

The Effect of Retrenchment on Employees With Reference To Selected Telecom Companies in Hyderabad

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ABSTRACT

The Telecom Industries in Hyderabad like Jio, Reliance and Airtel are used to investigate the retrenchment consequences on employees. The research looked on the causes and consequences of organisational retrenchment. It focused on the impact of retrenchment on employees as well as the organisation itself. The effects of retrenchment can be either beneficial or negative, implying that different variables are at work in the backdrop of the various effects. The research looked at these background characteristics from both an organisational and an individual perspective. The study's major goal was to determine the impact of layoff on employees with special needs. The study's particular aims were to evaluate how retrenchment in Telekom Kenya influenced employee morale and how the retrenchment procedure affected job security for employees. The research was conducted using a survey, which was deemed the most acceptable method for conducting the study because it provides in-depth information about the subject. The literature review was used to create structured questionnaires. The findings were displayed in the form of tables and graphs. According to the findings, Telecom Companies like Jio, Reliance and Airtel in retrenchment process impacted many areas of surviving employees' morale and job security.

Keywords: Retrenchment, morale, job security, trauma, Telecom companies, and employees.

I. INTRODUCTION

Many businesses have found it challenging to keep a large workforce due to the ongoing economic downturn. As a result of job insecurity, several employees' services have been declared redundant, resulting in low morale among the remaining personnel. Most businesses are

forced to make difficult decisions about human capital investment as they try to minimise expenses and remain competitive due to economic restrictions. Decreasing the number of employees, reducing pay increase budgets, reducing hiring, and reducing bonuses are all frequent cost-cutting strategies used by businesses.

Employee recognition, training and development, recruitment, and separation are all aspects of human resource management. Separation refers to how employees part ways with the companies for which they work. The subject of this study is retrenchment, which is a separating process. Death, layoffs, retirement, and retrenchment are all reasons for separation. Separation, like selection, has an impact on the labour composition of an organisation. The process may have a variety of effects on both current employees and individuals who are being fired. As a result, the process must be carried out with extreme caution in order to assure its success in light of the organization's strategic importance.

Retrenchment is defined as the employer's involuntary termination of employment, occupation, or work for reasons other than the employee's fault. As a result, retrenchment is a type of dismissal in which the firm requires fewer employees. Whether an employee is fired or continues to work, the outcome is costly in both financial and personal terms. Due to a variety of factors, including overstaffing, most businesses are currently reducing their personnel. Most businesses try to prevent retrenchment if feasible, preferring to let natural attrition gradually diminish their workforce. Employees suffer agony and misery as a result of layoffs, production is hampered, and the company's industrial relations are strained. Employees are both frightened and concerned about the possibility of layoffs. Employees may

impose sanctions on the corporation if their livelihoods are threatened, such as working to rule, strikes and factory occupation in order to save their job's.

Retrenchment can occur for a variety of reasons: the overall level of business activity may be low, necessitating employee reductions; the number of employees available for a particular job may be much higher than the workload; the job itself may no longer be necessary; there may be a significant change in the contents of a job; or there may be a change in work methods.

The corporation pays a high price for retrenchment decisions. Compensation must be paid; trade unions are particularly concerned about the social and personal consequences of layoffs. Redundancies in human accounting are the scrapping of a valuable resource by one user and its transfer to a common pool from which it can be taken and put to work by another.

Many developments have occurred in telecoms systems reseller and integration industry, which telecom Limited operates in. First, there was the introduction of mobile telephony in 1999-2000, as well as the monopoly of one state-owned entity in the telecommunication service provider market; this later changed with the liberalisation of the telecommunications sector, which allowed other players to enter the industry. The human resource department was impacted by increased competition because it was determined that there were too many employees who were inefficient. As a result, several employees were laid off throughout the restructuring process. In 2006, 6,000 employees were laid off. In 2007, the company laid off 9,767 employees, making it the company with the greatest layoffs in business history.

The study does not however, indicate the effect of retrenchment on other employee aspects such as job security, motivation and job loyalty. There is therefore an urge to study the implications of retrenchment on the employees left in the organization with a focus on other employee-work aspects. Up to this time, no study has been done to ascertain the effect of retrenchment process has had on the employees of Telecom companies.

