

Ethical Leadership In Workforce Downsizing: Implications For Sustainable Growth, Innovation, And Economic Development In An Asian Context



Sneha Kaur¹,

¹*Independent Researcher Email ID : snehakaurkhalsa@gmail.com ORCID ID : 0009-0005-6099-8647

Abstract

Purpose: Downsizing is a challenging strategic decision that affects organizational performance, employee well-being, and long-term sustainability. This study examines ethical leadership during workforce downsizing through an autoethnographic case study, highlighting its influence on employee experience, sustainable growth, CSR practices, and innovation. It further explores how ethical downsizing contributes to wider economic development, including SME engagement and entrepreneurial opportunities in the Asian context.

Design/methodology/approach: Drawing on Organizational Justice Theory and Stakeholder Theory, the study analyzes how fairness, transparency, empathy, and responsible communication shape employee responses. The research also incorporates perspectives from digital and sustainable leadership to understand how ethical decision-making can stimulate innovation, strengthen organizational resilience, and support community-level economic outcomes.

Findings: The results demonstrate that ethical leadership characterized by honesty, care, and procedural fairness reduces emotional stress, maintains trust, and protects organizational reputation during downsizing. Beyond internal outcomes, ethically managed downsizing encourages knowledge-sharing, supports workforce transitions that benefit SMEs, and creates conditions that may foster entrepreneurial activity and adaptive business models. The first-hand case evidence highlights how ethical leadership choices can promote organizational sustainability and regional economic stability.

Originality/value: This paper offers a rare autoethnographic perspective from an emerging Asian market, bridging theory and lived experience. By connecting ethical leadership to sustainable growth, innovation, CSR, and economic development, the study expands current downsizing literature.

Practical implications: Findings offer actionable guidance for leaders seeking to manage downsizing ethically through transparent communication, fair processes, and empathetic support while also contributing to sustainable practices, SME ecosystems, and community well-being.

Research limitations/implications: The study calls for further empirical research to examine how ethical downsizing influences entrepreneurship, SME development, and long-term economic outcomes across varied contexts.

Keywords: Ethical Leadership, Workforce Downsizing, Sustainable Entrepreneurship, Innovation, Economic Development, SMEs, Sustainable Growth

Introduction

Many companies are being challenged by the current dynamic global economic environment that is characterized by declining profits, high level of competition, and high rate of technological change. In order to survive in such harsh conditions, organizations normally opt to lay off some of their employees. This is a process that is commonly regarded as a financial or strategic step, which is referred to as downsizing. Nevertheless, it is not a business choice only, it also has a strong impact on the lives of employees and poses a serious ethical question. With uncertainty in the business environment, ethical leadership has become a key source of sustainable organizational development, where restructuring decisions are made to enhance long-term sustainability instead of cost-cutting in the short-term.

Layoffs not only affect the laid off employees but also those who are left behind. It has been found that downsizing is not just a structural change, but

an emotional process as well. Failure to consider the human aspect of such decisions by leaders may result in loss of trust, harm to the image of the organization and low morale among employees (Kniffin et al., 2020). How these changes are communicated and managed is as much of an issue as the causes of change.

This is where ethical leadership comes in. Their behaviour affects the reaction of employees to challenging changes. Transparent leaders who treat employees with respect can minimise fear and uncertainty in the workplace by being open about why they are downsizing (Brown & Treviño, 2006). Although a lot of businesses are only interested in cost reduction, those who implement ethical and sustainability-based strategies tend to establish better long-term relations with the employees, stakeholders, and communities. In addition, ethical downsizing has the potential to spur innovation in companies, promoting new business models, reskilling, digital transformation, and

entrepreneurial reactions to resource limitations (Foss & Saebi, 2017).

Although more and more people are becoming aware of ethical leadership, the gap between theory and practice remains huge. Most firms conduct layoffs in a hasty manner without proper planning and consideration of the individuals involved (Appelbaum, 1997). Simultaneously, ethical decision-making in downsizing can facilitate broader economic growth by allowing the company to cooperate with small and medium enterprises (SMEs), facilitating the creation of local jobs, and enhancing community-based economic systems (Audretsch and Link, 2018), particularly in emerging markets.

In order to discuss the ethical leadership style during the downsizing of the workforce, the paper will provide an autoethnographic case study with the support of the real-world examples, including the first-hand case study of the downsizing practices of IDP Education Private Limited, which the author participated in during the 2024 layoffs in India. This case explores ethical issues in leadership when making a decision to downsize the workforce, the values of transparency and empathy and their general relevance to long-term development, innovation, and economic sustainability.

The review can be applied to the larger discussion of responsible organizational change since it is dedicated to ethical leadership in the downsizing of the workforce (Dyllick and Muff, 2016; Elkington, 1997). It highlights that ethical leadership does not simply imply the absence of errors but rather an active approach of enhancing fairness, openness and empathy in unpredictable and evolving circumstances. The study also extends this discussion to the impact of ethical downsizing practices on the entrepreneurial activity, SME engagement and socially responsible business development, which are the subjects of sustainability-oriented research.

The purpose of this paper is to discuss the ethical leadership style in the workforce downsizing with a combination of theory and autoethnographic understanding. Based on a reflective case in the Indian education sector, the study offers qualitative evidence on how values like fairness, transparency, and empathy affect employee experiences in the process of layoffs. The paper also demonstrates the applicability of ethical downsizing to SMEs, social enterprises, and regional economic settings by expanding the analytical scope to these new areas. The study will be targeted to scholars, leadership researchers, and organizational decision-makers who are interested in responsible restructuring. The integration of theoretical insights and lived experience provides the study with a more context-specific interpretation of ethical leadership in times of organizational change and its possible contribution to the development of sustainable growth and innovation.

1. Literature Review

1.1 Ethical Leadership: Definitions and Foundations

Ethical leadership is characterized as the expression of normatively suitable behavior in personal activity and in interpersonal relations and encouraging such behavior to the followers (Brown and Treviño, 2006, p. 596). Integrity, transparency, fairness, empathy, and accountability are some of the key elements of ethical leadership (De Cremer & Tenbrunsel, 2012). Ethical leaders are ethical role models who influence ethical behaviour of followers and shape ethical climates in organizations by establishing ethical standards (Cascio, 2016). These leaders, in the framework of the downsizing of the workforce, not only convey information regarding layoffs in a transparent manner, but also provide procedural justice, emotional support, and dignity to the dismissed and surviving employees.

Empirical research has demonstrated that ethical leadership enhances employee trust, engagement and commitment to an organization by instilling justice and compassion in policy-making and communication (Brown and Treviño, 2006; De Cremer & Tenbrunsel, 2012). One of the examples of ethical sensitivity was observed in IDP Education Private Limited in India when it was downsizing in 2024. The company focused on individual contact, provided openness regarding market-related layoffs, provided health benefits on an extended basis, and facilitated career changes. These efforts indicate the application of ethical leadership concepts in the case of organizational crises, which supports their applicability in practical corporate decision-making.

