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INEFFECTIVE DOWNSIZING IS LEADING TO LONG-TERM DAMAGE TO AUSTRALIAN EMPLOYERS

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The current round of downsizing by employers is not achieving desired results, with employee morale and motivation diving and productivity improvement not being achieved, according to the latest survey by the leading HR firm, Drake International.

The Drake survey analysed the views of over 6300 employees and managers who have experienced downsizing in their organisations. A very high 40 % of remaining staff became less motivated after their employer downsized and 41 % said their respect for their employer had declined.

The survey also revealed that 46 % of remaining employees were less likely to recommend their employer to a colleague seeking a job

Drake Strategic Manager, David Edwards, said that employers are doing themselves long-term damage by not managing downsizing effectively. "Only one year ago employers were investing heavily to attract new staff to deal with critical skills shortages. Today the same employers are not only losing critical skills, which will be hard to replace once the upturn occurs, but they are also damaging their hard won reputations as 'employers of choice'", he said.

David Edwards said that downsizing, or rightsizing, should be an opportunity to improve productivity and reduce waste, not just a cost cutting exercise. "Organisational restructure should be about working smarter by changing processes and redesigning job roles", he said, "however, this survey reveals that most employers expected to achieve downsizing benefits by asking staff to work harder".

The survey found that although many employers were changing processes and job roles, productivity increased in only 21% of cases. David Edwards identified the main cause of the failure to get results was the lack of investment in re-training with only 14 % of employees receiving training after the restructuring.

He said that many employers undertook downsizing without appropriate planning resulting in chronic under-performance after the restructuring. The survey revealed that within the first six months after downsizing 45 % of employers re-employed permanent or temporary staff in roles that had previously been eliminated in the downsizing.

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[Interview opportunities and images of Drake spokespeople are available on request.](#)