

## **Implications of Retrenchment on Human Resource Personnel and its Functions: A Case of Mines in Masvingo Province**

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### **Abstract**

*The study focused on the implications on human resource personnel of conducting and driving the retrenchment exercise. The research study was prompted by the economic and social decline which Zimbabwe was subjected to for the past couple of years. This scenario necessitated the need for many organisations, including mines to engage in some retrenchment exercises. Previous studies have largely focused on how the retrenched would be affected before, during and after the retrenchment exercise. It has been a norm for organisations to try to cushion their departing organisational members from possible financial, social and psychological effects of the retrenchment exercise through some workshops such as stress management and entrepreneurship. The retrenched were viewed as the only victims of the retrenchment exercise. This study however took a different approach by considering the effects of the retrenchment exercise on the drivers of the program, the human resource personnel, taking into consideration the fact that some bonds would have been existing among employees, especially having in mind the collective culture of the African societies where social bonds are strong. The study adopted a qualitative approach where interviews and focus group discussions were used in mining companies which retrenched in the past five years in Masvingo province, Zimbabwe. The research was premised on dissonance theory by Festinger as well as the Ubuntu philosophy. It emerged from the study that human resource personnel were affected both physically and psychologically by the retrenchment exercises and they suffered high levels of cognitive dissonance, indicating that they also needed some organisational attention to alleviate these effects in the same manner in which the retrenched are given some form of assistance.*

**Keywords:** Retrenchment, Human Resource Personnel, Cognitive Dissonance, Ubuntu

### ***Introduction and Background***

The introduction of the Economic Structural Adjustment Program in Zimbabwe saw the beginning of economic woes in Zimbabwe (Peck, 1995). This program brought a lot of retrenchments to employees. In years to come, the situation was exacerbated by some of the government's policies which pushed away investors or made it difficult for the existing investors to break even. In addition, the global economic meltdown witnessed in 2008/2009 coupled with political, social and economic instability also led to the retrenchment of many people in Zimbabwe. Although there are some noticeable changes, the contemporary Zimbabwean industries are to a larger extent characterized by economic problems which have made it very difficult for these industries to operate economically. Such a scenario has forced many companies to retrench workers in a bid to keep their operational costs down (Muller and Zahawi, 2007). Since the human resource department is the one responsible for employees and their welfare, it has the mandate of hiring and firing of employees, meaning that, *ceteris paribus*, the HR department plays a vital role in the retrenchment process.

Loss of employment should not only be stressful to the employees laid off, but to implementers as well. On the part of implementers, the most likely to be affected are those in the human resource department for they are the main drivers of such programs. In most cases, those who get retrenched are victims of a negative situation facing the company such as poor performance, national economic decline or intense industry competition, in other words, they would not have been involved in any form of misconduct that warranted dismissal. Another issue of interest is the effect of retrenchment on the nature of Human Resource functions. The HR department is usually involved in functions such as performance appraisals, succession planning, human resource development among others. All these are aimed at enhancing the quality of the employees as well as the competitive advantage of an organization. It is likely that such functions would be affected either positively or negatively by retrenchment. Baguma and Matagi (2002) conducted a study in Uganda to assess the impact of retrenchment in the Ugandan Public Service Sector. It emerged that retrenchment resulted in fiscal stress and human resource shrinkage that caused many problems for government managers. These problems were caused by methods used by managers to cope with the need to retrench and decrementalism (decrease in budget without loss of visible operating effectiveness).

The major problem was decrease of human resource that resulted from cost cutting measures. The Ugandan retrenchment exercise led to loss of skills, energy, morale, commitment, physical and mental health degradation that resulted from employees withdrawing physically and emotionally. This surely had an impact on Human Resources Department(s) since they had to deal with less skilled, demotivated and mentally unstable workforce. Decrementalism also caused reduced co-operative attitudes, greater fear and distrust, poor communication, lowered performance goals, restriction of production and increased turnover (Baguma and Matagi 2002). In a related issue, the South African Reserve Bank (quarterly Bulletin, March 2001) argues that the high turnover in retrenchment results from restructuring by companies, the preference for capital intensive over labour-intensive production processes, the introduction of new technology, the economic shift from primary and secondary sectors towards service sectors and the right-sizing of the private sector. However, it has been noted that some unintended effects usually accompany retrenchments.