II. REVIEW OF LITERATURE

The impacts of retrenchment/staff rationalisation on employees were studied in the literature, with a focus on employee of Telecom companies. The literature review was primarily concerned with the research's aims, among other things. Several studies have been conducted in order to highlight some of the effects of

retrenchment/staff rationalisation on employees in general.

Human Resources Management, 8th Edition, by H.T. Graham and Dr.R. Bennet.

'This is the dismissal of an individual for a reason unrelated to the individual involved, or for a number of unrelated ones. Encourage early retirements and stop recruiting until the number of staff reaches the desired level to avoid redundancy. This strategy is typically slow, but it avoids the personal catastrophe that redundancy can bring.

According to Heineman et al (1989), when Human Resources Planning indicates that an organization's labour costs are out of line or that technological or other changes will result in the elimination of some jobs, a portion of the workforce can be declared surplus and removed from the payroll via temporary or permanent layoffs. However, he goes on to stress that this is not the only option, and that the company must decide if layoffs should be considered a first or last choice.

Contemporary Management, according to David D. Van Fleet (Texas A & M University)

More businesses are seeing the need to cut costs and retrench. Companies like AT&T, IBM, Xerox Chrysler, and American may incur excessive costs and lose money. This approach, known as downsizing, is set to become even more common in the coming years...The nature of management work is changing dramatically as a result of advances in computer and communications technologies. Many basic organisational chores can now be performed more efficiently by machines than by humans. These have two-dimensional consequences, which in turn have a direct impact on the level of uncertainty that managers and organisations face.

G.A Cole-Strategic Management-2 Nd Edition (1997)

It makes sense to consider strategy as a cycle of decisions where each set of decisions has a "knock on" effect on subsequent decisions, as well of course, as having consequences for all those affected by them (customers, suppliers, employees, and so forth).

The cycle incorporates a review element, which enables decisions to be questioned, and changed if need be. Results are reviewed and appropriate changes made as necessary to aims/goals and objectives, which completes the cycle.

According to Dessler (1984), downsizing is the process of lowering the number of people employed by a company, usually substantially. Employers are increasingly doing so.

According to Hess and Siciliano (1996), downsizing happens when companies try to make their workforce more competitive by lowering the number of employees and requiring those who remain to produce more. According to Hess and Siciliano, downsizing is the result of the reengineering process.

One of the methods used in human resource management to improve employee performance is motivation. Mullins (1989) defines motivation as the direction and persistence of activity that explains why people adopt a specific path of action.

The need hierarchy theory of Abraham Maslow He claims that humans are motivated to satisfy one desire before moving on to the next. This implies that a person can move up the need hierarchy as well. His ultimate level is self-actualization, which is defined as the drive to achieve self-fulfilment or to realise one's full potential.

The two-factor theory of Fredrick Herzberg He came to the conclusion that certain elements (motivator) tended to lead to job satisfaction, while others (hygiene factors) tended to contribute to job unhappiness. Achievement, acknowledgment, job itself, and responsibility were all motivators. Company policy and administrator supervision, working environment, remuneration, and job security are all hygiene considerations. Those hygiene aspects, he claims, reduce job unhappiness. According to Herzberg's thesis, whereas hygiene aspects, even when provided, do not promote health or motivate, they merely serve to avoid unpleasant work situations.

Heneman et al (1989) 'There is reason to believe that in some circumstances, the benefits of lay-offs to employers are not worth the costs incurred'. According to Heneman, in the study conducted in the Federal Government (Washington D.C July the cost of those lay-offs in six out of the eight agencies studied. This shows that organisations that result to retrenchment in order to cut down on costs may not always get positive results.

Milkovich and Boudreau (1998) says that separation and programmes to manage them can be costly as separations involve activities such as exit interviews, outplacement assistance, counselling, severance pay as well as requiring administrative and clerical support. Such costs can amount to the lot of money per separation.

Research Gap

The study discovered that retrenchment is a global phenomenon that has existed since the

beginning of management studies and is always aimed at enhancing organisational efficiency and effectiveness. As a result, it is necessary to evaluate the consequences of retrenchment and how they affect organisational performance and personnel.

