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**RDP – A MANAGEMENT INTERVENTION IN THE  
PREVENTION OF SURVIVOR SYNDROME**

MAGDA DONIA

A Thesis  
in  
The Faculty  
of  
Commerce and Administration

Presented in Partial Fulfillment of the Requirements  
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## **ABSTRACT**

### **RDP – A Management Intervention in the Prevention of Survivor Syndrome**

Magda Donia

While downsizing has become an increasingly popular organizational tool in the achievement and/or maintenance of competitiveness and increased productivity, the negative side effect known as survivor syndrome continues to plague many post-downsizing organizations. This thesis is an exploratory study with the aim of producing an instrument, the Realistic Downsizing Preview (RDP), which can be effectively used, *before* the downsizing is implemented, to prevent survivor syndrome in the aftermath of the downsizing. As such, a model is created based on lessons from the literature on downsizing and survivor syndrome. The revision/validation of the model is based on the data gathered from focused interviews and questionnaires presented to nine case organizations. All but a few of the items proposed in the model are either already in practice or considered desirable by the interviewees, supporting the value of implementing an intervention to address survivor syndrome prior to the downsizing. As a result, the final RDP model is the product of both best practices proposed in the literature and the feedback of real life downsizing organizations. The implications of using this model for managers and management are discussed. Future research suggestions are also provided.

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## 1.0 Introduction

*Imagine a family: a father, a mother, and four children. The family has been together for a long time living in a loving, nurturing, trusting environment. The parents take care of the children, who reciprocate by being good.*

*Every morning the family sits down to breakfast together, a ritual that functions as a bonding experience, somewhat akin to an organizational staff meeting. One morning, the children sense that something is wrong. The parents exchange furtive glances, appear nervous, and after a painful silence, the mother speaks. "Father and I have reviewed the family budget", she says, looking down at her plate avoiding eye contact, "and we just don't have enough money to make ends meet!" She forces herself to look around the table and continues, "As much as we would like to, we just can't afford to feed and clothe all four of you. After another silence she points a finger. "You two must go!"*

*"It's nothing personal," explains the father as he passes out a sheet of paper to each of the children. "As you can see by the numbers in front of you, it's simply an economic decision – we really have no choice." He continues forcing a smile, "We have arranged for your aunt and uncle to help you get settled, to aid in your transition."*

*The next morning, the two remaining children are greeted by a table on which only four places have been set. Two chairs have been removed. All physical evidence of the other two children has vanished. The emotional evidence is suppressed and ignored. No one talks about the two who have disappeared. The parents emphasize to the two remaining children, the survivors, that they should be grateful, "since, after all, you've been allowed to remain in the family." To show their gratitude, the remaining children will be expected to work harder on the family chores. The father explains that "the workload remains the same even though there are two less of you." The mother reassures them that "this will make us a closer family!"*

*"Eat your breakfast, children," entreats the father, "After all, food costs money!" (Noer, 1993, pp. 8-9).*

As downsizing becomes more prevalent there is a growing need to manage the organizational outcomes of workforce reductions by voluntary and involuntary terminations. While attention continues to be paid to downsizing as an organizational intervention and terminated employees as victims of layoffs, the emotional strain of downsizings on survivors continues to be overlooked (Robbins, 1999; Umiker, 1999). In

fact, given that terminated employees get to start over, usually after receiving generous compensations packages and severance benefits, “the terms [seem to be] reversed; those who leave become survivors, and those who stay become victims” (Noer, 1993, pp. 11). Not surprisingly, the absence in the literature of a structured, focused guideline to prevent survivor syndrome is glaringly evident.

This paper proposes such a model and is presented in six parts. In the first section a survey of the literature on downsizing and survivor syndrome is presented. Particular attention is paid to downsizing practices and strategies, the effect of downsizing on survivors and how downsizing is communicated to employees. This section sets the framework for the paper such that the model created attempts to address the negative outcomes on survivors discussed in the literature review.

The second section proposes a model to address survivor syndrome. This model – a Realistic Downsizing Preview (RDP) - is based on the problems survivors experience as highlighted in the literature and is modeled after John P. Wanous’ Realistic Job Preview (RJP). The underlying principle of the model is that by addressing the issues which have been observed as survivor syndrome prior to the downsizing, the negative outcomes on survivors will be minimized. As with the RJP, the key is to present information prior to the event as if trying to vaccinate or immunize employees to the ensuing downsizing.

The third section consists of a detailed description of the methodology employed to validate the model created. Since the model is created from lessons from the literature, i.e. what the should be done according to the literature, it is necessary to validate the model by seeking to find out whether or not its items are present and/or relevant to real

world organizations. Interviews with managers of nine large organizations provide for the validation and/or revision of each of the items proposed in the RDP. The main goal is to gauge the reasons for complying with or deviating from what according to the literature are the best practices for a downsizing.

The fourth section presents the results of the study in two parts. The first consists of an individual case analysis of general information on each of the companies and their downsizing practices. The second section consists of a cross-case analysis of each of the questionnaire items which directly relate to the RDP.

The fifth section discusses the results against the items of the RDP and proposes revisions to the model where necessary. It also introduces a final revised model which is a combination of the lessons learned from the literature and the experiences of the interviewees in this study.

This paper concludes with a discussion on the implications such a study has for managers wishing to implement a downsizing intervention. It also addresses the limitations in this study and points to directions for future research.

In sum, a Realistic Downsizing Preview is constructed from the best practices proposed in the literature and validated/revise with the information gathered from interviews with managers of nine major organizations. The responses of these managers to a questionnaire on the extent to which they perceive their employees to have been affected by survivor syndrome proves their awareness of the presence of this problem in their organizations. The results of the interviews allow for the final changes to be made such that a practical, workable model is made available to those managers wishing to take a preventive step in the prevention of survivor syndrome.

## **2.0 Literature Review**

A survey of the literature reveals that survivor syndrome has emerged and intensified with the concomitant prevalence of downsizing practices. Survivor syndrome is mainly characterized by feelings of guilt, for having survived the layoff, and anxiety, reduced motivation and risk taking due to the insecurity of further layoffs. It is a side effect of downsizings that is both detrimental to the individual survivors, and to the organization, since productivity may also be compromised.

This section consists of three parts and attempts to clarify the setting in which survivor syndrome prevails as well as the conditions which aggravate it. The goal of this section is to lay the foundation, through a thorough examination of the literature, of the need for a systematic approach to addressing the problem of survivor syndrome.

In the first section downsizing strategies and practices are discussed. It expands on the reasons for which organizations downsize and in so doing accepts the notion of downsizing as a widespread business practice rather than a passing trend. It addresses the effects that the duration and frequency of a downsizing has on employees as well as the nature of the assistance provided to terminated employees. It concludes with a brief discussion and recommendations on what might be perceived – especially by the organization’s employees – as the more valid and justifiable reasons for undertaking a downsizing.

The second section addresses the effects that downsizing has on remaining – or surviving – employees. Unlike the attention provided to terminated employees, surviving employees are a curious phenomenon, since there is no real “logic” for their negative experiences since in real terms they have “lost” nothing. A discussion and examination



of the range of emotions survivors experience, as well as the negative consequences these may have on the organization, supports the need for a system of anticipating and addressing the needs of survivors *before* the downsizing is implemented.

Finally, this section concludes with a discussion on the role of communication, and its importance as the most valuable organizational tool in the prevention of survivor syndrome. It begins by addressing how employees are typically informed of a downsizing, and as such reveals some of the errors organizations often make in this critical task of informing their labor force of their intentions to downsize. The importance of communication is reinforced, given its role in securing the trust of employees as well as in encouraging empowerment in the workforce. This section will conclude with a number of lessons which can be drawn from the literature on how to improve communication within an organization.

## **2.1    *Downsizing Practices and Strategies***

The reasons which lead an organization to downsize as well as the specific practices chosen contribute to determine the organization that will emerge following the downsizing process. Three issues are key. The first consists of the reasons that lead to the decision to downsize. This is of importance not only to ensure that the decision is made for the "right reasons" but also so that employees' confidence and understanding of the need for the changes is maintained throughout the implementation of the downsizing. The second issue is the duration of the downsizing process and how frequently such restructurings take place. This may have a fundamental effect on surviving employees given that layoffs are a traumatic experience. The final main issue is the assistance

provided to terminated employees. This is key because the way in which terminated employees are cared for greatly defines the organization itself. Treating terminated employees with care, dignity and respect also sends a signal to surviving employees as to how they would be taken care of if in the same predicament.

### 2.1.1 Key Reasons behind the Decision to Downsize

According to Niendstedt (1989), the decision to downsize can be traced to five major concerns:

- cost reduction
- productivity improvement
- responding to competitive threats
- consolidation after a merger or acquisition
- increasing efficiency

Cost reduction, mainly due to competitive pressures, is perhaps the most prevalent reason behind downsizing initiatives. Much of these pressures result from an increasingly open and liberal global economy where slow economic growth, coupled with a rapidly changing market-place, forces companies to be increasingly cost competitive (Appelbaum, Simpson & Shapiro, 1987). However, while many companies have in fact responded to the recession of the late 70s and 80s by downsizing, this explanation in itself does not suffice considering that the subsiding of such recessions have not been followed by proportional reductions in downsizings and layoffs. For example, while about 1.6 million employees were laid off during a recession which occurred from 1990-1992, as the economy recovered in 1993-1994 many corporations continued with policies

of workforce reductions (Gertz and Batista, 1995). This suggests that organizations also downsize for reasons other than responding to immediate threats in the external environment.

A second widely cited reason behind downsizing initiatives is productivity improvement (Nienstedt, 1989). The ambition is to "accomplish more with less", ideally by having a select group of employees who are most skilled and effective at producing high-quality output. This mind-set is in line with the belief that the structure of the 'pre-downsized' company might hinder productivity improvements, given that having too many managers might cause conflicts, miscommunication, and even excessive supervision (Nienstedt, 1989). As a result, the downsized organization is ideally one where the thrust is toward decentralization and which increasingly delegates autonomy and responsibility to the entire work force. The employees in this flatter organization are more empowered and more adept at problem solving skills, flexibility and creativity (Frazee, 1996).

Flatter organizations result as centralized and traditionally multi-layered traditional organizations undergo a process of identifying and eliminating unnecessary and wasteful resources. The new organization which emerges is one which is more flexible and better able to respond to customer needs and where more autonomy and responsibility is delegated to employees (Mathys and Burack, 1993). In fact, many organizations espouse the belief that one of the most notable benefits of eliminating a management layer, thus flattening the organization, translates into automatic improvements in the communication process within the organization (McClelland and Wilmot, 1990). When a downsizing effort is successful, this flatter, more decentralized

organization will result in an increase in what McClelland and Wilmot (1990) refer to as "lateral communication", i.e., "sharing of information across the organization within departments and between departments" (pp. 30). Not only will this decrease duplication and lead to more coordinated efforts, it will also allow for a more smoothly functioning system likely to result in increased productivity for the organization.

A third widely cited reason behind the decision to downsize, responding to competitive threats, is closely related to the two previously cited. Cost reduction and productivity improvements are the two most common strategic responses to competitive threats. Peters and Waterman (1982) noted in the early 1980's that Japanese firms, which have been one of the main competitive threats to North American companies, have provided a model which today many firms emulate. By using downsizing as a means of responding to competitive threats, conditions such as those in the early 80's, where North American firms had a much greater number of managerial layers between the chairman and the first-line supervisor than their Japanese counterparts, are no longer as commonplace. Downsizing is therefore often embraced as a means to develop a more cost effective and competitive structure. (Nienstedt, 1989).

A fourth increasingly common reason follows from a consolidation after a merger or acquisition. In these cases cost containment measures such as staff reductions and transfers often become a necessity when two separate organizations are melded together (Nienstedt, 1989). It is therefore commonplace that when mergers and acquisitions result in excess personnel once operations have been consolidated, that a downsizing be the remedial measure of choice (Appelbaum et al., 1987; Nienstedt, 1989).

Finally, downsizing efforts are commonly promoted as part of a strategy to increasing efficiency. In this case the belief is that by reducing the layers in an organization and by decreasing redundancy, communications are streamlined. In turn, streamlining communications will improve the quality of information, communication and consequently outputs (Nienstedt, 1989). Also, this increased efficiency is not only accomplished through a smaller more efficient work force, but also when this workforce effectively uses technological innovations as a means to improve productivity (Appelbaum et al., 1987).

Once the need to downsize is determined and the decision to implement the layoffs is made, logistics regarding the process must be addressed. Key issues that must be addressed include the duration of the downsizing process, how frequently downsizing policies are implemented, and the assistance provided to terminated employees. It is desirable that before the downsizing is actually implemented the organization address issues such as the period of time during which the downsizing is predicted to take place as well as whether the organization foresees upcoming rounds of layoffs.

### 2.1.2 Duration of the Downsizing Process and Frequency

The duration of the downsizing process and the frequency in which organizations engage in downsizing initiatives are two crucial strategic issues which must be addressed by any organization considering the implementation of a downsizing effort. While these two components may appear to be simple details once the decision to downsize is made, they often have far reaching consequences in how they impact the survivors of the downsized organization.

The amount of time during which an organization is carrying out a downsizing will have a direct effect on its employees. Given that downsizings are traumatic events, no matter how well prepared the workforce is for the upcoming changes, it is in the best interest of the organization that the actual process of job terminations be carried out in the most expedient manner possible. According to Boroson and Burgess (1992), companies often make the mistake of spreading out the downsizing through months and sometimes even years. Also detrimental yet increasingly common practice are repeated downsizings. According to Boroson and Burgess (1992), one study by the American Management Association (AMA) of one thousand companies, found that companies are increasingly viewing downsizing as a normal option rather than a desperate measure of last resort. The authors cite the experience of Eric Greenberg, editor of *AMA Research Reports*, who now believes that "the best indicator of future downsizing is present downsizing . . . companies that do it, do it again and again" (pp. 44). In other words, it seems that a "double dip" of downsizing is increasingly becoming the norm for companies that decide to engage in a downsizing strategy.

Given this tendency to view downsizing as an accessible and effective business strategy, concern is increasingly directed to the needs of terminated employees. The needs of employees which are made redundant as a result of a downsizing must be considered as a vital aspect of an organization's downsizing strategy.

### 2.1.3 Assistance Given to Terminated Employees

The assistance given to terminated employees is a major strategic issue in any downsizing effort. Not only will it reflect the culture of the organization, but it will also

have a major impact on the organization which will emerge following the downsizing. As a result, not only are comprehensive and fair post-termination assistance programs an ethical issue, but they also send a clear message to surviving employees.

Advance notification is perhaps the earliest form of termination assistance an organization can extend to terminated employees. According to Leana and Feldman (1994), there are few negative consequences to those organizations which give advance notification to laid off employees. The reasons for this will be discussed in more detail in the next section and are directly related to the ensuing trust and commitment that result from perceived fairness in the communication process. Outplacement counseling, severance pay and extended benefits are also significant examples of termination assistance which, when present, will have a positive impact on the well being of terminated employees as well as a long-lasting effect on the psychological outcome of surviving employees.

The positive effect of termination assistance for surviving employees is as beneficial and desirable as for terminated employees. Given that surviving employees are likely to have developed bonds with terminated employees, and that surviving employees are likely to judge the commitment and concern for terminated employees as a reflection as that which will be afforded to themselves, it is important that an organization make its survivors aware of the help being extended to redundant employees (Thornhill and Gibbons, 1995).

Given the various issues at stake for the organization (for example, in terms of productivity and human capital) any given strategy should be well rationalized and

thoroughly planned. The resulting success of a downsizing effort is contingent on the commitment and strategy an organization embraces from the onset.

#### 2.1.4 Deciding to and Downsizing for the "Right" Reasons

Given that downsizings are increasingly common in developing more cost effective, competitive and productive organizations, it is important to recognize that there are sound principles involved in the decision of whether or not to downsize. This is paramount in ensuring that downsizing be part of a long-term well planned strategy rather than a short sighted attempt to reduce costs and boost profits. Two main concerns must be addressed. The first is that an organization ensure it is making the decision to downsize for the "right" reasons. These are basically those reasons which are congruent with the long-term strategy of the organization and which can be understood by all employees as necessary for its survival and prosperity (Elmuti and Kathawala, 1993). The second main concern which must be addressed is how to identify excess positions. This is of great importance not only to ensure that employees view the process as fair but also so that valuable personnel are retained.

When making the decision to downsize management must have a clear strategy for doing so, rather than simply jumping on the bandwagon and following the example of the competitions' downsizings. Doing so will increase the likelihood that employees understand the downsizing as a necessity for organizational survival. Two factors are key to this perception. Firstly, it is important that a downsizing be approached and justified as a strategy of last resort, given the drastic and traumatic measures involved. The key is for management to avoid falling into the trap of pursuing layoffs as a 'quick fix'. When



approached in this light, a company will ensure that employees not feel that they are being counted as costs rather than valuable assets. A company should not only use downsizing as a measure of last resort, but it should also make its employees aware that it has exhausted all possible alternatives and that the downsizing will be painful for all involved. Once this is accomplished, alternatives such as severance benefits should be offered to employees (Appelbaum et al., 1987; Mishra, Spreitzer & Mishra 1998). Key to a healthy strategy is not only a long term vision, but also a realistic assessment of the costs involved since it is paramount that the benefits outweigh the costs for a downsizing to be viable (Labib and Appelbaum, 1994). According to Bunning (1990), the following components are critical in the accurate estimation of costs:

- Numbers of employees by pay levels
- Tentative exit dates
- Severance pay and stay bonuses
- Pay in lieu of notice
- Projected outplacement support costs
- Relocation costs (if any)
- Projected increased use of medical and dental benefits
- Projected increase in absenteeism if employees are given advance notice
- Possible lowered productivity
- Possible theft, such as office supplies and software
- Increases in unemployment insurance charges (pp. 73).

Secondly, once the downsizing is explained as a strategy of last resort, the downsizing itself must be part of a wider plan to accomplish more long-term goals. In other words, the measures involved in streamlining operations and workforce reductions must invariably be a component of a wider well thought out scheme to revitalize the organization and reestablish competitive advantage (Appelbaum et al., 1987; Elmuti and Kathwala, 1993; Mishra et al., 1998).

Effectively identifying excess positions is the second main issue organizations must deal with when considering implementing a downsizing effort. Not only is it key to ensuring that key personnel be retained for the organization's own benefit, but this will also send critical signals to the surviving workforce that hard work and excellence are rewarded. Four key issues must be addressed:

- Assess current organizational structure
- Identify redundancies and overlap in managerial functions
- Determine optimal organizational structure
- Identify excess positions in current structure

The first step is to begin to assess the current organizational structure. In so doing, focus must be placed on issues such as managerial control, reporting relationships and organizational layers.

Secondly, given the organizational objectives and strategy, it is necessary to discern significant redundancies and/or overlaps in managerial responsibilities as well as whether the new goals of the organization can be achieved with fewer managers and personnel. Identifying excess positions may be fairly straightforward, especially when overlaps actually hinder rather than contribute to increased productivity. Unfortunately, such clear calls for improvement are far from the norm and management is often faced with the painstaking task of reducing an already efficient workforce.

As a result, given the objectives of the organization and its available resources, the third key issue which must be addressed in identifying excess positions is determining the new optimal organizational structure. In so doing, the organization will determine the

'leanest' possible management structure which can achieve the defined business objectives.

Finally, once this optimal structure has been defined, excess positions are more easily identifiable (Nienstedt, 1989). Key to this last stage is that there be consistency in determining excess positions and terminating employees. Some examples include merit, seniority and function as determinants of which employees will be laid off. Consistency will not only allow terminated employees to have a better understanding of the process behind their 'fate' but also will ensure that surviving employees view the process as clear, appropriate and fair, especially if the organization takes the time to explain any exceptions to the rule. Such a perception is extremely important in light of surviving employees who are in a position to judge the fairness of terminations and react accordingly (Brockner, 1992; Labib and Appelbaum, 1994; Schweiger, 1987).

According to Feldman (1990), one example of effectively approaching and implementing a downsizing is that of Duracell. When the company was considering the downsizing, its managers were concerned with the following questions:

- Could the survivors function effectively as a unit in the wake of the changes, given that many of the same objectives would have to be accomplished with a reduced staff?
- Would key engineers begin looking for jobs elsewhere?
- Would the downsizing undermine the survivors' company commitment?
- Could Correll [director of engineering and head of the facility] maintain his credibility with his staff? (pp. 123)

The conclusion reached was that key to addressing and successfully managing the disruption they layoffs would cause would require:

- Information - The remaining employees must be informed of the changes and the reasons behind them and assured of their status with the company
- Recommitment - survivors must make an active recommitment, professionally and emotionally, to remain with the company - *this is essential; survivors must agree to a new contract*
- Ongoing support - assistance and feedback mechanisms must be available to employees throughout the transition (Feldman, 1990, pp. 123)

Given this orientation, communication and caring for survivor needs became the major thrust of the program. The fact that Duracell emerged successfully from the downsizing, with only two of its survivors leaving the company for other jobs, was not by accident.

The following section will examine in greater detail the emotions experienced by survivors as well as the importance of tending to survivor needs to ensure organizational success. This will be followed by a discussion on the importance of effective communication as a critical factor in ensuring an effective downsizing initiative.

## **2.2 Effect on Survivors**

By virtue of the nature of downsizing, where part of the work force is reduced and jobs eliminated, those who remain are commonly referred to as 'survivors'. The survivors of a downsizing, as the survivors of any traumatic event, often experience adverse reactions to what has taken place. In addition to the trauma of the job terminations, a

number of factors exacerbate negative reactions and emotions widely known as "survivor syndrome"<sup>1</sup>.

By definition, with the institution of downsizing as a commonly accepted business practice, the old employment contract which guaranteed a job for life in exchange for commitment to the organization, is becoming an increasingly archaic notion in the business world. Not surprisingly, the break in this implicit agreement often leaves the survivors of layoffs with a range of negative emotions. These employees commonly view the process as unfair and are often cynical about the motivations behind it. These negative emotions will ultimately prove detrimental to the organization which is seeking to become more competitive and efficient by means of a downsizing. As such, understanding the negative effects of a downsizing on survivors and how this negatively affects the organization is the first step in the anticipating and addressing of survivor needs before the downsizing is implemented.

### 2.2.1 End of the Old Employment Contract

According to Mathys and Burack (1993), a psychological contract is a bond between the employer and employee. It is a term coined by Levinson, Price, Munden, Mandl and Solley (1963), and describes the unconscious choice of an organization to respond to employees' psychological and employment needs in exchange for meeting the organization's. It includes mutual responsibilities and expectations but because it only exists implicitly, is unofficial (Mathys and Burack, 1993; De Vries et al., 1997). In fact,

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<sup>1</sup> According to Noer (1993), human resource consultant Marshall Stelifox may have been the first to use the term survivor syndrome, when he described the feelings (such as insecurity, anxiety, and fear) experienced by survivors at Occidental Petroleum.

it is by nature inherently perceptual (Morrison and Robinson, 1997). According to Levinson et al. (1963), reciprocation is the means by "which the contract is affirmed, altered, or denied in day-to-day work experience within the organization" (pp.21). Consequently, once organizations no longer reward hard work and dedication with life time employment, the old employment contract inevitably no longer holds.

While not a part of an employee's formal contract, the employment contract of the past came to define much of the meaning and rules of work for employees. The root cause of survivor sickness can therefore be traced to a profound shift in the psychological employment contract that binds individual and organization. While in the past people used to be perceived as long-term assets which were developed and nurtured now the view is increasingly of employees as short-term costs to be reduced (see Appendix I) (Noer, 1993). According to Rousseau (1995),

Psychological contracts have the power of self-fulfilling prophecies: They can create the future. People who make and keep their commitments can anticipate and plan because their actions are more readily specified and predictable both to others as well as to themselves (p.p. 9).

Not surprisingly, since employees have not received sufficient warning (such as a formal "contract renegotiation") to adjust to this from the old employment contract, a common reaction is for employees to take such changes very personally. According to one management consultant, "employees 'sign up' to contribute toward achieving broader organizational goals, only to hear one day an announcement from their leaders that their company is being acquired, their plant is being closed down, their division is fated for divestiture, or their job is at risk of 'rightsizing'" (Borson and Burgess, 1992, pp. 43)

As employees are left feeling that the rules have 'changed on them', the trust toward their employer is often compromised. Given that a number of employees

accepted their jobs under the old employment contract, and are now ruled by the new, they may feel that a betrayal and injustice has been done to them (Noer, 1993). These feelings are inevitably accompanied by distrust toward top management, with the tendency to blame management for what has taken place (De Vries et al., 1997). As a result, rather than feel lucky that they have their jobs and therefore grateful toward management, downsizing survivors tend to harbor great distrust. Because they have already witnessed a downsizing, surviving employees are increasingly living under fear of being fired (Borason and Burgess, 1992).

The break from the employment contract of the past and the little involvement afforded to employees when a downsizing is impending can have a real effect on employees' wellbeing. It is not surprising that once the downsizing is over employees are often left with a range of negative emotions to come to terms with.

### 2.2.2 Range of Emotions Survivors Experience

Survivors experience a range of negative and sometimes destructive emotions following a downsizing. These emotions are not only detrimental to the individual survivors but consequently to the organization, since decreases in the levels of motivation among employees inevitably affects the organization's performance and productivity (Appelbaum et al., 1987).

Layoffs have a devastating effect on the morale of surviving employees as numbness and depression sets in. The feeling is often referred to as "survivor sickness", "survivor syndrome" or "survivor guilt" and has been likened to some of the feelings experienced by survivors of the holocaust. Not only do survivors mourn the loss of their

co-workers and/or friends, but also they often experience a nagging guilt for 'surviving' while others did not. As a result, 'layoff survivor sickness' describes a set of attitudes, perceptions and feelings that describes what employees who remain after layoffs have taken place experience (Appelbaum, 1987; Mathys and Burack, 1993; De Vries et al., 1997; Spaniel, 1995). Layoff survivor sickness is manifested in a number of ways such as anger, job stress, decreased loyalty and organizational commitment (Shaw and Barrett-Power, 1997).

Noer (1993) has provided much thorough insight into the feelings survivors experience following a layoff. He has isolated a number of clusters of feelings and concerns survivors experience following a downsizing;

- *Job insecurity* - This seems to be the most pervasive of survivor symptoms.
- *Unfairness* - Often unfairness takes on two dimensions: a sense that top executives and people from other parts of the organization are not doing their share, and perceptions that the choice of who stayed and who left was unfairly determined.
- *Depression, stress and fatigue* - These feelings are almost universal not only among survivors but also among those in leadership roles.
- *Reduced risk taking and motivation* - This is another common response of survivors who fear losing their own jobs.
- *Distrust and betrayal* - These feelings emerge as a result of the downsizing coming as a surprise in addition to the break from the old employment contract.
- *Lack of reciprocal commitment* - For those employees that maintain their commitment to the organization throughout the downsizing, there is rarely the feeling that the organization has a reciprocal ongoing commitment to him/her. As a result, often some may become bitter and angry with the abrupt change.



- *Wanting it to be over* - There is often a widespread desire to get on with the downsizing, to get it over. Employees emerge from the layoffs fatigued and drained by the drastic changes and restructuring.
- *Dissatisfaction with planning and communication* - The planning, administration, and communication of layoffs is usually a topic of widespread discussion. Of particular concern to most employees is the desire for advanced notice and a more open flow of information.
- *Anger over the layoff process* - When terminated employees are treated unfairly, surviving employees expressed widespread anger and concern over how layoff victims were treated. The main concerns are both for the feelings and dignity of those who left and for what the process said about the organization's values.
- *Lack of strategic direction* - When they are not informed about the necessity for restructuring as well as the plan for the changes themselves, there is often deeply felt concerns, experienced primarily by executives and managers, over the perceived lack of strategic direction and the gap between the strategy planners and the implementers.
- *Lack of management credibility* - Because survivors often emerge from a downsizing feeling it was done *to* them, there is a tendency to blame a generic "management" and to be distrustful of what comes from the "top".
- *Short-term profit orientation* - "They", the generic management, are often seen as fixated on short-term profits and as willing to pay for them with work force reductions regardless of the costs experienced by employees.
- *Sense of permanent change* - There is a tendency for survivors to experience a widespread sense of permanent and sudden change, resulting in stress, resignation, and fear (pp. 54-66).

The emotional state of survivors is profoundly affected after layoffs, especially when communication is inadequate and when, until the downsizing actually takes place, the old psychological contract is still believed to be in effect. A survey by Rights Associates (an outplacement firm) of over 900 human relations executives found that over seventy percent of remaining employees feel insecurity about their jobs (Mathys and

Burack, 1993). Noer (1993) has pointed to the fact that over time, if left unaddressed, these detrimental emotions and fears are exacerbated. The sense of resignation and numbness increase and unless management policies in terms of communication have changed, it is likely that survivors will continue to perceive top management as unfair and uncaring. Also, over time, surviving employees are likely to feel increasingly less confident in their ability to manage their own careers and feel great insecurity about their future. When this feeling of helplessness is coupled with pessimism and a bleak vision of the future, a common response is cynicism. This is especially detrimental when survivors also perceive the downsizing process as unfair. Cynicism or lack of confidence in management and change efforts, and the belief that the layoff process was not conducted fairly are the most damaging of negative emotions since organization's credibility becomes undermined in the eyes of employees. Not surprisingly, when survivors become cynical over the layoff process and view the downsizing as unfair, negative behavioral outcomes often ensue.

#### **2.2.2.1 Cynicism - Common Side Effect of Change Efforts**

Many of the preceding emotions converge to create a profound sense of cynicism. Cynicism is a response to a history of change attempts that have not been successful and which have been prompted by motives other than those justified to employees. According to Reichers, Wanous and Austin (1997), it involves a real loss of faith in the leaders of change and can have detrimental effects on the morale and productivity of employees.

Many of the factors responsible for survivors' lack of trust in management are also responsible for growing cynicism in organizational change. For example, employees are

more likely to be cynical about change when they feel uninformed about what is going on in the workplace and about change efforts as well as when they are not offered meaningful opportunities to participate in the decision making. Also, as with decreased trust and faith in management, employees who become increasingly cynical will exhibit lower commitment, motivation, satisfaction and productivity (Reichers et al., 1997).

Cynicism is therefore a potentially undesirable side effect of a downsizing initiative. It is as undesirable as the perception that the downsizing was conducted fairly is desirable and beneficial to the recently downsized organization. Consequently, taking steps to ensure that the downsizing is perceived as being conducted fairly is one means of preventing a cynical attitude from pervading among a surviving workforce.

A number of strategies can help manage and minimize cynicism about organizational change. Specifically, Reichers, Wanous and Austin (1997) suggest the following:

- Keep people involved in making decisions that affect them
- Emphasize (and reward) relationship-oriented behavior for supervisors
- Keep people informed about ongoing changes: when, why and how
- Enhance the effectiveness of timing
- Keep surprising changes to a minimum
- Enhance credibility:
  - Use spokespersons who are liked, trusted and credible;
  - Use positive messages that appeal to logic and consistency;
  - Use multiple channels and repetition.
- Deal with the past. Acknowledge mistakes, apologize, make amends.
- Publicize successful changes.
- Use two-way communication in order to see change from the employees' perspective.
- Provide opportunities for employees to express feelings, receive validation and reassurance (pp. 53).

Such measures have a critical role in effecting a different outcome (i.e. survivor syndrome) in the post-downsized organization. Likewise, deliberate measures can be

taken that affect employees' perceived fairness of the process to become, as a result, more acceptant and understanding of the outcome.

#### **2.2.2.2 Perceived Fairness of the Downsizing Process**

Brockner (1992) has identified a number of questions which have a defining role as to whether or not survivors will view the downsizing process as having treated themselves and their terminated counterparts fairly. According to equity theory, this perception of fairness is instrumental in the perception of equity when one's outcomes are compared to one's inputs as well as when these are compared to those of other workers (fellow survivors as well as terminated employees) (Vecchio and Appelbaum, 1995). Their perceptions of fairness are determined by survivors' beliefs as to why the downsizing occurred in the first place as well as to the extent that they believe the process was conducted fairly. Whether the downsizing was conducted fairly can be assessed by asking seven key questions:

- Whether the layoff was justified
- Whether the layoff was consistent with corporate culture
- Whether management provided ample advanced notice
- Whether management provided adequate explanations
- Whether higher managerial levels were also affected by the cutbacks
- The extent to which terminated employees were taken care of
- The extent to which employees were involved in the downsizing process

The first and most basic question survivors ask is whether the layoff was justified. When survivors feel that the layoffs were necessary and that management considered

alternative cost cutting measures (for example, hiring and wage freezes) they are much more likely to perceive the downsizing as fair than if they believe that the downsizing was motivated by managerial greed and/or incompetence.

A second question survivors ask is whether the layoff is consistent with corporate culture. If the layoffs take place in a company which espoused lifelong employment and job security, then employees will react much more strongly than those in a company where such a promise was never made, both implicitly or explicitly. In both cases, communication remains key to preventing employees from feeling deceived and disrespected by the organization.

The third question is whether management provided ample advanced notice. Now that the plant closing law has been passed in the U.S. this will probably be less of an issue in the future. It is important that organizations realize the value of providing advanced notice; it goes beyond ethical treatment of employees to a real opportunity to transform employees into organizational allies. Explaining the situation openly and with ample advanced notice will help employees understand the difficulties ahead, even when tough measures are to be implemented. Doing so will also satisfy the fourth question, whether management provided employees with a clear and adequate explanation of the reasons for the layoff. Again, doing so is a real sign of respect for employees as valuable assets to the organization.

