Chapter One

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INTRODUCTION

Organizational transformation will continue to be a cornerstone of organizational life in the 21st century. Large scale restructurings such as reorganization, downsizing, mergers, acquisitions and introduction of major production technologies have become frequently adopted strategies. Implementation failure rate tends to be high and resistance to change is attributed to several political, cultural, normative, and individual causes (Lewis and Seibold, 1998). Implementation is the process of incorporating intent into an ongoing organizational practice. It involves activities that translate decisions into action, such as formulation of goals, specifying procedures, developing performance criteria and assessing outcomes. Communication process is fundamental to the change implementation process and understanding its role is central to the management of change.

Jones et al (2004) writing about challenges in organizational communication for the “New Century” identified understanding communication in organizational change as one of the six challenges for researchers. They felt the need to promote more contextualized research in actual organizations. Lewis and Seibold (1998) in their comprehensive work on organizational change implementation studied implementation literature within the past three decades and found that communication processes involved in the installation of planned changes within organizations have received very less attention by communication scholars in the organizational change literature. There were only a couple of very narrowly focused studies undertaken to focus on specific actions, events, and messages undertaken by implementers in planned change efforts. Lewis and Seibold conclude that studies have rarely concentrated on implementer’s actual actions in installing change programmes. They proposed a research agenda for communication scholars that should focus on interaction surrounding implementation and communication related structures regarding implementation in both informal and formal change activities. Studies that specify how change really happens can enrich the change implementation literature.

Communication is more than a tool of change; communication constitutes change (Cheney et al, 2006). According to management theorists Jeffrey and Ford
(1995), "Change is a ....process of social construction in which new realities are created......sustained, and modified in the process of communication. Producing intentional change, then, is a matter of deliberately bringing into existence, through communication, a new reality or set of social structures."

Communication is central to the implementation of planned change (Cheney et al, 2006). Communication expertise has been a major component in helping organizations transform themselves. "As organizations develop and transform themselves, professional communicators will be at the core of successful change management. Many researchers have predicted that within a few years, the central role of communication in management and organizational life will be recognized and given focused attention, rather than disregarded and overlooked" (Gayeski, 1993:220).

Organizational Communication is the study of human communication in organizations. It is a specific branch of the discipline of communication that focuses on the context of organizations and various aspects of group and managerial communication. Studies in this area clearly bring out the fact that the process of communication needs to be positioned as an integral part of the change process within the organization. Communication should be treated as a key management lever in the planning, design and implementation of any change programme and be as well resourced and supported by senior managers as other functions. While the importance of communication in change processes is emphasized here, the role that other phenomena such as equipment, funding and material resources play is not dismissed.

Collins (1998:82-91) explains how, ".........many of the accounts of change and much of the advice which is offered on planning and managing change is based upon limited, mechanistic and overly rational view of organizations and of social interaction......many of the accounts which exist as guides to aid understanding or, to aid the planning of change, are under-socialized in that they fail to acknowledge change as a social activity,, involving people from diverse social groups who will tend to interpret issues and situations in different and often quite divergent ways....."
Collins (1998:82-91) suggests that, "There is a need to study change as a complex social phenomenon. Unfortunately not all authors demonstrate this basic sensitivity to the complexities and problems associated with planning, managing and researching change within organizations.............the need for communication is undeniable in most change processes. The issues of - What type? When? How we would choose between these types and what we should do if they fail are less well dealt with. In fact, change models are largely silent on this point." The difference between successful changes and those that don't work has nothing to do with the quality of the idea. It is the human side of the planning and implementation strategies that usually marks the difference between success and failure (Gayeski, 1993).

Why do organizations want to change? The transition from an industrial to an information based economy is signified by trends that include widespread privatization of public services, corporate mergers and consolidation of industries, technological replacement of many jobs, elimination of middle management in many firms, reduced labor costs through industrial relocation, disaggregating of the organizational value chain, out-sourcing of non-core functions, and a new emphasis on individual entrepreneurship (Lair et al, 2005).

