Impact of Employees' Perceptions of Organizational Downsizing Practices on Their Commitment

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Abstract

Sri Lanka is presently facing with its most severe financial crisis in decades, with the building and construction sector being significantly affected. This study aims to investigate whether employees' perceptions of organizational downsizing practices influence their commitment. It was conducted as a cross-sectional study among a sample of 204 employees from three downsized construction firms in the Colombo District. The sample was selected using a simple random sampling technique, and data were collected through the distribution of an online standard questionnaire. The data were analyzed using SPSS version 23.0, employing descriptive statistics, correlation, and simple regression. The analysis revealed that employees' perceptions of their organizations' downsizing practices have a significant positive impact on their levels of affective, continuance, and normative commitment. Effective communication throughout the downsizing process, including before, during, and after, is recommended as a means to mitigate the adverse effects of downsizing on employee commitment.

Keywords: *Affective commitment, Continuance commitment, Employee commitment, Normative commitment, Organizational downsizing.*

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Introduction

Sri Lanka is currently struggling with its most severe financial crisis in decades, with the construction industry emerging as one of the hardest-hit sectors. Traditionally, the construction sector has been a keystone of Sri Lanka's economic development, playing a significant role in driving overall growth (Wijeratne, 2022).

The Chamber of Industry of Sri Lanka, serving as the apex organization for all stakeholders in the construction sector, projects that over 100,000 jobs could be lost within three months due to the ongoing economic crisis. This strategic measure of reducing a company's workforce to minimize labor costs, enhance profitability, and prevent organizational collapse during times of severe economic shock, such as an economic crisis, is referred to as organizational downsizing (Frone, 2018).

Organizational downsizing creates two types of people: victims (those who lose their jobs involuntarily due to organizational downsizing) and survivors (those who remain after organizational downsizing). Most of the studies indicate that downsizing has a negative impact on surviving employees (Travaglione & Cross, 2006). Survivors display many problems, such as demotivation, cynicism, insecurity, demoralization, and a significant decline in organizational commitment.

Travagoline and Cross (2006) stated that maintaining employee commitment after a downsizing process is critical. Employees' organizational commitment may continue to shrink if they believe the organization is unconcerned about them and their well-being.

It has been acknowledged that employees can demonstrate their commitment to their organizations through different avenues. The three-component model, introduced by Allen and Meyer in 1991, delineates commitment into three distinct mindsets: a willingness to stay with the organization (affective commitment), a sense of obligation to remain (normative commitment), and the perceived cost of leaving (continuance commitment).

The performance gap that affected this study is that according to 2019 research in the Oxford Business Group Journal, numerous Sri Lankan specialists in construction companies are looking for work in Middle Eastern countries. Wijesinghe and Jayawardene (2021) also reported that young engineers from Sri Lanka's state universities are migrating to Australia at an increasing pace. They claimed that Sri Lanka's lower wages, unpleasant working conditions, and corruption significantly influenced the young engineers' movement. This suggests that many building experts are less attached to Sri Lankan construction companies. If construction workers leave the country this way, Sri Lanka won't be able to find enough local talent to support the sector's growth in the future.

Besides, numerous studies have been conducted around the world to investigate the impact of employees' perceptions of organizational downsizing on their employee commitment. Among them, it is exceedingly difficult to find studies in the Sri Lankan context investigating how the construction sector's employee cutoff has affected the commitment of the organization's current employees.

The primary objective of this study is to assess how employees' perceptions of organizational downsizing practices affect their commitment. The findings of this study could shed light on the adverse effects the downsizing process may have on employees who remain with the organization. On an individual level, these findings could aid in developing coping mechanisms for surviving employees. From an organizational perspective, the results could guide companies currently undergoing or planning to engage in downsizing to consider the well-being of their surviving employees. Additionally, other organizations could leverage the insights from this study to manage their downsizing processes more effectively and gain a deeper understanding of the perspectives and emotions of survivors

who have experienced such a challenging transition. Overall, society can utilize these research findings to formulate necessary policies, procedures, and support systems.

Sri Lanka has been experiencing the worst financial crisis in the past 70 years. Lots of businesses have been harmed as a result of this economic crisis (George et al., 2022). The building construction industry can be recognized as one of the leading industries affected by this situation in Sri Lanka. Most construction firms are adopting the downsizing strategy to avoid organizational collapse. "The government has also decided not to start any new projects. Therefore, we predict at least 100,000 people will be unemployed if the work does not resume quickly," stated Nissanka Wijeratne in the Daily Newspaper (2022, para. 5). However, organizational downsizing impacts an organization's work processes because fewer people typically have to perform the same workload that existed before the downsizing. As reported in the Oxford Business Group Journal (2019), many construction sector professionals in Sri Lanka seek employment in Middle Eastern countries. This demonstrates that many construction experts have a lower level of attachment to construction firms in Sri Lanka. Therefore, the research problem addressed in this study is to investigate how employees' perceptions of organizational downsizing impact employee commitment.