Another question which has an effect on employees' perception of fairness is whether the cutbacks were shared at higher managerial levels. Unless management also shares in the sacrifices it becomes more difficult to convince survivors that laying off their co-workers was a painful but necessary measure. As a result, when contentious

downsizing articles appear (such as a recent one in Newsweek describing a group of top executives, because they had eliminated over 350,000 jobs while continuing to receive huge salaries and bonuses, as "corporate killers"), they express the view of many surviving as well as downsized employees (Reichers, Wanous & Austin, 1997).

A sixth question is how the organization took care of terminated employees. Tangible signs of care-taking such as outplacement counseling and severance pay, provide a clear message to survivors that they too will be taken care of if they ever find themselves in the same situation.

A final concern of employees when assessing whether the downsizing was conducted fairly is the extent to which they were involved in the decision process. Communicating the need to reduce costs and asking for employee input for proposed solutions can have a real affect in empowering employees. This will provide a clear sign that all other possible solutions were addressed and the downsizing was in fact inevitable.

In addition to how a downsizing answers the above questions, two further issues make it more likely that survivors view the process as unfair (Brockner, 1992). The first is whether they were close to the layoff victims. When terminated employees and survivors were close, survivors will be more sensitive to the treatment afforded to their downsized colleagues. Similarly, when survivors are committed to the organization they will be more thoroughly searching for answers and will more readily identify flaws in the process.

The emotions survivors experience, mainly influenced by their perceptions of fairness, have far reaching consequences for both the individuals and the organization. When survivors perceive the downsizing process as having been unfair, they often exhibit

behavioral outcomes which are detrimental to both their individual well being and for their productivity within the organization.

### **2.2.2.3 Behavioral Outcomes**

According to Noer (1993), survivors cope with the symptoms of survivor sickness in ways that are neither healthy for themselves nor organizationally productive. Specifically, most survivors experience the following feeling clusters:

- Fear, insecurity and uncertainty
- Frustration, resentment and anger
- Sadness, depression, and guilt
- Unfairness, betrayal and distrust (pp. 89-90)

In addition to the above, some of the most common survivor coping mechanisms are reduced risk taking, survivor blaming (usually of top management), lowered productivity and denial (Noer, 1993).

Reduced risk taking occurs as survivors become more conservative and almost risk averse. Not only does this limit their potential for growth, but can lead to a stagnant organization. Survivor blaming follows from the natural instinct to make sense of what happened and to attribute responsibility for the resulting fear and confusion. The most common culprits for which blame is attributed are the generic management above them. Not surprisingly, dealing with these negative and sometimes destructive emotions diminishes employee ability to focus on their jobs, leading to lowered productivity by individual survivors and often the organization as a whole. This phenomenon is best understood as a two-step process where an initial upsurge in productivity is then followed by a decline. Brockner (1992) attributes this increase in productivity immediately after layoffs have taken place to a heightened feeling of job insecurity. As expected, this

heightened productivity does not last, as the pervasive feelings of depression, low morale and guilt ultimately lead to a decline in productivity. Finally, throughout this survivors often go through the ensuing changes in a state of denial, especially when employers do not adequately address their questions and insecurities.

In addition to how the downsizing process was conducted and the extent to which survivors were considered as active participants in the process, the assistance provided to survivors throughout the downsizing effort will have a significant impact on their perception of fairness. Preparing employees for the changes ahead, prior to the downsizing, as well as to the changes in their workloads, after the downsizing, are examples of key concerns managers must address in their downsizing strategy.

### 2.2.3 Survivor Needs Following a Downsizing

The most immediate need of surviving employees following a layoff is knowing the extent to which they should worry about the possibility of future layoffs. When employees believe that more cuts are on the way they are likely to experience great insecurity and may divert their energy from their work in the attempt to find a job elsewhere to preempt the possibility of being laid off (Brockner, 1992).

According to Isabella (1989), after a downsizing survivors have specific needs which must be met if they are to have the confidence to focus on their work and tasks ahead. Specifically, survivors have performance related needs, advancement related needs and growth and security related needs (see Appendix II).

Performance related needs are those which concern issues such as the availability of human and technological resources for optimum performance and productivity. As a



response to these, the organization must provide accurate and specific information about the resources, such as people, dollars and support services, available to employees (Isabella, 1989). After a downsizing the volume of their work usually increases as well as the responsibilities, which some are reported to find enjoyable (Brockner, 1992). Specifically, employees will be concerned with some of the factors which have changed which influence them directly. For example, the extent to which resources continue to be available to them, whether new performance standards have been implemented, as well as whether good supervisors 'survived' the cuts may directly impact their ability to continue to perform competently (Isabella, 1989).

Advancement related needs encompass employees' concern with advancement within the organization. In order to address these needs the organization must provide information about promotional opportunities and the value the company attaches to various career paths, all the while making it clear to employees the various choices they have and which paths are open to them (Isabella, 1989).

Growth and stability needs address the issue of organizational plateauing. While advancement related needs can be thought of as addressing the necessary tools for advancement, growth and stability needs address the issue of opportunity for growth and stability. To address these needs the organization must provide employees with information about the alternatives available for them to continue to grow and contribute to the organization (Isabella, 1989). Their concerns will deal with issues such as the presence of opportunities for upward mobility within the organization, opportunities for skill advancement, as well as financial and job security (Brockner, 1992; Isabella, 1989).

In addition to addressing the specific needs of employees at various career stages by providing the necessary tools for adequate performance of their responsibilities, an organization must also be creative when doing so. Creative thinking and innovative programs are fundamental when the organization faces increasing scarcity in terms of tangible, material rewards.

For example, given the fact that promotion and salary increases are increasingly less viable reward options to encourage and support employees' success, and because downsizing means job security is no longer an option, alternatives must be considered. One valuable option involves changes in authority and responsibility by making work more meaningful such that employees feel more like owners in the production process.

However, this implies that the organization must redefine its meaning of job security to address this new organizational paradigm. One means of accomplishing this is in the treatment afforded to employees and their respective careers. The organization should help equip its employees with the skills to better understand their values, career needs and goals such that they will become more empowered within the organization as well as outside of it if another round of layoffs takes place. Measures such as these will engender a new kind of commitment and loyalty to the organization. Employees will not only recognize and develop their career strengths for their own career furthering and development, but with these they will build a stronger and more productive organization (Isabella, 1989).

Clearly, tangible changes in job design and in career planning are warranted. However, communication remains central to the process if the creation and fostering of commitment and loyalty toward the organization is to be achieved. Communicating

changes to employees as well as the resources available to them to deal with these changes is not only an ethical issue, but also one that embodies the respect an organization has for its workforce.

### **2.3 *Communicating Downsizing***

The role afforded to communication throughout the downsizing process will have a definitive effect on how survivors, and consequently the organization, emerge from the downsizing. How the downsizing is communicated is vital to ensure that employees receive accurate and timely information rather than the often twisted variety one picks up 'through the grapevine'. While communication has a significant mediating effect on the extent to which survivors will experience survivors syndrome, the literature indicates that it is not a significant aspect of the assistance provided to survivors. In fact, the assistance offered survivors during the layoff process is often found to be lacking. As a result, given that the role of timely communication transcends the provision of information, its role in the creation and maintenance of trust and workforce empowerment will also be addressed. This section will also propose a number of ways of improving communication before the downsizing is implemented.

#### **2.3.1 Assistance Provided to Survivors**

While programs to aid terminated employees are routinely included in downsizing efforts, the same can not be said in the case of survivors. Most organizations already provide out-placement services and severance packages for most or all employees being

made redundant (Doherty and Horsted, 1995). However, in the case of survivors, the widespread attitude is that survivors are lucky to still have a job, and for this reason they should feel relieved and eager to get back to work (Borosan and Burgess, 1992; Caudron, 1996; Doherty and Horsted, 1995; Kogan, 1996). Since rarely are survivors' needs anticipated and tended to, the coping mechanisms with which they deal with the changes are often unhealthy and unproductive.

According to Borosan and Burgess (1992), a survey by Right Associates of over 1,200 executives and managers found that between eighty two and eighty eight percent of the companies have not considered, or chose not to, implement programs to improve employee performance and boost their confidence. In fact, the few companies that did claim to tend to survivors' needs fall short of providing any real help. The surveyed companies with the best approaches to survivors' needs provided the following comments:

"A survivor program per se -- I don't think so. We have constant communication." -- Irene E. Shadoan, manager of human resources and corporate plans at E. I. Du Pont de Nemours and Co.

"Employees are a significant constituency to IBM . . . We pride ourselves on communicating with employees" -- Kathleen Ryan, IBM.

"We've never had the need [for survivors' programs] . . . We pride ourselves on effectively communicating 365 days a year" -- John Marciarz, spokesman for industrial relations activity at General Motors Corp. (pp.43).

Clearly these efforts are not sufficient. Once the downsizing is completed, employees are expected to work harder while being grateful to still have jobs. As a result, what often happens is that organizations fail to give sufficient consideration to the

people factor, ignoring the human resource issues which should be an integral component of the organization's planning process (Labib and Appelbaum, 1994; Willihnganz, 1997).

Given that organizations' downsizing efforts are usually part of a large cost containment strategy, it is not surprising that often they ignore survivors because they find themselves in a Catch-22, since programs to address survivors' issues would invariably involve a cost component. However, given symptoms such as decreased motivation, morale and anxiety as well as declines in productivity, there is a real urgency to tend to survivors' needs if the benefits of the downsizing are to accrue to the organization beyond the short-term. Even if some investment is required, it is in the organization's interest to invest in survivors given the widespread research supporting the fact that that symptoms of survivor syndrome are alleviated when survivors perceive the situation to be handled fairly to both terminated and surviving employees (Borson and Burgess, 1992; Doherty and Horsted, 1995; Doherty, Tyson, and Vinney, 1993).

Addressing survivors' needs does not only fulfil the ethical responsibility of an organization toward its work force, but also engenders positive responses from employees which ultimately spill over into the organization. One of the most valuable of such responses is the trust of surviving employees toward employers.

### 2.3.2 Fostering the Trust of Surviving Employees

An organization can make use of a number of strategies to address survivors' needs and revitalize the workforce. The most effective tools are heightened communication, which permits both increased participation, and acknowledging and addressing the emotions of surviving employees.

Management should flood the workplace with information by both oral and written means. Questions such as how the downsizing will affect survivors should be addressed (Tang and Fuller, 1995; Willihnganz, 1997). In addition to communicating issues directly relevant and relating to survivors, survivors should also be informed about how their former colleagues are doing in the job market (Doherty and Horsted, 1995). Fostering communication between management and employees is one of the most effective ways of promoting trust and loyalty toward the organization as well as having a positive affect on job satisfaction (Tang and Fuller, 1995).

A second strategy, participation, is only possible in an organization with open lines of communication. When survivors are allowed to participate in the downsizing process they will assume partial ownership in the process and will be more likely to accept and even be supportive of it (Noer, 1993; Willihnganz, 1997).

A third key strategy, especially once the downsizing has taken place, is addressing emotions. By addressing the distressing emotions survivors are likely to be experiencing, management is acknowledging their difficulties and validating their feelings. Also, by providing employees with the time and opportunity to express their feelings and insecurities they will be better able to understand and accept the changes and be better prepared to move forward in a positive and productive way (Noer, 1993; Willihnganz, 1997).

A final and overarching strategy is telling the truth. It is management's ethical responsibility to provide employees with accurate information so that survivors can assume control over their own futures and careers. This may prove very effective in gaining the trust and credibility of employees (Noer, 1993; Willihnganz, 1997).

In addition to being better able to deal with and accept difficult decisions, trust can act as a mediating factor in organizational outcomes. In other words, when an organization secures the trust of its surviving employees, their reactions may be of acceptance and understanding even if they have to contend with difficult outcomes. In fact, for a downsizing to be successful, and the organizations' strategic needs to be achieved, survivor needs must be addressed, in the form of emotional support, extensive communication from management and career management assistance (Labib and Appelbaum, 1994; Mone, 1997).

Since employees will hunger for information when change begins to take place, when communication from the 'top' is insufficient, it is likely that the "grapevine" will be the main source of information. According to McClelland and Wilmot (1992), employees often feel that even when they ask questions they get no answers, and that when their questions are answered it is usually too late for these to be effective. As a result, in addition to the trauma of the downsizing itself, when communication is not effective and timely, employees are likely to feel that they not only are not trusted, but are merely disposable pegs in the organization. As such, communication has a crucial role to play in the extent to which trust will thrive in a downsizing organization. With the understanding that survivors experience a range of negative emotions following a downsizing as well as being provided with inadequate assistance, employers must make a conscious attempt to alleviate the shock. Communication has been proven to be the most basic and effective means of minimizing adverse effects and meeting survivor needs during a downsizing.

### **2.3.3 Minimizing Adverse Effects and Meeting Surviving Needs with Communication**

Communication is the most effective organizational ally in the prevention of survivor syndrome. Communication has a positive impact in both the creation and maintenance of trust as well as in the establishment of an empowered workforce.

#### **2.3.3.1 Role of Communication in the Creation and Maintenance of Trust**

Communication can directly affect the trust of employees toward their employers. The degree to which employees are informed about the downsizing prior and during its implementation will invariably be directly related to the extent to which they will trust their employer after the downsizing has taken place.

The mere perception of organizational justice has been found to be linked to how a decision is made and communicated rather than what the decision actually is. This perception is also affected by how much "voice" employees feel they have in reaching the decision regardless of the decision itself (Greenberg, 1990). In other words, when employees perceive a decision process as fair (i.e. the decision is necessary and it is communicated in a thorough and timely manner) then they are likely to feel that there has been organizational justice even when the personal outcome of this decision is negative (i.e. employees will be terminated). According to Vecchio and Appelbaum (1995), "feelings of fairness, or equity, can serve as a powerful stimulus to increase or decrease effort" (pp. 218). Equity theory thus proposes employees will compare their outputs (for example, a promotion) given certain inputs (for example, longer work hours) to judge their outcomes as fair (Vecchio and Appelbaum, 1995). As a result, it is most desirable to maintain the credibility and trust of employees by communicating everything



constantly and in detail so that their outcomes (in this case the consideration and respect afforded by the organization) are in equity with their inputs (in this case commitment and loyalty to the organization). This reassurance and sense of fairness are most efficiently provided when managers are accessible and frequently interacting with employees providing full information while being honest and straightforward about all possible consequences (De Vries, Kets & Balazs, 1997). Not surprisingly, open and honest communication will not only secure employees' trust, but will also play a vital role in the advancement of an empowered workforce.

#### **2.3.3.2 Role of Communication in the Establishment of an Empowered Workforce**

As in the case of trust, communication plays a pivotal role in the establishment and creation of an empowered workforce. The mere fact that communication provides employees with essential knowledge explains how its presence automatically hands over power to employees.

Much of the downsizing literature has pointed to a workforce hungry for information and employers hesitant to provide such information. According to Noer (1993), one common excuse of companies for not providing extensive information is that employees who know too much in advance are likely to spend their time looking for other jobs and in turn sacrifice effective accomplishment of their tasks. However, given that all employees' focus will shift once they begin to suspect change is imminent, it is wiser for companies to have their employees on their side. As a result, by providing employees with accurate and timely information employers will ensure that their employees are made to feel as part of a team, thus feeling empowered and believing that

their inputs are valuable and that they have an active role to play in the current crisis situation (McClelland and Wilmot, 1990).

Given the desirable "side effects" of timely and honest communication it should clearly be a focal concern of any downsizing effort. As a result, investing in improving communication will undoubtedly maximize the success of a downsizing.

#### **2.3.4 Strategic Options for Communicating Downsizing**

Before an attempt can be made to improve communication to employees, it is important to have an understanding of the most common ways downsizings are being communicated to employees. A survey of the literature reveals that while its benefits are uncontested, it often is the case that organizations invest little energy and time into maximizing the positive use of communication channels. With an understanding of the various means employed, suggestions to improve communication will follow.

##### **2.3.4.1 Various Ways Downsizing is Communicated to Employees**

How the decision to implement a downsizing effort is communicated to employees is one of the factors which greatly affects the well being of both terminated and surviving employees. One of the key issues is the timing of the communication. How much advance notification is provided prior to the implementation of the downsizing is paramount to a feeling of inclusion in the ensuing process as well as providing employees the opportunity to adapt to changes or make alternate plans concerning their careers. Not surprisingly, failure to provide accurate and timely

information is often supplemented by alternate means of information, which may be inaccurate and/or grapevine derived.

The question of providing ample advance notification to employees prior to the implementation of a downsizing is somewhat contested in the literature. One view widely espoused by the management of most downsizing organizations is that there is a risk of sabotage by employees when they are informed too early in advance to the impending layoffs. According to Craig Dreilinger, who advises companies on downsizing, employees who feel an injustice has been done may reduce their commitment and contributions in a number of ways, ultimately damaging the organization (Ross, 1995). Such a view is pervasive within most downsizing initiatives. Kaufman (1982) has found that eighty percent of employers give less than four weeks notice of termination and much of the literature points to the widespread disturbing practice of escorting employees off the premises immediately after they are informed that they have been laid off (Labib and Appelbaum, 1994).

It is not surprising that such practices often produce traumatic effects on all involved. In fact, providing advance notice is increasingly viewed as the ethical responsibility of an organization. In the U.S., a federally enacted plant closing law has been passed, requiring employers to give at least sixty days of advance notice for plant closings and large-scale layoffs. This came in response to the fact that prior to this law the average amount of advance notification was about one week (Brockner, 1992). Most layoffs, however, do not involve plant closings and do not fall into the sixty-day requirement.

Once the layoffs are announced it is likely that all employees involved will shift their focus from their jobs to the new concerns of the ongoing changes. The more the organization communicates the less employees will spend time and energy on 'guess work' (Noer, 1993). Advance notification allows terminated employees time to adjust to the changes and make short-term arrangements, providing them with the opportunity to leave with dignity, a benefit not only to their own well being but also to the organization itself since it conveys a message to surviving employees of a caring and humane organization. As a result, the process becomes one where employees feel they are *partners* in the process rather than merely *recipients* of top down decision making.

The medium by which the downsizing is communicated to employees is a second, but equally important issue in the communication of downsizing. Brockner (1992) cites two vivid examples of how not to communicate a layoff. The first is that of a petroleum company which brought its employees together for a meeting. Each of the employees was handed an envelope with a letter "A" or "B" on it, and they were then all told that whoever got the "B's" were to come into another room where they were informed they were being laid off. The second example he provides is that of a communications company where the layoffs were leaked to the press before the employees who were being laid off were informed. As a result, some employees found out they were likely to lose their jobs as they were listening to the radio and driving home from work!

Clearly these two examples exemplify near disasters and are quite extreme. However, they do help bring to light the importance of what may seem to be a mere detail (i.e. communicating the downsizing itself). Employees should not only receive ample advanced notice, but must have the downsizing communicated in a way where they

understand that the company exhausted all alternatives before implementing the downsizing, and that guidance will be provided to get their careers back on track.

Providing formal, accurate and timely information to employees is not only an issue of ethical treatment, but also prevents employees from consuming informal and often unreliable information. Sincere attempts to increase and improve the channels of communication to employees, where the implementation of a downsizing constitutes a measure of last resort, will result in payoffs that greatly outweigh the investment.

#### **2.3.4.2 Ways of Improving Communication**

Given the role of communication in creating and fostering trust and empowerment, it is one of the best tools available to a downsizing organization. Fostering the trust of employees will allow them to concentrate on their work and continue to be productive with the assurance that management is also concerned with their well being.

Trust, coupled with a feeling of empowerment, will create a workforce which feels equipped to deal with the upcoming changes in the organization as well as to make the necessary adjustments required to further their careers. Open and honest communication, and consequent trust building, are essential for employees to make good future career decisions (Caudron, 1994; De Vries et al., 1997; Eisenberg, 1997).

Prior to the downsizing effort three general and highly interrelated notions are key: advance notification, truth and over-communication. These are essential to the building of a stable base on which the downsized organization will be erected.

In addition to the role it plays in the fostering of trust and empowerment, ample advanced notice will allow victims of the layoff to exit gracefully as well as provide surviving employees with one example of how the organization cares about its employees. Seeing that terminated employees have been treated with dignity and respect by receiving advance notification will make survivors more appreciative of their respective position, positively affecting their productivity and morale. In very practical terms, the likelihood of having to deal with wrongful discharge lawsuits also decreases in the presence of advanced notification (Brockner, 1992).

Telling employees the truth is essential not only in terms of their jobs and how secure these may be, but also in terms of the organization itself. Given the changes involved in a downsizing, it is vital that leaders of a downsizing organization convey the new goals, vision and operational strategy to employees. This provides employees with the opportunity to sign on and to recommit to the 'new' organization, with the understanding that together they will be weathering a storm. As a result, given that the whole company culture is likely to be changing, policies which were applicable prior to the downsizing may no longer be applicable given the organization's new direction (Elmuti and Kathwala, 1993).

It is not sufficient that information be made available. It must be overcommunicated. Not only should employees' questions be answered, but they should also be anticipated and repeatedly addressed. Not only will employees be informed as a result, but also this will actively prevent rumors and credence to be given to unofficial sources. Varied means of communication should be used - such as newsletters, e-mails

and faxes as well as face to face communication – to communicate information about the organization (Mishra et al., 1998).

Effectively providing timely and honest communication to employees before the downsizing is perhaps the most powerful tool an organization can leverage to ensure the well being of its human capital. More specifically, investing in the human capital which will survive the downsizing is the most valuable strategic move at an organization's disposal to ensure the emergence of a productive and successful post-downsizing organization.

The provision of information to employees even before the downsizing is implemented is an important component of a construct aimed at preventing much of the negative side effects of downsizing. Effective and timely communication will therefore constitute the basic underlying building block of the Realistic Downsizing Preview (RDP), a model designed to help survivors cope and even thrive despite the implementation of a downsizing.

### **3.0 Analysis of Issues and Proposed Realistic Downsizing Preview (RDP)**

Today it has become clear that downsizings are not a temporary trend. In fact, it seems like much of business is increasingly geared toward increased efficiency and productivity by whatever means possible, often to be accomplished at the expense of job security. According to Sara Rimer (1996), to many companies the immediate rewards layoffs bring on Wall Street increasingly justifies the view that soon “all workers may be replaceable” (p.p. 113).

There is no room to attempt to understand layoffs as a temporary, short-term remedy to organizational ills. Today even organizations with record profits continue on the quest to become (or remain) lean and mean (Mishra et al., 1998). Since 1979, some forty-three million jobs have been eliminated. Also, a first round of downsizing is usually followed by a second, such that almost seventy percent of firms that cut jobs in one year do so again in the following year. Given these facts, it is not surprising that today fifty percent more people have a chance of being victims of a layoff than of violent crime (Mishra et al., 1998). While these cuts were initially concentrated in the private sector, today these measures are increasingly being implemented in the public sector as well, and many analysts point to this as a new trend toward curbing bureaucratic inefficiencies (Caudron, 1996).

With the above in mind, a Realistic Downsizing Preview (RDP) is proposed as a downsizing communication “package” which incorporates all of the essential elements of downsizing communication just covered, and more. Drawing from the lessons of Realistic Job Previews (RJPs) as its basis, this section proposes the construction of a



model to equip employers to better prepare employees to deal with the impending changes involved in a downsizing initiative. Also, given indelible changes in work relationships, it is vital that the need for a new employment contract be addressed. By redefining work relationships and mutual responsibilities, employees will more readily adapt to much of the transformations which have begun to take place in the workplace. With communication at its core, the Realistic Downsizing Preview will provide employees with information on the overall changes to the system as well as the changes immediately affecting them. Central to this model is also a thorough training scheme both for the managers of employees but for employees themselves such that they may effectively deal with the increased workloads and responsibility as well as claim ownership and responsibility for managing their own careers. The RDP is therefore instrumental in addressing survivors' needs by improving the quality of communication and by increasing managers' role in the prevention of survivor syndrome. The most valuable outcomes of implementing an RDP are a general alleviation of survivor syndrome symptoms as well as the creation and maintenance of survivor empowerment and trust.

The instrument of Realistic Job Previews developed by John P. Wanous provides invaluable lessons as to how the communication of information prior to an event will elicit more positive responses from employees. This is due to the fact that when surprise events are minimized, employees are more likely to have the coping mechanisms to deal with change. As such, this managerial intervention can be emulated and transposed to the context of downsizings in order to better prepare employees for the coming changes

and thus ensuring that they will be better equipped to deal with the issues at hand rather than reacting (mainly adversely) to the issues themselves.

### **3.1 *Lessons from Realistic Job Preview (RJP) Literature***

Realistic Job Previews (RJPs) have successfully been used to reduce employee turnover. Initially proposed by Wanous (1973), they serve as a valuable example of how providing information in advance may prepare employees to effectively cope and more readily accept coming events and change efforts. The stages of implementing RJPs as well as the questions addressed provide lessons which may help alleviate survivors' negative experiences following a layoff.

Realistic Job Previews are an attempt to 'vaccinate' new employees from what would otherwise be disappointments on the job. In other words, RJPs attempt to make the expectations of employees more congruent with real job expectations. RJPs work by giving employees an accurate description of the job, such that employees starting out are less likely to leave the organization voluntarily. As a result, job candidates are given a small dose of organizational reality (as in the case of a medical vaccine where a weak dosage of the disease causing organism is introduced) during the recruitment stage so that their initial expectation is lowered, consequently reducing turnover (Premack and Wanous, 1985; Wanous, 1973, 1978, 1980).

In addition to reducing turnover, RJPs also accomplish three valuable goals. First, they play a role in self selection, for they serve to discourage employees who will be less likely to survive on the job from accepting extended job offers. Second, because an RJP involves honest disclosure of information relevant to a given job (rather than only

the 'good' stuff) before employees are hired, they are made to feel that the organization is being honest and up-front, leading them to be more committed to the organization if they do accept the job. Finally, RJPs may serve to increase the probability that the employees hired are actually capable of coping with the demands of the job (Adeyemi-Bello and Mulvaney, 1995).

Much of the literature has pointed to the fact that subjects receiving some form of RJP have more realistic expectations before committing to a job than subjects who do not receive the preview. Also, new employees who receive the RJP tend to experience higher job satisfaction and less stress, while being more committed to the organization and less likely to leave than employees socialized through more traditional methods (Adeyemi-Bello and Mulvaney, 1995; Dean and Wanous, 1984; Dugoni and Ilgen, 1981; Colarelli, 1984; Krausz and Fox, 1981; Wanous, 1973, 1975). Because job previews tend to work by creating initial job expectations that are consistent with the information in the preview, they are consequently associated with higher job survival and more positive attitudes about the job (Wanous, 1973). According to Wanous (1989), "thirty years of research on the realistic job preview (RJP) has established its validity, and recent utility analysis suggests that RJPs can lead to substantial employee-replacement cost savings" (pp. 117). The findings have been encouraging; RJPs do in fact lower initial expectations and increase job survival. According to Wanous (1989), utility analysis has pointed to the fact that the effect of an RJP on turnover is relative to the severity of an organization's turnover problem. In other words, an RJP will have the greatest impact on an organization with a lower job survival rate.

There are three main stages to the RJP; the pre-RJP stage, the actual RJP and the post-RJP stage. A knowledge and understanding of these provides the framework for developing, testing and administering the RJP (Adeyemi-Bello and Mulvaney, 1995).

### 3.1.1 Pre-RJP Stage

In the pre-RJP stage the decision as to whether the use of an RJP is appropriate is made. In making this decision it is important to keep in mind that RJP is most effective when an employee can be selective about accepting a job offer, has unrealistic job expectations, and/or would have difficulty coping with job demands without a RJP. Conversely, RJP will be less effective when the job is simple with repetitive tasks, and when employees will undergo extensive training before being exposed to the real job environment, such that the training serves as a form of job initiation (Adeyemi-Bello and Mulvaney, 1995). According to Wanous (1989), two key choices must be addressed. Firstly, the organization must decide whether the RJP will be implemented in order to address an existing or future problem or as a preventive measure. It should be proactive whenever possible such that the implementation of the RJP will prevent a future problem rather than cure it. Secondly, the organization must decide whether to use a structured or unstructured approach to collect information. While a structured approach involves methodical collection of information from employees, the unstructured approach involves informally asking employees for information. Both are effective. One great advantage of the structured approach is the quality of the diagnostic data, while the unstructured approach saves both time and money.

### 3.1.2 RJP Implementation

In the implementation of the RJP important decisions must be made with respect to content, medium, source and recipient characteristics (Adeyemi-Bello and Mulvaney, 1995). In determining the content of the RJP three questions must be addressed. The first is whether the content of the material is to be descriptive or judgmental. Descriptive material refers mainly to what concerns the job itself while judgmental material also includes incumbent employees' opinions on such matters. Including as much judgmental material in an RJP as possible is generally a good idea since more naïve job candidates do not have the ability to interpret the meaning of purely descriptive material. Therefore, both descriptive and judgmental material should be included. The second question which must be addressed is whether the content presented will be extensive or intensive. Extensive content refers to a broad range of information with limited depth while intensive content refers to a more limited scope of material covered in-depth. It is best that the content of RJPs be intensive such that few points are made but are done so as forcefully as possible. Finally, it is important to decide whether the content presented will be of high or medium negativity. As a general rule, the balance of positive and negative information should reflect that balance indicated in the organization diagnosis. A high degree of negative information, especially when this reflects the actual balance on the job, may be more effective at triggering self-selection among job candidates (Adeyemi-Bello and Mulvaney, 1995; Wanous, 1989).

In addition to the concern of addressing issues about the content itself, how the content will be delivered must be determined. Two possibilities are written or audio-visual media (Adeyemi-Bello and Mulvaney, 1995; Wanous, 1989). The medium

chosen must be congruent with the type of information to be presented. Judgmental, intensive information is most compatible with the audio-visual method. This is simply due to the fact that it is much easier to communicate strong feelings and opinions about a job in an A-V format than in a booklet. However, when providing more extensive, descriptive information, written methods may be more useful due to the greater amount of information that can be concisely presented.

The source of the information, when using an audio-visual medium is another choice which must be made (Adeyemi-Bello and Mulvaney, 1995; Wanous, 1989). The information in a video can be presented by actors or job incumbents. According to Wanous (1989), job incumbents are better suited when presenting video RJP material to job candidates, since they are likely to be perceived as more credible. Therefore, while actors might produce a better quality video in terms of ease of flow, this might also result in a video that is seen as 'fake' and 'overly produced'.

Finally, the question of at which point in the organizational entry process this information will be presented must be decided. In other words, the company must decide if the RJP will be presented late or early in the interview process. Since self-selection decisions will decrease if the RJP is delayed it is best that it be presented as early as possible in the organizational entry process (Wanous, 1989).

### 3.1.3 Post-RJP Stage

At the post-RJP stage, it is desirable that the expectations of the applicant be measured and contrasted with the initial expectations to determine whether the initial, often inflated, job expectations have become more realistic. Given that the RJP

information has been effectively delivered and well assimilated, the applicant's decision to accept or refuse a job offer will be based on more realistic and grounded expectations making the employee-employer fit more likely to be successful (Adeyemi-Bello and Mulvaney, 1989).

The success of RJPs has led to much interest in the notion of providing advanced notification to prevent organizational ills. One such example is that of Realistic Merger Previews (RMP) which have been modeled on RJPs in order to alleviate much of the negative symptoms which have resulted from the increase in mergers of recent years. As with the RJPs, the idea is to provide employees with as much information as possible during a merger to minimize later effects.

Schweiger and Denisi (1991) conducted a study where realistic merger previews were given to employees and they found that realistic communications during the process helped employees get through the process less painfully than those employees which received no information. As a result, they conclude that employers who communicate extensively to employees, reflecting concern and respect, may be able to expect increasing employee commitment. This may be critical during the process of a merger in which management requires from employees greater flexibility in adapting to changes.

Given its effectiveness in reducing job turnover, Realistic Job Previews provide an important lesson in the value of presenting honest information in order to establish realistic employee expectations. Moreover, the fact that realistic merger previews, modeled on RJP's, have also achieved positive results provides further support for the transferability of the lessons of RJP's to other domains such as that of downsizing efforts. As such, Realistic Job Previews, by seeking to inform employees and thus establish

realistic expectations before new jobs are taken on, have been effective in reducing turnover. In a similar manner, a Realistic Downsizing Preview will attempt to, by providing information and attempting to anticipate the needs of employees throughout the downsizing, address survivors needs so that adverse reactions of survivors to a downsizing are minimized. While RJPs provide a model for the RDP to emulate, the literature on boundaryless careers must be taken into consideration such that the RDP reflects recent changes in the workplace.

### ***3.2 Lessons from the Boundaryless Career Literature***

Downsizing as a business tool reflects much of the changes which have taken place in the past 30 years. In other words, as organizations faced stiffer foreign competition and strove to increase competitiveness, a shift in the employment contract resulted in frequent use of downsizing as an effective organizational intervention (Mathys and Burack, 1993). Given this shift in employer-employee relations, it is important that new working relationships be defined so that the new employment paradigm can be understood by all in the organization.

#### **3.2.1 Defining a New Employment Contract**

The prevalence of downsizing as a new organizational tool brings into question the need for the formulation of a new employment contract. This paradigm shift must be accepted since there is no way of going back (Noer, 1993). Communication efforts must therefore focus on how layoffs are viewed and the process which companies chose to



implement the downsizing. The most constructive approach is to view downsizing in a positive light, where job security is a thing of the past and job contracts are all temporary (Spaniel, 1995).

