ABSTRACT
This work seeks to establish the link between downsizing strategies and organizational resilience of Microfinance Banks in Rivers state in the post COVID-19 era perspective. This study commenced before the COVID-19 pandemic, but the concluding part was caught up in the web of the pandemic which made the study relevant to the present times. Two hypotheses were generated and studied for the purpose of this study. The population comprised of ninety (90) management staffs that was conveniently selected from nine (9) licensed Microfinance Banks in Rivers State. Copies of questionnaire that was used to collect data were administered to Ninety (90) management staffs of these various Microfinance banks. Data collected were analyzed using the Pearson Moment Correlation Coefficient statistical tool with the aid of an SPSS v. 20.0. Results from the analysis was that there is a significant but negative relationship between relationship between downsizing strategy (workforce reduction strategy) and flexibility while a significant and positive relationship exist between downsizing strategies and adaptive capability. Base on the results, the researcher concluded that organizational downsizing strategy have positive and significant relationship with adaptive capability but a significant and negative correlation with flexibility. It was based on this conclusion that the recommendations were made with respect to the study as microfinance banks must adapt to the realities of the present post COVID-19 narratives.

Keywords: Downsizing, workforce reduction, adaptive capacity, flexibility, organizational resilience, COVID-19

INTRODUCTION
The nature of business in a complex environment means that unexpected events must arise, within and outside the firm. The suddenness of the COVID-19 pandemic has compelled businesses to re-defined their strategies to stay afloat. For any environment that is characterized by turbulence, unexpected situations, and continuously evolving environments, only flexible, agile, and relentlessly dynamic organizations can thrive (Lengnick-Hall, Beck & Lengnick-Hall, 2011). Furthermore, Akinola (2011) noted that development arising from the dynamic nature of the environment and the need for business organization to survive in today’s fiercely global market have made many organizations to rethink new ways of doing business in order to remain relevant in the business environment, companies are therefore adopting various strategies to survive, grow and adapt to this ever changing environment.
Firms with excellent management and outstanding record of achievement, have to deal with setbacks, disruptions and unwanted surprises. What divides winning and losing firms is their capacity for resilience (Megele, 2014). Scholarly, studies have demonstrated that resilience is needed to better respond to and to “bounce back” from setbacks, whether major life changing events or less significant daily hassles (Fletcher & Sarkar, 2013). Shin, Taylor and Seo (2012) emphasizes that resilience is the ability to recover quickly from disruptions in functioning In an organisational context, Luthans (2002) from his own view stated that resilience is ‘the developable capacity to rebound or bounce back from adversity, conflict, and failure or even positive events, progress, and increased responsibility’ (in Bardoel , Pettit, Cieri & McMillan, 2014).

Organizational success and survival is measured in terms of its continuous adaptation (Eketu & Ahiazu, 2015). Therefore, for an organization to achieve success and still survive, downsizing is currently one of the most popular strategies being used by organizations in an effort to achieving success, survive and compete in the current business scenario (Bhattacharyya & Chatterjee, 2005).

Studies have shown that there is limited empirical researches to ascertain the relationship between downsizing strategies and organizational resilience. Most studies have majorly looked at downsizing strategy and how it affects organizational performance or downsizing strategy being an effective tool for businesses, forgetting the part where it can be used as an effective tool for organizational resilience. Similarly, no study has examined it from the angle of the Microfinance Banks, hence, creating a gap in literature, which this study intends to fill and essentially as the effect of the COVID-19 pandemic would force such firms to ventilate out of distress.

The point of departure for this study is to ascertain the relationship between downsizing strategy and organizational resilience of Microfinance Banks in Rivers State.

**Statement of the Problem**

Studies by financial experts and researchers have discovered that countless inter-related problems have affected the banking industry most especially the microfinance banks. These problems range from poor management occasioned by lack of experience, greed and get-rich-quick syndrome of the society, inhibitive political environment, capital inadequacy, ownership structure and political interference in the management of government owned institutions and their indebtedness to banks and widespread incidences of non-performing loans arising from economic downturn, poor lending and borrowing culture and poor credit appraisal (Agwu, Carter & Murray, 2014).