Rama Rao (2010) notes that it is not just the victims and survivors who suffer negative effects. Researchers collected data from 410 managers who either had or had not been in the position of having to inform subordinates about expected mass layoffs. None of the managers were layoff targets. The researchers found that the more managers were personally responsible for handing out warning notices to employees, regardless of their age, gender, and marital status, the more likely they were to report physical health problems to seek treatment for these problems and to complain of disturbed sleep.

The human resource department should play a vital role in the retrenchment process of an organization. The effects of such a move, as highlighted earlier on, is mainly felt by the HR people who should take a leading role in determining who should be retrenched and how it should be done. The HR functions are also bound to be affected in one way or another. Many studies have focused on the effects of retrenchment on the retrenched employees Baguma and Matagi, (2007 and Modise, (2002), alternatives to retrenchment Maramba, (2007), psychological reaction to unemployment after retrenchment Waters and Moore (1999). As witnessed by the majority of studies already undertaken, focus was much on the retrenched employees than on those who conduct the process. Also, less attention has been devoted to the effects of retrenchment on the HR functions. It was therefore in the interest of this study to focus on the effects of such a move on the HR function and the people within it. The reason for this study emanated from the fact that employers in most cases do not consider how HR personnel feel when mandated to retrench and in most cases, no formal action is taken to cushion them from negative feelings which are likely to result from the retrenchment exercise. Studies have also shown that in most cases, focus is on cutting the number of employees and less attention is devoted to the effects of such a move to the HR functions in particular and the performance of the organization in general. These effects turn to affect the operations of the entire organisation.

Of great interest to the researcher were the effects of retrenchment on the human resource personnel. These effects could be emotional, social, economical or any other form of effects. In addition, the effects of the retrenchment exercise on human resource functions could be organizational culture changes, disturbed succession plans, loss of skilled employees and the disturbed nature of training and development in an organisation among others.

## **Research Methodology**

The study used a qualitative research methodology. The choice of this methodology emanated from the research's need for an in-depth understanding of the phenomenon under study. Henning (2004) has it that the strength of employing a qualitative research methodology lies in its ability to give the much needed freedom to participants, thus going beyond through the limitations imposed by the researcher, usually through a questionnaire in the case of quantitative methodology. Henning (opcit) also argues that qualitative methodology allows a natural development of the study to unfold without manipulating any form of variables, thus it is very suitable for any discipline within the social sciences as well as management sciences involving human interactions.

Concerning the research approach, the study used the phenomenological approach. Phenomenology is simply stated as an individual's immediate and current experiences (Edmond and Kennedy 2012). The phenomenological approach was propounded by Edmond Husserl who argued that the starting point for the acquisition of knowledge was the individual's self experience. The self experiences arise from life experiences and include conscious sensations and perceptions (Edmonds and Kennedy 2012). Phenomenological approach has an advantage in that it helps researcher understand how individuals construct reality. This particular approach is of importance to researchers interested in exploring meaning, composition as well as the core of the lived experience of the phenomenon under study, in this case, the effects of a retrenchment exercise on human resource department personnel. In the collection of data the researcher triangulated semi structured interviews and focus group discussions. The idea of triangulating was to counter-balance the weaknesses of each data collection method with the strengths of the other one. In addition, triangulation was meant to thicken the data that was collected by using two different methods of data collection techniques.

## **Theoretical Framework**

We devote this section to explain the theoretical framework that underpins this research study. The study was premised on the cognitive dissonance theory which was propounded by Leon Festinger in 1957 as well as the notion of collectivistic culture which is found in Africa in general and Zimbabwe in particular. In modern psychology, cognitive dissonance theory is the unpleasant feeling of discomfort that is associated with simultaneously holding two conflicting or contrasting ideas, cognitions, beliefs or values. The state of cognitive dissonance is argued to bring on board a state of 'disequilibrium' (Myers 2006). Carlson and Heth (2010) has it that dissonance increases the stronger the emotions attached to the situation.

Removing an employee from the pay sheet is easy when the one to be victimised has transgressed in one way or the other within an organisation. Reasons will be there warranting an employee's dismissal. It is however different when the human resource personnel of an organisation are tasked to remove some employees from the pay sheet resulting from the retrenchment exercise. These people would not have done anything wrong within the organisational system that warrants someone's dismissal; however, in order to save the organisation, which is a much bigger entity than any individual, some people should be struck from the payroll sheet.

