2016 seeing as the company furloughed employees for 222 days between 2012 and 2016 meaning that Playtime Manufacturers furloughed employees for a significant 16.82% (222 days divided by 1320 possible working days) of the available working days. The finding supports employees 100% agreement in the questionnaires and interviews.

Playtime Manufacturers outsourced 23 employees between 2012 and 2016 confirming the 100% agreement reached by questionnaire and interview respondents when asked about Playtime Manufacturers practise of outsourcing as a labour force reduction method. There was 4.95% of employees that respondents were uncertain about Playtime Manufacturers adoption of delayering as a labour force reduction method the results, Table 4.32 above exhibits that Playtime Manufacturers delayed employees between 2012 and 2016 seeing as 15 job units were removed from the organisational structure.

One of the questions covered in the interviews and questionnaires was on Production efficiency paying particular attention to efficient use of time and labour to produce finished garments. The results indicate efficient use of time was negatively affected in the short term seeing as production time was negatively affected seeing an increase by 36.67% in the short term (2- 3 years, between 2012 and 2014) while a positive effect was seen in the long run (4- 5 years, between 2015 and 2016) seeing as there was a 16.67% decrease in the time it took to produce finished garments. The secondary data confirms the majority response found in



interviews and the 70.49% agreement established in responses from respondents. To measure the workload per employee the researcher assessed the average units produced per employee Table 4.32 above illustrates how number of units completed by each production work gradually decreased by 15.37% from 2575 in 2011 to 2333 in 2014 in the immediate and short run ( 1 – 3 years) . Although there was an initial decrease in number of units produced Playtime Manufacturers enjoyed improved number of units produced per employee owing to heavier workloads on labour force reduction survivors.

The evidence collected from secondary data with regards to production efficiency means that Playtime Manufactures faced declines in production time and efficient use of labour in the short run but ultimately enjoyed improved production efficiency. The evidence supports interviewees and questionnaire respondents agreement to the fact that Playtime manufacturers production efficiency improved. The initial downward trend followed by an improvement is supported by Goesaert, Heinz and Vanormelingen (2015) and De Muese and Dai (2013) who found that production efficiency faces an initial downfall due to reduced employee motivation and morale to complete tasks however confidence is regained within the organisation leading to long term production efficiency improvements. Raynaud (2012) who suggested that organisation enjoy positive production efficiency and financial performance in the long term (5 years).

Interviewees highlighted that poor production efficiency and financial performance is attributable to management and directors inability to involve employee prior to and during labour force reduction exercises the results from secondary data analysis confirm this, reflecting the influence of lack of communication and employee un involvement prompting the initial failure of labour force reduction initiatives.

### 4.3.2 Labour force reduction is positively related to Labour force reduction

In this section the researcher presents results from multiple linear regression used to test the hypothesis that labour force reduction is positively related to ROTA, the research concentrated on layoffs, furloughs, outsourcing and delayering as the four methods of labour force reduction which were used as independent variables.

The model summary indicated that taken together the independent variables Layoffs, furloughs, outsourcing and delayering accounted for 78.80% of the variance in ROTA ( $R^2 = .788$ ). The overall regression model employed was statistically significant,  $F(4:19) = 22.436$ ,  $P < 0.001$  indicating that 78.80% variation in ROTA accounted for by the independent variable layoff, furloughs, outsourcing and delayering was statistically significant as illustrated in table 4.17 below.

**Table 4.33 Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.908 <sup>a</sup>	.825	.788	4.43335		
ANOVA <sup>b</sup>						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1763.905	4	440.976	22.436	.000 <sup>a</sup>
	Residual	373.437	19	19.655		
	Total	2137.342	23			
a. Predictors: (Constant), Delayering, Outsourcing, Furloughs, Layoffs						
b. Dependent Variable: ROTA						

To ensure that each independent variable in the set of labour force reduction methods accounted for a unique amount of variance the researcher conducted multicollinearity test

using Pearson correlation. The test indicated that there was no multicolliniary among the independent variables with none of the independent variables being correlated by 0.80 or more as indicated in table 4.17 below.

**Table 4.34 Correlations**

		ROTA	Layoffs	Furloughs	Outsourcing	Delayering
Pearson Correlation	ROTA	1.000	.518	.855	.296	.428
	Layoffs	.518	1.000	.473	.778	.529
	Furloughs	.855	.473	1.000	.422	.576
	Outsourcing	.296	.778	.422	1.000	.415
	Delayering	.428	.529	.576	.415	1.000
Sig. (1-tailed)	ROTA	.	.005	.000	.080	.018
	Layoffs	.005	.	.010	.000	.004
	Furloughs	.000	.010	.	.020	.002
	Outsourcing	.080	.000	.020	.	.022
	Delayering	.018	.004	.002	.022	.

The researcher included six years from 2011 to 2016, with 2011 being the base line year and 2012 to 2016 being the years were Playtime Manufacturers implemented labour force reduction methods. Multiple linear regression conducted provided support for the researchers initial hypothesis which stated that labour force reduction is positively related to ROTA as Layoffs and Furloughs were found to be positively correlated to labour force reduction although outsourcing was found to be negatively related to labour force reduction and delayering was found to be insignificant in the set of labour force reduction methods available to organisations. Table 4.18 below gives an illustration of the labour force reductions relationship to ROTA

**Table 4.35 Coefficients**

Model	Relationship	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
(Constant)		-3.822	1.260		-3.034	.007
Layoffs	+ (Positive)	.318	.105	.500	3.041	.007
Furloughs	+ (Positive)	.597	.082	.892	7.330	.000
Outsourcing	- (Negative)	-1.170	.459	-.391	-2.550	.020
Delaying	+/- (Insignificant)	-.990	.664	-.187	-1.492	.152

a. Dependent Variable: ROTA

(Extracted from SPSS)

The results indicate that layoffs were positively related to ROTA (Beta = .500) which was statistically significant (P = 0.007). The evidence provides support for assertions by Tangpong and Abebe and Li (2015) and Brauer and Tomi (2014) who suggested that organisations that effectively lay off employees restore an organisations financial performance as measured by ROTA. This is also supported by De Muese and Dai (2013) who emphasized those organisations that lay off employees will see improved ROTA in the long term due to reduced payroll costs.

