

Impact of Downsizing on Interpersonal Relationships: A Critical Study for Hospitality Industry

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Abstract:

This article is focussing on the impact of downsizing on interpersonal relationships of the employees. In the Indian hospitality industry during the corona pandemic, the impact of downsizing on employee psychological health and interpersonal relationships may be particularly pronounced due to the unique circumstances of the crisis. For this, we opted the survey methods for what we had prepared self-made questionnaire from the 345 respondents what we had analysed the data statistically. With this research, we found that the impact of downsizing on interpersonal relationships and psychological health among surviving employees in the Indian hospitality industry during Corona is a complex and multifaceted issue that requires careful attention.

Keywords: downsizing, interpersonal relationship, COVID-19, hospitality, hotel

Introduction

"Downsizing" is the "deliberate lowering of an organization's work force" (Cameron, Freeman, & Mishra, 1991). Businesses worldwide have embraced downsizing as a strategy to reduce worker count, while simultaneously enhancing their competitiveness, profitability, organisational effectiveness, and efficiency. Every employee in the organization will experience a downsize, whether they are leaving or staying. The effects of downsizing on personnel and the organization as a whole can vary greatly due to various social and institutional constraints, as well as the research methods firms employ to find operational solutions. While most companies view downsizing as a beneficial development, staff members who worry about the loss of their employment or the impact on their personal lives resulting from accepting new tasks or witnessing long-standing friendships break under pressure may object. The way people who survive the downsizing (Hopkins & Weathington, 2006) respond will determine whether the company survives that is more psychologically draining than leading during times of expansion is downsizing and reorganizing a company's strategic business areas to keep its dominant market position. Effective leadership and employee engagement, loyalty, and dedication are clearly redefining themselves in this age of mass layoffs (Noer, 1993), and many businesses have joined the militaristic march. Many companies have had to change structurally from heavy bureaucracies to more simplified, flexible architectures in order to stay competitive (Cummings & Worley, 2009). These companies also have to review their HRM practices to ensure their performance (Brewster, Sparrow, & Harris, 2005). Businesses sometimes restructure in order to boost profitability; this is defined by Nag and Pathak (2009) as "a multidimensional, ongoing process that includes improvements in efficiency and management, staff and salary reductions, asset sales, and improved marketing efforts." Internal processes in a firm, including its finances, can be better organized to increase output and efficiency. Thus, multiple approaches, varying degrees of analysis, and diverse sets of measuring criteria have addressed this single construct (Cameron et al., 1993). Among the words that have been cited as used synonymously with downsizing are resizing, leaning-up, retrenching, consolidating, dropping, reduction-enforcement, slimming, rightsizing, re-engineering, streamlining, re-organising, researching, and restructuring. Though they may have some overlapping meaning, downsizing and these other concepts may also inspire different connections and evaluation criteria. Accurate measuring calls for a clear definition of shrinking.

Workforce Downsizing after Covid-19

Halley (2001) states, "Downsizing, or workforce reduction, is a strategy to streamline, tighten, and shrink the organizational structure with respect to the number of personnel that are employed". From an organisational perspective, downsizing refers to a reorganisation process where businesses outsource parts of their activities, substitute part-time

workers for full-time employees, and flatten their organisational structure. Downsizing is "a set of activities undertaken by the management of an organization" (Cameron, 1994); therefore, it improves efficiency, productivity, and/or competitiveness. In an attempt to cut costs, managers could decide to reduce the staff members and related procedures. Companies use "Organisational downsizing" as a method to increase productivity, organisational efficiency, and/or competitiveness by reducing their size. Downsizing distinguishes itself from comparable but not equivalent ideas like decline and layoffs by four main traits. The following sums up these traits: intent; effectiveness; people and systems; Deliberate downsizing as part of a planned, proactive response can improve organizational effectiveness. Whether through a merger, acquisition, sale, or reorganisation, an organisation can undergo a consolidation process to achieve its objectives (Kozlowski 1991). Either in reaction to a financial crisis or on purpose to boost profitability, output, and competitiveness, companies downsize. Downsizing efforts may necessitate modifications to the workflow. The surviving employees of a corporation must make difficult decisions regarding how and what to do in the workplace when one lays off others without replacing them.