From this argument, we can argue that human resource personnel who are mandated to drive the process of retrenchment are likely to experience cognitive dissonance in one way or the other as they are the most active department involved in the process. The behaviour of retrenching someone who has done nothing wrong at the workplace does not usually go along with the social attitude and ties towards that particular individual. All things being equal, individuals in the human resource department would not have a problem sending someone who would have been involved in a misconduct and would want to stay as long as possible with those who abide by the organisation's code of conduct. However, during a retrenchment exercise, departure of employees has nothing much to with abiding or not abiding by the code of conduct, it is mainly influenced by the quest to save the organisation from collapsing.

Collectivism as a philosophy emphasises the importance of cohesion within social groups (Triandis 2001). The opposite of this philosophy is the individualistic culture. The social collectivistic culture profound in Africa in general and Zimbabwe in particular makes it possible for employees to form social networks regardless of their departments, ages and organisational positions at the workplace. Zimbabweans live a communal kind of life even at work. They thrive to formalise some once informal relationships. Mostly, they use totems to establish relationships. This usually results in an employee getting 'fathers, mothers, grandparents, uncles, children, cousins, nieces as well as nephews' at the workplace.

Unfortunately, managers (including those in the human resource function) are trained within a Western framework where they should operate in a formal environment without social connotations attached when it comes to organisational decision making. Due to the collectivistic nature of the Zimbabweans not only in their day to day lives, but also in organisations where collectivism encroaches into formal organisations, effects of social ties cannot be ruled out in formal organisational activities. Such social ties put pressure on human resource personnel on who to select for retrenchment, especially considering the fact that the individuals to be affected would not have done anything wrong that warrants dismissal from duty. In addition, due to the close ties between individuals in an organisation, the probability that human resource personnel would be very much aware of social challenges as well as economic burdens of most members of the workforce such as looking after old parents and orphans, having given birth to a child with some disability among other social and economic responsibilities is very high. The philosophy of collectivism is highly related to the concept of Ubuntu (Gade 2011). In his explanation of Ubuntu, Tutu has it that one cannot exist in isolation, but rather lives and form relationships with others.

The existing social ties in an organisation will also affect the way the retrenchment victims will interpret their case. They are likely to blame some human resource personnel for their calamity. They will have problems in separating their informal social ties with the human resource personnel and the professional organisational requirements and procedures. The established social ties will make the organisation full of relationships outside those sanctioned by the organisational structure. This makes it very difficult for human resource personnel to diligently and comfortably conduct the retrenchment exercise.

### **Results and Discussion of Findings**

As outlined in the literature, whenever an individual is confronted with two seemingly opposing beliefs, ideas or behaviours, cognitive dissonance is set in motion. During the course of retrenchment, it has emerged that it is not only the retrenched workers that suffer, but the drivers of the program as well due to the existence of informal relationships resulting from the collectivistic culture which prevails in Zimbabwe.

### **Social Effects of Retrenchment**

After being mandated to carry out the retrenchment exercise, the majority of participants indicated that they suffered some social effects. Results have indicated that human resource personnel's social lives are compromised due to the retrenchment exercise. From an African collectivistic culture as well as from an organisational perspective, members are perceived more like a family rather than isolated individuals. Some once informal relationships would have been made formal at the workplace. As noted by Triandis (2001) and Tutu (1999), a single employee could be having a 'father, mother, cousins, nephews and nieces' who were not in existence before s/he had joined the organisation. Human resource personnel are not spared from this social arrangement, they also have their 'relatives' who should not be affected by the retrenchment exercise yet the organisation is run not on relationships but professionally where profit and survival are the main drivers. In addition, the 'Ubuntu' principle emphasises that everyone is related to everyone. The mere fact that one is a person, automatically qualifies him/her to be one's relative, especially within the African context.

The existence of these social ties makes the environment conducive for grapevine information to spread. In as far as retrenchment is concerned, rarely are employees taken by surprise. Usually, the organisation's intention to retrench reaches the ears of the employees long before the information is made official. Due to the notion of the Ubuntu philosophy and the social ties existing within the organisation, the majority of the employees would be having a sense of 'security' emanating from the existing relationships with the human resource personnel or with some highly ranked personnel from other departments. It is thus possible that most of the employees would argue that they are not targets and are likely to survive retrenchment.