Managers should be able to properly assess and re-evaluate numerous ideas for the benefit of all stakeholders, taking into account the organization's uniqueness in terms of culture, critical skills and competencies, structure, and so on. Any given Manager's team is made up of all of his or her employees, and without their united efforts, his or her organisational functions would be meaningless.

As a result, the research aims to highlight the fact that each retrenchment, staff rationalisation, downsizing, or redundancy has its own distinctive effects on the organization's success and must be conducted with caution. Anything influencing an organization's human resources (its most valuable resource) should be thoroughly investigated beforehand, and if a bad effect is anticipated, it is smart to modify tact/strategy. There is, nevertheless, a need for more research in this field, particularly in developing and underdeveloped economies, due to the reliance on labour-intensive methods of production.

Research Objectives and Questions

Retrenchment of employees is currently taking place around the country. Since the military administration took power, it has attained its pinnacle. The objective of this research is to see how this exercise has affected the confidence of those who are still employed. The following were the precise goals:

- 1) Determine the impact of work reductions on the performance of employees in Telecom companies.
- 2) Examine the impact of cost-cutting on the performance of employees in Telecom companies.
- 3) Examine the impact of communication on the performance of employees
- 4) Examine the impact of employee's support on the performance of employee's in corporation.

The purpose of the study was to gather data to answer the following questions:

- 1) Age of respondent?
- 2) Gender of respondent?
- 3) Occupation of respondent?
- 4) Is retrenchment important in an organization?
- 5) Does work reduction, cost cutting / layoff of an employee lead to voluntarily exist from an organization?

- 6) How is retrenchment exercise affecting the workers as an individual?
- 7) How exactly does retrenchment affect productivity and workers attitude to work?
- 8) Does communication and employee support need in an organization?
- 9) What are the reasons for the retrenchment of workers?
- 10) What are the possible consequences of retrenchment the employee faces?

Research Design

The research was conducted using a descriptive survey research approach. Descriptive research depicts a true picture of people, events, or situations. Surveys make it possible to obtain a vast amount of data from a large population in a cost-effective manner. It enables quantitative data to be

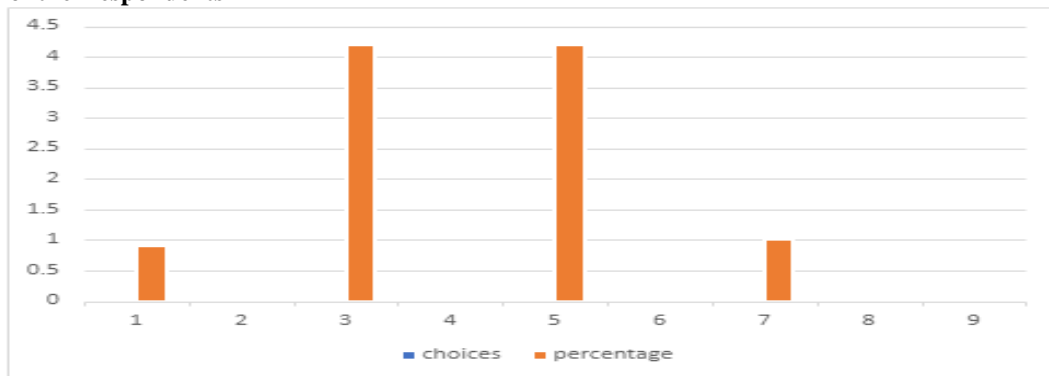
collected and analysed. As a result, the descriptive survey was chosen as the optimal technique for achieving the study's goals.

Questionnaires with closed-end questions were used to obtain primary data. The information gathered was quantitative as well as qualitative. Quantitative techniques were used to analyse the data, which included the use of descriptive statistics such as percentages, mean scores, and standard deviations. This method allows for comparisons to see if it converged or diverged in specific locations. Tables, graphs, and charts were used to present the findings.

Data Collection and Analysis

To acquire the necessary data, questionnaires were employed. The questionnaires used the drop and pick approach to collect data from respondents.