Considering the literature mentioned above and the research problem, subsequent research questions can be derived.

1. What impact do employees' perceptions of organizational downsizing have on overall commitment among existing employees?

2. How does employees' perception of organizational downsizing influence their continuance commitment?

3. How does employees' perception of organizational downsizing affect their normative commitment?

4. How does employees' perception of organizational downsizing impact their affective commitment?

The objectives of this study are,

1. To examine the impact of employees' perceptions of organizational downsizing practices on their commitment.
2. To assess the impact of employee perceptions of organizational downsizing practices on their affective commitment, continuance commitment & normative commitment.
3. To formulate recommendations for downsizing planners in the construction sector regarding the remaining employees.

Literature Review

Employee Commitment

Today, businesses realize that their employees are their most valuable asset and should provide the company with an endowment from the labour market (Zaraket, 2018). Committed employees always prioritize the organization's interests over their own. Several authors have defined employee commitment, all of whom have provided similar definitions.

Employees' organizational commitment refers to their alignment with the company's objectives, goals, and values. It is characterized by an individual's acceptance of the company's values and objectives, a desire to be affiliated with the organization, and a willingness to exert considerable effort to contribute to the company's success. This sense of commitment fosters a feeling of belongingness and a sustained desire to work towards achieving organizational goals and ensuring its sustainability (Hutasoit et al., 2020).

According to Paris and Busch (2008), employee commitment is described as "the extent to which a person identifies with and works towards the organization." Moorhead and Griffin (2013) define employees' organizational commitment as an attitude that

reflects how well an individual understands and feels connected to their organization. High levels of commitment often correlate with a strong sense of obedience in employees. Kaswan (2017, as cited in Nahak et al., 2022) suggests that employees' organizational commitment serves as an indicator of their willingness to remain with a company for the long term. Those demonstrating organizational commitment are typically deeply invested in the organization's values and objectives (Nahak & Ellitan, 2022).

Additionally, the employees' organizational commitment encompasses more than official membership because it entails a favorable attitude toward the organization and a readiness to exert its success to attain objectives (Steers & Porter, 2011). It can be concluded that the psychological state of an individual is linked to solid convictions, acceptance of organizational aims and values, a strong willingness to work for the organization, and the extent to which it still aspires to join the organization is known as organizational commitment (Hutasoit, Suharto, & Sabagja, 2020).

Since the concept of organizational commitment was first developed, several instruments have been developed to quantify it, and numerous theoretical investigations have also looked at its scope, specificity, and potential for empirical measurement. Previous research has shown that a single-factor model is insufficient to explain employee commitment. Meyer and Allen (1991) proposed a three-component employee commitment model. This strategy, which has been used for over 20 years, is the most widely acknowledged model of organizational commitment (Cohen, 2003). It can be observed three facets of commitment, which are further elaborated as affective commitment, involving emotional acceptance of organizational goals; continuance commitment, entailing awareness of the cost of leaving an organization; and normative commitment, encompassing a sense of belonging to an organization (Carmeli & Gefen, 2005).

Affective Commitment

Affective commitment, as defined by Randall and Cote (1991, as cited in Cloete, 2012), refers to the degree of an individual's identification with or involvement in a particular organization. Employees demonstrating affective commitment choose to remain with a specific company because they align with its goals and values and experience a sense of loyalty (Heery & Noon, 2001). This is agreed upon by Farzad, Nahavandi, and Caruana (2008), who also add that employees with high emotional commitment stay employed with the company longer since their aims and values coincide with those of the company.

Employees who demonstrate this level of commitment are thought to stay in their organization voluntarily rather than as a 'means to an end' (Allen & Meyer, 1997). This form of commitment is primarily driven by an individual's personal desires. It further suggests that employees demonstrating affective commitment are inclined to enhance various operational aspects of the business, potentially leading to advantages such as increased happiness, engagement, and enhancements in job performance (Herold, Fedor, Caldwell & Liu, 2008).

Research on affective commitment revealed that the survivors' levels of commitment were correlated with how they felt the organization treated them following the transition process (Meyer & Allen, 1997). Chipunda (2009) argues in favour of this point of view, claiming that adverse experiences during organizational downsizing can affect survivors' impressions of how the organization has treated them. As a result, it affects how people express their emotional devotion to the company.

Conforming to O'Driscoll and Randall (1999, as cited in Cloete, 2012), affectively devoted employees are more likely to exhibit other favourable views towards the company in the workplace. Due to their desire to continue working for a specific organization, the employees will put more effort into it (Malhotra & Mukherjee, 2004). Also, some

empirical research conveys that when employees have a stronger affective connection to the firm, their intention to leave the company diminishes while their job performance increases. (Khalifa, Abuelhassan, Alrajwy, Alkhateri, 2018).

Continuance Commitment

The second element of Meyer and Allen's organizational commitment paradigm is continuance commitment. "Awareness of the expenses connected with quitting the company" is meant by this (Meyer and Allen, 1997).

