DOWNSIZING THROUGH THE USE OF EARLY RETIREMENT INCENTIVES
- A Case Study -

Eric Patton

A Thesis
In
The Faculty
Of
Commerce and Administration

Presented in Partial Fulfilment of the Requirements
For the Degree of Master of Science in Administration at
Concordia University
Montreal, Quebec, Canada

August 2000

0-612-54308-0

ABSTRACT

DOWNSIZING THROUGH THE USE OF EARLY RETIREMENT INCENTIVES
- A Case Study -

Eric Patton

Throughout the 1980's and the 1990's, downsizing has become a common strategy for organizations in various industries. The trend towards leaner organizations in the name of reducing waste, increasing speed and lowering costs has had a profound effect on the way organizations work and on the collective psyche of North America's workforce. While downsizing is often immediately associated with employee lay-offs, early retirement incentive programs have also emerged as a popular workforce reduction method. Furthermore, while downsizing is commonly thought of in the context of private sector companies, public sector organizations such as universities have also faced financial hardship and decline over the last decade.

The aim of the present study is to assess the use of early retirement incentive programs as a downsizing tool. This method has been employed by many well-established companies in North America as well as in a large number of universities and has led to significant salary expense reductions. Still, as a downsizing strategy, the use of early retirement programs has been criticized as an unfocused, non-strategic method characterized by uncertainty and randomness.

Using a case study methodology, the experiences of large university that has offered early retirement incentives was studied. The early retirement programs were shown

to be an effective method of cutting significant amounts of personnel costs but were shown to be inefficient in different ways. The study also highlights the particular situation and limited options a university has when dealing with a financial crisis. As such, the study also underlines the importance of context when implementing or evaluating a downsizing strategy.

DEDICATION

To Nancy, Melissa and Matthew

ACKNOWLEDGEMENTS

I would like to thank my supervisor Dr. Steven Appelbaum and the other committee members Dr. Stéphane Brutus, Dr. Kamal Argheyd and Dr. Alan Hochstein for their encouragement and assistance in the development of this thesis.

I would especially like to thank my wife, Nancy, for her constant support throughout. Since beginning the program, we have had so many changes in our lives, including the birth of our two beautiful children - Melissa and Matthew. Without your encouragement, patience and support, this thesis would not have been possible. I would also like to thank the rest of my family for their encouragement and support, especially my parents.

Table of Contents

List of Tables and Figures:

Tables:

Figures:

SECTION A: LITERATURE REVIEW AND RESEARCH DESIGN

1. INTRODUCTION

Over the last decade, downsizing has become the preferred route to improve efficiency for North American organizations (Morris, Cascio and Young, 1999). In fact, downsizing has become the norm rather than an exception practiced by only a few organizations in trouble (Cameron and Smart, 1998). The trend towards leaner organizations in the name of reducing waste, increasing speed and lowering costs has had a profound effect on the way organizations work and on the collective psyche of North America's workforce.

In the late 1980's and early 1990's, downsizing was a response to the economic downturn that characterized that period (Minda, 1997). However, downsizing has continued in the mid to late 1990's despite a booming economy (Laabs, 1999). Furthermore, as downsizing has become common in North American business practices, it has spread to the public sector, including higher education. As the trend towards "getting smaller" spreads like wild fire across all industries, that line between downsizing and maintaining an organization's primary *raison d'être* has become increasingly blurred. As a result, downsizing has not been overly successful for many organizations and has, in fact, led to many new and very serious problems. In the face mixed results, attention has turned to studying the various methods of downsizing and determining how to downsize effectively.

Downsizing almost always results in reducing an organization's workforce. While layoffs can be very painful for all involved (the person who is losing his or her job, the managers making the decision and the surviving employees), a common initial step is to offer buy-outs or early retirement packages. This option eliminates much of the unpleasantness of layoffs and other drastic measures by offering employees a benefit to leave voluntarily. While offering early retirement packages is a quick and clean way of reducing labor costs in a short period of time, Cameron (1994) underlines that they are tantamount to ".... throwing a grenade into a crowded room, closing the door, and expecting the explosion to eliminate a certain percentage of the workforce....It is impossible to determine what institutional memory, and what critical skills will be lost to the organization when employees leave."

The focus of this thesis will be to study the use of voluntary early retirement plans as a downsizing strategy. In addition to an exhaustive literary review, the experiences of an organization that has implemented such a strategy will be studied. The organization in question is Concordia University. From 1995 to 1997, a downsizing strategy was implemented through two Early Retirement packages: FALRIP (Faculty and Librarian Retirement Incentive Plan) aimed at full time faculty members and librarians, and ERIP (Early Retirement Incentive plan) aimed at full time non-academic staff. This thesis will examine the consequences of these packages on Concordia University, mainly from a financial standpoint but also from a strategic standpoint. As Senior Budget Analyst for Concordia University, I have worked on the financial aspect of these packages and have also observed the effects they have had on the organization. The thesis will take a case study approach in an attempt to obtain the richest information possible. While many studies have focused on the effects of downsizing on individuals or common firm-level variables such as share price, this paper will focus on organizational outcomes of downsizing in a public sector environment. This paper should also be of interest to many groups as it will integrate issues relating to higher education, retirement and downsizing. The ultimate goal of this paper will be to draw conclusions that can be of use to different organizations across various industries, and to add to our understanding of downsizing, how early retirement packages can impact an organization, and on why organizations make certain downsizing choices.

The first section of the thesis will include a literature review on the topic of downsizing with a particular focus on the use of early retirement incentive programs and downsizing in higher education. The next section will outline the research questions, propositions and design. This will be followed by the case study and, finally, a conclusion offering ideas for future research.

2. DOWNSIZING: THE NEW REALITY

2.1 Downsizing – An Introduction

Twenty years ago, few people were familiar with the term "downsizing". Today, as a new century dawns, you would be hard pressed to find someone who has never heard of the word. The general public is aware of downsizing, not just due to reports on the television news or newspaper articles, but because downsizing has affected so many people directly and has altered how people view and feel about work. From 1979 to 1996, 43 million jobs were lost in the United States signifying that three quarters of all U.S households had a close encounter with job-loss since 1980 (Anfuso, 1996). From 1987 to 1991, more than 85% of the Fortune 1000 firms initiated major reductions affecting more than 5 million jobs (Hitt, Keats, Harback and Nixon, 1994). While the cutting during this period was caused by recession (Laabs, 1999) and the impacts of a much more competitive global economy (Smith and Stupak, 1994), downsizing has continued in the late 90's due to merger and acquisitions (Laabs, 1999) and the growing pressure on corporations to net increasingly larger stockholder returns - at any expense (Anfuso, 1996). In fact, despite an excellent economy, layoffs in 1998 reached over 600,000 and totaled over 430,000 for the first seven months of 1999 (Piturro, 1999).

Despite this rush to jump on the downsizing bandwagon, successful downsizing has been elusive. To assess companies experiences with downsizing, the American Management Association conducted surveys in 1993 and 1995 that showed (in both instances) that profits had only increased in roughly 50% of downsized firms, while worker productivity had increased in only around 35% of the companies and employee morale had decreased in close to 85% of the firms (Mabert and Shmenner, 1997). Furthermore, a study by Morris, Cascio and Young in 1999 showed that employment downsizers were not outperforming their industries three years after downsizing in terms of profitability or stock price, and concluded that there was no consistent evidence that employment downsizing leads to improved financial performance.

In addition to organizational results, a great deal of literature has been produced on the human effects of downsizing. Kets De Vries and Balazs (1997), Brockner, Wiesenfeld and Martin (1995), Brockner, Grover, Reed and DeWitt (1992), Mishra and Spreitzer (1998), and Appelbaum and Labib (1993), are just a small selection of authors who have studied the effects of downsizing from an individual worker's point of view. Appelbaum and Labib (1993) and Kets de Vries and Balazs (1997) have underlined that the consequences of downsizing on the employees losing their jobs include increased physiological and psychological health problems, marriage and family problems, and financial problems. These authors, along with Brockner et al. (1992, 1995) and Mishra and Spreitzer (1998) have highlighted the negative effects of downsizing on surviving employees, which include high degrees of stress due to increased workloads and job insecurity, reduction in organizational commitment, and lack of trust in management. These problems are evident in the results of the previously mentioned surveys by the AMA concerning employee morale and productivity after downsizing. Kets de Vries and Balazs (1997) also highlight the stress and psychological consequences of downsizing on managers making the cuts. The bottom line is that downsizing has altered the psychological contract (Mathys and Burack, 1993), the emotional bond between employer and employee, and between the individual and the organization. In the past, a fair day's work was believed to merit a fair day's pay; as long as you did your job, you had little to worry about. Loyalty and sustained good work were rewarded through job security. Now, constant change is the norm with uncertainty and temporariness replacing stability, predictability and permanency (Mathys and Burack, 1993).

Given the overall mediocre results of downsizing from an organizational perspective and the high human costs of downsizing, it is not surprising that as North America became familiar with the term "Downsizing", the word "Dumbsizing" also began to spread.

2.1.1 Definition of Downsizing

Before exploring why some downsized firms are successful while others fail, a definition of downsizing is in order. Given that downsizing efforts have taken place in a large number of industries and that these efforts have yielded very mixed results, the question of *what is* downsizing and *how* firms actually go about downsizing is of obvious importance. Downsizing has been defined by Freeman and Cameron (1993) as a set of activities, undertaken on the part of the management of an organization, designed to improve organizational efficiency, productivity, and/or competitiveness; it represents a strategy implemented by managers that affects the size of the firm's work force and the work processes used. The key element of this definition is the fact that downsizing represents a conscious decision by management. Downsizing doesn't happen to an organization, managers opt for it. Freeman and Cameron (1993) also highlight some key attributes of downsizing. The first is the point previously mentioned, namely that downsizing is an intentional endeavor. The second attribute is that downsizing usually involves, but is not limited to, reductions in personnel. Third, downsizing is focused on improving organizational-level outcomes. Finally, the fourth attribute is that downsizing affects work processes within the organization. These attributes indicate that not all downsizing efforts are identical (workforce reductions vs. other methods, efficiency vs. effectiveness). Downsizing can be used by organizations in different industries, including those in the public sector. Downsizing in the public sector and in higher education in particular will be the focus of an upcoming section.