Furthermore, new studies in sustainable entrepreneurship also point at ethical leadership as a key driver of business sustainability, innovation, and responsible opportunity creation in the long term (Shepherd & Patzelt, 2011). Ethical leaders assist in the development of cultures that promote employee creativity, intrapreneurship, and exploration of socially desirable business models, particularly when an organization is undergoing restructuring. This makes ethical leadership, not only a ethical requirement, but also a strategic facilitator of sustainable and innovation-driven development (Hahn et al., 2014).

1.2 Workforce Downsizing: Concepts and Consequences

Workforce downsizing is a deliberate loss of employees by laying off, attrition, redeployment, or early retirement of employees usually due to financial limitations, market declines or restructuring (Appelbaum, 1997). Although downsizing is commonly considered as a cost-cutting measure, which is necessary, it has significant psychological and social implications on the employees. The remaining ones (also known as "survivors") tend to develop anxiety, guilt, loss of

morale, and lack of trust in leadership (Cascio, 2016; Kniffin et al., 2020), "*Downsizing and surviving employees' engagement and strain: The role of job resources and job demands*", Human Resource Management, Vol. 59 No. 4, pp. 365–378). Lack of a clear explanation and unequal treatment of the dismissal criteria may intensify the feeling of unfairness and undermine the loyalty to the organization.

On the other hand, these adverse effects can be reduced with the existence of ethical leadership in such transitions. As an example, IDP Education Private Limited in India, as it will be explained in the findings section, has managed to overcome layoffs by informing its employees transparently and reaching out to them personally. Ethical solutions to downsizing like job sharing, furloughs or voluntary exits are more effective when ethical leadership takes charge with a sense of fairness and dignity of the employees.

Moreover, the concept of workforce downsizing should be interpreted within the context of the psychological contract theory that assumes that employees require mutual loyalty and fair treatment to be provided to them in the context of organizational changes. When seen as unfair, downsizing contravenes these expectations and may result in cognitive dissonance and distrust (Rousseau, 1995). Ethical leadership is important in redefining such events as necessary yet respectful to keep the employees trusting and psychologically safe.

Recent research also suggests that ethical downsizing may facilitate innovation directions through promoting leaner and more agile forms, cross-purpose teamwork, and employee-led entrepreneurial activities (Teece, 2018). In cases where the process of downsizing is carried out in a fair and supportive way, organizations tend to reorganize the work processes, embrace digital tools or develop new service lines deliverables associated with intrapreneurial behaviour and innovation-based restructuring.

1.3 Ethical Leadership and Employee outcome

Ethical leadership in downsizing has a great impact on employee responses in terms of morale, stress, and turnover intentions. Transparent leaders, those who are empathetic and who are fair are able to minimize the emotional distress of laid-off employees as well as survivors (Kniffin et al., 2020; Ali, 2023; Saxena & Srivastava, 2021).

Emotional responses like guilt and burnout common features of "survivor syndrome" are more manageable when ethical practices are followed.

Quantitative research indicates that ethical leadership leads to fewer negative consequences (e.g., turnover), although little research has been done on the specific decisions, such as who is laid off or how the news is communicated, as an indication

of an ethical leader. As an example, moral justifications and proactive support programs are more effective in employees (Brown & Treviño, 2006). Nevertheless, there is a lack of qualitative and insider-based studies that examine these decisions.

The results of this review highlight the fact that ethical leadership does not only pertain to good intentions but also, it is concerned with how these intentions are implemented in terms of decision-making, communication, and post-layoff support.

In more recent times, researchers have also associated ethical leadership with community-based and economic performance, where equitable and responsible downsizing leads to good employer branding, local labour-market stability, and economic resilience of the region. Ethical leadership also provides continuity of CSR promises, including supplier support, SME partnerships, and community engagement which is vital at the time when the organization is shrinking.

1.4 Ethical vs Unethical Leadership: A Comparative View in Downsizing

Table 1 indicates the distinction between ethical and unethical leadership in downsizing in major aspects such as values, communication, and treatment of employees. Ethical leaders are concerned with fairness and transparency whereas unethical leaders are concerned with self interest and cost reduction. This analogy shows the effects of leadership style on employee welfare and integrity of the organization.

The literature on sustainable enterprise demonstrates that ethical leadership can influence the external relationships as well as the internal culture, such as the cooperation with SMEs and local suppliers (Porter and Kramer, 2011). Ethical downsizing also enhances stakeholder trust, which makes sure that the organization remains a positive contributor to local economies and entrepreneurial ecosystems even at the time of workforce reduction.

1.5 Industry-Specific Investigations and Gaps

Research in the industry is usually based on the hospitality, public or healthcare industry, ignoring the education services and the back-office functions in international organizations. As an example, ethical leadership is also known to alleviate stress in hospitality, but little is documented on its efficacy in times of layoffs in educational service companies. Moreover, stealth firing, firing of employees without official downsizing notices, etc. are also subject to procedural injustice but are seldom related to ethical leadership theory (Cascio, 2016).

Survivor support programs like redeployment, retraining and mental health counselling are highly suggested but rarely evaluated within the context of moral leadership. The example of IDP Education Private Limited demonstrates that in cases when organizations go beyond legal requirements, such

as keeping health insurance and providing personal job search assistance, they can assist in restoring trust and alleviating the emotional burden that employees experience following layoffs (Brown & Treviño, 2006; Cascio, 2016).

Although education services provide distinctive information, ethical downsizing has been researched in the fields of healthcare, government administration, and manufacturing. East Asian manufacturing industries such as the ones in East Asia have reported layoffs that are accompanied by retraining programs that are supported by the government. These programs were useful to the employees and in most cases lacked a clear communication.

In various industries, researchers are beginning to

observe that ethical restructuring can open up the possibilities of innovation, entrepreneurial spin-offs and SME partnerships. Upon being assisted during layoffs, a good number

of employees move to self-employment, consulting, or micro-entrepreneurial activities thus adding to the economy of the region and enhancing the local entrepreneurial ecosystem.

There is also sectoral evidence that indicates that ethical downsizing enhances better CSR engagement. Companies that are fair in their treatment of employees in the course of restructuring have a higher chance of retaining CSR programs like community development, supplier support, or SME development programs, which helps in the sustainability of the region.

Table 1. Comparison Between Ethical and Unethical Leadership During Downsizing

BASIS	ETHICAL LEADERSHIP	UNETHICAL LEADERSHIP
Core values	Guided by honesty, integrity, fairness, and transparency	Driven by self-interest, manipulation, and disregard for ethical norms.
Decision-Making	Considers long term impact on stakeholders and adheres to moral principles.	Focus on short term gains and ignoring the consequences for others.
Communication	Open, respectful, and inclusive.	Misleading, deceptive and coercive.
Treatment of employees	Treats employees with respect and empathy, even during difficult situations like downsizing.	Views employees as expendable and also prioritize cost-cutting over human dignity.
Organisational culture	Builds a culture of trust, accountability, and ethical behaviour.	Promotes fear, distrust, and unethical practices to meet targets.
Impact on Reputation	Enhances organisational reputation and employee loyalty.	Damages reputation, leading to high turnover and stakeholder mistrust.