According to Kanter (1968, as cited in Kasogela, 2019), continuance commitment is "the benefit of continuous engagement and the cost of leaving the organization. Allen & Meyer (1993) provided the same definition too. They also stated that continuance commitment understands the cost of leaving an organization or a person. People who display this dedication style continue to work for their organization, not out of choice but out of necessity. Due to their fear of the unknown or the fact that they have few or no other options, they find it difficult to leave their company (Nagar, 2012). Conforming to Meyer and Allen (1997), employee perceptions of the costs associated with leaving their job are reflected in their commitment to staying with the organization.

According to Beck and Wilson (2000), continuance commitment can be viewed as a tool tied to the organization, where people's affiliations with the organization are determined by their evaluation of the financial benefits received. Allen and Meyer (1990) stated that continuance commitment depends on extrinsic and intrinsic elements and is predicated on the costs that employees identify with quitting the company (as cited in Umukoro & Egwakhe, 2019).

In accordance with Meyer and Allen (1991), investments and alternatives are the two factors that go into continuance commitment. The preconditions for continuance commitment are effective communication, gender, tenure, and self-investment, particularly regarding time and effort (Meyer & Allen, 1997).

Normative Commitment

Normative commitment is another facet of organizational commitment. It signifies employees' growing sense of duty to uphold the organization and its endeavors (Allen & Meyer, 1990). As articulated by Radosavljevic, Cilerdzic, and Dragic (2017), normative commitment refers to an employee's feeling of obligation to stay with a specific organization despite the availability of better employment opportunities. It demonstrates the extent to which employees are dedicated to the organization and willing to set aside personal interests to remain and contribute to its growth. Normative commitment may be influenced by societal norms, cultural factors (such as family, marriage, religion, and national identity), and human resource development strategies.

Muthuveloo and Rose (2005) assert that the belief that an employee has assimilated the organization's principles and aims underlies the desire to stay with the company. Normative commitment primarily conveys an impression of employee dedication to the business (Ashkanasy, Wilderom & Peterson, 2000). There is a strong correlation between a high level of normative commitment and the belief that employees should stay with the company (Bizuneh, 2016).

According to Wiener (1982, cited in Gulzar, 2021), organizational socialization and cultural/familial socialization processes result in the development of normative commitment. He suggested that there needs to be a distinct line drawn between commitment and instrumental motive. Another explanation is that normative commitment could make a person feel obligated to a company because of the advance compensation it gives its employees Scholl (1981, as cited in Mokhtar, Ambad, Annuar & Lajuni, 2021).

Regardless of the level of prestige, development, or satisfaction the company has

provided, normatively committed employees believe it is morally correct for them to continue working there. Accepted norms regarding the reciprocity of obligations between the organization and its members influence the degree of normative organizational commitment (Suliman & Iles, 2000). This pertains to the sense of obligation workers may feel towards the company for providing them with a job when they needed one the most.

Collectively, the aforementioned three aspects of commitment all revolve around the notion that commitment is a psychological state that reflects the relationship employees have with the company and carries implications for their decision to engage with it.

Employees' Perception of Organizational Downsizing Practices

Downsizing has become a prevalent practice in the modern workplace. Companies often need to restructure and reduce their workforce to cut expenses, costs, and mitigate losses, with downsizing being the most common approach. Organizations have recognized the imperative to cut costs to maintain competitiveness, leading to layoffs, downsizing, and restructuring (Cascio, 1993). While numerous researchers have attempted to define "downsizing," there remains no universally accepted theoretical definition (Kurebwa, 2011).

In alignment with Frone (2018), organizational downsizing refers to the deliberate reduction of a company's workforce aimed at lowering labor costs, boosting profitability, and preventing organizational collapse during periods of severe economic downturns, such as recessions. Initially perceived as an outlier in organizational strategy (Pfeffer, 1998, as cited in Frone & Blais, 2020), downsizing has evolved into a widely adopted reactive measure to address macroeconomic shocks and a recognized proactive tool for short-term profit maximization among financially stable companies over the past four decades (Frone, 2020).

Numerous authors and researchers have explored the concept of organizational downsizing, which some regard as a strategy while others view it as a process. According to Gandoifi et al. (2012), the strategy of downsizing within international organizations is formulated and executed to enhance efficiency, effectiveness, and competitive positioning. Organizational downsizing is deemed essential for organizations to compete and survive; it enables them to adapt to ongoing changes and capitalize on emerging opportunities.

Downsizing is not limited to a specific geographical area but has become a common feature of many organizations throughout the industrialized world. Downsizing can take place in a variety of ways. For example, organizations may use workforce reduction, organizational redesign, or systemic strategies. The primary motivators for most downsizing efforts are the desire for lower costs and the expected increase in an organization's efficiency, productivity, and competitiveness, thus improving overall performance. The most common type of downsizing is workforce layoffs and redundancies (Shalini & Maiya, 2020).

