COMMUNICATION AS A FACTOR IN THE SUCCESS OF DOWNSIZING

Josefa Melgar Bayardo, PhD
Universidad Autonoma de Ciudad Juarez

Fernando Matías Reche, PhD
Universidad de Granada

Marie Leiner De La Cabada, PhD
Universidad Autonoma de Ciudad Juarez

Abstract
In recent years a large number of organizations, both public and private, have implemented downsizing, with the aim of improving productivity, efficiency and competitiveness. But studies show that the results are not always as expected, with firms reporting negative effects among their workers in terms of stress, uncertainty, insecurity and fear of losing their jobs. The current work investigates the relation between internal communication, job satisfaction and organizational commitment in firms implementing this change strategy. Results show that internal communication has a positive effect on job satisfaction, and that job satisfaction, in turn, has a positive effect on organizational commitment.

Keywords: Downsizing, internal communication, job satisfaction and organizational commitment

Introduction
A number of authors have examined the possible negative effects of the downsizing strategy on the firm’s financial results and workers (Allen, Freeman, Joyce, Reizenstein, & Rentz, 2001; Cameron, 1994; Cross & Travaglione, 2004; Choy, 2002; Devine, Reay, Stainton & Collins-Nakai, 2003; Kets de Vries & Balazs, 1997; Levitt, Willson & Giligan, 2008; Marques, Galende & Cruz, 2006).

Although several studies have revealed that before the implementation of the downsizing, workers may experience fear, lower moral, guilt (Thornhill, Saunders and Stead, 1997), job insecurity, lack of trust, stress (Devine, Reay, Stainton & Collins-Nakai, 2003), depression, anxiety, fatigue and low commitment (Tomasko, 1990). The current work investigates whether a positive relation exists between internal
communication and the job satisfaction and organizational commitment of production supervisors in Mexican Maquiladora factories after a downsizing process. This is because both job satisfaction and organizational commitment are considered crucial to the success of the organization (Cross & Travaglione, 2004, Kusum, 2004). We aim to use the model of these relations also to examine the relation between job satisfaction and organizational commitment.

This study is based on a sample of 51 questionnaires sent to human resource managers in the Maquiladora industry in Ciudad Juárez (Chihuahua State, Mexico) in the period February-September 2009. We handled and analyzed the data using the statistics packages SPSS and SmartPLS, and the results provide support for the importance of an effective internal communication before, during, and after implementation of the downsizing strategy.

Theoretical framework

Downsizing

Downsizing is defined as radically reducing the size and costs of the organization and redesigning its working processes (Cross & Travaglione, 2004) in a permanent and planned way (Cascio, 1993; Kets de Vries & Balazs, 1997; Sánchez & Suárez, 2005) by eliminating hierarchical levels (Lambert, 1999). The term downsizing was adopted in the US at the end of the 1980s to identify certain management practices aimed at cutting staff (Magán & Céspedes, 2007).

The environment at that time was one of growing international competition, a liberalization of industry and rapid technological change, and this led to the emergence of smaller organizations and simpler organizational structures (Magán & Céspedes, 2007). Firms started using the downsizing strategy in response to these environmental conditions.

Internal communication and downsizing

Today’s dynamic environment is forcing firms to implement strategies to adapt to changing conditions. Effective communication and forging close relationships with workers are key tools to keep the workers informed about the changes occurring in their firm and to encourage them to strive to achieve the firm’s objectives and to integrate them into their own (Mestanza et al., 1999).

Communication is defined as the human-specific rational and emotional quality that emerges from the need to contact others through the exchange of ideas that acquire a sense or meaning depending on shared prior experiences. Communication can be intrapersonal, interpersonal, group, public, or mass (Fonseca, 2005).
On the basis of this definition, and assuming that it occurs between human beings, communication will be present in any type of organization. Thus the authors start from the concept of organizational communication, defined as the set of techniques and activities designed to facilitate and speed up the flow of messages between organization members, or between the organization and its environment (Cruz, 2006). Thus we can understand organizational communication in three different ways:

1. as a social process, via the interaction between the different individuals working inside and outside the organization
2. as a discipline that studies the form that communication takes inside organizations, between various organizations, and between the organization and its external environment
3. as a set of techniques and activities that firms can use to develop a strategy that facilitates and speeds up the flow of messages (Andrade, 2005).