A compelling reason for change in organizations is survival. Several factors in the environment may exert pressure on organizations to transform. A need for transformation in successful firms may also arise to cater for foreseen changes in the environment. One impact of globalization is that the environment across the world markets is becoming increasingly congruent leading to global over-capacity. It is an era where prices cannot be raised easily to increase profits. Simultaneously, corporations have had to face the effects of deregulation that increased their product and geographic market boundaries; brought in new and global competition and sustained pressure from stakeholders for short term results. A common response of corporate organizations to adapt to the environment has been the restructuring of corporates through reorganization of their workforce and reduction in employee numbers. This form of restructuring has been generically termed as 'Downsizing'; a type of organizational change (Dunford and Palmer, 1996). Significantly, downsizing is not just a response to organizational decline but is equally applicable for growth. Many corporate organizations adopt this proactive strategy to improve their
competitive positions. According to Deal and Kennedy (1999), 1990's will be known as the decade of downsizing as it was the most popular management initiative. Even today, Downsizing continues to be a preferred strategy in the corporate world as its meaning and implications have widened and it has embedded itself in a growth dimension. The increase in downsizing activity has underscored the value of smallness and minimalism in organizations and the value of reductions in size and size in order to achieve organizational effectiveness. Continuous downsizing is now valued as an ongoing and unavoidable activity (Cameron et al, 1993). Within the umbrella of restructuring strategies, downsizing has been chosen for this study since it has a tremendous impact on employees, the community, the business product, the balance sheet, the company culture and is a sensitive change process. Transition to an information economy has produced dramatic upheavals in the social organization of work. Work in the industrial economy was far more stable and jobs were comparatively secure and workers stayed with jobs and companies for extended periods of time. In this era, workers confront the traditional specter of unemployment and must also steer through the increasing uncertainties of contemporary employment. This tension is problematic for workers as work remains a primary source of individual identity (Lair et al, 2005).

1.1. The Concept of Downsizing

1.1.1. Evolution of the Concept

The term ‘downsizing’ was introduced around 1988. It became a management catch-cry of the 1990’s which became known as the downsizing decade. Many associated euphemisms became part of managerial lexicon in the 1990’s and continued into the new millennium. A number of terms are substituted for organizational downsizing leading to mystification about the meaning, rationale, motive and purpose of downsizing. Researchers Gandolfi and Neck (2003) tabled fifty-four terms that are associated with downsizing. Some of these euphemisms attempt to give downsizing a positive glow while some may appear hyperbolic. All these terms are not always euphemisms. There are many instances when some terms are used by design and may actually be more accurate than downsizing. In the Tata Steel Case (Kumar, 2004), it was called ‘Rightsizing’, because at the same time
that the Company was reducing employee numbers, fresh recruitments were taking place to man a new technology plant with better skilled manpower.

While the impetus of downsizing appears to be a desire to reduce costs, increase productivity and overall competitiveness (Cascio, 1993), cutting costs as a principal means of improving organizational performance cannot be seen as a panacea. "The review of the downsizing literature portrays an overwhelmingly negative picture of downsizing. Steven Roach, Chief Economist of the American investment bank, Morgan Stanley was one of the main architects of the theory of downsizing has also publicly declared that tactics of downsizing can be recipes for organizational extinction (Gandolfi and Neck, 2003)."

While downsizing in the early stages was undertaken when organizations were in decline, later it was observed that reducing the workforce is not always a cost-focused reaction to economic problems. It can also be proactive, a pivotal element to the organization's long-term business strategy. Also while initially only blue collared workers were targeted; later white collared workers also were the targets for reduction.

Casey et al. (1997), state that although the character of corporate downsizing may be changing from solely decreasing the number of individuals employed to changing the composition of jobs and work processes through organizational restructuring, the modern worker's employment status remains tenuous and subject to radical change.

The purpose of downsizing is to provide a means to improve organizational performance (Kozlowski et al, 1993 cited in Thornhill, 2000). The longer-term aim could be to realize improvements related to greater effectiveness, efficiency, productivity and competitiveness. Downsizing is not an isolated event; it is a process, a subsystem interrelated with other business and management subsystems.

"The extensive academic research in disciplines of organizational change and change management suggests that the phenomenon of downsizing is more than a management fad and has become a way of life for profit and non-profit organizations embracing society as a whole (Gandolfi and Neck, 2003:20)".
“Downsizing is an organizational level concept whereas redundancy is approached at the level of the individual. Following from this differentiation, downsizing should be approached as a strategic issue whereas redundancy is an operational one (Thornhill, 2000:252)”.