According to Yu and Park (2006), downsizing improves an organization's efficiency and profitability. One reason for this is the cost reduction that comes with downsizing. Staff reduction naturally reduces labour costs, which increases financial income. According to Noer (2001), downsizing is when a company decides in advance to reduce its staff, which should improve organizational performance. According to Robbins (1999), downsizing is when a company cuts its personnel and makes assets obsolete to decrease costs and increase efficiency (as cited in Cloete, 2012).

Regardless of the reasons for downsizing, it typically divides employees into two groups: (a) displaced workers who involuntarily lose their positions (victims), and (b) employees who manage to retain their positions despite the downsizing (survivors). Research indicates that involuntary job loss due to downsizing is highly stressful and can have

enduring negative effects on victims, such as poor physical and mental health, increased alcohol consumption, salary penalties, and chronic psychological distress (Frone & Blais, 2020).

However, Kanter (1995, 1989) takes a broader approach to predicting employee reactions to downsizing, focusing on the impact of downsizing on employees' perceptions of the psychological employment contract. According to Kanter, a series of events has reshaped how employees perceive the psychological contract, which traditionally involved job security being exchanged for loyalty and commitment from employees. Kanter argues that a perceived decline in employers' ability to provide job security has eroded employee loyalty and commitment, leading to a breakdown in career advancement and promotion structures (as cited in Macky, 2004).

Therefore, procedurally speaking, organizational downsizing can be described as a set of planned and researched practices by senior management to enhance the organization's effectiveness and efficiency, adapt to external factors, and strengthen the competitive environment.

Relationship between Employees' Perceptions of Organizational Downsizing and their Commitment

Downsizing an organization involves reducing its physical, financial, and human resources. Reducing the workforce is suitable for lowering expenses while improving organizational performance. Employee approval of organizational goals, willingness to use force to advance the organization, and desire to stay with the organization are typical characteristics of commitment (Lemons & Jones, 2001). Since committed employees consistently prioritize the organization's interests over their own, they are more likely to work more productively and show loyalty to the company, Romzek (1990, cited in Chaudhry, Shah, Mahesar & Tariq, 2015).

Dolan, Beloit, and Balkin (2000) proposed that downsizing the utilization of human resources would impact organizational commitment. To test this theory, they polled three downsized Canadian businesses. The survey's findings show that survivors in companies that informed staff about the downsizing procedure and used alternative downsizing practices, such as promoting voluntary redundancy, early retirement, and retraining, rather than just implementing layoffs, have high levels of organizational commitment. Survivors' commitment to the organization wanes if they think downsizing hinders their advancement and career chances (Leung and Chang, 1999, as cited in Akdogan & Cingoz, 2009).

Knudsen, Johnson, and Martin performed another survey on commitment during downsizing in 2003. The survey's results showed that when respondents felt the organization supported them, particularly their coworkers, they were more committed to it. Additionally, downsizing alters the working atmosphere for employees, which causes uncertainty. Future uncertainty makes survivors less committed to their organizations (Allen & Meyer, 1998). Instead of being a succession of ad hoc hasty decisions or chaotic events, employees need to think that changes have been thoughtfully considered and are being implemented with logic, order, and justice (Akdogan & Cingoz, 2009).

According to Gandolfi (2008), downsizing survivors perceive their future in the company as uncertain, and as a result, their commitment to the organization declines. Therefore, downsizing must be done fairly to be effective. Based on the above justifications, the following hypothesis 01 is proposed.

H1: There is a significant impact of employee perception of organizational downsizing practices on employee commitment.

Research on affective commitment reveals that the survivors' levels of commitment were correlated with how they felt the organization treated them following the transition process

(Meyer & Allen,1997). Chipunda (2009) argues in favour of this point of view, claiming that adverse experiences during organizational downsizing can affect survivors' impressions of how the organization has treated them. As a result, it affects how people express their emotional devotion to the company. Another piece of empirical research shows that when employees have a stronger affective connection to the firm, their intention to leave the company diminishes while their job performance increases (Imran et al., 2014). Based on the above justifications, the following hypothesis 02 is proposed.

H2: There is a significant impact of employee perception of organizational downsizing practices on affective commitment.

People who display this dedication style continue to work for their organization not out of choice but out of necessity. Due to their fear of the unknown or the fact that they have few or no other options, they find it difficult to leave their company (Nagar, 2012). Conforming to Meyer and Allen (1997), employee perceptions of the costs associated with leaving their job are reflected in their commitment to staying with the organization. According to Akdogn's survey in 2009, favourable survivors' perceptions of organizational downsizing and layoffs will positively impact their commitment to continuing. Based on the above justifications, the following hypothesis 03 is proposed.

H3: There is a significant impact of employee perception of organizational downsizing practices on Continuance Commitment.

In 2009, Akdogn conducted another study on commitment during downsizing, with particular reference to five Turkish private firms. However, this survey's results demonstrate that a downsizing process that was properly handled did not cause employees' loyalty to the company to decline. Additionally, he discovered survivors' positive perceptions of organizational downsizing and layoffs would positively affect their normative commitment. Based on the above justifications, the following hypothesis 04 is proposed.