Furloughs were also found to positively related to ROTA with a Beta = .892 which is highly statistically significant with its P value being less than .001 (P<0.001). This view is supported by Vapnek (2017) who stated that reducing the number of days or hours worked ensured that the days worked are used effectively and labour costs are reduced making room for an

improved ROTA. De Muese and Dai (2013) concurs emphasizing how labour force reduction lowers labour costs while other things are held constant which leads to increased ROTA.

Contrary to layoffs and furloughs outsourcing as a labour force reduction method was found to negatively affect ROTA (Beta = -.391) the negative effect is statistically significantly as the P value was less than 0.05 ( $P = .020$ ). The result was also explained by Han and Mithas (2013) who emphasized that although outsourcing employees and production processes reduce payroll costs the exercise increases other cost associated with the outsourced process which adversely affects ROTA. Wickford (2016) and Cullinan and Zheng (2017) suggested the decline in ROTA caused by outsourcing is driven by the time lag and inefficiency caused by outsourcing production processes and employees.

Delaying was proved to have no significant effect on ROTA  $P = .152$  which is greater than  $P = 0.05$ . delaying can result in demotions and transfer of employees since certain jobs are removed from the organisational structure, since the exercise does not necessarily lead to laying of an employee there is no significant effect on payroll cost hence no significant change in ROTA (Ahn 2015; Fraher 2013).

The findings suggest that labour force reduction is indeed positively related to labour force reduction. Layoffs and Furloughs lead to reduction in payroll costs as there are in each case less employees to pay or working hours/days to pay for respectively which is in line with findings by Braure and Laamanem (2012). Labour force reduction through layoffs and furloughs improve ROTA in the short term (Raynuad 2012) as indicated in the model which analysed a 6 years from the year Playtime Manufacturers the case study began to implement

labour force reduction methods. The finding matched Jung, Kim, Lee and Yoo (2016) findings which established that organisations that efficiently conducted layoffs experienced positive increments in their ROTA.

Although layoffs and furloughs are positively related to labour force reduction we cannot overlook the negative influence of outsourcing on labour force reduction which points the negative effect associated with transferring the control over cost of production and quality to external parties which prove to be more costly than the payroll cost savings from outsourcing employees (Abraham, Khan and McDonald 2013; Tangpong, Abebe and Li 2015).

#### **4.4 Interview Analysis**

In this section the researcher stipulates the number of interviews that were successfully conducted and moves on to the presentation and analyse of information secured through interviews. Firstly each interviewee's responses to questions asked was presented, then general finding were presented based on the interpreted recurring and common responses. The general interview findings are linked to questionnaire response central tendency and the researcher comments on the finding linking the generalised interviewee responses to literature reviewed in chapter 2 of this research.

##### **4.4.1 Interview response rate**

The researcher successfully conducted all nine (9) interviews which had been predetermined in chapter 3, a 100% interview responses aided to ensure that all groups in Playtime Manufacture where adequately represented

**Question 1: Which Labour force reduction methods were implemented by Playtime Manufacturers?**

**Presentation of interviewee responses to Question 1**

**Interviewee 1 response:** *We took measures to ensure that we matched our labour force to demand for our products. The major measure we took was to ensure that whenever we had no orders or low orders we would send employees home on unpaid leave am sure you saw this happen when you were here last year this was one of the temporary measures. One of the other major labour force reduction methods we have adopted is laying off of production workers and administration workers by ending contracts.*

*To ensure that overheads were contained we reduced the organisations processes by outsourcing some of the production processes such as printing, embroidery and graphical designing. To ensure that payroll costs were reduced we exercised pay cuts to the remaining employees we would give employees an option to either end their contract or sign a new contract with a reduced salary. We managed to stream line our operations merging departments and removing redundant employees that had their hands of the deck from the organisational structure and integrating jobs to remove extra hands.*

**Interviewee 2 response:** *there are two categories of labour force reduction methods that we used the first category being permanent labour force reduction. In this category we used practises such as layoffs and delayering were we had a permanent separation with employees we have separated with employees dear to us by ending contracts due to reduced labour force costs and due to financial constraints. Another permanent measure was delayering by means of removal of job units from the organisational structure. If I tell you that I used to have 2 middle managers reporting to me and several supervisors reporting to the middle*

*managers now supervisors are reporting directly to me. With respect to permanent measure we went ahead to cut employees' salaries.*

*We incorporated temporary measures too which include furloughs and outsourcing. You have been here Denzel am sure you know this furloughs have been rampant here at Playtime. It is only this year that employees have not been furloughed yet since 2012.*

**Interviewee 3 response:** *The first thing that comes to mind is furloughing which is unpaid leave, employees have been sent home on several occasions. We renewed contracts with reduced salaries, employees were given an option either to sign new contract or be laid off. Some employees have been laid off over the years you would find that in the design department we used to have 6 designers having a designer for each range of garments now we are left with just 2 designers, we used to have a graphics designer however his role was outsourced which has led to us failing to meet deadlines due external graphics design delay. Some departments were merged if you look at the sales and design department they are now merged under one manager the two departments used to be independent the same goes for the production and quality control department.*

**Interviewee 4 response:** *Two main methods come to mind which are furloughs and layoffs which have dominated Playtime Manufactures labour costs cutting attempts. We could be sent home for up to 3 months within a single year and half of the workforce has been laid off as a means of reducing labour costs one example that is fresh in my memory is the dispatch section that used to have 9 employees at one point in time but now it only has 3 employees . Less aggressive methods such as outsourcing and delayering were incorporated as labour force reduction methods. The production and quality control department were combined to report to one manager.*



**Interviewee 5 response:** *Playtime Manufactures habit of furloughing us has been increasing over the last few years it has proved to be the most effective way of reducing costs since the method has been used continually. Playtime Manufacturers laid off employees reducing its workforce from a peak employment of around 230 employees around 2011 to around 85 employees in 2016. Departments such as the production and quality control, design and sales were combined respectively.*

**Interviewee 6 response:** *Layoffs, unpaid leave and outsourcing are methods that have been at Playtime Manufacturers. Every year at least 10 employees were laid off and in every 4 months we would take at least 2 week on unpaid leave. Production processes such as printing, embroidery have been outsourced and employee that were previously responsible for those tasks were disengaged.*

**Interviewee 7 response:** *the company laid off employees between 2012 and 2016 numerous employment contracts were ended numerous employees were disengaged. We have been sent on unpaid leave every year for the past 5 years. Effectively Playtime Manufacturers used Layoffs and furloughs to reduce its labour force.*