Source: Developed by Author

This framework shows how leaders can act ethically in response to workforce downsizing through exemplifying some of the core values including transparency, fairness, and empathy. These are based on the ethical leadership theory, stakeholder responsibility, and emotional intelligence. Through these values in layoffs, clear communication, fair

process and supportive transitions, leaders can reduce the negative psychological effects, maintain trust and keep morale in the team throughout organizational change.

1.6 Digital and Sustainable Leadership in Contemporary Settings

Ethical downsizing has been given new dimensions

by the digitalization of work and the increase in the focus on sustainable leadership. Digital leaders use technology to provide the open communication, virtual support, and operational continuity in case of layoffs. The regional managers at IDP Education Private Limited employed video calls to discuss the issues and provide the logic behind layoffs. The digital communication tools

provided rapid updates and made it possible to provide exit assistance at offices located in different geographical locations.

Ethical decision-making in uncertainty has also been associated with sustainable leadership, which incorporates social, economic, and environmental objectives. Although it is not explicitly stated as such, the fact that IDP Education Private Limited has decided to offer medical insurance and assist career transitions is in line with these principles.

Recent sustainable entrepreneurship research states that both digital restructuring and ethical leadership are beneficial to innovation, resource use, and new business opportunities, (Parida et al., 2019) especially in emerging markets. Ethical downsizing facilitated with the help of digital tools and sustainability frameworks can trigger organizational renewal, intrapreneurship, and the development of hybrid business models.

1.7 Summary and Transition

The literature reviewed gives a good basis of comprehending ethical leadership in the organizational downsizing. Nevertheless, there are still serious gaps, especially in the investigation of the role of ethical downsizing in entrepreneurship, SME development, sustainable growth, and regional economic performance.

The first-hand evidence is a good qualitative addition as it demonstrates the application of ethical leadership in practice, not just in theory. This review points to the importance of transparency, fairness, empathy, and alignment with the principles of CSR, sustainable entrepreneurship, and innovation pathways in the downsizing decisions.

The next section gives an autoethnographic case study of how these leadership values and their economic and entrepreneurial implications were put into practice in a real downsizing event.

1.8 Research Gaps

Although there has been growing research on ethical leadership in the context of downsizing the workforce, there are still gaps in theory and practice. Among the gaps is the fact that little focus is placed on the process of making ethical decisions when making layoffs.

1.8.1 Limited focus on Ethical Decision-Making processes in Downsizing:

Numerous researchers are interested in the outcomes of ethical leadership such as reduced

turnover or increased morale, but they do not go into the decision-making processes that lead to such outcomes. The lack of understanding of how leaders put ethical values such as transparency, fairness, and empathy into practice in terms of who is impacted and how the process is conveyed is quite noticeable (Brown & Treviño, 2006; Cascio, 2016; Saxena & Srivastava, 2021).

1.8.2 Unexplored psychological and emotional impact on layoff survivors:

Although the idea of survivor syndrome is a well-known one, not many studies examine how ethical leadership could be used proactively to mitigate emotional distress, anxiety, or diminished trust in the remaining employees. Ethical interventions like empathetic communication, moral justification or inclusive planning have not been thoroughly investigated (Kniffin et al., 2020; Johnson, 2022; Ali, 2023).

1.8.3 Lack of Cross- Industry and Cross-Cultural Analysis:

Even though there are a number of industry-specific studies, there is little comparative research examining the variation in ethical downsizing practices across industries (e.g., education, healthcare, hospitality, and public administration). In addition, cultural disparities in power distance, organizational justice, and communication expectations have not been studied extensively, and it is hard to extrapolate best practices across the world (Appelbaum, 1997; De Cremer & Tenbrunsel, 2012).

1.8.4 Lack of knowledge of long-term ethical leadership practices in the emerging context:

The studies on digital and sustainable leadership in downsizing situations are still in its infancy. It lacks such understanding on how technology-facilitated communication and ESG (Environmental, Social, and Governance)- based leadership determine the ethical treatment of layoffs as time moves on, especially in post-pandemic, policy- limiting, or hybrid work settings (Robinson, 2023).

1.8.5 Scarcity of Employee-Centered and Reflective Case Narratives:

The majority of literature that is currently available is founded on organizational or top-down approaches, and little is included in the form of first-hand experience of those who have gone through the direct impact of downsizing as employees. This leaves a gap in the perception of ethical leadership and its perception and experience at the operational level particularly in areas such as education-oriented services. Incorporating employee stories or reflective case studies might provide more grounded information on the reality of downsizing ethics.

1.8.6 Gender-Sensitive Perspectives in Ethical Downsizing

The majority of literature fails to discuss the effects of ethical downsizing practices on employees of the same sex in different ways. Layoff policies can inadvertently discriminate women especially in jobs that have fewer promotion opportunities or in industries where women are more represented. Such differences have to be sensitive to ethical leadership. The amount of research that examines the difference in the fairness or empathy of women during layoffs or the degree to which they are treated with varying degrees of support is very minimal. It is a huge difference especially in places where culture highly expects gender roles.

1.8.7 Role of Middle Management in Ethical Communication

The alternative overlooked part is how middle managers can make the downsizing decisions of the top leadership communicated into daily communication. Middle managers are normally pressured by their seniors and emotionally stressed by their juniors. They have a very significant role in enhancing or diminishing the ethical tone of the process. They are, however, barely considered as agents of downsizing strategies on their own. Future research should examine their ethical dilemmas and communication styles on the impacts

they have on the experiences of employees, especially in hierarchical organizations.

1.9 Frameworks for Analysis:

1.9.1 Organizational Justice Theory (Greenberg, 1990): Used to assess fairness in procedures (procedural justice), outcomes (distributive justice), and interpersonal treatment (interactional justice).