H4: There is a significant impact of employee perception of organizational downsizing practices on Normative Commitment.

The conceptual framework of the study is depicted in Figure 01.

Conceptual Framework

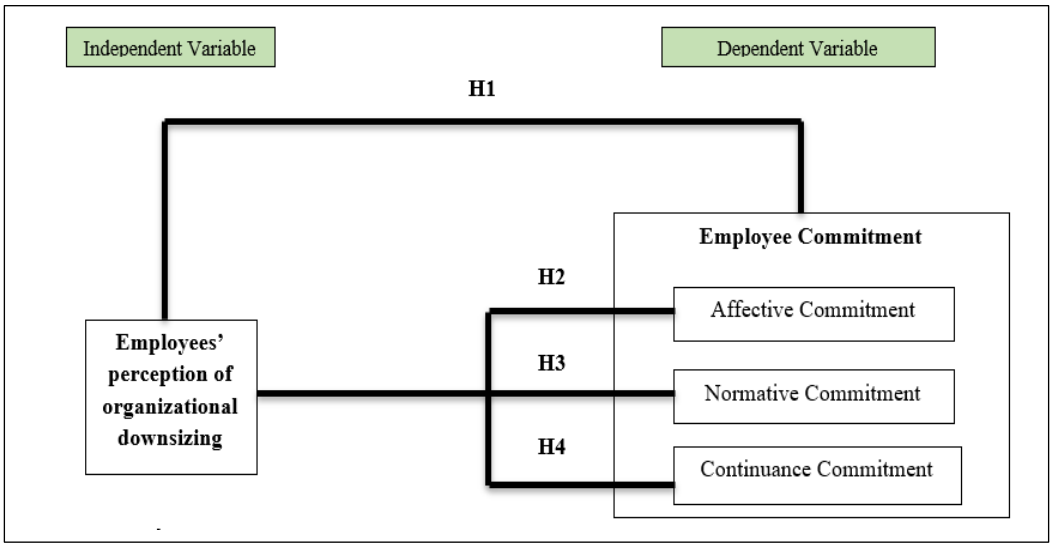

Figure 01: Conceptual Framework of the Study

Source: Author, 2022

Methodology

This research has been done by using official statistics and standard questionnaires according to the research philosophy of positivism. The deductive approach has been used for this study. The use of the deductive approach in this survey stems from the fact that quantitative research frequently starts with theory as a foundation and moves forward through hypothesis testing. The research strategy for this study is a survey approach. This survey is based on the mono method.

There were three sections in this questionnaire. The first section is devoted to gathering employees' biographical data. The second section measures employees' satisfaction with organizational downsizing practices (Macky, 2004). It was used to measure employees' perceptions of organizational downsizing. Its Cronbach alpha value is 0.94. Employees remaining in the downsized firm were offered additional training opportunities, while redundant employees were given the chance to receive free personal counseling and training in job search skills. Sample questions in this section included: "I would be very happy to spend the rest of my career in this organization" (affective commitment), "It would be very hard for me to leave my job at this organization right now even if I wanted to" (continuance commitment), "I do not feel any obligation to remain with my organization" (normative commitment). This section utilized a questionnaire introduced by Allen and Meyer in 1990 to measure employee commitment levels after the downsizing process. The questionnaire assessed three dimensions: affective, normative, and continuance commitment. The Cronbach's alpha value was found to be 0.87 for the affective commitment scale, 0.79 for the normative commitment scale, and 0.75 for the continuance commitment scale. Each commitment scale comprised six items, totaling 18 items in the questionnaire. Responses were anchored on a 7-point rating scale.

This study's population includes employees from three construction companies in the Colombo District that have already been downsized. The total number of executive-level employees working in these downsized construction companies in Colombo District, Western Province, Sri Lanka, recognized as the number of observations in the population for this study, is 335. Since the population here is 335, the sample size was 181, according to the Krejcie & Morgan (1970) table. Since the population was known, the study sample was chosen using simple random sampling.

The primary data was gathered using an online questionnaire created and distributed to the respondents as a Google form. This questionnaire is divided into three sections: the first collects responses related to demographic data, the second measures employees' perception of organizational downsizing practices, and the third measures employee commitment level after a downsizing process.

This study has used several techniques to analyze the data gathered from the online questionnaire; reliability statistics to ensure the overall consistency of the data, construct validity statistics, descriptive statistics, normality statistics, linearity statistics, correlation statistics, and regression statistics to analyze the mediation. Moreover, SPSS software is used in analyzing validated data.

Findings of the Study

Response Rate

A self-administered questionnaire used to collect primary data for the study was circulated as a Google Form in English among 250 executive-level (engineers, quantity surveyors, and architects) employees randomly selected from three downsized construction companies in the Colombo District. Out of 250, 204 responses were received from them.

Sample Composition

The study sample's demographic characteristics and other attributes are summarized in Table 01.