**Interviewee 8 response:** *From my point of view Playtime Manufacturers laid of employee's excessively. Another method that was used the most was furloughs, we were sent home on unpaid leave for over 12 months in the last 6 years. Some production processes were outsourced leading to the laying off of in house personnel that were responsible for completing production processes that were outsourced.*

**Interviewee 9 response:** *Playtime Manufacturers has laid off over 50% of its employees between 2012 and 2016 the first method of labour force reduction is layoffs. Secondly Playtime Manufacturers has outsourced processes such as embroidery and graphics design resulting in job losses so the second method used is definitely outsourcing.*

## **Analysis of Interviewees responses to Question 1**

### **Layoffs**

All employees mentioned that Playtime Manufacturers laid off employees between 2012 and 2013 which reinforces the mode response and 100% agreement established in the questionnaire analysis phase which brought to light that Playtime Manufacturers laid off employees between 2012 and 2016 the repeat finding validates employees responses and reiterates the fact that manufacturing companies in Zimbabwe lay off employees in order to reduce labour costs. Interviewee's mention of Playtime Manufacturers use of Layoffs agrees with the findings noted in the analysis of secondary data section.

The results from interviews indicate that manufacturing companies' propensity to lay off employees during deteriorating financial performance is heightened, Employers heightened propensity to lay off employees was mentioned by Gansler (2016) and George (2014) who stated that in dire time organisations cut off excess weight in the form of employees to reduce operating costs and in turn improve financial performance. The rationalisation of the reasons behind the layoffs was also supported by Dalen and Henkens (2013) and Ritcher and Konig (2017) who suggested that the decision to lay off employees comes down to employers perception to the fairness of the exercise, in this case the fairness was rationalised by deteriorated performance which made the employee feel it was only right to pass on the damage to employees in the form of layoffs.

### **Furloughs**

All interviewees mentioned Playtime Manufacturers rampant use of furloughs as a labour force reduction method this confirms the 100% agreement established in questionnaires responses enhancing the validity and reliability of finding that manufacturing companies in

Zimbabwe use furloughs as a labour force reduction method. Interviewee's response stating that playtime furloughed employees tallies with the findings established in the secondary data analysis section.

The results from interviews suggest that Playtime Manufactures furloughed employees during 2012 and 2016 due to all interviews mentioning it as a method used by management. The result means that employers are not keen on losing employees that are valuable to them even if they want to reduce their labour force. This attitude towards employees is prop up by Hyman (2012) and The U.S office of Personnel Management (2013) who accentuated that furloughing employees helps avoid the costs associated with severance and rehiring costs which are involved in layoff exercises.

the result also provides evidence that employers employ furloughs to reduce payroll costs when in economic distress, The evidence is supported by Bellairs, Halbesleben and Leon (2014) who suggested that when confronted with financial difficulties organisations consider furloughs, due to their desire to keep the crucial resource which is their well performing employees (Halbesleben, Wheeler and Paustian-Underfhal 2013). Playtime manufacturer resolution to furlough employees is condoned by Vapnek (2017) and Zvonicek (2012) who emphasised that furloughing employees is an exceptional measure to reduce payroll and employee related employee.

## **Outsourcing**

With regards to outsourcing all interviewees stated and explained that production process such as printing, embroidery and graphics designing among other processes and jobs were outsourced to external service providers. This means that employers consider outsourcing production processes and employees to improve efficiency and profitability by reducing costs

as indicated by Rampton (2012) and Meixell et al (2013) who emphasized that outsourcing employees leads to labour cost saving and reduced unit costs.

The interviewee's responses tallies with respondent's responses to the question on outsourcing which was a 100% agreement that Playtime Manufacturers laid off employees between 2012 and 2016. The matching responses from interviewees and questionnaire respondents indicate that the finding is accurate and true.

### **Delaying**

Most of the interviewees stated that Playtime manufacturers delayed the organisational structure in Playtime Manufacturers by removing middle managers. Interviewee's response agrees with the mode found in the questionnaire analysis phase of this chapter were the mode response of respondents was an agreement to the statement that Playtime Manufacturers laid off employees between 2012 and 2016 validating the finding that manufacturing companies in Zimbabwe streamline their operations by delaying their organisational structures to make them leaner.

Most Interviewees mentioning of Playtime Manufacturers use of delaying as a labour force reduction suggests that redesigning and delaying an organisation is an effective labour force reduction measure which enables an organisation to maintain its operation capacity compared to the much dreaded option of outright layoffs (Kavadis and Castaner 2015; Hoyes 2014), as the exercise is directed shortening or slimming tall and wide structures which focuses on middle management (Chern and Hsiao 2013; Schnkel and Teigland 2016) as indicated by the interviewees that witnessed the implementation of the process in Playtime Manufactures. The evidence is in agreement with assertions by Chern and Hsiao (2013) who

stated organisations use of delayering as a labour force reduction method in pursuit of production efficiency, swift communication cost reduction.

**Question 2: what factors affected the successful implementation of Labour force reduction initiatives?**

**Presentation of interviewee responses to Question 2**

**Interviewee 1 response:** *Two factors among many worked to our disadvantage which is employee involvement and communication. Information on layoffs and unpaid leave is sensitive such that we cannot share the information with all employees prior to the implementation of the method the lack of employee involvement and communication initially led to employee resistance the change initially however they loosened up and cooperated in the long run due to exposure to the reality that was before them.*

*One factor major factor worked to our advantage was legislature the Don Nyamande and Anor versus Zuva Petroleum judgement in 2015 made it easier for us to lay off individuals and at lower costs of retrenchment if you look into the 2015 ruling and the Labour Amendment Act No. 5 of 2015 you can get a clearer picture of the situation.*

**Interviewee 2 responses:** *I would like to classify the factors that influenced the successful implementation of labour force reduction into two classes being internal factors and external factors. The first and most critical class of factors was internal factors. The first crucial internal factor was been employee involvement each time we renegotiated contracts with employee and tried to communicate news about furloughs ahead of time to allow employees to plan ahead, regardless of our attempts some employees did not appreciate the communication and involvement efforts. We had meetings here we tried our best to let employees know what was happening not even a single person was left uninformed no one*

*could disagree. External factors such as laws and the high unemployment helped to reduce the likelihood of failure of labour force reduction however I cannot say that legislature ruling such as the 2015 ruling were used to force a move. Employees see the lifestyles of employees that left work and consider the likelihood of falling into same the same trap and financial crises due to the high unemployment rate. High unemployment influenced the success of labour force reduction methods.*