Several authors such as DeWitt (1998), Cameron (1994) and Freeman (1994) have highlighted different approaches to downsizing. According to Dewitt (1998), there exists three types of downsizing. The first downsizing approach is retrenchment and consists of maintaining a firm's scope while maintaining or even augmenting outputs. The second downsizing approach is called downscaling and involves the use of permanent cuts in human and physical resources to maintain product line and market scope yet reduce output to bring supply in line with demand. This approach concentrates on realignment between operations and the environment while maintaining current activities. The most radical approach is downscoping, which consists of selectively shrinking an organization's boundaries by eliminating product lines and simplifying organizational systems and processes. This approach usually combines both physical and human resource reductions. In his study of the automobile industry, Cameron (1994) identified three downsizing strategies. The first, workforce reduction strategies, consists of eliminating headcount through layoffs, firings, early retirements, buy-outs, attrition, etc. The second type of downsizing strategies is work redesign strategies. The goal in this strategy is to eliminate work in addition to or instead of eliminating workers. The third type of downsizing plans identified by Cameron is known as systemic strategies. Systemic strategies focus on changing the organization's culture and the attitudes and values of employees. Rather than viewing downsizing as a one-time program with fixed targets, systemic strategies seek to place downsizing in a context of continuous improvement leading to a new organization. The focus for these strategies are more long term and do not usually have an immediate impact on the bottom line of the organization. Freeman (1994) identifies two approaches for downsizing: convergence and reorientation. While always linked to organizational improvement, downsizing can take place at a slow and incremental pace (convergence) or downsizing can occur as an abrupt shift in the organization (reorientation) which implies a far reaching, wide-scale effort. In reorientation, an organization's structure, its primary purpose, and its goals are all questioned. Large-scale downsizing indicates that significant misalignment exists between strategy and an organization's environment. Convergence strategies are less abrupt and involve an on-going philosophy rather that a one-time program. In this context, downsizing becomes a business as usual concept and the organization continuously strives to become smaller and more efficient by constantly seeking out opportunities to improve. Consequently, when positions are vacated over the normal course of time, none is automatically replaced but is rather studied and analyzed. Also, departments, functions, processes, tasks and individuals are constantly being evaluated and analyzed. In this sense, convergence strategies are more internally driven than reorientation strategies, which are often brought on by crisis situations emanating from the organization's external environment.

Reflecting on the different downsizing approaches posited by these authors, three specific types of downsizing are discernable. In simple terms, the first approach consists of doing more or maintaining current activity with fewer resources (retrenchment, work reduction strategies). The second type consist of doing less with less (downscaling, work redesign strategies), while the third type consists of doing potentially new things in a different way (Downscoping, Systemic strategies, and convergence). Freeman's reorientation concept can apply to either doing more with less or doing less with less, depending on the focus of the downsizing project.

Most often, all three downsizing types lead to workforce reductions, particularly the first two. These reductions can consist of simple headcount reduction with no restructuring, can signify the elimination of parallel units, eliminating product lines, eliminating functions, merging units, reducing work hours and redesigning tasks. The methods of actually doing away with employees have also been studied. Tomasko (1991) breaks down these workforce reductions into two categories: push and pull strategies. Push strategies are the most direct and generally consist of layoffs. These strategies can consist of focused layoffs based on performance, abilities, etc, or can be across-the-board in nature. Pull strategies are less harsh as they offer employees some incentive to leave voluntarily; however, they produce less focused results as it is difficult to predict who will stay or leave. One of the most common pull strategies is an early retirement incentive program and is the main focus of the present study. An upcoming section will focus on this practice.

2.1.2 Successful Downsizing

As previously underlined, when firms set out on a downsizing initiative, they seek positive organizational outcomes. Such outcomes may include lower overhead costs, less bureaucracy, faster decision making, smoother communications, greater entrepreneurship, and increases in productivity (Cascio, 1993). The final goals are higher profit and increased share value. The most commonly publicized downsizing programs (the ones that make the newspapers) usually involve the reduction of hundreds, if not thousands, of employees. Reducing salary expenses is viewed as the fastest way to cut costs and improve short-term return on investment performances for restless shareholders. However, as previously highlighted, these desired outcomes often prove to be difficult to attain.

When companies decide to downsize, their primary objective is not to reduce employees per se, but rather to improve productivity, cut costs, and increase value over the long term (Mishra and Mishra, 1994). All too often, for a number of reasons that will be highlighted later in this section, negative outcomes appear and the firm cannot attain their institutional objectives. Not surprisingly, as the downsizing effort did not produce the desired results, the firm often falls back into a crisis situation that leads to more downsizing. Soon, the company becomes trapped in a downsizing spiral that cripples operations and can lead to total organizational failure.

Still, some companies have successfully downsized. Recently, a great deal of literature has been produced detailing methods of successful downsizing. The main conclusion seems to be that downsizing is not good or bad per se, but rather how and why downsizing is undertaken will determine the positive or negative outcomes. While the literature is quite varied, a number of common themes can easily be identified as keys to successful downsizing. If there is one thing that differentiates the downsizing winners from the losers, it is having a strategic plan from the beginning (Greengard, 1993). As previously underlined, many companies that undertake downsizing are pushed into it by serious economic conditions. When confronted with a crisis, many look for the quick fix. In this scenario, employees are easy targets as they often represent a large chunk of an organization's expenses. However, cut and slash tactics can lead to the problems highlighted in the previous section. In the 1993 poll by the American Management Association of 1,142 companies that had recently downsized, more than half begun downsizing with no policies or programs to minimize the negative effects of cutting back (Cascio, 1993). In this sense, downsizing often seems to be more of a knee-jerk reaction than a carefully planned strategy (Laabs, 1999). Hitt et al. (1994) underline that in the absence of a well-developed and fully articulated strategic vision, downsizing actions often reflect a cash-flow driven, short-term orientation, or mimic pressures, as managers observe others in their industry making changes and feel they should do the same.

Cameron's (1994) study of the auto industry shows that gradual reductions are consistently associated with performance increases. The firms that improved their performance were those that prepared for downsizing in advance. Firms that take an incremental approach invest time and resources in analyzing tasks, personnel skills, resource needs, time use, process redundancies and inefficiencies (Cameron, 1994). In this sense, downsizing becomes just one part of implementing broader change throughout the organization (Freeman, 1994). While these strategies are more long-term and often do not produce immediate improvement in bottom line numbers that straight workforce reduction generate (Cameron, 1994), they often lead to stronger, more stable organizations.

Even if the company is in a crisis situation and workforce reductions represent the only option, planning is still important. Unfocused, across-the-board cuts can often cripple an organization. Such actions fail to take into account the long term systemic health of the organization, important interdependencies, and the protection of core competencies. Unwittingly, the organization can lose crucial skills and expertise through cuts and only realize it once the individuals have departed. Also, important institutional memory can be lost and a firm's very identity can quickly become unclear. Therefore, workforce reductions should always be undertaken with the aim of preserving needed skills and knowledge, including organization-specific knowledge and history (Freeman, 1994; Appelbaum and Labib, 1993).

Other guidelines for downsizing have espoused similar concepts. Appelbaum, Simpson and Shapiro (1987) enumerate ten steps for successful downsizing with the first five concerning strategic planning. The first step is to develop a plan and to manage it; this involves analyzing the organization's problems and determining what skills and activities are unnecessary. The second step involves defining the future organization in terms of what positions will be needed. The third step is to define the affected groups based on the transition being planned. The fourth step identifies the people who will need to be replaced. If methods such as early retirements or voluntary buy-outs are chosen, it is important that critical skills are retained. Finally, step five is planning for staffing the future organization which concerns getting the proper individuals into the positions identified in steps two and four.

Hitt et al. (1994) note that the key ingredient in the successful downsizing efforts they examined was the exercise of good strategic leadership. For downsizing to be successful, leaders need a clear understanding of the organization's current identity and a clear vision of the organization's long-term ideal identity.

A new tool in organizational planning which can be of great use during downsizing exercises is ABC Theory. ABC (Activity Based Costing) is a method to systematically correlate the cost of a firm's individual activities to their value to the enterprise (Firstenberg, 1993). Simply stated, ABC analysis determines which activities, departments, positions and individuals add value to the company. Rather than instituting across-the-board layoffs or wide reaching early retirement programs, ABC allows managers to prioritize its cost reductions and identify functions that can be eliminated (Firstenberg, 1993). Under the traditional approach, a company is downsized by first eliminating resources which then triggers the elimination of some activities; the ABC approach starts with eliminating activities through detailed analysis (Kim, 1998). This approach allows for the strategic elimination of positions while insuring that the organization will not be crippled by departures. ABC can also be of use when downsizing is done through convergence strategies (incremental, long-term approach) as the method can be used to identify the long-term direction of the firm. Mabert and Schmenner (1997) further underline the need to understand all the costs involved with downsizing. While savings generally consist of the compensation saved from the workforce reductions, costs include the severance packages, the creep of rehiring if crucial employees are lost, productivity changes of the surviving employees and a host of hidden costs including costs of reduced quality, overtime payments and new business opportunities forgone due to missing skills or lack of manpower.

Gradual reductions (Cameron, 1994), strategic orientations (Hitt et al., 1994; Appelbaum, Simpson and Shapiro, 1987) and the literature on ABC all lead to the same downsizing lesson: Planning how the organization will downsize, who will be affected and how the organization will continue in the future must be studied *before* the downsizing exercise.

Three other issues appear consistently with regards to downsizing successfully: communication, employee participation and managing the survivors. Management researchers have contended that resistance to change is often due to a lack of trust within an organization, particularly between managers and employees (Mishra and Mishra, 1994). While downsizing situations often lead to ambiguity and uncertainty, communication can alleviate these problems by providing substantive information regarding the content of changes and their anticipated impact (Freeman, 1994). Not surprisingly, communication in the downsizing process has been associated with organizational improvement (Cameron, 1994). As such, it is critical to create a culture of mutual trust before embarking on a downsizing program (Mishra and Mishra, 1994). An important factor to note is that both the good news and the bad news should be shared (Appelbaum, Simpson and Shapiro, 1987) in order for top management to continually shape reasonable expectations of where individuals stand and where the organization is going (Tomasko, 1991). DiFonzo and Bordia (1998) underline that trust is violated when management says nothing then enacts change or when management says one thing (e.g. "all is well") and does another (e.g. "we are restructuring"). Results of poor communication include rampant rumors, reduced trust and morale, and high levels of anxiety (DiFonzo and Bordia, 1998). Finkin (1992), also underlines the need to maintain open communications when downsizing with suppliers, creditors, clients and the media to reduce uncertainty and rumour.

