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AN INVESTIGATION ON THE EFFECTIVENESS OF CORPORATE DOWNSIZING ON LONG-TERM PROFITABILITY.
A CASE STUDY OF BARCLAYS BANK OF ZIMBABWE.
PERIOD 2009-2013

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SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS OF THE BACHELOR OF BUSINESS STUDIES (HONOURS) IN BANKING AND FINANCE

OCTOBER 2014
ABSTRACT
This study sought to investigate the effectiveness of corporate downsizing on long-term profitability, with Barclays Bank of Zimbabwe as a case study. The main objectives were to ascertain the advantages as well as the disadvantages of using downsizing to cut costs, finding out how well downsizing can be executed and to recommend on other alternatives that can be used. Empirical evidence was also reviewed to identify the gap between this study and prior studies. A case study research design was used as it concentrated only on what was vital to the question under review. The study used a questionnaire and semi structured interviews as instruments to collect information. The major results of the study showed that downsizing is indeed a cost cutting strategy when it is well implemented and well planned ahead. It was also noted that downsizing decisions at Barclays Bank of Zimbabwe lie in the hands of the Finance Department with the help of all the senior managers of the organisation. The research commends that for a corporation to enjoy high profits due to decreased costs from downsizing, they should embark on a strategic planning process. Moreover, there should be performance evaluations for employees before downsizing. Retained employees should also be encouraged to attain required qualifications for their posts and continue to self-develop themselves in relation to their professions. Lastly the research recommends pay cuts and decrease in employee benefits as alternatives for corporate downsizing for the purpose of reducing costs.