In Nigeria, the environment in which business and organizations operate today keeps changing rapidly. As a result of this, business interests like the microfinance banks are no exceptions. There are most often, forced to cut out wasteful and unproductive activities and concentrate resources in the areas of core competence in order to achieve sustainable competitive advantages (Teryima, Agburu, & Alabar. 2012).

It is worth noting that some of the commercial banks in Nigeria have been able to undergo downsizing in one way or the other. The post COVID-19 ripples would force the Banks to adjust
to the trending realities. The Union Bank of Nigeria also redesigned its corporate strategy by adopting this pragmatic approach in reversing the adverse trend of low optimization of staff and low return on investment witnessed by the bank between 1995 and 2010. Likewise some New Generation Banks such as Zenith Bank, Access Bank, Bank PHB now (Keystone Bank) amongst others, are also not left out in the quest for downsizing (Teryima, Agburu & Alabar, 2012) Similarly, in Pakistan, Habib Bank Limited (HBL) and Pakistan Telecommunication Company Limited opted for restructuring as a strategy for asset management which resulted in reduction of approximately 11,350 and 29,000 employees respectively (Ghausi, 2004; Bashar, 2001; Kiani, 2007 cited in (Teryima, Agburu & Alabar, 2012).

Therefore, organization finds downsizing as a major tool for survival when faced with difficult economic conditions. It is based on the above problem that this study intends to ascertain the relationship between downsizing strategies and organizational resilience in Microfinance Banks in Rivers State, Nigeria.

Conceptual Framework Review

![Conceptual Framework of Downsizing Strategy and Organizational Resilience](source)

**Fig 1. Conceptual Framework of Downsizing Strategy and Organizational Resilience**

(Source: Downsizing strategy which represents the dimension of this study was adapted from the work of Cameron, Freeman, & Misra, (1991; 1993). Organizational resilience which also represents the dependent variable measures was adopted from the work of Lengnick-Hall, Beck, & Lengnick-Hall (2011).

Objectives of the Study

The main aim of this study was to examine the relationship between downsizing strategy and organizational resilience of Microfinance Banks in Rivers State. Specifically, the objectives triggered the formulation of the hypotheses.

Research Hypotheses

The following null hypotheses were formulated to drive the study.

- **H₀₁:** There is no significant relationship between workforce reduction and flexibility of Microfinance Bank in Rivers state.
- **H₀₂:** There is no significant relationship between workforce reduction and adaptive capacity of Microfinance Bank in Rivers state.
LITERATURE REVIEW
Theoretical Framework
Institutional Theory
McKinley, Sanchez, and Schick, (1995) proposed institutional theory to explain the effectiveness of downsizing. Mckinley et al. (1995, 2000) proposed that downsizing is caused by three institutional external social forces: constraining (downsizing decision from top management), cloning (imitation), and learning (e.g. through MBA courses). Managers implement downsizing due to the influences of social factors. It is because downsizing has been perceived as an institutionalized norm with its legitimacy. The following research supports institutionalization as a reason for downsizing: Budros (1999); Lamertz and Baum (1998), Mentzer (1996). Budros (1999) pointed out that some irrational external factors, such as institutionalization, social network (e.g. certain practices have been commonly perceived as an effective method) and irrational internal factors such as organizational culture and the traits of leaders also affect the scale of downsizing (Cheng-Fei, Tsai & Yen, 2008).

Organizational Downsizing
An Organization is a structured entity which is established to achieve specific goals with the use of its resources. Various management tools have been adopted by organizations which includes reengineering, mergers, acquisitions, reduction of duties, outsourcing and downsizing. All these have been applied in order for organizations to cope with the tough competition. For organizations to compete favourable, they need to adjust their structural hierarchy (restructuring) and redesign administration (reorganization) generally which in order words is known as downsizing (Malik, Ahmad & Hussain, 2010).