Causes of Downsizing

Workforce downsizing is the practice of cutting staff numbers in a company for a variety of factors. For the management, the choice to reduce the workforce is sometimes challenging since it could have major effects on the company and the staff. Economic recessions, mergers and acquisitions, technology developments, changes in business strategies and unanticipated catastrophes like pandemics (Cascio, 2009) can all be sources of workforce downsizing. Because of the unparalleled economic catastrophe the coronavirus epidemic brought about, companies all around had to cut staff (Bapna et al., 2020).

Both internal and external reasons can influence the choice to reduce the staff size. Changes in the global economy, market demand, and competition among other external elements can affect an organization's financial situation and compel it to make the tough choice of downsizing (Hamel, 2009). Conversely, internal causes include ineffective procedures, overstaffing and expensive personnel costs can also result in downsizing (Kalleberg, 2009). A complicated phenomenon, workforce downsizing can have major effects on the company and its staff. Before making any downsizing decision, the management must thus thoroughly assess the causes and take into account the prospective effects on psychological health as well as on interpersonal connection.

Interpersonal Relationship and Psychological health

During COVID-19, downsizing can have a major effect on the psychological health and interpersonal interactions of surviving Indian hotel staff. Although there are actions businesses may make to minimise these negative consequences, employers should understand the possible influence of downsizing and work to assist their staff during trying circumstances. Studies have also revealed that job uncertainty brought on by downsizing might adversely affect psychological health of an employee. While downsizing can help businesses keep their financial stability and save expenses, it can also have bad effects on the let-off employees as well as those that are retained. Among the surviving workers, the downsizing process might cause uncertainty and anxiety related to their job security and corporate future. As workers grow more competitive and less eager to work with their colleagues, this might cause deterioration in personal connections. Furthermore, the pressure of the circumstances might affect employees' psychological state, therefore raising their vulnerability to depression, anxiety, and other mental health disorders. Numerous studies have looked at how downsizing affects psychological health and personal connections among staff members.

Interpersonal relationships refer to the interactions and connections that individuals have with one another in the workplace. These relationships are crucial in promoting a positive work environment and can have a significant impact on an individual's job satisfaction and overall well-being. Research has shown that strong interpersonal relationships in the workplace can lead to increased productivity, job satisfaction, and employee retention. In contrast, poor relationships can lead to higher levels of stress, anxiety, and turnover (Heaphy & Dutton, 2008).

Furthermore, interpersonal relationships can be especially important during times of workforce downsizing, such as during the Corona pandemic. Surviving employees may experience increased feelings of job insecurity and fear of being laid off, leading to a decline in interpersonal relationships and overall job satisfaction. In order to maintain positive

interpersonal relationships during times of downsizing, it is important for organisations to promote open communication and provide support for employees. This can include clear communication about the reasons for downsizing and how it will be implemented, as well as offering resources for employees such as counselling or career development programmes (Riggio & Reichard, 2008).

Overall, the importance of interpersonal relationships in the workplace cannot be overstated, and organisations should prioritise building and maintaining strong relationships between employees, especially during times of uncertainty and change. Interpersonal relationships in the workplace refer to the connections that people form with their colleagues and superiors and the quality of those connections. These relationships are essential for the effective functioning of an organisation, as they influence the morale, motivation, and productivity of employees. Research has shown that positive interpersonal relationships can improve job satisfaction, reduce stress levels, and increase employee engagement and retention (Grawitch et al., 2017).

Workforce downsizing is often considered a strategic decision for organisations to reduce their costs and improve their efficiency during challenging economic times. However, the consequences of downsizing on surviving employees can be severe, particularly on their psychological health. In the Indian hospitality industry, which has been severely affected by the coronavirus pandemic, the impact of workforce downsizing on surviving employees' psychological health is a critical issue that needs to be addressed. Research has shown that downsizing can have a significant negative impact on employees' psychological well-being. Surviving employees may experience feelings of anxiety, stress, and depression due to the loss of colleagues and the increased workload. In the context of workforce downsizing, the importance of interpersonal relationships becomes even more crucial. Surviving employees may experience a range of emotions, such as fear, uncertainty, and grief, which can affect their psychological well-being. Positive interpersonal relationships can serve as a buffer against the negative effects of downsizing by providing emotional support, a sense of belonging, and a source of information (Giacalone & Greenberg, 1997). Overall, the significance of interpersonal relationships in the workplace cannot be overstated. Organisations should prioritise creating a positive work culture that fosters supportive relationships, as it can have a direct impact on the well-being of employees and the overall success of the organisation.