Another important tool for insuring trust during the downsizing process is the participation of all major stakeholders. Instead of a few senior executives trying to make detailed cutbacks and work rearrangements about individuals far down the hierarchy, managers should mobilize the "troops" and make the employees partners in the change process (Tomasko, 1991). Broad participation can lead to greater ownership and acceptance of changes, thereby advancing implementation; this is particularly true when changes are occurring at multiple levels of the organization as top managers and staff specialists do not possess all the knowledge necessary to plan and implement change effectively (Freeman, 1994).

As previously highlighted, the morale of surviving employees can become a serious problem following downsizing. Steps can and should be taken to ensure that those who remain with the organization flourish. Work force reductions must be accompanied by work redesign to alter the processes in the organization to ensure that the survivors do not become overloaded with work. It is crucial to create an environment where the survivors feel they have a future with the organization. An unfortunate outcome of poorly planned and poorly executed downsizing is that, often, many "star" employees end up leaving on their own for a brighter future elsewhere just when the organization needs them most (Heenan, 1989). If downsizing were performed properly, the remaining workforce would become the "core" employees and would then enjoy greater job security (Mathys and Burack, 1993). Feldman (1996) offers many ideas of how employers can develop the careers of their surviving employees and maintain their work satisfaction including increasing internal mobility, training, and increased rewards. Brockner et al. (1992 and 1995) and Appelbaum and Labib (1993) also underline that perceived fairness in how the downsizing and workforce reductions were done is an important factor in the attitudes of surviving employees. As such, the first three elements of successful downsizing (strategic planning, communication, and employee participation) are crucial in managing the survivors properly.

Finally, as downsizing has become a way of life for North American organizations, layoffs and other work force reduction strategies are often viewed as the first option for struggling organizations when, in fact, they should be considered a last resort. Workforce reductions have become so commonplace that they are often implemented without determining their strategic viability. A number of less drastic, but often slower developing, alternatives should be considered before trimming the workforce. First, reducing non-personnel costs by postponing capital investments, conserving energy, reducing discretionary budgets and selling unprofitable assets should be considered (Appelbaum, Simpson and Shapiro, 1987). Second, non-workforce reduction employee strategies need to be considered. Pay reductions, while painful, are certainly preferred to layoffs. However, other strategies such as shorter workweeks, job sharing and unpaid leaves of absence (Tomasko, 1991) may be viewed favorably by employees while still cutting costs. Finally, hiring freezes, moving employees in redundant positions into vacant jobs within the organization, lending staff to outside organizations should also be considered (Francis Mohr and Andersen, 1992). Only after all other alternatives have been exhausted should work force reductions be considered. Unfortunately, these other alternatives require levels of creativity that managers often seem unable or unwilling to attempt, especially during crisis situations.

To recap, the following list displays steps that organizations should take to increase the success of downsizing:

1. Think long-term and only downsize in the context of a coherent strategic plan. As such, resist across-the-board workforce cuts that simply reduce costs in the short term but that lead to negative and unexpected outcomes.

2. Determine the savings and costs of downsizing before starting the process.

3. Communicate openly and honestly with all stakeholders regarding any downsizing plans.

4. Get employees involved in the process

5. Don't neglect the surviving employees.

6. Consider alternative to job reductions first

2.2 Early Retirement Programs as a Downsizing Strategy.

In general, when we hear the term downsizing, we tend to think of layoffs. As the previous sections have shown, downsizing is not limited to workforce reductions and workforce reductions are not limited to layoffs. Early retirement programs represent another popular method of reducing the workforce of an organization. In fact, early-retirement programs have mushroomed during the 1990's, showing up at some of the best-known names in corporate North-America including Polaroid, Unisys Corp., IBM, Sears, General Motors (Hawthorne, 1993) as well as in the public sector. When early retirement programs are used as a downsizing tool, we are really referring to early retirement incentives programs. Many organizations have regular, on-going early retirement plans aimed at achieving long term cost savings where employees can retire before the age of 65 without any impairment of their benefits; early retirement incentives, on the other hand, are generally offered for a limited time to a select group of employees. Incentives are used to achieve immediate, short run savings in payroll related costs (Koeppen, Bain and Walker, 1990). In this respect, early retirement incentives have the same focus as layoffs: the quick reduction of personnel costs. However, as previously highlighted by Tomasko (1991), layoffs are "push" strategies which are more direct but ultimately involve firing people while early retirement fall under the "pull" category of workforce reduction strategies.

Typically, early retirement incentive plans build on the defined benefit philosophy where the size of a pension depends on a person's age and the number of years he or she has worked for the company (Hawthorne, 1993; Foster, 1996). Average salary figures over the last few years of employment before retirement also often influence pension amounts. Under an early retirement incentive plan, an employer will generally invite employees to retire in exchange for increased benefits over a longer period of time in addition to a lump sum payment. As such, early retirement incentive programs reduce payroll costs in terms of salaries, social security taxes and unemployment taxes. Furthermore, most of the costs of such programs take the form of increased pension benefits, and thus, are borne out by the pension plan and do not affect a firm's operating funds. Often, the only direct cost to the organization is the total of the lump sum amounts. Once a plan is announced, there is typically a two-to-three-month window during which employees can ponder their decision (Hawthorne, 1993).

There are several factors that make early retirement incentive programs an attractive downsizing tool for managers. First, managers view such plans as a lever for organizations to reduce headcount, cut costs and streamline operations (Polisner, 1996). Second, they are much less harsh than firing people. As such, these programs spare the managers and those leaving their jobs of the trauma and negative outcomes of layoffs (Kets de Vries and Balazs, 1997). Managers do not lose sleep over firing people and those who opt for the program are making the decisions themselves. These programs are seen as a humane way of reducing the workforce (Paul and Townsend, 1992) and relatively painless (Worth, 1995). Third, companies traditionally pay older employees more than younger ones, while there exists a common perception that an older worker's rate of pay may not be congruent with their current productivity. Fourth, in relation to the previous reason, these programs often open up new career opportunities for younger, and often less expensive, employees and also reduce benefit costs especially in the area of health care (Mathys and Burack, 1993). Finally, as most of the costs are charged to pension funds, another inducement encouraging organizations to consider early retirement incentive programs is the overfunded North American pension accounts which show a surplus of well over $100 billion (Tomasko, 1991).

Despite all the benefits mentioned above, early retirement incentive programs have received harsh criticism on a number of fronts. First, many have challenged the notion that early retirement programs are a humane or painless way of reducing workers and that those who participate in such programs are always better off. Paul and Townsend (1992) highlight that retirees often face serious issues such as financial problems, psychological problems relating to self-image, values, power and security, experience an identity crisis and face serious boredom. Research has shown that despite the voluntary nature of these incentive programs, many individuals who opt for early retirement feel it is involuntary. As such, contrary to the belief that early retirement incentives are a "pull" strategy for reducing workforce numbers, many who accept them view them as "push" factors (Shultz, Morton and Weckerle, 1998). In a study on acceptance factors for early retirement programs, Gowan (1998) found that 49% of respondents who had recently accepted an early retirement package indicated that the decision was not desirable, suggesting that the decision to retire was more involuntary than voluntary. There is a danger that although the programs are advertised as "voluntary", the individuals offered the packages might feel pressured to leave and will feel the message is that they are not wanted. For individuals with low self-esteem, this involuntary perception is particularly likely and many such retirees experience their new life situation in much the same way as individuals affected by involuntary job loss resulting from layoffs (Gowan, 1998). Shultz et al. (1998) also found those who opt for early retirement could be categorized into groups consisting of those who view early retirement as voluntary or involuntary. Their study shows that, once retired, the negative factors appear to be more salient in distinguishing the two groups of retirees and that those who feel they are forced to retire appear to have generally lower self-ratings of physical and emotional health, and lower retirement and life satisfaction.

Others have criticized early retirement incentive programs as a form of age discrimination and contrary to the needs of society. Minda (1997) argues that early retirement programs are a form of "opportunistic" downsizing implemented to exploit the vulnerable position of late-career employees who have limited future options. The argument continues that by downsizing aging late-career workers because they are generally higher-paid, the organization is in reality favoring younger workers over older workers; age thus becomes a factor, albeit an unstated one, in the decision to downsize, even though the express reason given is cost savings. The specific reason older workers are targeted for downsizing is based on the life-cycle theory of employment (Worth, 1995; Minda, 1997). This theory is based on the fact that over an employee's career, salary increases with age and not by productivity. As such, when an employee is young and new to the organization, his or her pay will be lower than his or her productivity. As the person's career progresses, salary and productivity will become better aligned. As a worker becomes older, productivity declines while salaries continue to rise. As such, employers lose out once salary level becomes higher than relative productivity. It is precisely at this point where some authors (Worth, 1995; Davidson et al., 1996) recommend severing ties with older workers. Minda (1997), on the other hand, argues that while the life-cycle theory may be valid, it is unfair to cut older workers once productivity is lower than salary level as this period makes up for the years where productivity was higher than salary. It is important to note, however, that while the life-cycle theory of gradually reducing productivity is a common perception in business, research has not confirmed its validity. In their meta-analysis on the relationship between age and performance based on 22 years of articles and a sample size of close to 40 000, McEvoy and Cascio (1989) found that age and performance were generally unrelated. Furthermore, Waldman and Avolio (1986) found evidence of increased performance with age, especially for professionals. Still, the courts have upheld that companies have the right to cut workers for economic reasons and older workers are often a financial hindrance (Worth, 1995). On the flip side, despite Minda's assertion that older workers are being discriminated against, others have argued that older workers are receiving an unfair benefit that is not available to others in the firm. As most of the benefits from early retirement are paid through an organization's pension fund, pension fund members contend such programs are unfairly implemented and that the surplus revenues used to pay the incentives properly belong to all fund members (Hinerfeld, 1992).

Other lawsuits have been launched against companies who offered early retirement packages by employees who had recently retired before the program was offered or by employees who accepted an initial offer on the basis that no better offer would be forthcoming, only to see a more lucrative offer appear a year or two later (Snarr, 1995). As such, an employer's need to make business decisions can become in conflict with its fiduciary duties in terms of authority over the pension fund. This conflict can lead to misrepresentations and lawsuits (Snarr, 1995).

