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A STUDY ON THE EFFECT OF LAYOFF ANNOUNCEMENT ON EMPLOYEE MORALE AND PRODUCTIVITY

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ABSTRACT:

The study aims to examine the effect of layoff announcement on the employee morale and productivity. The layoff is a biggest strategy that the companies used to reduce the work force and cost. This research aims to investigate the relationship between the lay of announcement on the employee behaviour, performance and emotional stability. The research is descriptive in nature the research used the questionnaire survey technique for the data collection with sample unit of 80 participant select using simple random method. The survey is collected from the working employee. The purpose of the study is to determine how the relationship between the negative factors that effect such as increased job insecurity, reduce trust among the employees, decreased in loyalty and faith towards organization etc which leads to decrease in employee morale and productivity. The finding of this research suggest that the layoff announcement has a significantly negative effect on the employee morale and productivity.

Keywords: Layoff, layoff announcement, employee morale, trust, job insecurity, productivity.

INTRODUCTION:

Employee Layoffs or Terminations of employee are the commonly occurrences in organisation. Unfortunately, now a days the layoff phenomena unfortunately as become the reality of the modern world. And also, the layoff is a common strategy used by the organisations due to the various reasons like to reduce the cost, work force and particularly during at the times of economic downturn. The layoff announcements have a significant negative effect on the employee as including the decrease in morale, decrease in loyal and trust towards the company, increase job insecurity, decrease in productivity. They also create a fear and anxiety scene of uncertainty and mistrust among the employees. Which can result in the decrease of the

employee morale and productivity. The purpose of this research is to find the effect of layoff announcement on employee morale and productivity and to develop the strategies to minimise those effect.

The various factors that effect layoff announcement on employee morale and productivity.

FEAR AND ANXIETY:

The layoff announcements create fear and anxiety among the employees, about their job security. the fear and anxiety generally lead mental health problems among employees. Even, the existing employee gets fear about their job security.

DECREASES MOTIVATION:

The layoff announcement decreases motivation of employee towards their work. The decrease in motivation leads to decreases in output. Overall, it reduces employee morale and productivity.

INCREASE IN WORK LOAD:

As employees are laid off and the layoff announcement also creates extra work load for the existing employee. The increase in work load results over the effect employee morale and productivity.

DECREASE IN TRUST AMONG EMPLOYEE:

Layoff announcements results in decrease in trust among the employee towards the company. They might feel like the company is not trust worthy or honest towards. It leads to reduce in employee morale and productivity.

OBJECTIVES OF THE STUDY:

1. To examine the effect of layoff announcement on employee morale and productivity.
2. To identify the factors that contribute to negative effects of layoff announcements on employee.
3. To find the impact of layoffs.

REVIEW OF LITERATURE:

Roderick D. Iverson, Christopher D. Zatzick (2011) in this research paper “the effect of downsizing on labour productivity: the value of showing consideration for employee’s morale and welfare in high- performance work system”. The key findings of this paper are it creates a negative impact on employee morale, decreases organisation performance and mitigating negative effects.

Vikas Chaddha’s research paper titled “corporate restructuring and its effects on employee morale and performance-(2016). Address the challenges faced by organisation in the face competitive market, demanding shareholders, the paper aims to analyze the impact of restricting strategies on employee morale by checking out the factors that effect before and after restructuring.

“A Study on impact of employee morale on productivity of employees”- C. Arun, G. Agalya (2020). In this study aims to examine the term employee morale and the different factors used by the organisation to increases the employee the employee morale. He also says that organisation quality of work life and level of perception in the factors which will boost the employee morale.

Sangeetha.G, Shyalaja. (2023) in this research paper “An exploratory study on the recent layoffs happening across the world”. States that there is need of more government policies, support and alternate solutions to the government. It will be helpful to mitigate the impact of layoff.

L.Grunberg, S. Moore and E. Grunberg (2001) “the effects of contact with layoff on surviving employee’s health and health related behaviours”. Sheds light on the consequence or layoff on the health and well being of employees who remains. The findings empassive the need for organisation to address the health imperceptive or layoff and provide support to employees.

Joel Brockner “Managing the effects of layoff on survivors”. The paper highlights several key factors that contribute to negative effect experienced by survivor. These factors include increase workload, lack of trust. It can lead to low job satisfaction and increase stress level among the survivors.

METHODOLOGY:

DATA SOURCE:

The research uses both primary data and secondary data. The primary data was collected by the survey through questionnaire and secondary data was from various literature review, website and review papers.