The possibility of a retrenchment exercise is usually associated with employees jostling to socially and professionally position themselves in order to avoid being retrenched. Such efforts include socially aligning oneself to the human resource personnel or to some other high ranking personnel within the organisation. Some will go to the extent of showering the human resource personnel or some high ranking personnel with some uninvited presents or praises. From a professional perspective, some employees will make efforts not to make any mistakes such as coming to work late, contravening the organisation's code of conduct, failing to meet deadlines among other issues.

Human resource personnel reported that due to the existing relationships, they are confronted with a dilemma on who to choose to be retrenched. What makes it very difficult is the notion that almost every employee has a social and informal title in one way or the other such as 'my father, mother, brother, sister or my child'. It becomes very much difficult to terminate an employment contract for someone with such a title home. The human resource personnel would be expected to return the favours and respect from fellow employees by not listing their names on the retrenchment list. The respondents indicated that they were socially affected during retrenchment periods as relations they value turn to be sour. This is in line with Carlson and Heth (2010) who indicated that dissonance increases with the importance of the subject. Participants argued that many employees fail to distinguish between professional work and informal relationships at the workplace. The retrenched are usually bitter with the human resource personnel or some other supervisor or manager, failing to realise that the order would have come from top management to save the organisation from collapsing. One of the participants had to say '*retrenched employees blame the drivers of the exercise yet they would be responding from the orders given to them by their superiors to cut the workforce by a certain margin*'.

It is evident from the study that as the formal list of people to be retrenched circulates; some employees will start demanding to know why they were included and why others were not included in the list. They will want to know the criteria which would have been used to come up with the list. The majority of human resource personnel have highlighted that the once existing social relations become distorted. The social environment becomes very tense as some to-be-retrenched employees approach the human resource department seeking a reversal of the decision. The majority of participants indicated that they would feel so 'bad and evil'; especially letting down individuals they once considered 'relatives' who would have done nothing to justify their departure. In this case, the retrenched would be just victims of organisational challenges such as underperforming, overstaffing, or intense competition from rivalry organisations.

### **Psychological Effects of Retrenchment**

The study has revealed that the majority of employees working in the human resource department suffer high levels of psychological effects resulting from the retrenchment exercise. The fact that that some fellow employees directly attribute their departure to the human resource personnel makes them feel inhumane and inconsiderate.

The collectivistic nature of Africans which is rampant in organisations as reported earlier on allows people to live like a family, therefore, organisational members become aware of each other's personal life, especially challenges, deaths of parent or spouse, looking after children or parents with disabilities and projects such as building houses. Knowledge of such personal issues requires human resource personnel to bear with employees from a social perspective, yet from a professional perspective, they should go along with the dictates of the organisation. Deep down their hearts, the majority of participants indicated that they are caught between their conscience and the organisational dictates, especially the fact that they would be aware of their fellow employees' personal lives such as looking after a chronically ill parent, child or spouse, building a house, servicing a loan among other issues. At the same time, they should professionally execute what is expected of them by the organisation.

The incompatibility of these two tasks (to serve the organisation, at the same time required to serve social ties) causes human resource personnel to feel a high level of dissonance since they cannot do both at the same time. One participant in one of the focus group discussion had to say

*'I would be aware of these people's social challenges, some are looking after large extended families, but the organisation has nothing to do with that, someone has to go at the end of the day, psychologically, I am aware of the effects, not only to the employee, but on all those feeding from his hand'*.

When confronted with such a dilemma, the majority of the participants highlighted that they usually serve the organisation at the expense of social ties. They argued that they are at pains whenever they are confronted with a situation like retrenchment which requires them either to serve the organisation or social ties. This is in line with the dissonance theory by Festinger (1957) which states that whenever an individual is confronted with two incompatible behaviours or two opposing thoughts or when behaviour is not in line with beliefs or attitude, there is bound to be a feeling of dissonance. As noted earlier on, dissonance is characterised by a negative discomfort feeling.