1.1.2. Contesting Definitions

Downsizing is still regarded by many scholars as the most pervasive, yet understudied phenomenon in the business world (Gandolfi and Neck, 2003). There are a number of definitions of downsizing. At one end of the continuum, Cameron (1994:91) who is considered an authority on downsizing takes a holistic approach in defining downsizing as a “set of activities undertaken on part of the management of an organization and designed to improve organizational efficiency, productivity and/or competitiveness”. Cameron (1994) identified four major attributes of organizational downsizing. First, downsizing is an intentional set of activities requiring organizational action; second, reducing the number of employees; third, improving efficiency to contain or decrease costs, to enhance revenues, or to increase competitiveness; fourth, influencing work processes and leading to work redesign.

At the other end of the continuum, another expert, Cascio (1993:45 cited in Gandolfi and Neck, 2003) states that downsizing is not to increase organizational performance per se, but the eradication of the workforce by the “planned elimination of positions or jobs”.

“In its widest sense, downsizing may be seen as a complete strategic transformation endeavour to change an organizations work processes, corporate culture, values, attitudes and mission. In its most narrow sense, downsizing may be seen as a set of activities introduced to make an organization cost effective. In its most extreme form, downsizing may turn into an across the board cut in personnel (De Vries and Balazs, 1997 cited in Gandolfi and Neck, 2003)”. According to Legatski (1998:259), downsizing is defined as “a deliberate reduction in the size or complexity of a firm’s activities intended to improve the profitability, productivity, and/or competitiveness of the firm’s continuing operations”.
However, Thornhill and Saunders, 1998 (cited in Thornhill, 2000) state that, “downsizing is a form of organizational restructuring, which aims to improve a company’s overall performance by creating effectiveness, efficiency, productivity, and/or competitiveness. This can be a proactive or reactive restructuring strategy that may or may not result in the elimination of the workforce. It is a goal oriented strategy to increase an organization’s overall performance.” This definition does not specify reduction of employees as essential. We can see that in this definition the workforce reduction dimension of downsizing is getting embedded in a growth dimension.

1.1.3. Management of Downsizing

There are three organizational strategies to achieve downsizing that can be used independently or in conjunction with each other (Cameron et al, 1991, 1993, cited in Thornhill, 2000:256). The first is the workforce reduction strategy, which focuses simply on reducing an organization’s headcount. The second is the organization redesign strategy, which involves elements of de-layering, eliminating areas of work and job redesign, so that the amount of work is reduced as well as the organization’s headcount. The third is the systemic change strategy which is a longer term approach intended to promote a more fundamental change that affects the culture of the organization through promotion of employee involvement and adherence to a continuous improvement strategy. Downsizing may be implemented solely through reducing an organization’s head count or in combination with one or more other strategies.

The management of change implications arising from an organization’s choice of strategy for downsizing will also be related to the extent to which the approach adopted is proactive or reactive (Kozłowski et al, 1993 cited in Thornhill, 2000). A proactive downsizing strategy is likely to be integrated with the organization’s business strategy, target organizational areas and competencies for downsizing selectively, and recognize the potential consequences from both organizational and individual perspectives. The recognition of potential consequences is also likely to lead to the development of interventions to alleviate or manage their incidence. Proactivity, therefore implies careful planning throughout the stages of downsizing. A reactive approach, in contrast is unlikely to consider all these aspects and the aim
would be limited to reducing organizational costs and lead to creation of negative consequences in relation to remaining employees. "The North American literature suggests that a reactive approach to downsizing may be more frequently used than a proactive one. This may be because managers may have very little time to plan and develop interventions to alleviate and manage the consequences of downsizing for those who survive" (Thornhill, 2000:257).

Downsizing has become a major organizational change strategy that superficially seems to call for just a structural change but is in reality highly complex and can often generate a range of reactions that undermine an organization’s objective of downsizing. Therefore, there is a need to focus on the human aspects of change.