Analyzing the concept as a set of techniques and activities, communication can be either internal or external:

a) **Internal communication.** The set of activities that the organization carries out to create and maintain good relationships with its members through the use of different communications media that keep the workers informed, integrated and motivated to contribute with their work to the achievement of objectives (Andrade, 2005).

b) **External communication.** The set of messages that the organization emits to its external public with the aim of improving its relationships and/or image as well as promoting its products and/or services (Andrade, 2005).

We focus on internal communication in this work. This is not a new topic (Pinillos, 1996), but researchers have shown growing interest in it in recent years.

In order for the communication to be really effective and helpful in overcoming some obstacles, it must be clear and consider the maturity of the target audience. The communication must also be accurate, complete and easy to understand to avoid generating distrust and suspicion among the recipients. Likewise, the communication must be objective, truthful, and impartial, and timely, in other words transmitted at the right time (Rodríguez, 2001).

A good communication process can be very beneficial to the firm, particularly when managers are attempting to implement change in the organization. Thus when managers are implementing a downsizing strategy they should take time to inform employees about everything to do with the strategy. Employees will then show higher levels of commitment (Akdogan & Cingoz, 2009).
Researchers have found that communication, particularly between supervisors and subordinates, is vital since it determines to a large extent employees’ attitudes toward the firm. Thus the organization should pay particular attention to information and dialogue before, during and after downsizing (Appelbaum & Donia, 2001).

The experience of a large number of firms shows that having effective communications channels reduces the risk of misunderstandings among organization members (Amorós, 2007; Greenhalgh, Lawrence, & Sutton 1988).

In contrast, a deficient communication between managers and workers can cause confusion and distrust and can reduce morale in the firm. Firms must therefore create effective communications channels (Amorós, 2007) that help the firm avoid rumors. Rumors are one way of compensating for unsatisfactory communication (Rodríguez, 1996) and can lead to various problems in the firm.

The best antidote to rumors is honesty and consistency (Cascio & Wynn, 2004), so managers must explain why layoffs are necessary, how they will be carried out, and what positions survivors will have in the new organizational structure (Li-Ping & Fuller, 1995).

When employees are informed they will be willing to confront the changes that are going to happen in the organization (Hadden, 2000), but managers need to know what to communicate during the downsizing process, and how to communicate it, since this can affect the success of the process (Appelbaum & Donia, 2001).

Firms with an open communication between organizational members have workers who are satisfied and motivated (Choy, 2002). These are two aspects that according to the literature are affected by the implementation of new change strategies (Buhler, 1994).

Considering all its benefits, some researchers see internal communication as potentially critical for the successful implementation of downsizing, along with employee involvement and an adequate preparation (Band & Tustin, 1995).

Unfortunately, despite the benefits of an effective communication according to the literature, and the fact that it is likely to be the most important aspect during the implementation of downsizing, communication has not always received the attention it deserves. Communication often declines during the downsizing process (Freeman, 1994) because the managers see it as a waste of time (Kets de Vries & Balazs, 1997).

Thus the first step for managers who are going to implement a process of change like downsizing is for them to be aware of the potential benefits that good communication can provide, since this is at the core of the
implementation of any strategy and is seen as a critical factor for improving workers’ attitudes and behavior (West, 2001).

With front-line employees the best way to communicate is face to face (Brockner, 1992; Larkin & Larkin, 2006) rather than through videos, corporate publications, or mass meetings with all the workers (Larkin & Larkin, 2006). Face-to-face communication will help employees understand downsizing, its benefits and the importance of their role in the process. We must remember that preparation and involvement are critical for the successful implementation of this strategy (Band & Tustin, 1995).