The concept of downsizing emerged from a number of disciplines and draws upon a wide range of management and organizational theories (Agwu, Carter, & Murray, 2014). It is now embedded in the managerial vocabulary and used as a strategic weapon for the right size and shape as well as a tool for aligning with Organisational mission and goals (Agwu, Carter, & Murray, 2014). Cameron (1994) calls downsizing "probably the most pervasive yet understudied phenomenon in the business world".

The process of downsizing may consciously or unconsciously affect the work processes of an organization. In some cases, if the workforce is reduced, several consequences could affect the work which results to excess work, inefficiency, conflict and low morale. This may also cause other positive results such as improved productivity or effectiveness. Although, downsizing could be an effective tool to transform organizations, however, it could threaten the stability of human resources in firms. (Malik, Ahmad & Hussain, 2010).

The divergent reasons for and objectives of downsizing are summarized in the table below:
Table 1: Reasons and Objectives of Downsizing

<table>
<thead>
<tr>
<th>Reason</th>
<th>Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic slowdown/recession</td>
<td>Reduced labour costs</td>
</tr>
<tr>
<td>Labour and cost increases</td>
<td>Improved profitability</td>
</tr>
<tr>
<td>Loss of market share</td>
<td>Increased productivity</td>
</tr>
<tr>
<td>Low productivity</td>
<td>Improved customer service</td>
</tr>
<tr>
<td>Reduced profit margin</td>
<td>Improved decision making</td>
</tr>
<tr>
<td>New business strategies</td>
<td>Reduced bureaucracy</td>
</tr>
<tr>
<td>Technological changes</td>
<td>Improved internal communication</td>
</tr>
<tr>
<td>Deregulation</td>
<td>Enhanced labour flexibility</td>
</tr>
<tr>
<td>Changes in government policy</td>
<td>Maximized stock value</td>
</tr>
</tbody>
</table>


**Downsizing Strategy**

Organizational downsizing is a prevalent strategy designed to improve organizational performance while selectively decreasing costs. It further refers to the methods utilized to achieve workforce reduction. The term downsizing was first used in referring to strategies that are used to reduce personnel (Gandolfi & Hansson, 2011).

Selecting a specific downsizing strategy depends on three factors: the company’s resources, its investments and its field of activity. This study adopts the workforce reduction as a way of downsizing.

**Workforce Reduction Strategy**

This is generally thought of as a quick fix, short “grenade” type’s solution. It includes transfer, outplacements, retirement incentives, buyout packages, layoffs and attrition (Cameron, 1994; Casci, 1993; De Meuse et al, 1994 in Teryima, Agburu & Alabar, 2012). Kinnie, Hutchinson and Purcell (2000) contend that workforce reduction is targeted at having less headcount and this is achieved through layoffs, sacks, early retirement, by-outs or attrition.

In a study carried out by Greenhalgh, Lawrence, and Sutton, (1998) and Wager, (1997), they found out that attrition, induced redeployment, involuntary redeployment, layoffs with
outplacement assistance and layoffs without redeployment assistance constitute the five ways of implementing workforce reduction.

Downsizing using the workforce reduction strategy has been regarded as the harshest way of improving efficiency, productivity and worker competencies because of its impact on both the leavers and survivors (Makawatsakul & Kleiner, 2003). The effectiveness of downsizing strategies is ultimately dependent on the reactions of both the survivors and leavers of the process.

**Organizational Resilience**

Resilience is a multidimensional, sociotechnical phenomenon that addresses how people, individuals or groups, manage uncertainty. Organizations respond to uncertainty in many ways; they centralize internal controls or they learn by being creative and adaptive (Lee, Vargo, & Seville, 2013).

Usually, discussions on resilience are characterized with concepts like bouncing back, robustness, absorption, flexibility and surviving and thriving within that environment (Lee, Vargo, & Seville, 2013). The traditional definition of resilience is backward-looking. A more effective approach is to use the organization’s resources and capabilities to overcome current challenges and to build for greater opportunities and success in the future (Vogus & Sutcliffe, in Megele, 2014).