As a goal oriented restructuring strategy, downsizing endeavors to increase an organization’s overall performance. However, the consequences of downsizing have proven to be persistently negative. Organizations embarking upon downsizing have largely failed to accomplish their stated and desired objectives. The execution is not confined to economic and organizational consequences but affects the entire workforce.

The use of human resource (HR) strategies is integrally linked to the management of organizational change and downsizing in particular, to avoid or manage the reactions which downsizing generates. HR strategies will always be subject to the political interests of the dominant groups in organizations who design and use them. “Theory may be flawed because it reflects noble aspirations as well as being logical and rational. Practice, by contrast, reflects the varying interests of people. A sound theory needs to recognize the limitations that are built into strategies and systems devised by people, especially where one’s interests have dominated their design (Thornhill, 2000:8)”. 

Change and HR strategies are designed by leaders. The steps of downsizing require both leadership and management. All managers need to be prepared to communicate internally and externally. They are looked to as sources of factual information. All stakeholders draw conclusions and construct action steps based on management’s communication with them. All managers need to be well briefed on
what to say and how to say it, and they also need to be debriefed to capture feedback. Each level of management has a significant role to play in successfully managing the downsizing process and outcome.

For the corporate intentions of an organization to be realized it is necessary to consider and manage the process from the perspective of affected individuals and work groups and the stresses that downsizing creates. Therefore, Thornhill et al (2000) recommend both a top-down and bottom up approach in executing downsizing. Downsizing places demands upon the organization, work groups, and individual employees, and requires a process of coping and adaptation. The downsizing process may create in employees negative psychological and behavioral reactions that may hamper achievement of intended change or lead to unintended changes in the organization. As a structural change adversely affecting the retention of people’s jobs its incidence will be highly transparent and pervasive. Downsizing therefore requires proactive facilitation if intended change is to be achieved. In practice, this may not happen and reactive interventions to achieve originally intended change are normal. Most of the negative consequences are due to inappropriate or ineffective HR and communication interventions (Thornhill et al, 2000).

1.1.4. Highlights

In summary, downsizing has attained the status of a restructuring strategy that inevitably impacts on a company’s size, costs, and work processes. It can be used by organizations on the decline or as part of a growth strategy. It can be reactive and defensive or proactive and anticipatory.

The purpose of downsizing is to provide a means to improve organizational performance through improvements related to greater effectiveness, efficiency, productivity and competitiveness. Downsizing is an organizational level concept and should be approached as a strategic issue whereas redundancy is an operational one.

Downsizing may be implemented solely through reducing an organization’s head count or in combination with the other strategies of organizational redesign or systemic change. Downsizing can often generate a range of reactions that undermine
an organization's objective of downsizing. Therefore, there is a need to focus on the human aspects of change. Each level of management has a significant role to play in successfully managing the downsizing process and outcome. Downsizing requires proactive facilitation if intended change is to be achieved.

1.2. **Use of Metaphors in Implementation of Downsizing**

Communication is a two way process encompassing telling, explaining, discussing, consulting and negotiating. Establishing constructive feedback mechanisms that demonstrate that employee views are worthy of consideration is often the most difficult part of the communication process. Neglect of communication is a management failure allowing false ideas and distorted concepts to form and gain currency by default. Lack of communication or inability to communicate clearly can lead to industrial unrest, job dissatisfaction and operational inefficiency. Good communication can lead to more harmonious working relationships, understandings of commercial conditions, the acceptance of change and the improvement of productivity (Wilkinson, 1989).

A variety of factors shape employees thinking. Employees weigh the information in a very personal way, sizing up the situation and drawing conclusions that reflect their own slant or viewpoint. Frequently people develop a negative mindset about organizational change such as downsizing based on misinterpretation, faulty assumptions, ill motives or wrong headed thinking in general. Employees interpret the upheaval in a warped manner and come to wrong conclusions. The result is a collection of misperceptions about change. It is important to not only challenge these misperceptions but prevent them from developing at all through organizational communication.

Transformation of an organization through downsizing implies more than incremental change, which is a step wise improvement of existing conditions. Transformation involves a revolutionary and paradigmatic change wherein the belief systems, collective perceptions, feelings, thought processes, actions, basic assumptions and relationships may change. A true transformation involves a change in culture (Sackmann, 1989). For this challenging accomplishment of changing beliefs and basic assumptions that are collectively held in the entire organization and to make people see the current reality in a different light through establishing in them a
different mechanism for interpretation of events, use of metaphors in language can prove useful.