Finally, it has been suggested that early retirement incentive programs run contrary to social reality. Simply stated, people are living longer. Given this fact, both Canada and the United States have passed laws rescinding mandatory retirement age in their desire to promote later retirement (Paul and Townsend, 1992). There are strong demographic indications that North America will have a smaller labor pool in the coming decades (Paul and Townsend, 1992) and that there could be an actual shortage of workers. In fact, in the next decade, workers over the age of fifty-five may exceed the number of new entrants into the workplace (Stein, Rocco and Goldenetz, 2000). As older people are living longer lives and have the physical capability of working longer than in the past (Woodbury, 1999), their exit form the workforce could be a source of concern for the economic future. Studies show that despite the repeal of mandatory retirement laws, people are retiring earlier than ever. A study by Richard Woodbury of the National Bureau of Economic Research (1999) indicates that, in America, workers start retiring in significant numbers around age 55, that half of those continuing to work past the age of 55 will have fully retired from the labor market by age 63 and almost two-thirds will have retired by age 65. There is a need for society to recognize all of the costs of supporting a non-working population that is capable of productive work and that is living healthier and longer lives (Stein et al., 2000). With a smaller labor force paying into public pension and health plans, and a growing aging population drawing upon these plans for a longer period of time than expected, public health care and public pension plans are facing serious and growing financial problems. The same can be said for private pension plans. Despite the reported huge private pension surpluses, one can only wonder how prudent it is to spend these surplus on early retirement plans given that pensioners will be living longer and longer in the future.

As evidenced by the previous paragraphs, the legal, societal, and individual implications of early retirement incentive programs are numerous. However, for the purpose of this study, the most significant issue related to these programs is the fact that they do not constitute a proactive organizational strategy. Many authors have criticized early retirement incentive programs from a strategic standpoint. The main problem with these programs is that it is almost impossible to predict who will decide to opt for the packages. It is impossible to determine what relevant knowledge, what institutional memory, and what critical skills will be lost to the organization when employees leave (Cameron, 1994). Voluntary early retirement incentive programs are targeted to groups and not individuals. While the group can be fine-tuned by age or union, all of the people in the group are free to opt in or out of the plan. No one can be coerced into staying or leaving nor can the group be manipulated to only include people who the organization would like to see leave without risking very expensive lawsuits. Therefore, while less harsh then layoffs, early retirement programs are, by nature, less focused.

As such, since these packages are offered to groups, there are three specific dangers. First, not enough people can opt for the packages. Second, too many people can opt for it. Third, the wrong people can opt for it and an organization could see it's best and brightest accept the package while those they would really like to see leave decide to stay (Davidson, Worrell and Fox, 1996). The stakes can be high for companies that get early retirement incentive programs wrong (Hawthorne, 1993). If too many people – or the wrong people – leave, organizations have to go through a costly and time-consuming effort to replace or even rehire them; if too few take it, then the company's financial or other targets will not be met, their problems will still exist, and they may be forced to take harsher tactics such as layoffs (Hawthorne, 1993). Examples of each case are rife. Du Pont had an open-ended program designed to cut some 6,500 jobs, but twice that number left causing high replacement costs (Appelbaum, Simpson and Shapiro, 1987). In another unfortunate scenario, Miller Brewing attracted only 82 salaried workers to its early retirement program in 1992, which represented only a fraction of the number needed and necessitated the laying off of 340 people to meet its payroll-cutting goal. Hitt et al. (1994) list early retirement incentive plans as an ineffective downsizing practice that often result in the loss of good people who possess important skills required by the firm for current and future operations. Paul and Townsend (1992) underline that early retirement incentive plans frequently encourage the most creative, risk oriented and productive employees to leave, while those who have doubts about their ability to compete elsewhere remain. Mabert and Schmenner (1997) found that most of the managers who participated in their study favored non-voluntary programs that identified in advance who was going to be affected, rather than voluntary programs that permitted anyone in a class of workers to exit the firm. The managers in the study reported that the voluntary programs were often oversubscribed, creating higher costs, or they permitted valued workers to leave, creating significant costs of replacement and retraining. Furthermore, the most valuable performers with long institutional memories and excellent skills cannot always be replaced with younger workers. As a result, many retirees are brought back as independent consultants or external consultants are hired to maintain productivity (Heenan, 1989; Tomasko, 1991; Cyr, 1996). The economic benefits of such arrangements are highly debatable. Finally, another incalculable element is the number of people close to age 65 who would have retired soon anyway, without any costly incentives (Hawthorne, 1993)

This uncertainty leads to many of the problems previously underlined relating to across the board, unfocused cuts. Voluntary early retirement incentive programs are reactive rather than proactive methods of downsizing. You cannot perform strategic planning before you find out who will be leaving. All of the activities that should take place before downsizing (work redesign, strategic shifts, etc) can only be done after the fact. Also, the negative outcomes related to the remaining employees are still a danger as these individuals can become overworked and their morale may decrease.

The key to reducing this uncertainty and all the potential negative outcomes would appear to be the ability to predict beforehand which employees will accept the early retirement packages. Unfortunately, the decision to retire early is a very complex personal decision; one that managers cannot truly predict with any degree of certainty. Managers often view the decision to retire early as a financial decision: If the package is attractive enough, then a great deal of people will opt into the program. In fact, there have been fundamental shifts in family, organizational, and environmental factors that make the decision to retire early much more complex (Feldman, 1994). The factors that cause a person to retire early are varied with some pulling the non-performers to leave, some pulling the good performers to leave and some having nothing to do with levels of performance. Several studies (Feldman, 1994; Kim and Feldman, 1998; Paul and Townsend, 1992) have attempted to determine what factors or what set of circumstances make an individual decide to retire early. Rather than clear answers, what has emerged is the conclusion that such decisions are particularly complex. Paul and Townsend (1992), Kim and Feldman (1998) and Feldman (1994) suggest that the following factors will effect the decision to retire early:

1. The greater the years of continuous service in one organization, the more likely an individual will accept early retirement.
2. Individuals married to working spouses are more likely to accept early retirement.
3. Individuals in poor health are more likely to accept early retirement.
4. The more an individual's self-identity is tied to the organization, the less likely the individual will accept early retirement.
5. The more individuals have planned ahead of time for their eventual retirement, the more likely they are to accept early retirement.
6. If an individuals skills are declining, the more likely they are to accept early retirement.
7. The greater an individual's wages and future pension benefits, the more likely they are to retire early.
8. Employees who receive comprehensive preretirement counseling are more likely to accept early retirement

9. The greater an individual's uncertainty about macroeconomic trends, the less like he or she will accept early retirement.
10. Age will be positively correlated to accepting early retirement.
11. Individuals with opportunities of finding new jobs easily will be more likely to accept early retirement.
12. Employees with minor children will be less likely to accept early retirement.
13. Hard driven, aggressive, impatient individuals are less likely to accept early retirement.

Upon close review, however, it becomes clear that many of the assumptions, when taken together, can be contradictory and can be viewed as having a double meaning. For example, it is posited that those with the greatest years of service with the organization will retire early since their pension benefits will be very high and their personal savings should also be high. On the other hand, the more an individual's self identity is tied to work or the organization, the less likely he or she is to retire. Obviously, people usually fall into both categories. It is posited that married people will be more likely to retire early since they have dual incomes and higher savings; at the same time, people are having children later in life and it is not uncommon for people in their 50's and 60's to have young children and, consequently, high current and future expenses. Those with a greater opportunity to find work elsewhere are also predicted to accept early retirement packages as they will receive their benefits and a salary from somewhere else. However, these people are most likely the organizations' top performers that the firm would like to retain. It is also posited that poor performers will retire early since their self-image is not derived from work; it could be argued, however, that these individuals will stay due to their lack of outside employment opportunities. Those who have planned for retirement will be more likely to retire early; however, since most incentive programs offer limited "windows" (months, weeks or even days) in which to make a decision, planning can often not be properly undertaken. Not surprisingly, in Kim and Feldman's (1998) test of many of these assumptions, several were not significantly supported. Among those that were supported were age factors, opportunity for other employment and generosity of pension benefits. Upon further review of the list, it is clear that many of the elements encompass personal views that may vary from individual to individual. Some older workers view retirement as death and the end of productivity; for others, retirement means release from lifelong onerous activities, new hobbies, and increased intimacy with friends and family (Feldman, 1994). Economic conditions, projected government policy changes, political uncertainty and other issues can all play a role in this crucial decision. As so many factors, including work related, non-work related, financial, macroeconomics, physical, psychological and family issues influence the decision to retire, it is clear that predicting who or why someone will retire is extremely difficult.

Still, there do appear to be some concrete steps organizations can take to have better control of the early retirement acceptances. If organizations prepare properly, the uncertainty revolving around early retirement incentive programs can be reduced but never eliminated completely. Before the incentives are offered, exhaustive analyses on the age distribution and the salaries of the entire organization's workforce can be performed. Early retirement incentive programs may be desirable when the age distribution is characterized by a disproportionate number of older workers. Analyses should also be done to determine the skill level and institutional memory factors for the groups considered as possible targets. In other words, managers should study if the targeted group could feasibly be replaced by younger, less costly employees without crippling the organization. The organization should invest in information sessions and pre-retirement counseling well before the planned retirement dates to gain better estimates of which employees will accept the packages. Finally, when early retirement incentive programs are used for downsizing, the same general steps for success should be employed including communication, employee participation and paying attention to the remaining employees. Specifically, if the plans affect unionized workers, then labor representatives will have to be involved as well (Hawthorn, 1993). Bunning (1990) again underlines the need for clear, candid and complete communication. Hawthorne (1993) underlines that, like any other product, successful early-retirement programs must be sold. As such, in addition to large scale announcements and mass mailings, each eligible person should get an individualized statement showing exactly how much he or she would receive with the early retirement package. Still, with all the planning in the world, acceptance will never be something that is perfectly predictable.

One of the industries that has employed early retirement strategies as a downsizing method has been Higher Education. Although downsizing is commonly linked to the private sector, the following section will underlined that downsizing is also prevalent in the public sector and that this sector faces particular issues and constraints when facing downsizing.

