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Staff Downsizing and Employees Loyalty in Enugu Electricity Distribution Company (EEDC) Aba, Abia State, Nigeria

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Abstract

The study examined the effect of staff downsizing and employee's loyalty of Enugu electricity distribution company (EEDC) in Aba. Specifically, the study examined the relationship between staff downsizing and employees' effectiveness (service delivery) in Enugu Electricity Distribution Company (EEDC) in Aba, Abia State, it also ascertained the effect of staff downsizing on profitability of Enugu Electricity Distribution Company (EEDC) in Aba, Abia State. The total population of the study was 192 comprising of all the employee of EEDC Aba. Taro Yamane's formula was employed to select sample size of 129. However, from the 129 copies of questionnaire administered, 123 were completed and returned. Hence 123 becomes the valid sample size. The data were analyzed with descriptive statistics such as frequency and percentage distribution. The hypotheses were tested with a simple regression correlation model. The descriptive results revealed that employees downsizing has a significant relationship with organizational productivity (service delivery); staff downsizing has significant effect on profitability of EEDC. The study therefore concludes that an employee remains a very integral part of every organization therefore a well-articulated downsizing will reposition the organization for optimum performance and competitive advantage.

***Keywords**:* staff downsizing, employees' loyalty, employee's productivity and elements of downsizing

Introduction

Most of the organizations, while cutting their costs, attempt to reduce the size of their workforce. Downsizing is one of the defensive strategies an organization can adopt to cut costs or to make the organization more productive and profitable (Abror, Patrisia, Syahrizal,, Sarianti, & Dastgir, 2020). It is important to note that, the perceived outcomes might not be achieved in all organizations, which attempted to downsize their workforce (Ahammer, Grübl, & Winter-Ebmer, 2023).

Organizations, sometimes, fail to achieve these objectives due to one reason or the others. However, the main reasons of the downsizing are to improve organizational performance and cut the cost of production to enhance productivity and profitability (Al-Hammali., Habtoor. & Heng, 2021). Certainly, there are chances that the organizations face some weaknesses and threats, which may badly affect overall performance of the organizations (Brockner, Jeanette & Carter, 2016), including the Enugu electricity Distribution company (EEDC) in Aba, Abia State.

Weaknesses may be in terms of the poor performance of the survived employees, however, threats, though external in nature, may arise in terms of the laid-off employees (Almnaizel, Arifin & .Yazid. 2021). It is important to state that, in recent time, a considerable number of organizations or companies have reduced the size of their businesses and restructured their core competencies, aims at achieving greater flexibility and profits (Angayarkanni, & Shobana, 2020) of which EEDC is no exception. The population ecology theory (Human and Freeman, 1984) observes that downsizing is one of the best corporate practices tend to be copied in order to enhance the effectiveness and performance of the organization, this is done by standardizing entrepreneurial structures and strategies

However, Ansari (2021) defined downsizing as cutting and removal of job-positions, which does not include the retirement or voluntary resignation. According to Coleman, (2023) organizations downsize either by 'need' or by 'preference'. Ansari, (2021) sees downsizing as the reduction in the workforce or making a company smaller by shedding staff. It is important to note that, it could be positive and a useful strategy to improve organizational performance, effectiveness, efficiency and competitiveness. Arzuaga., Gandolfi, Hansson, & Johnston, (2021) defined downsizing as a strategic alternative which includes company's physical, human and organizational systems, which they adapt to be competitive.

Admittedly, this strategy that is copied both in the industrial and services sectors including EEDC Aba, Abia State if not properly handle, the implementation may end up not achieving the required organizational goals, thus failing to obtain the desired results (Angayarkanni, & Shobana,. 2020) A survey of the survived employees after downsizing, conducted by Collins, (2019), showed that anticipation about downsizing has same positive as well as negative effects on employees. Mere decision of the organization to downsize its workforce may also work as a source of uncertainty among the employees and resultantly affect their performance and perceptions about job security. Employees working in such uncertain environment are vulnerable to having diminished loyalty towards the organization.