SAMPLE SIZE:

Data was collected from the sample size of 80 respondent. the respondent belonging to various age group and different organisation for the purpose to study and analyse.

INSTRUMENT:

Questionnaire was prepared by the researcher to collect data from selected samples from employees.

RESEARCH TYPE:

Research is descriptive in nature used the questionnaire survey technique is used in this research.

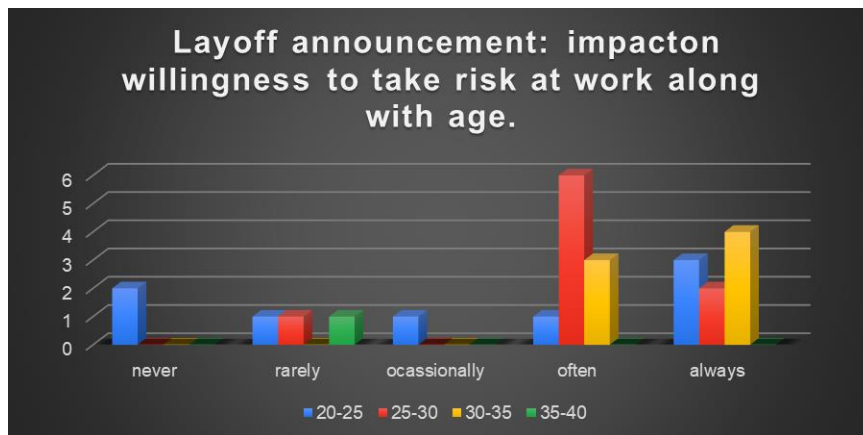
SAMPLING METHOD

Sampling method used in this research is sample random technique

RESULTS

A Total of 80 samples were collected.

Figure 1: COMPARISON BETWEEN WILLINGNESS TO TAKE RISK AT WORK ALONG WITH AGE.

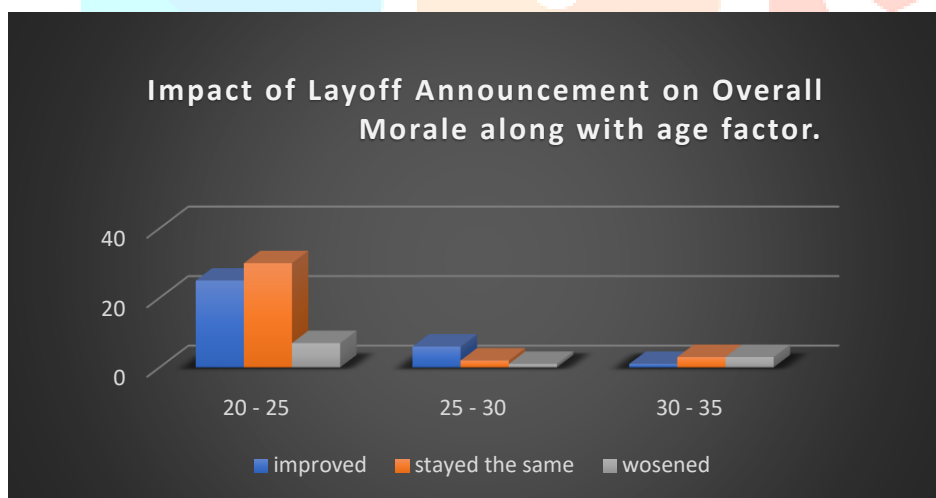


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The majority of the individuals in the age group of 20-25 reported “always and the age group of 30-35 has the higher count often the age group of 20-25 shows a relatively higher frequency of always responses compared to other age group indicating a strongest ending to agree with statement.

Figure 2:

COMPARISON OF OVERALL MORALE ALONG WITH THE AGE FACTOR

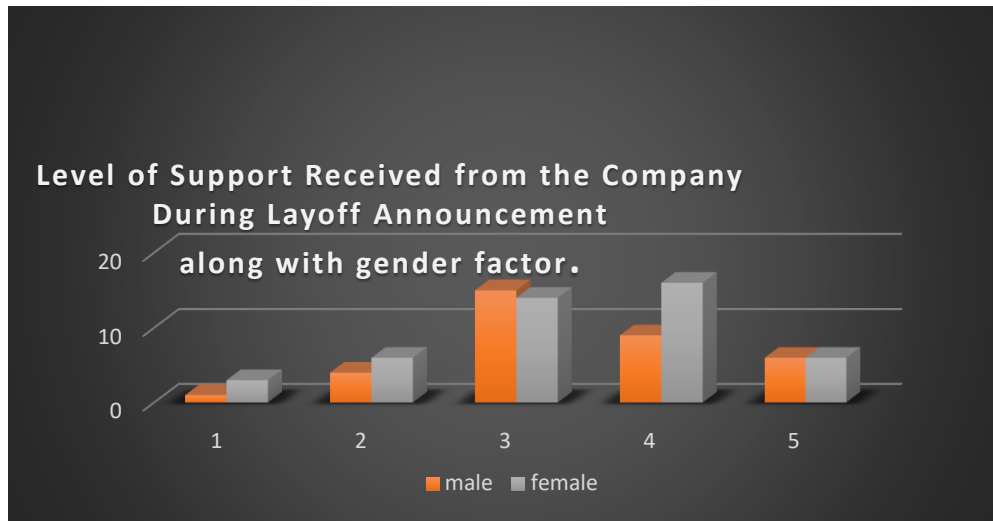


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The age group of 20-25 shows a higher frequency of improved responses of improved response compared to other age group indicating a positive change in the aspect. it can be interred that the age group of 20-25generally experienced improvements while the other age groups either reported no significant change of had mixed expectations with perceiving, improvement some perceiving no change in the aspect.

Figure 3:

LEVEL OF SUPPORT RECEIVED FROM THE COMPANY DURING LAYOFF ANNOUNCEMENT ALONG WITH GENDER FACTOR

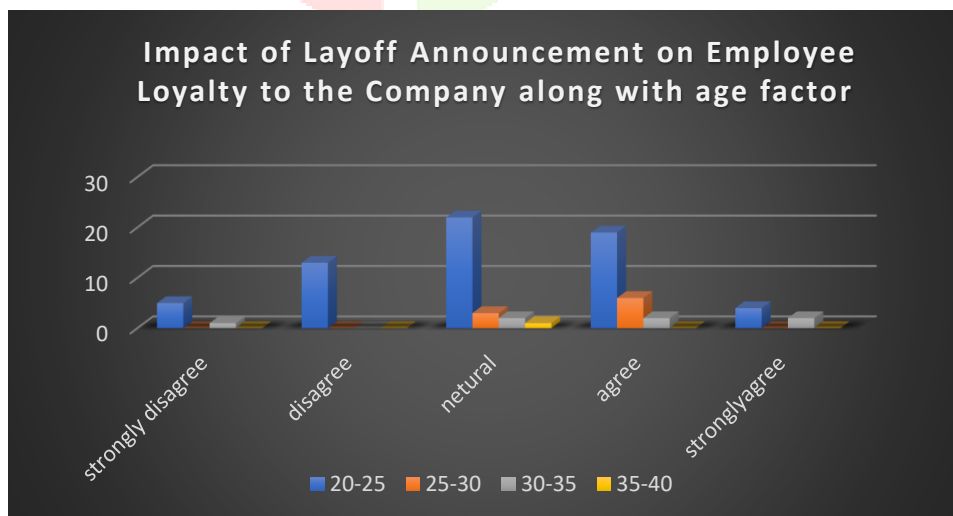


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The gender male has a higher frequency on respects in categories 2,3,4 compare to the gender categories this suggests that measure more likely to fall into these categories both males and female have relatively similar frequency of response in category 1 and 5.

Figure 4:

COMPARISON BETWEEN THE EMPLOYEE LOYALTY TOWARDS THE COMPANY ALONG WITH THE AGE FACTOR



INFERENCE:

The age group of 20-25 has a relatively higher frequency of response in the disagree and neutral categories compared to the other age groups this suggest than individual in this age group end to learn towards disagreement or neutral. While other age group demonstrate more diverse pattern or response.

CONCLUSION:

This study suggests that, layoff can have a significant effect on both morale employees and productivity. The announcement of layoff has a negative impact on employee morale and productivity. Such as decrease in morale, decrease in loyal and trust towards company, increase in job insecurity and decrease in productivity. This study provides insights for organisation that are already announcement a layoff. Organisation carefully takes steps to mitigate the negative effects on employees. The companies should strive to minimize the negative effects of layoffs by providing support to affected employees and creating a positive work environment for remaining employees. By doing so, organizations can mitigate the damage caused by layoffs and emerge stronger and more resilient in the long run.

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