Literature Review

Kumar, V., Kumar, U., & Chauhan, A. (2020) defined the global tourism industry, particularly India's, as having been severely impacted by the COVID-19 pandemic. The authors of "Impact of COVID-19 on the Hospitality Sector in India" set out to catalogue the difficulties encountered by the Indian hospitality sector as a result of the pandemic and provide an analysis of the causes of these difficulties. In order to accomplish their goal, the authors combed through news articles and official notices pertaining to the COVID-19 epidemic in India, as well as past studies on the effects of pandemics on the hospitality business. They noted a variety of problems plaguing the Indian hospitality sector, such as the closing of hotels and restaurants, falling occupancy and revenue, fewer tourists and business travellers, and fewer workers. Many initiatives, including financial aid, tax relief, and the provision of personal protective equipment (PPE) for staff, have been implemented by the Indian government to support the hotel business during the pandemic, as noted by the authors. They suggest that more has to be done to mitigate the industry's long-term effects of the epidemic, such as embracing sustainable business practises and cutting-edge technological innovations. Overall, the report emphasises the importance of continuing support and adapting to the changing landscape of the Indian hospitality industry in the wake of the COVID-19 pandemic.

Nambiar, V., and Singh, R. (2020) examine the effects of the COVID-19 pandemic on the Indian hotel business and offer recommendations for how the sector can bounce back. The research relies on secondary resources such as company filings, news stories, and government regulations. The authors point out that the travel bans, lockdowns, and social distancing measures instituted as a result of the pandemic have had a significant impact on India's hospitality sector. The analysis shows that during the pandemic, hotel occupancy rates declined dramatically, leading to decreased profits and employment losses. The authors note that the hotel business is only one of many that have been negatively impacted by the pandemic. Using new technology for contactless operations, boosting internet presence, giving flexible cancellation policies, and implementing safety and hygiene regulations are just some of the methods suggested for the hotel industry's revival in this article. The authors also recommend that businesses prioritise domestic tourism and look for ways to form

partnerships and joint ventures. The article provides an overview of the difficulties encountered by the Indian hospitality sector during the pandemic as well as suggestions for how the sector can recover. Researchers, politicians, and stakeholders in the hotel business who are concerned about bouncing back from the effects of the pandemic may find this study informative.

Singh and Hussain (2020) assess the "Effect of COVID-19 on Indian Hospitality Business," an attempt to evaluate how the epidemic has affected India's hospitality sector. In order to provide context for the situation, the authors reviewed relevant literature and examined the data. The analysis shows that the hospitality industry experienced a considerable drop in business and revenue as a direct result of the epidemic. Hotels, restaurants, and other tourist destinations have closed as a result of the lockdown and travel restrictions enforced by the government to stem the spread of the illness. That's why so many hotels and restaurants have fallen on hard times lately. The difficulties encountered by the Indian hospitality business are highlighted, as are the methods used to weather the storm. Contactless services, social distancing policies, and improved cleaning and hygiene standards are just some of the things the report advises the hotel industry should implement to keep its customers and employees safe while they adjust to the new normal. The article suggests further ways of revival for the hotel sector, including internet marketing, domestic tourism, and the creation of new products and services. The writers stress the need for government assistance and financial aid to assist the hospitality industry in its recovery from the effects of the epidemic. Finally, the article offers an analysis of how the COVID-19 pandemic has affected India's hotel sector and recommendations on how to move forward. The research shows how important it is for the hospitality sector to change with the times and take precautions to protect its clients and staff.