Competent and royal employees tend to stay longer in an organization because their welfare is paramount to the organization.

However, it is likely that in the downsized organizations and during the course of the process, the expert (competent workers) tends to seek new jobs, because of the fear of being downsized and this could affect the productivity of the firm. There is also the tendency that many firms which are not financially sound to introduce compensatory programmes to satisfy their workforce during and after downsizing, could failed to retain loyal employees, and this could also affect the desired result or outcomes. Therefore, it is on this premise that the study seeks to examine the effects of staff downsizing on employee's loyalty of Enugu Electricity Distribution Company (EEDC) in Aba, Abia State, in order to bridge the knowledge gap.

Literature Review
Conceptual Review
Concepts of Downsizing

There is no single definition of downsizing accepted by all researchers (Dlouhy, & Casper, 2021). In this study, we use the term in a broad sense, as a systematic change, defining downsizing as a strategic alternative which includes different combinations of reductions in a company's physical, human and organizational systems, to adapt it to the competitive conditions of a business unit (Dike, 2023). The term downsizing was first used referring to strategies to reduce personnel; to the extent that it has become more and more relevant, its scope has been expanded and now refers to a wide range of management measures geared towards better repositioning of an organization (Abd-El-Salam, 2023). In this contest, reductions in personnel are intended to achieve cost effectiveness, while the broader term strives for a transformation aimed at changing the design of the organization, as well as its processes, culture and values (Dlouhy., & Casper, 2021).

The intention, time and the effects on work and personnel processes are the key characteristics of the term downsizing. As such, the selection of the limited resources available to the company and the latter's adaptation to the environment, will result in its survival (Dutta & Dhir, 2021). These characteristics also set this strategy apart from other associated terms, such as decline, in which there is no intention; lack of adaptation, given that downsizing prevents decrease, since this also occurs during periods of growth; or lay-offs which do not always occur and may be a consequence of the strategy, but not the strategy in itself (Dutta & Dhir, 2021).

Organizational Downsizing

Organizational downsizing as suggested by Elshaer & Saad (2020) defines the concept of downsizing as an organization's conscious personnel reductions in an attempt to improve its efficiency and/or effectiveness. The implication of the definition of downsizing is that it places the conscious use of permanent personnel reductions at the heart of downsizing. The reason is that most scholars not only associate the process of downsizing with the process of reducing the size of the organization, they also agree that downsizing is something intentionally undertaken by the organization.

However, it is important to note that we do not equate downsizing with layoffs. The difference between layoffs and downsizing is that layoffs are solely concerned with the individual level of analysis, while downsizing is a broader concept applicable to other levels of analysis than solely the individual level. Additionally/downsizing is a strategic decision while layoffs arc an operational mechanism used to implement a downsizing strategy. The emphasis on being a strategic intent instead of being an involuntary loss of resources is what distinguishes organizational downsizing from the literature on organizational decline (Eze., Uchenna., & Chinedu-Eze, 2021).. Frone., & Blais, (2020) identified four factors that distinguish downsizing from decline, and distinguish downsizing from other related concepts.

First, downsizing is an intentional endeavor. Second, downsizing is not limited to reductions in personnel, although it is usually involved. Third, the focus of downsizing is to improve either the efficiency or the effectiveness of the organization.

Why Organizations Downsize

Employee downsizing is a nightmare feared by most of the employees working in the corporate world. In management parlance, the term "downsizing" refers to pruning (including layoffs, retrenchments, severance and rightsizing) of the size of workforce for a variety of reasons: these reasons range from obsolescence of skills consequent upon upgrade of technology, shift in the organizational requirements; outsourcing; modernizing, restructuring or even reducing the activities of industrial units; and redesigning the job in an organization. Some other reasons include the following:

(a) Cost Reduction: One of the primary reasons for employee downsizing is to reduce costs. Employee payroll counts as a liability on the company balance sheet and, therefore, reduces the owners' equity. The retained earnings of a company are affected by the amount it pays out in payroll, and reducing this obligation is one way to cut costs. Aside from payroll, employee benefits are also costly to companies, same with operating costs associated with overproduction.