The concepts that govern our thoughts also govern our everyday functioning. Our concepts structure how we perceive, how we get around the world and how we relate to other people. Our conceptual system plays a central role in defining our everyday realities. Since communication is based on the same conceptual system that we use in thinking and acting, language is an important source of evidence for what the system is like. The essence of metaphor is understanding and experiencing one kind of thing in terms of another. Human thought processes are largely metaphorical. Metaphors as linguistic expressions are possible precisely because there are metaphors in a person's conceptual system. Metaphors, as mental pictures, can be used to conceptualize, understand, and explain vague or unfamiliar phenomena to the employees. Metaphors can help refocusing on the familiar and show it in a new light. This can help in 'de-freezing' the status quo. Metaphors can provide a clear picture of the future and the tangible actions that may require to be taken. As metaphors carry connotations on a cognitive, emotional and behavioral level in a holistic way, they can influence the way people construct reality and may lead to activities and outcomes that are desired to transform organizations. Thus, metaphorical language not only influences perceptions but also subsequent actions.

Metaphors are being increasingly used in organizational theory to understand organizational situations and problems. Metaphor-based analysis is now used in varied areas of organizational practice such as strategy, organizational development, information technology, organizational culture, organizational change, human resource development, industrial relations, group development, decision-making and leadership (Dunford and Palmer, 1996).

It is unfortunate that the communicative power of metaphor is not fully exploited by managers and practitioners in managing change in organizations. This is largely because MBA curricula and the plethora of managerial literature on change management focuses more on the process and the steps to be taken to bring about the change rather than the humanistic and communicative aspects of the process. For example, transparency in communication with employees may be stated as a precursor to building trust, but the literature will fail to detail for the implementers,
how the perceptions about transparency need to be managed and how transparency is not merely limited to open communication but will also involve the management and development of communicative understandings amongst the various collective audiences. The aspect of 'how' is presumed to be understood by the managers, who lap up this literature. Yet, they may show a repetitive tendency to fail in the execution of the change process. Most managers hesitate to plead ignorance about the 'how' as it might reflect on their competence and so they get destined to learn through trial and error, but at high social cost for the organization. This view is supported by Lewis and Seibold (1998: 115) where they state that while user participation has been noted as important in the change implementation literature, there is considerable ignorance as to the mechanics of user involvement. They found that practitioner oriented literature has only a handful of articles that make any reference to specific communicative tactics of implementation. For example, an author may suggest “involving key stakeholders” without offering specific tactics for accomplishing this end. While such recommendations are valid, they fail to offer concrete plans of action. Strategic change implementation typically receives the least attention by senior management as it is presumed to be following the planning.

Just as managers might use metaphors, consciously or unconsciously, to influence employees, the employees too can use counter metaphors reflecting attitudes and claims that may hinder the intentions of management. If the management is ignorant about the methods of recognition and value of metaphors, an essential dialogue is missed that can only lead to misunderstandings and conflict. Organizational goals can thus be threatened. The numbers of failures in managing change smoothly are largely attributed to human relations and communication failures. There is therefore, an urgent need to sensitize managers on the communicative complexities of managing change since communication may be handled quite presumptuously by them.

1.3. The Indian Labor Scenario in the Organized Sector

Labor in India has for more than six decades enjoyed the protection of the government and has had to face no real threat to job security. This has been ensured by the provisions of the Industrial Disputes Act 1947 that virtually prohibits lay offs and retrenchment without permission of the government. The Act is
applicable to all establishments employing 100 or more workers. The closure of sick units is equally difficult. Employers have always had their hands tied in regard to dismissal of workers.

Liberalization of economic policies had a significant impact on Indian establishments. An industrial establishment must always strive for a maximum result from minimum resources and thus, the urge to optimize human resources is always present. Downsizing has become vital to the growth and survival of all organizations. Given the rigid legal framework that restricts dismissal of surplus employees, organizations have resorted to indirect means of trimming the workforce through introduction of Voluntary Retirement Schemes (VRS).