Bharwani and Mathews (2020) conducted a study to analyse the impact of COVID-19 on the hospitality industry in India, titled "The Impact of COVID-19 on the Hospitality Industry in India." They noted that the hospitality sector in India is a major economic driver but that it has been hit hard by the COVID-19 epidemic. As a result of the epidemic, the Indian hospitality industry encountered a number of problems, as detailed by the authors. These included a drop in tourist numbers, the postponement of events and conferences, and a reduction in revenue from regular customers. The authors also noted how the pandemic has influenced consumers to be more cautious and health-conscious in their purchasing decisions. The survey also shed light on the measures taken by the hotel sector to deal with the epidemic. Contactless check-ins, stricter cleanliness and hygiene policies, and the use of technology have all been cited as examples of the steps hotels and restaurants have taken to reduce the amount of human interaction with customers. The authors went even farther, arguing that the pandemic presents an opening for India's hotel sector to rethink its strategies and prioritise innovation. In its final section, the report stresses the importance of cooperation between the Indian government, industry players, and consumers for the hospitality sector's long-term success.

Rastogi, N., and Mehta, N. (2021) defined the COVID-19 pandemic as having had a significant impact on the Indian hotel business, as discussed in a study titled "Impact of COVID-19 on the Indian Hospitality Industry". Hotels, restaurants, and the related travel and tourism sectors make up an important part of India's economy. However, due to the epidemic, the industry's performance has drastically dropped, resulting in monetary losses and job losses. The writers emphasise how the state-wide lockdown and travel restrictions enforced by the government to stop the virus's spread had a significant impact on the hospitality business in India. The result was a huge drop in revenue and a number of layoffs as hotels and eateries closed their doors. The survey also notes that people's purchasing habits have shifted as a result of the epidemic, with increased caution and a preference for staying at home rather than venturing out. The result has been a dramatic drop in hotel bookings and restaurant traffic in India's hospitality business. The authors argue that in order to revitalise India's hospitality sector, the government and industry stakeholders must collaborate on a range of initiatives, including the implementation of new safety and hygiene regulations, the creation of cutting-edge marketing campaigns, and the provision of generous discounts to entice customers to return. The study concludes with an in-depth examination of how the COVID-19 pandemic has affected the Indian hospitality sector. The analysis emphasises the critical need for industry stakeholders and governments to take action to revitalise the sector and lessen the impact of the epidemic on the economy.

Research Method

In this research, we have surveyed with the self-made questionnaire and collected the data. We have distributed the questionnaire using Google form link to hotel industries and the respondents were management level employees of the hotel. A total of 345 respondents have been selected for the data collection. We have analysed the collected data using 26th version of SPSS.

Data Analysis and Interpretation

Demographic data

A total of 345 responses were collected across five response categories for each statement: Strongly Agree, Agree, Neither Agree Nor Disagree, Disagree, and Strongly Disagree. Below is a detailed interpretation of the survey results, focusing on the patterns observed in agreement, neutrality, and disagreement.

The marital status distribution suggests a predominantly married population among the respondents, which may influence their perspectives and experiences related to the themes of the survey. This demographic factor should be considered when analyzing the data and drawing conclusions about the overall findings.

- **Majority Married:** The overwhelming majority (74.8%) of respondents are married, suggesting that this demographic may have stable family structures.
- **Low Representation of Single and Divorced Individuals:** Only 18.0% are single, and a small proportion (4.9% divorced, 2.3% widowed) indicates that most participants have stable marital relationships.
- **Implications for Study:** Understanding the marital status of respondents can provide insights into social dynamics, support systems, and psychological well-being within the study's context, especially if related to topics like interpersonal relationships or psychological health.

Table 1: Marital Status

Marital Status		
	Frequency	Percent
Never married	62	18
Currently Married	258	74.8
Separated/Divorced	17	4.9
Widowed	8	2.3

The gender distribution reveals a substantial overrepresentation of males compared to females in the sample. This imbalance could influence the outcomes of the study, particularly in areas where gender differences may play a role. It may be important to consider the implications of this skewed distribution when interpreting results or making generalizations based on the data.

Predominantly Male: The data indicates a significant majority of male respondents, comprising **86.7%** of the total sample. This suggests that the survey or study is heavily skewed towards a male demographic.

Minority Female Representation: Female respondents represent only **13.3%** of the total sample, highlighting a stark gender imbalance.