A new psychological contract must be written, where mutual responsibility for skill development and professional growth are paramount (Clark and Koonce, 1997). At the core of this new contract is career self management where responsibility shifts to the employee. According to Mone (1997), this new contract will urge employees to be "self-starters", to "rely on no one but themselves" and "not to be committed to the organization because it cannot be committed to you" (pp. 317). There is a shift in emphasis from *employment security* to *employability security*.

One of the most effective means of empowering employees to manage their careers, such that they are able to transfer their skills to a new job in the event of a downsizing, is through career self-management. In other words, when employees are proactively managing and updating the bundle of skills they have to "sell" an organization they are more capable of emerging from a downsizing and/or other organizational changes as active participants in the process.

### 3.2.2 Career Self-Management

Career self-management involves the taking control of one's job or career rather than relying on being taken care of by the organization. Implicit in this is a new shorter-term employment contract where a limited amount of security is given for a shorter period of time (De Vries et al., 1997). It is therefore crucial that all involved understand the type of job security enjoyed in the 50's and 60's is no longer sustainable. As a result,

rather than promising job security as it did in the past, a company must now offer employees the opportunity to develop their own careers, by allowing for increased employee empowerment through shared knowledge and information as well as increased opportunities for shared decision making (Mathys and Burack, 1993). The importance of career self-management lies in the fact that it is an effective empowering tool which enables employees to negotiate with their current or prospective organization from a position of strength. As a result, career self-management translates into a workforce which, in the event of a downsizing, is more likely to assess the situation as a turning point to be managed and opportunities and options weighed, rather than as a shock and/or traumatic situation where they feel helpless and, as such, feel their fates are not in their hands but at the mercy of their employer.

One company that espouses the policy of career self-management to its employees is Apple. It recognizes it cannot offer lifelong employment to its employees and therefore makes it each individual employee's responsibility to drive his/her own development. According to Caudron (1994), among the resources available to employees through Apple's career-management program are:

- A comprehensive career resource library
- Brown bag seminars
- Assessment and counseling
- Networking groups
- Online job postings (pp. 64E).

Another example pointed to by Caudron (1994) where career self-management is actually incorporated into the organizational policy is at Marriott. They have developed and implemented a workshop called "Partners in Career Management" in all their U.S. locations. The workshop is based on the notion that career development should involve a

three-way cooperative relationship among the employee, his/her manager and the organization. Employees are responsible for the following:

- Assessing their own skills, values, interests and developmental needs
- Determining long- and short-term career goals
- Creating with their manager a career-development plan to reach their goals
- Following through with their plan
- Learning about and taking advantage of other career-management resources that are offered by Marriott, such as the online job-posting system
- Meeting with their managers on a regular, consistent basis for career-development discussions
- Recognizing that career discussions imply no promises or guarantees
- Recognizing that their career development will depend directly on Marriott's organizational needs and opportunities as well as on their own performance and abilities (64I).

The main goal of affording employees these responsibilities and opportunities is to ultimately shift the responsibility for career management from the company to the employee (Caudron, 1994).

This trend toward career self-management is a primary tool for employees to survive and thrive in the context of a new employment contract. The ability to manage one's own career effectively changes the focus from employment security to employability security.

### 3.2.3 Concern Shifts from Employment Security to Employability Security

Job security has become a thing of the past and organizations are no longer in a position to promise it to employees. As a result, employees can no longer focus on pursuing a job-for-life but instead, of always being able to land a new job when a current contract has 'expired'. What counts, and therefore where the focus should reside, is the

bundle of skills employees have to sell, as their concern shifts from employment security to employability security (Alley, 1995).

The operative word is now adaptability rather than stability as the most valuable survival tool in today's corporate world (Mathys and Burack, 1993). In fact, the issue of employability along with a changing definition of loyalty may represent the beginning of a new employment contract where the rewards for both the organization and the individual are in line with a new reality. For the organization, there is the ability to implement change efforts less painfully and with greater flexibility as well as the opportunity to generate more appropriate behavior from employees. For the employees there is the ability to take on personal career ownership such that they are better equipped with the necessary skills and emotions to cope with change (Doherty and Horsted, 1995).

Changes in attitude must follow alongside the changes in the structure of employee-employer relations. A paradigm must be created so that employees can effectively participate in the change process and provide positive contributions to organizational change efforts. Such an instrument must have at its basis the communication of events and changes in a timely and effective manner so that employees feel as partners in the process so that changes will not be followed by a period of adverse reactions by employees who never foresaw these.

### **3.3 *Proposed Realistic Downsizing Preview***

The premises and model of the RJP can prove valuable in the creation of a Realistic Downsizing Preview (RDP) which will serve as a vaccine with the potential to prevent the negative effects of layoffs on survivors. Similarly, to be effective, the RDP

must incorporate the changes in the workplace which make employment security a thing of the past. Based on the rationale of equity theory, with an understanding of the changes which have taken place in the workplace as well as the proven success of RJPs, RDPs will prevent survivor syndrome by fostering a sense of understanding and involvement in the downsizing process, *before* it takes place.

Equity theory provides the underlying assumption for the creation of a Realistic Downsizing Preview. According to equity theory, individuals compare their inputs and outcomes with those of others and respond to eliminate inequalities (Huseman and Hatfield, 1990). Also, it recognizes that individuals are not only concerned with the absolute amount of rewards for their efforts but also with the relationship of their own rewards to those of others. Key to this theory is the role of perceived fairness in the amount and allocation of rewards among individuals. The perceived fairness of the process used to determine the rewards is also considered.

Given the logic behind equity theory, it is easy to comprehend how survivors suffer negative effects of layoffs even though they are "fortunate" to have maintained their jobs. Though they continue to receive their rewards (as employees in the organization), they compare these to those of terminated employees, who are now out of a job, and relate this back to themselves. In other words, where survivors continue to receive the "output" of employment in return for the "input" of work well done, they compare this to the output of terminated employees (i.e. being laid off) as a reward for the same "input" (i.e. producing good work and being loyal to the organization). The equation becomes particularly difficult when survivors do not understand the decision process (how terminated employees were selected) and when the downsizing comes as a

surprise. From this the conclusion is reached that they too may end up in a similar predicament (i.e. receive the same “output”) no matter how committed they are to the organization and/or no matter how well they perform.

The role the RDP plays in changing this process is by directly affecting the perceived fairness of the downsizing process. If employees, both terminated and surviving, receive thorough and timely communication and are treated with dignity and respect, then surviving employees are more likely to anticipate the same treatment if they find themselves downsized in the future. As a result, since employees will have been walked through the process, by receiving information throughout the downsizing, and since they will see their terminated counterparts being taken care of, surviving employees will suffer less damaging side effects from the downsizing and be better able to concentrate on their work.

A Realistic Downsizing Preview will work by reestablishing a psychological contract between employer and employee. Because employees are involved by being informed and included in the process, from a time before the downsizing is to take place, they will feel they have a stake in the process. A sense of involvement and participation in the process is fostered and employees are, in turn, empowered as stakeholders in the organization. Key to allowing employees to feel that they are involved and active participants in the downsizing process is the communication of all aspects of the downsizing in an honest and timely manner by empathetic and caring managers.

### 3.3.1 Role of Communication in the RDP

While clear, honest and timely communication is perhaps one of the most vital preconditions for a downsizing to result in a healthy and productive organization, it is perhaps one of the most neglected. According to Noer (1993), the focus of attention is on severance pay, outplacement services and even "often (sadly) how desks get cleaned out and the victims ... escorted out the door" (pp. 95). In the meantime, layoff survivors are hungry for information and in its absence develop theories based on fragments of information. Communication - formal, informal, verbal and nonverbal - may hold the key to preventing survivor syndrome from ever occurring (Caudron, 1996).

How communication is dispensed is as important as the fact that it be an active component of the downsizing. In other words, effective and timely communication will not only serve to provide employees with information on the changes taking place, but will also ensure that after the downsizing survivors will exhibit less of the negative outcomes associated with survivor syndrome. Often all that is needed is frequent dialogue with key members of management, which will then trickle down to lower level employees (Labib and Appelbaum, 1994).

The case of Compaq Computer in Houston which had to lay off 15 percent of its workforce (2,000 people) in October, 1991, exemplifies the difference an effective communication network makes (Caudron, 1996). The corporate HR department had the vision to anticipate that employees would feel betrayed and shocked with the downsizing so they developed a comprehensive campaign to communicate the downsizing to employees before it happened. The underlying assumption for this decision was that if

employees understood why the downsizing was necessary for the organization, rumors would be prevented and employees would help the company get where it was heading.

Compaq's communication program consisted of training managers first, not only how to help terminated employees, but also on how to help survivors. According to Caudron (1996), Compaq's program was a success:

. . . just eight months after the downsizing, the company announced a slew of new products [and] . . . . Even though the company had a second layoff just three months later, employees had received so much information about Compaq's new direction that they knew the layoff was inevitable and were able to gear up for the changes. Since then, there have been no additional work-force cuts, and sales have grown from \$4 billion in 1992 to almost \$11 [in 1995] (pp. 41).

While second rounds of layoffs usually exacerbate already detrimental survivor conditions, at Compaq the experience was commendably quite different. Similarly, another example of success pointed out by Caudron (1996) is that of Patagonia Inc., an outdoor apparel manufacturer based in Ventura, California, which in 1992, laid off 125 employees (25% of its workforce). Because of an extensive communication program implemented previous to and throughout the downsizing, surviving employees could focus their energy on rebuilding the company rather than on having their questions answered.

Real life examples of companies which were relatively successful in the prevention of survivor syndrome after a downsizing reinforce the notion that the implementation of a set of policies prior to the downsizing is key. In this prevention effort managers play a key role as employees' primary agents and guides.



### 3.3.2 Role of Managers in the RDP

Because managers are closest to and guide employees, they have an essential role in ensuring that employees emerge from a layoff with confidence and trust in the organization. However, before managers can begin to understand and be empathetic to survivor needs, managers need to be made aware of a number of control traps which prevent them from more effectively connecting to their employees (Noer, 1993). Once this is accomplished, managers can be trained to effectively address survivor needs throughout the downsizing process.

Before the downsizing is implemented it is important that managers address the three control traps which block communication (Noer, 1993). Training here is key. The first control trap involves how communication is managed and refers to artificially monitoring its natural and authentic flow. This refers to when an attempt is made for management to look good, and these controls are usually tightened in times of crises. The second control trap is the managing of emotions. The emotions of executives and organizational leaders are usually buffered and filtered by human resource personnel and communication officers who write speeches and official communiqués. The result is that organization heads are isolated at the top and employees feel in turn forgotten and neglected. The final communication trap is managing an unproductive image. This is related to the old employment contract (see Appendix I) where leaders assumed a paternalistic role, one of "looking after" employees. Information was not shared but communicated, tasks were not assigned or discussed but delegated. Today, as organizations deal with issues such as economic crises and survivor sickness, these traps, legacies of the old employment contract, are no longer relevant.

Organizations are no longer able to rely on tangible incentives (such as monetary rewards and promotions) to motivate workers and must increasingly allow employees to benefit from intangible, intrinsic rewards (such as responsibility and empowerment) (Vecchio and Appelbaum, 1995). Addressing factors resulting in control traps will invariably lead to more open and honest lines of communication between employees and employers, such that not only will employees receive positive reinforcement for good work, but will also be less likely to experience survivor sickness. According to Noer (1993), while it takes great courage and coaching for managers to begin to change the learned behaviors of the past and share personal vulnerability with employees, doing so will allow them to better connect with and understand their employees emotions. Training and preparing managers to understand the special needs of employees during a downsizing will better enable managers to provide assistance to employees throughout the downsizing.

In an RDP it is managers who will inform employees in advance of the impending changes (Brockner, 1992). By informing them of the situation facing the organization, as well as the fact that the downsizing was not the first choice of strategy, managers will not only provide necessary information, but also express empathy to the situation facing employees. It is up to managers to also seek the help and involvement of 'star' employees and 'opinion leaders' in disseminating information. Only with a real understanding of the range of emotions that survivors are likely to experience with the downsizing will managers be prepared to effectively address their needs.

In sum, when managers are more empathetic and more willing to help their employees they can play a real role in the prevention of survivor syndrome. By

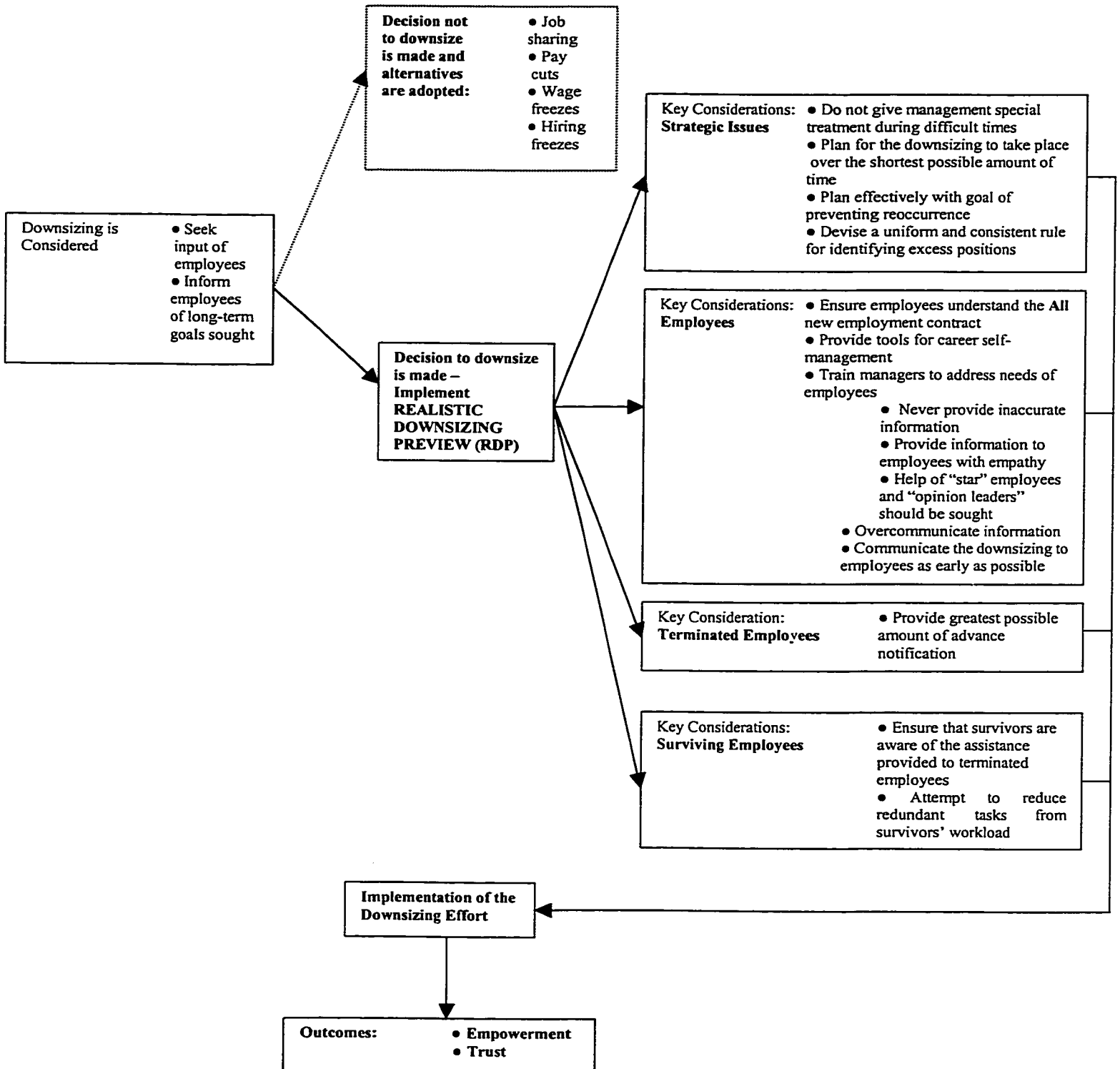
increasing their MBWA (management by walking around) they will communicate their much needed presence and availability to employees throughout all stages of the downsizing (Borosso and Burgess, 1992). The sensitivity and understanding managers can dispense surviving employees is perhaps the most important tool they have to help prevent survivor syndrome (Tang and Fuller, 1995).

Having addressed the individual key components which will help in the prevention survivor syndrome, these can be brought together to form the Realistic Downsizing Preview. The RDP is a simple, "recipe-style" guide with the necessary measures to the prevention of negative side effects of layoffs on survivors.

### 3.3.3 Customizing RDP Issues to the Different Organizational Audiences

The Realistic Downsizing Preview is a model designed with the goal of preventing the various detrimental side effects surviving employees are likely to experience after a downsizing has been implemented. With an understanding of the number of practices which constitute current downsizing initiatives and the consequences likely to accrue, a model is proposed. The RDP draws on lessons from current practices and aims to prevent negative side effects by proactive initiatives.

## Realistic Downsizing Preview



The Realistic Downsizing Preview should be implemented immediately after the decision to downsize is made. Four key issues are addressed: strategic issues, issues pertaining to all employees, issues specific to terminated employees and issues specific to surviving employees.

### ***Strategic Issues***

The first step in the implementation of the RDP is to approach the decision making process of the downsizing as a critical factor affecting employees. In other words, once an organization has weighed its alternatives and a downsizing is impending, it is important that part of the process of decision making involve employees, if just by being made explicit. If an organization is going to downsize, it is important that it do so for the right reasons (for example, it is the best alternative for ensuring competitiveness and growth) and that it be prepared to make these explicit to employees. In addition to making issues facing the organization and decisions taken explicit to employees, it is important that the organization also make explicit the measures taken which directly affect employees, such as how excess positions were identified.

Specifically, strategic issues which must be considered are:

- 1. Careful consideration should be placed on the reasons behind the intention to downsize. A downsizing should be considered a measure of last resort, once all other alternatives have been exhausted, and never as a "quick fix" (Brockner, 1992).*
- 2. Before making the final decision to downsize, the organization should make its concerns known to employees and seek their input. Sometimes workers have insightful ideas which may help the organization sidestep a downsizing altogether. However, even if a downsizing cannot be avoided, seeking employee input will foster a sense of participation and belonging of employees in their organization, feelings which will greatly benefit the post-downsizing organization (Appelbaum et al, 1987;*

*Brockner, 1992; Greenberg, 1990; Mishra et al., 1998; Noer, 1993; Willinghganz, 1997).*

3. *A downsizing should always be pursued as a step in the accomplishment of long-term goals, and these should be known and understood by all in the organization. Adequate explanations should be provided clearly and frequently (Appelbaum et al, 1987; Brockner, 1992; Caudron, 1996; Elmuti and Kathwala, 1993; Labib and Appelbaum, 1994; Mishra et al, 1998; Reichers et al., 1997).*
4. *Key to the perception of fairness is the extent to which management shares in the sacrifices during this period of supposed hardship (Brockner, 1992).*
5. *If a downsizing is implemented, it should be planned so that its actual execution takes the least amount of time possible to prevent the process from being drawn out (Boroson and Burgess, 1992).*
6. *If a downsizing is chosen as the means to address organizational problems, it must be thoroughly planned and all contingencies anticipated to actively prevent the process from taking place again. It will be more difficult for surviving employees to effectively deal with the psychological aspect of the impending threat of a repeated downsizing (it happened twice it can surely happen again) (Boroson and Burgess, 1992; Mishra et al., 1998) .*
7. *The manner in which excess positions are identified should be consistent and uniform throughout. The criteria can be determined in terms of merit, seniority and functions, for example. The key is that the decision be made in a consistent manner so that the process will be perceived as fair (Brockner, 1992; Labib and Appelbaum, 1994; Mishra et al., 1998; Niendstedt, 1989; Schweiger, 1987).*

### ***All Employees***

The RDP addresses not only the impending downsizing, but also the changes in the workplace which have taken place in the past two decades. As such, part of the preview focuses on small changes which serve to more explicitly redefine the employee-employer relationship.

Specifically, general employee issues the RDP addresses are:

8. *Define a new working relationship independent of the old employment contract. It is the organizations' responsibility to make a new psychological contract explicit such that employees have a clear understanding of where the responsibilities the organization toward employees end, and where they must proactively begin to manage their own careers. Key in this are the notions of career self-management and employability security (rather than employment security) (Brockner, 1992; Clark and Koonce, 1997; De Vries et al., 1997; Isabella, 1989; Mone, 1997; Noer, 1993).*
9. *Having defined a new employment contract, an organization must also provide tools for employees in career self management. They should be encouraged to develop the skills necessary to thrive in the job market, thus becoming less dependent on the employer for security and direction. This will prevent feelings of rules having changed midway through the game and will prevent employees from feeling that their commitment to the organization is not reciprocal. Some proactive measures can include:*
  - *A comprehensive career resource library*
  - *Assessment and counseling*
  - *Online job postings (Alley, 1995; Brockner, 1992; Caudron, 1994; Doherty and Horstedt, 1995; Isabella, 1989; Mathys and Burack, 1993).*
10. *Managers should receive training to be better equipped to address the needs of both terminated and surviving employees (Noer, 1993; Reichers et al., 1997).*
11. *Managers should never provide inaccurate information to their subordinates. All attempts should be made to be as honest as possible about all impending changes as well as not omit information from employees. The success of the organization, which will emerge after the downsizing, is highly contingent on management credibility (Noer, 1993; Willinlganz, 1997).*
12. *The information provided by managers should be accompanied with empathy and a sincere desire to address concerns of employees (Borason and Burgess, 1992; Brockner, 1992; Noer, 1993; Reichers et al., 1997; Tang and Fuller, 1995; Willinlganz, 1997).*
13. *Managers should attempt to seek the help of "star employees" and "opinion leaders" so that they too can be of aid to fellow employees when communicated about the downsizing (Brockner, 1992).*
14. *Information should be overcommunicated (i.e., often and in a variety of ways, such as bulletins, e-mails and newsletters) (Caudron, 1996; Labib and Appelbaum, 1994; Reichers et al., 1997; Tang and Fuller, 1995; Willinlganz, 1997).*

### ***Terminated Employees***

Even though by definition terminated employees will not be around in the post-downsizing organization, there is one key issue which will not only positively affect them but also will have a spillover effect on the perception of surviving employees. As such, it is imperative that as part of the RDP employers:

- 15. Communicate the decision to downsize as early as possible in the process. This should be considered to be the ethical responsibility of the organization so that employees can adequately plan for subsequent steps in their career development. Terminated employees should also be notified as early as possible (Brockner, 1992; Kaufman, 1982; Labib and Appelbaum, 1994; Leana and Feldman, 1994; Mishra et al., 1998; Noer, 1993; Ross, 1995).*

### ***Surviving Employees***

Two issues are key for surviving employees. The first is knowing that their terminated counterparts have been treated with dignity and respect and have the necessary means of landing another job. This will provide the comfort that a downsizing is not a doomsday scenario and that, in the event of being in a similar predicament, survivors will also have the means of furthering their careers elsewhere. The second key issue is feeling that management is aware of the difficulties which will result from the downsizing - most notably an increase in workload – and that thought has gone into helping alleviate this increased burden. Specifically:

- 16. Communicate the steps being considered to help employees who will be terminated. It is important that surviving employees feel that the organization never overlooks the workforce it is making redundant (Brockner, 1992; Doherty and Horstedt, 1995; Leana and Feldman, 1994; Thornhill and Gibbons, 1995).*
- 17. Given the impending downsizing will force survivors to take on an increased workload, it is important that management actively attempt to identify and reduce redundant tasks so that energy is devoted to those tasks which are truly significant. Job training should be planned for so that employees will be better equipped to deal*



*with this increased workload (Brockner, 1992; Isabella, 1989; Mone, 1997; Noer, 1993).*

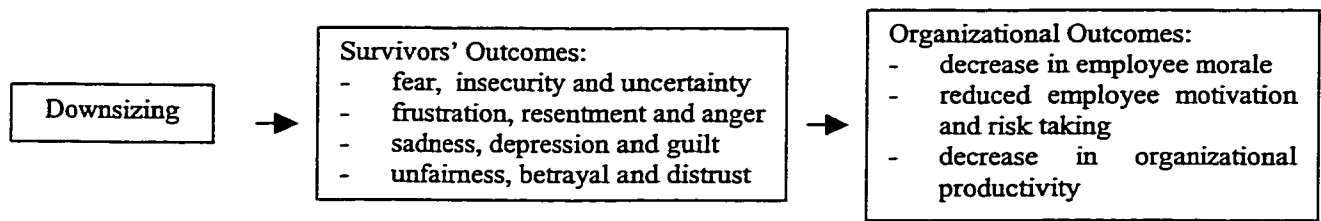
The successful implementation of the Realistic Downsizing Preview is dependent on the effective use of communication channels within an organization. The process begins with the decision being made for reasons which employees can comprehend are vital to the organization's competitiveness and growth and ends with specific measures to create an autonomous and empowered workforce.

### **3.4 Outcomes of the RDP – Empowerment and Trust**

Empowerment and trust in the downsizing process are perhaps the most desirable outcomes of implementing an RDP. While empowerment refers to the sense of personal control, meaning and competence over one's work environment, trust refers to an employees' willingness to be vulnerable to his/her employee based on the belief that the employer also will also work toward employees' interests (Mishra et al., 1998). These are achieved by the increased sense of partnership in the process a downsizing preview bestows on employees as well as the perceived fairness that can only result from the belief that the downsizing process was implemented in a fair and consistent manner. Where employees feel empowered and trust the organization and management, the characteristic negative outcomes of survivor syndrome become virtually obsolete.

When the downsizing comes as a surprise and employees do not perceive the process to have been fair, the most common organizational outcomes include a sense that an injustice has been done, cynicism (i.e., loss of faith in management), and blame of top

management (De Vries et al., 1997; Noer, 1993; Reichers et al., 1997). Typically, a downsizing will have the following survivor and organizational outcomes:



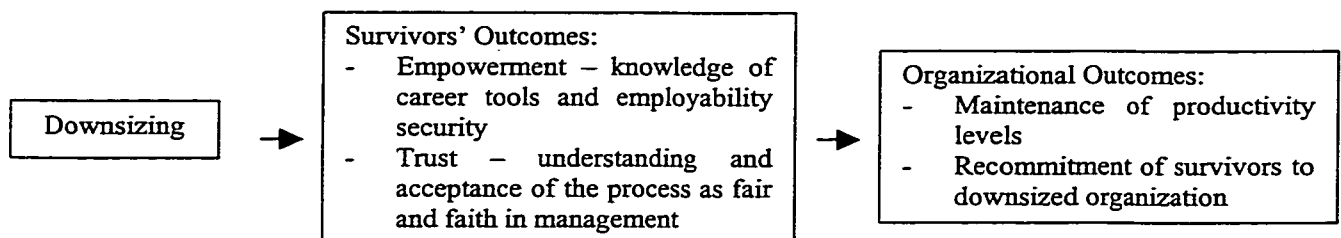
In contrast, given that the RDP addresses the major causes survivor syndrome in the event of a downsizing (such as inadequate communication prior to events and failure to acknowledge survivors' emotions) a very different set of outcomes should be observed. For example, the RDP will provide employees with career self-management and clear direction of their position within the organization. This will help the codependency which characterizes many employees' relationship vis-à-vis their organization, where their sense of control and self-esteem are strongly dependent on the organization (Noer, 1993). Also, by encouraging and rewarding good work, the emphasis is on what the individual has to offer the organization, the bundle of skills it has to "sell". This provides the basis of the new employment contract which is short-term and task oriented (Noer, 1993).

Trust is the desirable outcome of the belief that the process by which the layoffs were conducted was fair. As was discussed in the first sections of this paper, a number of factors, such as the criteria for selecting which employees will be terminated, have the effect, in their presence, of helping survivors understand the downsizing as necessary and the organization as caring for its workforce and as a consequence of also minimizing survivor syndrome symptoms (Labib and Appelbaum, 1994; Mishra et al., 1998).

Employee perceptions of the process will have a direct impact on the organization since, according to Vecchio and Appelbaum (1995), “feelings of fairness, or equity, can serve as a powerful stimulus to increase or decrease effort” (p.p. 218).

As with trust, empowerment is a desirable outcome of implementing an RDP. It will result from making a new employment contract explicit to employees and providing them with the tools for career self-management. A workforce that is up to date on employment trends and understands the organization’s strategy and goals will be more likely to feel more empowered to cope with organizational changes.

As a result, with the implementation of an RDP the graphical representation of outcomes should resemble the following:



Effective work relationships, especially where there is high uncertainty, can only result when employees feel empowered and trust their managers. In fact, in the downsizing environment of uncertainty and change, trust and empowerment of a surviving workforce increasingly become sources of competitive advantage for the organization. This is especially important when one considers the fact that often organizations fail to accomplish the goals sought in the first place. According to Sanger and Lohr (1996), “a survey of 1,000 companies by the American Management Association found that fewer than half the companies laying off people managed to increase their operating profits after workers were shed”.

For the trust and empowerment of employees to truly emerge as a consequence of and/or despite a downsizing, managers must be allied to the RDP process. Managers are instrumental in the creation of an environment where employees trust employers as well as where employees have the necessary information to understand the downsizing process and make informed decisions as to the role they desire to have in the post-downsizing organization.

## **4.0 Methodology**

The Realistic Downsizing Preview is a model based on conclusions which can be drawn from the literature and that espouses an ideal which, if administered prior to the downsizing, will prove successful in the prevention of downsizing survivor syndrome. To validate this model, the participation of nine major organizations, which have downsized at least once, was sought. Since a majority of the organizations in this study downsized a number of times, the managers interviewed have experience with downsizing and are likely to have grappled with many of the issues of interest. The purpose of this study is to test the RDP model against the responses provided in the interviews, such that managers' real life experiences may provide a basis for revisions to the model. As such, this is a multiple case study where information has been collected in the form of face to face open-ended structured interviews.

### **4.1 Research Design**

This research is an exploratory study where the basic properties or dynamics revealed in the cases will contribute to the model (Brannick and Roche, 1997). In other words, the lessons drawn from the cases constitute an essential step in the development of the RDP, such that congruencies will serve to validate the model while differences will lead to analysis and revision of the model.

The research consists of a multiple qualitative case study. This method was chosen given that little research has been done on the effects of downsizing on survivors, as well as the fact that case study research "is an empirical inquiry [that allows for] a

contemporary phenomenon to be investigated within its real life context, especially when the boundaries between phenomenon and context are not clearly evident" (Yin, 1994, p.p. 13). Also, given that the research questions focus on "how and why" (i.e. *how* their experience with downsizing was carried out, and *why* it is or not in line with propositions of the RDP) it is congruent with Yin's (1994) recommendation that such research, when requiring no control over behavioral events, should be carried out with case studies.

A multiple case study allows for the RDP to be presented to eight Human Resources managers and one Human Resources VP<sup>2</sup> of companies which have downsized such that their opinions on the items of the RDP can be sought to test the congruency, or fit, of the real world to the model. Such a measure helps ensure the reliability of cross site comparisons as well as of analysis since all interviewees, given that they occupy similar positions, should have access to a similar range and nature of information in their respective organizations.

The seemingly small number of cases is a response both to the time and financial constraints as well as the consequent necessary tradeoff of breadth for scope. In other words, a choice had to be made between studying a small number of companies thoroughly, thus effectively addressing all relevant items of the model, or attempting to address a vaster range of cases in a more superficial manner. There is more to be gained, especially since there is no similar research to precede this, by focusing on a smaller number of cases such that more conclusive lessons can be drawn.

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<sup>2</sup> In the introductory letter to the organizations the participation of the VP of Human Resources was sought. However, in eight of the nine cases the VP entrusted the interview to a Human Resources manager who fit the criteria of having participated in the implementation of downsizings and of being privy to the information sought.

The firms were selected on the basis of similar criteria as used in Labib and Appelbaum (1993), namely:

1. They have undergone at least one downsizing in recent years.
2. They are all respected players in their field, operate across Canada and have a head office in Montreal, and as such, are likely to have their practices modeled by other organizations in the industries they represent.
3. These firms fall either into the manufacturing, utility or services business sectors.

Given this criteria the participation of the following companies was sought and secured: Air Canada, Bell Canada, Nortel, Quebecor, Royal Bank, Manufacturing 1\*, Manufacturing 2\*, Transportation\* and Utility\*<sup>3</sup>. Having based the choice of organizations on the above criteria allows for the findings to be generalized and the resulting model to be applied to other organizations of similar size and similar industries where downsizing is considered an effective business strategy for the increase or maintenance of competitiveness. In sum, this small number of cases, by focusing on industry leaders in a comprehensive fashion, allows for the greatest scope of information to be obtained despite the limited breadth of this study.

The use of multiple sites also contributes to the reliability and consequent generalizability of the findings (Brannick and Roche, 1997). According to Miles and Huberman (1984), a multiple case study provides greater explanatory power and generalizability than a single case study since "by comparing sites or cases, one can establish the range of generality of a finding or explanation, and, at the same time, pin down the conditions under which that finding will occur" (p.p. 151). Yin (1994) also

favors the use of multiple cases with the argument that "the evidence from multiple cases is often considered more compelling, and the overall study is therefore regarded as being more robust" (p.p. 45).

