

Impact of Corporate Downsizing on MICE Event Budgets

Author's Name - Kaveri Raj Mahto (PGDEM Student of NAEMD Mumbai - Event Management Institute) Nest Academy of Event Management and Development.

Guide's Name - Mr. Jainish Gotecha (Faculty of NAEMD Mumbai - Event Management Institute) Nest Academy of Event Management and Development.

Abstract

The research examines and analyzes the impact of corporate budget downsizing on the MICE events organized thereafter. It is supported by primary data collected through a structured survey questionnaire containing relevant and relatable questions on the topic. The analysis was conducted to determine whether people are aware of how corporate downsizing affects MICE budgets. The study aims to understand whether corporate downsizing has actually influenced MICE event budgets and how this change is perceived by the general public.

Keywords: corporate downsizing, MICE, budget, events

Introduction

Organizations are continuously under pressure to reorganize their operations in order to remain viable and functional in the fiercely competitive modern corporate world. One of the most common methods for achieving cost-effectiveness and operational efficiency is corporate downsizing. Simply put, downsizing refers to reducing the workforce through layoffs, early retirements, or attrition due to mergers, changed market demand, technological advancements, or financial strains. Downsizing typically has long-term repercussions on an organization's human capital, even though it may occasionally be beneficial for an organization's short-term strategic goals.

The basic reason to scale down an organisation is to enhance organisational performance and cut operational costs. Downsizing also carries a series of related hidden expenses that firms ignore in the goal of short-term improvements. The downside of downsizing is that the companies lose knowledge, experience, skills, expertise, and relationships that leave the door open every time an individual leaves. Nevertheless, downsizing must be viewed not as the initial but the final choice.

Some paradoxes of downsizing are-

- Cost vs. Value: While downsizing reduces costs in the short term, it can also strip a company of valuable human capital.

- Efficiency vs. Overload: A leaner workforce might seem more efficient, but it can lead to overburdening the remaining employees.
- Cultural Impact: Downsizing can fundamentally change the culture of a workplace. A once collaborative and innovative environment can become one of fear and competition, as seen in a software company that underwent multiple rounds of layoffs.

What is MICE?

MICE is comprised of 4 main components, namely Meetings, Incentives, Conferences, and Exhibitions (MICE), which comprise the business interaction model.

MICE Events are more than just large-scale gatherings; they are strategic business tools that facilitate collaboration, innovation, and growth. Each element of MICE serves a distinct purpose:

- Meetings bring together business leaders, clients, and employees to discuss strategies and plans.
- Incentive programs reward employees and partners for outstanding performance, boosting morale and loyalty.
- Conferences provide a platform for industry professionals to share insights, trends, and best practices.
- Exhibitions allow companies to showcase their products, attract potential clients, and expand market reach.

Why is MICE important?

In the fast-paced corporate world, networking and business expansion are essential for long-term success. MICE Events [Meetings, Incentives, Conferences, and Exhibitions] play a vital role in fostering professional relationships, knowledge exchange, and business development. These events serve as a bridge between industries, helping organizations establish their brand presence, engage stakeholders, and explore new opportunities.

MICE is crucial because it generates revenue for the hospitality sector, despite the fact that it may not seem as fascinating as music festivals and concerts. Hotels, food and beverage, retail, transportation, and other tourism-related businesses would profit from the influx of guests because some MICE events may run for days or weeks.

Production houses and event-planning firms can earn from the time and effort required to arrange any MICE event.

The foundation of a successful MICE event is setting clear and measurable objectives. These could include increasing brand awareness, generating leads, fostering networking opportunities, or launching a new product. By identifying specific goals early on, you can allocate resources more efficiently. Without a solid objective, your budget might stretch across unnecessary elements.

State after Covid-19

Due to shifting rules, budgetary restrictions, and economic uncertainty, businesses have been reducing or cancelling meetings in recent years. Industry-wide repercussions include halted transactions, low staff morale, and a drop in corporate-sponsored events that support whole economic sectors.