2.3. Downsizing in Higher Education.

2.3.1 The issues facing Higher Education and other public institutions.

Given the oft-mentioned reasons of increased profits and increased share value, downsizing is often immediately associated with organizations in the private sector. The economic conditions that have led to massive layoffs, reductions, and even demise in the private sector have been viewed as outside the domain of higher education (Cameron and Smart, 1998). However, it is becoming clear that downsizing and decline are a very significant part of the current conditions faced by institutions of higher learning (Cameron and Smart, 1998) and public institutions in general. Cameron and Smart (1998) underline this fact by highlighting a number of recent surveys and articles on the troubles facing universities in the United States. Notably, Harvard had a $42 million deficit in 1992, Yale recently eliminated 50 arts and sciences faculty members, MIT offered 1,400 employees (including 300 tenured professors) a buyout package, San Diego State laid-off 147 tenured professors and eliminated nine academic departments, and UCLA cut $38 million from its budget. Closer to home, universities and colleges in all provinces have also had to cut and slash as all have had budget cuts – mainly through administrative reorganization, eliminating positions and merging departments (Canadian Education Association, 1994). In Quebec, where tuition rates are set by the government and have been frozen for years, the university network funding was been cut by over $320 million from 1993-94 to 1998-99. Furthermore, all four Montreal area universities (Concordia, McGill, Université de Montreal and Université de Québec à Montreal) have used early retirement incentive programs as one method of dealing with the compressions. Quebec and Concordia's particular situation will be examined more closely as part of the case study.

While the private sector has been struggling with the impact of a much more global economy (Smith and Stupak, 1994) and the demands of stockholders for higher share price, the public sector has felt the pressure of government funding cutbacks. In light of the severe cutbacks in the private sector and the new global economy, expenditures and program performance in the public sector have been placed under increased scrutiny by the general public to ensure more effective utilization of available funds (Smith and Stupak, 1994). As such, while private sector companies must satisfy stockholders, public sector organizations are held accountable to the general public. Furthermore, Smith and Stupak (1994), highlight that public sector organizations must juggle pressure from special interests groups, who can help or hurt an organization, and compete for funds with other public institutions from other sectors. As such, domains such as education are often in competition with health care, etc. Given that politicians often take a short-term view to issues (Anderson and Massy, 1990), the fight for funding dollars can be a precarious proposition.

Universities in Canada and state-universities in the U.S. rely heavily on public funding. A common misconception is that students are higher education's primary clients. In reality, their tuition and fees provide only a very small part of revenues for college and universities; the largest share of support for higher education comes from taxpayers (Pickens, 1993). As such, the primary clients of higher education are the government/taxpayers. Often, taxpayers perceive higher education to be just another self-interest group and, as a result, reckless financial policies can have adverse consequences for universities in today's unstable financial environment (Anderson and Massy, 1990). At the same time, Brinkman (1992) underlines that higher education has had to respond to a continuing increase in demand for more types of services for more segments of society, including the notions of being available anywhere and to everyone, and offering programs in any field anyone chooses. While growth was especially impressive for universities between 1961 and 1987, the mood is different now and much more grim (Pickens, 1993). The prognosis is almost universal that there will be a prolonged period of limited resources for higher education due to government funding cuts (Pickens, 1993). The feeling in academia is that strategic thinking has never been more important than at present (Anderson and Massy, 1990). However, Smith and Stupak (1994) posit that decision-making methods traditionally employed by public sector organizations are inadequate for dealing with sustained cutbacks as they are characterized by an incremental approach sometimes described as "the method of muddling through".

2.3.2 The Nature of Universities

Universities have some unique organizational characteristics that make downsizing and dealing with adverse financial conditions difficult. Decision-making methods, organizational structure, the nature of costs, financial philosophy, and organization culture all make decision making in a time of financial crisis particularly difficult in higher education. As underlined by Cyert (1978), universities, by their nature, are difficult to manage. They are decentralized organizations in which colleges, departments and faculty members are the organizational units. The faculty is the dominant group in a university and the concept of administration is not always a top priority but is still viewed as something that should be kept in the hands of scholars. As such, universities lack the elements of authority inherent in the business organization since, although the hierarchical structure exists, it does not carry the same meaning with respect to the reward system or to the role of subordinates. In such an environment, strategic planning can become difficult as the organizational culture dictates very broad consultation. While participation has been identified as an important success factor in downsizing, the type of broad consultation inherent in the administration of universities can cause problems during times of crisis as reaction time will be slow and conflicts of all kinds between the various stakeholders will surely arise. Even minor issues often prompt extensive debate (Mathews, 1990). The collegial approach to management is time-consuming, resource intensive and can engender a lack of decisiveness (Brinkman, 1992).

The resources employed in institutions of higher education include people, land and buildings, books and other information media, equipment, materials and supplies, which are all usually measured in money (Mathews, 1990). Costs for universities are affected by a host of factors. From the institution's perspective, costs per student vary widely by discipline or program owing to differences in the quantity, type, and prices of the inputs required and their utilization (Brinkman, 1992). Brinkman (1992) also highlights that such things as the physical condition of an institution's assets, it's climatic and other natural conditions and the characteristics of its employees (age, experience, etc) can all affect costs. A particularity in higher education, however, is that administrations and boards of universities do not fully control the resources available to them (Mathews, 1990). As previously highlighted, universities receive most of their funding from government and other agencies and, furthermore, restrictions are set on how money can be spent. Universities employ a fund accounting methodology that limits the usage of funds based on their source. Unrestricted funds result primarily from tuition fees, government funding and miscellaneous sources such as university bookstores. These funds can be spent quite easily on anything and form the basis for the annual operating budget. Restricted funds are given to the university by governments, donors, and outside agencies and are earmarked for research, capital expenditures, student scholarships, etc. Generally, resources from the unrestricted funds are allocated to departments in the form of budgets. The approach is fundamentally unit-centered rather than institution-centered (Jones, 1993). Given a university's decentralized power structure and the fact that financial planning takes place at the budget level, the budget process delegates many of an institutions strategic decisions to a managerial group that has neither an institution-wide perspective nor an incentive to always act in the best interest of the institution as a whole (Jones, 1993). Jones (1993) asserts further that when planning is conducted at the strategic (institutional) level and budgeting is centered at the operational (unit) level, the linkages necessary to move an institution in the direction of the university's strategic plan become fragile at best.

Underlining this point is the relative importance most faculty members put on financial issues. Rather than profit or increased stock prices, an institution of higher education strives for quality, prestige and reputation. Cameron and Smart (1998) identify nine measures of organizational effectiveness for universities. They are:

1) Student Educational Satisfaction,
2) Faculty and Administration Employment Satisfaction,
3) Organizational Health,
4) Student Academic Development,
5) Professional Development and Quality of Faculty,
6) Student Personal Development,
7) Student Career Development,
8) System Openness and Community Interaction
9) Ability to Acquire Resources.

An obvious omission from this list is the quest for profit and positive bottom lines. In fact, research has confirmed that fiscal stress, scarcity of financial resources, and decline in revenues do not, by themselves, ensure that a university will operate less effectively than an institution with plentiful financial resources (Cameron and Smart, 1998). For example, if a school has a nationally recognized program featuring high-priced star faculty members, and that program costs the university a fortune to run, few will call for its elimination, no matter what the financial impact. In fact, to the extent that money can bring prestige, influence and educational excellence, the internal pressures in an institution are for the expansion of spending; it will continually expand its spending, subject only to availability of funds, or to external constraints imposed by market conditions (Dunn, 1993). Dunn (1993) underlines that, in effect, there is no internal motivation for cost containment within universities.

Furthermore, again in contrast to private firms, there are no clear measures of productivity in higher education. Faculty members are often critical of expectations about workload (number of classes, class sizes, time for research) and work content (what is worth doing, how it should be done, and the basis for evaluating performance). Workload and work content are determined by the faculty members themselves, which allows "ownership" of the institutional product by the faculty members. In sum, efficiency is not a compelling notion in higher education except under conditions of duress (Brinkman, 1992). Increasingly, however, universities are indeed finding themselves in financial difficulty.

2.3.3 Downsizing Universities

Rather than downsizing to fulfil a primary goal such as profit for the private company, a university downsizes to reduce crippling debt, alleviate pressure applied by governments and to redistribute constantly decreasing resources. However, the danger for universities is that their downsizing efforts can potentially harm their primary goals and decrease their effectiveness in the name of financial stability. As previously highlighted, universities have very little internal motivation to contain costs or scale back operations. As such, the pressures to downsize higher education are coming from outside the institutions themselves. While the demand for higher education is still strong, governments are slashing funding for education and the public is demanding higher accountability for their tax dollars. Others (Horn and Jerome, 1996; Dickman, Fuqua, Coombs and Seals, 1996) believe that higher education has been influenced by the private sector and that universities have jumped on the restructuring bandwagon to follow suit, even though the results of downsizing in the corporate world have been ambiguous at best. Still, the principal driver for downsizing and restructuring higher education would appear to be the cuts in government funding.

The rash of downsizing and restructuring in North America higher education in the 1990's is generally a response either to declines in absolute levels of revenues in institutions (deteriorating financial resources) or to revenue streams that cannot keep pace with escalating costs (Cameron and Smart, 1998). Higher education is facing its most severe budget crisis in recent history (Hollins, 1992). Public disenchantment with higher education and perceived priorities for other services such as health care, crime prevention, and primary and secondary education have made for severe cuts in funding for universities (Dunn, 1992). As other agencies and industries are downsizing and eliminating slack, higher education cannot expect to escape pruning; legislators, foundations, parents, and donors are demanding evidence of sound management and budget controls to justify increased expenditures (Hollins, 1992). Few institutions are immune from pressure to downsize, to reorganize, or to rethink traditional educational activity because of budgetary pressures (Cameron and Smart, 1998). The bleak economic outlook has further been solidified by public policy. In December 1992, the United States President's Council of Advisors on Science and Technology, which included university presidents, concluded that research-intensive universities should adopt selective strategies to scale down their activities in an environment of limited resources (Froomkin, 1993). Until recently, refocusing academic activity meant adding new activities to existing lines of research; now recommendations are appearing that advise that activities that do not attain world class status be abandoned (Froomkin, 1993). Such choices are difficult for most university administrators and faculty, and inconceivable to some.