The major unit of analysis in this study is the organization, such that the responses sought from managers will tap into organizational issues rather than address those of the individual managers or employees (Yin, 1993). While the specification of organizational issues as the main unit of analysis is one means of achieving internal validity<sup>4</sup> in explanatory or causal studies, this however, does not apply to the present research. Since this is an exploratory study and no attempt will be made to establish causal relationships whereby certain conditions are demonstrated to lead to other conditions, internal validity is not a concern (Kidder and Judd, 1986; Yin, 1994).

Yin (1993, 1994) proposes the use of a Case Study Protocol to guide the researcher throughout the research and as a means of increasing the study's reliability. "The protocol is especially helpful to ensure that the same procedures are followed in multiple cases..." (Yin, 1993, p.p. 40). He defines the Protocol as having the following sections:

- An overview of the case study project (project objectives and auspices, case study issues, and relevant readings about the topic being investigated)
- Field procedures (credentials and access to the case study "sites", general sources of information, and procedural reminders)
- Case study questions (the specific questions that the case study investigator must keep in mind in collecting data, "table shells" for specific arrays of data, and the potential source of information for answering each question)

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<sup>3</sup> \* The four latter mentioned companies fulfil the selection criteria and are leaders in their industries. They will, however, be referred to throughout this paper as Manufacturing 1, Manufacturing 2, Transportation and Utility since the interviewees have expressed a preference for anonymity.

<sup>4</sup> Internal validity has been defined in Vecchio and Appelbaum (1995) as the extent to which an independent variable had the predicted effect in a study (p.p. 750).



- A guide for the case study report (outline, format for the narrative, and specification of any bibliographical information and other documentation) (Yin, 1994, p.p. 64-65).

The first item is covered in the first sections of this paper where the literature review and research objectives have thoroughly outlined the purpose of the present research. The second and third items are the subject of the current section, which outlines and describes the actual proposed procedures for the research which will consistently apply to all cases studied. The interview questions received particular attention to ensure that they address the RDP items they seek to explain as well as to ensure that they are applicable to all cases being studied (see Appendix IV for the interview guide and questionnaire). Finally, the fourth item refers to the outline for this paper as a whole, which has been drafted and continually updated throughout the various stages of its evolution.

## **4.2 Data Collection**

The data was collected by means of semi-structured, open-ended interviews and a questionnaire. The interview questions were divided into two parts and were constructed from the literature review. The interviews themselves ranged from one to two hours and, since the participants received the interview questions in advance (by fax), they were fairly acquainted with the material and required little explanation on what information was sought.

#### 4.2.1 Interview Guide and Questionnaire

The interview guide consisted of two sections. The first part sought to gather general insight about each of the individual organizations by means of nine open-ended questions. Strategic issues behind the downsizing are explored such that the environment and general conditions leading to the downsizing can be understood. The responses to this section will form the basis for the general descriptive discussion on each of the individual organizations.

The second part of the interview sought to determine the extent to which the practices of the organization converge/diverge from the proposed Realistic Downsizing Preview (RDP). This part of the interview guide was developed from the Realistic Downsizing Preview and, as such, the eighteen questions posed directly relate to the RDP model (see Appendix V). The interview questions evolved along with the case study protocol such that they directly address the RDP issues which emerged from the literature. The objective of the second part is to determine *what* was done as well as *why* it was (or not) done according to the RDP model so that lessons can be systematically drawn during the analysis of the results. These questions evolved in the following manner:



The interviews were carried out by closely following the interview guide such that all managers were presented with the same questions. This is a valuable means of addressing the construct validity<sup>5</sup> of the variables ensuring that correct operational

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<sup>5</sup> Construct validity deals with the use of instruments and measures that accurately operationalize the constructs of interest in a study (Yin, 1993, p.p. 39).

measures for the concepts being studied are established (Kidder and Judd, 1986; Yin, 1993).

The questionnaire consisted of fourteen questions to be ranked on a Likert scale (see Appendix IV). The questionnaire was developed from the literature, mainly from the survivor reactions pointed to by Noer (1993). It was sent along with the interview questions prior to the interview and the respondents were asked to have the questionnaire completed prior to the interview. The questionnaire sought to gain insight into managers' awareness to and perceptions of survivors' feelings and reactions following a downsizing. As such, the responses of the questionnaire rely on the interviewee's recollection of how they perceived their employees' reactions following the downsizing. This information will be included in the individual discussion of organizations and their downsizing practices. The value of the information gathered through the questionnaires, while second hand and subject to the biases of the individual managers, will serve as a source of insight, into whether they perceive survivor syndrome to be an outcome of their downsizings. In other words, since they tap into the interviewee's perceptions of survivor syndrome in the organization following a downsizing, do not attempt to measure the actual employee outcomes of the downsizing. Instead, the discussion of the questionnaire results proves valuable in revealing that the interviewees of the organizations in this study are aware of the presence of survivor syndrome among surviving employees in their organizations.

#### 4.2.2 Interview Procedure

The interview questions and questionnaire were mailed in advance to the participants so that they could prepare for the interview and consequently have the relevant information available at the time of the interview. As a result, the face to face interviews represent a primary source of data collection through focused interviews.

Open ended questions ensure that the responses are not limited to those which could be anticipated or predicted by the researcher, as well as not leading the respondents in a given direction (Miles and Huberman, 1984). The open-ended nature of the questions also allows for a wealth of information to be gathered especially since little information has been collected on this topic. The semi structured nature of the interviews ensures that all respondents were presented with the same questions providing for the necessary consistency for reliable cross site analysis (Miles and Huberman, 1984). Reliability of cross site comparisons as well as of analysis was also sought by attempting to contact the VPs of human resources of each of the organizations to ensure the interviewees all have access to a similar range and nature of information in their respective organizations. For eight of the nine organizations interviewed the interviewees hold positions at the managerial level in human resources and have all been privy to decisions and procedures involved in downsizing. For the remaining organization the participation of the VP of Human Resources was obtained.

The interviews consisted of two main parts. The first sought to understand the general practices which each organization followed in its respective downsizing. As such, this portion of the interview gathered general descriptive information on strategic issues regarding the downsizing. The second section follows directly from the RDP and

sought to investigate whether the organization addressed the issues proposed in the RDP model prior to the downsizing. The main objective of the second portion of the interview to gather information on the "real world" views and procedures such that these can be compared and contrasted to the items in the RDP, an ideal derived from lessons from the literature.

Given the scope of the interviews and the range of information it seeks to cover, the interview questions and questionnaire were provided in advance. By providing the interview questions in advance it was hoped that the interviewees would take time to prepare their thoughts. The goal is that by familiarizing the participants with the questions before hand, two of the shortcomings of interviews pointed out by Yin (1994) - poor recall and poor or inaccurate articulation - are minimized. This served to ensure that the interview process took place more smoothly. The questionnaire was provided in advance, and managers were asked to fill it out prior to the interview, so that replying to the questionnaire would not take away from the limited time conceded by the interviewees.

The interviews were tape recorded with the consent of all respondents. All interviews have been transcribed verbatim and then systematically abbreviated and displayed in matrix format per question to guide the cross case analysis (Miles and Huberman, 1984).

Since anonymity was a concern for four of the nine organizations interviewed, the names of the organizations as well as the interviewee have been omitted in the interview transcripts, matrices and throughout the discussion in this paper. This has not compromised the depth or quality of information relayed from the research. These

organizations have been given general labels and the discussion of their responses and information has not been compromised (Yin, 1994).

### **4.3 Data Analysis**

Data analysis follows the four stage process proposed by Miles and Huberman (1984) of data collection, data reduction, data display and drawing/verifying conclusions.

This will follow the following structure:

- Data collection - Data was collected by means of open-ended semi-structured interviews, and a 14 item questionnaire from Human Resources managers and VP's of nine major organizations.
- Data reduction - Data is summarized and abbreviated as it pertains to each of the interview questions.
- Data display - The interviews have been transcribed verbatim for consultation and referral during analysis. The abbreviated interview responses are displayed in matrices to facilitate the analysis process.
- Drawing/verifying conclusions - After the data was collected and displayed in the necessary format for consultation, analysis was carried out using the responses to the interviews and questionnaires as they relate to the RDP.

The data collected from the interviews, after being transcribed, has been abbreviated by selecting short summarizing statements which most accurately encompass interviewees responses. Miles and Huberman (1984) propose this as a valuable retrieval and organizing device allowing for better organization and analysis of the data since "codes are astringent; they pull a lot of material together, permitting analysis" (p.p. 56).

Once in coded format the data has been displayed in what Miles and Huberman (1984) refer to as data matrices (see Appendices VI, VII, and VIII). This allows for all the data to be efficiently displayed to facilitate analysis and interpretation of results. The coded data, as well as the verbatim notes, have been sorted and are easily retrievable from the case study database. A case study database, which is distinct from the final report, allows for another researcher to trace all the information leading to subsequent conclusions. The database includes documents, field notes, interview transcripts, coded and matrix data and the researcher's own observations throughout the various stages of both data collection and analysis. Since this allows an external observer to trace conclusions by following the researcher's records, it is a valuable means of increasing the reliability of the study (Yin, 1994).

The general analytic strategy is one where case descriptions are developed. According to Yin (1994), each individual case should be considered as a single experiment, and "their analysis must follow cross-experiment rather than within-experiment design and logic" (p.p. 46). As such, each of the individual cases are discussed and their results analyzed. This is then followed by a cross-site analysis. The cross-site analysis consists of the analysis of each single question such that the results obtained from the interviews of each of the organizations can be compared and contrasted. By doing so, a general level of congruency or dissent toward each of the RDP items, by means of the interview responses, can be established.

To guide the analysis, as well as to ensure that only relevant information was sought in the interviews, each RDP issue was represented in the interview questions. A tabular representation of this was developed in order to make the process visually

accessible (see Appendix V). In this manner, when assessing how the RDP, i.e. the ideal, fares in a real life context where downsizing has been implemented, a strict guide will ensure that all cases are analyzed in the same manner. In so doing, reliability<sup>6</sup> will be ensured such that if another researcher conducts interviews with the same case sites, and analyzes the results following the same guiding principles, it is likely that he/she will come to the same conclusions. Since the goal of seeking reliability is to make as many steps as operational as possible throughout the investigation, the present research will follow Yin's (1994) advice "to conduct the research so that an auditor could repeat the procedures and arrive at the same results" (p.p. 37).

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<sup>6</sup> The objective ... [of reliability] is to ensure that, if a later investigator followed exactly the same procedures as described by an earlier investigator and conducted the same case study all over again, the later investigator should arrive at the same findings and conclusions. (Note the emphasis is on doing the same case over again, not on "replicating" the results of one case by doing another case study) (Yin, 1994, p.p. 36).



## **5.0 Results**

The results will be discussed in two main sections. In the first, each of the organizations is introduced and general information on each is provided. The results of the first part of the interview along with the questionnaire results are also discussed on a case by case basis. The second section consists of a cross case analysis where the responses of the second part of the interview are discussed vis-à-vis each of the interview questions such that the results are presented in aggregate per interview item.

### **5.1 *Individual Analysis of Cases***

In this section each of the nine cases will be discussed individually. General background information such as size and functions<sup>7</sup> will be provided as well as interviewee information. The results of the first part of the interview will follow, and as such reveal information on the downsizing themselves addressing items such as the number of downsizings each organization has implemented, how these were communicated to employees and whether negative reactions were anticipated from surviving employees. The questionnaire results will also be discussed for each of the individual organizations and, since they tap into the interviewee's perceptions of survivor syndrome in the organization following a downsizing, do not attempt to measure the actual employee outcomes of the downsizing. Instead, the discussion of the questionnaire results proves valuable in revealing that the interviewees of the organizations in this

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<sup>7</sup> All factual information on the organizations were obtained from the organizations themselves, the organizations' websites, Info. Entrepreneurs, from the FIS database, and/or from the CanCorp database.

study are aware of the presence of survivor syndrome among surviving employees in their organizations.

### 5.1.1 Air Canada

#### **Background Information**

Air Canada is a Canadian-based domestic and international air carrier which provides scheduled and chartered flights for passengers and cargo and with sales representation in approximately 80 countries. It is part of a strategic alliance with United Airlines, Lufthansa, Scandinavian Airlines System, Thai Airways and VARIG, which offers scheduled and charter transportation to over 640 destinations. Air Canada is the largest Canadian airline, having grown from a modest operation to a Cdn. \$4.9 billion operation with a fleet of 157 aircraft (excluding Air Canada's Regional fleet) in its sixty-year history.

An interview was held with Ms. Carol Enright of Air Canada on June 29, 1999. Carol Enright has been a Human Resources Advisor for Air Canada for six years and has been with the company for twenty years.

#### **Downsizing Experience**

According to Ms. Enright, Air Canada has downsized four times where work force reduction was sought by affecting only non-unionized workers. Since about 90% of Air Canada's staff is unionized, in these downsizings only 10% of the workforce was targeted.

The main reason behind Air Canada's downsizings has been economics. In 1988, the first time they downsized, the company realized it had too many people and high costs. The solution was to restructure, to de-layer and streamline the organization. According to Ms. Enright, employees were well informed of the process.

The first downsizing in 1988 was conducted on a purely voluntary basis. As such, employees were notified by letter of the situation facing the organization and their cooperation was sought by asking that anyone who would like to leave the organization, and who the organization could afford to let go (an attempt was made to retain key personnel) to volunteer to leave. Those who volunteered left with up to eighteen months salary. Ms. Enright refers to the following downsizings, in 1990, 1991 and 1992 as major downsizings where the workforce was reduced with both voluntary and involuntary terminations (and there were accompanying salary cuts of 5%). Employees were informed of these in writing.

In recent years, once employees were informed of the downsizing, formally in writing, it took about one month for all the layoffs to be finalized and as such terminated employees receive one-month advance notification. In previous years the amount of advance notification was about three months since more of the layoffs were obtained on a voluntary basis.

The terminations in the latest downsizing were conducted in the following manner. Terminated employees (involuntary) were informed on an individual basis. The manager of the employee would advise him/her of the decision. Once terminated employees were advised of the termination they were also informed of their options. Sometimes it was possible to continue with Air Canada if a position could be found

elsewhere in the organization for which they were qualified, otherwise they would leave the organization within thirty days. In this termination meeting employees were also given a letter confirming the conversation and were then led to meet with a counselor immediately after. Following the meeting with a counselor terminated employees then met with a financial counselor to discuss the options available (i.e. how to invest the money they received in compensation). Finally, terminated employees were also offered outplacement services for thirty days to help them determine their future career options.

Unlike terminated employees, given that the needs of survivors are much less tangible and urgent, a lesser amount of attention was devoted to survivor needs. According to Ms. Enright, once affected employees (i.e. terminated employees) were informed of the decision, and changes were concluded, the vice president held a group meeting to address the future orientation of the organization as well to clarify and address any issues surviving employees may have had.

### **Perceived Emotions/Behavioral Reactions of Survivors**

Ms. Enright acknowledges the effects such changes have on surviving employees. This was evident in her responses to the questionnaire on her perceptions of survivors' reactions to the downsizing.

Clearly employees at Air Canada experienced survivor syndrome symptoms as outcomes which did not go unnoticed by management (see Appendix VI). According to Ms. Enright's responses, the most notable effects were that employees were insecure about their jobs and stressed (particularly because of the increased workload). Also, they

showed signs of reduced risk taking, they expressed a sense of betrayal and were more cynical immediately following the layoffs.

According to Ms. Enright, the three main survivor needs following a downsizing are as follows. Firstly, survivors need clarity. In other words, they need to have a clear idea and understanding of what the downsizing means to them, how is their job going to be affected as well as how their workload is going to be affected as a result of the changes. Secondly, survivors need to know how they and the organization will carry on, what is the strategy for the future. Finally, they need information about the changes which have occurred, understanding there was “no other way” in order to focus on their work, as well as information on how this will affect them in the future.

### 5.1.2 Bell Canada

#### **Background Information**

Bell Canada provides a full range of communication services (i.e. local and long distance telephone services, wireless communication, Internet access, high-speed data services and directories) to over eight million residence and business customers in Canada. It employs 39,000 people and had revenues of Cdn. \$12.7 billion in 1998.

An interview with Mr. Francois Morrison was conducted on June 23, 1999. Mr. Morrison is the Vice President of Human Resources at Bell Canada and has both been at Bell and occupied this position for the past one and a half years.

## **Downsizing Experience**

According to Mr. Morrison, Bell has downsized continuously since 1995. This is the result of a significant change in the business reality under which Bell now operates. The deregulation of telecom services in Canada has led to increased competition where Bell used to enjoy a complete monopoly. As a result, downsizings at Bell are no longer approached as a one shot deal, with a set target and a set end date. According to Mr. Morrison, given that the playing field is ever and continuously changing, Bell must continuously adapt and change along with it.

The downsizings are informed to employees with major face to face communication campaigns and leader led sessions with employee groups. Also, the modalities of the severance packages and the material conditions that are available to employees wishing to leave the organization voluntarily are also explained in a well articulated communication campaign.

Since Bell has been downsizing on a continuous basis, it is difficult to be clear on the time frame of all of the downsizings to date. In terms of voluntary terminations, people could volunteer and leave the organization as early as three months later or as late as two years later. In the case of involuntary terminations, from the time employees were informed that these were going to be carried out to the point employees were actually laid off there was a time lapse of on average three to six months.

Involuntary terminations were informed in what Mr. Morrison referred to as a “well articulated communication campaign”. Corporate messages in the corporate newspaper, videos and a range of other media informed employees of the impending terminations. The employees which were involuntarily terminated were informed

through leader led face to face sessions and received advance notification of three to six months.

Terminated employees received severance packages, counseling services and financial counseling. With their severance pension they received financial counseling on the fiscal advantages and disadvantages of their investment options. They also received a three-month package in career transition whereby they received counseling on re-entering the job market (for those who wanted to continue to work), as well as on the option of self-employment.

### **Perceived Emotions/Behavioral Reactions of Survivors**

Mr. Morrison acknowledges that survivor syndrome is an outcome for many of those who stay behind. Implementing a downsizing forces a change in the mindset of employees who have been employed at Bell for a long time and who value the organization as a life long employer. According to Mr. Morrison, these changing realities are, however, accepted differently by different groups of employees. Those employees who have the ability to manage themselves as a marketable resource feel less dependent toward their employer. According to Mr. Morrison, “in terms of those employees in a bit of a more specialized role, they find themselves a bit boxed, the syndrome of insecurity of being let down by “Ma Bell” is fairly acute”.

Mr. Morrison’s perception of how Bell survivors reacted to the downsizing clearly demonstrates that survivor syndrome is an issue which management is aware of at Bell (see Appendix VI). The most significant signs of survivor syndrome seem to be that employees felt insecure about their jobs, felt stressed with the changes and added

workload, and they exhibited reduced signs of risk taking and decreased motivation. Also, employees' attitudes toward management were also affected. In other words, employees did not trust the organization to the same extent as before the downsizing, they felt a sense of betrayal, especially where a job for life was still expected, and they became more cynical in the process.

According to Mr. Morrison the main survivor need is information. They need continuous access to the business realities as well as how and why decisions – which ultimately affect them - are taken. They must be educated to understand the changing business realities, whether or not they accept it. Providing information will help survivors feel they are in the loop, that they are a concern to the organization and most importantly, will help them take responsibility for their career management. A second major need is development and training so that they feel that their employer is partly responsible for their marketability and as such will be better equipped to deal with future changes. Finally, according to Mr. Morrison, a third major survivor need is the security that, if a survivor becomes a terminated employee in the future, he/she will be taken care of and that “whatever happens I will be treated fairly and equitably with regards to some of my colleagues before”.

### 5.1.3 Manufacturing 1

#### **Background Information**

Manufacturing 1 is a Canadian company which is a leader in its industry and the largest of its kind in the world. It employs roughly 13,300 people and made over US \$ 2 billion in revenue in 1998.



An interview was held with a Human Resources Advisor on July 23, 1999. The interviewee has been with this organization for three and a half years and occupied the position of human resources advisor for the past two years.

### **Downsizing Experience**

According to the interviewee, this organization downsizes continuously, on an average of once every two years. The main reason for downsizing in general is to ensure competitiveness, and in the most recent downsizing, the main goal was to reduce selling and general administrative expenses (SGNA) which were considered too high vis-a-vis their competitors.

According to the interviewee, the reasons behind the downsizings are explained to employees at length. At least once a month the CEO of Manufacturing 1 (sometimes along with the executive team) meets with employees to discuss impending issues. As such, in the case of the last downsizing, the fact that their SGNA was too high was addressed, it was explained in light of that of competitors and employees were encouraged and given the opportunity to ask the CEO questions. Employees received thorough explanations on how the high SGNA of Manufacturing 1 was preventing them from being more competitive.

This latest downsizing, however, despite their extensive communication campaign on the reasons behind it and leading to the downsizing, did not culminate in a formal announcement by the organization of the downsizing. Instead, there was a press leak and employees found out through the media and the ensuing rumors that developed. This is an unfortunate example of how not to have a downsizing communicated to employees –

i.e. the nightmare of finding out that one's job is on the line while driving to work in the morning. As a result of the press leak, the official communiqué by the CEO had to be delivered sooner than initially planned by the organization. As such, while the downsizing, by means of a formal announcement, lasted about two months, because of the rumors the process was longer.

The employees directly affected by the layoffs (i.e. terminated employees) received no advance notification and were asked to leave the same day. According to the interviewee, very few were asked to finish the month (stay an extra two to three weeks). Terminated employees were notified in a meeting with their supervisors in which they were also offered a termination package. Immediately following this meeting they met with a consultant from a consulting firm and normally went home right after. As part of their termination package severed employees received three to six months with this consulting firm to address issues such as financial planning and basic career strategies such as resume writing and interview skills.

The organization did anticipate negative reactions from surviving employees and also had a consultant available to address their concerns. According to the interviewee, this consultant was placed on another floor of the building in order to make the process more anonymous and leave surviving employees more at ease. The main concern was to provide an outlet for employees needing assistance with both professional and/or personal issues.

### **Perceived Emotions/Behavioral Reactions of Survivors**

The results of the questionnaire (see Appendix VI) show that the interviewee of Manufacturing 1 perceived employees to have experienced many of the symptoms of survivor syndrome as negative outcomes to the downsizing. Employees were very insecure about their jobs and felt the downsizing was unfair. As such, the interviewee indicated that employees showed signs of being depressed, stressed, fatigued, and showed signs of reduced risk taking and an accompanying decrease in motivation.

According to the interviewee, the three main survivor needs following a downsizing are the following. First, survivors need information, they need a clear account of what has transpired. They want to know exactly why the downsizing has taken place, as well as how the decisions were made on which employees to terminate. Secondly, survivors need to know that their terminated counterparts were treated fairly and humanely since they will have the thought on the back of their minds that they may also be terminated one day. Finally, survivors need clear leadership to focus on going forward, and as such they need clear objectives and the strategic plan of the organization for the next six, twelve, and/or eighteen months. According to the interviewee, the focus must be on looking forward, not back.

#### **5.1.4 Manufacturing 2**

##### **Background Information**

Manufacturing 2 is a Canadian company which is one of the leading manufacturer of parts in the transportation industry in the world. The organization employs 9,400

employees in Canada and around the world and its total sales surpassed Cdn. \$ 1.7 billion in 1998.

An interview with this organization was held on July 14, 1999. The interviewee is Manager of Human Resources/Operations, has occupied this position for six months and has been with the organization for two and a half years.

### **Downsizing Experience**

According to the interviewee, the organization has downsized at least three times. It is considered typical business. The latest downsizing was concluded in the beginning of this year, lasted about six months and its main goal was to reduce production costs. The main drive behind the downsizing was the prediction that there will be a downshift in the business in the next two years and as such the downsizing was pursued as a proactive measure.

Employees were notified in the beginning of the downsizing process with a notice of the available voluntary measures in place in order to carry out the corporate strategy. This was explained in a letter by the CEO. The information was also disseminated by means of a communiqué in their corporate newsletter and through meetings. According to the interviewee, employees were clear on the strategy behind the downsizing as well as the downsizing itself.

Terminated employees were informed by their supervisors on the same day. All terminations were conducted on the same two days throughout Canada. The interviewee explained that there is a lot of confidential information in this organization which the competition would like to have and as such it is necessary to conduct the terminations in

the most coordinated and expedient manner possible in order to avoid a negative backlash. For example, in the IT sector, if you keep terminated employees around for one month there is a lot of damage they could do to the organization. While in the past terminated employees were escorted off the premises by security, today security is only present in “normal” dress. This is considered a means of preserving employees’ dignity while also protecting the organization. Terminated employees received pay until the end of the month after which they received a severance package and outplacement services (such as job search and individual coaching).

### **Perceived Emotions/Behavioral Reactions of Survivors**

According to the interviewee, negative reactions were anticipated from survivors. All managers and first level supervisors were therefore provided with awareness training.

Clearly the interviewee perceived employees to experience many of the symptoms of survivor syndrome as negative outcomes of the downsizing (see Appendix VI). Most notably, employees seemed to be more insecure about their jobs, and as such seemed more depressed, stressed, and fatigued. The interviewee indicated a decrease in motivation, and a sense of betrayal and loss of credibility toward the organization.

According to the interviewee, the three main survivor needs following a downsizing are related to the increased workload resulting from the downsizing. First, employees have a need to be motivated to overcome the traumatic changes. They need to have a vision of where the organization is going so that they can continue to push forward. Secondly, they need recognition for what is being well done, especially after

the traumatic event of a downsizing. Finally, they need a means of balancing the increased workload.

#### 5.1.5 Nortel

##### **Background Information**

Nortel Networks is a leader in the supply of communication networks and services for data and telephone. Its customers include public and private enterprises and institutions; internet providers; local and long distance, cellular, and PCS communications companies; cable television carriers; and public utilities. It employs approximately 70,000 employees worldwide and its revenues were US \$ 17.6 billion in 1998.

An interview at Nortel was held on June 18, 1999 with Mr. Daniel Robert. Mr. Robert has been Director, HR and Mergers and Acquisitions for three years and has worked with Nortel for twenty-six years.

##### **Downsizing Experience**

Nortel downsizes on an ongoing basis such that downsizings are no longer considered an “event” unless they culminate in plant closures. The reasons for downsizing are mainly the evolving nature of the business and changing skill sets. According to Mr. Morrison, “it is a part of a fast growing and fast changing environment”, such that the absolute number of employees may not change, but there is a large amount of turnover as geographic locations shift (Nortel has become completely international and today has more employees outside than within Canada) and as the focus

of the business changes. Recently, as the company moved away from telephony and become more specialized in data transfer the skill sets required have changed, such that there has been an accompanying change in the employee composition of the organization. Also, as plants are bought and sold, the employees go and come as part of these sales and acquisitions.

Since the changes in Nortel are part of an ongoing business strategy, employees are very in tune to them. For example, an internal communiqué from the CEO provides much information of what goes on. According to Mr. Robert, while no one went to the employees directly to ask if they knew what the changes in the organization meant for them, they have sufficient information from the nature of the business as well as the overall business strategy to have an appreciation of how this may affect them. In fact they have sufficient information to be driven to figure out how they can improve their skills to better adapt to these changes.

A downsizing can take up to twelve months. It is communicated to employees by the VP of operations who addresses the position of the organization, and what decisions have been made regarding their plant. Sometimes a plant will survive, sometimes it will be sold and sometimes it will be closed. And if the decision is the latter, the VP addresses what this means for employees, who will probably continue to work for the same plant but as part of a different organization.

Terminated employees are communicated individually. The advanced notification can range anywhere from one to twelve months. According to Mr. Robert, Nortel's severance packages are better than most. Also, depending on the level of the employee, they offer outplacement services for varying periods of time (some employees,

for example engineers, may experience little difficulty finding another job). Terminated employees also have the option of receiving training.

According to Mr. Robert, in anticipating survivor syndrome everything that is done and offered terminated employees is also for the benefit of surviving employees. Given the nature of the organization, following a downsizing employees are usually thinking “I’m lucky it wasn’t me this time” and “I wonder when my turn will come” and as such, knowing what is offered terminated employees addresses some of the key insecurities of employees. The actual downsizing, and the changes taking place, often set off “a little bell that’s saying hey, it could be you next time so do yourself a favor and prepare yourself in the eventuality that it was you so you can find a job elsewhere and develop yourself so you don’t become obsolete”.

### **Perceived Emotions/Behavioral Reactions of Survivors**

Mr. Robert is extremely aware of the negative outcomes of downsizing (i.e. survivor syndrome symptoms) at Nortel (see Appendix VI). In fact, it seems like survivors go through the whole range of emotions described by Noer (1993). Survivors seem to have felt insecure about jobs and they felt that the burden of downsizing was disproportionately placed on them. They got depressed and experienced more stress and fatigue with the changes and increased workloads. In terms of their work, survivors seem to have shown signs of reduced risk taking and decreased motivation. Finally, their trust toward the organization was less than before the downsizing, they seem to have felt a sense of betrayal and anger over layoff process, had less credibility toward and resented



management, and were more cynical after the downsizing. The survivors at Nortel also seem to have felt guilty about having maintained their jobs.

According to Mr. Robert, the first main survivor need is to understand the reasons behind the downsizing. Also, they need to understand why they have remained while other employees have been terminated. Mr. Robert said it was critical that they not feel it was a random decision, or by “accident” that they “survived”, since knowing and understanding why they remained with the organization makes them feel in control, that it was more than just “fate”. Finally, survivors need to know what the plans are for the future. They need to know whether there are more changes planned and what they can expect in terms of how these changes will affect their advancement within the organization.

#### 5.1.6 Quebecor

##### **Background Information**

Quebecor Inc. is a Canadian company, founded in Quebec, which operates in three industry segments: printing, forest products, and communications. Through its subsidiary Quebecor Communications Inc., which now includes Sun Media, the second largest newspaper chain in Canada, it has publishing (including distribution and retail), broadcasting and multimedia services. Through its subsidiary Quebecor Printing Inc, it ranks as the largest commercial printer in Canada and as one of the largest in the United States, Europe and South America. Quebecor had revenue of US \$ 8.425 billion in 1998 and employs over 43,000 people in fourteen countries.

An interview was held with Mr. Robert Granger on July 16, 1999. Mr. Granger is Corporate Director of Compensation and has occupied this position for the eight years with which he has been with the organization.

### **Downsizing Experience**

Quebecor has only had one downsizing to date. The main reason behind the downsizing was that after the death of its owner and founder (in December 1997), the new management implemented a new strategy in order to achieve the goal of becoming more competitive. The downsizing began in the summer of 1998 and continued with the acquisition of Sun Media in the beginning of 1999, where it was amplified and picked up momentum. As a result, the downsizing lasted one year, from August 1998 until the middle of 1999 (they were at the end of the process when this interview took place). With the acquisition of Sun Media, Mr. Granger highlighted that since Quebecor was already running some newspapers, and there were economies of scale, they needed to eliminate positions which were now duplicated.

According to Mr. Granger, management was a bit short on explanation to employees about the downsizing. Employees received most of the information indirectly. With the change in management the organization automatically began to change. There was never a formal meeting with employees to say that they would downsize, but given the new objectives of the new management, the restructurings involved and the consequent acquisition of Sun Media, employees were not caught off guard when the downsizing took place. In addition to the general feeling inside the organization and changes in corporate strategy, employees learned of the downsizing through newspaper

articles, the appearance of Quebecor's president on television and in interviews, and also newspaper clippings which circulated around the organization.

Terminated employees were advised individually. The first wave of the downsizing lasted about three to four months, and the second wave, after the acquisition of Sun Media, lasted about six months. Advance notification was about one to two weeks. According to Mr. Granger, once you tell an employee he/she has been terminated, if you keep them on the job they are not going to be very productive, "their heart is no longer going to be in the job and it's understandable ... as a rule I think that once told, in a week or two they will cease coming to work".

Terminated employees were provided with a termination package and separation pay which varied according to the level of the job and amount of service the individual employee rendered. Quebecor also provided outplacement services and counseling.

According to Mr. Granger, no negative reactions were anticipated from surviving employees since they have never implemented a downsizing before. From the 1960s (when it was founded) until the change in management in 1998, despite being a large corporation, there was the feeling that if an employee had a problem, he/she could call the owner to discuss it. As a result, there were no formal mechanisms in place to anticipating negative outcomes from the downsizing.

### **Perceived Emotions/Behavioral Reactions of Survivors**

While survivor syndrome was not anticipated prior to the downsizing, Mr. Granger did observe some of its symptoms as outcomes of the downsizing as reflected in his responses for the questionnaire (see Appendix VI).

Though observed among survivors, Mr. Granger did not perceive survivor syndrome to be prevalent to a large degree. He believes employees seemed more stressed and fatigued, not only because of the changes, but mainly because of the increase in their already heavy workloads. Employees also seem to have responded with reduced risk taking. Finally, given the culture of the organization until recently, it is not surprising that employees seem to have less trust toward the organization and to feel a sense of betrayal. This sense of betrayal is perhaps a classic case of the result of a shift to a new employment contract, when employees first find out there are no longer guarantees and there is more deciding their fate than their hard work and commitment toward the organization.

Two of the major survivor needs in Mr. Granger's opinion relate to the increase in workload. He believes positions should be reexamined to rebalance the workload. He believes survivors are working longer and harder and this must be addressed. Secondly, he believes the lack of recognition for the fact that survivors are doing more is also a problem. According to Mr. Granger, "they cut payroll by 20% and they haven't taken a portion of it to give to those who remain". Though it is not an easy problem and financial recognition may not be possible, Mr. Granger believes that recognition should accompany the increased workload and responsibility survivors inherit from the downsizing. Finally, a third survivor need is the certainty that it is over. He feels that in the process of downsizing an organization loses loyalty from its employees. Employees begin to feel that no matter how committed they are to the organization, there are no guarantees, given what has happened to their terminated coworkers. They have a feeling that "if anything happens I may be gone too".