Table 01: The Study Sample's Demographic Characteristics and Other Attributes

Gender	Male	171	83.8%
	Female	32	15.7%
	Prefer Not to Say	1	0.5%
Age Group	Between 20-25 years	51	25%
	Between 26-30 years	90	44.1%
	Between 31-35 years	39	19.1%
	Between 36-40 years	16	7.8%
	Above 40 Years	8	3.9%
Marital Status	In a relationship	26	12.7%
	Single	62	30.4%
	Married	108	52.9%
	Widowed	3	1.5%
	Prefer Not to Say	5	2.5%
Organizational Tenure	Less than one year	17	8.3%
	1-2 years	30	14.7%
	3-5 years	103	50.5%
	6-10 years	47	23%
	Over 10 years	7	3.4%

Source: Author, 2022

Validity and Reliability Statistics

Table 02 illustrates the statistics related to construct validity and reliability

Table 02: The Statistics Related to Construct Validity and Reliability

Construct	**KMO Coefficient**	**Cronbach's Alpha**
Employees' Perception of Organizational Downsizing	0.955	0.972
Employee Commitment	0.915	0.886
Affective Commitment		0.726
Normative Commitment		0.866
Continuance Commitment		0.826

Source: Author, 2022

The general rule for accepting reliability is that Cronbach alpha needs to be higher than 0.7 or if it's a dimension, higher than 0.5. Every variable is reliable and shows every variable with a Cronbach's Alpha value greater than 0.7.

Results in the KMO coefficient are more significant than 0.7 for the variables and the sig. The value is less than 0.05. Statistically, it is claimed that the study sample of 204 observations is adequate to proceed with Explorative Factor Analysis.

Descriptive Statistics

Table 03 comprises the values of standard deviation, mean, kurtosis, and skewness of the current research study.

Table 03: The Values of Standard Deviation, Mean, Kurtosis, and Skewness

Construct	N	Mean	SD	Skewness	Kurtosis
Employees' Perception of Organizational Downsizing	204	3.2361	1.2563	0.788	-0.121
Overall Employee Commitment	204	3.8137	0.94407	0.471	0.110
Affective Commitment	204	3.5670	1.07358	0.939	1.197
Continuance Commitment	204	4.2786	1.20168	-0.703	0.161
Normative Commitment	204	3.5956	1.20775	0.546	-0.501

Source: Author, 2022

Major measures of central tendency and descriptive statistics were employed to elucidate the individual behavior of variables through univariate analysis. Statistically, skewness measures the relative size of the two tails of the distribution, while kurtosis measures the combined size of these tails, reflecting the extent of probability in the tails. The standard deviation (SD) falls within the range of +2 to -2, and the mean value is deemed statistically acceptable.

Correlation Analysis

Table 04 displays the statistics related to correlation analysis.

Table 04: Correlation Statistics

	Pearson Correlation Coefficient	Sig. (2-tailed test)	Remarks
Overall Employee Commitment	0.589	0.000	Moderate Positive Correlation
Affective Commitment	0.520	0.000	Moderate Positive Correlation
Normative Commitment	0.503	0.000	Moderate Positive Correlation
Continuance Commitment	0.417	0.000	Low Positive Correlation

Source: Author, 2022

As indicated in the table, a moderate positive correlation is evident between employees' perception of organizational downsizing and employee commitment (r = 0.589), which is statistically significant with a two-tailed significance value (sig. 0.000) lower than the set significance level (0.01). Consequently, H1 is accepted, confirming that employees' perception of organizational downsizing is significantly correlated with their overall commitment.

Similarly, a moderate positive correlation is observed between employees' perception of organizational downsizing and their affective commitment (r = 0.520), with statistical

significance (sig. 0.000) below the designated level (0.01). Therefore, H2 is accepted, affirming that employees' perception of organizational downsizing significantly correlates with their affective commitment.

Furthermore, a low positive correlation is found between employees' perception of organizational downsizing and their continuance commitment (r = 0.417), with statistical significance (sig. 0.000) below the predetermined threshold (0.01). Consequently, H3 is accepted, indicating a significant correlation between employees' perception of organizational downsizing and their continuance commitment.

Finally, a moderate positive correlation is identified between employees' perception of organizational downsizing and their normative commitment (r = 0.503), with statistical significance (sig. 0.000) below the set level (0.01). Therefore, H4 is accepted, demonstrating a significant correlation between employees' perception of organizational downsizing and their normative commitment.

Regression Analysis

Table 05: Simple Linear Regression Analysis

	R Square	**Sig. (Less than 0.05)**	**Remarks**
Overall Employee Commitment	0.347	0.000	There is a significant impact. H1 was accepted
Affective Commitment	0.271	0.000	There is a significant impact. H2 was accepted
Normative Commitment	0.253	0.000	There is a significant impact. H3 was accepted
Continuance Commitment	0.347	0.000	There is a significant impact. H4 was accepted

Source: Author, 2022

According to the results presented in Table 05, 34.7% (R Square= 0.347) of the variation in employee commitment could be significantly (Sig = 0.000, which is less than 0.05) explained by the independent construct in the research model, employees' perception of organizational downsizing, while other factors remain constant. Therefore, based on the regression results, H1 is statistically accepted, indicating a significant impact of employees' perception of organizational downsizing on their overall commitment.