**Job satisfaction**

Researchers have studied attitudes such as job satisfaction and organizational commitment in order to find possible changes as a result of the implementation of change strategies (Allen, Freeman, Joyce, Reizenstein, & Rentz, 2001; Cross & Travaglione, 2004; Choy, 2002; Devine, Reay, Stainton, & Collins-Nakai, 2003; Levitt, Willson, & Giligan, 2008; Marques, Galende, & Cruz, 2006; Tourish et al., 2004). Various studies show the need to monitor these two attitudes (Renter & Valero, 1993), which can determine whether the firm achieves its objectives or not (Cross & Travaglione, 2004; Kusum, 2004), because the human element is essential for the correct functioning of the organization.

Job satisfaction is one of the attitudes that have received most attention in organizational behavior research (Amorós, 2007; Robbins, 2004). Hoppock coined the term job satisfaction in the year 1935. It is defined as how workers feel in their working environment both physically and psychologically (Tsai et al., 2007). Robbins and Decenzo (2004) define the concept as the employee’s general attitude toward their work, which includes positive feelings or aggressive responses (Tsai et al., 2007). Locke (1976) defines job satisfaction as a subjective perception of working experiences reflected in the workers over time, with workers experiencing different levels of pleasure or discontent in their work.

In general, job satisfaction refers to a person’s overall attitude toward their work, so that when the individual is satisfied with their work they will show a positive attitude toward it (Amorós, 2007). These are complex and diverse emotional reactions, and so the concept is considered multidimensional (Peiró & Prieto, 1996).

According to the Society for Human Resource Management (SHRM) the five most important aspects of employees’ job satisfaction are, in descending order: compensation, benefits, job security, work-life balance, and communication between employees and managers (Lockwood, 2007).

When an employee is informed they will have a more positive attitude and be willing to contribute to help achieve the objectives of the
changes taking place in the firm (Hadden, 2000). But managers need to know what and how to communicate during the downsizing process since this will determine its success (Appelbaum & Donia, 2001). Thus the first hypothesis of this work is as follows:

**H1: Internal communication has a positive effect on job satisfaction in production supervisors who survive downsizing.**

**Organizational commitment**

Organizational commitment is defined as how strong an individual identifies with their organization (Mowday, Steers, & Porter 1979), and increasing organizational members’ level of commitment and involvement is an urgent need that conditions the firm’s performance (Renter & Valero, 1993).

Downsizing can have effects both on working processes and on the working environment (Knudsen et al., 2003), and hence survivors can show a low level of commitment (Kets de Vries & Balazs, 1997; Knudsen et al., 2003).

Meyer and Allen (1991) define organizational commitment as a psychological state that characterizes the worker’s relationship with their organization. In other words, organizational commitment represents the degree to which the employee identifies with and is involved in their organization (Amorós, 2007; Curry, Wakefield, price & Muller, 1986). The concept is directly related to the worker’s participation and intention to stay in the firm (Amorós, 2007). Mathieu & Zajac (1990) consider that from a contextual perspective organizational commitment is also directly linked to job performance.

Meyer & Allen (1991) developed a 3-dimensional model of organizational commitment. The three dimensions are as follows:

- **Affective commitment:** this dimension reflects the worker’s emotional state, and their identification with and involvement in the organization (Meyer & Allen, 1998). This dimension represents their desire to be loyal to the organization, as well as that emotional link that the individual establishes with their organization. Highly committed people, by identifying with their firm, commit themselves to its values and goals, and declare their desire to remain in the firm (Ugboro, 2006).

- **Normative commitment:** this dimension reflects the feeling of having an obligation to remain in the organization (Meyer et al., 1998). Ugboro (2006) points out that this dimension is a disposition to be loyal and committed, and in this respect he compares the organization to the employee’s family, country or religion.
• **Continuance commitment**: this dimension recognizes the costs associated with the idea of leaving the firm (Meyer et al., 1998), in other words, the material attachment that the employee has with their organization. The worker considers that if they leave the firm they will have to sacrifice the investments they have previously made in it (Ugboro, 2006).

A negative relation exists between the employee’s level of stress and their organizational commitment when the employee (Akdogan & Cingoz, 2009):

1. believes that the downsizing policies are an unfair and unnecessary imposition
2. believes that the downsizing policies have not been clearly explained
3. has not been sufficiently trained when the downsizing process starts
4. is worried about their future
5. believes that their workload will increase as a result of mass layoffs.