(b) Productivity: Companies sometimes downsize their employee base to increase productivity. This may seem counterintuitive on the surface, but some instances exist where this would be advantageous. For instance, if a company knows that it can increase the output of individual workers while remaining constant with its productivity, this can be advantageous for cost reduction. However, a company may also decide to downsize to increase productivity by replacing workers with sophisticated equipment that can do the same job

(c) Value: Downsizing the number of employees in a company generally signals that some restructuring and changes are underway. These changes generally take place for increasing profitability of the company. If shareholders and other investors perceive that the company will be making changes that increase its profitability, it will increase the value of company stock. This can result in more investors coming on board or current investors increasing their shareholdings in the organization. In either case, downsizing can increase the company's perceived value.

(d) Outsourcing: Companies may overextend themselves in terms of the number and types of services they offer from time to time. It may behoove company ownership to sharpen the focus of the company by eliminating some of the products or services that it offers. In doing so, a decrease in the number of employees may be necessary. Company officials may decide that outsourcing certain activities will result in increased productivity and reduced costs as well.

Downsizing Implementation Strategies

There is much to be gained from a humane and strategic approach to downsizing. According to Ifeoma, & Patience,. (2021), the way downsizing is implemented is more important than the fact that it is implemented. He suggested three approaches to downsizing. They include:

a. Workforce Reduction Strategies: This approach focuses primarily on reducing- headcount and is usually implemented in a top-down, speedy way. However, the downside of such an approach is that it is seen as the equivalent to throwing a grenade into a crowded room, closing the door and expecting the explosion to eliminate a certain percentage of the workforce. It is difficult to predict exactly who will be eliminated and who will remain, but it grabs the immediate attention of the workforce to the condition that exists. Because of the quick implementation associated with the workforce reduction strategy, management does not have time to evaluate strategy and communicate it properly to employees. This may result in a low perceived distributive fairness as a result, employees may be negatively affected by the stress and uncertainty created by this type of downsizing and may react with reduced organizational commitment, less job involvement, and reduced work efforts.

b. Work Redesign Strategies: This approach is aimed at reducing work (in addition to or instead of reducing the number of workers) through redesigning tasks, reducing work hours, merging units, etc. However, these are difficult to implement swiftly and hence are seen as a medium-term strategy. (Ifeoma, & Patience, 2021)

c. Systematic Strategies: This approach focuses more broadly on changing culture, attitude and values not just changing workforce size. This involves redefining downsizing process as a basis for continuous improvement; rather than as a programme or a target. Downsizing is also equated with simplification of all aspects of the organization - the entire system including supplies, inventories, design process, production methods, customer relations, marketing and sales support, and so on. Again, this strategy requires longer-term perspectives and is more consistent.

Downsizing and Organization's Performance

As noted, firms often reduce personnel as a form of restructuring in pursuit of improved performance. The stated objective of employee downsizing is often the enhancement of competitiveness via productivity and profitability improvements brought about by eliminating people and/or jobs deemed redundant or unnecessary (Johnstone, 2024),The most substantial difference between those who predict positive or negative performance-related impacts from downsizing is the perspective from which they view this phenomenon. On the one hand, theorists concentrating on employee reactions have proposed that the threat of downsizing generates anxiety and job insecurity among those who remain, potentially increasing stress, dissatisfaction, and turnover.

Termination of co-workers may lead to perceptions of organizational injustice and distrust of top management. These negative attitudes may potentially reduce individual motivation and job performance. Workgroup membership change also may be associated with the loss of important organizational knowledge (Johnstone, 2024) and reductions in familiarity and cohesion.

On the other hand, some note that concentrating on core operational competencies can reduce unnecessary management layers and increase the speed of decision-making. Some even suggest fear of termination may increase individual effort among employees who wish to retain their jobs (Johnstone, 2024). Although recognized less often, downsizings also affect the society, in which an organization is situated, potentially changing the opinions of applicants, consumers, and regulatory bodies regarding the downsizing organization.