Human resource personnel reported that they are caught between trying to appear good and considerate to their fellow employees at the same time trying to diligently execute the orders from the organisation's top management. Psychologically, they are better off keeping the social relations intact at the same time keeping their employers happy, a situation that is not possible to maintain during retrenchment. They argued that they usually become stressed with the exercise to the extent that they usually feel sick and psychologically tired after the exercise. It has been argued that most of them experience burnout which eventually affects other spheres of their lives such as social lives with their immediate family members as well as friends outside the employment circles.

### **Physical and Verbal Effects of Retrenchment**

The study has also revealed that individuals working in the human resource department are also exposed to some physical effects during the retrenchment period. When the outcome of those to be retrenched is clear and it is evident that there would be no reverse or further negotiations, human resource personnel reported that they usually encounter physical threats from those to be retrenched.

The study shows that individuals to be retrenched usually start by reminding human resource personnel about their social burdens, responsibilities and aspirations so not to be retrenched. As alluded to earlier on, they may also try to 'buy' favours from the responsible authorities such as the human resource personnel or their immediate supervisors and managers. When it becomes clear that the list is irreversible, these individuals engage in physical threats. These threats would be targeting supervisors as well as the human resource specialists.

It has been reported that some threats take a physical form where human resource personnel and other supervisors and managers are cautioned that they run the risk of being beaten or attacked by some unknown assailants organised by the retrenched or a part of them. Some indicated that they would receive some threats linked to witchcraft whereby they are told that if they do not reverse their decisions, something drastic and unfortunate would happen to them. During and after retrenchment, human resource personnel together with some supervisors and managers are targets of attacks in the form of verbal, physical or otherwise.

Results of the study have clearly revealed that employees in the human resource department are highly susceptible to stress related illnesses such as ulcers and persistent headaches. In addition, due to physical and verbal threats already highlighted, they are also exposed to such psychological ills as anxiety. This results from a heightened level of vigilance (hyper-vigilance).

### **Difficulties in Working with Affected Employees**

Disturbed social ties do not only affect human resource personnel and the rest of the employees departing from the organisation, but those remaining as well. As noted by Baguma and Matagi (2002), the entire employees' existing relationships are distorted by the retrenchment process. Remaining staff's moral is negatively affected. Although they would have survived the chop, they are made aware that they could not be with the organisation for as long as they may want, some events beyond their control may force them to prematurely part ways with their organisation. Results have thus shown that the retrenchment process does not end with the departure of the retrenched. More has to be done with remaining staff to restore confidence and address the distorted organisational culture.

### **Disturbed Human Resource Processes**

Participants indicated that they are at pains realizing that some human resource functions such as succession planning, fitting the human resource strategy to the organisation's overall strategy among others get affected by retrenchment. In most cases, such elements as succession planning and building of the organisational culture are done on the assumption that there would be continuity, employee and organisational stability. Sudden changes such as those brought about by retrenchment distort a number of human resource long term plans and will require them to go back to the drawing board in order to adjust and address their functional areas so that they are in tandem with the prevailing organisational environment being experienced at that particular period.

### Conclusion and Recommendations

The study has shown that in most cases, human resource personnel are affected a lot during and after the retrenchment process. The effects range from psychological, social and physical. This indicates that this category of individuals in an organisation requires to be considered in one way or the other just as much as the retrenched are given some consideration by the organisation.

It is recommended that those individuals directly involved in the retrenchment process be professionally warned of what they may encounter before the exercise kick starts. By so doing, they are psychologically and physically prepared for the exercise. Such workshops will help in reducing the possible impact of the retrenchment process on the part of the human resource personnel. They are taught how to handle retrenchment challenges as they come. It is also important to educate the entire organisational members on the retrenchment exercise before it is set in motion. Such a move will help in demystifying the retrenchment exercise as well as helping employees realise that the human resource personnel are just executors and not the cause of the retrenchment process. Employees would be taught to separate their social ties from professional and organisational work. Employees in a position to separate these issues are less threatening and have fewer demands to the human resource personnel, thus making their work more interesting and professional.

After the retrenchment exercise, it is noble for management to arrange for a retreat specifically for the human resource personnel as well as other supervisors and managers who would have been actively involved in the process. Such a retreat is of importance to the drivers of the retrenchment exercise as this would give them time to relax and reflect after the process would have come to an end. This would be an effective way of dealing with stresses and burnout experienced during the retrenchment exercise. Alternatively, management may arrange for a counselling psychologist to assist the drivers of the retrenchment process come to terms with the exercise.

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