

Chapter 16

Downsizing and the Organizational Performance: A Case Study from Stakeholders' Perspectives

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EXECUTIVE SUMMARY

This case study sheds light on the disputable organizational and behavioral management issues which occurred when one of the leading educational centers in the West Bank in Palestine began a process of downsizing. The case explores in a comprehensive approach the downsizing process that took place at the EDU-X Center in 2011 and its impact on the stakeholders of the organization before, during, and after one and a half years of the downsizing. The opinions, arguments, and reasons of top management's decision to downsize are presented as well as the opinions, arguments, and despair of the employees who survived, were laid off, or resigned. Based on the comprehensive model by Kammeyer-Mueller, Liao, and Arvey (2001), the case shows that the downsizing decision at EDU-X was inevitable and turned out to be the right decision. In conclusion, a number of recommendations are proposed to lessen the undesirable effects of the downsizing process for all stakeholders.

ORGANIZATIONAL BACKGROUND

Education in Palestine plays a major role in the lives of Palestinians. It is considered important and is popular with more than 40.7% of the population less than fifteen years of age and more than half of the population less than twenty-nine years of age (Palestinian Central Bureau of Statistics, 2012). For example, during the academic year 2011/2012 about 85,450 high school students sat for the general matriculation exam, known as “Tawjihi” in Palestine. According to the Palestinian Ministry of Education, 62.2% had a passing score. Tawjihi certificate allows the students to study at the local and possibly foreign higher educational institutes. Many of the students who passed the official matriculation exam last year joined the local universities and some of them travelled abroad to pursue their studies.

In Palestine, there are twelve universities; ten in the West Bank and two in Gaza. However, it is important to mention that all the Palestinian universities have been having financial problems for many years. One main reason is the congestion and unrest of the political situation in Palestine due to the military occupation. Consequently, the Palestinian government faces economic and financial challenges as they attempt to fulfil their commitment to the vital sectors in the country such as the higher education institutes e.g. universities. From their side, local universities suffer from the lack of governmental financial support, which results in a budget deficit of millions of dollars. For many local universities, the only option is to raise tuition, which is always encountered with strikes from the students who have burdened their families with the financial problems of the universities. As a result, the universities fail to pay the salaries of their employees. In return, the latter represented by the union would escalate the situation and initiate a strike to regain the rights of the employees. Consequently, the universities would go into debt with the banks and so forth. The incapability of the local government to meet their commitments to the educational sector, place all the educational system in a vicious circle that it would be hard to get out of it without governmental support and donations. Many officials at the universities believe that passing the financial crisis without raising tuition fees is only luck, which cannot be guaranteed every year. In short, local universities have a financial problem that is reflected in all aspects of the university life and its stakeholders. Many of the local universities have developed and extended their work to help the community through the work of their centers and institutes. This case study will focus on one of the local universities, namely, UNI-X.

For almost ten thousand students, UNI-X offers undergraduate and graduate programs in its nine faculties: Arts, Business and Economics, Engineering, Education, Science, Law and Public Administration, Information Technology, Nursing, Pharmacy and Health Professions in addition to the master studies. Similar to other universities, UNI-X supports and enhances its academic programs through its many

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