Relationships between Employee Downsizing and Firm Profitability

A number of studies have sought to examine whether downsizing leads to improved firm profitability. Findings, however, have been mixed. Some studies suggest that employee reductions lead to performance improvements. Interestingly. Espahbodi, Joshi, (2022) observed that such improvements occurred 2 to 3 years after downsizing, reinforcing the view that benefits from employee reductions, if any, are experienced only in the long term. While others have found that that employee downsizing has a deleterious effect on organizational profitability.

The equivocal findings on the relationship between downsizing and profitability have motivated researchers to search for moderators in an effort to explain performance differences. Joshi, (2022) observed that although downsizing resulted in improved return on assets (ROA) among firms that did not experience losses in the 3 years prior to downsizing, no such improvements occurred among loss making firms. In another study, Khuong, & Linh, (2020). examined the moderating role of industry conditions on the downsizing-performance relationship and concluded that the negative effects of downsizing on organizational performance were more pronounced in industries characterized by high research and development (R&D) intensity, growth, and low capital intensity.

The Concept of Employee Loyalty

First impressions greatly impact employee loyalty. Individual necessities and moral obligations are the two categories of loyalty. Genuine loyalty is in favour of central policies. Employees of today place a high priority on welfare and information. In addition to promoting sustainability and growth, loyalty strengthens the bond between employers and employees (Dhir et al., 2020).

Employee loyalty enables a business to flourish swiftly. It drives people to work at their best, contributing to the firm's success and growth (Albtoosh et al., 2022). According to Abror et al (2020), engaged employees are more loyal than their less engaged counterparts, which benefits the organization's growth and success. Employee loyalty opportunities and expectations are rapidly evolving, particularly in the business environment (Stojanovic et al., 2020). Thus, maintaining and developing a loyal workforce offers several advantages and shields the company from certain disadvantages, making it essential to organizational efficiency. According to Darmawan et al (2020), employee loyalty is increased through empowerment, training, encouragement, and performance reviews. Employee loyalty must be increased by the workplace, job satisfaction, cooperation, and collaboration, (Farrukh et al., 2020). Three categories are used to classify employee loyalty: to the firm or organization; to the leader; and the job (Saputra and Mahaputra, 2022). Employers foster employee loyalty by understanding psychological contracts and reciprocal relationships, investing heavily in training programs, rules, and benefits to ensure business viability and employee loyalty; (Schrag, 2001; Dutta and Dhir, 2021).

According to social exchange theory, there is interdependence between the transactions that occur between individuals and organizations. When you offer a benefit, you establish a responsibility to reciprocate. Interdependent contacts build loyalty and trust, which eventually leads to employee loyalty (Blau, 1964). Employee loyalty is a strong commitment to their employer, leading to increased engagement, productivity, and a willingness to go above and beyond at work. According to Frempong and Agbenyo (2018), a lack of job satisfaction may result in decreased employee loyalty.

Loyalty is an emotional connection with internal and external dimensions, involving feelings of caring, affiliation, and devotion. Leaders should focus on these internal feelings, as employees may not understand their intentions or demonstrate loyalty in ununderstood behaviors, (Singh et al., 2020). Based on an awareness of psychological contracts and the reciprocal nature of certain rights and responsibilities in human relationships, employers also offer their employees loyalty, (Kim, 2024). Organizations invest heavily in training programs, rules, and employee benefits to ensure a viable business and employee loyalty, (Dutta and Dhir, 2021).

The term "employee loyalty" was first used by Hirschman in 1970. He characterized a loyal employee as one who endures hardships without complaining, believing that things would be better in the future. Rusbult et al (1988) define employee loyalty as the desire for improved working conditions, readiness to support the organization, and desired citizenship behaviours. Employee loyalty involves staying with a company, adhering to rules, prioritizing company goals, refraining from sharing false information and promoting company products, (Powers, 2000). Dhir and Dutta (2021) define loyalty as an employee's strong sense of ownership, belief in the business, and willingness to work towards common goals. Employee loyalty is an emotional and cognitive bond between employees and a company, indicating their commitment to the Organization's success and efforts to achieve its objectives (Lee and Liu, 2021).