Table 2: Gender of Respondents

Gender		
	Frequency	Percent
Male	299	86.7
Female	46	13.3
Total	345	100

Results

The downsizing has affected the interpersonal relationships among the employees in hospitality sectors as shown in table given below

S. No.	Interpersonal relationships of employees in Hospitality sector	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
1	Interpersonal relationships may be affected during the downsizing of workers in the hospitality sector.	94 (27.2)	97(28.1)	65(18.8)	50(14.5)	39(11.3)
2	Interpersonal relations have complicated particularities since they involve living among different people who are exposed to daily competitiveness with downsizing intimations.	84(24.3)	86(24.9)	67(19.4)	57(16.5)	51(14.8)
3	The weakening of the relationship due to downsizing presents, as a consequence, the constant sickness of the workers and the temporary or definitive separation.	84(24.3)	100(29.0)	58(16.8)	61(17.7)	42(12.2)
4	Conflicting interpersonal relationships are a contributing factor in the development of psychic problems.	77(22.3)	91(26.4)	59(17.1)	69(20.0)	49(14.2)
5	The presence of negative relationships and disrespect for the skills of workers in relation to other members of the team are factors that favour the emergence of burnout syndrome and result in downsizing the organisation.	58(16.2)	80(23.2)	79(22.9)	70(20.3)	58(16.8)
6	The work environment is where relationships occur through abusive behaviour, psychological violence, power relations, and incentives to competitiveness related to the downsizing of the organisation.	90(26.1)	87(25.2)	51(14.8)	60(17.4)	57(16.5)
7	The organisation in the context of interpersonal relationships to understand the importance of socialisation, respect, dialogue, responsibility, and a spirit of joy that may be affected by downsizing the organisation.	90(26.1)	88(25.5)	57(16.5)	54(15.7)	56(16.2)
8	The importance of the interpersonal relationship within the organization is evidenced, since it is a fundamental part of the coexistence that makes working more pleasant and allows a better	95(27.5)	82(23.8)	56(16.2)	59(17.1)	53(15.4)

	resourcefulness regarding the aspects that determine interpersonal conflicts.					
9	Interpersonal relationships increase motivation and encourage both professional and institutional growth.	94(27.2)	87(25.2)	54(15.7)	60(17.4)	50(14.5)
10	There are no psychometric standards to identify the factors that influence interpersonal relations at work.	98(28.4)	92(26.7)	61(17.7)	45(13.0)	49(14.2)
11	The behaviour and aggressive tone of some colleagues harm interpersonal relationships.	92(26.7)	98(28.4)	56(16.2)	46(13.3)	53(15.4)
12	Differences of opinion and professional conduct weaken interpersonal relations.	85(24.6)	89(25.8)	52(15.1)	61(17.7)	58(16.8)
13	Ethical problems generate interpersonal conflicts.	85(24.6)	95(27.5)	45(13.0)	69(20.0)	51(14.8)
14	Disrespect for ethical aspects involving patient care impairs interpersonal relationships.	81(23.5)	85(24.6)	58(16.8)	56(16.2)	65(18.8)
15	The support of the leadership motivates me and boosts our interpersonal relations.	106(30.7)	85(24.6)	52(15.1)	60(17.4)	42(12.2)
16	The support of the leadership favours interpersonal relations.	84(24.3)	89(25.8)	62(18.0)	53(15.4)	57(16.5)
17	I feel stressed due to the difficulties in your relationship with the team.	88(25.5)	100(29.0)	54(15.7)	55(15.9)	48(13.9)

55.3% (94 strongly agree, 97 agree) believe downsizing negatively affects interpersonal relationships. Only 25.8% disagree, while 18.8% remain neutral. A majority of respondents acknowledge that downsizing can disrupt interpersonal relationships, potentially leading to tension and loss of camaraderie among employees.

Conclusion

As per the data analysis of the survey results indicated that downsizing and associated factors (such as competitiveness and power dynamics) significantly impact interpersonal relationships within the hospitality sector. More than half of the respondents acknowledge the negative effects of downsizing, particularly in relation to well-being, stress, and the weakening of workplace relationships. However, a considerable percentage of employees hold differing views, suggesting that the impact of downsizing may be influenced by individual experiences and workplace culture.

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