

Impact of Organizational Downsizing on Manpower Retention: A Case Study on the Eden Resort and Spa, Beruwala

A. Nanayakkara¹ & M. S. M. Aslam²

Department of Tourism Management, Faculty of Management Studies
Sabaragamuwa University of Sri Lanka.

aslam@sab.ac.lk²

Enhancing the profitability in the organization has led to implement different strategies to minimize the cost and improve the productivity. Organizational downsizing is a prevalent strategy to enhance cost efficiency and operational effectiveness. However, implementing organizational downsizing has negative impacts on employee motivation, satisfaction and retention. The Eden Resort & Spa, Beruwala is of the five-star hotels in Sri Lanka which has implemented organizational downsizing and heading to challenges in the retention of employees. This study investigates the impacts of organizational downsizing strategy on the employee retention at the Eden Resort and Spa and adopted the qualitative case study approach to elucidate the multiple realities as result of implementing the organizational downsizing strategy. This investigation incorporated with participative observation and personal interviews with top level, middle level and operational level employees to bring forth the naturalistic interpretation of the employees at Eden Resort & Spa. The collected data were analyzed using descriptive analysis along with data triangulation. The results reveal that the strategy of organizational downsizing is one of the better solutions to reduce the cost in the organization; however, the organizational downsizing has a significant negative effect to the employee satisfaction, employee motivation and employee retention in the organization. Findings of this study provide a novel contribution to The Eden Resort and Spa, Beruwala who want to retain and encourage their employees to work in the organization and the hoteliers to manage human resources effectively in their organizations.

Keywords: Employee Satisfaction; Manpower Retention; Organizational Downsizing