### 5.1.7 Royal Bank

#### **Background Information**

Royal Bank is engaged in personal and commercial banking, wealth management and corporate and investment banking. With clients in over 150 countries, Royal Bank has over Cdn. \$48 billion of assets under its administration and 53,468 employees.

An interview with Ms. Diane Milette was held on June 10, 1999. Ms. Milette has been a Human Resources advisor for two years and has worked for Royal bank for twenty years.

#### **Downsizing Experience**

According to Ms. Milette, Royal Bank does not conduct large scale downsizings and relies mainly on voluntary terminations. These most often accompany strategies by which the bank attempts to improve its customer service operations. One example is the elimination of a great part of paper work which used to be of the main tasks when serving customers in bank branches. Now tasks such as classifying checks have been moved to a central location so that the branch employees can focus on meeting the needs of the clients.

Whenever changes are implemented at Royal Bank they are “very honestly explained” to employees. First employees meet with the regional VP who communicates the reasons behind the changes. The changes are also addressed by e-mail and through “A Propos” a Royal Bank journal and employees most directly affected by the changes are met with one on one. Finally, all Royal Bank employees have access to a direct line to Monique Laroux, first VP of the Quebec District, to call and ask questions. There is

also another direct line which employees can use to ask questions where concerns are addressed within twenty-four hours.

According to Ms. Milette employees are informed of changes up to a year in advance. However, the time frame depends on the changes being implemented. Sometimes it can be less than one year, even three to four months, when the changes were not planned over a long period of time and respond to an immediate need. Those employees which are terminated receive a thirty day notice at which point they should begin to look and respond to internal job postings. Two weeks after they are informed employees will begin to receive their termination package, where they are given two weeks of salary per year of work plus benefits. If the employee can not move to another location within the organization and does not find another suitable position in the bank, they are offered financial counseling to explore their options (for example, they may want to start a small business).

According to Ms. Milette, while most employees at Royal Bank leave the organization voluntarily, insecurity among survivors still occurs. Since it is a colleague and/or a friend who is leaving, someone they have worked with for many years, often surviving employees wonder if it could happen to them. So the bank manages this situation by talking to employees and holding individual meetings to address their concerns. In addition to being frank with employees about the need for the changes and the strategies of the organization, survivors are also given a forum to discuss ways they believe the impact of the changes on them can be minimized. According to Ms. Milette, while the process currently in place is not yet perfect, minimizing survivor syndrome is a concern for Royal Bank.

### **Perceived Emotions/Behavioral Reactions of Survivors**

According to Ms. Milette's responses to the questionnaire (see Appendix VI), surviving employees at Royal Bank experience, as an outcome of downsizing, all main aspects of survivor syndrome to a significant degree. Most notably, employees were insecure about their jobs, they were stressed and less motivated following terminations. Also, employees' trust toward management and management credibility was affected, and employees expressed anger over the layoff process and resented management over the changes. Finally, According to Ms. Milette, surviving employees experience some degree of guilt for having maintained their jobs.

According to Ms. Milette, the three main survivor needs following a downsizing are honesty, communication and training. Survivors need to know why terminations are taking place and the organizational strategy behind them. The information they receive must be honest and it must be clearly communicated by managers. Also, it is very important that employees be trained to develop their competencies so that they are more marketable. As such, the bank offers courses on how to write a CV and career planning. These are important not only for employees to be marketable outside the organization but also in order to compete for internal job postings.

#### **5.1.8 Transportation**

##### **Background Information**

Transportation is a major organization operating in North America. It employs roughly 23,500 people throughout North America and had nearly Cdn \$4.2 billion in revenue in 1998.

An interview was held with this organization on June 18, 1999. The interviewee has been Manager of Career Transitions for Employee Family Assistance Program and Manager of the Scholarship Program for children for ten years and has been working with this organization for thirty-five years.

### **Downsizing Experience**

The interviewee has lost count of the number of downsizings implemented in Transportation. The organization has reduced its size significantly by several thousand employees over the past twenty five to thirty years.

The main reasons behind the downsizing were to cut administrative costs, to change the culture of the organization by changing the players and to change the focus of the organization. The interviewee describes the organization as having been too internally focused and carrying a lot of “dead weight” which made it a weak competitor in the marketplace. Now competencies and skills are the driving force and new blood is being injected into the organization. Downsizing was therefore a significant tool in changing the culture of the organization and reducing costs.

Downsizings usually last three to nine months (in some cases it may take longer). The downsizings and the reasons behind them are communicated to employees by means of a corporate announcement by the president, followed up by communication by function heads, and managers about how it will affect employees and how business will be conducted differently. Employees also receive information by means of communiqués, bulletins and staff meetings. The approach to communicating the downsizing is very structured.



Terminated employees are usually given a twelve-week working notice. The notice, however, may vary according to the changes being implemented. While in the case of a major reorganization they receive more notice there are times when they are given much shorter notice. According to the interviewee, they may even receive two or three weeks, and sometimes no notice at all, though they will be paid for a predetermined period.

“Looking at it in a cold hard way for a moment, the faster you put people off your payroll the faster you’ll recoup the money. Also, if you’ve reduced a thousand jobs in a given year, if you do it at the end of the year you’re not recouping as much money so there’s a big push to reduce jobs as early as possible...”

Terminated employees are well taken care of at Transportation. Financial counseling is provided through a reputable firm and a four month career counseling program is provided with a career transitions company. There are also special measures for those employees close to retirement. According to the interviewee, there are different categories of employees. Category One are people who are eligible for retirement, Category Two are those who are not yet eligible for retirement but can bridge to retirement, and Category Three are those who are not eligible for either one and would be severed outright. Transportation has a policy which helps bridge Category Two employees into retirement when they are terminated.

According to the interviewee, surviving employees are a concern to the organization but this has not been adequately addressed. A strategy has not been adequately developed in order to address survivor syndrome. “There’s no question we haven’t developed a strategy for dealing with survivors and we have spent an inordinate amount of time dealing with people who are leaving”. According to the interviewee, the

lack of a plan to deal with the survivors is mainly because management may not be aware of the backlash and the effect a downsizing has on survivors. “The executive tends to be business oriented, focusing on the business objectives, the business strategy... It doesn’t dwell on how the changes affect survivors”.

Despite a structured plan to address survivor syndrome, the interviewee believes that over time and over repeated downsizings, the negative backlash on surviving employees has been decreasing. For example, employees are less sensitive to a downsizing now that the larger downsizings (where ten thousand positions were reduced at one time) are behind them.

### **Perceived Emotions/Behavioral Reactions of Survivors**

According to the interviewee’s responses (see Appendix VI) on the outcome of the downsizing, the most acute manifestations of survivor syndrome in Transportation were in the insecurity employees feel about their jobs, and the stress and fatigue they experience due to the changes and increased workloads. As previously discussed, the interviewee believes that even though survivor syndrome is still an outcome of downsizings, its effects are much more tempered than in the past.

According to the interviewee the three main survivor needs are the following. First, employees need to see that the downsizing is conducted in an appropriate manner, so that if they’re ever terminated they know what to expect in terms of how they will be treated by the organization. Secondly, employees need to be up to date with communication, they need to know where the organization is going, how they can contribute and how they will be affected if changes are implemented. Finally, employees

need to have a clearer idea of how they fit into the organization, since the new work ethic is no longer a job for life. As such, survivors need to have a clearer understanding of what their tenure is within the company.

#### 5.1.9 Utility

##### **Background Information**

Utility is a large Canadian organization with a dynamic international presence. In 1998 its total workforce consisted of 20,166 employees and its revenues were of almost Cnd. \$ 9 billion.

An interview was held at this organization on July 21, 1999. The interviewee is Directeur Adjoint of the VP of human resources, and has occupied this position for one year while working for the organization for the past two years.

##### **Downsizing Experience**

Utility has downsized eight thousand employees over three downsizings since 1992. The third took place this year and “is supposed to be the last one”. While the two previous ones were entirely on a voluntary basis, this year the layoffs were part of a restructuring and employee terminations were conducted both on a voluntary and involuntary basis.

The main reason behind the downsizings is increasing competition due the recent changes in the nature of this industry. In addition to the external pressures of competition, the organization was also internally heavy, with too many people and less

than optimal processes. As a result, the organization downsized and restructured in an attempt to become more efficient and better compete in its industry.

The issue of downsizing was never communicated until the downsizing this year where approximately twenty to thirty employees were involuntarily terminated. In previous downsizings, the terminations were entirely voluntary and mainly by means of early retirement so the issue was never really addressed previous to this restructuring. As such, when involuntary terminations were carried out this year, there were no meetings and no discussions with employees. According to the interviewee, while the need to communicate and discuss impending issues, as well as the beginning, middle and end of the downsizing with employees was strongly recommended to management, it was never done. It was recommended that the president address employees and then that an official communiqué by the president be passed out to employees, and this was also not done. According to the interviewee, the managers are also ill-equipped for the responsibility of informing and coaching employees, since most of the managers at Utility are “people who’ve worked the lines long enough to be managers but ... don’t have the skills”. According to the interviewee, given that management at Utility does not recognize the need to communicate changes and the reasons behind these to employees, it is clear that employees are thought of as expenses, rather than assets.

The latest downsizing was decided upon in the end of July, 1998, and while terminations were initially scheduled for October of 1998, they were postponed to January, 1999<sup>8</sup>. In the absence of a formal communication strategy a period of rumors preceded the actual terminations.

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<sup>8</sup> The details on the reasons why the terminations were not carried out as scheduled are purposely omitted from the discussion since this information would otherwise compromise the anonymity of Utility.

Terminated employees were informed by their managers and received no advanced notification. The interviewee does not consider failing to give advanced notification a shortcoming since having to coexist with terminated employees would be a burden for those staying and for those leaving, especially since terminated employees will not be contributing to the organization as they have in the past after they are informed they have been terminated. Also, security was present (in “normal” clothes) on the floor “just in case”, as a precaution. Terminated employees were offered a termination package which they had ten days to decide to take or leave. It comprised of up to two years and a half of salary plus four months with an outplacement firm to help them with things such as finding a job and with financial planning.

Because of their experience with previous downsizings as well as because of the nature and culture of the organization, negative reactions from surviving employees were anticipated. According to the interviewee, an attempt was made to prepare managers by offering a two day seminar with their teams to talk about the changes, express concerns and communicate the new vision and how they would contribute to this new organization. However, according to the interviewee, none of the managers took the seminar. This organization also has an internal team whose function it is to lead discussions with groups, to attempt to clarify and solve problems through communication and role playing, which is free to employees, and none of the groups sought their help.

### **Perceived Emotions/Behavioral Reactions of Survivors**

According to the above discussion, it is not surprising that the interviewee perceived the employees of Utility to have expressed survivor syndrome symptoms as outcomes of the downsizing (see Appendix VI).

The interviewee perceived some of the survivor syndrome symptoms to be present to a significant degree. The interviewee's most marked observations of survivor syndrome were as follows. Employees at Utility felt insecure about their jobs following the downsizing and felt the burden of the downsizing was disproportionately placed on them. Also, the changes made employees more depressed, stressed and fatigued. They seem to have expressed signs of reduced risk taking and increased cynicism, and their attitude toward management seems to have changed, with a loss of credibility and increased resentment toward management.

According to the interviewee, the first main survivor need is the recognition of the very notion of a "surviving employee". In so doing, the organization acknowledges the fact that survivors encounter difficulties within the downsizing, even though they are not among those terminated, and that this is a normal reaction following a downsizing. The second main survivor need is information, and more specifically, to know when the downsizing is over and that their job is no longer threatened. Finally, survivors need help coping with the workload which always increases following a downsizing.

## **5.2 Cross Case Analysis**

In this section the responses of each case are be presented in aggregate. As such, the practices and opinions of the interviewees are discussed per interview question such that more insight can be gained from the responses.

Question #1: *Was the downsizing considered to be a measure of last resort, when all other options were exhausted?*

All of the respondents consider the downsizing to have been a necessary means of accomplishing organizational goals. It seems that changes in industry, deregulation and increased competition are the major driving forces behind downsizings. From the responses in this sample, it seems that when an organization decides to downsize it has no other means of accomplishing a given set of objectives and as such it is unrealistic to expect this to be a passing trend.

Question #2: *Were employees' input sought as a source of innovative alternatives to avoiding the downsizing?*

Royal Bank and Air Canada's unions are the only two cases where it seems that employees are involved when a decision of this magnitude is made. According to Ms. Milette of Royal Bank, "it's impossible to make changes without our employees' participation" where they are affected. Though employees have little say in the overall bank strategy, they do participate in changes where they will be directly affected. She cited the example of a possible merger between two branches where one would close which did not go through "because the employees, with their knowledge of the market, with the things that they saw that we didn't necessarily see, lead to a different strategy".

At Air Canada the involvement was with the unions, who were involved when discussing cost cutting measures such as work sharing and a reduced workweek. However, at Air Canada most of the layoffs were not of unionized workers, and as a result, unions and non-unionized workers were not involved in these discussions.

The other cases however, do not believe it is possible to consult employees to find innovative alternatives to a downsizing. Two main reasons prevailed. The first is the sheer number of people involved. Given that all the cases consist of very large organizations, employee involvement translates into thousands of employees being brought into the decision making process. According to Mr. Morrison of Bell Canada, “we’re not talking about sixty-seventy people here, we’re talking in the thousands”. A second main reason is that you can not involve employees in looking to avoid a decision which may or may not affect each of them individually. In such a case, according to Mr. Granger of Quebecor, “if you tell people, we have fourteen people and want to reduce seven, all the people are to going to be worried about is how to save their jobs”.

In most of the cases there seems to be a prevailing belief that in the long term alternate cost cutting measures will not work. According to the interviewee at Transportation, job sharing and pay cuts were implemented as a means of reducing costs and avoiding a downsizing and six months down the road employees would expect their wages to go up again, defeating the purpose of such an exercise. As a result, it seems that the shared belief is that while employees may be involved after the downsizing, there is nothing to gain from attempting to avoid a downsizing by involving employees and seeking their input. According to the interviewee at Manufacturing 1, “I think you’ll open yourself up to a lot of criticism if you entertain that kind of conversation”.



*Question #3: Was the downsizing viewed as congruent with the long-term strategy of the organization?*

In all the cases the downsizing was a necessary step in the achievement of a wider goal. Competitiveness was cited by all interviewees as the main driving force behind a downsizing. Bell Canada cited downsizing and restructuring as necessary in order to become more competitive amidst deregulation and increased competition. Manufacturing 2 and Nortel approach downsizing as a means of ensuring future competitiveness, such that downsizing is a proactive measure in order to guarantee that in the future the organization will remain a major player in its industry. Finally, all other cases cited downsizing as a necessary means to remain competitive vis-à-vis their competitors.

*Question #4: If so, were employees clearly and frequently informed of the goals that the organization sought to accomplish with the downsizing?*

The responses were mainly divided between a sense that employees had received full information and were therefore very aware of the organizational goals to be achieved with the downsizing and a sense that the organization could have done a better job at informing employees.

The interviewees for Manufacturing 1, Manufacturing 2, Nortel and Royal Bank were confident employees were sufficiently informed of the organizational goals sought with the downsizing. In general terms, all interviewees said employees receive information in writing as well as official communication from their managers and CEOs. Specifically, according to the interviewee of Manufacturing 1, employees were not only informed of the goals and strategies related to the downsizing, but also of the strategic plan for the following twenty-four months. Manufacturing 2 also communicated the

organizational goals and strategies to employees through a variety of mediums (i.e. presidential address, individual letter to employees, communiqué in organizational newsletter, and employee meetings). Similarly, in the cases of Nortel and Royal Bank, employees are not only aware of the goals of the organization, but are given the message that reaching their individual goals is akin to the overall success of the organization.

The remaining cases – Air Canada, Bell Canada, Quebecor, Transportation and Utility – seem to feel that even though there was widespread communication, perhaps a better job could have been done. In the case of Quebecor, according to Mr. Granger, where communication is lacking is mainly due to the fact that this is the organization's first downsizing and such discussions are not a deep rooted part of the organizational culture of the past. Now that changes have been implemented and the overall culture of the organization is changing, the internal systems, in this case communication, have room to be developed and perfected. As a result, while employees knew about the reorganization taking place in Quebecor and what the organization sought to accomplish, they first learned of the downsizing through the newspapers, a less than desirable communication strategy. In the cases of Air Canada and Bell Canada, both Ms. Enright and Mr. Morrison were confident employees were all aware of the position of their respective organizations vis-à-vis competitors and the necessary steps to achieve organizational goals. However, they both seem to feel that more could be done in terms of generally educating employees of the new business reality. According to Mr. Morrison, "whether or not we could have made a better job of educating and informing people on the business reality and the pace of change of that business reality the answer to that is a clear yes". In the case of Transportation, the interviewee feels that in recent

downsizings employees have been informed of organizational goals in a much more efficient manner than in previous downsizings. As such, according to the interviewee, employees were “appropriately” informed so that “if they happen to be downsized they won’t take it personally any more, they now understand the bigger picture and how it’s tied in to the goals of the organization”. Finally, as in the case of Transportation, communication at Utility has improved in recent years as the need to be competitive has increased. According to the interviewee, however, while “everyone gets a copy of the strategic plan ... no one reads it”. Consequently, Utility is in a situation where it is necessary to do more than communicate the changes but to also make a link to how this affects employees. Employees need to understand that “it is more than just paper”, and in order for this to happen, according to the interviewee, commitment from managers is key. This is being addressed this year as a new strategic and business plan to increase employee motivation is being implemented throughout the organization.

*Question #5: Did management visibly share in the sacrifices during the difficult times? How?*

Seven out of the nine cases reported that managers did not receive special treatment when the downsizing was implemented. In the cases of Air Canada, Bell Canada, Manufacturing 1, Manufacturing 2, Nortel, Transportation and Utility, managers were also directly affected by the downsizing. In the case of Air Canada, managers were the hardest hit. According to Ms. Enright, “they were the ones who had salary freezes for years, they are the ones who took the 5% cut, and they are the ones who lost half the staff”. Given the drive for improving competitiveness, the targeting of more senior

employees was a strategic part of the downsizing. In the case of Manufacturing 2, their CEO believed that “we’ve got too many chiefs and not enough Indians” and at Nortel, since “the goal was to reduce the cost of administration and I could pay five operators for the salary of one vice president ... we deliberately made targets at all levels, and we wanted to do so proportionately”.

In the cases of Quebecor and Utility, while management was not targeted for the layoffs, they did not receive special treatment during the downsizings. Despite not receiving special treatment, this was not necessarily visible to employees. According to Mr. Granger of Quebecor, while positions were being terminated, neither managers nor survivors “had to suffer financially or reduce their pay”. However, since the reason behind the downsizing at Quebecor was not financial difficulty, but to eliminate redundant positions and because of economies of scale, not having implemented across the board pay reductions is not likely to have been interpreted by survivors as special treatment.

*Question #6: In planning the downsizing, did the organization consider it a priority to extend the downsizing over the shortest possible amount of time?*

All of the cases responded that it was a concern to management to proceed with the downsizing in the shortest possible amount of time. The two main reasons for this are to get on with business and a belief that a downsizing is a traumatic event and the more expedient the manner in which it takes place, the better it will be for all employees.

According to Mr. Granger of Quebecor, a downsizing is a period of great insecurity and the longer “you drag it the longer you will have people who are insecure,

[and] the longer you will have people who are unsure about what's happened to them". While all organizations acknowledge the value of minimizing the amount of time over which a downsizing will take place in order to minimize negative effects for employees, the overriding concern was on the productivity of the organization. In all the cases there was the recognition that the longer a downsizing is in the "air" the greater the sense of insecurity and uncertainty in the organization and, as a result, employee morale and productivity will be affected. In this case minimizing the possible impact on employees by reducing the time over which the downsizing takes place recognizes the mediating role employee well being has on organizational productivity. Utility was perhaps the most concerned with the effect on the organization, such that according to the interviewee, "I don't think it was a concern [to management] other than let's get it over with and back to business".

*Question #7: Did management consider it a priority to effectively address and correct all problems so that a repeated downsizing would be avoided?*

All cases responded that attempting to anticipate and address organizational problems is not a one shot deal. The responses to this question clearly indicate the role of downsizing as an accepted business practice. Downsizing is no longer discussed as a painful laceration of the organization as the sole means of ensuring its livelihood, but instead is now more akin to a routine cosmetic procedure used to touch up and correct deficiencies.

There are two issues which came up amidst this context of continuous downsizing. The first is that each downsizing responds to specific challenges and as such

these are effectively addressed so that a repeated downsizing to address these *same* challenges will be avoided. New challenges will emerge and will be approached with the necessary measures to address them. In such cases, there are organizations, such as Manufacturing 1 (who downsize on average every two years) and Manufacturing 2 (who are attempting to avoid another downsizing this year or next) who implement downsizings as a proactive measure. The only exception to the belief that all problems were effectively addressed is Utility, where the interviewee believes that a better job could have been done to address problems in order to avoid these from resurfacing and more measures being taken. According to the interviewee, “upper management does not think it’s [downsizing] a big thing”. The second fundamental issue that emerged from this discussion is how downsizing is approached by organizations. Though the responses reveal that interviewees are aware and understand the effects a downsizing has on employees, in this case, where the focus was on “addressing and correcting problems in the organization” the approach toward downsizing is as a business tool to be used when required in the most effective manner possible.

Question #8: *Were excess positions identified in a consistent manner? (ex., merit, seniority and function)*

In all cases merit was the overriding deciding factor of who left and who stayed in the organization. In the cases of Manufacturing 1 and Quebecor, the downsizing was part of a reorganization. At Manufacturing 1 the entire organizational structure was reassessed and not only were there downsizings, but the layoffs were accompanied by promotions and demotions as well as an overall reshuffling of the organizational chart.

Of the cases, the most structured approach seems to be that of Manufacturing 2 which has a formal ranking process to identify which employees will be impacted and let go. In this case the names of all employees were reviewed by HR counselors, the HR director, and line managers as well as employee performance evaluations in order to determine if that person should be made redundant, remain with the organization or even move to another position within the organization.

More generally, it is usually up to supervisors to decide which employees will stay or let go. In other words, once a number of employees to be let go has been stipulated, the actual decision making on who stays and who goes is usually left up to each individual supervisor. According to the interviewee at Utility, while merit is the decision criteria employed, the outcome is never entirely objective as “it depends a lot on the quality of the managers, on the people taking the decision, not to settle scores”.

*Question #9: In the old employment contract employees' hard work was rewarded by life long employment. Today however, job security is increasingly short term and fewer employers can commit to offering such a guarantee.*

*Are employees in your organization aware that it is their responsibility to continually develop the skills necessary for landing a new job in the event of a downsizing? How is this communicated to them?*

All cases acknowledge a new business reality and a new relationship between employees and employers. In the cases where downsizing is more prevalent, there is a sense that employee skill development is a shared responsibility between employee and employer. In the two cases where downsizing is a recent phenomenon and has not yet fundamentally permeated into the organizational culture there is not yet a sense of

employee responsibility for their own careers. The latter is the case of Quebecor and Utility. At Utility, the workforce is older and tenure within the organization is common (about seventy percent of the workforce). While mobility within the organization is encouraged as a means of achieving skills development as part of “a directive that specifically says that the manager is to do his best to help the employee develop but it is the responsibility of the employee to develop himself”, there is little participation in this program. Similarly, at Quebecor, the recent change in management, along with its first downsizing has resulted in significant changes in the culture of the organization. But since this is very recent (the first downsizing just finished this year), the culture does not yet lend itself to actively pursuing self improvement in the attempt to protect your position as an employee in the new employment contract. Remnants of the old psychological contract, when the owner and founder was still alive, may still be too fresh in people’s minds.

In the other seven cases it seems that the sense of responsibility for career development is communicated indirectly. None of the organizations responded positively to clearly and directly communicating to employees that it is their responsibility to develop their careers amidst growing uncertainty. Instead, with the message of downsizings and the end of job security, along with a number of tools available to employees for career self management (addressed in detail in question #10), interviewees feel it should be clear to employees that it is their responsibility to develop and manage their careers. This was most strongly expressed by Manufacturing 1 and Nortel:

“... it’s not our responsibility to say “listen, times are changing, work on your CV”.... So in terms of their responsibility we don’t address it at all.



What we talk about is what the company is doing, not what the individual is doing. So if they want to work on their CV or not, it's up to them" -- Interviewee, Manufacturing 1.

"If I, as an employee, accept you as a corporation to do everything for me, to make sure that my skills are up to speed and to make sure that I'm behaving in ways that are necessary to succeed in the today's world, I'm going to be out of a job" -- Daniel J. Robert, Nortel.

From the responses it is clear that the new psychological contract is present and accepted throughout most of the cases. Consequently, interviewees from Air Canada, Bell Canada, Manufacturing 1, Manufacturing 2, Nortel, Royal Bank and Transportation feel that with a change in business realities and the programs available to employees, it is employees' responsibility to improve their skill set and ensure their marketability (both in and outside their present organization).

Question #10: *Do you provide your employees with tools for career self-management? (for example, on-line job postings and/or a career resource library)*

In all of the cases, with the exception of Quebecor, employees are provided with at least internal job postings. At Air Canada, in addition to on-line job postings there is internal training for employees to develop their skills, leadership skills training for managers, and leadership feedback to give managers feedback from their employees. According to Ms. Enright, there is no lack of training at Air Canada given that the airlines industry is highly regulated. At Bell Canada employees have career counseling services, coaching from managers and will soon have a web database where employees can make a self-diagnosis of their training needs and find training solutions such as on-line courses, literature coaching, mentoring in order to address gaps. At Nortel employees are also

provided with training associated with finding another job, such as resume writing and interview skills. At Manufacturing 2 there is a career resource library and on-line training courses. Many employees at Manufacturing 2 also take university courses and will soon be able to take these on-site, as the organization is implementing an MBA program on site. In addition to on-line job postings employees at Royal Bank also have a career resource library.

At Quebecor, training is provided for the job the employee is currently performing, but not as part of career self-development. The fact that there are no tools available at Quebecor for career self-management is mainly attributed to the culture of the organization. According to Mr. Granger, the previous owner had “the vision of an entrepreneur who likes to keep things simple”. As such, “he liked to pick and choose people” and the idea of providing training for employees wishing to take their careers in different directions is not part of the organizational culture. In fact, Mr. Granger himself is a bit wary of the idea: “And if we encourage people to engage in a program to further their career, and when an opening comes they don’t choose among those people, you’re doing yourself more harm than you’re doing good”.

Question #11: *Were managers trained to address the concerns of employees (both terminated and surviving)? Please be specific about what they were trained to do.*

In all nine cases managers were trained to meet the needs of terminated employees. However, only in five of the nine cases was some training available for managing surviving employees.

Air Canada, Manufacturing 1, Manufacturing 2, Royal Bank and Utility provided training for both terminated employees and survivors. Air Canada had experts come in from outside the organization to train managers on the skills and coaching necessary on conducting the termination interview (i.e., ideal setting and answering questions) as well as on meeting with the employees which remained. In addition to the training on how to conduct the terminations, at Manufacturing 1 managers were coached, or counseled on how to address surviving employees. According to the interviewee at Manufacturing 1, “most surviving employees would already know what their new role is, so the conversations managers would have with surviving employees would be more about looking forward and how we’re going to organize ourselves in the future”. At Manufacturing 2, along with the training on conducting the terminations, managers seem to have been almost equally trained on managing survivors. The training consisted of making managers aware of what to expect in terms of survivors’ reactions and as such focused on how managers could help them through this cycle. According to the interviewee at Manufacturing 2, this involved “basic knowledge on communication and spending time with employees and listening to them and celebrating successes, and rewards and recognition, and being visible...”. At Royal Bank managers were trained on terminations as well as on communicating information to employees; on how to answer questions and inform employees about changes. Finally, at Utility managers were sent to a one-day class for training on how to conduct the termination meetings and how to manage possible reactions. Utility, which has an in-house group specialized in conducting meetings and animations to help groups deal with issues and solve problems, encouraged managers to make use of this service in order to rebuild and redefine

surviving teams. However, according to the interviewee, very few teams took advantage of this or of a class offered by the management institute on team building for managers.

At Bell Canada, Nortel, Quebecor and Transportation, while training was provided for managers on how to deal with terminated employees, little or no attention was paid to the needs of surviving employees. At Bell Canada Managers were trained in a program called "Straight Talk" on how to conduct the terminations, the settings in which such discussions should take place, and the various scenarios which could unfold in terms of employee reactions. According to Mr. Morrison, training for managing survivors was clearly lacking, "and we lose drive and motivation to address those staying". At Nortel and Quebecor, the attention focused on terminated employees and survivors is very similar, with no special attention afforded to those staying with the organization. Finally, at Transportation managers received training from a consulting firm on how to conduct the terminations but no attention was given to survivors. According to the interviewee at Transportation, though the importance of addressing survivor needs following a downsizing is indisputable, "there is no corporate posture saying we need to deal with this and this is how we'll do it... I don't really know why there hasn't been anything done on it".

Question #12: *Was inaccurate information ever provided, even as a temporary means of dealing with the changes?*

Eight of the nine organizations responded to never providing inaccurate information to employees<sup>9</sup>. In some cases, such as Air Canada and Manufacturing 1, the

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<sup>9</sup> Some of the interviewees took some offence at this question requiring that a distinction be made between providing inaccurate information as an interim tool to full information (for example, if asked whether there

interviewees discussed how information was disseminated in the form of gossip, such that there was, at times, inaccurate information circulating in the organization. This however was not provided by the organization but rather by employees themselves. According to Ms. Enright of Air Canada, when employees see the VP spending a large amount of time with someone from HR, speculation on what is going on is quick to follow and “it doesn’t take long for the whole building to be a buzz”. Similarly, at Manufacturing 1, before the organization officially came out with the decision to downsize, “the gossip was incredible”.

The interviewee at Utility was very up-front about the use of inaccurate information throughout the downsizing. Two examples were cited. The first is that upper management communicated to employees that they would be informed of a downsizing if and when it was to happen. However, the downsizing was eventually carried out without employees receiving official communication. While one can speculate that this was not intentionally carried out to deceive employees, but was instead an oversight, it likely had a negative effect on management’s credibility in the eyes of employees. The second example is that the official communications are often intentionally vague. According to the interviewee, “the information is so politically correct, and every word is so thought out, that it doesn’t mean anything in the end... it’s so vague it’s inaccurate”.

Question #13: *As soon as the downsizing was communicated to employees, were managers empathetic to their concerns? How was this empathy demonstrated?*

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is going to be a downsizing, and it is still being conceived or in preliminary stages, the official organizational posture to employees may be to say “no” and lying).

Given that the notion of empathy is somewhat ambiguous, responses even though varied, all indicated that managers were empathetic to employees' concerns. As such, positive responses about whether managers demonstrated empathy toward employees relate the interviewees' perceptions of how adequately managers addressed what they perceive to be employees' concerns.

At Air Canada, Bell Canada, Manufacturing 2 and Royal Bank, interviewees feel managers demonstrated empathy toward both terminated and surviving employees. According to Ms. Enright of Air Canada, managers had the opportunity to demonstrate empathy toward terminated employees in the termination interview, and toward survivors in team meetings. Also, on the day the terminations and a few days following the organization "allowed for a bit of anger, of disorganization, and no one really worked that day ... it takes a couple of weeks for things to get back to normal". At Bell, Mr. Morrison felt that the training and communication skills invested in managers provided with the necessary awareness to demonstrate empathy toward both survivors and terminated employees. The interviewee at Management 2 believes that a great deal of concern and empathy was demonstrated toward terminated employees. In addition to how managers addressed terminated employees, a great deal of concern was placed on conducting the terminations while protecting the dignity and respect of terminated employees. As a result, while in the past terminated employees were escorted by security to ensure that nothing would be stolen, this year though security was available, employees were not escorted. According to the interviewee, this not only affords terminated employees dignity and respect, but it also sends a message to surviving employees that the shared values of the organization are trust, respect and dignity; "so

everyone knew that some employees were being let go but at least you were leaving the organization with respect, not being escorted by a big guy, with big arms because we don't trust you". Finally, at Royal Bank, in addition to their talk with severed employees, managers were encouraged to be available to survivors, to answer questions and address concerns.

In the case of Manufacturing 1, while managers were empathetic toward survivors, they did not have the opportunity to do much for terminated employees. Managers were available to provide clarification to survivors and in some cases were asked to back track and make sense of the changes to survivors. In terms of those terminated, there is little that can be done in the fifteen minute termination meetings, after which the severed employee leaves. According to the interviewee, "there is not a lot of opportunity to demonstrate empathy to terminated employees".

In the case of Nortel, Quebecor, Transportation and Utility, the interviewees believe that empathy was demonstrated toward terminated employees, but little of it was directed toward survivors. More specifically, there is a feeling that survivors are not in special need for empathy. For example, the interviewee at Transportation believes that unlike those terminated, survivors are ok since they still have their jobs. Since they understand that the terminations were necessary in order for the organization to be competitive, what they need is to see that those leaving are adequately treated so that they can feel secure in the treatment they would receive if in a similar position.