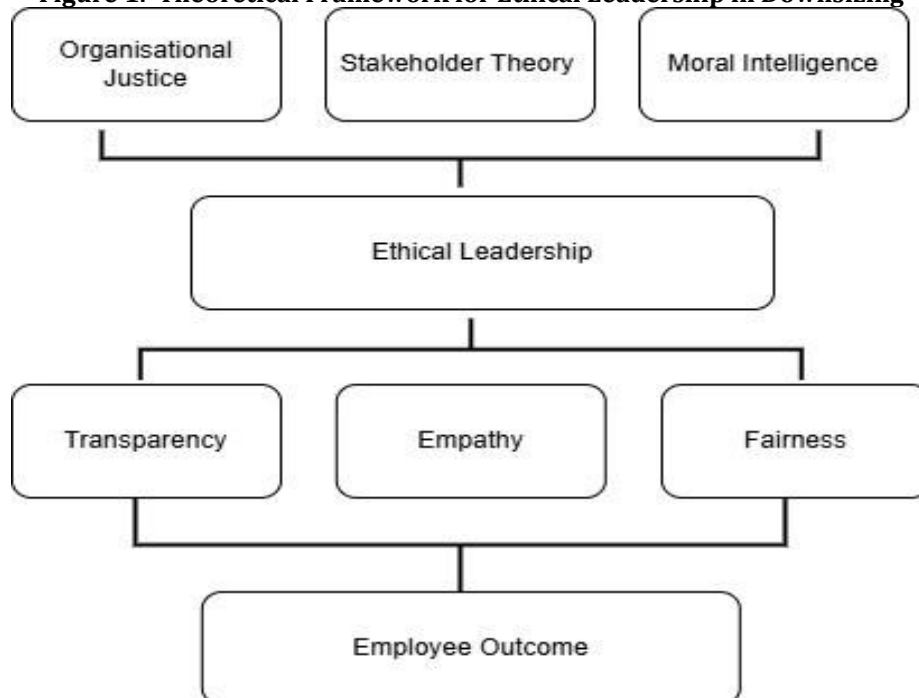
1.9.2 Stakeholder Theory (Freeman, 1984): Applied to evaluate how leadership decisions balanced the interests of employees, the organization, and broader society.

1.9.3 Moral Intelligence Framework (Lennick & Kiel, 2005): Used to analyse leader behaviour across integrity, responsibility, compassion, and forgiveness.

1.9.4 Job Demands-Resources (JD-R) Model: Contextualized leadership support as a buffer against emotional and psychological stress.

Continuing on the concepts of equity, openness and compassion, this paper presents an ethical leadership model of handling organizational downsizing.

Figure 1. Theoretical Framework for Ethical Leadership in Downsizing



Source: Author's own elaboration

This flow chart shows that transparency, fairness, and empathy may help leaders to act ethically in downsizing. These values are founded on well-known leadership theories, including the Organizational Justice, Stakeholder Theory, and Moral Intelligence. Effective communication,

justifiable decisions, and emotional support to people help leaders to reduce the harm of layoffs. These ethical principles enable the companies to

build trust, keep teams, and become more caring and responsible in changing the workforce.

2. Research Objectives & Methodology

The paper is hybrid research; a narrative literature review and a reflective autoethnographic case study. It will be targeted at combining academic perspectives on ethical downsizing and practical, experiential experience of the author in his career as well as investigate the connection between ethical downsizing practices and sustainable entrepreneurship, SME settings, business innovation and regional economic performance.

2.1 Research Objectives

- To analyse how ethical leadership principles (transparency, fairness, empathy) inform decision-making processes during workforce downsizing.
- To distinguish between ethical and unethical leadership practices during downsizing and highlight their impact on employee experience.
- To evaluate the effects of ethical leadership on employee turnover intentions and overall well-being in downsizing scenarios.
- To examine the emotional and psychological outcomes experienced by survivors of downsizing and identify leadership practices that mitigate negative impacts.
- To compare ethical leadership approaches to downsizing across different sectors (e.g., public, private, hospitality, healthcare, manufacturing) and cultural settings.
- To investigate the long-term influence of digital and sustainable leadership strategies on organizational resilience and employee engagement following workforce reductions.
- To reflect on firsthand experience from a real-life downsizing event, to explore how ethical leadership is applied in practical, high-stress organizational contexts.
- To explore how ethical downsizing may foster innovation, intrapreneurship, and the emergence of new business models within organizations.
- To examine how ethical leadership during downsizing influences SME ecosystems, entrepreneurial activity, and regional economic development.

2.2 Research Approach

The research is a qualitative and interpretive study proposed that uses both autoethnography and narrative analysis. It talks about how the lived-in experiences of the researcher during the downsizing of workforce can inform the ethical leadership which is supported by reflective interpretation and thematic connection to the available literature. A qualitative approach is needed because ethical decision-making is subjective, complex, and context-specific, particularly in those cases when the involvement of

human emotions, employment, and organizational change is involved.

This approach can be applied to understand better the leadership behavior, employee response, emotional response, and organizational policy in ethically sensitive cases such as layoffs (Freeman, 1984). Moreover, the qualitative approach allows examining the possible implications of ethical downsizing on the entrepreneurial behaviour, innovation, and more overall socio-economic impacts, such as SME empowerment and economic stability of the region.

To offer breadth and depth of the analysis, this research project uses a narrative review methodology, which involves a broad scope of secondary literature and a case study that is founded on personal experience of the researcher. In this way, it will be possible to integrate the theoretical and practical knowledge and see the complete picture of ethical downsizing practices and their potential entrepreneurial, innovative, and economic implications.

2.3 Research Design

The qualitative research method is used in this paper to understand how an ethical leadership works in reducing a workforce. Since the decisions of the leader are normally subjective, emotional and culture related to the organization, a qualitative approach can be employed to explore these aspects in more depth. This method is not based on the figures, but on the real experience, personal observation and the way people make sense of problematic changes (Braun and Clarke, 2006).

The research is based on two major parts, i.e., a literature review and a personal reflection. The literature review includes articles, case studies, and industry reports that address the use of ethical values of fairness, transparency, and empathy by leaders. Besides this, the author presents personal experience of being a part of a downsizing process in IDP Education Private Limited. This personal story is also included to provide a real-world perspective and bring some sense to the bigger argument.

This paper contains a personal reflection of the experience of the author in the process of organizational downsizing. Even though this approach is not quite prevalent in the management research, it is employed here to facilitate the examination of the existing literature and provide real, lived experience of ethical leadership. This reflection belongs to a qualitative approach and it is evident that it is personal, specific to the situation of the author and subjective. It is not aimed at generalizing but introducing additional meaning, sincerity, and practical insight to the theory.

Moreover, the research design also embraces an innovation and entrepreneurship prism, in which downsizing under ethical leadership can create a chance of organizational regeneration,

digitalization, new service designs, or employee-driven entrepreneurship.

The research design also takes into account how the findings of a large organizational setting can be relevant to SMEs and social enterprises with limited resources, and how the results can be relevant in a wide range of business settings.

The integration of these factors makes the study a more personal and reflective insight into ethical leadership in the period of organizational change and its consequences on innovation, entrepreneurship, and sustainable economic growth.

2.4 Research Context and Sampling

The research is founded on the personal experience of the author when he was involved in a downsizing process in an international education company in India at the beginning of 2024. The author was serving in an internal operation role during the transition and was personally involved in the transition. This role of an insider provided the opportunity to access emotional, practical, and leadership-related aspects that could not be seen by external observers.