**Interviewee 3 response:** *Employees corporation heavily depends on their perception of being involved in decision making we would find that employees that were involved in meeting prior to labour force reduction would be more cooperative while those who only found out about labour force reduction when it began to be implemented were sceptical and resistant to change especially in the initial years of labour force reduction. In recent years we have tried to maintain a steady flow of information to employees and this has improved employees cooperation in recent years. High unemployment is a major factor that prevented employees from leaving Playtime Manufacturers employees accepted furloughs and demotions during delayering bitterly knowing that they had no other option.*

**Interviewee 4 response:** *management did not communicate in time which hindered us from understanding initiatives such as delayering and layoffs, lack of communication with regards to forthcoming furlough implementation hindered us from planning especially in the first years. I am certain that management could not expect us to cooperate while we were uninformed and in the dark. Lack of communication was the major factor that contributed to low morale and slowed production and increased wastages in the first 2 years of implementation.*

**Interviewee 5 response:** *I feel that if management involved us in decision making that would have gone a long way to ensure that labour force reduction initiatives were successful from*

*the word go. I feel that employees felt disconnected and victimized by management hence the decline in performance that was faced in the initial years of labour force reduction. I feel that employee involvement and communication working hand in hand could have improved the likelihood of success in the initial stages of labour force reduction methods implementation.*

**Interviewee 6 response:** *High unemployment is the major factor that facilitated for successful implementation of labour force reduction although factors such as communication come in high unemployment in Zimbabwe has facilitated for the success of labour force reduction. If it was not for high unemployment everyone would have left Playtime Manufacturers by now.*

**Interviewee 7 response:** *communicating labour force initiatives and involving employees in discussion leading to implementation of labour force reduction improve the odds of success. Unfortunately Management in this organisation did not involve us in talks leading to labour force reduction hence the methods failed to change production efficiency and profitability. Playtime Manufacturers failed to involve us in discussions leading up to labour force reduction. Management's failure to consult employees was the main cause of employees diminished job morale insecurity and the drop in productivity and labour efficiency. It seems like they are always trying to hide something from us.*

**Interviewee 8 response:** *Management kept us in the dark for whey too long and that did not improve the results of labour force reduction by any means. Lack of communication lead to the spreading of false rumours that kept us worrying about our employment status to such an extent that we could not complete our tasks in time especially in the first years of implementation. I would say that communication and employee involvement are relevant factors that can improve the effective and efficient implementation of labour force reduction methods in future years.*

**Interviewee 9 response:** *the most important is communication we never used to know what unpaid leave would entail or what combining departments would mean we had to learn from experience. Learning from negative experiences resulted in enmity between management and employees. To prevent the occurrence of enmity between employers and employees employers should talk about labour force reduction with labour force reduction survivors to ensure that they attain the best results from labour force reduction exercise*

## **Analysis of Interviewees responses to Question 2**

### **Employee involvement**

A majority of the employees agreed to the relevance of employee involvement as a factor critical success of labour force reduction which is in line with the findings from questionnaires that indicated that employee involvement was critical to the successful implementation of labour force reduction initiatives and that playtime manufacturers did not adequately involve employees.

A majority of the interviewees emphasized that they were not adequately involved hence the initial failure of labour force reduction initiatives and the hatred between employees and the employer. The interviewee's response indicates that employee involvement is a critical factor that influences the successful implementation of labour force reduction. This finding was also established by Sahoo (2014) and Himme (2012) who stated that employee involvement helps to reduce employee's resistance to change and aids employee's cooperation with management. The critical role of employee involvement also received additional support by previous scholars (Applebaum et al 2017; Shah et al 2016; bragger et al 2015) who emphasised that active involvement of employees is paramount to the successful



implementation of labour force reduction since line workers and middle management carry the change exclusion of these will narrow down the chances of turnaround success.

A inconclusive but considerable minority of the interviewees mentioned that employee involvement attempts were sufficient in Playtime Manufacturers the disagreement among employees was also noted by Gracia-Cabrera and Hernandez (2014) and Norman, Butler and Ranft (2015) who assert that employee's comprehension of the adequacy of employee involvement and cooperation after employee involvement varies based on employees level within the organisation, line workers and bottom workers are less likely to sympathise with top level management.

### **Effective Communication**

The second response common to all interviewees was communication, all interviewees stressed that effective communication was pivotal to the successful implementation of labour force reduction initiatives such as delayering, layoffs, outsourcing and furloughs this result echo's accentuations by Applebaum, Kerelis, Hanaff, Mclaughlin (2017), Haque et al (2016) and Bragger (2015) who emphasized the importance of maintaining a steady flow of information with regards to imminent labour force reduction exercise through both formal and informal channels as an effective tool in ensuring successful implementation of labour force reduction.

Interviewees stated that in light of the critical role played by communication the organisation did not clearly communicate their reasons to resorting to such practices and the criteria they used to select employees that got laid off, furloughed, outsourced and delayered hence employees lack of cooperation and zeal to carry out the initiatives together with management in the beginning. The evidence points to facts unearthed by Ivernizzi (2012) and Grebe

(2013) who enunciated that inadequate and poor communication aggravates employee's lack of corporation actuating failure.

The lack of adequate communication from management's perspective established from interviews is in line with findings from questionnaires were the mode responses reflected that management did not adequately communicate its labour force reduction strategy. The second mode was an agreement that communication is a critical factor in determining the successful implementation of labour force reduction which is in line with findings from interviews.

### **Other factors**

Besides communication a minority of the interviewees highlighted that legislation played a critical part in ensuring that labour force initiatives would be effective and successful. They went ahead to mention that the Don Nyamande and Anor versus Zuva Petroleum judgement in 2015 which made it easier for them to lay off individuals even though the new labour act (Labour Amendment Act No. 5 of 2015) nullified the ruling it made it cheaper for employers to lay off employees in terms of section 12 of the Labour Act (2015) due to the one size fits all minimum retrenchment package. The interviews responses were also stressed by scholars such as Mucheche (2017) that stressed the role of the 2015 landmark ruling in improving the likelihood of turnaround success after labour force reduction activities due to significant lowering of retrenching costs.