The change has become more prominent after the passing of COVID-19. Some examples are listed below-

1. Declining ROI from Virtual-Only Events

When in-person events are cancelled, companies often pivot to virtual alternatives. While digital meetings provide some continuity, they fail to deliver the same level of engagement and revenue potential:

- **Lower Lead Conversion:** Sales teams report that virtual meetings yield significantly lower deal closures compared to face-to-face interactions.
- **Decreased Brand Impact:** Live events offer immersive experiences that digital platforms struggle to replicate.

2. Budget Cuts & Travel Restrictions

Corporate travel and event budgets have been among the first expenses to be cut in response to economic downturns. According to the Global Business Travel Association (GBTA):

- Corporate travel spending declined by 50% during the pandemic and has yet to fully recover.
- 40% of companies now permanently limit the number of employees allowed to travel for conferences and off-site meetings.
- Mid-sized businesses have reduced external event spending by up to 30%, affecting hotel bookings, destination economies, and local suppliers.

3. Impact on Employee Engagement and Corporate Culture

One of the lesser-discussed consequences of reduced corporate events is the decline in workplace engagement and morale:

- **Weakened Company Culture:** Off-site retreats, team-building events, and corporate holiday parties play a vital role in strengthening company culture and employee loyalty. The loss of these experiences can lead to disengagement.
- **Higher Turnover Rates:** Employees who miss out on recognition events and incentive travel programs may feel undervalued, increasing turnover.
- **Reduced Leadership Development:** Leadership conferences and mentoring programs suffer when companies cut meeting budgets, impacting long-term talent development.

4. Industries Affected by the Loss of Corporate Meetings

The economic impact of corporate event cancellations extends beyond individual companies. Several sectors rely heavily on business meetings and conferences:

- Hospitality & Travel: Hotels, airlines, and restaurants depend on corporate travel to fill rooms and tables.
 - Event Production & Technology: AV companies, event planners, and software providers lose revenue when large-scale corporate events shrink.
 - Local Economies: Destinations that thrive on business tourism, such as Las Vegas, Orlando, and Chicago, suffer job losses and economic downturns.
5. AI adoption: the introduction of AI tools now frequently use AI tools like ChatGPT and Microsoft CoPilot, has now marked a significant rise in AI adoption.

Literature review

- In an organizational setting, downsizing originated as a response to recession-driven pressures in the 1980s, when U.S. corporations and government agencies began reducing employee bases to improve financial stability. Since then, downsizing has become strongly associated with workforce reduction and cost-cutting initiatives (Halley, 1995).
- Downsizing negatively affects employee motivation and organizational culture. Research shows that uncertainty and fear resulting from job cuts reduce intrinsic motivators such as belongingness, recognition, and purpose (Herzberg, 1959). Extrinsic motivators such as job security and compensation are also destabilized, leading to diminished commitment, decreased productivity, and overall lower organizational morale (Robbins & Judge, 2019).
- Extensive empirical research—cross-sectional, longitudinal, and international—shows mixed financial outcomes of downsizing. While some firms experience short-term cost savings, the majority do not achieve sustained improvements in efficiency, productivity, or profitability (Cascio, 1993; Sahdev, 2003; Macky, 2004; Gandolfi, 2008; Gandolfi & Neck, 2008; Mishra et al., 2009). More recent studies confirm similar patterns, documenting declines in collaboration, knowledge-sharing capacity, and strategic performance following workforce reductions (Datta et al., 2010; Mathisen et al., 2023).
- Corporate downsizing has direct implications for MICE (Meetings, Incentives, Conferences, and Exhibitions) budgets. Because travel, meetings, sponsorships, and event participation are considered discretionary expenditures, firms often reduce MICE allocations during restructuring or financial stress. Industry reports show that budget cuts, revised travel policies, and procurement restrictions intensify during downsizing periods, leading to scaled-back conferences, smaller attendee groups, or cancellation of events (PCMA, 2024; PCMA, 2025).
- Downsizing also affects MICE spending indirectly by reducing the internal demand for events. Fewer employees result in reduced need for training programs, incentive travel, internal meetings, and leadership gatherings. Simultaneously, lowered morale and trust reduce the perceived value of corporate events as tools for collaboration and innovation, decreasing management willingness to invest in them (Mathisen et al., 2023; Datta et al., 2010).

