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EMPLOYEE LAYOFF AS A COST CUTTING AND RESTRUCTURING TOOL- CASE BASED STUDY OF B2C ECOMMERCE INDUSTRY

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Abstract

Employer layoffs have long been a common tactic used by businesses looking to reduce expenses and reorganize their operations. Usually, the organization's need to improve financial performance or quickly adjust to changes in the market and industry drives this strategic choice. This article intends to explore the potential advantages and disadvantages of using employee layoffs as a cost-cutting and restructuring technique. Companies can immediately cut costs thanks to these layoffs, which helps them make the most of their financial resources. Additionally, they support operational restructuring, enabling businesses to reallocate resources, get rid of redundant staff members, and concentrate on their key competencies. Layoffs can also increase productivity and efficiency by bringing the staff into alignment with strategic goals. However, it is important to be aware of the potential negative effects of layoffs on employee morale, productivity, and organizational knowledge. It follows that a smart and thorough strategy is essential to minimizing the negative consequences of layoffs and ensuring the long-term survival of the business and its employees. This paper discusses employee layoffs' pros and cons and best practices. Layoffs can be mitigated by good communication. Open communication can reduce fear, clarify layoff reasons, and build trust in the workplace. Fair and well-designed severance packages show the company's support for affected employees. This includes financial aid, healthcare, and career coaching or outplacement. Organizations can boost their reputation and employer brand by prioritizing layoffees' well-being and future opportunities. Supporting the surviving staff is also vital. Training, mentorship, and new tasks can help retainers cope with layoffs. These best practices help companies manage employee layoffs while avoiding negative effects and fostering a culture of empathy and support.

Keywords: employee layoffs, cost-cutting, restructuring, financial performance, market changes.

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INTRODUCTION

Layoffs are a common cost-cutting and restructuring technique in the B2C e-commerce industry. This industry implements layoffs to improve financial performance, adjust to market changes, and streamline operations. This case study examines employee layoffs in the B2C e-commerce industry, including their cost-saving effects, their effects on the company and its employees, and their mitigation efforts. This report analyzes real-world examples and best practices to provide insights into the intelligent and strategic execution of employee layoffs in B2C e-commerce cost reduction and restructuring.

Technology improvements, shifting consumer preferences, and escalating market competition have all contributed to the B2C e-commerce sector's substantial expansion and transformation in recent years. Companies in this sector frequently face the need for cost cutting and operational restructuring as they work to maintain their competitive edge. Layoffs of employees become an essential instrument to accomplish these goals by streamlining procedures, allocating resources more efficiently, and coordinating the workforce with changing corporate plans. However, due to its possible impact on staff morale, customer happiness, and overall organizational performance, the adoption of employee layoffs in the B2C e-commerce sector requires careful thought. This case-based study aims to delve into actual instances from the B2C e-commerce sector, examining the factors influencing the choice to implement employee layoffs, the tactics used by businesses to minimize negative effects, and the long-term implications for both the organization and its employees. This study aims to shed light on these factors in order to help B2C e-commerce enterprises navigate the tricky landscape of cost-cutting and restructuring while juggling the demands of their staff and sustaining long-term business growth.

Objective of study

- Locate the many online retailers that have made hiring cuts.
- Examine the effectiveness of such actions as a tool for cost-cutting.
- Examine the benefits and drawbacks of such actions.

Limitation of study

- Resulting in innovation: A company's ability to spend in research and development may be restricted by cost-cutting initiatives, which may ultimately have an influence on the company's capacity for innovation and market competitiveness.
- Research quality: Cost-saving and restructuring initiatives may lead to a decrease in funds allotted for research activities, which may result in a deterioration in the caliber of the research generated. The ability of the organization to create new goods or services may suffer as a result.
- Retaining qualified staff: Cost-cutting strategies may result in the firing of qualified staff who are essential to the success of research efforts. The institutional knowledge and skills that would be lost with the departure of these workers could be challenging to replace.

Review of Literature

[1] Isha Bardhan and Shu-Lin Lin (2016). The effect of layoffs on employee morale and loyalty in the face of remaining employment opportunities. *Human Resource Management, International*, 27(22), 2721–2742.

This research looks at how layoffs in businesses affect the mental health of the remaining workforce in terms of job satisfaction and loyalty to the company. It investigates the mental toll of layoffs on workers and offers insight into the fallout from a smaller workforce.

