

Companies may just retrench employees due to fall

[Business](#), [Employee](#)



At this point, there is therefore now a good foundation upon which to discuss the what are downsizing tactics or methods used by companies. One method or tactic used is the so called outsourcing (Maciejewski, J. , 2007). In a company's attempt to reduced labor cost it may resort to out-tasking or outsourcing which is an attempt to cut costs or improve efficiencies by having instead private companies to manage and perform one's local support services.

This could happen in many kinds of industries such as infoodservice and transportation services, accounting services and other services. Companies have also done contractualization of janitorial and security services. Another tactic is workforce reduction. Some companies may just retrench employees due to fall in economic condition and or due to the introduction of machines in the workingenvironment. This may be done through mass layoff; which could terminate the services of large number of workers.

Attrition is a also possible way of workforce reduction but this reduction is done only by eliminating position as workers quit and retire. Still another way of reduction is through the so called ' early retirement' by encouraging workers to quit before the compulsory retirement while allowing the same employees to still remain eligible for their retirement benefits that should be received later. There are also closely related terms to downsizing which may or may not produce the avoided effects. One is redeployment within the organization or alternative placement.

Sometimes management of business entities find the heart not to remove employees from employment despite economic difficulties faced by the

company as it can retrain its people to make the best of the situation and as a way of building its relationships with employees. Such retraining may take the case of redeployment within the organization or alternative placement. Thus it is advisable that job opportunities should be ascertained within a company to accommodate people as possible and when a vacancy emanates. To illustrate factory workers could be retrained to be sales people.

This was what was applied in the case of Lincoln Electric where these sales people earned a total of \$10 million in sales their first year, which helped put the company back on its normal condition. The company's director of corporate relations is aware of the fact that the company's employees are valuable, thus there is realization that Lincoln Electric loses \$100, 000 every time the company replaces an employee in form of retraining them again in case of rehiring new people if business becomes better because of better time. At that kind of cost it's foolish to lose employees unnecessarily (HarvardBusiness School, 1998).