The study is founded on an autoethnographic approach, therefore, the conventional sampling techniques were not used. Instead, the experience itself was chosen as a valuable and applicable case that could be used to offer useful lessons on how ethical leadership is exercised in the actual organizational setting.

Although the case in question concerns a large international organization, the insights that the case produces can be applied to SMEs and entrepreneurial organizations as well because they also have restructuring issues, which require ethical decision-making, resource optimization, and adaptation that is driven by innovation.

2.5 Data Collection

2.5.1 Gathering Secondary Evidence:

In order to comprehend the ethical leadership in downsizing, the author conducted a review of different credible sources, such as reputable publications and industry reports. Peer-reviewed journals like *The Leadership Quarterly* and *Human Resource Management* provided studies on justice and fairness (Brown & Treviño, 2006; Kniffin et al., 2020). The valuable books such as the one by Cascio on HR management (2016) offered the practical ideas on procedural and distributive justice. Case reports and white papers of such journals as *IOSR JBM* and *ProQuest* were also reviewed by the author and focused on the subject matter of survivor support programs and the emotional effects of layoffs (Johnson, 2022; Singh and Gupta, 2023). Lastly, to explore the emerging trends in digital and sustainable leadership, the author reviewed the recent conference papers and scholarly working

papers on digital communication and moral intelligence.

2.5.2 Criteria for Literature Selection:

- **Recency:** The literature review was limited to the past 10-15 years to capture the recent changes that occurred due to COVID-19 and hybrid work (De Cremer & Tenbrunsel, 2012; Robinson, 2023).
- **Ethical Focus:** The sources used in the review were those that directly addressed the leadership behaviors such as transparency, fairness, or empathy in downsizing situations (Appelbaum, 1997; Ali, 2023).
- **Methodological Clarity:** The studies that used well-specified research methods were considered (Braun and Clarke, 2006; Lennick & Kiel, 2005) whereas those that did not specify the methodology were excluded.
- **Practical Insights:** Special attention was given to works that offered practical recommendations or case examples, especially those about downsizing in IDP Education Private Limited.

2.5.3 Methodological Significance:

The qualitative design of the study is a literature review and reflective autoethnography. This method offers both conceptual and personal knowledge, both working with the theories that exist and also providing the real-world views. One of the most important contributions is the introduction of an innovation-and-entrepreneurship lens as a way to investigate how ethical downsizing can be used to produce business renewal, opportunity creation, and local economic empowerment. The reflection is used to ensure that the research is honest and open, which are two fundamental values of qualitative work (Braun & Clarke, 2006).

2.6 Analytical Constructs

This paper concentrated on three primary values that are observed in ethical leadership transparency, fairness and empathy. These were employed to know how the downsizing was managed and its effect.

Transparency was concerned with the openness of the company to the employees in terms of information. Fairness concerned the subject of whether it was a just process and whether people were treated equally. Empathy meant the degree to which the leadership was loving and caring about the people affected.

In addition to that, the analysis also considers innovation-related constructs (organizational adaptability, entrepreneurial behaviour, and business model shifts) and socio-economic constructs (SME collaboration, local economic support, and CSR-related community outcomes).

2.7 Data Analysis Techniques

2.7.1 Thematic Analysis: The six-step model of

Braun and Clarke (2006) formed the thematic analysis, which revealed such common themes as transparency, fairness, survivor support, emotional responses, and leadership communication.

2.7.2 Comparative Analysis: The differences in ethical practices in various situations (e.g., in the public and in the private sector, in the low and in the high power-distance cultures) were identified by cross-sector and cultural comparison.

2.7.3 Critical Analysis: The current literature on the interventions of survivor syndrome, balancing of stakeholders and sustainable leadership role had gaps.

2.7.4 Autoethnographic Reflection:

Autoethnographic reflection involved a critical analysis of the work experience of the author in the sphere of backend operations. Journalled and reflective field notes were made and themes coded using qualitative heuristics to ensure depth in the analysis.

2.7 Positionality and Reflectivity

The author is part of the organization and this is why his point of view is grounded and is founded on first-hand experience of the downsizing process. This internal location gave the opportunity to observe emotional reactions, internal communication and observe reactions that would otherwise be overlooked by external researchers. Despite the fact that this proximity is enriching and more realistic, it also brings such problems as emotional bias, subjectivity, and the threat of over-identifying with the situation. These questions were addressed by simply reflecting on personal experience and maintaining a high degree of detachment of feelings and interpretation. The writer was also aware of personal assumptions in writing and analysis and efforts were made to make sure that reflections were aligned to ethical leadership and organizational justice models. This helped in ensuring that the insights were not just emotional, but also theory-based.

The reflective process is based on the principles of qualitative research and helps to build the trust in the outcomes of the study. The research provides a personal reflection and a better perspective of the ethical issues that surround leadership in the change by openly accepting the role of the author in the case.

2.8 Ethical Statement

The study is founded on the personal experience of the author and the publicly available secondary sources. There were no interviews, surveys, or data that involved third parties.

The confidentiality was ensured by taking names of people and internal processes out of the public sphere. All the academic and experiential sources

are cited properly to maintain academic integrity. The first-person reflection is clearly recognized and explained by the accepted qualitative research practices.

The autoethnographic text was created out of the voluntary thoughts of the author. There was no formal ethical clearance because no third-party data or protected information was utilized. The research maintains the transparency, integrity and ethical authorship principles in the research.

The name of the organization and the personal identifiers of the author are completely anonymized in order to secure privacy and maintain confidentiality. All titles, departments, and location references of the job are generalized.

3 Result

3.1 Transparent Communication:

Ethical leadership involves open and candid communication particularly when downsizing. Employees feel respected when leaders explain clearly why job cuts are occurring. The senior managers at IDP Education Private Limited personally explained the reasons why the company was laying off. This assisted in minimizing confusion and fear although the news was difficult to listen to. Comparatively, other firms, particularly those in the technology sector, have been employing emails to notify employees of termination without prior notice. Such inability to communicate clearly and respectfully may cause shock and distrust. The disparity demonstrates how transparency aids in minimizing emotional damage and preserving the trust of the employees. This is an indication of procedural justice, where effective and respectful communication can be used to uphold fairness in the decisions made in an organization (Greenberg, 1990.)

Also, open communication helped to involve employees and managers in the discussion of the restructuring of operations, which subsequently facilitated minor changes in the workflow organization, cost savings, and the introduction of digital services.

3.2 *Fairness and Equity:*

The use of equitable and uniform layoff standards are important in the determination of employee morale and organizational integrity. IDP Education Private Limited was not using personal performance to make decisions but rather the outside factors. Every employee was paid their period of notice salaries and other benefits in time. This strengthened procedural and distributive fairness, despite the negative consequences. This is a systematic method of downsizing as opposed to ad-hoc and discretionary decisions which tend to create feelings of injustice (Freeman, 1984).