In the Indian industrial sector, the term Voluntary Retirement received legislative recognition in 1953, when the definition of retrenchment asserted that voluntary retirement of workmen did not constitute retrenchment. Notice by an employer announcing VRS is an invitation to workmen to offer to retire on the terms indicated in the scheme. When the employee makes an offer and an employee accepts it, the proposal becomes an agreement – a contract enforceable by law. The government has also made provisions for exemptions of payments received at the time of voluntary retirement and has clearly signaled that enterprises are entitled to reduce their surplus manpower as long as the interests of workers is catered for.

The International Labor Organization (ILO) has also formulated guidelines for effective restructuring. A Voluntary Retirement Scheme (VRS) may be resorted to as the last option. Alternatives to VRS suggested by ILO are: Recruitment freeze; reduction in manpower phased over a period of time; internal transfer of manpower to other functions where there is a deficit; training and retraining of existing manpower to cope with technological changes; restrictions on overtime and finally voluntary retirement with appropriate income protection.

In India, in both the public and private sectors, employment in industry has substantially declined, especially since the economic reforms. The trend in most industries is to reduce permanent employment and to use more contract, temporary and casual workers (Bhattacherjee, 1999). Employers have found ingenious ways to keep workforce to the minimum. Other than VRS, outsourcing or sub-contracting of labor intensive production operations is another widespread strategy. Employment of
casual labor is another method. Another strategy is to shift operations to greenfield sites. Greenfield sites offer tax shelters, subsidies, priorities in infrastructure and a non-unionized and malleable workforce.

The Indian economy represents a mix of three bargaining levels and a variety of union structures. In the private corporate sector, plant level bargaining takes place with enterprise-based unions that may or may not be affiliated to parliamentary political parties. In public-sector enterprises, centralized trade union federations affiliated to political parties bargain with the state (as employer) at industry-and/or national-level. Central and state government employees in the service sector (transport, postal services, banking and insurance, police and firefighters, etc.) are usually represented by politically affiliated unions bargaining at national and/or regional level. Most of these centralized bargaining and union structures were stable during the period of planned industrialization while India pursued a policy of import substitution. However, since the mid-1980s the economy has opened up to greater domestic and international competition and these structures have come under increasing pressure to decentralize. These pressures have become stronger since the economic liberalization programme was introduced in 1991, especially in the public sector. As in other countries, the state has gradually retreated from its earlier role of creating permanent employment and regulating union-management bargaining (Bhattacherjee, 1999).

India has had mixed experience with creating labor institutions that are compatible with a pluralist industrial relations model. In the early years, the government officially promoted industrial pluralism and controlled by the state. This "state-dominated" pluralism, coupled with ambiguous labor laws regarding trade union recognition and "industrial disputes", eventually led to a multiplicity of party-based trade unions. This considerably weakened the political power of the organized labor movement as a whole, although in some strategic sites in the public sector centralized unions had considerable bargaining strength. Although unions could impose severe costs on key sectors of the economy, the organized labor movement as a whole was not strong enough to impose a cooperative solution at national level. This is still true today.
With economic liberalization, competitive forces began to affect the structure of the union movement. In several private enterprises, “independent” rank-and-file led unions came into existence and engaged in informed and militant bargaining, often with multinational employers, securing substantial wage and non-wage gains in the process. As these unions “traded off” increased wages against employment growth, and as employers shifted to “outsourcing” from non-union sites, the traditional party-based unions found their potential recruitment terrain both challenged and curtailed.

More recently, since the liberalization process officially began in 1992, many of these centralized party-based unions have united under a common front to resist government attempts at privatization and decentralization in the public sector. However, the organized labor movement as a comprehensive organization continues to face a fractured and segmented constituency, divided by skill, region, industry and ethnicity. “In addition, major labor law reform continues as an unfinished (and forever postponed) agenda.... post-reform capital has invested in newer industrial locations, and this logic is slowly but surely changing the industrial geography of India. It will thus become increasingly difficult, if not impossible, to generalize about an Indian labor relations system (Bhattacherjee, 1999:22)”.