Similarly, as shown in Table 05, 27.1% (R Square= 0.271) of the variation in affective commitment could be significantly (Sig = 0.000, which is less than 0.05) explained by employees' perception of organizational downsizing in the research model, while other factors remain constant. Thus, H2 is statistically accepted, suggesting a significant impact of employees' perception of organizational downsizing on their affective commitment.

Furthermore, the independent variable in the research model, employees' perception of organizational downsizing, could significantly (Sig = 0.000, which is less than 0.05) explain 34.7% (R Square = 0.347) of the variation in continuance commitment, while other factors remain constant. Consequently, according to the regression results, H3 is statistically accepted, indicating a significant impact of employees' perception of organizational downsizing on their continuance commitment.

Lastly, the results depicted in Table 05 indicate that 25.3% (R Square= 0.253) of the variation in normative commitment could be significantly (Sig = 0.000, which is less than 0.05) explained by employees' perception of organizational downsizing in the research model, while other factors remain constant. Therefore, H4 is statistically accepted, suggesting a significant impact of employees' perception of organizational downsizing on their normative commitment.

Discussion and Recommendations

When analyzing data regarding employees' perceptions of organizational downsizing and their overall commitment, a significant impact was observed (β= 0.589, p = 0.000). This relationship was found to be statistically significant at the 95% confidence level (sig. T < 0.05), thus supporting H1. Consequently, the researcher concluded that employees' views of their employer's downsizing policies have a significantly positive effect on their level of commitment. There are various perspectives in literature regarding this topic. According to most of the literature, employee commitment and organizational downsizing have a positive relationship. There is evidence from some of the literature that these two variables are negatively related.

Romzek found that committed employees consistently prioritize the organization's interests over their own, and they are more likely to work more productively and show loyalty to the company (1990, cited in Chaudhry, Shah, Mahesar & Tariq, 2015). Dolan, Beloit, and Balkin (2000) proposed that downsizing the utilization of human resources would impact organizational commitment. Their survey's findings show that survivors in organizations that informed staff about the downsizing procedure and used alternative downsizing practices, such as promoting voluntary redundancy, early retirement, and retraining, rather than just implementing layoffs, have high levels of organizational commitment. Survivors' commitment to the organization wanes if they think downsizing hinders their advancement and career chances (Leung and Chang, 1999, cited in Akdogan & Cingoz, 2009). However, Allen and Meyer (1998) found that downsizing alters the working atmosphere for employees, which causes uncertainty. Future uncertainty makes survivors less committed to their organizations. Travaglione and Cross (2006) indicated that downsizing has a negative impact on surviving employees. Survivors display many problems, such as demotivation, cynicism, insecurity, demoralization, and a significant decline in organizational commitment. Also, they stated that their attitude toward work, job satisfaction, and performance declined due to these emotions. The current study also found some similar results to the previous literature. Since the correlation is positive, employees' perceptions of organizational downsizing significantly impact their' overall commitment. That means when the employees' satisfaction level with the downsizing practices increases, it impacts on increasing their commitment. On the other side, when employees' satisfaction with organizational downsizing practices decreases, it also reduces their commitment. As a result, the new study's findings were consistent with some prior studies.

Then this study investigated the second hypothesis that there is a significant impact of employees' perception of organizational downsizing on employees' affective commitment (ß = 0.520, p = 0.000). Both the results are significant at the 95% confidence level (Sig. T < 0.05), thereby supporting the accepted H2 hypothesis (Table 05). Research on affective commitment reveals that the survivors' levels of commitment were correlated with how they felt the organization treated them following the transition process (Meyer & Allen,1997). Chipunda (2009) argued in favour of this point of view, claiming that adverse experiences during organizational downsizing can affect survivors' impressions of how the organization has treated them. As a result, it affects how people express their emotional devotion to the company. Other empirical research shows that when employees have a

stronger affective connection to the firm, their intention to leave the company diminishes while their job performance increases (Khalifa et al., 2018). Accordingly, showing similar results to past literature, this current study indicated a positive correlation between employees' perceptions of organizational downsizing and employees' affective commitment, as the β equals 0.520.

When analyzing data for employees' perception of organizational downsizing and their normative commitment, it is also found that there is a significant impact of employees' perception of organizational downsizing and employees' normative commitment (ß = 0.503, p= 0.000) this relationship is significant at a 95% confidence level (Sig. T < 0.05), thereby supporting H3. The finding coincided with the existing literature. In 2009, Akdogn conducted another study on commitment during downsizing, with particular reference to five Turkish private firms. However, this survey's results demonstrate that a downsizing process that was properly handled did not cause employees' loyalty to the company to decline. Additionally, he discovered that survivors' positive perceptions of organizational downsizing and layoffs would positively affect their normative commitment. The current study also found similar results since a positive relationship exists between employees' perception of organizational downsizing and employees' normative commitment. As a result, the new study's findings were consistent with those of the prior study.