### **Question 3: How did employees respond to labour force reduction initiatives?**

#### **Presentation of interviewee responses to Question 3**

**Interviewee 1 response:** *Employees were not happy however they did not act out on their emotions in the first years of labour force reduction employees were de motivated and sluggish at work due to low morale however we did not note any extreme reactions. In the last five years we only encountered two adverse reactions with 2 employees taking us to court on separate occasions they claimed that we were casualizing labour fortunately we won all the cases in court.*

*With regards to labour turnover to our surprise labour force reduction did not result in any mass exodus of employees, I think there are only 2 employees that left one left for greener pastures the other said he was getting into farming. I think due to lack of greener pastures or the economic situation I think employees were stuck with us.*

**Interviewee 2 response:** *I would like to believe that by employees you are referring to surviving employees because ex-employees cannot react favourably because they have just lost a source of employees. With regards to surviving employees I can say we have never had an incident where employees reacted adversely. On paper everything went well however off paper with regards to how people felt about labour force reduction methods, the exercises lead to resentment especially in the first days people would sign new contracts and accept additional new terms with resentment feeling that they had no option. It has to be noted that employees resented the initiative especially in the first years people felt they should be paid more due to heavier workloads. People would mummer things and I would get to hear about it through the grape vine. However the murmuring and resentment eventually disappeared.*

**Interviewee 3 response:** *In the first years you could feel the tension in the organisation, employees were unhappy with their fellow employees being sent home. Everyone felt unsafe feeling that they were next in line to be laid off or furloughed. Everyone would grumble and complain in the first days because of labour force reduction exercises but they eventually came to terms with the exercises in recent years. Although employees complained and grumbled their complaints never manifested to actual negative actions such as strikes, destruction of equipment or mass departure of key employees. We encountered subtle complaints demoralised employees with low job morale and diminished commitment to completing tasks. People accepted furloughs layoffs and delaying grudgingly.*

**Interviewee 4 response:** *We were not happy no one was happy about their co-workers being sent home or being sent home on unpaid leave because there were no or low orders. Morale was low no one was motivated to do their work in time, I for one persuaded myself that there is no need to work hard when the organisation is not working hard to keep me employed. Everyone was afraid that they would be sent home just like their ex co-workers. although fear over job losses and hatred of management and the organisation dominated employees thoughts in the first years none of the employees got up and left due to fears of high unemployment in Zimbabwe.*

**Interviewee 5 response:** *People complained among their peers, people were afraid of being fired next however none of the employee did anything aggressive such as striking or destroying company property intentionally. People stopped caring about Playtime Manufacturers success. People refrained from going out of their way to correct faults in the system or on garments.*

**Interviewee 6 response:** *Employees did not have any option if I have to be honest at the very least every employee wanted to leave the organisation however organisations that offered*

*employment were scarce such that we were forced to press on. We had ideas to strike however ideas remained ideas and no strikes took place.*

**Interviewee 7 response:** *With regards to actual reaction the bulk of employees did not make any notable reaction such as uproars or strikes however employees took restrained reactions such as going slow operating at turtle speed. I for one was negligent to correct faults that I could see in a certain process because, I felt that trying to improve the organisation would be pointless because tomorrow I might be the next employee to be laid off. Everyone was upset but striking was not an option because we had fears of being laid off and losing our only source of income.*

**Interviewee 8 response:** *Employees were stressed and unhappy people considered the option of leaving Playtime Manufacturers but Zimbabwe having a high unemployment rate prevented employees from resigning.*

**Interviewee 9 response:** *All employees were angry hatred developed between employees and employers. Employees felt that revision of contracts was done at the expense of the employees and that they had no option but to accept. Rumours about another furlough or lay off exercise occurring dominated rumour mills and informal discussion. Anger, fear of losing employment was dominant in employee's minds during the first years of implementation of labour force reduction methods. Although employees were angry and unhappy by labour force reduction methods they did not leave the organisation or go to the lengths of resigning.*

### **Analysis of Interviewees responses to Question 3**

All interviews pointed out that employees were unhappy and felt demoralized, insecure and less committed to the organisation however all employees mentioned that labour force reduction did not lead to mass exodus. The finding from interviews of diminished job

security job morale and commitment to the organisation and lack of mass employee exodus is in line with mode responses found in the questionnaire presentation and analysis of this chapter which enhances the validity and reliability of the findings from both the questionnaire and the interviews triangulating the findings. The result agrees with findings from secondary data analysis.

The finding was also pointed out by Dervishmotevali and Kilic (2016) Halbesleben, Bellairs and Mandeville (2014) who mentioned that employee's commitment and job morale deteriorates after implementation of labour force reduction exercises.

However all employees added that although employees were unhappy about being furloughed or their co-workers being laid off no one went on strike or voluntary left the organisation meaning that although employees had adverse mental responses to labour force reduction employees did not act on their mental states. The evidence reinforces findings by Hamed et al (2013) and Ahn (2014) who found that contrary to expectations voluntary employee turnover is not affected by labour force reduction exercises. This is also supported by Suandry, Iatreille and Ashman (2016) who found that although employees were psychologically distant from the organisation they did not physically distance themselves from their employer contrary to their mental reaction employees were more committed to their tasks working more effectively to prove their worth to the employer.

**Question 4: How did the implementation of labour force reduction methods affect the production efficiency of Playtime Manufacturers?**

**Presentation of interviewee responses to Question 5**

**Interviewee 1 response:** *2012 and 2013 which are the first years which we started making drastic changes to our labour force we encountered deteriorated production efficiency due to demoralised personnel however reducing our labour force has proved to be beneficial we*

*have managed to stream line our jobs now we can complete the same tasks and meet deadlines with less employees.*

**Interviewee 2 response:** *its awkward what I am about to tell you, you would be surprised if I tell you Denzel if I tell you that we are operating better than we used to before with regards to efficiency the improvement has been phenomenal. People are working harder and fast because of fears of losing their jobs. Surviving employees that witnessed others being sent home for whatever reason were working harder and faster to prove their worth. Last year when we were at our record lowest, we managed to produce garments at a record average time of 25mins per garment. In the last quarter last year we managed to produce the same number of units as we did in the same quarter in 2012 and 2011 with 75% less employee's.*

*But you have to note that initially when employees resented us and were de motivated in the first few years' production efficiency dropped for the first two years being 2012 and 2013. It must also be noted that not all department benefited from labour force reduction the design department saw declines in sample production efficiency the design department has been repeatedly failing to meet customer deadlines due to fewer innovative machinists and artist within the department. Outsourcing graphics designers and embroidery has also lead to the time lags that result in damaged production efficiency in the past years. It has not been all rosy to such an extent that we can say that Playtime Manufacturers reduced its labour force and all is going well, some departments such as administration and sample production have lagged behind for the last four years I do not remember a day we managed to deliver a sample on time although production of garments for end users has improved phenomenally*