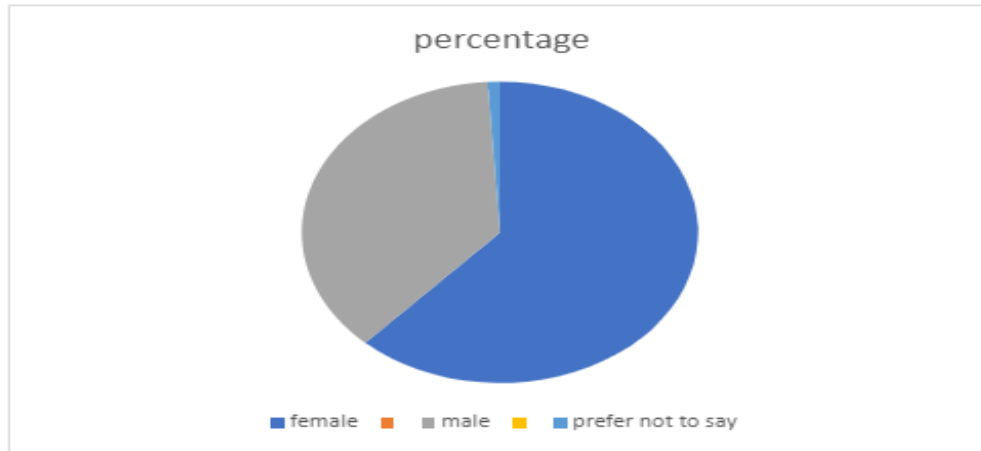
1. Age of the Respondents



Choices	Percentage
15-20	4.2
20-30	91.2
30-40	4.2
>40	1

Interpretation: The Age of the responders is represented in the graph above. There are 4.2% of 15-20, 91.2% of 20-30, 4.2 percent of 30-40, and 1% of >40 among them.

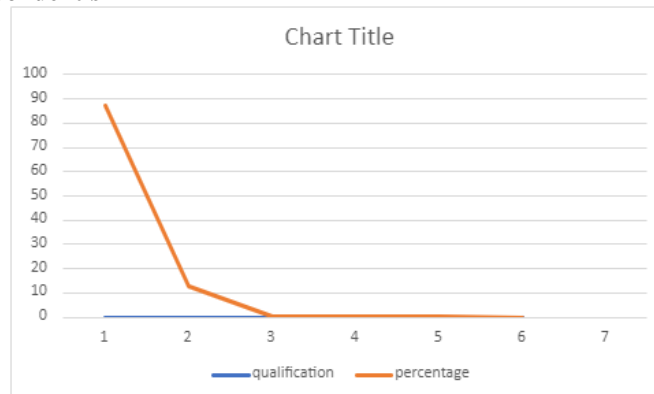
2. Gender of Respondent



GENDER	PERCENTAGE
Male	62.5
Female	37.5
Prefer not to say	1

Interpretation: Above are the representations of the Gender of the respondents. Of them 62.5% are Male; 37.5% are Female; 1% are Prefer not to say.

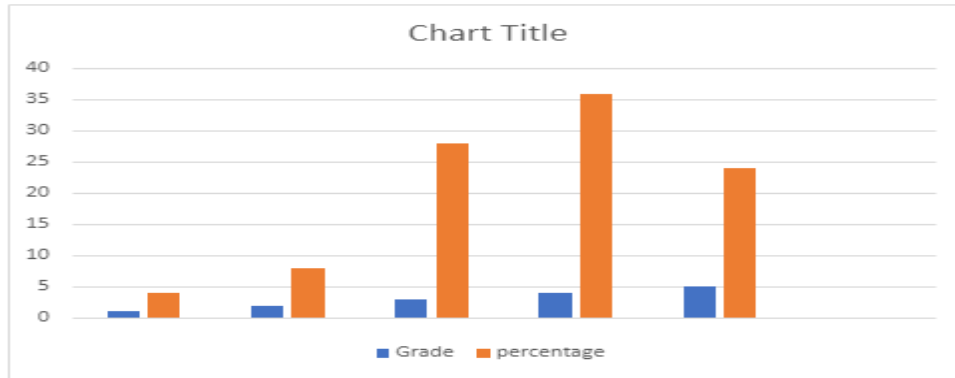
3. Qualification of Respondent's



Qualification	percentage
Student	0.5
Professor	0.5
Private employee	87.5
Government employee	12.5
Business man	0.5
others	0

Interpretation: The respondents' current educational levels are depicted above, 0.5 percent of the population is a student; 0.5 percent is a professor; 87.5 percent is a private employee; 12.5 percent is a government employee; and 0.5 percent is a businessperson.