To be resilient, organizations rely on strong leadership, an awareness and understanding of their operating environment, their ability to manage vulnerabilities, and their ability to adapt in response to rapid change. These characteristics run parallel to a competitive organization whose leaders are able to leverage its strengths to adapt, ahead of its competitors, to rapid changes in their market or industry sector (Lee, et al, 2013).

Megele, (2014) posit that approaches required by organization can be drawn on the collective knowledge, skills and capabilities of its members through flexible routines and malleable processes to harness the potential of change.

**Flexibility**

Flexibility is the degree to which an organization has a variety of managerial capabilities and the speed at which they can be activated, to increase the control capacity of management and improve the controllability of the organization (Sharma, Sushil, & Jain 2010).

Flexibility is a multi-dimensional concept that portrays; a demanding agility and versatility; associated with change, innovation and novelty; coupled with robustness and resilience, implying stability, sustainable advantage and capabilities that may evolve over time (Bahrami 1992 as cited in Sushil, 2012). But its translation with respect to flexibility in organizations highlight this ambiguity and suggests that closer examination of these definitions are required to obtain a clearer grasp of the concept (Voberda 1996 in Sharma, Sushil, & Jain, 2010).

There is therefore room for an organization to be flexible in their business environment as it gives room for a considerable advantage over their rivalry in the industry.
Adaptive Capacity
In particular, organizations’ ability to adapt has received a lot of attention from researchers. An organization’s ability to adapt is at the heart of its ability to display resilient characteristics (Lee, et al, 2013). Kendra and Wachtendorf as cited in Lee, et al, (2013) argue that the idea of resilience as adaptive behaviour is increasingly being applied to the business environment to help explain how organizations manage the balance between stability and change.

Adaptability is the degree to which an organization has the ability to alter behaviour, structures; and systems in order to survive in the wake of the environmental change (Denison, 2007). Adaptability entails translating the demands of business environment into action. Organizations as an open systems exist in environment that is complex and uncertain. To survive and make profit, organizations need to adapt continuously to the different levels of environmental uncertainty (Amah & Baridam, 2012 in Umoh, & Amah, 2013).

Empirical Review
Gittell, Cameron and Lim (2005) examined the relationship between layoffs, and organizational resilience in the United States of America. The study focused on the impact on the Airline Industry responses to September 11th terrorist attacks in 2001. Some of these companies emerged successful, however, and demonstrated remarkable resilience while others languished. This investigation identifies the reasons why some airline companies recovered successfully after the attacks while others struggled. However, the most common organizational response to crisis is layoffs and a depletion of positive employee relationships. The presence of adequate financial reserves reduce the need to rely on layoffs, thus preserving relational reserves among employees, which boost an organization’s ability to bounce back after a crisis has passed.

Dewi and Tikson (2018) in a similar study ascertained strategy of downsizing processes and its effect on survivors and organization. Theoretically, this study showed that downsizing has a relatively negative impact in terms of survivor’s response, which leads to low employee morale, decrease in job performance, and commitment which has made the organization to find it difficult to achieve its intended outcome.

In another study by Ritter-Hayashi, Knoben and Vermeulen (2017) they examined how success belongs to the flexible firm in nine developing countries in South Asia and Africa (Bangladesh, Ghana, India, Kenya, Nepal, Pakistan, Tanzania, Uganda and Zambia) for the years 2013 and 2014. How labour flexibility can retain firm innovativeness in times of downsizing. The study focused on process rather than product innovation because downsizing poses particular challenges for the latter given its dependence on knowledge exchange and collaboration across firm networks and technology institutions. The results of the study suggest that downsizing a firm’s workforce negatively impacts process innovation in SMEs in emerging nations. However, the study indicates that labour flexibility can be a way for firms to overcome the innovation challenges associated with downsizing.