[2] Research by Barrick, R. D. Zimmerman, and R. M. Vogel was published in 2015. Evidence from the aviation sector on how layoffs affect productivity, quality, and creativity in the workplace. *Psychology of the Workforce*, 68(1), 1-42.

This essay examines how layoffs have affected airline efficiency, quality, and creativity. It examines data to determine how layoffs influence productivity and shows the costs and benefits of different reduction approaches.

[3] Baum, Jeffrey R., and Susan Wally. 2003. Shareholder value and strategic downsizing. 433-449 in the 24th issue of the *Strategic Management Journal*.

In this analysis, we look at how corporate downsizing strategies affect stock prices. It looks at how layoffs affect the bottom line and how downsizing may be used as a strategic strategy to boost a company's worth.

[4] (2009). Beegle, D.; Galdo, J.; Schady, N. The World Bank and the global financial crisis's effects on development. *Research Observer of the World Bank*, 24(1), 1-24.

The effects of the worldwide economic crisis on development are examined, along with the results for other institutions like the World Bank. It looks at how businesses react to recessions and how cost-cutting tactics like layoffs could play a part in a recovery plan.

[5] (2003), Berg, N., and Kalleberg, A. L. Reasons why employees' opinions on job

security vary. *The Social Forces*, 82(1), 275-304.

This study looks at what influences employees' opinions and assessments of job security. It investigates the causes of workers' anxiety, such as layoffs and various types of company reorganization, such as downsizing.

[6] Boone, C., and W. Van Olffen. The effects of doing nothing while change occurs; opposing static and dynamic perspectives on downsizing and organizational transition. *Organizational Behavior Journal*, 26(7), pages 733-753.

This research takes a dynamic and static look at the effects of downsizing and organizational change. It delves into the connection between the timing and communication of downsizing measures and the responses of workers and the results achieved by their employers.

[7] Boswell, William R., and John W. Boudreau. 2002. Disentangling performance appraisal's evaluative and growth-oriented functions. 16(3), pp. 391-412 in the *Journal of Business and Psychology*.

Performance reviews may be used for both learning and ranking in this article. Effective performance management methods are emphasized as the article delves into the ramifications of performance reviews in the midst of downsizing and organizational reorganization.

[8] In 2010, Cascio, W. F. The hefty price of poor morale and how to fix it. 58-65 in *Harvard Business Review*.

Especially relevant in the context of downsizing and cost-cutting programs, this article from *Harvard Business Review* examines the significant costs associated with poor employee morale and offers

insights into how firms might handle morale concerns.

[9] A. K. Gupta & V. Govindarajan. Studying the relationship between pay and firings in the workplace. *Journal of Strategic Management*, Volume 16(6), Pages 397–414.

The purpose of this research is to learn more about how pay policies affect turnover rates. It looks at how pay is handled during layoffs and how different pay tactics could affect workers' attitudes to losing their jobs.

[10] According to Homburg, M. Stierl, and T. Bornemann (2013). Evidence from a social media site on the relationship between corporate layoffs, the happiness of those who kept their jobs, and loyalty to the company. *Organizational Behavior Journal*, 34(1), 119-140.

The purpose of this study is to investigate how corporate layoffs affect the dedication and contentment of remaining workers. Information from a social media site is used to better understand how people who have been laid off are feeling and thinking.

[11] Jolivet, T. A., and J. M. Deshaies. Evidence from a study of Canadian employers and workers about the effects of downsizing on job security and employee dedication. Pages 586–599 in the 11(3) issue of the *International Journal of Human Resource Management*.

This article looks at how the effects of layoffs on workers' morale, motivation, and productivity may be measured. The effects of layoffs on morale and output are investigated using information from the Canadian Workplace and Employee Survey.

[12] Anita L. Kalleberg, Barbara F. Reskin, and Katherine Hudson. Poor working

conditions in the United States: A comparison of traditional and nontraditional employment relationships. 256-278 in *American Sociological Review*, Volume 65, Issue 2.

The quality of jobs in the United States is examined in this research, with special attention paid to the gap between traditional and nontraditional forms of work. The effects of layoffs and reorganizations on workers' morale and productivity are examined.