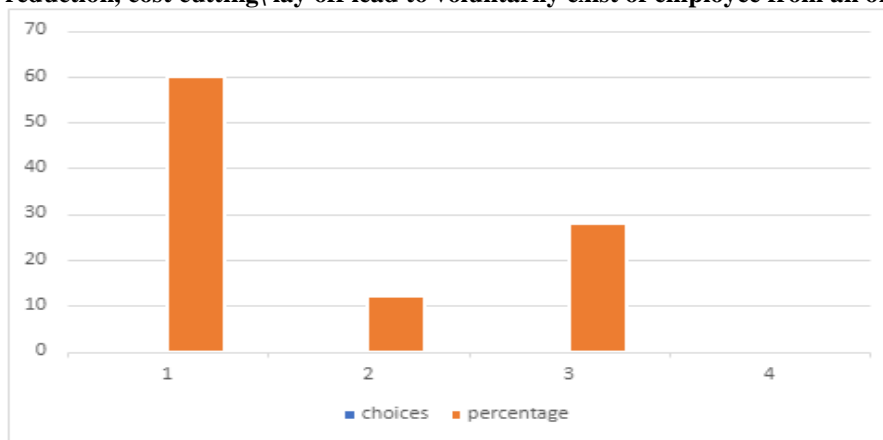
4. Is retrenchment important in an organisation?



Grade	Percentage
1	4
2	8
3	28
4	36
5	24

Interpretation: From the above graph, 4% of people graded for 1; 8% of people graded for 2; 28% of people graded for 3; 36% of people graded for 4; 24% of people graded for 5.

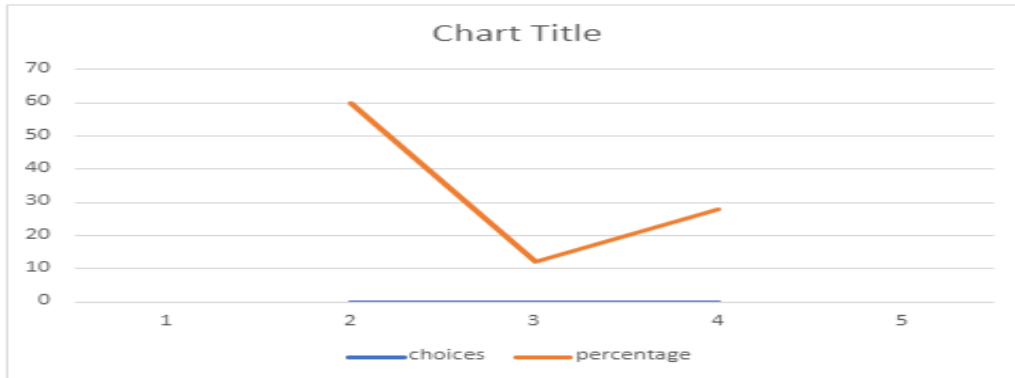
5. Does work reduction, cost cutting\ lay off lead to voluntarily exist of employee from an organization



Choices	Percentage
yes	60
No	12
May be	28

Interpretation: From the above graph, 60% of respondents agree with the statement; 21% disagree with the statement; and 28% of respondents choose maybe.