Objectives of the study

- To observe the impact of downsizing in the corporate sector
- To understand how corporate downsizing affects MICE budgets
- To examine what correlations exist between downsizing and MICE budget cuts
- To explore the general public's understanding
- To understand if MICE events have any influence on corporate branding and imaging.
- To gain insight if participants are aware about MICE and its impact.

Hypothesis

H1: Corporate downsizing will significantly reduce MICE event budgets within affected organizations.

H0: Corporate downsizing will not significantly reduce MICE event budgets within affected organizations.

Research Methodology

This research is on the impact of corporate downsizing on the MICE events budget. A questionnaire has been designed to collect the data.

Primary data for the study were collected through an online survey method- Google Forms, using a structured questionnaire. Secondary Data was collected from articles, journals, research papers, essential websites, etc.

All the respondents were mainly from Mumbai.

Number of respondents: 27.

Research Design

The research is designed to capture both the experience and perception of participants. Instead of only looking at statistics, it focuses on understanding what people think about corporate downsizing and MICE events.

Types of data

Primary data for the study was collected through an online survey method through Google Forms, using a set of 17 structured questions.

Secondary Data was collected from articles, journals, research papers, and essential websites.

Percentage: Tables are used to represent the responses of the respondents in a precise manner, so that it becomes easy to evaluate the data collected.

Techniques of Analysis

The analysis of data collection is completed and presented systematically with the use of Pie Charts.

Sample Design

The sample design shows the opinions of the people who participated in the questionnaire. It helps in giving some insight into what they understand from the terms “corporate downsizing” and “MICE events”.

Sample unit: Mumbai

Sample size: 27 respondents

Sample techniques: The data have been assembled from respondents in Mumbai with the assistance of a questionnaire survey.

Scope of the study

- Understand the effects of corporate downsizing
- Gain a better understanding of why corporate downsizing occurs
- See how it later affects MICE events and budgets
- Gain insight into the audience's perceptions.

Limitations of the study

There were many limitations faced while working on this research paper, which are mentioned below-

1. Time: The time constraint to prepare this paper was limited.
2. Accuracy: A few respondents were unable to give accurate answers.
3. Sample size: The sample size was small.
4. Geographic Area: the area or the territory targeted was only in Mumbai.
5. If more time had been available, then a huge territory could have been targeted to choose respondents.
6. Age: not a lot of age groups were covered.
7. Data collection is dependent on the willingness of the participants.

Data Interpretation and Analysis

The data for this research were collected through an online survey done with the help of Google Forms.

What is your age group?

27 responses

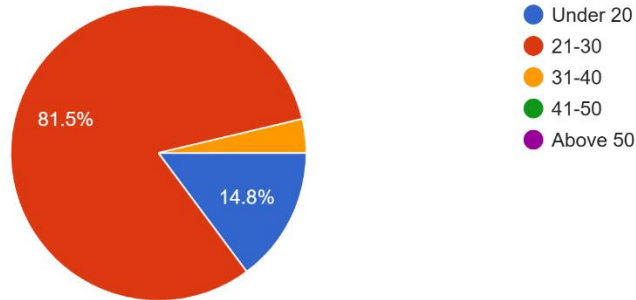


Table no. 1		
Age	Response	Percentage
Under 20	4	14.8
21-30	22	81.5
31-40	1	3.7
41-50	-	-
Above 50	-	-

Statement- Majority of the respondents were in the age group 21-30 years.