*I think with all things taken into account I can safely say production efficiency has been phenomenal.*

**Interviewee 3 response:** *Denzel you know how they say if you pay a monkey peanuts you get monkey business that was the case in the first 2 years of implementation of labour force reduction methods. Basically work output was not the same but the decline in production efficiency was really prominent in the first years when labour force reduction was initiated. Morale improved after a while when people came to terms with the reality of the situation leading to improved production efficiency in the long run for most departments. Production efficiency of completed garments benefited the most. although there was an improvement in the long run the design and sample section never recovered we keep on failing to meet customer deadlines due to lack of skilled employees due to the reduced skills base, outsourcing of graphics design, complex printing and embroidery prolonged the time it took us to produce sample garments so I can say production efficiency deteriorated in the sample and design respect.*

**Interviewee 4 response:** *In the first few years of implementation production efficiency was at an all-time low it was as if everyone went on a go slow face. Poor production efficiency in the initial years of labour force reduction initiatives was due to low job morale and motivation in the first year however production efficiency gradually recovered between 2015 and 2016 with employees taking up more tasks and working harder to impress management and secure their employment.*

**Interviewee 5 response:** *Employee's performance deteriorated within the first few years due to low work morale and the hatred between employees and management the deterioration in performance was especially notable in 2013 and 2014 were employees attempted to be as slow as they can without being noticed. In the long run production efficiency drastically improved today we have been working like horses and the same goes for 2015 and 2016.*



**Interviewee 6 response:** *Production of sample garments has been negatively affected day after day corporate customers complain that we fail to meet deadlines. I think when it comes to production efficiency the sample department experienced the heaviest hit and never managed to recover unlike the production department that is experience peak efficiency since 2016.*

**Interviewee 7 response:** *Production efficiency took the heaviest hit in 2012, 2013 and 2014 production was at its slowest speed. Labour force reduction activities such as removal of key personnel, change in reporting line and merging of departments lead to the slowing down of production efficiency. But it was not just a mountain climb till the end in the last two years production efficiency has been slowly rising and we are doing better than we did in 2011 with significantly fewer employees.*

**Interviewee 8 response:** *No one was motivated to work everyone became lethargic with no drive to complete tasks. Laziness prevailed in the first years of implementation of labour force reduction. Unfortunately workloads only got heavier and heavy and we were required to work faster so production efficiency gradually improved, today we cannot talk of inefficient production efficiency since production is at its best.*

**Interviewee 9 response:** *Production efficiency plummeted in the initial years around 2013 and 2014 because employees were de motivated with low job morale. Production efficiency recovered last year because we managed to produce almost the same amount of units with fewer co-workers.*

#### **Analysis of Interviewees responses to Question 4**

A majority of the interviews mentioned that production efficiency dropped in the first years of implementation and only picked up in recent years, which means that production

efficiency will drop in the first years of implementation due to employee shocks and adverse mental reactions only to rise in the long run. Interviewee's mention of improved production efficiency in the long run tallies with responses from questionnaires where the mode response was an agreement to the statement that labour force reduction improved production time and increased workloads per employee. The majority response from interviewees validates findings from questionnaires.

The immediate drop in production efficiency was explained by Goesaert, Heinz and Vanormelingen (2015) and Ndofor, Vanevehovena and Backer (2013) who stated that immediately after implementing labour force reduction organisations face sharp declines in production efficiency due to reduced employee morale and motivation. Anderson and Lewis (2014) and Pentland and Choi (2012) supported this highlighting that labour force reduction disrupts an organisation to such an extent that the organisation collectively forgets how to do certain tasks which is detrimental to their production efficiency in the immediate and short run (1 to 2 years).

The improved production efficiency in later years was also found to be true by Kavadas and Castaner (2015) and Chern and Hsiao (2013) who established that restructuring through delayering and layoffs lead to improved production efficiency due to reduced bottlenecks within the organisation in the long run. Garnero et al (2016) and Chhimzer and Curre (2012) supported the view that labour force reduction improved production efficiency stating that activities such as furloughs and layoffs improved production efficiency as labour force reduction survivors work harder to prove their worth to the employer after they had come to terms with the possibility of losing their job due to poor performance.

The mode response for questionnaires was an agreement to the fact that labour force reduction resulted in production efficiency and interviewees concurred affirming that indeed

production efficiency improved in the long run as a result of reduction of Playtime Manufacturers labour force. The finding agrees with the finding from secondary data analysis.

**Question 5: How did the implementation of Labour force reduction methods affect the financial performance of Playtime Manufacturers as measured by ROTA?**

### **Presentation of interviewee responses to Question 1**

**Interviewee 1 response:** *Focusing on labour is the best choices we have ever made looking back I wonder why we never used to focus on reducing labour related costs. In our industry the biggest cost driver is labour so our focus on reducing payroll costs and labour related cost by reducing our labour force has allowed us to return to profit making days. We have seen a gradual improvement in financial performance since 2012 and we can attribute the success to labour force reduction. Results did not occur overnight but our financial performance has been revived due to labour force reduction it took some time but now we are making profit. To answer the question in precise terms yes labour force reduction improved our ROTA.*

**Interviewee 2 response:** *With regards to financial performance labour force reduction has resulted in the organisation having fewer personnel which means that payroll costs are reduced giving ROTA and opportunity to improve. I cannot speak of profit because in the past years the word has been illusive in our dictionary however labour force reduction has granted our financial performance breathing chance and in light of improved production efficiency I would like to believe it lead to the improvement in labour force reduction. One of our regrets is why we never used to focus on labour in the past because it presented the largest avenue for improved financial performance and in turn ROTA.*

**Interviewee 3 response:** *Reducing labour and furloughing employees has improved our return on total assets because the exercises reduce payroll costs which take up a significant portion of our costs. However it is not all sunny initiatives such as outsourcing resulted in sales declined due to our inability to meet customer deadlines when it came to sample production, we also lost our sales footprint within the market due to a reduced number of sales reps.*

**Interviewee 4 response:** *The main objective was to improve profitability of the organisation through reduction of labour costs because labour costs were reduced I would like to believe that Playtime Manufacturers has experienced improvements in ROTA as a result of reduced labour force and costs.*

**Interviewee 5 response:** *I think ROTA improved because if it did not then what was the point of punishing employees if there is no benefit associated with the practise.*

**Interviewee 6 response:** *ROTA definitely improved because complaints about the organisation making losses gradually disappeared.*

**Interviewee 7 response:** *Profit was definitely improved because management was reducing the organisations labour force and inherently labour costs at a rate that was faster than the decrease in revenue, this means that ROTA improved steadily.*

**Interviewee 8 response:** *The company made about the same amount of money with fewer human resources so the financial performance improved significantly at the cost of employees livelihood.*

**Interviewee 9 response:** *I guess ROTA improved because there were fewer employees to cater for.*

## **Analysis of Interviewees responses to Question 5**

All employees emphasized that labour force reduction was accompanied with an improvement in ROTA which this is in line with the most frequent response established in primary data collected using questionnaire which was an agreement that labour force reduction improved financial performance as measured by ROTA. The finding from interviews validates the mode response noted in questionnaire analysis and presentation and secondary data analysis.