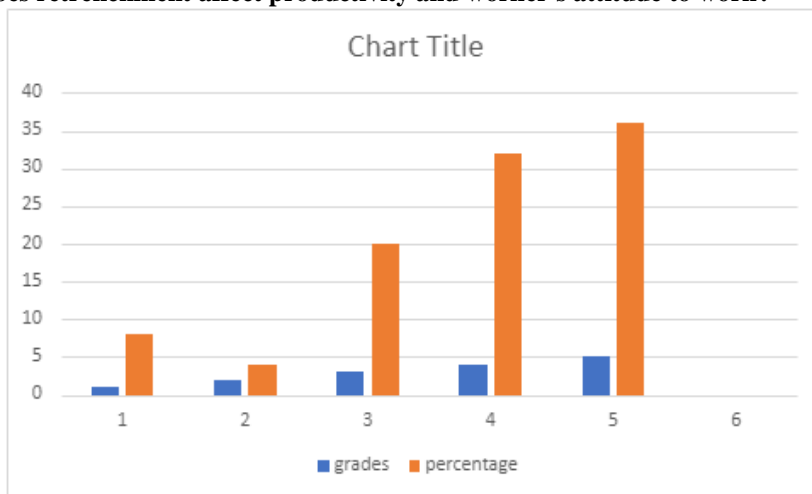
6. How is retrenchment exercise affecting the workers as an individual?



Choices	Percentage
yes	60
No	12
May be	28

Interpretation: From the above graph, 60% of respondent's agreed, 12% of respondent's didn't agree and 28% of respondents are confused.

7.How exactly does retrenchment affect productivity and worker's attitude to work?

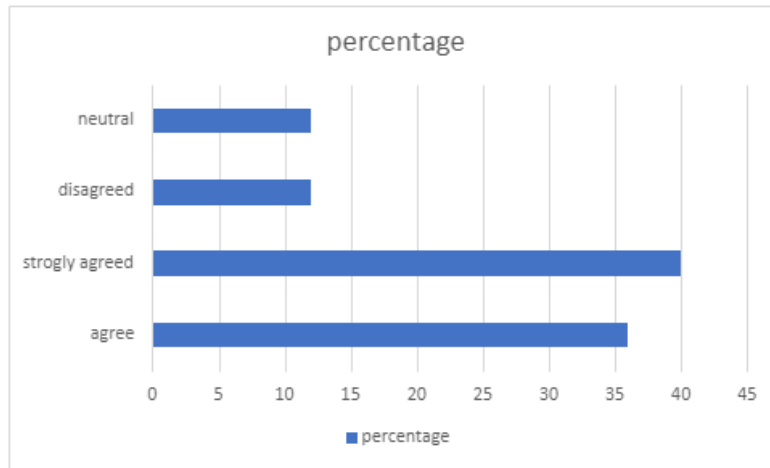


Grades	percentage
1	8
2	4
3	20
4	32
5	36

Interpretation: From the above graph 8% of respondent graded for 1; 4% of respondent graded for 2; 20% of respondent graded for 3; 32% of respondent graded for 4; 36% of respondent graded for 5

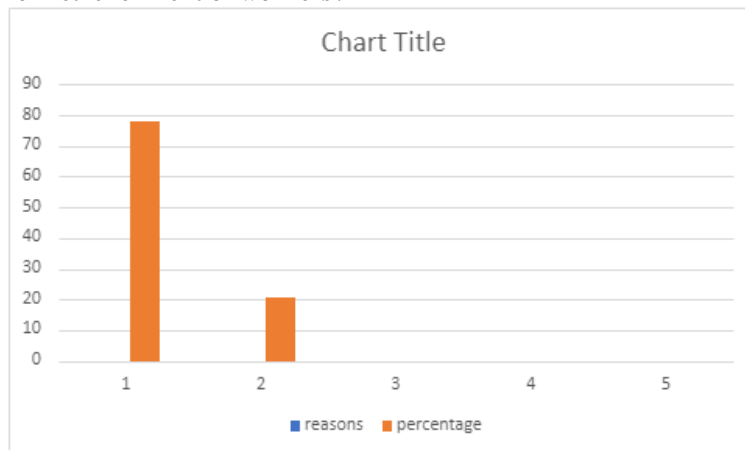
8. Does communication and employee support needed in an organisation

choice	percentage
agreed	36
Strongly agreed	40
disagree	12
neutral	12



Interpretation: From the above graph 36% of respondent agreed; 40% of respondents strongly agreed; 12% of respondents disagreed and 12% of respondents are neutral.