Question #14: *Were "star" employees and "opinion" leaders sought to help in the disseminating of information about the downsizing to their fellow employees?*

The responses to this question, by all cases, were a resounding “no”. The main reason provided is that employees want to hear information from their superiors, not from their peers. According to the interviewee at Manufacturing 2, it is a management decision and as such it is management’s responsibility to communicate it. Also, there is the belief that the consistency of the information may be compromised if there are too many “messengers”. Finally, there is the belief that the impact on terminated employees might even be exacerbated. According to the interviewee at Utility, “it is a very humbling experience to be laid off and I don’t think it’s something you want too many people to know about before you”.

Question #15: *Did you consider it important to "overcommunicate" information to employees about the downsizing? (for example, with bulletins, explanations from managers, e-mails and newsletters)*

The responses were fairly divided on this question. Three of the cases – Manufacturing 2, Nortel and Royal Bank - consider it important to overcommunicate and feel they did a good job. For example, in the case of Royal Bank, employees received information in the form of e-mails, bulletins, journals, with group and individual meetings as well as having access to a twenty-four hour confidential line called “Results” where they can address questions and concerns.

Two of the cases – Manufacturing 1 and Quebecor – consider overcommunicating information important but feel it was lacking in their organization. In the case of Manufacturing 1, the interviewee feels they should have had instruments such as question boxes, newsletters, and e-mail bulletin boards of Q and A, so that employees would not



be so dependent on their managers for receiving information. In other words, by having a variety of different media providing information, the organization could ensure that all employees, not only those with the excellent managers, would have access to the same scope and quality of information. According to the interviewee at Manufacturing 1, this was not addressed prior to the downsizing because time was a real concern, such that “when you look at the time line, it was either you tell people about it or you do it”. At Quebecor Mr. Granger also believes it is important to give as much information as possible to employees and the communication was somewhat compromised due to the organization’s lack of experience (since it is their first) in conducting terminations.

Two of the cases do not consider overcommunication to be a good idea. According to Ms. Enright of Air Canada, communicating three months in advance (for example) would just add to the “doom and gloom” which would follow the news and not be conducive to employees focusing on their work. She is in fact very weary of the idea; “overcommunicating ahead of time, I’d be very, very concerned of the impact it would have on the organization”. At Utility, according to the interviewee, upper management does not consider overcommunication to be a concern: “he [the president] didn’t want to announce it and make it a big program”. The sense is that if you overcommunicate you risk turning the downsizing into a big issue, and what the management at Utility wanted to do was conduct the downsizing and get back to business.

Finally, Bell Canada and Transportation do not feel they overcommunicated but feel they communicated appropriately. According to Mr. Morrison, “I’m not sure about “overcommunicating” but we want to make sure that everyone had access to the information and therefore we were choosing the right medium for different populations

and being very punctual as things evolved or changed in our business reality”. Similarly, at Transportation, the interviewee agrees that “a multifaceted communication strategy is good... [but] you have to execute it, get it over with and get on with your lives”.

Question #16: *Were employees informed about the impending downsizing shortly after the decision to downsize was made? How soon after?*

Seven out of the nine cases responded that employees were informed about the downsizing shortly after the decision was made. The amount of time varied from two weeks to nine months. The least amount of time, according to the interviews, was two to three weeks at Bell and the longest period was three to nine months at Transportation.

In two of the cases they were not informed about the downsizing until the actual terminations were conducted. At Quebecor a formal announcement was never made and employees learned about the downsizing from newspaper articles and from interviews which the president had on television. At Utility, both terminated and surviving employees learned of the downsizing the same day, when employees were terminated.

Question #17: *Were all employees informed of the tangible steps being taken to help/assist terminated employees?*

In only two of the cases were employees actually informed of what was being done for terminated employees. In six of the cases employees were not directly told but knew of the measures, according to interviewees, since they could see what was being done, and in one of the cases employees were mainly not aware of the assistance provided to terminated employees.

At Air Canada employees were told by the vice president in a meeting about the services which were offered to terminated employees. At Manufacturing 1 employees are told before a downsizing is even implemented what they can expect to receive in the event of a downsizing. Both interviewees believe this helps reduce employees' insecurity about a downsizing.

At Bell Canada, Manufacturing 2, Nortel, Quebecor, Royal Bank and Transportation, while employees were not directly informed of the tangible steps taken to assist terminated employees, what was being done was visible to all survivors. According to the interviewee at Transportation, "they could see it happening all around them and this is believed to be one of the main factors which calm their fears of the "what if this happens to me?"".

Finally, at Utility survivors were not told of what was being done to assist terminated employees. According to the interviewee's speculation, this was a deliberate step given that, since the services and packages given were better than what is normally offered, the organization is not able to guarantee that these are the terms which would be present in the event of another downsizing. In this case, communicating to survivors what has been done for terminated employees was seen as potentially having the effect of raising employees' expectations to a level the organization might not be able to satisfy in the future.

Question #18: *Did management actively attempt to identify and reduce redundant tasks in anticipation of the increase in the workloads of surviving employees? If so, were the future survivors aware of this concern?*

In four of the cases identifying and reducing redundant tasks was a concern to the organization. At Air Canada, as work charts were reexamined in the eliminating of positions, while this work was redistributed jobs were also restructured. According to Ms. Enright, employees were aware of the restructurings and attempts to reduce redundancies and in some cases entire positions were eliminated. At Manufacturing 2 a new information system was introduced, eliminating many redundant tasks. Also, according to the interviewee, as managers received training to address survivor syndrome, they also received training on how to “sit with their employees to discuss how they could work more intelligently and if there was stuff they could let go”. Similarly, at Royal Bank employees are always invited to look for solutions on how to better manage their large volume of work. According to Ms. Milette, this often proves successful; “it’s not always the supervisors and the managers who have the answers. Finally, at Utility, when the downsizing was being planned, “as part of being competitive, we reviewed all of our processes so everything we did we looked at with a magnifying glass... and employees knew that this was done”.

In two of the cases, the interviewees believe that such an exercise is conducted year round, not just in the event of a downsizing. At Nortel Mr. Robert explained that employees having “a life” outside the organization is an important concern and as such the organization invites employees to participate in finding ways of “working better” not necessarily “working harder” and so changing methods is a continuous process, not just one that takes place before a downsizing. Similarly, at Transportation, people already work “inordinate amounts of time” and concern with optimizing processes is ongoing.

According to the interviewee, “we don’t have to have a downsizing to be thinking about this... [in fact] I don’t think there are that many redundancies any more”.

In the case of Bell Canada, while some effort was made to reduce redundant or unnecessary activities, this was not a main focus prior to the downsizing. However, while Mr. Morrison acknowledges that this is important for both the survivors and the organization, he believes that conducting this exercise prior to the downsizing, though widely supported by the literature, is not the optimal strategy. According to Mr. Morrison, if an organization undertakes the task of streamlining and optimizing processes prior to the announcement of a downsizing, employees will “smell it [the downsizing] a hundred miles in advance”. Also, he believes employees will be resentful to be part of an optimization process for an organization which they may no longer be a part of. As such, he believes the best strategy is to undertake such an exercise with the participation of survivors after the downsizing has been concluded.

In the case of Quebecor, there were no attempts made to reduce redundancies prior to the downsizing. According to Mr. Granger, this is mainly due to the fact that because of inexperience in dealing with downsizings, it was not anticipated by management as a necessary concern. Similarly, at Manufacturing 1, while the interviewee considers this to be an important aspect of a downsizing it did not take place. According to the interviewee, this was mainly a result of time constraint; “when things are done and they are done very quickly and you’re running off your feet and that’s true for absolutely everybody – and it sounds like a package of excuses – but you can’t think of everything”.

## **6.0 Analysis**

The Realistic Downsizing Preview calls for specific measures to be adopted in the organization prior to the downsizing. It is based on findings that can be drawn from the research on the literature on downsizing and survivor syndrome. As such, by examining the range of outcomes and emotions survivors go through following a downsizing, a set of prescriptive guidelines was constructed. This framework, if adopted by organizations prior to the implementation of a downsizing, will ensure that the negative effects experienced by survivors are minimized. This section makes use of the information learned from the experiences of managers in the interviews to perfect the RDP model. It first addresses the items which were revised or omitted based on the new information gathered in the interviews. Major changes were made in the cases where an item was not supported by practical considerations and the real demands world facing managers and as such had to be re-evaluated in order to maintain its relevance and applicability to real world scenarios. The second section presents the final model, with a brief discussion on items which were validated by the interviews and where the cases' practices were found to be lacking.

### **6.1 *Revising the RDP Model***

Given that the RDP has been entirely designed from the literature, it is necessary that it be reassessed, such that the data gathered from the interviews will serve to validate or revise each of the items in the model. In this analysis there appears to be some variance between the findings of the literature review and that which has been reported in

the interviews. Where a variance has been found the ideal proposed by the literature will again be reevaluated to determine whether specific items must be revised.

#### 6.1.1 RDP Items which Changed

A revised RDP model is proposed. This final model includes three major changes to the original model. Namely:

6. *If a downsizing is chosen as the means to address organizational problems, it must be thoroughly planned and all contingencies anticipated to actively prevent the process from taking place again. It will be more difficult for surviving employees to effectively deal with the psychological aspect of the impending threat of a repeated downsizing (it happened twice it can surely happen again).*
8. *Define a new working relationship independent of the old employment contract. It is the organizations' responsibility to make a new psychological contract explicit such that employees have a clear understanding of where the responsibilities the organization toward employees end, and where they must proactively begin to manage their own careers. Key in this are the notions of career self-management and employability security (rather than employment security).*
13. *Managers should attempt to seek the help of "star employees" and "opinion leaders" so that they too can be of aid to fellow employees when communicated about the downsizing.*

The first major change is the item which suggests that the organization should thoroughly attempt to address all organizational problem with the downsizing in order to avoid future downsizings. While the literature indicates that the best strategy is to keep downsizing as a measure of last resort (Borosan and Burgess, 1992) it seems that downsizings are increasingly approached as an effective means of cutting costs and remaining competitive. As such, none of the cases in this study feel they can commit to telling employees no downsizings will be implemented in the future. In fact, given the

fact that the organizations studied are among the most dynamic and innovative in their industries, competitiveness and change are key in their development and downsizing is considered an important organizational tool. Consequently, it is clear that downsizings are not likely to decrease but rather, are likely to become ever more prevalent in the business world. With an appreciation of this inevitable reality, this item will instead urge decision makers in the organization to attempt to conduct the downsizing as efficiently as possible so that repeated waves of the downsizing will not be needed in order to address the *same* set of issues. The revised item, taking into consideration the actual business reality, therefore calls for:

6. *If a downsizing is chosen as part of a restructuring or as a means to furthering organizational goals, it must be thoroughly planned and all contingencies anticipated so that the downsizing is conducted in one shot, rather than in waves, to address the same set of issues.*

A valuable outcome of attempting to effectively address a given problem, which all employees are aware is the cause of the downsizing, is the prevention of cynicism after the downsizing is concluded. When employees are aware of and understand that a problem must be addressed and feel that management sought to effectively address the problem, it is likely that they will continue to have faith in their employer (Reichers, Wanous and Austin, 1997). Also, when employees feel that management attempts to be thorough and understands the effect a downsizing has on its workforce, employees are more likely to feel that management cares for its workforce.

The second change addresses the item which calls for a definition and explicit communication of the new employment contract to employees so that they may have a clear understanding of theirs and the organizations' responsibilities vis-à-vis their careers. This recommendation will differ depending on the organization. Where downsizings



have already been conducted and where the industry is innovative and change driven, an explicit announcement of the change into a new employment contract may be redundant. In such cases, while survivors are likely to experience survivor syndrome after a downsizing, it is likely that employees already feel they can not expect their employer to make guarantees. However, while explicit communication is most likely not necessary, the new employment contract must be communicated implicitly by other measures (which should already be taken in an organization which has downsized). For example, employees should receive continuous information and updates on the “big picture” and strategies of the organization. Also, they should receive information of the resources that are available to them by the organization and they should be told that these are available for them to manage their careers. The issue of career management and employee development should be thoroughly and repeatedly communicated to employees. The organization – like some of the cases in this study – can communicate a message of employees’ and employers’ responsibilities in career self management in an indirect way. The two key means are by continually providing information on the organization’s direction and standing in its industry, as well as by explicitly communicating to employees the resources available for them to further their careers. As such, a message such as “career self-management is your responsibility – we help provide the tools” should be made explicit to all employees. This could be one of the opening lines of a career resource database, or present in all communiqués on job postings and training program information. This would help capture the attention of employees, who are usually too consumed in their work, to invest time in career self management.

In the cases where downsizings are not in the culture of the organization and the old employment contract is still present, an explicit announcement should be made prior to a downsizing. This is the most efficient means of providing explanations on the changes about to take place as well as the redefinition of career responsibility under the new contract. In this study it was clear that this is an issue where Quebecor and Utility were lacking. Given that employees in such organizations are likely to have “signed up” to the organization with the mindset of the old employment contract, unless a clear statement is made of what comprises the mutual employee-employer loyalty in a downsizing organization, employees are more likely to feel a betrayal and injustice has been committed when a downsizing is implemented (Noer, 1993). As such, though the layoffs will still affect those terminated to the same extent (i.e. they will cease to work for the company), it will allow those terminated to have a clearer understanding of what has taken place and will prove very effective for survivors. By communicating to employees the reasons behind the downsizing as well as the fact that a new employment relationship has been carved, survivors will emerge from the downsizing with a sense of buying in to this new organization and will have a sense of having full information of the new rules, rather than feeling betrayed and let down.

In organizations where a first downsizing is being implemented, or where layoffs will clash with the existing culture of the organization (namely where the old employment contract still prevails) an explicit announcement should be made to employees. This can be accompanied with explanations on how the industry has changed and how competition has increased requiring that more drastic measures be taken. Though not having much of an effect on those employees who will be terminated

regardless, this announcement and frank communication not only serves to provide information to survivors but is a means of regaining their buy-in to the new organization.

In both cases however, whether implicitly by bringing career self-management to the forefront, or explicitly, by communicating the establishment of a new employment contract, a new psychological contract must be implemented such that employees are of the shift in focus from employment security to employability security (Mone, 1997). As such, the revised item should communicate the following:

*8. Define a new working relationship independent of the old employment contract. This should take one of two forms:*

- i. If the organization belongs to an innovative and change driven industry, and/or if previous downsizings have been conducted, an explicit announcement defining a new employment contract is not necessary. However, explicit information should be given employees as to their responsibilities and the organizations' responsibilities in career self-management. General information on the organization's goals and strategic objectives should be clearly and continuously updated.*
- ii. If the organization has never downsized before and if the underlying culture is still deeply rooted in the old employment contract, an explicit announcement on the new employment contract should be made.*

The final change to the model involves the item which calls for managers to seek the help of “star employees” and “opinion leaders” in the dissemination of information to fellow employees about the downsizing. While the literature points to evidence of the value of enlisting the involvement and help of “star employees” and “opinion leaders” (Brockner, 1992), the evidence gathered in the interviews resoundingly points to the contrary. All the interviewees believe that information should be communicated to employees from their direct supervisors. Given the nature of the information, employees would not like to feel that some of their co-workers were privy to information before

themselves. This is especially important given that a downsizing is a humbling experience. Also, receiving information from supervisors will ensure greater consistency of information. Therefore, as a result of the information gathered in the interviews, this item is omitted from the revised RDP model.

The revised model will include one minor change. This concerns the following two items which call for action before the downsizing is implemented:

2. *Before making the final decision to downsize, the organization should make its concerns known to employees and seek their input. Sometimes workers have insightful ideas which may help the organization sidestep a downsizing altogether. However, even if a downsizing cannot be avoided, seeking employee input will foster a sense of participation and belonging of employees in their organization, feelings which will greatly benefit the post-downsizing organization.*
3. *A downsizing should always be pursued as a step in the accomplishment of long-term goals, and these should be known and understood by all in the organization. Adequate explanations should be provided clearly and frequently.*

Given that downsizings have become as widely accepted and implemented as restructurings and reorganizations, seeking employee input and informing employees of the long-term goals sought should be present on a *continuous* basis. The first item – seeking employee input for alternatives – was not widely supported in the interviews. The main reason for this is the difficulty in obtaining employee input when the workforce is large. Therefore, while this is feasible in a small organization, in major corporations it is a dauntingly unmanageable task. As a result, given that all employees are likely to witness a layoff while working for a given organization, input could be sought on a continuous basis with measures as simple as having suggestion boxes, to ensure that ideas and employee input is always flowing in. In other words, it should not be only prior to

the downsizing that managers ask employees to e-mail or write down their suggestions, but rather this channel which should be preexisting in the organization, should be utilized during the implementation of the RDP so that employee input is sought. Management will only gain by staying in touch with employee ideas as well as possibly finding innovative solutions to problems. Similarly, continuously informing employees of the long term strategies of the organization will allow employees to better understand the need for a downsizing as well as never be surprised when an upcoming downsizing is announced. These two items are invaluable in allowing employees to feel as partners in the process and thus being more likely to be accepting and supportive of the changes (McClelland and Wilmot, 1990; Noer, 1993; Willinhnganz, 1997). In the absence of information employees will often be more susceptible to believing rumors as well as blaming the generic management above them and viewing organizational change efforts with cynicism (Noer, 1993; Reichers et al., 1997). As such, the revised items, where information is continuously flowing, are as follows:

2. *Before making the final decision to downsize, the organization should make its concerns known to employees and seek their input. There should be mechanisms in place – such as a suggestion box – for employee input to continuously flow in. Sometimes workers have insightful ideas which may help the organization sidestep a downsizing altogether. However, even if a downsizing cannot be avoided, seeking employee input will foster a sense of participation and belonging of employees in their organization, feelings which will greatly benefit the post-downsizing organization.*
3. *A downsizing should always be pursued as a step in the accomplishment of long-term goals, and these should be known and understood by all in the organization. Adequate explanations should be provided clearly and frequently such that there is a continuous flow of information and employees can determine their position vis-à-vis the organization and the organization's position vis-à-vis its competitors.*

The remaining RDP items remain the same despite variations from the literature in some of the cases. These items are discussed with the lessons from the literature being juxtaposed to the information obtained from the interviews.

#### 6.1.2 RDP Items which did not Change

The eleven remaining RDP items which did not undergo minor or major changes are discussed below. While in some cases this is the result of a convergence between lessons from the literature and actual practices of the cases in this study, in other cases this is despite a variance being found between what is suggested by the literature and what is reported by the organizations. As such, each of these remaining eleven items will be discussed.

The strategic considerations in the RDP begin while the downsizing is being considered, and extends to the point where positions to be cut are being determined. Specifically these include:

1. *Careful consideration should be placed on the reasons behind the intention to downsize. A downsizing should be considered a measure of last resort, once all other alternatives have been exhausted, and never as a "quick fix".*
4. *Key to the perception of fairness is the extent to which management shares in the sacrifices during this period of supposed hardship.*
5. *If a downsizing is implemented, it should be planned so that its actual execution takes the least amount of time possible to prevent the process from being drawn out.*
6. *If a downsizing is chosen as part of a restructuring or as a means to furthering organizational goals, it must be thoroughly planned and all contingencies anticipated so that the downsizing is conducted in one shot, rather than in waves, to address the same set of issues.*
7. *The manner in which excess positions are identified should be consistent and uniform throughout. The criteria can be determined in terms of merit, seniority and functions,*

*for example. The key is that the decision be made in a consistent manner so that the process will be perceived as fair.*

Strategic considerations are the key starting point of the RDP. Since the main goal of any business is furthering its strategic objectives, the most effective means of implementing the RDP is to ensure that these strategic objectives reinforce rather than detract from employees value and role within the organization. The starting point in implementing the RDP is the belief that for the issues at hand, a downsizing is the required measure, if not the only measure. Avoiding the trap of downsizing as a means to achieve short term fast results is a necessary step in ensuring that employees will not perceive the downsizing process as unfair and view it with cynicism (Appelbaum et al., 1987; Reichers et al., 1997; Mishra, Spreitzer & Mishra, 1998).

The fourth strategic consideration<sup>10</sup> involves the treatment of managers vis-à-vis employees during difficult times. In other words, managers should not receive special treatment or bonuses while lower level employees are being laid off. Such a measure will have a great impact on employees' perception of fairness (Brockner, 1992). Another key consideration is planning for the downsizing to span over the shortest possible amount of time, in order to minimize the disruption caused to employees. While the downsizings in the cases studied varied in the span of time over which they were conducted, all respondents were in agreement with the detrimental effects of "dragging out" a downsizing. As such, given that downsizings are traumatic events, no matter how well prepared the workforce is, it is best that they be conducted as expediently as possible (Borason and Burgess, 1992). Equally important is ensuring that careful planning is in

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<sup>10</sup> The second and third RDP items have been discussed in the previous section since these received minor modifications in the final model.

place so that the downsizing will address all the current issues at stake in “one shot”, rather than requiring repeated waves. In other words, it is not only important to try to conduct the downsizing over the shortest period of time, but also it is vital that all terminations are conducted at one time, so that once the downsizing is over and the concerns and issues behind the downsizing have been addressed, then surviving employees can get back to their work. Finally, how excess positions are identified is key in the process. It is important that there be a consistent rule, not only for the company to make the optimal decisions with regards to retaining its most valuable personnel, but also for employees – both terminated and surviving – to have a clear understanding of how their “fate” was decided and thus are more likely to judge the downsizing as having been conducted fairly (Brockner, 1992; Labib and Appelbaum, 1994; Schweiger, 1987).

The second key consideration in the RDP are issues that affect all employees; i.e. those that will be leaving as well as those who will remain. Specifically:

9. *Having defined a new employment contract, an organization must also provide tools for employees in career self management. They should be encouraged to develop the skills necessary to thrive in the job market, thus becoming less dependent on the employer for security and direction. This will prevent feelings of rules having changed midway through the game and will prevent employees from feeling that their commitment to the organization is not reciprocal. Some proactive measures can include:*
  - *A comprehensive career resource library*
  - *Assessment and counseling*
  - *Online job postings*
10. *Managers should receive training to be better equipped to address the needs of both terminated and surviving employees.*
11. *Managers should never provide inaccurate information to their subordinates. All attempts should be made to be as honest as possible about all impending changes as well as not omit information from employees. The success of the organization, which will emerge after the downsizing, is highly contingent on management credibility.*



*12. The information provided by managers should be accompanied with empathy and a sincere desire to address concerns of employees.*

*13. Information should be overcommunicated (i.e., often and in a variety of ways, such as bulletins, e-mails and newsletters).*

The first key consideration is empowering employees with the necessary tools for career self management. In fact, it is the organization's responsibility to explicitly inform employees of the available tools for career self-management (Mathys and Burack, 1993). These should include the necessary resources for employees to compete and advance within their organization as well as be competitive when seeking employment elsewhere. It is the availability of tools for career self-management which will ultimately empower employees to assume greater responsibility over the management and development of their careers (Caudron, 1994).

Managers have a fundamental role to play in this process. As such, managers should be trained in key areas, to be of help to both surviving and terminated employees. While in the cases studied it was found that managers were rarely trained to deal with survivors there is widespread evidence in the literature that how managers communicate and deal with employees can have a significant effect on the ensuing trust survivors have on the organization (Tang and Fuller, 1995; Willignganz, 1997). Since managers and direct supervisors are the main channels of communication to employees, it is important that they communicated information honestly and never provide inaccurate information. When employees ask questions and feel confident that they are receiving honest answers they are more likely to feel trust and loyalty toward the organization as well as more likely to experience high job satisfaction (McClelland and Wilmot, 1992; Tang and Fuller, 1995). For example, in cases where the organization is not yet prepared to inform

employees of planned changes, managers should be up-front about the fact that they cannot disclose such information at the given time. Only in one of the cases studied was inaccurate information considered to be a problem and this clearly indicates management's awareness of the importance of being honest and up-front with their workforce.

The final two key issues involve managers and optimal use of information. It is most desirable that the information provided by managers be communicated with empathy and a desire to address the concerns of employees. In the cases studied it was found that managers were in great part empathetic to employees concerns, where the interviewees felt employees might require empathy. When managers address employees' emotions they acknowledge their difficulties and validate their feelings, thus leading to a better understanding of the changes and the ability to move forward more positively (Noer, 1993; Willihnganz, 1997). As such, part of managers training should include sensitivity training in order to help them discern where they may be of help to their subordinates as well as to ensure some consistency in the effectiveness of managers. Secondly, information should be "overcommunicated". In other words, a variety of different media should be used to inform employees of the changes being made as well as the reasons behind them (Mishra et al., 1998). While some of the interviewees were a bit weary of the idea of "overcommunicating", of putting too much emphasis on the downsizing and not letting survivors get on with life, they all converged on the idea of what some referred to as "appropriately communicating". Despite this hesitation, the importance of overcommunicating cannot be stressed enough. Overcommunicating information on the downsizing provides the best means of ensuring that employees

receive full and consistent information on important issues as well as preventing them from believing rumors or seeking to attribute blame to make sense of the changes (Noer, 1993).

The fourth key consideration relates mainly to terminated employees. Specifically:

14. *Communicate the decision to downsize as early as possible in the process. This should be considered to be the ethical responsibility of the organization so that employees can adequately plan for subsequent steps in their career development. Terminated employees should also be notified as early as possible.*

Terminated employees should be given as much advance notification as possible. While a subject of contention in the literature, there is widespread evidence (Brockner, 1992; Leana and Feldman, 1994; Kaufman, 1982; Noer, 1993; Ross, 1995) on the benefits of advanced notification. It is regarded as beneficial not only as the ethical responsibility of the organization but also as a positive signal to surviving employees. In this way they too may feel confident they will have a fair amount of notice in the event of a layoff. This item did not receive the support of all interviewees. In four of the nine cases (the five others gave between two and twelve weeks) advanced notification is not seen as positive and reflected the fear found in the literature of risking sabotage (Ross, 1995). Specifically, the two main reasons are that there is usually sensitive information in the organization which might be jeopardized if employees know they are laid off in advance, and that once employees find out their heart will no longer be in their work. Despite these arguments, advance notification is an integral part of a well devised RDP program and of ethical and responsible organization. Notifying employees on the same day leaves them no other alternative but to go home and simultaneously deal with the

event which has just transpired and the need to look for work elsewhere. Conversely, if advance notification is provided employees can have time, within their normal routines, to consider their options. These may involve applying for other positions within the organization or seeking work outside. Simply stated, advance notification will directly affect employees' perception of fairness and will allow terminated employees to exit gracefully from the organization (Brockner, 1992; Vecchio and Appelbaum, 1995). However, in extreme cases where providing advance notification is not an option, the organization should level with employees on this fact, when communicating the downsizing, making explicit the fact that terminated employees will receive no advance notification due to security considerations (for example).

The final strategic consideration involves two issues directly affecting surviving employees:

15. *Communicate the steps being considered to help employees who will be terminated. It is important that surviving employees feel that the organization never overlooks the workforce it is making redundant.*
16. *Given the impending downsizing will force survivors to take on an increased workload, it is important that management actively attempt to identify and reduce redundant tasks so that energy is devoted to those tasks which are truly significant. Job training should be planned for so that employees will be better equipped to deal with this increased workload.*

The assistance provided to terminated employees not only serves to provide for them with fairness and consideration, but also sends a message to surviving employees (Doherty and Horsted; 1995). As such, the organization may inform employees of the assistance provided to those who will be terminated at the same time the downsizing is announced, as well as after the layoffs are concluded, in order to update survivors on how their terminated counterparts are doing. In eight of the nine of the cases interviewees

reported that all employees were aware of the measures taken for terminated employees. In one of the cases this was consciously not done because a fear that management would not be able to offer severance packages as big as those offered after their latest downsizing.

Once the terminations are concluded survivors will be back to work facing often increased workloads. Essential to the RDP is that when planning the downsizing managers should attempt to identify and reduce redundant tasks for surviving employees. In other words, since survivors' workloads inevitably increase after a downsizing, anticipating and reducing tasks that are redundant and non-value added will not only relieve some of the additional strain placed on survivors, but will also allow them to more effectively focus on the major aspects of their work. It is especially important that survivors be aware of this effort so that their perception of their new workload is affected, taking into consideration that despite the fact that their workload increased, measures were taken to alleviate their load as much as possible. In the information obtained from the interviews it seems that some respondents feel this would most effectively be done after the downsizing since the most effective way of addressing redundancies is with the participation of employees. However, while this may be true and the bulk of effort directed at reducing redundancies may be concentrated after the downsizing, it is important that some visible effort be made in order to signal to survivors that managers are aware and empathize with what they are going through (Borason and Burgess, 1992; Caudron, 1996; Doherty and Horsted, 1995; Kogan, 1996).

The proposed model takes into consideration the revised items and items which were supported in the interviews. It also includes those issues which, despite being

widely recommended in the literature, are not practiced by the cases in this study. A careful analysis of these items, as well as additional support of their value, culminates in the revised RDP model.

## **6.2 Final Proposed Model**

A final model emerges (see page 160) as a combination of the lessons drawn from the literature along with first hand information obtained through personal interviews with experts of major organizations in their given industries. As with the original model, the main focuses of the RDP are strategic issues, issues which affect all employees, issues of specific concern to terminated employees, and issues which are especially relevant for surviving employees. The final RDP is as follows:

### ***Strategic Issues***

- 1. Careful consideration should be placed on the reasons behind the intention to downsize. A downsizing should be considered a measure of last resort, once all other alternatives have been exhausted, and never as a "quick fix".*
- 2. Before making the final decision to downsize, the organization should make its concerns known to employees and seek their input. There should be mechanisms in place – such as a suggestion box – for employee input to continuously flow in. Sometimes workers have insightful ideas which may help the organization sidestep a downsizing altogether. However, even if a downsizing cannot be avoided, seeking employee input will foster a sense of participation and belonging of employees in their organization, feelings which will greatly benefit the post-downsizing organization.*
- 3. A downsizing should always be pursued as a step in the accomplishment of long-term goals, and these should be known and understood by all in the organization. Adequate explanations should be provided clearly and frequently such that there is a continuous flow of information and employees can determine their position vis-à-vis the organization and the organization's position vis-à-vis its competitors.*

4. *Key to the perception of fairness is the extent to which management shares in the sacrifices during this period of supposed hardship.*
5. *If a downsizing is implemented, it should be planned so that its actual execution takes the least amount of time possible to prevent the process from being drawn out.*
6. *If a downsizing is chosen as part of a restructuring or as a means to furthering organizational goals, it must be thoroughly planned and all contingencies anticipated so that the downsizing is conducted in one shot, rather than in waves, to address the same set of issues.*
7. *The manner in which excess positions are identified should be consistent and uniform throughout. The criteria can be determined in terms of merit, seniority and functions, for example. The key is that the decision be made in a consistent manner so that the process will be perceived as fair.*

### ***All Employees***

8. *Define a new working relationship independent of the old employment contract. This should take one of two forms:*
  - i. *If the organization belongs to an innovative and change driven industry, and/or if previous downsizings have been conducted, an explicit announcement defining a new employment contract is not necessary. However, explicit information should be given employees as to their responsibilities and the organizations' responsibilities in career self-management. General information on the organization's goals and strategic objectives should be clearly and continuously updated.*
  - ii. *If the organization has never downsized before and if the underlying culture is still deeply rooted in the old employment contract, an explicit announcement on the new employment contract should be made.*
9. *Having defined a new employment contract, an organization must also provide tools for employees in career self management. They should be encouraged to develop the skills necessary to thrive in the job market, thus becoming less dependent on the employer for security and direction. This will prevent feelings of rules having changed midway through the game and will prevent employees from feeling that their commitment to the organization is not reciprocal. Some proactive measures can include:*
  - *A comprehensive career resource library*
  - *Assessment and counseling*
  - *Online job postings*

- 10. Managers should receive training to be better equipped to address the needs of both terminated and surviving employees.*
- 11. Managers should never provide inaccurate information to their subordinates. All attempts should be made to be as honest as possible about all impending changes as well as not omit information from employees. The success of the organization, which will emerge after the downsizing, is highly contingent on management credibility.*
- 12. The information provided by managers should be accompanied with empathy and a sincere desire to address concerns of employees.*
- 13. Information should be overcommunicated (i.e., often and in a variety of ways, such as bulletins, e-mails and newsletters).*

### ***Terminated Employees***

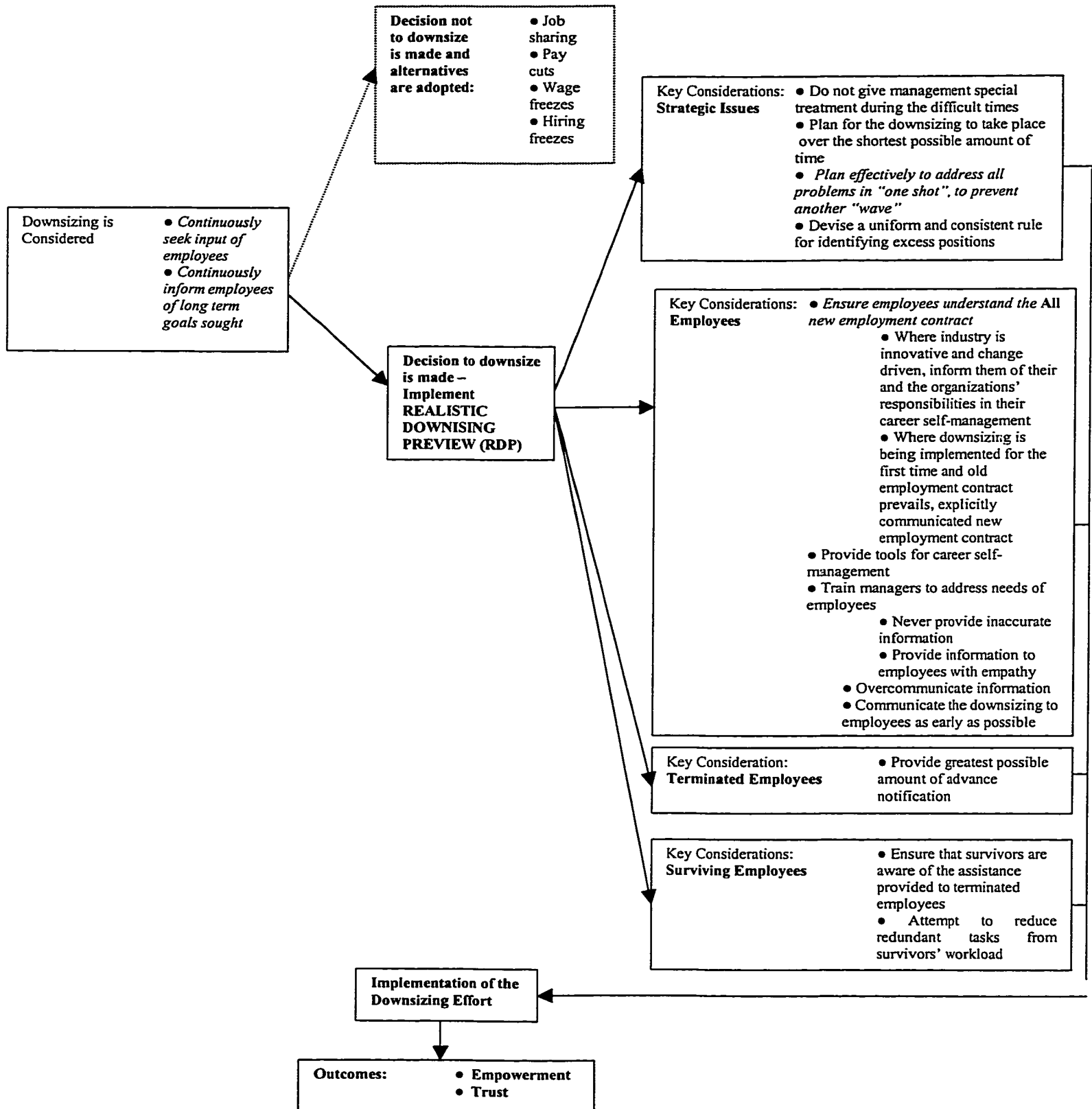
- 14. Communicate the decision to downsize as early as possible in the process. This should be considered to be the ethical responsibility of the organization so that employees can adequately plan for subsequent steps in their career development. Terminated employees should also be notified as early as possible.*

### ***Surviving Employees***

- 15. Communicate the steps being considered to help employees who will be terminated. It is important that surviving employees feel that the organization never overlooks the workforce it is making redundant.*
- 16. Given the impending downsizing will force survivors to take on an increased workload, it is important that management actively attempt to identify and reduce redundant tasks so that energy is devoted to those tasks which are truly significant. Job training should be planned for so that employees will be better equipped to deal with this increased workload.*



## Realistic Downsizing Preview



The RDP attempts to address all key areas of the organization prior to the downsizing in order to minimize the negative effects experienced by survivors following the downsizing. Key to the RDP is that it be structured and consistently implemented. In other words, the organization, when planning and organizing the downsizing, should make a commitment to implement the RDP.