(Appelbaum, 1997; Choi, 2025), fairness will reduce resentment of displaced employees and create a culture of trust. It does not only maintain the morale of the survivors, but also builds leadership credibility.

Just decision-making also formed a basis to redesign internal operational roles, whereby the survivors could take up new roles which would subsequently lead to efficient digital operations and lean service provisions, a preliminary move toward innovation and sustainable organisational restructuring.

3.3 *Empathy and Survivor Support:*

The leadership should be empathetic in alleviating the psychological distress of employees who are victims of downsizing. Ethical leaders who are empathetic and provide practical assistance, like outplacement services, retraining, and counselling to enable the survivors to overcome the emotional effects of job losses. According to Brown and Treviño (2006), such sensitive moves will boost moral motivation and help to restore trust. According to (Cascio, 2016), the morale of the survivors in firms that put in place supportive measures has increased than those that did not put in place supportive measures. In IDP Education Private Limited, laid-off employees were offered resume-building services by Naukri.com and recruitment agencies to help them in their re-employment. They also had their health insurance extended over a number of months. These measures demonstrated that the company was concerned about its employees. This is in line with the JD-R model where ethical leadership is seen as a resource that minimizes emotional strain between the survivors and the displaced.

These support systems not only assisted the leaving

employees to fit in to new positions but also enhanced the relationship with the local training institutes and SMEs who employed the displaced employees signaling an initial community level economic gain. Moreover, survivor support created mental and emotional room to employees to work on new ideas, digital workflows, and efficiency gains, which indirectly created an innovation-receptive culture.

3.4 *Employee Outcomes: Well-Being and Turnover Intentions*

By acting ethically, leaders make the remaining employees feel more secure and they are not likely to leave. Research indicates that companies that had ethical leaders had lower turnover intentions and increased job satisfaction (Saxena & Srivastava, 2021; Ali, 2023). In IDP Education Private Limited, numerous survivors said that they were grateful with the way layoffs were managed. Open, equitable and amicable leadership behaviors led to less stress and more trust. During the months after the restructuring, the survivors were more active in using digital tools and new workflow systems that the company had implemented (Parida et al., 2019). Such willingness to participate in the innovation processes is a sign of a stable workforce that facilitates sustainable development and organizational renewal.

3.5 *Ethical vs. Unethical Leadership: Observed Differences in Practice*

This research concluded that one should be aware of the distinction between ethical and unethical leadership when downsizing the workforce. Ethical leadership encourages transparency, equity, and emotional comfort unlike exploitative behaviors. The case of IDP Education Private Limited demonstrates that ethical leadership can be used to minimize stress and save the reputation of the company. Conversely, unethical leaders usually provided little or no information, unfair decisions, and failed to assist employees who lost their jobs. It is also revealed in the study that ethical leadership enhances long-term sustainability by ensuring that the institutional knowledge is preserved, less disruption during transition, and healthy relationships with external partners such as SMEs that depend on the organization.

3.6 *Cross-Sector and Cultural Variations*

The ethical leadership may appear different according to the industry and culture. The organizations of the public sector, such as those in the bureaucratic field, are more likely to focus on procedural fairness but might not be able to offer individualized assistance (Choi, 2025).

Conversely, companies in the private sector can also provide innovative options such as individual redeployment strategies to retain talent (Cascio,

2016; Kniffin et al., 2020). Moreover, cultural norms also affect the perception of justice, and high power-distance cultures tend to use hierarchical communication styles, whereas low power-distance cultures tend to use more inclusive communication (Kaur and Sharma, 2023). The perception and practice of fairness and transparency in the context of downsizing is influenced by sectoral norms and cultural expectations.

The national culture also affects ethical leadership. In cultures where hierarchy is highly regarded such as Japan or the UAE, decisions regarding downsizing are usually done in a formal manner and with little contributions of employees. Individuals in such environments can silently embrace change, even when they believe that the process was not fair. This silence is not an agreement, in many cases it is a cultural restraint.

Conversely, such countries as Sweden or the Netherlands are more likely to demand openness on the part of leaders. Employees can voice or request explanations of harsh decisions. Transparency and common discussion is perceived to be needed in such environments to allow trust. However, it is not always effective to use the same approach everywhere. Multinationals are usually caught in a dilemma when they attempt to apply one downsizing policy in various cultural environments.

In the case of the organization in the present study, the organization operated in an environment where leadership is typically top-down. Nevertheless, it tried to be clear about changes and caring towards people. This case implies that leadership values are applicable to practice in various ways, even in formal or hierarchical systems. It further implies that companies must learn to appreciate local culture and remain faithful to justice and compassion.

3.7 Digital and Sustainable Leadership Impacts

Digital tools are gaining significance in downsizing with more remote and hybrid work. Sustainable leadership can be defined as decision-making that fosters organizational success in the long run and employee welfare. Digital leadership practices can enhance employee engagement in hybrid work environments by improving communication and accessibility. Sustainable leadership, where organizational choices are made in accordance with the long-term environmental and social interests, has also shown an increase in the level of trust among employees and the enhancement of external reputations (Robinson, 2023). Online platforms ensured open remote communication, which ensured trust among spread-out teams. This served to keep in touch with one another even when the individuals were not in the same office.

3.8 Integration with Conceptual Framework

In order to gain a deeper insight into the role of ethical leadership in downsizing, the results of this study can be considered through a number of theoretical perspectives. This is especially applicable to the notion of Organizational Justice (Greenberg, 1990) that can be used to understand how the sense of fairness in processes (such as effective communication) and results (such as fair severance) can influence the emotional reaction of the employees. By ensuring that the decisions are explained and used uniformly, leaders will be inclined to establish a sense of procedural and distributive justice.

The Stakeholder Theory (Freeman, 1984) builds on the idea of ethical responsibility by highlighting that it is not just the shareholders that the organization should be concerned with, but also all the parties. In the case of downsizing, ethical leaders have to find a balance between the survival of the company and the dignity and future of the workers. This theory is a reflection of the real life practices, where the companies provide job search services or health insurance coverage upon the layoffs.

Also, there is Moral Intelligence (Lennick and Kiel, 2005) that demonstrates how compassion, accountability, and integrity among the leaders can soften the emotional blow of layoffs. These attributes were evident in the case study where managers were open-minded and kept their words to those who were leaving the company. And, as Figure 1 and Figure 2 also show, how theoretical frameworks are in line with actual practices in ethical downsizing.

These frameworks support the necessity of transparency, fairness and support in the process of ethical downsizing. The case study and the books reviewed also reflected these ideas.

Lastly, the Job Demands-Resources (JD-R) Model assists in the explanation of how ethical leadership is a support system in stressful circumstances. Providing emotional and practical assistance by leaders minimizes stress and allows employees to remain involved even when uncertain about their future, especially those who do not leave. The findings also reflect in the conceptual models that ethical leadership enables innovation, enhances SME relationships, and promotes sustainable organizational growth outcomes that are not measured by conventional human resource measures. In general, ethical downsizing became a driving force of the development of more agile workflows, the advancement of digital transformation, and the regional economic resilience.