Gender

27 responses

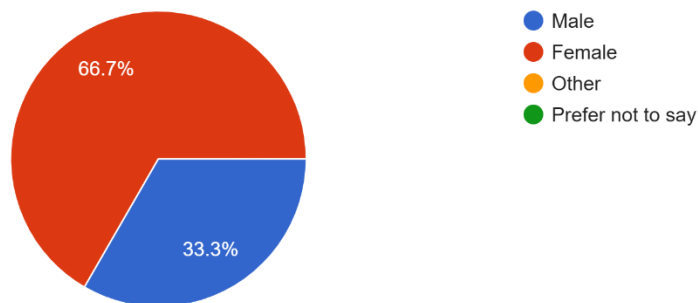


Table no. 2		
Gender	Response	Percentage
Male	9	33.3
Female	18	66.7
Other	-	-
Prefer not to say	-	-

Statement- 33.3 percent are males and 66.7 percent are females.

Occupation:
27 responses

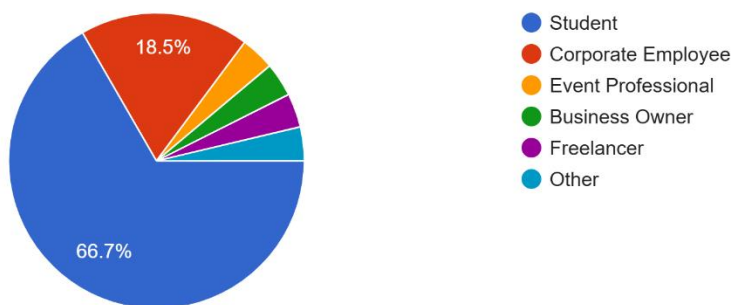


Table no. 3		
Occupation	Response	Percentage
Student	66.7	18
Corporate Employee	18.5	5
Event Professional	3.7	1
Business Owner	3.7	1
Freelancer	3.7	1
Other	3.7	1

Statement- Students comprised 66.7 percent of the participants.

Have you ever attended a corporate event (conference, product launch, seminar, etc.)?

27 responses

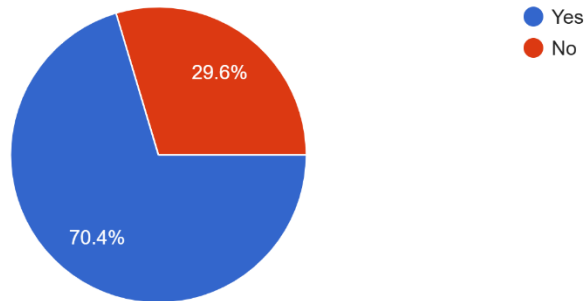


Table no. 4		
Attended an event	Response	Percentage
Yes	19	70.4
No	8	29.6

Statement- Almost 70 percent have attended a corporate event.

How often do you attend such events?

27 responses

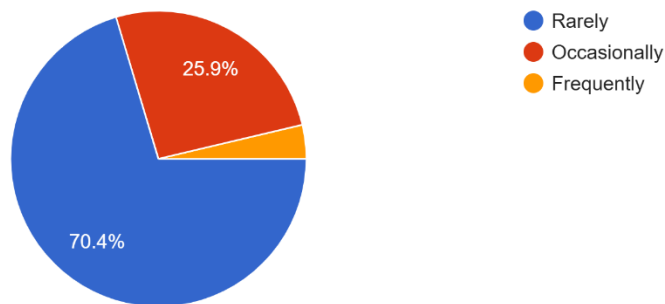


Table no. 5		
How often	Response	Percentage

Rarely	19	70.4
Occasionally	7	25.9
Frequently	1	3.7

Statement- The majority of the participants rarely attend such events.

How familiar are you with the term MICE (Meetings, Incentives, Conferences, Exhibitions)?

27 responses

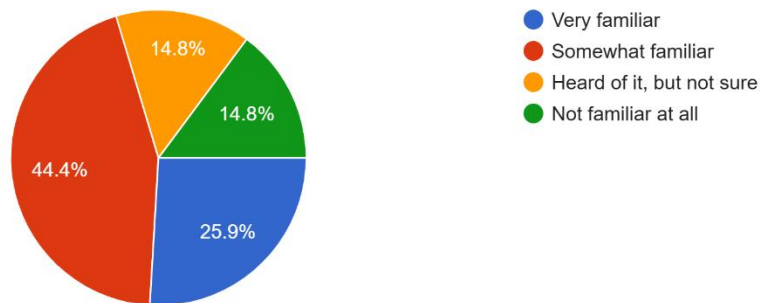


Table no 6.		
Familiarity	Response	Percentage
Very familiar	7	25.9
Somewhat familiar	12	44.4
Heard of it, but not sure	4	14.8
Not familiar at all	4	14.8

Statement- Almost 44 percent were somewhat familiar with the term MICE.