The reason why the budget cuts in higher education can be so disruptive is due to the fact that the bulk of a university's operating budget goes to paying for salaries and benefits (Brinkman, 1992). Higher education institutions are highly labor-intensive. Furthermore, as previously highlighted, the dominant work group at universities is its faculty. The fact that this group has the most power and consumes the most financial resources, in addition to the special nature of professorial culture and work characteristics, makes downsizing in higher education particularly daunting.

Cutting faculty positions is not an appealing option for most universities. In fact, Dunn (1992) considers eliminating faculty positions to be the last resort of universities facing a financial crisis. Dunn posits that when faced with a financial crisis, university administrators will a) deny the reality, b) try to increase revenues, c) mask the problem by selling off assets or moving money from restricted to unrestricted funds where permitted, d) cut back on non-personnel expenses, e) cut or merge small programs, and finally f) cut teaching positions if absolutely inevitable. However, Anderson and Massy (1990) warn of denying a crisis and suggest avoiding optimistic income forecasts, especially income from governments, and avoiding heavy forward commitments that depend on anticipated growth. Hollins (1992) also suggests that universities come to grips with the fact that retrenchment is inevitable and suggests a strategic process involving reassessing institutional goals, selective elimination of activities, streamlining functions, establishing a long term planning process, and practicing general frugality. Still, as higher education has faced downsizing, many universities have used private corporations as a model (Horn and Jerome, 1996). As such, quick, aggressive cost-cutting has become a goal of many universities. Some of the methods employed for institutional downsizing have included freezes on hiring and pay increases, across-the-board budget cuts, reduction of student services, and elimination of programs (Dickman et al., 1996). However, given the importance of labor costs on university budgets, cutting back on personnel is almost surely required in order to reach significant savings during a time of financial crisis. Still, due to the factors such as tenure, organizational and industry culture, and the reliance on implicit or psychological contracts that are deeper than those that exist in corporations (Jerome and Horn, 1996), layoffs in universities are not usually an option. Not surprisingly, another method of workforce reduction has become prominent in higher education: early retirement incentive programs.

Chronister and Truesdell (1991) underline that between 1960 and 1970, full-time faculty in American universities increased from approximately 154,000 to about 369,000. These professors hired during this growth period still made up the majority of higher education faculty in the 1990's. Bowen and Schuster estimated in 1986 that by 2000-2001, 54 percent of full-time faculty would be at least fifty-six years of age. As income is related to age and experience, it is not surprising to conclude that the salaries of today's professors are, on average, high. Another characteristic of the graying professorate is that it is highly tenured (Chronister and Truesdell, 1991). Tenure, a concept that sought to prevent dismissal of professors because of their social or political views (Holden and Hansen, 1989), basically gives full-time professors job security until retirement. When mandatory retirement existed, there was an eventual end to the tenure contract between the professor and the university. When mandatory retirement was abolished in the mid-1980's, the end of the tenure contract became very flexible and basically at the discretion of the tenure holder (Chronister and Truesdell, 1991). Furthermore, many senior professors are in a unique position to determine what they will be doing during the workday and, in some situations, may be able to reduce hours of work significantly without affecting compensation or job security (Lewis, 1996). Given the professional and academic freedom enjoyed by many full-time professors, the incentive to leave the work force with the elimination of mandatory retirement is low. In their research on retirement behavior in higher education, Holden and Hansen (1989) found that most faculty members expected to retire after the age of sixty-five. Several authors (Lewis, 1996; Ehrenberg, 1999; Holden and Hansen, 1989) have highlighted that the older, tenured faculty are a severe budgetary constraint, are sometimes less productive and are blocking opportunities for new faculty and "fresh blood" within higher education.

In order to induce senior faculty members to exit the university, it has been estimated that up to 40% of American colleges and universities have developed one or more incentive plans encouraging "early" faculty retirement (Chronister and Truesdell, 1991). These programs generally function the same way as early retirement incentives in other industries where lump sum payments and increased pension payments represent the primary benefits with most of the costs being absorbed by the pension plan. As academic programs are eliminated, the reduction in faculty can generate significant savings. If replacements are needed, total faculty compensation budgets would decrease as these older faculty members generally receive higher salaries than new hires. Still, many institutions have become concerned by the fact that a significant number of faculty who take advantage of early retirement plans include highly productive faculty members the institution would prefer not to lose (Chronister and Truesdell, 1991). As such, the life-cycle theory of employment where productivity decreases with age may not be valid for universities; this would agree with Waldman and Avolio's (1986) findings that performance increases with age for professionals. Another concern is the lack of suitable replacements for retiring professors as many undergraduates are forsaking graduate school for opportunities for high paying positions in the private sector. Bowen and Sosa (1989) projected significant shortfalls of faculty in many of the arts and sciences beginning in the late 1990's and continuing into the twenty-first century. As such, through early retirement incentive programs, institutions may be losing many of the faculty members they will need over the next ten to fifteen years (Chronister and Truesdell, 1991). Furthermore, faculty members are not interchangeable as each has his or her own research interests, areas of expertise, teaching style and general skills. As such, loss of institutional memory and distinctiveness is a very real threat when faculty depart. In a report on an early retirement incentive program offered at the University of California in 1990, Hinerfeld (1992) outlined many negative outcomes such as higher than expected acceptance rates, loss of institutional memory and academic expertise, and bitterness on the part of pension fund members who did not benefit from the large pension fund surplus. Others viewed the retirement plans negatively as an attack on the principle of tenure and an attempt get rid of senior professors in favor of less expensive, young newcomers. Such concerns underline the fact that universities will face the same potential negative outcomes as other organizations, including lower morale and satisfaction of remaining employees.

In summary, given that downsizing efforts show little correlation to the primary goals of a university and that universities are extremely labor intensive, particular dangers exist for universities and colleges involved in downsizing. Organizational buy-in is difficult since a great many will not view a financial crisis as something particularly troubling or as a threat to the quality of the institution. Professional and institutional culture will limit options for administrators in dealing with a financial crisis. Specifically, the fact that professors represent the most powerful group in a university while consuming the most resources makes reducing their number difficult. Furthermore, the collegial decision making processes of universities along with the decentralized power structure make institution-wide strategic planning difficult. As such, less focused, incremental solutions are often employed as opposed to focused decisions targeting specific areas. It has also been highlighted that early retirement incentive programs have become a very common tool for North American universities facing financial duress. As such, the fact that less focused decision making processes prevail in universities and that early retirement incentive programs are unfocused by nature leads to interesting implications between organizational context and strategic choices. Organizations, due to their specific natures, may be led into certain downsizing directions. As such, universities may be predisposed towards methods like early retirement incentive programs. However, it is important to note that, as previously highlighted, studies have suggested that early retirement incentive plans contain inherent inefficiencies and are characterized by randomness. As such, universities may be led into strategic decisions by their institutional nature that may invariably lead to unavoidable uncertainty.

In order to delve further into the issues of downsizing and the use of early retirement strategies, particularly in Higher Education, the experiences of a university recently involved in such an initiative will be studied: Concordia University in Montreal, Quebec, Canada.

3. RESEARCH DESIGN

3.1 Scope of the Case Study

The previous section on downsizing highlighted many of the issues relating to the use of early retirement incentive plans for downsizing and downsizing in the public sector. This thesis is aimed at building on the existing theory surrounding this issue and testing hypotheses that have emerged from the literature. In order to accomplish this, a case study will be performed on an organization that has recently offered several of these packages and is currently dealing with their outcomes. As previously mentioned, the organization in question is Concordia University in Montreal, Canada. Concordia has developed a series of early retirement programs for both Faculty (FALRIP) and non-academic personnel (ERIP). As will be expanded in the next section, a case study is a particular research method that differs from the more traditional quantitative approach. Case studies take a more holistic view of an issue and, as underlined by Yin (1994), are used to explain, describe, evaluate or explore an issue or phenomena. Through Concordia's experiences, the goal of the thesis will be to add to the existing theory by employing the four uses of case studies. The primary areas of inquiry will be:

"Do voluntary Early Retirement Plans represent an effective downsizing strategy?"

"Why do organizations chose to offer Early Retirement Packages and how are the plans implemented?"

"Do voluntary Early Retirement Plans lead to predictable and desirable organizational outcomes?"

3.1.1 Hypotheses

Based on the literature, the following hypotheses were developed and will be studied through the case. The first three hypotheses emerge directly from the literature on the use of early retirement incentive programs and are, in essence, attempts to further validate the theory surrounding this downsizing method:

Hypothesis 1: *"Early Retirement Plans represent a workforce reduction strategy that can yield significant salary expense reductions."*

Hypothesis 2: *"The use of early retirement incentive plans introduces randomness and inefficiencies into the downsizing process as outcomes are difficult to predict due to the fact that it is impossible to know who or how many employees will opt for the plans."*

Hypothesis 3: *"The unpredictable results of early retirement incentive programs and the uncertainty surrounding such initiatives will make long-term strategic planning difficult and lead to reactive management solutions in the face of unexpected outcomes."*

The fourth hypothesis is an attempt to link the literature on the management of universities and the literature on downsizing universities. As previously suggested, universities, due to their specific nature, may be predisposed towards downsizing methods like early retirement incentive programs. As such, the fourth hypothesis is an attempt to validate the theory on the management and downsizing of universities and to add to the theory of downsizing and organizational context.

Hypothesis 4: *"The unique organizational characteristics of Universities can lead to the choice of less focused downsizing methods."*

The primary units of analysis for the case study will be the organization as a whole (the university) and the various departments affected by the early retirement packages (academic units and administrative departments). The main focus of the case study will be the implication of the early retirement plans on organizational outcomes in relation to the relevant literature.

3.2 The Use of Case Studies for Research in Management

Empirical research advances only when it is accompanied by logical thinking, and not when it is treated as a mechanistic endeavor - Richard Yin, 1984.

A case study is an empirical inquiry that investigates a contemporary phenomenon within a real-life context where the boundaries between phenomenon and context are not clearly evident, and in which multiple sources of evidence are used (Yin, 1984). Case studies typically combine data-collection methods such as archival searches, interviews, questionnaires, and observation (Eisenheardt, 1989). While quantitative data often appears in case studies, qualitative data usually predominates.