A number of studies show that a good process of communication can yield significant benefits (Freeman, 1994), so managers responsible for implementing the downsizing should inform the workers, particularly those who will be directly affected, about everything to do with the process. The employees’ level of commitment may then increase (Akdogan & Cingoz, 2009). On the basis of the above arguments, the second hypothesis of this work is as follows:

**H2: Internal communication has a positive effect on organizational commitment in production supervisors who survive downsizing.**

Several researchers find a reciprocal relation between job satisfaction and organizational commitment, but job satisfaction’s effect on commitment is considered to be stronger (Mathieu & Zajac, 1990). Similarly, Mañas, Boada, González and Agulló (2007) conclude that job satisfaction plays a decisive role in workers’ organizational commitment. The final hypothesis of this work follows:

**H3: Job satisfaction has a positive effect on organizational commitment in production supervisors who survive downsizing.**

**Methodology**

This study is cross-sectional, in that we measure the phenomenon at a particular moment in time, and nonexperimental, and has a quantitative and descriptive focus, as we seek to establish associations between variables within a single population.
Sample

The population consists of Human Resource (HR) managers of Maquiladora firms located in Ciudad Juárez, in the northern Mexican state of Chihuahua. The Maquiladora industry bases its production on temporary imports and then exports most of the resulting finished products (Robbins, 1993). The firms operate in different sectors of activity (automobiles, electrical, medical, electronic, etc.), and the respondents assessed the level of job satisfaction and organizational commitment of their firm’s production supervisors. We identified suitable firms in the 2009 directory of the Association of Ciudad Juárez Maquiladoras (AMAC), which contains 275 firms from the industrial sector. We selected the participants using convenience sampling. This proved necessary because of the reluctance of the HR managers invited to participate.

We collected the data in the period February-September 2009, and eventually received a total of 51 questionnaires satisfactorily completed.

Design of measurement instrument

The questionnaire consisted of 14 questions on a Likert scale. The literature review served as basis for the design of the questionnaire, as did the in-depth interviews with expert informants who were experienced HR Managers who declared they knew how the downsizing process works in the Maquiladora industry. These informants provided a number of ideas that we included in the questionnaire.

The study model consists of one independent (or exogenous) variable—Internal Communication (IC)—and two dependent variables—Job Satisfaction (JS) and Organizational Commitment (OC). We also included the construct External Factors as a control variable.

Internal Communication: to measure this variable the questionnaire included eight items, which we adapted from Conduit and Mavondo (2001). A number of studies have used this scale previously, including Ching and Ching (2009).

Job Satisfaction: we measured the HR managers’ perception of their production supervisors’ level of job satisfaction using a single item, as Robbins (2004) & Hair et al. (1999) recommend.

Organizational Commitment: we used one item to measure the supervisors’ commitment according to the HR managers, because we consider satisfaction and commitment to be similar variables that should be measured using the same criterion.

External factors: to measure the aspects relating to the firm’s environment, we included four items, which serve as control variables. This scale is an adaptation of Tan and Litschert’s (1994) measurement instrument. A number of studies state that they use this scale (Baines & Langfield-Smith,

**Procedure**

We prepared the data in the following steps: validate, edit, codify, and capture data, detect errors, and tabulate data to obtain significant information from the raw data collected in the survey (Hair, Bush, & Ortinau, 2000).

We used the following criteria for including the participants in the study: HR managers, both male and female, working in a maquiladora in the city of Ciudad Juárez that is currently in the midst of a downsizing process. We did not offer any incentive to participate, whether monetary or of any other type.

We ignored responses that had missing data in the main variables of the study, leaving a total of 51 questionnaires, which represents 78% of the total received (65). We codified the responses for subsequent analysis using SPSS version 15.0 and SmartPLS version 2.0.

We recorded each questionnaire twice to avoid the possibility of errors during the tabulation of the data.

**Results**

To analyze the validity of the model, Henseler, Ringle and Sinkovics (2008) propose: 1) first checking the formative and reflective measures using various procedures; and then 2) validating the structural model.