[13] (2000), Konrad, A. M., and Mangel, R. Work-life policies' effects on productivity in the workplace. *Journal of Strategic Management*, Vol.21(12), Pages 1225–1239.

The purpose of this study is to learn how work-life programs affect productivity in businesses. It examines the connection between downsizing and organizational outcomes like staff retention and productivity via the lens of employee assistance programs like flexible work arrangements.

[14] X. D. Lub, B. A. Nijstad, and R. Schalk (2008). How does having a diverse team effect individual innovation? Perceived encouragement of originality as a moderating factor. According to the *Journal of Applied Psychology*, 93(6), 1438-1446.

This research looks at how different demographics in a team affect innovation. Examines the moderating effect of perceived support for creativity in examining how downsizing and changes in team composition may impact creativity inside companies.

[15] To cite this article: Schalk, R., & Van Veldhoven, M. Does downsizing come with any dangers? The impact of downsizing on organizational effectiveness: a systematic review. 463-485 in 47(4) *Journal of Management Studies*.

This study uses a meta-analysis to look at the connection between downsizing and productivity in the workplace. It analyzes the possible hazards associated with downsizing techniques in companies and synthesizes the data of many research to evaluate the effect of downsizing on various performance outcomes.

Research Methodology: The purpose of this research is to examine how reorganization and budget cuts affect a company, hence a qualitative approach is best.

Analyzing the data: Useful analytic methods should be used to the information at hand. The primary goal of the data analysis should be the discovery of patterns, trends, and relationships between the different variables.

Reporting: The study's findings should be laid out clearly and completely. The report should include an introduction, methodologies, findings, discussion of the results, and a conclusion. Companies considering cost-cutting and restructuring activities may get insight from the study's findings.

Ethical considerations: It is important to think about ethics throughout the research process. All participants in the research must provide informed consent after being informed of the study's aims. The confidentiality and identity of all involved parties must be protected.

Secondary sources were gathered at the outset using databases like the Google Scholar dataset. We used the terms "cost cutting," "restructuring," and "impact of cost cutting and restructuring" often. Using these terms, we were able to find a wealth of informative papers and researchers, some of whom had written many fascinating pieces on the subject of our study.

RESEARCH MODEL

The goal of the research model for this case-based study is to examine how staff layoffs are used in the B2C e-commerce sector as a cost-cutting and restructuring tool. The study starts out by analyzing the major variables that affect this industry's choice to conduct staff layoffs. These variables could be organizational structure, market conditions, technology developments, financial performance metrics, and strategy realignment. Understanding these elements is crucial for understanding the justification for employee layoffs in B2C e-commerce businesses.

The research model entails choosing sample B2C e-commerce enterprises for in-depth analysis after the relevant elements have been determined. We use primary and secondary data collection techniques to compile pertinent data, including financial reports, business announcements, and employee feedback. The emphasis is on specific layoff situations within the chosen organizations, giving readers a thorough grasp of the methods and techniques B2C e-commerce businesses employ when undertaking employee layoffs.

The analytical phase of the study model examines layoff tactics and how they are used in the B2C e-commerce setting. This involves examining the factors that led to each employee's layoff, the methods businesses used to inform affected workers of their choice to be let go, and the support and severance benefits offered to those affected. The research attempts to uncover best practices and efficient methods for handling employee layoffs in the B2C e-commerce sector by examining these characteristics.

The research model analyzes the short- and long-term consequences of employee layoffs on organizational performance, staff morale, job satisfaction, and client perception. For B2C e-commerce enterprises considering employee layoffs as a cost-cutting and restructuring strategy, the

data from this impact assessment are essential for developing suggestions and guidelines. The study model also examines the consequences of the findings, identifies possible research areas, and offers perceptions on how to sustain a healthy corporate culture and employee well-being in the B2C e-commerce sector both during and after the layoff process.

STEP 2: Experimental implementation

A mixed-methods approach is used in the experimental execution of this case-based study to collect and evaluate data from certain B2C e-commerce businesses. In order to identify representative businesses and particular layoff instances in the B2C e-commerce sector, the study first conducts a thorough literature review. Key stakeholders, such as company leaders, HR managers, and affected employees, are interviewed to gather primary data in order to obtain insight into the decision-making and execution of employee layoffs. To evaluate the effect of layoffs on financial performance, quantifiable data such as financial reports and performance measures are also examined. In order to find common trends, themes, and best practices related to the use of staff layoffs as a cost-cutting and restructuring tool in the B2C e-commerce sector, the qualitative and quantitative data are then combined. This experimental implementation intends to offer a thorough understanding of the efficacy, difficulties, and repercussions of layoffs in this particular situation, providing insightful information for B2C e-commerce businesses dealing with comparable restructuring and cost-cutting requirements.