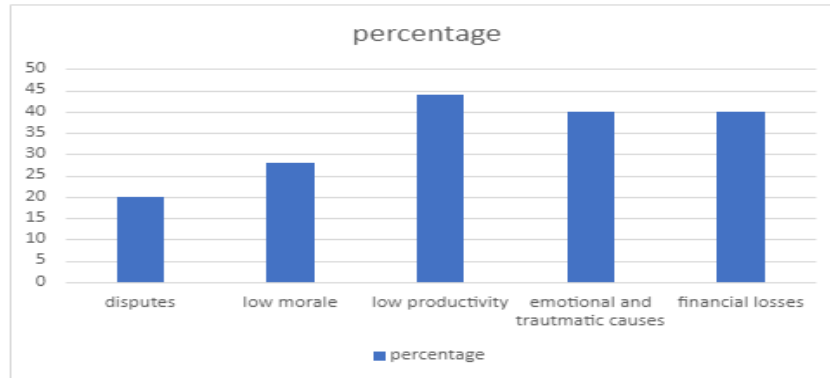
9. What are reasons for retrenchment of workers?



Interpretation: From the above graph 80.2% of people choose all the above; and 20.6% of people choose voluntarily exist of workmen

10. What are the possible consequences of retrenchment employee faces?

choices	percentage
Disputes	20
Low morale	28
Low productivity	44
Emotional and traumatic causes	40
Financial losses	40



Interpretation: From the above graph disputes are 20%; low morale are 28%; low productivity are 44%; emotional and traumatic causes are 40% and financial losses are 40%

Findings

From the above questionnaires we found that the employees are mostly in the age of 20-30 as 91.2% and 30-40 4.2% in order suffering the retrenchment and the most were male employees with 62.5% and female employees are 37.5%.

The most effected field or most retrenchment followed is on private sectors with 87.5% and government sector with 12.5%. And mostly employee agreed that is 60% that the retrenchment is important in an organization as it balances the losses and increases the investment. And the retrenchment on first phase is usually work reduction, cost cutting and simultaneously lead to voluntarily exist and 60% respondent agreed with it.

Retrenchment process is affecting workers with 60% as individual and shattering their confidence. And it is also affecting productivity and attitude by 36% and the most thing needed in an organisation is employee support and mostly respondents agreed with 60% and this retrenchment is causing emotional and traumatic effects and financial losses to many employees.

III. SUGGESTION

Organization's criteria for layoff should be fair. Make sure the selection process is open and transparent, using measurable and objective criteria. To avoid any favouritism, the selection should be based on the productivity and reviews of the staff. Employers should avoid retaining their favourite employees over their most productive workers.

Employers should act quickly when there is a sign of trouble so that it does not spiral out of control. The early portion of the week, such as

Tuesday, is the best time to break the news. Employers can then deal with any reactions or circumstances that emerge following the announcement.

Bad news should be delivered in a straightforward, factual, and unadorned manner. It's also a good idea to draft a letter outlining the next steps in the process. This letter should include crucial details such as their end day of employment, the amount of severance they will receive, how it will be paid, any career transition assistance that will be provided, and any other pertinent information.

One of the most effective strategies to mitigate the impact of a layoff is to provide the greatest possible support to individuals who are leaving in order to improve their prospects of finding new employment. Offering career coaching to affected employees during this tough time not only allows them to be more efficient and effective in making a successful career transition, but it also allows for strong relationships to be formed between the employees and the organisation even after they have left.

Aside from that, firms may offer affected employees severance compensation and outplacement support programmes.

IV. CONCLUSION

According to the findings, retrenchment in Telecom companies had a significant impact on staff morale. This is because the bulk of the surviving employees are more traumatised at work as a result of other employees being laid off.

The report also finds that the layoff process has had a significant impact on the job security of the remaining employees. This is because, according to the report, the majority of Telecom companies of employees are retrenched there because of fewer chance, they would leave for a better opportunity elsewhere.

The report also suggests that majority of the surviving Telecom Company employees' motivation was severely harmed as a result of the retrenchment procedure. This was due to the fact that the majority of employees did not feel inspired to work at the companies like Jio, Reliance and Airtel as their future guarantee of success is not constant and can also bear major losses.

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