According to Collins (2019) study, the concept of loyalty in the corporate world has evolved significantly over the past two decades. Loyalty was once assumed to be a natural part of company culture. In today's society, loyalty is demonstrated by practical actions. Employee recognition, corporate rewards, monetary gifts, and effective marketing communications can foster strong connections with employees.

Nguyen and Ha (2023) suggest that organizations can boost employee loyalty through competitive compensation, recognition, professional development, clear communication, shared values, work-life balance, and career opportunities. Policies that promote such partnerships can lower turnover and maximize performance. Organizations should foster loyalty environments to enhance employee engagement, retention rates, morale, job satisfaction, productivity, and performance, while also fostering a constructive company culture (Farrukh, et al., 2020). Employee loyalty is a worker's commitment to a company and its policies, and fair compensation, workload, and working hours can enhance this loyalty, (Saputra & Mahaputra, 2022).

Albtoosh et al (2022) A recent survey revealed that 80% of participants viewed workplace loyalty as evolving, highlighting the importance of sustainable loyalty in various fields like management, industrial marketing, accounting, economics, and strategic management. According to Khuong and Linh (2020), Employee loyalty is crucial for the organization as it drives commitment, consistency with vision and values, and commitment to goals. Low loyalty can lead to low confidence, poor job quality, absenteeism, and high staff turnover.

Sharma (2019) examined the relationship between leadership, training, working climate, and employee loyalty. Results showed that the working environment and leadership significantly impact employee loyalty, while training and development have little influence. Employees who view themselves as essential to their organization demonstrate dedication and voluntary involvement. The study was conducted in India Noida, NCR, A convenience sampling method was utilized with a non-probability sample size of 100.

Ansari (2021) used the service profit chain (SPC) model to evaluate the impact of service quality, employee loyalty, and profitability on Omani telecom services, emphasizing the importance of regular assessments for organizational success. A questionnaire-based study was carried out to investigate how a company's internal assets affect revenue turnover and profitability, employee satisfaction and loyalty, and operational efficiency. Employee loyalty might improve internal performance and increase relationships with clients and suppliers, making it a valuable asset for any firm. Regular reviews of service quality, employee loyalty, and SPC are essential.

The study by Abd-El-Salam (2023) examines how service quality and managerial commitment impact employee loyalty. This relationship is investigated in the iron and steel sector (EZDK) in Egypt. Data are gathered through interviews; fifteen interviews with people at various managerial levels make up the final sample. The thematic analysis identifies key themes from the collected data. Sustainable employee loyalty is critical for firms in various fields, including management, industrial marketing, accounting, economics, and strategic management.

Tam et al (2024) found that factors such as training opportunities, employee involvement, support from superiors, working conditions, salary, benefits, fair rewards, alignment with organizational goals, and empowerment mediate employee loyalty in SMEs in Ho Chi Minh City, Vietnam. The study used 640 surveys and quantitative analytical methodologies, with a high fit in the SEM analysis. The findings provide management implications for increasing employee loyalty in SMEs, enabling qualitative improvement and analyzing barriers to implementation. Loyal employees contribute to a company's growth and sustainability by reducing financial distress, saving costs on recruitment and training, providing training courses, and attracting new customers.

Obtaining employee loyalty is challenging for administrators and managers and employers should adopt a proactive approach to analyze, control, and build loyalty (Vuong et al., 2021).

Based on the above argument, employee loyalty must be viewed from the essential perspective that an organization exists before a person arrives and continues to exist long after they leave. Downsizing is a major issue that might make it more difficult for a manager to comprehend, value, and manage other people in the organization. Employee loyalty is an exciting and complex field.