All employees' mention of labour force reductions positive effect on ROTA means that labour force reduction improves financial performance as measured by ROTA which is in line with results from regression analysis and questionnaires. The positive relation between labour force reduction and ROTA mentioned by interviewees is supported by Raynaud (2012) and De Muese (2013) who highlighted how organisations that employed labour force reduction saw an improvement in ROTA in the year of initial year of labour force reduction and a continuous upward trend in subsequent years. De Muese and Dai (2013) further emphasized how labour force reduction lowers labour costs while other things are held constant which leads to increased ROTA as was mentioned by most of the interviewees.

## **4.5 Summary**

Chapter 4 focused on presenting and analysing data collected using the methodology stated in chapter 3. Data was analysed using tables Graphs, pie charts and doughnuts available in Microsoft excel. Secondary data collected to test the hypothesis was analysed in SPSS. There was a 100% response rate with all 61 questionnaires being completed by the target population. The predetermined 9 interviewees were successfully interviewed as planned.

## **CHAPTER 5 CONCLUSION**

### **5.0 Introduction**

The purpose of the research was to establish the impact of labour force reduction on the financial performance of manufacturing companies. To satisfy the purpose of the research the researcher sought to establish methods used by employers to reduce human capital, factors affecting their success, employees' responses and the method's effect on production efficiency and their relationship to ROTA. This final chapter focuses on summarising chapters 1 to 4, conclusions and recommendations based on the research findings.

### **5.1 Chapter Summaries**

#### **5.1.1 Chapter 1**

The chapter focused on the background of the study were the background of the problems faced by Playtime Manufacturers the case study was highlighted. The problems stated in the background include increased unit cost after labour force reduction, adverse surges in raw materials usage variance and persistent losses after reducing the organisations labour force between 2012 and 2014. The additional costs faced by Playtime Manufacturers hindered the organisation from reaping the full benefits of labour force reduction as they incurred declining revenue and increasing costs per unit.

#### **5.1.2 Chapter 2**

In Chapter 2 the researcher made critical evaluations of results, findings and conclusions of empirical and qualitative research around labour force reduction. The chapter covered recent literature which was no older than six years from 2012 to 2017. The literature reviewed was

from academic libraries which had journals and text books that provided the necessary information. The main thrust was to determine previous scholar's findings and answers to sub research questions formulated in chapter 1. Literature was inconclusive and this prompted the research to assess the impact of labour force reduction on the financial performance of manufacturing companies operating in Zimbabwe.

De Meuse and Dai (2013) noted that organisation that reduced their labour force saw an increase in productivity and financial performance in the year of labour force reduction and a gradual increase in subsequent years. Garnero et al (2016) supported this view suggesting that reducing employees leads to improved production efficiency. Conversely Goesaert, Heinz and Vanormlingen (2015) found that reducing employees lead to demoralized employees that perform poorly resulting in diminished productivity, production efficiency and overall lower returns on total assets. This was supported by Luan, Tien and Chi (2013) who emphasized how labour force reduction negatively affected ROTA and production efficiency as organisation were wrong sized.

Carragier (2016) in his study noted that labour force reduction had no significant impact on financial performance of organisation. Data and Basuil (2015) asserted that the effects of labour force reduction were contextually based suggesting that factors such as organisational cultures and employee perceptions as factors that cause the variance in results obtained labour force reduction initiatives, he went on to add that organisations employing the same labour force reduction method but operating in different industries regions can experience different results.

The inconclusive literature prompted the research to assess the impact of labour force reduction on the financial performance of manufacturing companies operating in Zimbabwe.

### **5.1.3 Chapter 3**

In chapter 3 the researcher outlined the research methodology used in this research project. The researcher utilized a mixed approach and a descriptive and correlational design. Data was collected from the case study Playtime Manufacturers a company operating in Zimbabwe. To avoid sampling error and sampling bias the researcher used a census to collect data from the target population of sixty one (61) employees through close ended questionnaire, the questionnaires were designed using a five point likert scale. In addition to questionnaires the researcher used interviews as a means to collect primary data from Playtime Manufacturers. The researcher gathered secondary data to use as input in SPSS to test the hypothesis that labour force reduction is positively related to ROTA through multiple linear regression in SPSS and to validate findings from interviews and questionnaires.

### **5.1.4 Chapter 4**

Chapter 4 focused on presenting and analysing data collected using the methodology stated in chapter 3. Data was analysed using tables Graphs, pie charts and doughnuts available in Microsoft excel. Secondary data collected to test the hypothesis was analysed in SPSS. There was a 100% response rate with all 61 questionnaires being completed by the target population. The predetermined 9 interviewees were successfully interviewed as planned.



## **5.2 Main findings**

### **5.2.1 Labour force reduction methods**

- Playtime manufacturers used layoffs, furloughs, outsourcing and delaying as labour force reduction methods to reduce labour costs and resuscitate financial performance.

### **5.2.2 Factors affecting successful implementation of labour force reduction**

- The majority of the employees stipulated that employee involvement play a vital role in successful implementation of labour force reduction methods
- Most of the employees were of the opinion that the initial failures of labour force reduction in 2012, 2013 and 2014 were attributed to the employer inadequate employee involvement.
- All employees stated that effective communication props up the chances of successfully financial turnaround.
- Most employees blamed in sufficient communication for the initial production inefficiency and wastages.

### **5.2.3 Employees responses to Labour force reduction**

- 96.72% of the labour force reduction exercises survivors mentioned that they had reduced work morale.
- 100% of labour force exercises survivors felt less secure at the organisation stating that labour force reduction exercises increased their job insecurity.