How important do you think MICE events are for corporate branding and networking?

27 responses

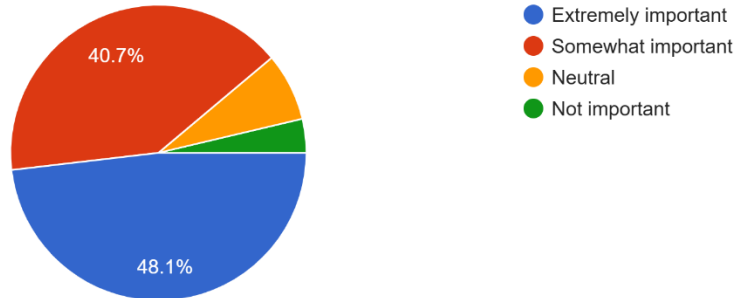


Table no. 7		
Important for corporate brand	Response	Percentage
Extremely important	13	48.1
Somewhat important	11	40.7
Neutral	2	7.4
Not important	1	3.7

Statement- 48 percent of the participants think MICE events are important for corporate branding and networking.

Do you think MICE events contribute significantly to business growth?

27 responses

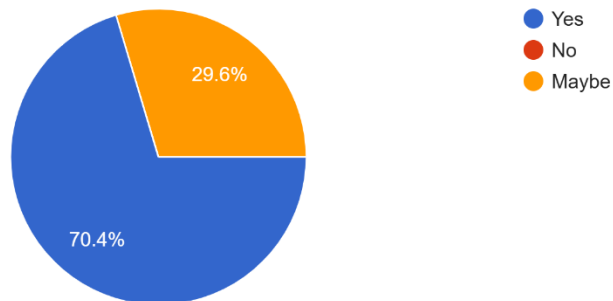


Table no. 8		
Contribution	Response	Percentage
Yes	19	70.4
No	-	-
Maybe	8	29.6

Statement- More than 70 percent agree that MICE events contribute significantly to business growth.

Have you heard about companies reducing staff or budgets in recent years?

27 responses

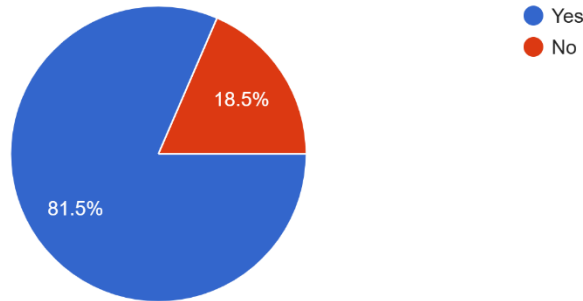


Table no. 9		
Reduction of staff	Response	Percentage
Yes	81.5	22
No	18.5	5

Statement- More than 80 percent of participants have heard about budget cuts.

Have you heard the term corporate downsizing before?

27 responses

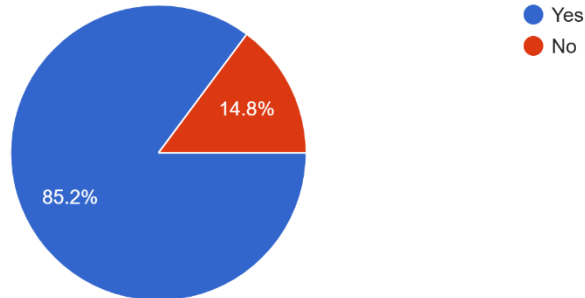


Table no. 10		
Corporate downsizing	Response	Percentage
Yes	85.2	23
No	14.8	4

Statement- The majority of the participants have heard the term corporate downsizing.