According to the findings, the ethical leadership model of downsizing is shown below:

Figure 2. Conceptual Model Derived from Autoethnographic Findings



This model shows how leaders may react to the downsizing of the workforce in an ethical way by portraying such fundamental values like transparency, fairness, and empathy. These values are based on the theory of ethical leadership, responsibility of stakeholders, and emotional intelligence. With the use of these values in the process of layoffs, with effective communication, fairness in the process, and supportive transitions leaders can reduce the negative psychological effects, maintain trust, and keep the morale of the team up during the change in the organization.

4 Discussion

***Autoethnographic Case Insight: Downsizing in IDP Education Private Limited (India, 2024)**¹*

This section, which is a component of the reflective autoethnographic approach, is based on the personal experience of the author in the downsizing event. At the beginning of 2024, I had IDP Education Private Limited layoff¹. My job was in the field of administrative support, assisting in the internal administrative operations. At the time the layoffs occurred, my colleagues and I and my three colleagues were summoned to the regional office in North India¹. The situation was described by the Senior managers, Senior Area Manager, Territory Manager and Director of operations team in India. They told us that the policies of immigration in such countries as Canada and Australia had resulted in the decrease in the number of test takers, and the company underwent significant financial strain. Although the news was disappointing, their sincere and respectful communication made the employees realize why the decision was made.

¹They also described that the layoffs were not personal performance based but rather market driven. This rendered the decision more equitable. The employees got their full salaries and payments of the notice period in time. Besides that, the company provided services like resume-building assistance and job referrals via sites like Naukri.com. Among the most significant gestures was the extension of the health insurance of laid-off personnel several months. All these actions demonstrated that the company was attempting to treat us with dignity in this hard circumstance. However, this was not the same case among them. The majority of the workers especially those in the smaller towns or those with fewer contacts were finding it hard to secure new jobs within a short period of time. It took them, and many of the employees who had been affected, a while to sink in the shock, sadness and the sense of loss. What

impressed us more was how the company was in touch with people even after they had gone. They continued to send job updates to the laid off individuals several months later. This small gesture reminded people of their existence and proved that the company is interested.

Overall, this experience shows that leaders can make the downsizing process less painful and help people in their further way, with dignity and self-worth, when they are fair, emphatic, and open.

4.1 Transparent Communication:

The managers were clear on why the layoffs were needed by focusing on the issues in the market and financial issues. Such a sincere attitude helped to reduce the level of confusion and anxiety since the employees were able to see the bigger picture and were not caught unawares. On the other hand, technological companies are more likely to notify the employees of the layoffs through abrupt emails, which can leave the employees offended and hurt. In addition, open communication gave a sense of collective responsibility among teams and encouraged employees to provide ideas on how the operations can be enhanced. Such transparency led to the initial forms of innovation such as process redesign, the introduction of digital workflow and cost-effective practices that helped the company to react after the downsizing.

4.2 Fairness and Equity:

The layoffs were not done on individual performance but on the basis of the business requirements and the employees were paid their full salaries, benefits as well as their final payments on time. This guaranteed economic security in the transition process and minimized feelings of unfairness. Such practices are indicative of the distributive justice (De Cremer and Tenbrunsel, 2012) and support (Greenberg, 1990) model of procedural fairness.

Being fair, the company saved the internal trust, which proved to be vital when the survivors were assigned to adjust to the new responsibilities and work together on innovative work processes. Equality served to retain the necessary talent, which adds to the organizational resiliency and the formation of the sustainable business practices.

4.3 Empathy and Survivor Support:

The company did not only concentrate on the financial settlements but they also offered extended health insurance of several months to assist the affected employees to settle more confidently. Such support services as health coverage and job search

accepted qualitative research practices, including reflective inquiry and positionality.

¹ The use of first-person pronouns in this section is intentional and appropriate to the autoethnographic methodology, which centres the researcher's lived experience. It aligns with

assistance were provided as mentioned before. The support provided by the organization was a manifestation of sincere concern, which facilitated the process and was in line with the best practices of ethical leadership. This organization showed real concern as opposed to other companies that do not offer any help. Its after-layoff initiatives were a show of a caring attitude towards the welfare of employees. The literature states that ethical leadership can help to alleviate these psychological impacts (Johnson, 2022).

This empathetic strategy also promoted external alliances. The company collaborated with various SMEs and local training institutions to help in the reskilling and placement of the affected employees. These alliances did not only help displaced workers, but contributed to the local economic activity and this is where the benefits of ethical downsizing can be distributed much further than the organization (Freeman, 1984).

The survivors felt inspired and valued, which made them better prepared to do creative work, participate in cross-functional work, and contribute to the transformation of the organization. This is a sign of how the culture that is open to entrepreneurship and creativity can be developed using empathy-oriented leadership.

4.4 Innovation and Sustainable Growth:

The focus of transforming the downsizing event into an opportunity of organizational innovation was centered on ethical leadership. The survivors were more willing to adapt to new tasks and computer-based tools due to the open communication and the feeling of respect among the employees. This openness contributed to the redesigning of the workflow, improving digital service delivery, and developing more agile operations systems. The downsizing also implied that the teams discovered cost-effective models that were consistent with the long-term sustainability goals of the company. The innovation-led changes improved internal collaboration and preserved valuable institutional knowledge (Hahn et al., 2014). Lastly, ethical leadership allowed the organization to shift to more sustainable and future-oriented business operations that preconditioned the possibility to expand and become flexible in the constantly changing market environment.

4.5 Economic Development, SMEs, and Community Support

Ethical downsizing went beyond internal enhancement and helped in the broader economic context. The organization worked in partnership with SMEs, training centres and recruitment partners to assist displaced employees to find new opportunities, building local skill networks and spurring small scale employment. Part of the employees who left the company became freelancers or entrepreneurs with the help of

resume coaching and referral services (Audretsch & Link, 2018). These results are consistent with the evidence that responsible downsizing may lead to community-level resilience and entrepreneurialism. In addition, the company guaranteed its broader social obligations and minimized the negative economic spillovers by making sure that there is open communication with suppliers, vendors, and local partners. Ethical leadership was therefore used to sustain business ecosystems within the area and it became easier to reintegrate the affected employees into the local economy.

5 Conclusion and Recommendations

5.1 Conclusion:

The paper has delved into the issue of ethical leadership with respect to downsizing a workforce through a literature review and an autoethnographic reflection. The findings confirm the assumption that the principles of fairness, transparency, and empathy play a crucial role in the development of employee experiences, maintenance of trust, and reduction of the psychological load of layoffs. The personal experience is a valuable, often overlooked addition to the body of knowledge on downsizing, demonstrating the application of the theoretical material to the facts of organizational life.