In some of the interviews, while explaining the nature of this study, interviewees were informally asked their opinion on the implementation of an RDP prior to the downsizing. All six interviewees who were presented with this question demonstrated enthusiasm for the utilization of an instrument designed to minimize the occurrence of survivor syndrome in the post-downsizing organization. According to the interviewee at Utility, it comes down to common sense:

“I think it’s a great idea. ... Like ... you take care of your trucks, you take care of your turbines, ... you take care of your distribution lines ... you take care of your people. ... it takes time and it takes commitment ... [because] it’s important for people to understand that they’re responsible for their employability”.

## **7.0 Conclusion**

The RDP is a successful attempt at minimizing survivor syndrome. The proof of this is in the fact that the managers interviewed support most of the items derived from the literature (there were few exceptions and these led to a revision of the model) *even when these are not put in practice* at their respective organizations. Furthermore, the managers acknowledge the presence of negative outcomes to survivors following a downsizing and for the most part, support the notion of taking a proactive stance to combat survivor syndrome.

This section will begin by addressing the limitations of this study. This will be followed by a discussion on suggested directions of future research and implications of such work for managers and management. This section will conclude with final remarks on the RDP and its contribution to the survivor syndrome literature.

### **7.1 Limitations of Study**

Like all research, ensuring the tightness of the process and analysis, and minimizing the limitations of this study, was a concern throughout. Given that a new model has been constructed, the main limitations in this study are of researcher bias and inexperience.

The issue of researcher bias is best avoided when two or more researchers are available to conduct the interviews, code the data and analyze results such that biases are minimized. Due to budget limitations this was beyond the scope of this paper. However, clear, documented steps were taken so that the same conclusions may be reached if

another researcher duplicates the study. In other words, by conducting the interviews with the same interview questions, documenting the results verbatim and reducing them in matrix format, another researcher will likely create a database similar to the one found in this study and draw the same conclusions for analysis.

A second limitation is the researcher's inexperience in conducting interviews. In this case a formal interview guide and practice with peers had a limited effect in preparing the researcher for the actual interviews. While all interviewees were very cooperative and responsive to the issues which the interviewer wished to focus and concentrate on, in one case, the interviewer lost control of the entire first half of the interview. In this case the interview was conducted in a conference room and the interviewee, with the intention of giving background information on the organization, stood up and "lectured", such that constant interruptions and attempts to bring the discussion back to the interview questions (which, as with all cases, had been sent to the interviewee in advance) were largely ignored. While a lesson in frustration, this experience as well as the first few interviews, proved invaluable for learning. Unfortunately, the level of experience of the interviewer and the cooperation of the interviewee resulted in some variation in the smoothness and quality of the information obtained in the interviews. Again this could have been better controlled in the presence of a second interviewer.

Despite these limitations, the step-by-step approach in which this study was conducted ensures that the results are meaningful and easily replicated by another researcher. As such, the value of the results and analysis have not been compromised by researcher shortcomings.

## **7.2 Directions for Future Research**

The issues of downsizing and survivor syndrome are not new in academia. However, after years of downsizing and workforce reductions a strategic and coherent plan to address survivor syndrome are lacking. The model proposed in this paper is a sincere attempt to prevent survivor syndrome with lessons from the literature and the experiences of managers. As such, this is a first step from which much research can evolve. Given that the RDP will set the necessary groundwork for survivors to emerge from a downsizing with a more positive outlook and being less affected by the trauma of the terminations, it should not end after the terminations are conducted. A structure should therefore be in place *during* and *after* the layoffs are conducted in order to ensure the optimal emotional and productivity state of survivors. As in the RDP, during and after the downsizing, communication and managerial involvement are the driving force behind a healthy organization and a well adjusted work force. This study can therefore be replicated with the goal of creating a model of how to proceed with survivors during and after the implementation of a downsizing. Communication and managerial involvement are key.

### **7.2.1 Communication**

As with the RDP, communication is key. An organization should pay specific attention to information and dialogues which should be present during and after the downsizing.

During the downsizing management has the opportunity to set a pace and begin to create the culture it seeks to foster in the post-downsizing organization. What and how it

communicates to employees during the downsizing effort are crucial for this to be achieved.

Once the downsizing has taken place and the environment of the organization has changed, it is important that management not fall into the trap of feeling that it is now time to "get back to business as usual". Even though the downsizing itself may have already been implemented and all changes been carried out, this period is still in fact part of the downsizing effort. Immediately after the downsizing takes place the organization enters a maintenance phase where all previous efforts to involve and care for employees will crystallize into a new organizational culture. Consequently, in this final phase communication remains crucial.

Now that the organization is geared up for new challenges, employees will need to know and understand management's new vision and the company's new direction with regards to aspects such as financial goals of the business and its competitive environment. Honest, open and frequent information will continue to prevent employees from filling in the gaps, when information is inadequate, with their own assumptions and rumors, usually based on worst case scenarios, (Caudron, 1996). Paramount in this new vision and direction are employees themselves and where they fit into the new organizational structure. Employees will want to know how their jobs have changed and how they can contribute to the bottom line. One way of providing valuable feedback is with the development of performance management systems where managers are available to sit with employees so that their new roles (if these have changed) are clarified. This will also ensure that employees' concerns, such as how expectations have changed and how these changes impact their daily work, be addressed. Also, whenever there are changes

to job descriptions, it is important that managers communicate them to employees as clearly as possible. According to Caudron (1996), management must recognize that employees have special needs and that communication will provide them with the respect, information and emotional support they need. It is also important that employees feel that they are supported by higher levels of the organization since it is invariably where the 'real' power and decision making resides.

In addition to communicating to survivors the new direction of the organization and their role in it, management must also ensure that employees are aware of the new opportunities available. This will prevent employees from automatically assuming that the organization has no more opportunities to offer in terms of professional development and growth. Brockner (1992) suggests two main ways of preventing this from happening. First, the organization should attempt to define the new behaviors it wishes to foster and once it has done so, it should publicize rewards for those already being carried out. Knowing that others have been rewarded for taking the necessary steps to help the company adapt to the layoffs will encourage other survivors to do the same. Secondly, career paths should be made explicit in light of the new sources of rewards in the organization as well as the means of achieving these rewards. As a result, even if career development programs do enable and lead some survivors to relocate to other companies, those that do remain will be more confident and empowered and thus a greater asset to a revitalized organization.

One efficient strategy would be to implement periodical forums (for example, monthly) where employees can meet with their CEO during work hours to ask questions and hear "from the top" about the company's progress (Caudron, 1996). In addition to

this contact with the CEO, it is also important that employees be provided with information about the financial goals of the business as well as the competitive environment it operates in. Employees must be provided with the tools and opportunity to become partners in the organization and production process. The support of managers is key in the process of increased employee participation.

### 7.2.2 Managers

As with the RDP, managers play a defining role in the well being of survivors. Well trained and empathetic managers are vital to the establishment of a well adjusted work force during and after the downsizing.

During the downsizing employees will hunger for information (Brockner, 1992). It is important that managers communicate again to all employees the reasons behind the decision to downsize. Because of the stress employees will be experiencing, it is also important that this information be 'overcommunicated' - i.e. as vividly, by as many means, and as often as possible. Special consideration must be paid not only to how managers communicate the layoffs to terminated employees, but also to the availability of both career planning and support services. Empathy is key such that all employees understand that the decision and process is painful to everyone (Tang and Fuller, 1995). Survivors will also benefit from the knowledge that support and assistance is available to them. Treating employees with dignity, as well as ensuring managerial accessibility, signals to employees that not only are their concerns and fears understood, but that they are not alone, and are in fact valuable to the downsized organization.



After the downsizing managers will continue to play a significant role in the preventing and/or alleviating of survivor syndrome symptoms (Brockner, 1992). After the downsizing, the organization which emerges will be fundamentally different. It can take advantage of this fact to grow stronger, an objective most effectively accomplished by seeking employee input (for example, on how employees can do more with less) for innovative and practical solutions for the challenges likely to arise. After the downsizing it is also up to managers to seek to find out how survivors' jobs can be enriched, such that more interesting work will help contribute to higher productivity and morale. The key after the downsizing, according to Brockner (1992), is to make survivors aware of new opportunities. This is important given the tendency after layoffs for surviving employees to believe there are no good opportunities left, while in fact these are just different from those which previously were available. This fact can be made clear to survivors in a number of ways. First, managers can have survivors work on goals and tasks that are achievable. This will provide them with necessary success experiences which will positively affect their self-esteem. Rewards should also be publicized as another means of 'advertising' the existence of numerable opportunities available in the organization. Finally, career paths should be made explicit, since the 'psychology of hope' continues to be a great motivator. While this may open the way for some to leave, those that do remain will have a greater sense of empowerment and revitalization.

### 7.2.3 Issues to Consider During and After the Downsizing

Given the continued role of communication and managerial guidance during and after the downsizing, a formal structured intervention should be implemented at these

stages to support the headway achieved with the RDP. As with the RDP, it is necessary that the lessons which can be learned from the literature be tested against the experiences of managers in organizations which have downsized.

### **7.2.3.1 Walking Employees through the Change Effort**

#### ***Strategic Issues***

1. *Communication remains a critical issue during the implementation of a downsizing. All problems and necessary changes should be communicated in detail as well as how these will affect employees (Boyd, 1994; Brockner, 1992; Noer, 1993).*
2. *The main priority of managers should be to be accessible to their subordinates. Support and assistance should be provided at all times, whenever required, to both surviving and terminated employees (Borason and Burgess, 1992; Boyd, 1994; Brockner, 1992; Tang and Fuller, 1995).*
3. *Top management should be especially visible during the implementation of the layoffs so that employees have the opportunity to ask questions and voice concerns (Noer, 1993).*

#### ***Employees***

4. *Counseling services should be available for both surviving and terminated employees (Boyd, 1994; Brockner, 1992).*
5. *Information flow should be at its highest making use of both formal and informal means of communication. This should be actively pursued with the two main goals of communicating all changes to employees as well as enhancing the credibility of managers. Spokespersons should be credible and information should be communicated frequently and via a number of different channels (Boyd, 1994; Brockner, 1992).*

#### ***Terminated Employees***

6. *The actual notification should be made in an ethical manner. Managers should speak to employees individually so that assistance can be focused on each employee as he/she is notified of the decision (Buono and Nurick, 1992; Tang and Fuller, 1995).*

### ***Surviving Employees***

7. *Let surviving employees know of steps taken to help them in dealing with the increased pressure of increased workloads and added responsibilities (Mone, 1997; Noer, 1993).*

#### **7.2.3.2 Validating Needs and Concerns After the Downsizing**

##### ***Strategic Issues***

1. *Management's new vision and the organization's new direction should be defined and made explicit to employees. Employees must be informed of how they fit into this new organizational structure (Caudron, 1996; Noer, 1993).*
2. *Honest information should be provided as to the possibility of future layoffs (Brockner, 1992; Mishra et al., 1998; Navran, 1994).*

##### ***Surviving Employees***

3. *The guidance and support of management is key. The most effective means of managing the work force is by increasing the MBWA (management by walking around) so that manager's much needed presence continues to be communicated to employees even when there is a tendency to feel the process is over and it is back to work as usual (a common fallacy) (Borason and Burgess, 1992).*
4. *The emotions of surviving employees should continue to be addressed. The time and opportunity should be provided for employees to express their feelings and insecurities to ensure that they understand and accept the changes which have just taken place (Noer, 1993).*
5. *Counseling should continue to be provided to survivors. It is important that the organization not fall into the trap of thinking that because the actual layoffs have taken place that the downsizing process is over. The post-downsizing period is critical for the setting of patterns and creation of a new organizational culture (Brockner, 1992).*
6. *Employees should be made aware of the new rules of the game. Of direct importance for performing well on the job is awareness of opportunities for advancement and promotion. These should be actively communicated to employees who will often be left feeling that there are no opportunities left for them in their current organization. Therefore, they should be encouraged to take risks and continue to strive to grow within the organization so that their potential for growth is not limited and the organization does not become stagnant. Key issues to be*

*addressed include opportunities for upward mobility within the organization, opportunities for skill advancement and job and financial security (Isabella, 1989).*

7. *Managers should provide tangible signs of available opportunities. Some examples include:*
  - *Have survivors work on goals and tasks that are achievable (this will positively affect their self-esteem).*
  - *Rewards should be publicized so that it is made clear that there are opportunities in the organization.*
  - *Career paths within the organization should be made explicit (so employees have a goal to strive toward) (Brockner, 1992).*
8. *Increased focus should now be directed toward assisting surviving employees with their new workloads. Management should be readily available to help survivors cope with the increased demands and pressures. Employees must also be informed of the extent to which factors which affect them directly (for example, available resources) have changed. The goal is to make it clear that they are not alone and have the support of their superiors (Brockner, 1992).*
9. *Surviving employees should be updated on how their former colleagues (i.e., terminated employees) are doing in the job market (Doherty and Horstedt, 1995).*

These proposed items would attempt to maintain the positive communication and managerial involvement initiated with the RDP. These items, which attempt to address all issues which may significantly affect survivors' reactions to the downsizing once the changes have been implemented, attempt to satisfy a real need for greater focus on survivors and survivor syndrome symptoms throughout all stages of the downsizing (including after the downsizing).

### **7.3 Implications for Managers and Management**

The findings of this study are encouraging. From the sample studied it is reasonable to conclude that managers are increasingly aware of the difficulties employees face as survivors of a downsizing. Also, this study found that much of the proposed

items of the RDP are already present in some form in the studied organizations. What is needed is a leap to implement an RDP as a *structured* and *formal* approach alongside the other considerations of implementing a downsizing.

From the interviews with the managers it is clear that many aspects of the RDP are already in place, and where this is not the case, managers are largely aware of the adverse effects of a downsizing on survivors and of the consequent need to prevent survivor syndrome. Also, when asked informally at the end of the interview what they thought of the concept of an RDP, all those asked were enthusiastic about the prospect of controlling the negative effects of downsizings on survivors. As a result, a structured, formal RDP follows from the need to better address the effects on survivors of the increasing prevalence of downsizings as well as from an existing pool of resources to better manage survivors. The development of such an instrument should follow from a prescribed guideline such as is presented in this paper along with the gagging of the particular needs and concerns of employees in a given organization. The implementation and use of an RDP would increase managerial control over the entire downsizing process, where employees will survive from the layoffs as more empowered, autonomous and better educated as to the needs and goals of the organization. This in essence complements the drive to increase competitiveness, save costs and become more productive which drove the downsizing in the first place.

In sum, the presence of an RDP will affect the outcomes of the downsizing for the surviving employees. In its absence, survivor syndrome is a common outcome of downsizing interventions. By contrast, in its presence, survivor syndrome is prevented and survivors better equipped to cope with the ensuing changes.

## **7.4 Concluding Remarks**

In Lester Thurow's (1999) latest book, *Building Wealth – The New Rules for Individuals, Companies and Nations in a Knowledge-Based Economy*, a simple two sentence paragraph is used to highlight an important strategy for organizational financial progress in the next millennium:

The lesson is simple. The ability to downsize is an important part of growth (pp. 252).

Downsizing is no longer an emergency measure. Companies no longer need to justify workforce reductions as necessary for survival. Downsizing, as an effective organizational intervention is here to stay. In the last decade, it is the unusual organization in the U.S. which has not undergone a downsizing. And this phenomena, initially restricted to the U.S., is increasingly common practice in Canada, Europe and Japan (Robbins, 1999).

As a result, as downsizing becomes increasingly prevalent, the issue of survivor syndrome must be addressed not as crisis management, but as a fundamental aspect of OB and HRM. According to Robbins (1999), today management of personnel must include the management of survivor syndrome. However, while managing survivors is an undoubted necessity given the changes in the workplace, the negligence to do so results in an increasingly unsatisfied and unhappy workforce. A 1997 survey of 2,004 workers across Canada found that only sixty-two percent of the workers were satisfied with their jobs, compared to seventy percent in 1991 (Survey finds Canadian workers glum, 1998). Moreover, the survey found that at a time when the Canadian economy was stronger, workers expressed dissatisfaction on a number of fronts:

- Pay satisfaction was 51 per cent, down from 60 per cent in 1991.

- Fewer workers thought their workload was reasonable 62 per cent, compared with 69 per cent.
- Only about one-third reported their company sought employee suggestions, a drop from 40 percent. Just 25 per cent of people who responded to the latest survey believed employee suggestions were acted on.
- Only about one in four Canadians said they trust the people they work for (p.p. B1).

The reality is one where businesses are evolving and developing strategies that far outpace the adaptability of employees. While gurus such as Thurow advocate the use of downsizing as a necessary measure to increase competitiveness and build wealth, the reality is that workers are increasingly tired, resentful and unmotivated amidst the top down measures being implemented.

Improved communication is instrumental to changing this outcome. Five basic factors are key. First, employees should be informed of the problems facing the organization once these are identified by managers themselves. This should take place not only before the downsizing but should continue while it is being implemented. In fact, if this information is accompanied by management openly soliciting employee insights and input, employees will feel they have a stake in the success of the organization and will be more likely to understand the problems being confronted. Second, management should also be highly visible and accessible in order to address employees' questions and concerns at all times (Boyd, 1994). Third, management must continuously attempt to encourage communication to ensure that all employees are aware and understand the ongoing changes. Formal and informal meetings facilitate communication, so that information is communicated often and by a variety of means (Boyd, 1994; Brockner, 1992). Fourth, for those employees who will be terminated, it is important that job placement and counseling be provided. While this is highly valuable

for the well being of terminated employees, it is of utmost importance that this be known to survivors so that they know downsized employees (i.e., their friends and former colleagues) are being taken care of and therefore have less to feel 'guilty' about. Finally, as the downsizing takes place, management should continuously keep its employees informed as to what the new plan is. Survivors should be informed of the targets the company is striving to meet in order to avoid a future round of layoffs so that from the very onset they will have some feeling of control over the outcome (Boyd, 1994; Brockner, 1992).

According to Mishra, Spreitzer and Mishra (1998), the case of High Steel Structures, Inc. provides a good example of the importance of communication in the creation and maintenance of trust and empowerment. When, in 1992, an industry downturn made downsizing inevitable, the company engaged in ongoing communication with all employees to ensure their trust and commitment. Surviving employees were given quarterly information on the status of the organization and they received weekly information about work contracts. When the company closed down, a core group of employees helped close it. Six months later, after a market rebound, the company reopened and not only did the core group of employees return (even though many had already found jobs in other companies) but so did many of the other employees who had been laid off earlier. As a result, the company saved much time, money, and effort since these returning employees already possessed critical knowledge on how to run the plant.

With the goal of producing equally favorable outcomes to the above-mentioned example, this paper attempts to fill a gap in the downsizing and survivor syndrome literature. The permanence of downsizing in the organizational landscape is not disputed



- it would be merely wishful thinking to attempt to resolve survivor syndrome symptoms by advocating the end of layoffs and workforce reductions. Downsizing is here to stay and this paper provides the link between the increasing prevalence of downsizing as an organizational intervention and survivor syndrome as an unwanted and undesirable outcome. Organizations now have at their disposal an RDP, a tool which will demonstrate that they are as committed to their workforce as they are to the growth of profits and increase in efficiency. In the future, it is hoped that the implementation of the RDP as well as academic discussions on the issue should lead to a better and more fine tuned instrument adaptable to the particular needs of organizations and their surviving workforce.

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## Appendices

### ***Appendix I - Old vs. New Employment Contract***

<b><u>Old Employment Contract</u></b>		
<b><i>Implicit Assumptions (Based on Old Environment)</i></b>	<b><i>Strategies</i></b>	<b><i>Outcomes (Based on Current Environment)</i></b>
Employment relationship is long-term	Benefits and services that reward tenure Employee recognition processes that reinforce long-term relationship	Older work force Demographically narrow work force
Reward for performance is promotion	Linear compensation systems Linear status symbols Fixed job descriptions Static performance standards	Plateaued work force Demotivated (betrayed) work force
Management is paternalistic	Excessive and duplicative support services Long-term career planning systems	Dependent work force
Loyalty means remaining with the organization	Approved career paths only within the organization Voluntary turnover penalized Internal promotion; discouragement of external hiring	Narrow work force Mediocre work force Non-diverse work force
Lifetime career is offered	Fitting in Relationships	Codependent work force

(Noer, 1993, pp. 157)



<b>New Employment Contract</b>		
<b><i>Implicit Assumptions</i></b>	<b><i>Strategies</i></b>	<b><i>Outcomes</i></b>
Employment relationship is situational	Flexible and portable benefit plans Tenure-free recognition systems Blurred distinction between full-time, part-time, and temporary employees	Flexible work force
Reward for performance is acknowledgement of contribution and relevance	Job enrichment and participation The philosophy of quality Self-directed work teams Nonhierarchical performance and reward systems	Motivated work force Task-invested work force
Management is empowering	Employee autonomy No "taking care" of employees No detailed long-term career planning Tough love	Empowered work force
Loyalty means responsibility and good work	Nontraditional career paths In/out process Employee choice Accelerated diversity recruiting	Responsible work force
Explicit job contracting is offered	Short-term job planning Not signing up for life No assumption of lifetime care-taking	Employee and organization bound around good work

(Noer, 1993, pp. 158)

## **Appendix II - Employee Needs After Downsizing**

<i>When the career concerns are...</i>	<i>People need...</i>
<b><i>Performance related</i></b>	
Availability of resources, human and technological	Accurate and specific information about resources
Maintenance of existing networks	Confirmation of new networks and assurance that they will work
New performance standards	Timely and detailed information about what new expectations of performance are to be
Good supervisors leaving	Opportunities to learn more, about able current managers and to understand the contribution those remaining make to the company
<b><i>Advancement-related</i></b>	
Opportunities to move up	Data about promotional opportunities and timetables as well as the value the company places on different career paths
Internal value of expertise	To know the strategic direction of the company and its human resource needs now and in the future
Extra demands from work	Specific information and signals that increased effort are noticed and appreciated
<b><i>Growth and Security-Related</i></b>	
Career or organizational plateauing	To learn about alternative options in which they can continue to grow and contribute in their present position
New opportunities for skill advancement	Opportunities to retrain and develop themselves through in-house programs or

	seminars outside the company Opportunities for formal career assessment and task relearning
Chance to share expertise	Opportunities to mentor younger individuals or serve on task forces or committees
Financial security/job security	Assurance from the company that they will not be abandoned, through outside services, outplacement, counseling

(Isabella, 1989, pp. 39)

### **Appendix III – Contact Letter**

Dear \_\_\_\_\_:

I am writing to request your organization's participation in my Master's thesis research.

I am a Master of Science in Administration student at Concordia University. The title of my thesis is "Realistic Downsizing Preview: An Effective Managerial Strategy in the Prevention of Survivor Syndrome" and is being supervised by Dr. Steven Appelbaum. The focus of my research rests on the notion that, when provided with honest and timely communication *before* the downsizing actually takes place, employees who survive the downsizing will be more readily able to adapt to the changes as well as be less likely to experience the negative symptoms widely known as "survivor syndrome".

I am seeking the cooperation of five to six organizations which have already downsized. I am hoping to study your organization as one of my cases. I have conducted an extensive literature review in the area of downsizing and survivor syndrome, which has formed the basis of the questions the interview will consist of. The interview should be with an executive of HR who was closely involved with the downsizing. The interviews should take approximately one hour.

Participation in this research will provide invaluable information for the creation of a tool which will help prevent much of the common side effects of survivor syndrome, such as low morale, decreased risk taking and decreased productivity. Given that downsizing is a popular tool in ensuring the competitiveness of businesses, the Realistic Downsizing Preview will provide organizations with a set of guidelines to minimize the negative effects of downsizing on surviving employees. I will provide you with a copy of the final thesis once concluded. I am confident you will find it a valuable ally for future change efforts by means of downsizing.

I look forward to the possibility of your participation in this project and thank you in advance for your time and attention.

Sincerely,

Magda Maryam B. L. Donia, M.Sc. Student

## ***Appendix IV – Interview Guide and Questionnaire***

### **Part I – General Interview Guide**

The purpose of the first part of the interview is to gather general insight about the organization. Strategic issues behind the downsizing are explored such that the environment and general conditions leading to the downsizing can be understood. The responses to this section will form the basis for the discussion on each of the individual organizations (unless confidentiality is presented as a concern).

#### **Interviewee Information:**

Do you prefer that the answers to this interview remain anonymous?

Name of Organization:

Name of Interviewee:

What is your position/title:

For how long have you occupied this position?

How long have you been with this organization?

#### **Interview Questions:**

1. How often has this organization downsized?
2. Why did your organization decide to downsize?
3. Were the reasons behind the downsizing explained to employees? How?
4. What was the duration of the downsizing process, from the moment it was announced to employees to the moment when all layoffs and downsizing strategies were concluded?
5. How was the downsizing communicated to employees? Please be specific.
6. How much advanced notification were terminated employees given? (how much time?) (16)
7. How did the organization manage terminated employees? In other words, please give examples of the assistance and services which were provided.
8. Did the organization anticipate any negative reactions from surviving employees? If so, what strategy was developed to deal with this?
9. What do you consider to be the three main survivor needs following a downsizing?

## Part II - RDP Interview Guide

The second part of the interview seeks to determine the extent to which the practices of the organization converge/diverge from the proposed Realistic Downsizing Preview (RDP). As such, all items of the RDP are presented to the interviewee in order to determine *what* was done as well as *why* it was (or not) done according to the model (i.e., RDP).

1. Was the downsizing considered to be a measure of last resort, when all other options were exhausted? (1)
2. Were employees' input sought as a source of innovative alternatives to avoiding the downsizing?(2)
3. Was the downsizing viewed as congruent with the long-term strategy of the organization? (3)
4. If so, were employees clearly and frequently informed of the goals that the organization sought to accomplish with the downsizing? (3)
5. Did management visibly share in the sacrifices during the difficult times? How? (4)
6. In planning the downsizing, did the organization consider it a priority to extend the downsizing over the shortest possible amount of time? (5)
7. Did management consider it a priority to effectively address and correct all problems so that a repeated downsizing would be avoided? (6)
8. Were excess positions identified in a consistent manner? (ex., merit, seniority and function) (7)
9. In the old employment contract employees' hard work was rewarded by life long employment. Today however, job security is increasingly short term and fewer employers can commit to offering such a guarantee.

Are employees in your organization aware that it is their responsibility to continually develop the skills necessary for landing a new job in the event of a downsizing? How is this communicated to them? (8)

10. Do you provide your employees with tools for career self-management? (for example, on-line job postings and/or a career resource library) (9)
11. Were managers trained to address the concerns of employees (both terminated and surviving)? Please be specific about what they were trained to do. (10)

12. Was inaccurate information ever provided, even as a temporary means of dealing with the changes? (11)
13. As soon as the downsizing was communicated to employees, were managers empathetic to their concerns? How was this empathy demonstrated? (12)
14. Were "star" employees and "opinion" leaders sought to help in the disseminating of information about the downsizing to their fellow employees? (13)
15. Did you consider it important to "overcommunicate" information to employees about the downsizing? (for example, with bulletins, explanations from managers, e-mails and newsletters) (14)
16. Were employees informed about the impending downsizing shortly after the decision to downsize was made? How soon after? (15)
17. Were all employees informed of the tangible steps being taken to help/assist terminated employees? (16)
18. Did management actively attempt to identify and reduce redundant tasks in anticipation of the increase in the workloads of surviving employees? If so, were the future survivors aware of this concern? (17)

## Questionnaire on Outcomes

This questionnaire seeks to gain insight into employees' feelings and reactions *following* the downsizing. The information will be gathered retrospectively and will be asked from the interviewee. As such, this section will rely on the interviewee's recollection of how they perceived their employees' reactions following the downsizing.

**Please circle the number that best describes your employees' reactions *following* the downsizing.**

1. Did the employees feel insecure about their jobs?

1 \_\_\_\_\_ 2 \_\_\_\_\_ 3 \_\_\_\_\_ 4 \_\_\_\_\_ 5 \_\_\_\_\_ 6 \_\_\_\_\_ 7 \_\_\_\_\_

1= very secure  
7= very insecure

2. Did the employees feel the burden of the downsizing was disproportionately placed on them? Did they perceive it as unfair?