In your opinion, what are the main reasons for corporate downsizing?

27 responses

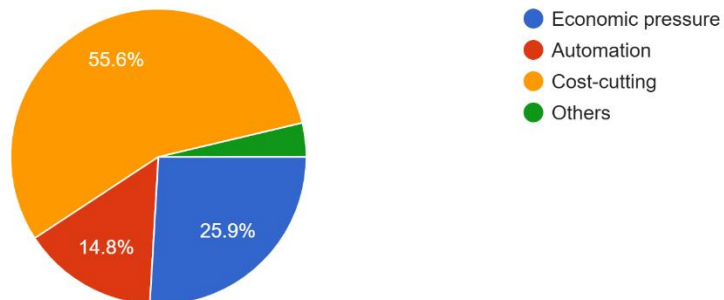


Table no. 11		
Reasons	Response	Percentage
Economic pressure	7	25.9

Automation	4	14.8
Cost-cutting	15	55.6
Others	1	3.7

Statement- 55 percent believe cost-cutting to be the main reason for corporate downsizing.

Which departments do you think are most affected by budget cuts?

27 responses

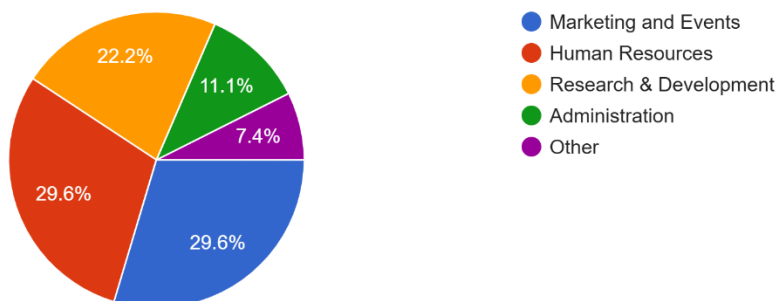


Table no. 12		
Departments	Response	Percentage
Marketing and Events	8	29.6
Human resources	8	29.6
Research and development	6	22.2
Administration	3	11.1
Other	2	7.4

Statement- Marketing and Events, and Human Resources have received equal votes for being the departments affected most by budget cuts.

Which areas do you think companies cut first during event budget reduction?

27 responses

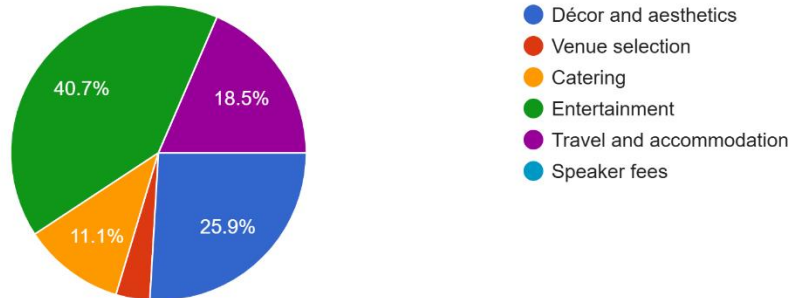


Table no. 13		
Area	Response	Percentage
Décor and aesthetics	7	25.9
Venue selection	1	3.7
Catering	3	11.1
Entertainment	11	40.7
Travel and accommodation	5	18.5
Speaker fees	-	-

Statement- Entertainment received 40 percent votes for being the first area to cut budgets.

How important do you think corporate events are for company image and networking? (1 being the lowest and 5 being the highest)

27 responses

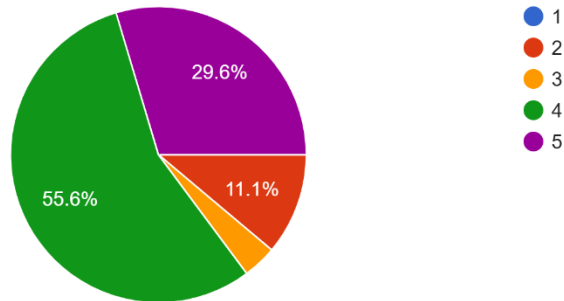


Table no. 14		
Events important for the company's image	Response	Percentage
1	-	-
2	3	11.1
3	1	3.7
4	15	55.6
5	8	29.6

Statement- More than 50 percent voted “4” on the scale for how important they think corporate events are for the company’s image and networking.