Commenting on labor management relations, Bhattacherjee (1999:36) writes, “Since the mid-1980s the practice of human resources management (HRM) has significantly altered traditional union-management relations in the advanced sectors of production, notably in multinationals and other private firms. Since the economic reforms of 1991, some public sector firms have also incorporated modern HRM practices into their otherwise traditional labor management relationship. Some of the essential characteristics of these HRM practices are: attempts at direct communication between managers and employees (emphasis supplied); individualized and/or contingency pay systems; modular organization of production through work teams with team leaders who often form part of the management structure; carefully designed and fairly implemented performance appraisal systems; and so on. While many would argue that modern HRM practices undercut union effectiveness at enterprise level, there is no clear evidence of this in India. Unions have a strong presence in the firms where modern HRM practices are implemented.
successfully, and it is only with cooperative union-management behavior that this has been possible. But this applies mainly to the manufacturing sector.

In the skill-intensive service sectors such as information technology, HRM practices continue to pose a challenge and possibly create permanent barriers to union entry and organization. To the extent that information technology redefines the nature of work in banking and insurance, unions will have little success if they resist modernization, given the entry of new, mainly foreign, players in these sites. It is no coincidence that the most publicized post-reform industrial conflict at national level has been in banking and insurance.

The public perception of Unions is also changing. Since the liberalization process in 1991-92, the print and visual media have clearly supported globalization. By and large, organized labor, especially in the public sector, has not received a sympathetic press; in fact, coverage of trade union matters has declined considerably. ... Trade unions in India today face the challenge of convincing the public that they can act on behalf of all employees, unionized or not. This requires the formation of strategic alliances with community bodies, social movements, and other non-governmental organizations”.

1.4. **Downsizing in Indian Industry**

The Times of India, Delhi (2001), reported the downsizing of the Indian manufacturing sector post liberalization by an average of 16% by 2001. There is a tendency to use euphemisms for downsizing in order to minimize its negative impact. This is exemplified in this single newspaper article titled as “Whose job is on the line? - Age of the Pink Slip”. It listed the major manufacturing companies that had planned downsizing in 2001. Terms such as Streamlining, Retrenchment, Layoff, Trimming, Restructuring, Downsizing, Staff strength reduction, VRS, Offloading, Cutting Jobs, Pruning, and Axed were used to describe different companies that planned the downsizing process (The Times of India, 2001).

The hacking of headcounts is happening by different names...through several means... across all segments (of industry)...and without any change in labor laws. Yet every case of employee reduction is legal .....and voluntary. Focus on cost, quality, service and speed dominates the competitive market economy. This requires
changes in number and quality of manpower. According to Sushanta Sen, Deputy Director General of Confederation of Indian Industry, "...the realization is dawning that without labor restructuring, Indian companies-or even businesses will not survive". While VRS terms are generally attractive enough, Anjali Choudhary, Executive Vice President (HR), Mahindra Group states, "equally important for the success of the scheme is to communicate with employees regularly the realities of the market place and the need to improve productivity (India Today, 2003)".

As in other countries, the state has gradually retreated from its earlier role of creating permanent employment and regulating union-management bargaining. The trend in most industries is to reduce permanent employment and to use more contract, temporary and casual workers. Employers have found ingenious ways to keep workforce to the minimum. Focus on cost, quality, service and speed dominates the competitive market economy. This requires changes in number and quality of manpower. The manufacturing sector has experienced the maximum brunt of downsizing since liberalization of the economy.

The organized labor movement as a whole is not strong enough to impose a cooperative solution at national level. In several private enterprises, independent unions negotiate directly with employers and the traditional party-based unions find their potential recruitment terrain both challenged and curtailed. The Indian organized labor movement as a comprehensive organization continues to face a fractured and segmented constituency, divided by skill, region, industry and ethnicity.

Modern HRM practices have changed the traditional labor management relationship. The tactic of direct communication and negotiation between managers and employees results in minimizing the influence of the Unions. Unions feel legally helpless in execution of schemes such as VRS as the contract is between the individual and the firm. With downsizing the strength of the Union gets further reduced. With media support for globalization, trade unions in India today face the challenge of convincing the public that they can act on behalf of all employees.

In the next chapter, the literature pertaining to downsizing, role of metaphors in organizational studies and change management including downsizing is reviewed.