- Labour force reduction did not have the same effect on employees their statements with regards to their commitment to the organisation were evenly distributed.
- Labour force reduction did not result in increased employee turnover

#### **5.2.4 The effect of labour force reduction on production efficiency.**

- Inefficiency dominated the first two years after implementing labour force reduction methods. It took more time to complete finished products in the immediate and short run 2012 – 2014 (2 years).
- Production efficiency peaked in the long run after 3 years (between 2015 and 2016)
- 98.36% of the employees stated that Playtime Manufacturers were able to produce more units with less employees
- 70.49% of the employees stated that Playtime Manufacturers where able to produce more units in less time.
- Innovative process experienced inefficiencies after labour force reduction and innovative departments failed to meet deadlines.

#### **5.2.5 The relationship between labour force reduction and ROTA**

- The hypothesis that Labour force reduction is positively related to ROTA was proven to be true with 66.67% of the significant variables being positively related to ROTA.
- Layoffs were positively related to ROTA
- Furloughs were positively related to ROTA and they were the most significant predictor of positive increase in ROTA.

- Outsourcing was negatively related to ROTA.
- Delaying had no significant effect on ROTA.

### **5.3 Conclusion**

All objectives were successfully satisfied using research methodology specified in chapter 3. From the data collected and the backing of scholars the researcher established that methods used for labour force reduction are layoffs, furloughs, outsourcing and delayering. Of the four methods the data collected and analysed revealed that furloughs were the most effective method to reduce labour force and improve financial performance as measured by ROTA, the second most effective method of labour force reduction to improve financial performance as measured by ROTA was layoffs. Outsourcing contrary to layoffs and furloughs proved to be detrimental to financial performance as measured by ROTA. Delayering as a labour force reduction had no bearing on ROTA.

Reducing innovative employees responsible for the production of new breakthrough products is detrimental to the production efficiency of producing new products however reducing human capital responsible for the production of homogenous products results in improved production efficiency. Labour force reduction results in diminished employee morale, employee commitment and job security which heighten employee's inefficiency and ineffectiveness within the immediate and short run (1-3 years). Although labour force reduction puts employees under mental strain and they distance themselves from the organisation mentally the issue remains mental and does not manifest into visible physical responses such as increased labour turnover.

Labour force reduction is a positive step in improving financial performance, an entity should not expect to immediately yield the benefits of labour force reduction in the short term as

financial performance and production efficiency drop in the immediate (1 year) and short term (1 – 3years) before they raise to exceed pre labour force reduction figures in the long run (> 4 years) due to employee inefficiency and effectiveness in the initial years. Adequate communication and active employee involvement are critical to avoid the loss of production efficiency experienced in the short term after labour force reduction. The exercises are not recommended to organisation facing the possibility of bankruptcy as their state is likely to worsen before it improves.

#### **5.4 Recommendations**

- Organisation facing inefficiency within the organisation should consider laying off employees with their hands of the deck and delaying their organisational structure to reduce excess deadweight.
- Organisations seeking to improve ROTA and production efficiency should employ furloughs as a labour force reduction method, since the method ensures that time spent at work is efficient and effectively used.
- Organisations facing declining revenue and declining ROTA should consider reducing their labour force through layoffs and furloughs to match production with demand and to reduce payroll costs and improve ROTA.
- Organisations should actively engage employees in discussions pertaining to labour force reduction prior to and during labour force reduction to ensure that employees understand management and directors vision and they do not face a drop in production efficiency in the short run.

- Organisations should ensure that they adequately communicate labour force reduction exercises prior to and during labour force reduction exercises to reassure employees that their jobs are secure and to boost their morale.

### **5.5 suggested area of future research**

The research focused on the effect of labour force reduction on financial performance and production efficiency although the effect of labour force reduction is not confined to financial performance and production efficiency. Areas of future interests include labour force reductions effect on customers perception of the organisation and an organisation footprint in the clothing market due to laid off sales representatives and negative publicity associated with labour force reduction.

### **5.6 Chapter summary**

The chapter gave a conclusion and recommendations based on the main findings in conducting the research. Areas of future study with regards to labour force reduction and its possible effect to an organisation were suggested

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17. Playtime Manufacturers (Private) Limited Management accounts 2011

## APPENDICES

### Appendix A

#### Questionnaire Guide

The impact of labour force reduction on financial performance of manufacturing companies, a case of Playtime Manufacturers (private) limited.

#### Answering instructions

- Answer by ticking the appropriate box

Key;

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
SA	A	U	D	SD

Questions	SA	A	U	D	SD
1.1 Playtime laid off workers between 2012 and 2016.					
1.2 Playtime furloughed employees between 2012 and 2016.					
1.3 Playtime outsourced workers and production processes between 2012 and 2016.					
1.4 Certain departments were combined as a delayering strategy by Playtime between 2012 and 2016					
2.1 Successful implementation of labour force reduction methods was affected by non-involvement of employees.					
2.2 Workers did not get adequate counselling prior to and post					

implementation of labour force reduction methods.					
2.3 The company adequately communicated its labour force reduction strategy.					
2.4 Successful implementation of Labour force reduction initiatives was affected by inadequate communication.					
3.1 Implementation of labour force reduction methods improved job morale.					
3.2 Labour force reduction strategies implemented reduced employees job security.					
3.3 Reductions in labour force reduced employees commitment to the organisation					
3.4 Implementation of labour force reduction methods increases employee turnover					
4.1 Labour force reductions increased the workload per employee.					
4.2 Labour force reduction reduced employees occupancy at work					
5.1 Implementation of Labour force reduction methods improved Playtime Manufacturers ROTA (Return On Total Assets)					

Additional comments

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**Signature**

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**Stamp**



**Date**

...../...../.....

**Thank you**

## **Appendix B**

### **Interview guide**

The impact of labour force reduction on financial performance of manufacturing companies, a case of Playtime Manufacturers (private) limited.

1. Which labour force reduction methods have been implemented by Playtime Manufacturers?
2. What factors affected the successful implementation of labour force reduction methods?
3. How did employees respond to labour force reduction initiatives?
4. How did the implementation of labour force reduction methods affect the production efficiency of Playtime Manufacturers?
5. How did the implementation of Labour force reduction methods affect the financial performance of Playtime Manufacturers as measured by ROTA (Return on Total Assets)?