Do you think companies should continue investing in events even during budget cuts?

27 responses

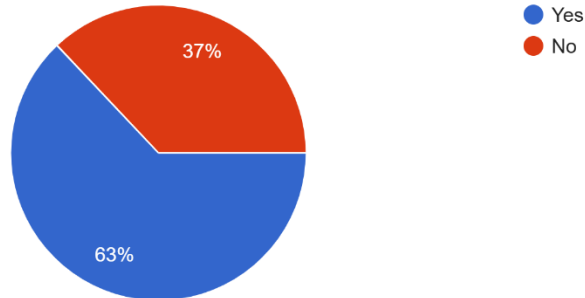


Table no. 15		
Continued investment in events	Response	Percentage
Yes	17	63
No	10	37

Statement- 63 percent agree that companies should continue to invest in events even during budget cuts.

Before this survey, did you know that companies allocate separate budgets for MICE activities?

27 responses

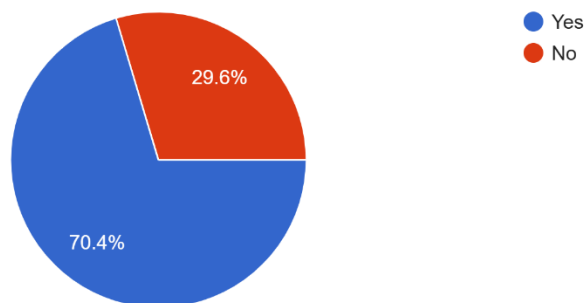


Table no. 16		
Allocation of budgets	Response	Percentage

Yes	19	70.4
No	8	29.6

Statement- More than 70 percent of participants were aware that companies allocate separate budgets for MICE activities.

Do you believe MICE events will regain their pre-downsizing importance in the next few years?

27 responses

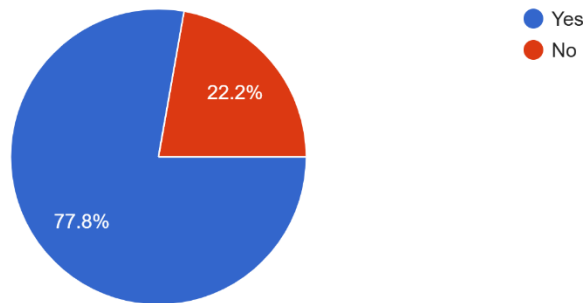


Table no. 17		
Regain importance	Response	Percentage
Yes	6	77.8
No	21	22.2

Statement- Almost 80 percent of the respondents believe MICE will regain their importance in the coming years.

Findings

- Most of the participants were from the age group 21-30.
- The majority were females.
- More participants were students.

- More than half had attended a corporate event.
- Attendance at these events was rare.
- Almost 50% thought that MICE events are important for corporate branding and networking.
- 70% participants answered that MICE events contribute significantly to business growth.
- More than 80% have heard the term “corporate downsizing”
- There were equal votes for Human Resources and Marketing and Events for departments most affected by budget cuts.
- Entertainment was voted to be the area where the budget is cut first.
- More than 50% of the participants think that corporate events are important for company image and branding.
- Around 70% of the participants believe that MICE events will regain their pre-downsizing importance in the next few years,

Suggestions and Recommendations

- More knowledge about the effects of budget cuts on the MICE events can be shared.
- More corporate events regarding MICE budget awareness can be organised.
- Introduction to corporate can be introduced at the school/ college level.
- Companies should have the information and tools to provide to their employees about downsizing and budget cuts.
- Companies should create policies and manuals to help their employees navigate through MICE events.
- Information about corporate events and MICE can be introduced to mainstream media via social media trends, challenges and videos.