Downsizing Impacts Employee Loyalty

Downsizing and organizational reform can result in low loyalty, job discontent, and employee layoffs. The procedure may hurt staff members as well as the overall company (Van Vianen et al., 2011). When there are unjust layoffs, there may be a favourable, but not statistically significant, association between employee satisfaction and survivors' perceptions of downsizing as liberating. Since the success of downsizing depends on survivors delivering core competencies and corporate memory for a new period of commercial prosperity, organizations must adopt strategies to mitigate the negative effect on employee loyalty (Ikyanyon, 2012; Dike, 2023). Employees who survive a downsizing process are responsible for the organization's innovative performance and successful reorganization but also bear more responsibilities due to vulnerability and cynicism.

Organizations that are downsizing want to be more productive and efficient, but those that survive the process need to adapt to new organizational structures. Success hinges on their capacity to manage and execute tasks well. Reduced loyalty, job instability, anxiety, depression, motivation, dissatisfaction, anger, diminished credibility, and elevated stress are some of the possible outcomes for survivors (Langster, & Cutrer, 2021).

Niehoff et al (2001) research highlights the challenge of maintaining loyalty during downsizing, suggesting that survivors can cope by empowering themselves and enriching their jobs. Effective strategies can result in job insecurity, decreased efficiency, and financial losses; ineffective strategies can greatly improve employee loyalty and reduce stress during downsizing. Supportive strategies include wage increases, healthcare plans, and family support (Cameron 1994; Klehe et al., 2011; Coleman, 2023).

Downsizing survivors may exhibit extreme risk aversion and narrow focus, limiting their inventiveness and adaptability. Corporate executives must develop the ability to adapt to external shocks like recessions, as established organizations often experience organizational rigidity (Nguyen., & Ha, 2023).

Loyalty and socio-emotional outcomes—like job uncertainty, a loss of personal desire, and poor communication—can be adversely affected by downsizing. These impacts are exacerbated by high unemployment rates, inadequate social security, and cultural deficiencies. The emotional loyalty of survivors can be increased with careful implementation, according to (Eze et al., 2021).

According to several studies Burack and Singh (1995); Ryan and Macky (1998); Kaiser (2004); Tourish & Hargie (2004), downsizing can have a detrimental effect on employee loyalty, which can result in lower productivity, higher turnover rates, and worse work satisfaction. Demoralization and a loss of faith in the organization can be the outcome of this lack of loyalty (Mujtaba and Senathip, 2020; Dlouhy and Casper, 2021; Saesabillah and Handini, 2023). To preserve a pleasant work environment, organizations must thus carefully evaluate how downsizing will affect employee performance and loyalty levels (Langster & Cutrer, 2021; Joshi, 2022).

Theoretical Framework

Performance theory

Performance management theory is a set of activities in the field of management that ensure goals are met in an effective and efficient manner. Performance management theory focuses on the performance of an organization, departments, employees, or the processes put in place to manage particular task. (Sumathi, & Thangaiah, 2023).

Performance management standards are generally organized and disseminated by senior leadership in organization. Performance management theory of business is defined as a "strategic and integrated approach to increase the effectiveness and efficiency of an organization by improving the performance of the employees who work in them and by developing the capabilities of teams and individual contributors (Tsai, & Yen,2020).

The management principles are used most in the workplace and can be applied wherever people interact with their environments to produce desired effects ;schools; churches, community meetings; sports teams; health settings; governmental agencies; social events, and even political settings; including Enugu Electricity Distribution Company (EEDC) ,Aba Abia State.

It is important to note that, Managers use performance management to align company goals with the goals of teams and employees in an effort to increase profitability, efficiency and productivity, (Dale and Karolyn. 2016).This can also be applicable to managers of EEDC in Aba, Abia State.

However, to apply performance management theory principles, a commitment analysis is completed first to create mission statement for each job. The mission statement is a job definition in terms of purpose, customers, product, and scope. This analysis is used to determine the continuous key objectives, goals and performance standards for each job position. Also it I pertinent to note that work analysis is the reporting structure and job description. If a job description is not available, then a systems analysis is completed to create a job description. This analysis is used to determine the continuous critical objectives, goals and performance standards for each job (Van Aaken, Rost, , & Seidl, 2022).