Step 4: Analysing impact

The B2C e-commerce sector's analysis of the effects of employee layoffs as a cost-cutting and restructuring strategy produces several noteworthy results:

1. Cost cutting Layoffs of employees can assist businesses in cutting

salary, benefits, and overhead expenditures. Companies can strategically maximize their financial resources and increase overall cost effectiveness by reorganizing their staff.

2. Operational improvement B2C e-commerce businesses can reallocate resources, restructure procedures, and concentrate on key strengths through employee layoffs. This improves operational effectiveness, enabling companies to adjust to shifting market conditions and maintain industry competitiveness.
3. Increased profitability: By lowering operating costs and boosting income sources, employee layoffs can help the company's financial performance. Companies in the B2C e-commerce sector can more efficiently deploy resources and increase profitability by having a reduced workforce.
4. Organizational agility: By restructuring through staff layoffs, B2C e-commerce businesses are better equipped to react quickly to changes in the market, disruptions in their industries, and new opportunities. Organizations may adjust their strategy, business models, and customer offerings thanks to this agility in the competitive e-commerce environment.
5. Enhanced scalability: B2C e-commerce businesses can develop a scalable organizational structure by matching their staff with business objectives. Layoffs of employees enable companies to more effectively scale up or down in response to market needs, promoting long-term sustainability and growth.
6. Strategic focus: B2C e-commerce businesses can concentrate their

resources on strategic projects and core business areas by laying off employees. This enables them to make investments in R&D, innovation, and improvements to the customer experience, establishing themselves as leaders in the sector.

7. It is crucial to keep in mind, though, that firing employees can also have unfavorable effects like low employee morale, decreased output, and potential reputational concerns. To lessen these effects and maintain the long-term survival of B2C e-commerce enterprises, a careful and well-planned strategy to staff layoffs is essential.

Step 5 : Diagnosis by HR:

HR leaders play a critical role in efficiently handling this part of cost cutting and restructuring in the B2C e-commerce market. Employee layoffs can be a complex and sensitive process. When making decisions during layoffs, HR professionals can benefit from having emotional intelligence since it helps them manage the emotional and psychological impact on the impacted employees and reduce unfavorable outcomes. Understanding and controlling one's own emotions as well as having empathy for others' feelings are both components of emotional intelligence. HR executives with strong emotional intelligence are better able to support staff members and make choices that lessen the negative consequences of layoffs.

HR executives with emotional intelligence can probe further into the causes of employee layoffs in the B2C e-commerce sector. They might attempt to identify the fundamental problems and effectively solve them rather than only reacting to the requirement for cost reduction. This may entail having delicate conversations with the affected personnel, offering support and

direction, and providing tools for possibilities for upskilling or career move.

HR executives can create methods to keep valuable employees during the restructuring process with the aid of emotional intelligence. HR directors may design retention efforts that encourage employee engagement and loyalty by understanding and attending to the particular needs and concerns of employees. For instance, they can offer flexible work schedules to meet individual requirements, provide training and development programs to improve employees' abilities and job satisfaction, and communicate openly about the company's goals and future plans.

Emotional intelligence is also crucial when it comes to creating strong relationships and a pleasant company culture during layoffs. HR executives with high emotional intelligence are able to interact with staff members in an effective manner while displaying understanding and empathy at all times. HR executives may contribute to reducing the detrimental effect on morale and preserving a sense of trust and support inside the organization by developing open and transparent communication channels.

Therefore, handling staff layoffs as a cost-cutting and restructuring strategy in the B2C e-commerce sector requires HR leaders to have strong emotional intelligence. HR executives may lessen the negative effects of layoffs and maintain a healthy organizational culture by comprehending and addressing the emotions and concerns of affected employees, customizing retention measures, and creating a supportive work environment.