In spite of their frequent use and long history, case studies have historically been stereotyped as a weak sibling among social science methods (Yin, 1984). Investigators who do case studies are regarded as having deviated from their academic disciplines and their investigations are purported to lack precision, objectivity and rigor. A major reason why case studies are viewed in a negative light is due to the fact that many equate "precision, objectivity and rigor" with quantitative measures. Gummesson (1991) notes that qualitative measures are often classified as second rate by universities and business schools. Given that qualitative methods of data collection normally predominate in case studies, it logically follows that they are held in somewhat lower esteem. This fact is not surprising given the history of business education and research.

3.2.1 The "Case" For and Against the Use of Case Studies.

3.2.1.1 The Natural Science School of Social Science Research

The traditional school of management thought can be traced all the way back to the seventeenth century and the view of Descartes and Newton that the whole is the sum of its parts (Gummesson, 1991). In this "natural science" approach to management, activities and behaviors are broken down and compartementalized, and management is viewed as a series of steps to follow; quantification and logic are the dominating forces. This traditional school treats the fact that workers and organizations consist of human beings as almost an afterthought. While the case study was the approach of choice for sociologists in the United States at the turn of the century, with the University of Chicago at the forefront (Hamel, 1991), quantitative statistical methods in sociology, championed by Columbia University in New York, gained a great deal of ground by the mid-1930's and quickly took center stage. Since World War II, sociology has also been dominated by the natural science model (Sjoberb et al., 1991).

Advocates of the natural science model assume that an objective world exists independently of the researcher and that one can uncover "universal laws" of human nature and social reality; most important to these researchers is the establishment of rigorous and standardized procedures for collecting and analyzing data to test hypotheses and predict the course of social reality (Sjoberg, Williams, Vaughan and Sjoberg, 1991). This search for universal laws becomes a deductive process incorporating technical procedures aimed at demonstrating accuracy while eliminating any bias on the part of the researcher or the empirical context (Hamel, 1991). In quantitative studies, the research question seeks out a relationship between a small number of variables and efforts are made to operationally bound the inquiry, to define the variables, and to minimize the importance of interpretation until data are analyzed (Stake, 1995). Stake (1995) further asserts that quantitative researchers regularly treat the uniqueness of cases as "error", outside the system of explained science. What quantitative researchers consider "error" (Standard error of estimate, situational factors, the individuality of the respondent and the measurer (Cooper and Emory, 1995)), may be of critical importance to the case study researcher. Cornerstones of Management Science include various mathematical models that encompass calculus, linear and matrix algebra, and statistical and simulation techniques (Barman, Buckley and DeVaughn, 1997). Data collection methods typically include surveys from a large number of people who represent a population or a random sample of a population (Orum, Feagin and Sjoberg, 1991). The goal of the sampling process is to obtain accurate statistical evidence on the distributions of variables within the population (Eisenheardt, 1989). Throughout, the focus is on precision in the form of statistical procedures. In summary, for quantitative analysis, things can be counted; things are related to one another as natural science forces are related, as cause and effect; and the social world may be assumed to operate according to a few underlying social laws (Orum et al., 1991).

The natural science school of social sciences has harshly criticized the use of case studies in research. Hamel (1995) underlines that the case study has been strongly faulted for 1) its lack or representativeness as a point of observation for a social phenomenon and 2) its lack of rigor in the collection, construction, and analysis of the empirical materials that give rise to the study. The first criticism concerns the view that generalizations cannot be made on the basis of case studies while the lack of rigor criticism is linked to the problem of bias, which is introduced by the subjectivity of the researcher and that of the field informants on whom the researcher relies to get an understanding of the case. However, the natural science school has itself come under fire for its shortcomings, notably in the field of business research. For Management Science, the traditional gap between what practitioners expect and what theoreticians provide has widened; as such, Management Science has been losing its appeal to the business community, and its usefulness in practice has been questioned (Barman et al., 1997). Furthermore, Business Schools have received strong criticism of their undergraduate and MBA core curricula due to a perceived excessive focus on theory and mathematical and statistical analytic methods (Goldberg, 1996). Even physicists such as Capra (1983) underline that the fragmented approach of business researchers and economists who favor strictly quantitative measures has created a huge gap between theory and business reality. By dealing with brief survey questions and large numbers of disconnected respondents, the flesh and bones of everyday life is removed from the substance of the research itself, which diminishes the usefulness of the research (Orum et al., 1991).

Increasingly, there is a feeling that the principle of "Let's get it down to something we can count!" does not always formulate the best research strategy (Kaplan, 1964). Kaplan highlights what he calls *the mystique of quantity*, which is an exaggerated regard for the significance of measurement, just because it is quantitative, without regard either to what has been measured or to what can subsequently be done with the measure. Those bedazzled by the mystique of quantity respond to numbers as though they were the repositories of occult powers and Kaplan asserts that there exists behavioral scientists who, in their desperate search for scientific status, give the impression that they don't much care what they do if only they do it right: substance gives way to form. In this sense, lack of rigor becomes a problem in quantitative studies as well. Researchers run the risk of entering a vicious circle of academic research where researchers quote each other, have the "right" references, publish papers in the "right" journals, and present papers at the "right" conferences (Gummesson, 1991). Furthermore, it has been shown time and again that quantitative research can also be affected by the bias of the researcher and of participants: samples can be manipulated, data can be tampered with or purposely excluded, surveys can be poorly constructed and respondents can answer dishonestly. In his book, The Mismeasure of Man, Stephen Jay Gould (1981) highlights how quantitative measures had been used to give scientific validity to notions of intelligence (based on test scores and brain measurement) that were then used by white males to discriminate against women and ethnic minorities. Gould's example highlights that blind faith in quantitative measures is not only wrong, but also potentially dangerous.

3.2.1.2 The Use of the Case

In his classic work " General System Theory", Ludwig Von Bertalanffy (1973) underlines the reasons why the laws and methods of physics should not be applied to social phenomena such as the study of Business. Von Bertalanffy underlines that conventional physics deals only with closed systems, i.e., systems which are considered to be isolated from their environment. Living organisms are essentially open systems that maintain themselves in a continuous inflow and outflow, a building up and breaking down of components. Organizations such as businesses, hospitals and universities should obviously be viewed as open systems in a constant state of flux and in constant contact with their environment. Von Bertalanffy concludes that the method of classical science is appropriate for phenomena that can be resolved into isolated causal chains, or are statistical outcome of an "infinite" number of chance processes. The classical modes of thinking, however, fail in the case of interaction of a large but limited number of elements or processes. Basically, the case is an integrated system (Stake, 1995).

The research conditions in business administration are such that conceptualization and the operational definitions used for measurement and observation are rarely subject to the same control as those in the natural sciences (Gummesson, 1991). Case studies offer the opportunity for a holistic view of a process as opposed to a reductionist fragmented view that is so often preferred. According to the holistic view, the whole is not identical with the sum of its parts; consequently, the whole can only be understood by treating it as the central object of study (Gummesson, 1991). As a research endeavor, the case study contributes uniquely to our knowledge of individual, organizational, social, and political phenomena; the distinctive need for case studies arises out of the desire to understand complex social phenomena; in brief, the case study allows an investigation to retain the holistic and meaningful characteristics of real-life events (Yin, 1984). The case study's unique strength is its ability to deal with a full variety of evidence - documents, artifacts, interviews and observations. (Yin, 1984).

Rather than assuming a world of simplicity and uniformity, those who adopt the qualitative approach of case studies generally picture a world of complexity and plurality (Orum et al., 1991). Since a number of organizational issues are related to the intersection of human agents and organizational structures, a case can be made that various major organizational issues cannot be addressed until in-depth case studies come to be viewed as not just an adjunct to the natural science model but as having an independent role of their own in advancing sociological issues. (Sjoberg, 1991).

It would appear that much of the conflict between those who favor a natural science approach and those who favor the case study approach is due not to the fact that one approach is superior to the other, but because these two approaches are so different; not only in their methods but also in their aims. Related to the issue of quantitative versus qualitative measures, Yin (1984) underlines that case studies should not be limited to include only qualitative measures. In addition to the mystique of quantity, Kaplan (1964) also suggests that there exists a mystique of quality that is equally as dangerous. This mystique, like its counterpart, also subscribes to the magic of numbers, only it views their occult powers as a kind of black magic, effective only for evil ends (Kaplan, 1964). The lesson is that no research technique or measurement should be rejected or used a priori; the focus and scope of a project should lead to the research design. This lesson also applies to case studies, where both qualitative and quantitative measures can be used as warranted.

Still, as qualitative methods tend to predominate in case studies, it is important to underline why and when they should be used and how the case study approach contrasts against the natural science approach on major issues. First and foremost, the case study takes shape as part of an inductive approach where the empirical details that constitute the object of study are considered in light of the particular context (Hamel, 1993). This is in contrast to the deductive reasoning methods of the natural science approach where the uniqueness of the particular case is not considered. However, the appropriateness of either approach is determined by the aim of the researcher. Quantitative researchers have pressed for explanation and control by searching for cause and effect relationships between a small number of variables that can be applied in any setting. Qualitative researchers have pressed for understanding the complex interrelationships among all elements present in a particular case (Stake, 1995). Stake (1995) also underlines that the qualitative researcher concentrates on the instance, trying to pull it apart and put it back together again more meaningfully while the quantitative researcher seeks a collection of instances, expecting that, from the aggregate, issue relevant meanings will emerge.

In general, case studies are the preferred strategy when the investigator has little control over events and when the focus is on a contemporary phenomenon within some real-life context (Yin, 1984). Yin identifies at least four different applications for case studies. First, to *explain* the causal links in real-life interventions that are too complex for the survey or experimental strategies. The difference with the natural science approach in terms of explanation is that, while the natural sciences seek to explain universal truths, case studies strive to explain the particular case at hand with the possibility of coming to broader conclusions. The second application of case studies is to *describe* the real-life context in which an intervention has occurred. Third, a descriptive case study of an intervention can serve as an *evaluation* tool. Finally, the case study strategy may be used to *explore* those situations in which the intervention being evaluated has no clear, single set of outcomes. This last application indicates that case studies can be useful for theory generation while the natural sciences approach is usually used for theory testing. In this vein, Hamel (1993) highlights that all social science studies must start off with a theory based on a review of the literature relating to the subject under investigation and this theory must then be validated through the study of a specific object, phenomenon or social problem. The key point is that before a theory can be validated, it must be constructed. In other words, a theory or theoretical framework first emerges through the inductive approach of studying an empirical case or object, not through a deductive process. Hamel further asserts that all theories are initially based on a particular case or object. Eisenhardt (1989) offers that the case study method's in-depth style and use of different methods frees the researcher from the shackles of strict procedure, unfreezes thinking and increases the likelihood of generating novel theory.