Chen (2001) in his study examined downsizing and flexibility: Recent employment restructuring in Chinese State-owned machinery manufacturing companies. The research focuses on the drive, process, and outcome of downsizing with respect to labour flexibility in the two state-owned machinery manufacturing companies from the management perspective. By employing the
Western downsizing approaches as developed by Cameron's (1994), empirical findings on downsizing in the two studied Chinese state firms are examined and analyzed. The research concludes that downsizing is a necessary but not sufficient policy. Massively laying off staff does not come without costs. To the contrary it generates new personnel problems such as unwanted quits and drain of human capital that are critical for the continuous business process of the downsizing firm.

**METHODOLOGY**

This study adopted a descriptive survey design. The study population covered Managers from nine (9) selected Microfinance banks in Rivers State. The population of 100 managers was adopted as the sample size based on the census study. The convenient sampling method was used to select the study. 18 statement items was used to gather data, downsizing strategy was measured using workforce reduction strategy (6 statement items). While organizational resilience was measured using flexibility (6 statement items), adaptive capacity (6 statement items). All items were adopted from the work of Rondeau and Wager (1998); Heese, Kullus and Kolodej (2014); Karainia, Haji, Salimi and Tahour (2018); Lee, Vargo and Seville (2013). All items were measured on a 4 points Likert-scale type ranging from Strongly Agree (SA) to Strongly Disagree (SD). The validity of the items in the questionnaire was authorized by experts and scholars while the reliability was determined by the Cronbach Alpha value. Items on workforce reduction strategy, flexibility and adaptive capacity are 0.856, 0.928, and 0.914 respectively. The Pearson Moment Correlation Coefficient was used to analyze the data collected with the SPSS v21.0

**Analysis of Demographics of Participants**

The analysis in Table 2 explains the demographics of the study participants comprising top level (71.6%) and middle level (28.4%) Officers of Microfinance Banks selected for this study. The participants include both men (59.3%) and women (40.7%) of which more of the participants are men. The ages of those that participated in the study were within the age brackets of 21-30 years (7.4%), 31-40 years (56.8%) and 41-50 years (35.8%). Their educational qualifications showed, Diploma/NCE (8.6%), HND/B.Sc. (53.1%) and PGD/Masters (38.3%) in while their years of operation in the firm was between 0-10 (67.9%), 11-20 (29.6%), 21-30 (2.5%).

**Table 2: Demographics of Respondents**
<table>
<thead>
<tr>
<th>Variables</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>48</td>
<td>59.3</td>
</tr>
<tr>
<td>female</td>
<td>33</td>
<td>40.7</td>
</tr>
<tr>
<td><strong>Age Group</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21-30 Years</td>
<td>6</td>
<td>7.40</td>
</tr>
<tr>
<td>31-40 Years</td>
<td>46</td>
<td>56.8</td>
</tr>
<tr>
<td>41-50 Years</td>
<td>29</td>
<td>35.8</td>
</tr>
<tr>
<td><strong>Marital Status</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single</td>
<td>28</td>
<td>34.6</td>
</tr>
<tr>
<td>Married</td>
<td>53</td>
<td>65.4</td>
</tr>
<tr>
<td><strong>Educational Qualification</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diploma/NCE</td>
<td>7</td>
<td>8.60</td>
</tr>
<tr>
<td>HND/BSc</td>
<td>43</td>
<td>53.1</td>
</tr>
<tr>
<td>PGD/Masters</td>
<td>31</td>
<td>38.3</td>
</tr>
<tr>
<td><strong>Position</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Middle level officer</td>
<td>58</td>
<td>71.6</td>
</tr>
<tr>
<td>Top level officer</td>
<td>23</td>
<td>28.4</td>
</tr>
<tr>
<td><strong>Years of Operation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0-10</td>
<td>55</td>
<td>67.9</td>
</tr>
<tr>
<td>11-20</td>
<td>24</td>
<td>29.6</td>
</tr>
<tr>
<td>21-30</td>
<td>2</td>
<td>2.50</td>
</tr>
</tbody>
</table>

Source: Research Data, 2019.
Test of Hypotheses

Table 3: Relationship between Workforce Reduction and Flexibility.