Conclusion

The conclusion that can be made after observing the response collected from the volunteering participants is that-

- A lot of people are gaining awareness about corporate events and are even active participants in such events.
- People having more access to the internet are researching the MICE events and their implications on the corporate sector.
- People think that MICE events are really important for the branding and networking of the company.
- They also are in the minds about MICE events contributing significantly towards the growth of their businesses.
- While downsizing might be a step that a company plans to take, some consideration towards the budget for MICE events should be taken into consideration.
- Though COVID-19 has affected a lot of MICE sectors, people do think that these events may regain their pre-downsizing importance in the coming years.

Downsizing remains a complex phenomenon. The corporate meeting landscape is shifting, but eliminating events comes at a steep cost. Companies must recognize the value of strategic in-person interactions and adapt their approach rather than abandon these critical gatherings.

Admittedly, some downsized firms have been able to show positive outcomes resulting from workforce reductions. However, these positive outcomes tend to be scarce, short-lived, and difficult to sustain in the long run.

Bibliography / References

<https://eventx.io/blog/what-are-mice-events-definition-opportunities-and-solutions>

https://www.researchgate.net/publication/374694046_Downsizing_Organization_A_Systematic_Literature_Review

<https://www.skilevents.com/insights/blogs/mice-event-budgeting-how-to-maximize-roi-for-your-corporate-gatherings>

<https://www.skilevents.com/insights/blogs/why-mice-events-are-the-backbone-of-corporate-growth-and-networking>

<https://www.c-mw.net/rising-costs-and-insufficient-budgets-mice-challenges-revealed-in-new-global-dmc-partners-survey/>

<https://www.pcma.org/budget-pressures-big-expectations-insights-pcma-meetings-market-survey/>

<https://ijrpr.com/uploads/V6ISSUE5/IJRPR45721.pdf>

[SJM-OrganizationalDownsizing-AReviewofTwoDecadesofaStrategicPhenomenon.pdf](#)

<https://files.core.ac.uk/download/pdf/6314822.pdf>

<https://journals.sagepub.com/doi/pdf/10.1177/0256090920050306>

Questionnaire

1. What is your age group?
 - Under 20
 - 21–30
 - 31–40
 - 41–50
 - Above 50
2. Gender:
 - Male
 - Female

- Prefer not to say
-
3. Occupation:
 - Student
 - Corporate Employee
 - Event Professional
 - Business Owner
 - Freelancer
 - Other
 4. Have you ever attended a corporate event (conference, product launch, seminar, etc.)?
 - Yes
 - No
 5. How often do you attend such events?
 - Rarely
 - Occasionally
 - Frequently
 6. How familiar are you with the term **MICE (Meetings, Incentives, Conferences, Exhibitions)**?
 - Very familiar
 - Somewhat familiar
 - Heard of it, but not sure
 - Not familiar at all
 7. How important do you think MICE events are for corporate branding and networking?
 - Extremely important
 - Somewhat important
 - Neutral
 - Not important
 8. Do you think MICE events contribute significantly to business growth?
 - Yes
 - No
 - Not sure
 9. Have you heard about companies reducing staff or budgets in recent years?
 - Yes
 - No
 10. Have you heard the term **corporate downsizing** before?
 - Yes
 - No

11. In your opinion, what are the main reasons for corporate downsizing?

- Economic pressure
- Automation
- Cost-cutting
- Others

12. Which departments do you think are most affected by budget cuts?

- Marketing and Events
- Human Resources
- Research & Development
- Administration
- Other

13. Which areas do you think companies cut first during event budget reduction?

- Décor and aesthetics
- Venue selection
- Catering
- Entertainment
- Travel and accommodation
- Speaker fees

14. How important do you think corporate events are for company image and networking? (1 being the lowest and 5 being the highest)

- 1
- 2
- 3
- 4
- 5

15. Do you think companies should continue investing in events even during budget cuts?

- Yes
- No

16. Before this survey, did you know that companies allocate separate budgets for MICE activities?

- Yes
- No

17. Do you believe MICE events will regain their pre-downsizing importance in the next few years?

- Yes
- No