Methodology

Descriptive survey research design was adopted for this study in which a structured questionnaire will be used to elicit information from the target respondents who are employees of EEDC Aba, Abia State. The population of the study consists of the management and staff of Enugu Electricity Distribution Company (EEDC), in Aba, Abia State. Therefore, according to the personnel department of EEDC in Aba, Abia State. The total number of staff is one hundred and ninety two (192) staff.

Hence this constitutes the population of the study. Simple random sampling technique was adopted for the study. This is to give all elements in the population equal chances of being selected. It is to ensure that all the staff of EEDC in Aba have an equal chance of being selected. Taro Yamane's method was used to determine the sample size of 129. The data collected for the study were analysed using simple descriptive statistics (namely simple percentage), and presented in tables. The study hypotheses were tested using simple regression model. The statistical package for social sciences (SPSS) version 2.0 was used for the analysis.

Results and Discussions

Questionnaire distribution as explained in Table 1 revealed that, one hundred and twenty nine (129) copies of questionnaire were administered to employees of EEDC Aba to comment on how staff downsizing affect organizational performance. From 129 administered copies, 123 copies were properly filled and returned to the respondents, signifying that 6 copies of the questionnaire were not retrieved. Hence, 123 respondents became the valid sample size of the study, since it is disreputable and highly outlawed for researchers to manipulate data for a particular research in order to avoid uncertain and unreliable results. Thus, 96.9% (123) copies of the administered questionnaire was retrieved and confirmed.

Socio-economic Characteristics of the Respondents

To ascertain the background of the selected respondents, their socio-economic characteristics were elicited. These include their gender, marital status, age, education qualification, household size and income in the tables below

Table 4.1 Distribution of Respondents according to Gender

Gender	Frequency	Percentage (%)
Male	88	71.54
Female	35	28.46
Total	**123**	**100**

Source: Field Survey Data, 2024

The result from Table 4.1 shows that 71.54% (88) of the respondents are male, while 28.46% (35) of the respondents are female. This implies that majority of the respondents in the study area are male.

Marital Status Distribution of the Respondents

Marital Status	Frequency	Percentage (%)
Single	85	69.11
Married	38	30.89
Total	**123**	**100**

Source: Field Survey Data, 2024

The result from Table 4.2 reveals that 69.11% (85) of the sampled respondents are single while 30.89% (38) of them are married. This is an indication that majority of the respondents in the area are single individuals.

Age Distribution of the Respondents

Age	Frequency	Percentage (%)
20 – 29 years	58	47.15
30 – 39 years	38	30.89
40 – 49 years	17	13.82
50 years and above	10	8.14
Total	**123**	**100**

Source: Field Survey Data, 2024

Table 3 shows the age distribution of the sampled respondents. The result from this table shows that 47.15% (58) of the respondents are within the age range of 20 – 29 years, 30.89% (38) of them fall within the age range of 30 – 39 years, 13.82% (17) of them are within the age range of 40 – 49 years, while the remaining 8.14% (10) of them are 50years and above. This implies that majority (77.93%) of the respondents in the study area are young and in their youthful age. Okoye and Onyenweaku (2007) noted that young people are able to combine their business resources in optimum manner which leads to increase in their production or business

Education Qualification of Respondents in the Study Area

Education Qualification	Frequency	Percentage (%)
O'Level	11	8.94
OND/NCE	47	38.21
HND/B.Sc	57	46.35
M.Sc/MBA	8	6.50
Total	**123**	**100**

Source: Field Survey Data, 2024

The result from Table 4.4 shows that 8.94% (11) of the respondents in the study area had their education up to secondary level, 38.21% (47) of them had education qualification up to OND/NCE level, 46.35% (57) of them had education qualification of HND/B.SC while the remaining 6.50% (8) of the respondents had education qualification of M.SC/MBA level. This result implies that majority of the respondents are well and highly educated.

Relationship between Staff downsizing and productivity in EEDC, Aba Abia State

The relationship between staff downsizing and productivity was analyzed with the correlation model and the result presented in Table 4.10.