According to the case, ethical communication, consistency in decision-making, and emotional support may help in the process of transitioning the departing as well as surviving employees. In addition to personal effects, the research also indicates that ethical leadership at the time of downsizing enhances the sustainability of an organization in the long-term through maintaining employee morale, retaining essential skills and abilities, and facilitating the organization to adjust to new demands of operations.

The results expand the discussion to more socio-economic advantages: ethical downsizing may contribute to the economic growth of the region: it can help to provide a more peaceful transition of employees, promote cooperation with SMEs, and minimize the impact of disruptions to the local business ecosystem. These methods are also indicative of high CSR alignment, which enhances the trust of the population and helps the community to stabilize in times of organizational change.

In general, this paper finds that ethical downsizing is not merely a humane solution, but a strategic course that helps to achieve sustainable growth, innovation and socio-economic resilience.

5.2 Limitation of study

There are some limitations in this study that should be taken into consideration to comprehend the scope and context of the findings. They do not diminish the significance of the study, but they assist in specifying the extent and limits of the

results.

5.2.1 Dependence on Secondary Data:

The research is primarily founded on the literature review and published materials. It does not involve interviews, surveys, and focus group discussions with other employees or leaders. Consequently, the conclusions can only be drawn based on the available documented views and might not be based on the new or unpublished views.

5.2.2 Limited Generalization from Personal Experience:

The case study of autoethnography is based on the personal experience of the author in the IDP Education Private Limited. Although this provides richness and realistic appeal, it is representative of one organization and one situation. The results might not be equally applicable to other industries, nations and downsizing scenarios.

5.2.3 Cultural and Sector Differences:

Ethical leadership practices are subject to change across countries, industries, and cultures within organizations. The primary area of this research is the education sector and Indian work ethics in various organizations. Thus, the conclusions might not be entirely representative of the functioning of ethical leadership in the western world or other industries such as healthcare or manufacturing.

5.2.4 Time-Bound Observations:

The research records the events and leadership that occurred during a specific period, early 2024. The responses of the organization and the experience of the employees can change with time, especially when the companies adjust to new demands or external stress. Long-term impacts are not measured in this study.

5.2.5 Subjectivity in Reflective Analysis:

Autoethnographic analysis involves personal emotions, recollections and meanings. Despite attempts to reduce personal bias, the subjectivity of the methodology might still exist to some extent. The research lacks the multiple voices of the employees to validate or contrast the experience.

5.2.6 Use of Frameworks:

The conceptual drawings used in this paper are grounded on a single case and on a few theoretical materials. They might not be applicable in all organizational or national settings. They might not be effective in all companies and countries. Further studies are required to determine whether they can be applicable in other locations as well. Being both the researcher and a member of the organizational environment, the author is aware of the subjectivity of these reflections. This dual role added more insights to the presented information and demanded constant reflexivity, so that the

interpretations could be based on theory and critical self-awareness.

5.3 Recommendations

According to the results of this study, a number of suggestions are made to organizations that are in the process of downsizing:

5.3.1 Be transparent from the start:

It should be clear, honest and timely communication. The employees have the right to understand the reasoning behind the changes in the workforce. Transparency can be used to create trust and avoid misinformation, whether it is through face-to-face interactions, written or online communication. This is directly in line with the research goal of endorsing procedural justice.

5.3.2 Use consistent and fair criteria:

The decision to stay and leave should be based on logical and clear actions, such as the redundancy of functions, business need or competencies and not subjectivity. This is distributive justice and it concerns the ethical concerns that have been brought up in literature about random layoffs (Appelbaum, 1997; Cascio, 2016).

5.3.3 Provide emotional and practical support to survivors:

The exit conversation should not be the last support. The decision to stay and leave should be based on logical and clear actions, such as the redundancy of functions, business need or competencies and not subjectivity. This is distributive justice and it concerns the ethical concerns that have been brought up in literature about random layoffs.

5.3.4 Invest in Exit Support Services:

Resume-building workshops, job placement referrals and extended health benefits can help departing employees in the transition. Such gestures are not only humanistic but also help in branding the employer and lessening resentment, as the autoethnographic case in this study confirms.

5.3.5 Leverage digital tools ethically:

Leadership should not be behind emails in hybrid or remote workplaces. Ethical communication is more convenient when conducted online through video calls, question and answer, and personalized messages. This suggestion fits the purpose of the study of the research on digital leadership in downsizing.

5.3.6 Adopt a long-term sustainable view:

The downsizing strategy should be aligned with the larger social values by organizations. This involves being eco- friendly, socially responsible and long-term respectful of employees as opposed to efficiency in the short term. This is in line with the goal pertaining to sustainable leadership structures.

5.3.7 Adopt to sectoral and cultural contexts:

The downsizing strategy should be aligned with the larger social values by organizations. This involves being eco- friendly, socially responsible and long-term respectful of employees as opposed to efficiency in the short term. This is in line with the goal pertaining to sustainable leadership structures.

5.3.8 Recognize and avoid unethical leadership behaviours:

The leaders are to be trained to recognize and prevent such harmful practices as non-transparent layoffs, unfair decisions, and communication deficiency. Learning the distinction between ethical and unethical leadership may assist organizations in making decisions that safeguard the dignity of employees and minimize the long-term harm. This fills the research gap on how to differentiate between responsible leadership in downsizing. The visual frameworks are based on pragmatic steps of enforcing fairness, transparency and compassion through offering a road map to an ethically sound leadership that leads to sustainable organizational change.

5.4 Suggestions for Future Research

Future research can help build on this study in the following ways:

5.4.1 Entrepreneurship and SME Impact:

Further research is needed on how ethical downsizing influences entrepreneurial ventures, including self- employment, consulting, and SME creation.

5.4.2 Long-Term Economic Effects:

Studies should examine how ethical downsizing affects regional economies, job markets, and SME growth over time.

5.4.3 Innovation and Business Model Transformation:

Researchers can assess how ethical leadership supports digital transformation, process innovation, and the development of resilient business models.

5.4.4 Inclusion of Employee Narratives:

Employee stories from diverse industries can provide richer insight into survivor experiences and ethical perceptions.

5.4.5 ESG-Oriented Downsizing Practices:

Research should explore whether companies adhering to ESG frameworks manage downsizing more ethically and sustainably.

5.5 Ethical reflection

The experience of the author supports the idea that ethical leadership is needed in the time of workforce

reduction. Such ethical choices as the efficient communication, empathy, and fair treatment not only affect the performance of the employees but also the image and internal culture of the organization in the long term. Ethics must reflect in daily operations particularly during the difficult transition periods due to the fact that it fosters trust, stability and organizational sustainability.

This consideration brings out the fact that ethical leadership is not merely a management option but a necessity to responsible and sustainable decision-making.

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