Multicolinearity between the indicators, whether formative or reflective, can be a problem. We evaluated this using the variance inflation factor (VIF) in SPSS version 15.0. We calculated the VIF using multiple regressions for each group of indicators (independent variables), while the dependent variable was chosen at random from one of the two dependent variables, as one indicator: commitment (Seidel & Back, 2009). For reflective constructs the VIF should not exceed 10 (Henseler et al., 2008).

Table 1 shows that multicolinearity between the indicators does not exist, since the VIF is below 10 in all cases. We did not calculate the VIF for Job Satisfaction or Organizational Commitment since they consist of a single indicator, which makes multicolinearity impossible.
Table 1. VIF for reflective constructs.

<table>
<thead>
<tr>
<th>Construct</th>
<th>Dependent variable</th>
<th>Independent variable</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Internal Communication</strong></td>
<td></td>
<td>IC1</td>
<td>2.054</td>
</tr>
<tr>
<td></td>
<td></td>
<td>IC2</td>
<td>2.824</td>
</tr>
<tr>
<td></td>
<td></td>
<td>IC3</td>
<td>2.006</td>
</tr>
<tr>
<td></td>
<td></td>
<td>IC4</td>
<td>2.941</td>
</tr>
<tr>
<td></td>
<td></td>
<td>IC5</td>
<td>2.116</td>
</tr>
<tr>
<td></td>
<td></td>
<td>IC6</td>
<td>2.435</td>
</tr>
<tr>
<td></td>
<td></td>
<td>IC7</td>
<td>2.759</td>
</tr>
<tr>
<td></td>
<td></td>
<td>IC8</td>
<td>2.234</td>
</tr>
<tr>
<td><strong>External Factors</strong></td>
<td></td>
<td>EF1</td>
<td>1.325</td>
</tr>
<tr>
<td></td>
<td></td>
<td>EF2</td>
<td>1.542</td>
</tr>
<tr>
<td></td>
<td></td>
<td>EF3</td>
<td>1.820</td>
</tr>
<tr>
<td></td>
<td></td>
<td>EF4</td>
<td>1.531</td>
</tr>
</tbody>
</table>

Source: The authors

Researchers have developed various criteria to modify the model, that is, to not eliminate variables in reflective measurement models. According to Hulland (1999), the items should have loadings of at least 0.7 to be retained, while Falk and Miller (1992) propose a lower threshold (0.55). We use Falk and Miller’s (1992) criterion in this work. As Table 2 shows, only one indicator has a loading of less than 0.55, but we decided to retain it because some of the other items have a high loading (Esposito, Chih, Henseler & Wang, 2010).

Table 2. Loadings for reflective indicators.

<table>
<thead>
<tr>
<th>Construct</th>
<th>Variable</th>
<th>Loading</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Internal Communication</strong></td>
<td>IC1</td>
<td>0.738</td>
</tr>
<tr>
<td></td>
<td>IC2</td>
<td>0.787</td>
</tr>
<tr>
<td></td>
<td>IC3</td>
<td>0.791</td>
</tr>
<tr>
<td></td>
<td>IC4</td>
<td>0.782</td>
</tr>
<tr>
<td></td>
<td>IC5</td>
<td>0.755</td>
</tr>
<tr>
<td></td>
<td>IC6</td>
<td>0.737</td>
</tr>
<tr>
<td></td>
<td>IC7</td>
<td>0.837</td>
</tr>
<tr>
<td></td>
<td>IC8</td>
<td>0.575</td>
</tr>
<tr>
<td><strong>Job Satisfaction</strong></td>
<td>JS1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Organizational Commitment</strong></td>
<td>OC1</td>
<td>1</td>
</tr>
<tr>
<td><strong>External Factors</strong></td>
<td>EF1</td>
<td>0.665</td>
</tr>
<tr>
<td></td>
<td>EF2</td>
<td>0.684</td>
</tr>
<tr>
<td></td>
<td>EF3</td>
<td>0.549</td>
</tr>
<tr>
<td></td>
<td>EF4</td>
<td>0.607</td>
</tr>
</tbody>
</table>

Source: The authors
Evaluation of measurement model

Reliability of indicators

For the proposed conceptual model (Figure 1) the factor loadings of the reflective constructs lie in the range 0.549 to 0.837. For reflective constructs measured using a single item the loading is a constant 1, assuming no error exists in the construct. In PLS the significance of this loading is not given (it is fixed at zero), since it is assumed that no error exists (Esposito, Chin, Henseler & Wang, 2010).