<table>
<thead>
<tr>
<th></th>
<th>Workforce Reduction</th>
<th>Flexibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workforce Reduction</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>-.454**</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>81</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.05 level (2-tailed).

Hypothesis One: There is no significant relationship between workforce reduction and flexibility – Table 3 above reveals that there is a significant but negative relationship between workforce reduction and flexibility (where rho = -0.454 and p = 0.000). Hence, we find that workforce reduction strategy is negatively associated with flexibility and based on the decision rule of p < 0.05 for null rejection.

Table 4: Relationship between Workforce Reduction and Adaptive Capacity

<table>
<thead>
<tr>
<th></th>
<th>Workforce Reduction</th>
<th>Adaptive Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workforce Reduction</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.638**</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>81</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.05 level (2-tailed).

Hypothesis Two: There is no significant relationship between workforce reduction and adaptive capacity – Table 4 reveals that there is a significant relationship between workforce reduction and adaptive capacity (where rho = 0.638 and p = 0.001). Hence, the study revealed that workforce reduction strategy and adaptive capacity and based on the decision rule of p < 0.05 for null rejection; we therefore reject the null hypothesis and restate that there is a significant and positive relationship between workforce reduction and adaptive capacity.

Discussion of Findings

Hypothesis One
Hypothesis one showed that there is a significant but negative relationship between workforce reduction and flexibility. This is revealed in the result were \( P = .000 \) and \( \rho = -.454 \). This means that when an organization adopts workforce reduction strategy, which includes attrition, induced redeployment, involuntary redeployment, layoffs with outplacement assistance and layoffs without redeployment assistance it has a negative effect on the employees based on their inability to respond quickly and effectively to disruptions which is tentatively supported by Ritter-Hayashi, Knoben and Vermeulen (2017).

**Hypotheses Two**

The result of hypotheses two reveals that workforce reduction have a significant and positive relationship with adaptive capability. This is shown in the analysis where \( P = .001 \) and \( \rho = .638 \). This means that when these banks downsize, they have no other choice than to adapt quickly to their new environment in order for them to survive. Starr, Newfrock, and Delurey, (2003) stated that the whole essence of adaptation is to gain advantage over less adaptive competitors. This is supported by the study of Kendra and Wachtendorf (2003); Kaehler, Busatto, Becker, Hansen, Lucia and Santos (2014). Also Bravo and Egaña (2016) results indicate that downsizing is a strategy alternative that allows for better adaptation, if carried out proactively and associated to changes that are necessary within organizational structure and processes.

**Conclusion**

Firm’s engage in downsizing their workforce during change period, uncertainties or when disruptive situations occurs which enables a company to better adapt to the environment. The Corona virus (COVID-19) pandemic, has changed the dynamics of the business landscape for microfinance banks which cannot be wished away easily. This strategy as an option would help most organizations to increase their efficiency and cut costs during this period. Evidently, most banks who are unable meet up their yearly capitalization or are involved in merger and acquisition usually adopts this strategy in order to cope with the stiff competitive environment. Therefore, this study draws its conclusion that organizational downsizing strategy have positive and significant relationship with its adaptive capability but a significant and negative correlation with flexibility. With regard to this negative result, there is need for urgent amendment to be made in microfinance banks most especially within their employee in their ability to respond quickly after downsizing workforce within the bank. Hence, there is need for more adaptive strategies.

**Recommendations**

It is based on the above conclusion that this study recommends the following:

1. Management should implement strategic workforce planning as this will enhance flexibility in order to cope with change or uncertainties during this pandemic triggered downsizing.

2. In order to achieve a successful downsizing, it is paramount for employees to understand the concept of change. Therefore it is important for microfinance banks to support and build adaptive capacity for employees of these banks during such period.
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