Correlation Estimate of Relationship between Staff downsizing and Productivity in EEDC, Aba Abia state Correlations

		Staff Downsizing	Productivity
Staff Downsizing	Pearson Correlation	1	0.736**
	Sig. (2-tailed)		0.000
	N	123	123
Productivity	Pearson Correlation	0.736**	1
	Sig. (2-tailed)	0.000	
	N	123	123

***** Correlation is significant at the 0.01 level (2-tailed)

Source: Field Survey Data, 2024

The result from Table 4.10 shows the correlation between downsizing of the staff members of EEDC Aba Abia State, and the productivity of the organization at 0.736* and the probability at 0.000. The result indicates a positive and strong relationship between articulated staff downsizing and how the productivity of EEDC Aba Abia state has improved. This implies that there is a strong positive connection between staff downsizing and improved productivity.

Effect of Staff Downsizing on the profitability of EEDC Aba, Abia State

The effect of staff downsizing on profitability of EEDC Aba, Abia state was analyzed using the simple regression model. Table 4.8 shows the effect of staff downsizing on profitability of EEDC Aba, Abia state

Effect of Staff Downsizing on the profitability of EEDC Aba, Abia state

Variables	Coefficient	Std. Error	t-value
Constant	0.128**	0.047	2.744
Staff downsizing	0.766***	0.056	13.634
R^2	0.557		
F-value	185.884***		

** Statistically Significant at 5% level

*** Statistically Significant at 1% level

Source: Field Survey Data, 2024

The data from Table 4.8 shows the regression estimate of the effect of staff downsizing on profitability and employees loyalty of EEDC Aba, Abia state. The result shows that the determination (R^2) was 0.557. This implies that 55.7% variability of the profitability of the organization in the study area was explained by the model, while the remaining 44.3% could be attributed to error and omitted variables. The F-values of 185.884 was significant at 1% level, which indicates that the model is adequate for use in further analysis as it indicates a requirement of best fit.

The result shows that the effect of staff downsizing on profitability was positive and statistically significant at 1% level. This implies that a genuine and articulated staff downsizing of the firm under study will lead to an improvement in their profitability

Discussion of Findings

This study investigated the effect of staff downsizing on organizational performance and employees' loyalty of Enugu Electricity distribution company, Aba Abia State. It specifically determine the relationship between staff downsizing and productivity of Enugu Electricity Distribution Company (EEDC) in Aba, Abia State, ascertained the effect of staff downsizing on profitability of Enugu Electricity Distribution Company (EEDC) in Aba, Abia State.

The findings from the effect of staff downsizing on the profitability and employees loyalty of EEDC Aba, Abia state showed that staff downsizing, which was positive and statistically significant at 1% level, affects the profitability of EEDC Aba, Abia state positively. Findings from the effect staff downsizing on the loyalty and morale of employees in EEDC Aba, Abia State showed that staff downsizing in EEDC if well articulated will bring about creativity and innovation among the survived employees of the organization, as there was a positive and significant result at 1% level.

Furthermore, from the relationship between staff downsizing and productivity of the organization, the findings show a positive and strong relationship between the independent and dependent variables.

Conclusion

Downsizing can have both positive and negative effects on companies. Research emphasizes the negative effects on employees who stay, such as decreased loyalty. This study aims to analyze the negative impact on surviving employees, focusing on low morals and decreased loyalty to their organization, as downsizing becomes a reality in today's competitive business environment.

The study suggests that downsizing can lead to employee dissatisfaction and negatively impact their behaviour within the organization. It suggests that effective human resource management and organizational behaviour are crucial factors in ensuring employee loyalty and productivity gains during downsizing.

Recommendations

Downsizing can lead to a significant loss of human capital and negatively impact employee loyalty. HR managers should minimize this impact through regular meetings and building strong relationships. They should ensure fair reductions and respect for workers' dignity, as failure to do so may decrease loyalty and increase job insecurity, negatively impacting career motivation and morale.

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