Composite reliability

Dillon-Goldstein’s rho is used to evaluate the composite reliability in reflective measurement models. Seidel & Back (2009) suggest a value of at least 0.7 for a modest composite reliability. This coefficient replaces the Cronbach alpha used in regression. Both statistics measure the internal consistency; the Cronbach alpha assumes that each item has the same weight (1.0), while Dillon-Goldstein’s rho considers the loadings used to construct the score of the factor, which makes it a better measure of internal consistency in this context (Barclay et al., 1995). In the proposed conceptual model (Figure 1), Internal Communication and External Factors show Dillon-Goldstein’s rhos of 0.9125 and 0.7215, respectively, so both exceed the recommended minimum (see Table 3).
### Table 3. Empirical model statistics (N=51).

<table>
<thead>
<tr>
<th>Construct</th>
<th>AVE</th>
<th>Dillon-Goldstein’s Rho</th>
<th>R²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Commitment</td>
<td>1</td>
<td>1</td>
<td>0.359</td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>1</td>
<td>1</td>
<td>0.350</td>
</tr>
<tr>
<td>Internal Communication</td>
<td>0.5681</td>
<td>0.9125</td>
<td>NA*</td>
</tr>
<tr>
<td>External Factors</td>
<td>0.3947</td>
<td>0.7215</td>
<td></td>
</tr>
</tbody>
</table>

*NA*: Not applicable

Source: The authors.

**Convergent validity**

We can measure the convergent validity for reflective measurement models using the average variance extracted (AVE), which should be greater than 0.5 (Fornell & Larcker, 1981; Seidel & Back, 2009). For the proposed model (Figure 1) Internal Communication has an AVE greater than this minimum (0.5681; see Table 3).

The reflective construct External Factors has an AVE lower than 0.5 (Table 3). Nevertheless, looking at the composite reliability index in the same table we decided to retain this construct because we considered it really did measure the External Factors of the participating firms.

**Validity of structural model**

After establishing the validity of the measurement model we analyzed the validity of the structural model that explains: 1) the production supervisors’ level of commitment or identification with their work, active participation and integration of the work in their personal lives; and 2) the supervisors’ level of job satisfaction.

SmartPLS does not establish a procedure to improve models (Seidel & Back, 2009), so Henseler et al. (2008) propose checking the path coefficients, stating: “Structural paths, whose sign is in keeping with a priori postulated algebraic signs, provide a partial empirical validation of the theoretically assumed relationships between latent variables. Paths that possess an algebraic sign contrary to expectations do not support the a priori formed hypotheses” (Henseler et al., 2008). In SmartPLS we use the R² value, which indicates the extent to which the model explains the data (Seidel & Back, 2009). R² is a measure of the predictive quality of the structural model. It indicates the quantity of variance of the construct (endogenous variable) explained by the constructs that predict it. An R² of 0.67 is “substantial”, one of 0.35 is “moderate”, and one of 0.19 is “weak” (Chin, 1998). In the empirical model we can see that Internal Communication and External Factors give a moderate explanation of Job Satisfaction (0.350) and of Organizational Commitment (0.359).
Table 4 shows the loadings of the items and the values of the t-statistics for the reflective construct Internal Communication. The items of Internal Communication have positive loadings that exceed 0.70, in line with Hulland’s (1999) recommended minimum and significant at the 95% level of confidence. At the same time, the loadings for External Factors also exceed the minimum threshold at the 85% level. We can see this in the t-values for the two indicators, which exceed 1.96 and 1.44, respectively (Table 4).