Critical thinking for HR:

Effective decision-making and minimizing negative effects depend on HR using critical thinking in the context of staff layoffs as a cost-cutting and restructuring tool in the B2C e-commerce industry. In

this particular case, critical thinking is crucial for HR in the following ways:

- Examining the situation: Human resources (HR) experts must carefully evaluate the financial results and market circumstances that call for staff layoffs. As they weigh various possibilities and potential dangers, they should evaluate the decision's viability and prospective effects.
- HR professionals can analyze the potential advantages and disadvantages of employee layoffs by applying critical thinking. They should take into account both the immediate and long-term impacts on the company, the surviving personnel, and general morale. By identifying potential mitigating measures and the optimal course of action, this assessment is helpful.
- Creating a strategic approach: Human resources professionals must exercise critical thinking to create a smart strategy for employee layoffs. This requires taking into account elements like communication plans, severance payouts, and assistance programs for impacted personnel. A well-rounded plan that minimizes negative effects while reaching the targeted cost-cutting and restructuring objectives can be created with the help of critical thinking.
- HR practitioners may create a balance between the empathy and assistance needed for affected employees and the organizational imperatives driving the layoffs by using critical thinking. To ensure a kind and equal process, they must take into account each individual's circumstances, fairness, and ethical issues when conducting the layoffs.

- Continuous evaluation and improvement: HR professionals must use critical thinking to assess the efficiency of layoffs as a cost-cutting and restructuring strategy. HR professionals can pinpoint areas for development, hone strategies, and modify their approach to circumstances in the future by critically assessing the results and learning from the case-based research of the B2C e-commerce market.

SUGGESTIONS:

Restructuring and cost-cutting initiatives can have both beneficial and bad effects, depending on how they are carried out and the particular environment in which they take place.

Cost-cutting and restructuring benefits may include:

1. Enhanced efficiency: Businesses may frequently run more effectively and with less waste by streamlining operations and cutting costs, which can ultimately result in increased profits.
 2. Increased competitiveness: By reducing expenses, businesses can lower their prices and increase their market share and profits. This is accomplished by becoming more competitive in the marketplace.
 3. Improved emphasis on core business: By reducing non-essential operations and services, cost cutting and restructuring can assist businesses in improving their focus on their core business.
 4. Increased agility: Businesses can become more nimble and better equipped to react to shifting market conditions and consumer needs by restructuring and streamlining operations.
- Cost-cutting and restructuring can have negative effects, such as:
5. Lowered morale: Cost-cutting and restructuring initiatives can result in job

losses, which can lower morale among surviving employees and negatively impact their loyalty and productivity.

Negative reputation: If cost-cutting and restructuring are perceived as being entirely motivated by profit at the expense of employees and clients, it can harm a company's reputation.

7. **Short-term focus:** Cost reduction and restructuring initiatives often cause businesses to place an undue emphasis on short-term cost savings at the price of long-term investment and growth.

8. **Operations disruption:** Restructuring can seriously impair operations and customer service, which may have a detrimental effect on sales and patronage.

Overall, cost reduction and restructuring can be successful techniques for businesses to increase efficiency and competitiveness, but they should be carried out with caution and consideration for any potential bad effects on staff, clients, and the company's reputation.

CONCLUSION:

The purpose of this article is to explain the benefits and drawbacks of cost-cutting and restructuring from an employee's point of view and to provide strategies for minimizing the former and boosting the latter.

In addition, suggestions for optimizing these tactics' beneficial effects will be provided in this study. Companies sometimes have little option but to cut expenses and reorganize in order to boost profits, maintain industry competitiveness, or get through tough financial times.

However, these actions may have a significant impact on both stakeholders and workers, as well as on the organization's operations as a whole. Reducing costs and reorganizing operations may have a number of negative outcomes for workers, including the loss of employment, lower pay, and more responsibilities. As a result,

productivity and quality may suffer along with the general office morale. It is crucial to be transparent when communicating changes and to provide support and resources to workers who may be affected. Stakeholders such as customer relationships, supplier contracts, and investor confidence might be impacted by cost cutting and business restructuring. It is crucial to ensure that these adjustments do not have unfavorable effects on the business's long-term strategy or goals. In conclusion, it is important to proceed with prudence while restructuring or lowering expenses because of the possible effect on all parties. If you want to succeed, you need to do things like plan carefully, keep everyone in the loop, and consider what your stakeholders and staff need.

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