1 \_\_\_\_\_ 2 \_\_\_\_\_ 3 \_\_\_\_\_ 4 \_\_\_\_\_ 5 \_\_\_\_\_ 6 \_\_\_\_\_ 7 \_\_\_\_\_

1= very fair  
7= very unfair

3. Did the employees get depressed?

1 \_\_\_\_\_ 2 \_\_\_\_\_ 3 \_\_\_\_\_ 4 \_\_\_\_\_ 5 \_\_\_\_\_ 6 \_\_\_\_\_ 7 \_\_\_\_\_

1=not at all depressed  
7=very depressed

4. Did the employees get stressed?

1 \_\_\_\_\_ 2 \_\_\_\_\_ 3 \_\_\_\_\_ 4 \_\_\_\_\_ 5 \_\_\_\_\_ 6 \_\_\_\_\_ 7 \_\_\_\_\_

1=not at all stressed  
7=very stressed

5. Were employees fatigued?

1 \_\_\_\_\_ 2 \_\_\_\_\_ 3 \_\_\_\_\_ 4 \_\_\_\_\_ 5 \_\_\_\_\_ 6 \_\_\_\_\_ 7 \_\_\_\_\_

1=not at all fatigued  
7=very fatigued



6. Were employees showing signs of reduced risk taking?

1 \_\_\_\_\_ 2 \_\_\_\_\_ 3 \_\_\_\_\_ 4 \_\_\_\_\_ 5 \_\_\_\_\_ 6 \_\_\_\_\_ 7

1= usual risk taking  
7=reduced risk taking

7. Were employees motivated?

1 \_\_\_\_\_ 2 \_\_\_\_\_ 3 \_\_\_\_\_ 4 \_\_\_\_\_ 5 \_\_\_\_\_ 6 \_\_\_\_\_ 7

1= very motivated  
7=very unmotivated

8. Did employees trust the organization to the same extent as before the downsizing?

1 \_\_\_\_\_ 2 \_\_\_\_\_ 3 \_\_\_\_\_ 4 \_\_\_\_\_ 5 \_\_\_\_\_ 6 \_\_\_\_\_ 7

1= same level of trust  
7=least amount of trust

9. Did employees feel a sense of betrayal?

1 \_\_\_\_\_ 2 \_\_\_\_\_ 3 \_\_\_\_\_ 4 \_\_\_\_\_ 5 \_\_\_\_\_ 6 \_\_\_\_\_ 7

1= no sense of betrayal  
7= great sense of betrayal

10. Did employees express anger over the layoff process?

1 \_\_\_\_\_ 2 \_\_\_\_\_ 3 \_\_\_\_\_ 4 \_\_\_\_\_ 5 \_\_\_\_\_ 6 \_\_\_\_\_ 7

1= not at all angry  
2= very angry

11. Did management continue to have credibility for employees?

1 \_\_\_\_\_ 2 \_\_\_\_\_ 3 \_\_\_\_\_ 4 \_\_\_\_\_ 5 \_\_\_\_\_ 6 \_\_\_\_\_ 7

1= same amount of credibility as before  
7= lost all credibility

12. Did employees resent management?

1 \_\_\_\_\_ 2 \_\_\_\_\_ 3 \_\_\_\_\_ 4 \_\_\_\_\_ 5 \_\_\_\_\_ 6 \_\_\_\_\_ 7

1= no resentment  
7= great resentment

13. Were employees more cynical after the downsizing?

1 \_\_\_\_\_ 2 \_\_\_\_\_ 3 \_\_\_\_\_ 4 \_\_\_\_\_ 5 \_\_\_\_\_ 6 \_\_\_\_\_ 7 \_\_\_\_\_

1= not at all cynical

7= very cynical

14. Did employees feel guilty about having maintained their jobs?

1 \_\_\_\_\_ 2 \_\_\_\_\_ 3 \_\_\_\_\_ 4 \_\_\_\_\_ 5 \_\_\_\_\_ 6 \_\_\_\_\_ 7 \_\_\_\_\_

1= not at all guilty

7= very guilty

## **Appendix V - RDP and Related Interview Questions**

The interview questions have been placed alongside the corresponding RDP issue they seek to address. This is hoped to ensure that the questions address the desired items, with little room for deviation, as well as facilitates analysis since each given response will address an "ideal" presented in the RDP.

<b>RDP - Issues which must be Addressed before the Downsizing</b>	
<b>RDP Model</b>	<b>Interview Questions</b>
1-Careful consideration should be placed on the reasons behind the intention to downsize. A downsizing should be considered a measure of last resort, once all other alternatives have been exhausted, and never as a "quick fix" (Brockner, 1992).	1-Was the downsizing considered as a measure of last resort, when all other options were exhausted?
2-Before making the final decision to downsize, the organization should make its concerns known to employees and seek their input. Sometimes workers have insightful ideas which may help the organization sidestep a downsizing altogether. However, even if a downsizing cannot be avoided, seeking employee input will foster a sense of participation and belonging of employees in their organization, feelings which will greatly benefit the post-downsizing organization (Appelbaum et al, 1987; Brockner, 1992; Greenberg, 1990; Mishra et al., 1998; Noer, 1993; Willinghganz, 1997).	2-Were employees' inputs sought as a source of innovative alternatives to avoiding the downsizing?
3-A downsizing should always be pursued as a step in the accomplishment of long-term goals, and these should be known and understood by all in the organization. Adequate explanations should be provided clearly and frequently (Appelbaum et al, 1987; Brockner, 1992; Caudron, 1996; Elmuti and Kathwala, 1993; Labib and	3-Was the downsizing viewed as congruent with the long term strategy of the organization? 4- If so, were employees clearly and frequently informed of the goals that the organization sought to accomplish with the downsizing?

Appelbaum, 1994; Mishra et al, 1998; Reichers et al., 1997).	
4-Key to the perception of fairness is the extent to which management shares in the sacrifices during this period of supposed hardship (Brockner, 1992).	5-Did management visibly share in the sacrifices during the difficult times? How?
5- If a downsizing is implemented, it should be planned so that its actual execution takes the least amount possible to prevent the process from being drawn out (Borson and Burgess, 1992).	6- In planning the downsizing, did the organization consider it a priority to extend the downsizing over the shortest possible amount of time?
6- If a downsizing is chosen as the means to address organizational problems, it must be thoroughly planned and all contingencies anticipated to actively prevent the process from taking place again. It will be more difficult for surviving employees to effectively deal with the psychological aspect of the impending threat of a repeated downsizing (it happened twice it can surely happen again) (Borson and Burgess, 1992; Mishra et al., 1998).	7-Did management consider it a priority to effectively address and correct all problems so that a repeated downsizing would be avoided?
7- The manner in which excess positions are identified should be consistent and uniform throughout. The criteria can be determined in terms of merit, seniority and functions, for example. The key is that the decision be made in a consistent manner so that the process will be perceived as fair (Brockner, 1992; Labib and Appelbaum, 1994; Mishra et al., 1998; Niendstedt, 1989; Schweiger, 1987).	8-Were excess positions identified in a consistent manner? (ex., merit, seniority and function)
8- Define a new working relationship independent of the old employment contract. It is the organizations' responsibility to make a new psychological contract explicit such that employees have a clear understanding of where the responsibilities the organization toward employees end, and where they must proactively begin to manage their own	9-In the old employment contract employees' hard work was rewarded by life long employment. Today however, job security is increasingly short term and fewer employers can commit to offering such a guarantee.  Are employees in your organization aware that it is their responsibility to continually

careers. Key in this are the notions of career self-management and <i>employability</i> security (rather than employment security) (Brockner, 1992; Clark and Koonce, 1997; De Vries et al., 1997; Isabella, 1989; Mone, 1997; Noer, 1993).	develop the skills necessary for landing a new job in the event of a downsizing? How is this communicated to them?
9- Having defined a new employment contract, an organization must also provide tools for employees in career self management. They should be encouraged to develop the skills necessary to thrive in the job market, thus becoming less dependent on the employer for security and direction. This will prevent feelings of rules having changed midway through the game and will prevent employees from feeling that their commitment to the organization is not reciprocal. Some proactive measures can include: <ul style="list-style-type: none"> <li>• A comprehensive career resource library</li> <li>• Assessment and counseling</li> <li>• Online job postings (Alley, 1995; Brockner, 1992; Caudron, 1994; Doherty and Horstedt, 1995; Isabella, 1989; Mathys and Burack, 1993).</li> </ul>	10- Do you provide your employees with tools for career self-management? (for example, on-line job postings and/or a career resource library)
10- Managers should receive training to be better equipped to address the needs of both terminated and surviving employees (Noer, 1993; Reichers et al., 1997).	11- Were managers trained to address the concerns of employees (both terminated and surviving)? Please be specific about what they were trained to do.
11- Managers should never provide inaccurate information to their subordinates. All attempts should be made to be as honest as possible about all impending changes as well as not omit information from employees. The success of the organization, which will emerge after the downsizing, is highly contingent on management credibility (Noer, 1993; Willinhanz, 1997).	12- Was inaccurate information ever provided, even as a temporary means of dealing with the changes?
12- The information provided by managers should be accompanied with empathy and a sincere desire to address concerns of employees (Borason and Burgess, 1992;	13- As soon as the downsizing was communicated to employees, were managers empathetic to their concerns? How was this empathy demonstrated?

<p>Brockner, 1992; Noer, 1993; Reichers et al., 1997; Tang and Fuller, 1995; Willinshanz, 1997).</p>	
<p>13- Managers should attempt to seek the help of "star employees" and "opinion leaders" so that they too can be of aid to fellow employees when communicated about the downsizing (Brockner, 1992).</p>	<p>14- Were "star" employees and "opinion" leaders sought to help in the disseminating of information about the downsizing to their fellow employees?</p>
<p>14-Information should be overcommunicated (i.e., often and in a variety of ways, such as bulletins, e-mails and newsletters) (Caudron, 1996; Labib and Appelbaum, 1994; Reichers et al., 1997; Tang and Fuller, 1995; Willinshanz, 1997).</p>	<p>15- Did you consider it important to "overcommunicate" information to employees about the downsizing? (for example, with bulletins, explanations from managers, e-mails and newsletters)</p>
<p>15- Communicate the decision to downsize as early as possible in the process. This should be considered to be the ethical responsibility of the organization so that employees can adequately plan for subsequent steps in their career development. Terminated employees should also be notified as early as possible (Brockner, 1992; Kaufman, 1982; Labib and Appelbaum, 1994; Leana and Feldman, 1994; Mishra et al., 1998; Noer, 1993; Ross, 1995).</p>	<p>16- Were employees informed about the impending downsizing shortly after the decision to downsize was made? How soon after? 6 (part I) - How much advanced notification were terminated employees given? (how much time?)</p>
<p>16- Communicate the steps being considered to help employees who will be terminated. It is important that surviving employees feel that the organization never overlooks the workforce it is making redundant (Brockner, 1992; Doherty and Horstedt, 1995; Leana and Feldman, 1994; Thornhill and Gibbons, 1995).</p>	<p>17- Were all employees informed of the tangible steps being taken to help/assist terminated employees?</p>
<p>17- Given the impending downsizing will force survivors to take on an increased workload, it is important that management actively attempt to identify and reduce redundant tasks so that energy is devoted to those tasks which are truly significant. Job training should be planned for so that employees will be better equipped to deal with this increased workload (Brockner, 1992; Isabella, 1989; Mone, 1997; Noer,</p>	<p>18-Did management actively attempt to identify and reduce redundant tasks in anticipation of the increase in the workloads of surviving employees? If so, were the future survivors aware of this concern?</p>

1993).	
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## Appendix VI – Questionnaire Results Matrix

Questionnaire Results									
	Air Canada	Bell Canada	Manufacturing 1	Manufacturing 2	Nortel	Quebecor	Royal Bank	Transportation	Utility
<b>1. Did the employees feel insecure about their jobs?</b> (Brockner, 1992; Mathys and Burack, 1993; Noer, 1993) 1= very secure 7= very insecure	5	5	5	5	6.5	3	5	5	5
<b>2. Did the employees feel the burden of the downsizing was disproportionately placed on them? Did they perceive it as unfair?</b> (Brockner, 1992; Noer, 1993) 1= very fair 7= very unfair	3	3	5	3.5	5.5	2	4	3	5
<b>3. Did the employees get depressed?</b> (Brockner, 1992; Noer, 1993) 1=not at all depressed 7=very depressed	3	4	6	4	5.5	2	4	3	6
<b>4. Did the employees get stressed?</b> (Noer, 1993)	5	5	5	5	6.5	6	5	5	6



1=not at all stressed 7=very stressed									
<b>5. Were employees fatigued?</b> (Noer, 1993) 1=not at all fatigued 7=very fatigued	4	---	5	4	5.5	5	4	5	5
<b>6. Were employees showing signs of reduced risk taking?</b> (Brockner, 1992; Noer, 1993) 1= usual risk taking 7=reduced risk taking	6	5	6	2	4.5	4	4	3	6
<b>7. Were employees motivated?</b> (Noer, 1993) 1= very motivated 7=very unmotivated	4	5	6	4	6.5	2	5	2	4
<b>8. Did employees trust the organization to the same extent as before the downsizing?</b> (Noer, 1993) 1= same level of trust 7=least amount of trust	4	6	2	2	6.5	5	5	3	5
<b>9. Did employees feel a sense of betrayal?</b> (Brockner, 1992; Noer, 1993) 1= no sense of betrayal 7= great sense of betrayal	5	5	2	4	5.5	5	5	2	3
<b>10. Did employees express anger</b>	2	2	2	3	5.5	2	6	2	3

<b>over the layoff process?</b> (Brockner, 1992; Noer, 1993) 1= not at all angry 2= very angry									
<b>11. Did management continue to have credibility for employees?</b> (Brockner, 1992; Noer, 1993) 1= same amount of credibility as before 7= lost all credibility	3	4	2	4.5	6.5	2	5	3	5
<b>12. Did employees resent management?</b> (Brockner, 1992; Noer, 1993) 1= no resentment 7= great resentment	4	3	2	2	5.5	1	5	2	5
<b>13. Were employees more cynical after the downsizing?</b> (Noer, 1993; Reichers et al., 1997) 1= not at all cynical 7= very cynical	5	5	2	3	5.5	2	4	2	6
<b>14. Did employees feel guilty about having maintained their jobs?</b> (Brockner, 1992; Noer, 1993) 1= not at all guilty 7= very guilty	3	---	2	2.5	4.5	2	5	3	1

## Appendix VII – Interview Questions Part I Matrix

Interview Part I									
	Air Canada	Bell Canada	Manufacturing 1	Manufacturing 2	Nortel	Quebecor	Royal Bank	Transportation	Utility
1. How often has this organization downsized?	Four times.	Continuously since 1995	On average every two years	At least three times	On an ongoing basis	One time	Work mainly on basis of voluntary terminations	Lost count (100,000 people over 25-30 years)	Three (first two were entirely voluntary)
2. Why did your organization decide to downsize?	Cost reduction	competition	Cost reduction	Cost reduction	Continuous change in nature of the business	Change in management – new focus	Changes to better meet customer needs	Cost reduction Change in culture of the business	Competition
3. Were the reasons behind the downsizing explained to employees? How?	Yes. By letter, invited employees for voluntary terminations	Yes. Face to face, and leader led sessions.	Yes. Meeting with CEO, Q and A sessions, and presentations	Yes. Notice in writing by CEO, and writing communiqué	Yes. Communiqué by CEO.	Were probably short on explanation. Employees caught on by changes taking place in company	Yes. Meeting with regional VP, one on one meeting, e-mail and journal	Yes. Announcement by president, and communication by function heads	Not the subject of downsizing specifically, but communicated need to be more competitive
4. What was the duration of the downsizing process, from the moment it was announced to employees to the moment when all layoffs and downsizing strategies were concluded?	About one month	Between three to six months	Not more than two months (with rumors it was longer)	Six months	About twelve months	One year	Three months to one year	Three to nine months	Six months
5. How was the downsizing communicated to employees? Please be specific.	People were advised individually	Leader led face to face sessions, and corporate	Employees first heard from a press leak. Then	Meeting with employees and news journal	Director of VP of operations informs employees	General feeling inside company plus newspaper articles	Meeting with regional VP, then one on one meeting	Communiqués, bulletins and staff meetings	By managers

specific.		message	info. provided by CEO			and appearanc e of president on TV interviews	with employe es, also by e- mail		
<b>6. How much advance notification were employees given? (how much time?)</b>	One month (in the past it was three)	Three to six months	None	None	From one to twelve months	One to two weeks	Ninety days	Twelve weeks	None
<b>7. How did the organization manage terminated employees?</b>	Financia l counseli ng, outplace ment services, and counseli ng	Financia l counseli ng, and career transitio n services	Financia l counseli ng, and consultin g firm (for job seekers)	Job search, and individu al coaching	Outplace ment services, and training	Outplace ment services	Financia l counseli ng	Financia l counseli ng, career counseli ng with external firm, and option to bridge for early retireme nt for employee es that qualify	Outplace ment services
<b>8. Did the organization anticipate any negative reactions from surviving employees? If so, what strategy was developed to deal with this?</b>	Yes. Group meetings after terminati ons to talk to survivor s	Yes but no real strategy to deal with this	Yes. One consulta nt was on-site for employee es having issues	Yes. Manager s and supervis ors received awarene ss training	Yes, but no real strategy to deal with this – it is a cue for them to develop their careers	No	Yes. Talk a lot to survivor s, have individu al meetings	Yes but no real strategy to deal with this	Yes. Talked to manager s to address this and provided a two day seminar but no manager s attended it
<b>9. What do you consider to be the three main survivor needs following a downsizing?</b>	Clarity; Informat ion; Focus	Info. on business reality; Develop ment and training; Know that if it happens employee e will be taken care of	Info. on what happene d; Terminat ed employee es were dealt with fairly; Leadersh ip for going forward	Motivati ng employee es; Recognit ion; Balancin g increase d workloa d	Understa nd reasons behind terminati ons; feeling of being in control of careers; what to expect in term of future changes	Balance workload; Recogniti on; dealing with uncertain ty	Honesty; Communi cation; Training	Security they will be well treated if it happens to them; Up to date with communi cation; Sense of where they're going	Recognit ion of notion of a survivor; Need to know it's not going to happen to them; help dealing with the work load

### Appendix VIII – Interview Questions Part II Matrix

Interview Part II									
	Air Canada	Bell Canada	Manufacturing 1	Manufacturing 2	Nortel	Quebecor	Royal Bank	Transportation	Utility
1. Was the downsizing considered to be a measure of last resort, when all other options were exhausted? (Brockner, 1992)	Yes. Also tried other means.	Yes – it was the right thing to do	Yes.	Yes.	Yes – it is part of an ongoing strategy of the organization.	Yes.	Yes.	Yes.	Yes. There were too many people to do the job.
2. Were employees' input sought as a source of innovative alternatives to avoiding the downsizing? (Appelbaum et al, 1987; Brockner, 1992; Greenberg, 1990; Mishra et al., 1998; Noer, 1993; Willinghamz, 1997)	Only from unions (but these weren't affected by layoffs).	No – labor force is too large.	No. there are many people involved but can't involve every level..	No – can't consult employees to see how to avoid a layoff.	No. employees may be consulted on how to cope, but not on how to avoid it.	No.	Always. All changes are made with employee participation.	No.	No.
3. Was the downsizing viewed as congruent with the long-term strategy of the organization? (Appelbaum et al, 1987; Brockner, 1992; Caudron, 1996; Elmuti and Kathwala, 1993; Labib and Appelbaum, 1994; Mishra et al, 1998; Reichers et al., 1997)	Yes.	Yes.	Yes.	Yes.	Yes.	Yes.	Yes.	Yes.	Yes.
4. If so, were	In	Yes, but	Yes,	Yes,	Yes – all	Employee	Yes.	Yes –	Yes –

<p><b>employees clearly and frequently informed of the goals that the organization sought to accomplish with the downsizing?</b> (Appelbaum et al, 1987; Brockner, 1992; Caudron, 1996; Elmuti and Kathwala, 1993; Labib and Appelbaum, 1994; Mishra et al, 1998; Reichers et al., 1997)</p>	retrospect not as often as they should have – could be better.	could be better.	strategic plan was explained at length.	with various means of communication.	employees know the direction of the organization.	employees knew about the reorganization and the changes taking place but found out most clearly from the newspaper.		and today it was done much better than in the past.	recently this is something that is being addressed full speed.
<p><b>5. Did management visibly share in the sacrifices during the difficult times?</b> (Brockner, 1992)</p>	Yes – they were the most affected.	Yes – all levels were downsized.	Yes – there was a focus on management-employee ratio.	Yes – all levels were affected.	Yes – in one downsizing 100 VPs were targeted.	It was not visible to employees. They didn't receive bonuses but also their pay wasn't reduced	Yes – all levels share when there are difficulties.	Yes – a lot of high level people got hit.	Yes – they didn't get special treatment.
<p><b>6. In planning the downsizing, did the organization consider it a priority to extend the downsizing over the shortest possible amount of time?</b> (Borson and Burgess, 1992)</p>	Yes.	Yes.	Yes.	Yes.	Yes.	Yes.	Yes.	Yes.	Yes – in the sense of let's get it over with and get back to business.
<p><b>7. Did management consider it a priority to effectively address and correct all problems so that a repeated downsizing would be avoided?</b> (Borson and Burgess, 1992; Mishra et al., 1998)</p>	Can never tell employees it won't happen again.	No, b/c of the change in business one can never say it will not happen again.	No – downsizing on average every two years.	Downsizing is continuous but want to avoid another one this year and next.	Can't avoid downsizing – each will address different problems.	Can never tell employees it won't happen again.	Can't avoid downsizing – when new challenges come up they have to be addressed.	Don't think mistakes or problems repeated themselves. Can't tell employees it won't happen again.	No. Management does not think it's a big thing.

<p><b>8. Were excess positions identified in a consistent manner? (ex., merit, seniority and function) (Brockner, 1992; Labib and Appelbaum, 1994; Mishra et al., 1998; Niendstedt, 1989; Schweiger, 1987)</b></p>	Yes – merit.	Yes – merit and business function.	Yes – merit and how employee fits into reorganized company.	Yes – merit.	Yes – merit.	Yes – merit.	Yes – merit and needs of the business.	Yes – merit, competencies and abilities.	Yes – merit.
<p><b>9. In the old employment contract employees' hard work was rewarded by life long employment. Today however, job security is increasingly short term and fewer employers can commit to offering such a guarantee.</b></p> <p><b>Are employees in your organization aware that it is their responsibility to continually develop the skills necessary for landing a new job in the event of a downsizing? How is this communicated to them? (Brockner, 1992; Clark and Koonce, 1997; De Vries et al., 1997; Isabella, 1989; Mone, 1997; Noer, 1993)</b></p>	Yes – they can see for themselves. For example, job postings help to show there are no clear career paths in place.	Yes. It is a joint responsibility of employee and employer. Employer should provide training etc, but it is up to employees to take advantage of opportunities.	Yes. Employees see the changes taking place and have means of developing their careers. They are not told explicitly to work on their CVs, for ex., but can see the pace and extent of change.	Yes. It's a shared responsibility and employees are provided with means of developing their careers.	It is a shared responsibility. Tools are provided by the organization for self-improvement and career development.	Yes. Employees understand that even to keep their jobs they need to continually develop their skills.	Yes – even within the organization, their interests and motivation will affect their career paths.	Yes. There is a very structured performance management system which provides feedback on skills and competencies after which relevant courses can be taken.	There is no sense in the company that one's job could be cut. About 70% of the workforce has worked for Utility for most of their careers (and are older) and expect to retire from Utility.

<p><b>10. Do you provide your employees with tools for career self-management? (for example, on-line job postings and/or a career resource library? (Alley, 1995; Brockner, 1992; Caudron, 1994; Doherty and Horstedt, 1995; Isabella, 1989; Mathys and Burack, 1993)</b></p>	<p>Yes – on-line job postings, internal training, leadership skills training for managers, etc. There is continuous training b/c of airline industry.</p>	<p>Yes – career counseling services, coaching from managers, and will soon have an on-line web based database for self-diagnoses of training needs.</p>	<p>Yes – on-line job postings.</p>	<p>Yes – on-line job postings, career resource library, university courses and will soon have in-site MBA program.</p>	<p>Yes – internal job postings and training for job seeking (resume writing, interview skills, etc).</p>	<p>No – training is provided for the job one is currently in.</p>	<p>Yes – on-line job postings and a career resource library.</p>	<p>Yes – on-line job postings and an on-line system with a catalog of courses for specific skill improvement.</p>	<p>Yes – there are job postings and employees are encouraged to move around in the organization.</p>
<p><b>11. Were managers trained to address the concerns of employees? (both terminated and surviving?) Please be specific about what they were trained to do. (Noer, 1993; Reichers et al., 1997)</b></p>	<p>Yes – trained on the termination meetings and to answer questions of survivors.</p>	<p>Not enough – were trained to address needs of those leaving but not enough focus on survivors.</p>	<p>Yes – trained on terminations but for survivors were more coached on conversations they should have.</p>	<p>Yes – trained on terminations and on what to expect from survivors.</p>	<p>Not enough – prepared for terminations but no focus on survivors.</p>	<p>Not enough – training for terminations but not for survivors.</p>	<p>Yes – managers follow a course on how to communicate information to employees as well as answer questions and inform on changes.</p>	<p>Not enough – prepare for people leaving but not for survivors.</p>	<p>Not enough – trained on terminations but not for survivors.</p>
<p><b>12. Was inaccurate information ever provided, even as a temporary means of dealing with the changes? (Noer, 1993; Willinshanz, 1997)</b></p>	<p>No.</p>	<p>No.</p>	<p>No.</p>	<p>No.</p>	<p>No.</p>	<p>No.</p>	<p>No.</p>	<p>No.</p>	<p>Yes. Information is vague and often there is a discrepancy between what is said and what is done.</p>
<p><b>13. As soon as the downsizing was communicated to employees, were managers empathetic to their concerns? How was this empathy demonstrated? (Borson and Burgess, 1992;</b></p>	<p>Yes. Allowed for anger and disorganization – no real work that day.</p>	<p>Yes – though varied due to each manager's ability to address and be empathetic in delivering message</p>	<p>Empathy was demonstrated to survivors – tried to make sense of what happened to employees. Not a lot of opportunity</p>	<p>Yes. Treated all employees with dignity and respect.</p>	<p>For terminated employees there is a limited opportunity to demonstrate empathy – more in terms of directing employee</p>	<p>Managers were advised on being empathetic with terminated employees, but not for survivors.</p>	<p>Yes – all managers are encouraged to "be there" for employees.</p>	<p>Yes – mainly in counseling terminated employees on resources available. No real need for</p>	<p>Yes, for terminated employees. Some terminated employees stayed with counselors for up to three hours</p>



<b>Brockner, 1992; Noer, 1993; Reichers et al., 1997; Tang and Fuller, 1995; Willinbganz, 1997)</b>		s.	ity to demonst rate empathy to terminat ed employe es.		to resources available. No special attention for survivors.			survivor s.	preparin g for the return home. No real concern with survivor s.
<b>14. Were “star” employees and “opinion” leaders sought to help in the dissemination of information about the downsizing to their fellow employees? (Brockner, 1992)</b>	No.	No.	No.	No.	No.	No.	No.	No.	No.
<b>15. Did you consider it important to “overcommunica te” information to employees about the downsizing? (for ex., with bulletins, explanations form managers, e-mails and newsletters) (Caudron, 1996; Labib and Appelbaum, 1994; Reichers et al., 1997; Tang and Fuller, 1995; Willinbganz, 1997)</b>	Weary of the idea of overcom municati ng ahead of time – belief it may do more harm than good.	Not sure about “overco mmunic ating” but belief they chose they right medium for different populati ons in organiza tion.	Not good enough b/c of time constrain t. Feel different media and repeated announc ements would compens ate for differenc es in manager s (employ ees therefore would be less reliant on manager s ability).	Yes.	Yes – communic ation is ongoing.	Believe it is importan t but not what happene d during the downsizi ng.	Yes.	Yes – as long as you don’t keep it at the forefront of people’s minds. After you execute it and get it over with employe es have to get on with their lives.	No – manage ment didn’t want to make a “big deal” by announci ng it.
<b>16. Were employees informed about the impending downsizing shortly after the decision to downsize was made? How soon after? (Brockner, 1992; Kaufman, 1982; Labib and Appelbaum, 1994; Leana and Feldman, 1994;</b>	Yes – within a month.	Yes – two to three weeks.	Yes – six weeks.	Yes – about a month.	Yes – as soon as possible.	Employe es were not explicitl y informed – they could see the changes taking place. Got more certainty once read in	Yes – immedia tely when a new strategy is adopted everyone is informed	Yes – three to nine months.	No. All employe es were informed only once the actual terminati ons were carried out.

Feldman, 1994; Mishra et al., 1998; Noer, 1993; Ross, 1995)						the newspap ers.			
17. Were all employees informed of the tangible steps being taken to help/assist terminated employees? (Brockner, 1992; Doherty and Horstedt, 1995; Leana and Feldman, 1994; Thornhill and Gibbons, 1995)	Yes.	Yes – they could see what was done.	Yes – were told before the downsizing what they can expect to receive if they are downsized.	Yes.	Yes – can see.	Yes – could see.	Yes – all employees know about the resources available to them.	Yes – could see.	No. package offered to those terminated were so much better than that offered by other organizations that they can't guarantee that in a future downsizing employees will receive same benefits.
18. Did management actively attempt to identify and reduce redundant tasks in anticipation of the increase in the workloads of surviving employees? If so, were the future survivors aware of this concern? (Brockner, 1992; Isabella, 1989; Mone, 1997; Noer, 1993)	Yes – restructurings took place.	Yes – there was effort to reduce redundancies but not enough. Perhaps best is to do this after the downsizing so can seek employee involvement.	Not enough – should have done more but also belief that it is best to involve employees and this is best done when terminations are over.	Yes.	Yes.	No – perhaps b/c it was the first downsizing did not anticipate this as a need.	Yes – employees are invited to find solutions.	Yes – but as a continuous concern, not only when there is a downsizing.	Yes – all processes were reviewed.

## **Appendix IX – During and After Items and Proposed Interview Questions**

<b>Walking Employees through the Change Effort</b>	
<b>Model</b>	<b>Interview Questions</b>
1- Communication remains a critical issue during the implementation of a downsizing. All problems and necessary changes should be communicated in detail as well as how these will affect employees (Boyd, 1994; Brockner, 1992; Noer, 1993).	As the downsizing was taking place, were the issues facing the organization, which led to the downsizing in the first place, once again explained to employees?
2- The main priority of managers should be to be accessible to their subordinates. Support and assistance should be provided at all times, whenever required, to both surviving and terminated employees (Boroson and Burgess, 1992; Boyd, 1994; Brockner, 1992; Tang and Fuller, 1995).	Were managers accessible to address the concerns of surviving and terminated employees?
3- Top management should be especially visible during the implementation of the layoffs so that employees have the opportunity to ask questions and voice concerns (Noer, 1993).	Was top management visible during the implementation of the layoffs and available to address concerns and questions of employees?
4- Counseling services should be available for both surviving and terminated employees (Boyd, 1994; Brockner, 1992).	Were counseling services available to surviving and terminated employees?
5- Information flow should be at its highest making use of both formal and informal means of communication. This should be actively pursued with the two main goals of communicating all changes to employees as well as enhancing the credibility of managers. Spokespersons should be credible and information should be communicated frequently and via a number of different channels (Boyd, 1994; Brockner, 1992).	Was information flow a priority during the implementation of the layoffs? (both formal and informal means of communication)
6- The actual notification should be made in an ethical manner. Managers should speak to employees individually so that assistance can be focused to each employee as they are notified of the decision (Buono and Nurick, 1992; Tang and Fuller, 1995).	Were terminated employees individually informed that they had lost their jobs? How?
7- Let surviving employees know of steps	Were managers accessible to address the

taken to help them in dealing with the increased pressure of increased workloads and added responsibilities (Mone, 1997; Noer, 1993).	concerns of surviving and terminated employees?
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<b>Validating Needs and Concerns after the Downsizing</b>	
<b>Model</b>	<b>Interview Questions</b>
1- Management's new vision and the organization's new direction should be defined and made explicit to employees. Employees must be informed of how they fit into this new organizational structure (Caudron, 1996; Noer, 1993).	Was management's new vision and direction defined in this new post-downsizing environment?
2- Honest information should be provided as to the possibility of future layoffs (Brockner, 1992; Mishra et al., 1998; Navran, 1994).	Were surviving employees provided with honest information as to the possibility of future layoffs?
3- The guidance and support of management is key. The most effective means of managing the work force is by increasing the MBWA (management by walking around) so that manager's much needed presence continues to be communicated to employees even when there is a tendency to feel the process is over and it is back to work as usual (a common fallacy) (Borson and Burgess, 1992).	The presence and accessibility of managers is key in the post-layoff organization. Was management by walking around (MBWA), i.e. continued accessibility of managers to employees, a priority of managers?
4- The emotions of surviving employees should continue to be addressed. The time and opportunity should be provided for employees to express their feelings and insecurities to ensure that they understand and accept the changes which have just taken place (Noer, 1993).	Were survivors' concerns and questions continued to be addressed?
5- Counseling should continue to be provided to survivors. It is important that the organization not fall into the trap of thinking that because the actual layoffs have taken place that the downsizing process is over. The post-downsizing period is critical for the setting of patterns and creation of a new organizational	Were counseling and career planning continued to be provided to survivors?

culture (Brockner, 1992).	
<p>6- Employees should be made aware of the new rules of the game. Of direct importance for performing well on the job is awareness of opportunities for advancement and promotion. These should be actively communicated to employees who will often be left feeling that there are no opportunities left for them in their current organization. Therefore, they should be encouraged to take risks and continue to strive to grow within the organization so that their potential for growth is not limited and the organization does not become stagnant. Key issues to be addressed include opportunities for upward mobility within the organization, opportunities for skill advancement and job and financial security (Isabella, 1989).</p>	<p>Were survivors informed of the new "rules" of the game?</p> <p>Were they informed of opportunities for advancement and promotion?</p> <p>Were they encouraged to take risks and encouraged to strive to grow in the organization?</p>
<p>7- Managers should provide tangible signs of available opportunities. Some examples include:</p> <ul style="list-style-type: none"> <li>• Have survivors work on goals and tasks that are achievable (this will positively affect their self-esteem).</li> <li>• Rewards should be publicized so that it is made clear that there are opportunities in the organization.</li> <li>• Career paths within the organization should be made explicit (so employees have a goal to strive toward) (Brockner, 1992).</li> </ul>	<p>Were concrete measures taken to provide tangible signs of available opportunities? (such as having survivors work on goals and tasks that are achievable)</p>
<p>8- Increased focus should now be directed toward assisting surviving employees with their new workloads. Management should be readily available to help survivors cope with the increased demands and pressures. Employees must also be informed of the extent to which factors which affect them directly (for example, available resources) have changed. The goal is to make it clear that they are not alone and have the support of their superiors (Brockner, 1992).</p>	<p>Were managers available to help employees deal with their increased workloads?</p> <p>Were they provided with assistance in coping with the increased demands and pressures?</p>

9- Surviving employees should be updated on how their former colleagues (i.e., terminated employees) are doing in the job market (Doherty and Horstedt, 1995).	Were surviving employees provided with information on how their former colleagues are doing in the job market?
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