<table>
<thead>
<tr>
<th>Construct</th>
<th>Variable</th>
<th>Loading</th>
<th>t-values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Satisfaction</td>
<td>JS1</td>
<td>1 0</td>
<td>0</td>
</tr>
<tr>
<td>Organizational Commitment</td>
<td>OC1</td>
<td>1 0</td>
<td>0</td>
</tr>
<tr>
<td>Internal Communication</td>
<td>IC1</td>
<td>0.738</td>
<td>6.039*</td>
</tr>
<tr>
<td></td>
<td>IC2</td>
<td>0.787</td>
<td>6.230*</td>
</tr>
<tr>
<td></td>
<td>IC3</td>
<td>0.791</td>
<td>9.619*</td>
</tr>
<tr>
<td></td>
<td>IC4</td>
<td>0.782</td>
<td>6.354*</td>
</tr>
<tr>
<td></td>
<td>IC5</td>
<td>0.755</td>
<td>6.353*</td>
</tr>
<tr>
<td></td>
<td>IC6</td>
<td>0.737</td>
<td>5.756*</td>
</tr>
<tr>
<td></td>
<td>IC7</td>
<td>0.837</td>
<td>8.517*</td>
</tr>
<tr>
<td></td>
<td>IC8</td>
<td>0.575</td>
<td>5.310*</td>
</tr>
<tr>
<td>External Factors</td>
<td>EF1</td>
<td>0.665</td>
<td>2.480*</td>
</tr>
<tr>
<td></td>
<td>EF2</td>
<td>0.684</td>
<td>2.294*</td>
</tr>
<tr>
<td></td>
<td>EF3</td>
<td>0.549</td>
<td>1.927+</td>
</tr>
<tr>
<td></td>
<td>EF4</td>
<td>0.607</td>
<td>1.641+</td>
</tr>
</tbody>
</table>

* Significant at 95% level if t > 1.96, for two-tail test. + Significant at 85% level if t > 1.44.

Table 5. Evaluation of effects on dependent variables (n=51).

<table>
<thead>
<tr>
<th>Relation</th>
<th>Independent variable</th>
<th>Dependent variable</th>
<th>Path Coefficient</th>
<th>t-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1. Internal communication has a positive effect on job satisfaction in production supervisors who survive downsizing.</td>
<td>Internal Communication</td>
<td>Job Satisfaction</td>
<td>0.455</td>
<td>4.941*</td>
</tr>
<tr>
<td>H2. Internal communication has a positive effect on organizational commitment in production supervisors who survive downsizing.</td>
<td>Internal Communication</td>
<td>Organizational Commitment</td>
<td>0.137</td>
<td>0.746</td>
</tr>
<tr>
<td>H3. Job satisfaction has a positive effect on organizational commitment in production supervisors who survive downsizing.</td>
<td>Job Satisfaction</td>
<td>Organizational Commitment</td>
<td>0.523</td>
<td>3.026*</td>
</tr>
</tbody>
</table>

Source: The authors
In global terms, internal communication with the employees about changes, objectives and policies, and firm performance has a positive effect on the production supervisors’ job satisfaction. We could not, with the data collected here, prove that internal communication has a positive effect on their organizational commitment. In contrast, the results show that the production supervisors’ job satisfaction does predict organizational commitment, which is consistent with Mathieu & Zajac’s (1990) findings. Thus the results of this research support hypotheses 1 and 3 with a confidence level of 95% (Table 5), but do not support Hypothesis 2.

Conclusions

Biasca (1997) calls downsizing the art of getting organizations to produce the same or more with fewer resources.

Downsizing does not always give firms the results they expect, but despite this, firms continue to use the strategy (Band & Tustin, 1995) in an effort to survive in a constantly changing world.

The current empirical study has shown that internal communication plays a very important role for the successful implementation of downsizing. Keeping production supervisors informed about the changes that are happening in their firm and that will affect them directly will to a large extent prevent rumors. Rumors can start and spread as a result of a lack of information via formal channels and can originate stress and uncertainty.

The implementation of downsizing can provoke negative reactions from the workers, hence the importance of integrating the production supervisors in the process at the right time and making them feel an important part of the process. Thus it is vital to recognize that the decision to implement this strategy endangers the health of the organization (Mckinley et al., 1995) because the firm can suffer organizational amnesia (Lambert, 2001) as a result of the loss of experienced human resources with their valuable knowledge and skills, which are partially unique, inimitable and substitutable (Bhattacharyya & Chatterjee, 2005; Lambert, 2001).

References:


