

# Downsizing history and trends



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Employment patterns in USA During World War I (1914-1918) and World War II (1939-1945) businesses were mass hiring for production workers to keep with the demands for manufactured goods. Post World War II 1946-1964 nearly 75 million American children were born; it was the start of the "baby boom" generation. By the 1970's the demands for goods was at an all-time high and organizations were in need of employees. demands for manufactured goods was not as high, but it created new demands for supply that would create new jobs in road-building, real estate development, etc. By the 1980s demand for goods had leveled off and firms were looking for ways to control costs, earn more profits, while maintaining high production. Downsizing History and Trends " By 1980, over 90 percent of the nation's work-force was counted as employees; a complete reversal from the early 1900's when over 80 percent were self-employed. " (Atwood, Coke, Cooper & Loria, 1996) During the 80's, with the introduction of newer technological changes this provided organizations with opportunities to substitute capital for labor or to restructure jobs in new ways. This was the start of downsizing practises in America.

By the 1990s organizations almost all large organization were using downsizing practises. A contributing factor has been the increasing popularity of the " Global Benchmark Comparison". " Finding one's overhead costs wanting compared to not only domestic but also international competitors has turned into a convincing argument to take large numbers of employees off the payroll" (Kets de Vries & Balazs, 1997) Knowledge workers have become much more important and there is still a need for many positions that still require skill and/or knowledge in the current market.

Organizations attempt to streamline their businesses, taking due care into selecting how many employees to supervisors and supervisors to management there will be to ensure that no level of the organization gets bloated. By the 2000's it was the introduction of the information age created by the internet. Organizations were able to create a global network (globalization). Organizations started to focus on core capabilities and focused on outsourcing non-core capabilities to other companies across the world.

The access to information gave organizations to buy anything from vendors across the globe, which affected many companies. (Turner, F. (2000)). Recent research shows that organizations are not simply focusing on the benefit of a quick remedy to control costs, by rather at creating strategic plans for implementation. Implementation can contribute to the many factors regarding the outcomes of downsizing. Organizations take proper precautions while downsizing, minimalizing potential risks that can occur.

Trends show that firms try to announce downsizing activities well in advance and offer buyouts or retirement packages. Others try to reinvent positions and eliminate old meaningless positions. They attempt to eliminate a comparable amount of positions in all levels to keep a good balance and lean model. These practices are considered aspects of good downsizing strategies. However there are still firms that use mass layoffs and the sale of company assets to cover losses in an attempt to become more effective and efficient.

Today's research information shows that this short term thinking can hinder your organization, creating unhappy employees leading to lower levels of productivity, causing the organization to be less efficient which is the exact opposite what you were trying to become. Over the last 30 years, downsizing has played a role in the business world. Good human resource planning can be the difference between a successful implementation of downsizing strategies or for the unsuccessful implementation and for some organizations their downfall. 1. Turner, F. (2000). History of downsizing imparts lessons .

The Business Journals Digital Network:, Retrieved from <http://www.bizjournals.com/columbus/stories/2000/10/02/editorial2.html> 2. BALAZS K. , KETS DE VRIES M. F. R. , (1997), " The Downside of Downsizing", HUMAN RELATIONS, vol. 50, issue 1, pp 11-50, 40 p. References 1. Authors: Schorsch, Louis L. Ueyama, Shinichi Source: McKinsey Quarterly; 1993, Issue 2, p135-152, 18p, 2 Black and White Photographs, 1 Chart, 6 Graphs 2. Authors: Dewhurst, Stephen B. Source: Public Budgeting & Finance; Spring96, Vol. 16 Issue 1, p49, 11p 3. Authors: Schoenberger, Chana R. Source: Forbes; 3/15/2004, Vol. 173 Issue 5, p80-81, 2p, 1 Color Photograph, 1 Black and White Photograph 4. Authors: Jacoby, Sanford1 Source: Challenge (05775132); May/Jun98, Vol. 41 Issue 3, p100-112, 13p 5. Authors: McCormick, Carroll Source: Canadian Transportation & Logistics; Mar2010, Vol. 113 Issue 3, p22-24, 3p 6. Authors: McCarvill, Phil1 Source: Public Policy Research; Sep-Nov2010, Vol. 17 Issue 3, p135-140, 6p 7. Authors: Herr, Phillip Source: GAO Reports; 5/20/2009, preceding p1-18, 20p, 4 Charts, 1 <https://assignbuster.com/downsizing-history-and-trends/>

Graph 8. Authors: Vermeulen, Freek Source: People Management; 1/13/2011, p22-24, 3p