In the fourth hypothesis, the researcher examined the significant impact of employees' perceptions of organizational downsizing on employees' continuance commitment. The current study identified a notable impact, with employees' perceptions of organizational downsizing significantly influencing their continuance commitment (ß = 0.417, p = 0.000). Both results were found to be statistically significant at the 95% confidence level (Sig. T < 0.05), supporting the acceptance of the H4 hypothesis. Previous research has indicated that individuals exhibiting this commitment style may continue working for their organization not by choice, but out of necessity. Their reluctance to leave may stem from a fear of uncertainty or a lack of alternative options (Nagar, 2012). Consistent with Meyer and Allen (1997), employees' perceptions of the costs associated with leaving their job are reflected in their commitment to remaining with the organization. According to Akdogn's survey in 2009, favourable survivors' perceptions of organizational downsizing and layoffs will positively impact their commitment to continuing. However, according to Nagar (2012), employees with a high level of continuance commitment stick with the company out of necessity. It has been found that employees who demonstrate continued commitment do so out of necessity and possibly because they have no other choice; they do not do so because they are happy with their organization. The current study also found similar results since a positive relationship exists between employees' perceptions of organizational downsizing and continuance commitment. As a result, the new study's findings were consistent with the prior studies.

Conclusion

Employees are the most valuable asset of construction companies. Nowadays, most construction companies use downsizing practices to survive in the market. But not much attention has been given to its impact on employees. Also, it isn't easy to find research done in the Sri Lankan context regarding the commitment of employees in the construction sector.

The current study shows that when the level of satisfaction with the downsizing practices increases, the overall commitment of the employees also increases. And the other side is that when employees' satisfaction with organizational downsizing practices decreases, it reduces their commitment. The overall commitment and its three components, affective commitment,

continuance commitment, and normative commitment, have a positive impact. There are various implications from this study for managers and practitioners. The survey's findings can be used to choose the best downsizing strategies while retaining the current workforce's dedication.

Any downsizing process requires effective communication. Effective communication on the part of the organization enables it to compete for people's support and gives them the impression that the organization is on its side. When top management takes the time to communicate the reasons behind downsizing, the negative effects of the process can be reduced. There should be effective communication before, during, and after the process.

The challenge for managers is maintaining their attention on productivity while still being sensitive to and aware of their feelings. Although senior management should be aware of the survivors' feelings, they should still give them advice and direction to concentrate on the company's operational aspects. Training can make getting the desired results and improving the organization easier. Additionally, training can reduce people's levels of fear, anxiety, and uncertainty. Communication of elements like the desired outcomes and impact of the change process would be facilitated by training before the change process. Also, managers can use different strategies to downsize while maintaining the existing employees' commitment.

Limitations of the Study

While the current study contributes to our understanding of the impact of employees' perceptions of organizational downsizing on employee commitment, it is subject to several limitations. One notable limitation is the very small sample size used in this study. Future research endeavors could benefit from employing a larger sample size to enhance the robustness of the findings. Additionally, the inclusion of only three companies in the sample limits the ability to draw a comprehensive picture. Future research might involve a more diverse array of companies to provide a more comprehensive understanding of the phenomenon.

Furthermore, this study was constrained by limitations in resources and time, resulting in its implementation in only three recently downsized organizations. A more extensive study conducted on a larger scale could provide a more comprehensive examination of the topic.

Additionally, because they may be significant moderators of employee commitment and turnover intentions, the research study does not consider factors such as age, job tenure, social status, justice, marital status, education level, and communication. Future studies could concentrate on how organizational cultures differ between businesses in the public and private sectors, as these factors also influence employee commitment and intention to leave their jobs.

Future Research Directions

The literature review highlighted a gap in research regarding the organizational commitment of surviving employees in the construction industry. Other factors such as trust, morale, communication, and social support, identified in both the literature review and by various researchers, have been shown to impact or be influenced by the downsizing process. These factors could be considered in future studies. Subsequent research endeavors may adopt a mixed-methods approach, incorporating both qualitative and quantitative strategies. Qualitative interviews can provide valuable insights into participants' perspectives.

Although the study's participant count is adequate for statistical analysis, the response rate remains relatively low. Future studies could address this limitation by employing strategies to enhance participant engagement and response rates.

The study was conducted at a specific point in time, following the downsizing process.

While a longitudinal study could have provided valuable insights into the development of organizational commitment over time, the complexity of the construct deterred its implementation. Longitudinal studies allow researchers to observe and participate in the evolution of a particular construct over time.

Furthermore, future research could utilize larger sample sizes in a comparative study to explore various variables, including different geographic regions, races, occupations, ages, and marital statuses. This approach would facilitate making more definitive claims and enable cross-cultural comparisons.

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