3.2.2 The Validity of Case Studies

As previously highlighted, the harshest criticisms of the case study approach has revolved around the question of validity. Specifically, case studies are accused of being subjective, lacking rigor and yielding findings that cannot be generalized across settings. While, as previously emphasized, problems of validity also exist in strictly quantitative methods, the issues of validity in case studies deserves attention.

In terms of generalization, many state that you cannot generalize from a single case and that case studies are only useful for creating hypotheses but not for testing them. Yin (1984) points out, however, that an investigator's goal is to expand and generalize theories (analytic generalization) and not to enumerate frequencies (statistical generalization). If you have a good descriptive or analytic language by means of which you can truly grasp the interaction between various parts of a system and the important parts of a system, the possibilities to generalize from very few cases, or even one single case, may be reasonably good (Normann, 1984). The key is to build a proper case with analytic sophistication rather than creating something that can be easily replicated time and time again. The same philosophy can be attributed to formal experiments: The important thing is the design of the experiment, not the amount of repetitions performed. Case studies should seek both generalizabilty and the attention to the individual case. Most proponents of the natural science approach view the use of random sampling as the key to asserting generalized findings. However, for case studies, random selection is neither necessary nor even preferable (Eisenhardt, 1989). For case studies, the generalizabilty is determined by the strength of the description of the context. Such descriptions are one of the cornerstones of case studies and allow the reader to determine the level of correspondence of this particular case to other similar situations. The detail and depth of the description rendered by the case study permit an understanding of the empirical foundations of the theory (Hamel, 1993). Hamel (1993) also notes that the degree of detail in the description of the case study thus serves to ensure that the representativeness of the case under investigation has been defined in a manner that is clearly apparent. Stake (1995) also asserts that people can learn much that is general from a single case. He notes that individuals are familiar with other cases through personal engagement or vicarious experience and as they add new cases, thus making a slightly new group from which to generalize, there is a new opportunity to strengthen, modify or reject old generalizations.

Case studies are also criticized for their lack of rigor due to the lack of standard methodological procedures. However, it could be argued that the lack of pre-determined steps makes case studies harder and more demanding. As previously stated, case studies utilize a plethora of data collection methods including observation, interviews, histories and quantitative measures. Rather than lacking rigor, data collection is labor-intensive, can last months or even years, and data overload seems almost inevitable (Miles, 1990). Without the bounding of a strictly quantitative methodology, the intensive use of empirical evidence can yield theory that is overly complex. Therefore, discipline and focus is certainly required. It should also be noted that formal methodologies for qualitative data collection and analysis have been developed, particularly by Miles and Huberman (1984, 1994), for observing events, conducting unstructured interviews and coding qualitative data. Furthermore, the use of multiple data-collection methods provides stronger substantiation of constructs and hypotheses (Eisenhardt, 1989). Stake (1995) highlights many triangulation methods used in case studies to increase validity. Analyzing data in different spaces, at different times and in different contexts; having other researchers, perhaps from totally different backgrounds, review procedures and conclusions; and using different data sources to study the same object (interviews and archived records) all serve to attain triangulation and increase confidence in conclusions.

Through the literature on case study research in general and the work of Stake (1995), Hamel(1993) and Eisenhardt (1989) in particular, a clear vision of what activities need to be undertaken in order to conduct a proper and useful case study emerges. This roadmap can be summarized in the following points:

1. Determine the Object of Study

The first crucial step is for the researcher to decide what topic the case will focus on. It is important for the object of study to be broadly defined so that the researcher will have room to maneuver and allow the case to lead him or her into new directions. However, it is important for the aims of the research to be outlined and tentative hypotheses to be constructed.

2. Select the Case

As previously highlighted, case study research does not rely on random sampling techniques. Rather, the case study researcher must strategically select a case that is pertinent to the object of study and that will allow the subject to be investigated fully.

3. Build initial theory through a literature review.

The existing literature on the object of study helps frame the case study and is important for establishing validity in the research and confidence in the findings. If the theories and hypotheses in the existent literature coincide with the findings of the case, than confidence in the findings will be increased. Still, if the results of the case do not coincide with the literature on the subject, then an excellent opportunity arises to determine why and perhaps develop new theory. As Eisenhardt (1989) underlines, tying the emergent theory to existing literature enhances the internal validity, generalizability, and theoretical level of theory building from case study research.

4. Collecting and organizing the data gathering

To avoid being overwhelmed with mountains of data, instruments and protocols should be established for the collection of data. While data collection is a constant process of grasping good opportunities as well as setting structured plans for observing events, interviewing sources and reviewing documentation, it is important that the focus remain on the object of study.

5. Analyzing the data and reaching conclusions.

Once again, the danger of being overwhelmed by the quantity of data exists during the analysis phase. The ultimate goal of the case study is to uncover patterns, determine meanings, construct conclusions and build theory. As previously underlined, rich description is a crucial step before conclusions can be offered. Once context is determined, the data can be examined properly and findings can be presented. The quality of the context description, creating links back to the literature and triangulation will all play a crucial role in determining the validity of the research.

To conclude, the idea that properly designed case studies lack rigor is clearly false; in fact, case study is remarkably hard, even though case studies have traditionally been considered to be "soft" research (Yin, 1984).

Finally, perhaps the greatest criticism of the case study is that it is subjective and strongly influenced by the researcher. On this point, the case study is guilty as charged. In fact, the researcher does play a central role in the outcome of the study. Stake (1995) points out that all research depends on interpretation, but with quantitative designs there is an effort to limit the role of personal interpretation from the development of the research design, through the data collection and analysis. Qualitative designs call for the persons most responsible for interpretations to be in the field, making observations, exercising subjective judgement, analyzing and synthesizing, all the while realizing their own consciousness. For mainstream quantitative researchers, these interpretations and judgement create problems of reliability, which is often judged by the ability of an experiment or study to be replicated by another researcher who reaches identical conclusions. However, the identity and interpretation of the researcher need not affect the validity of the study.

In case studies, the identity of the researcher will influence the study based on two factors: access and preunderstanding. Access refers to the ability to get close to the object of study in order to truly find out what is happening (Gummesson, 1991). Gummesson (1991) relates many amusing stories of how business executives would limit the access of researchers, doling out "company lines" while trying to hide what was really taking place, usually for self-serving reasons. In the researcher's efforts to gain access, two types of figures are essential: gatekeepers and informants. Gatekeepers are those who can open or close the gate for the researcher while informants are those who can provide valuable information and smooth the way to others (Gummesson, 1991).

Preunderstanding refers to such things as people's knowledge, insights, and experience before they engage in a research project (Gummesson, 1991). Gummesson (1991) underlines that an individual's preunderstanding is primarily influenced by five elements: 1) a knowledge of theories, 2) a knowledge of techniques, 3) a knowledge of institutional conditions, 4) an understanding of social patterns which encompasses a company's cultural value system of often tacit rules of cooperation, social intercourse, communication, etc, and 5) the personal attributes of the researcher such as intuition, creativity, vitality, and human understanding. While a lack of preunderstanding will cause the researcher to spend considerable time gathering basic information, preunderstanding can be a serious threat to the objectivity of a study as it introduces bias on the part of the researcher. Those who are able to balance on the razor's edge use their preunderstanding but are not its slave (Gummesson, 1991). It is essential that preunderstanding be subject to change, that the researcher be aware of their own paradigm, selective perception, and personal defense mechanisms; moreover, they must also take into account the fact that their own possible insecurity or other personality factors may influence their research (Gummesson, 1991). Obviously, as Gummesson points out, the researcher in such a situation must be mature, open, honest, and possess, I may add, a strong focus and sense of discipline.

It is also crucial that the cases study researchers make their identity known up front in very explicit terms. Undoubtedly, the researcher's subjectivity does intervene, but to the extent this intervention is clearly stated, it then becomes objectified into an object that is clearly the researcher's point of view (Hamel, 1993). Therefore, the researcher is a variable in the research design. Consequently, the only way some form of objectivity can be sustained is through critical reflection, through recognition that one's research results may well be shaped by one's position in the power structure and by the ideological context within which one carries out social activities (Sjoberg et al., 1991). If the researcher is aware of his or her viewpoint and paradigm, they may be, in fact, more open to new possibilities and new explanations.

3.3 Organization of the Case Study: Concordia University

As highlighted in the previous section, case studies can be used to explain, describe, evaluate and explore a particular situation. The present case study will employ all for uses of case studies. The case study on Concordia will aim to explain the reasons why early retirement strategies were chosen and explain their effect on the university. The case study will describe Concordia's context and the details of the retirement programs. The case study will aim to compare the outcomes of the university's early retirement incentives programs with the theory found in the literature. Finally, the case study will explore the implications of the findings in the broader contexts of downsizing and managing institutions of higher learning. The case study will be divided into four distinct sections:

1. Universities in the Province of Quebec
2. The Challenges faced by Concordia University
3. The implementation and Outcomes of the Early Retirement Programs
4. Discussion and ideas for Future Research
5. Conclusion

As previously stated, an important section of a case study, in addition to the literature review, is an in-depth description of the situation and context of the case. As such, the first two sections of the case study will focus on the circumstances surrounding Concordia's decision to offer Early Retirement packages. At first glance, these factors would appear to be mainly industry driven as all four of Montreal's universities have offered such packages over the last three years. As such, an attempt to determine the state of universities in Quebec over the last several years will be undertaken. Specifically, this section will study the place of universities in Quebec society, the funding sources for Quebec universities, the severe government funding cutbacks suffered by Quebec universities in the 1990's, and the new role the government is playing in higher education. Government publications such as the *Règles Budgétaires et Calculs des Subventions de Fonctionnement aux Universités du Québec* and the *Calculs Definitifs Des Subventions de Fonctionnement Aux Universités du Québec,* which outline government funding for Quebec Universities will be examined. Other documents produced by the Ministry of Education will also be examined, including planning documents, discussion papers and statistical analyses.

The second section will consist of a detailed portrait of Concordia University. Concordia's history will be developed based on institutional documents and the personal knowledge of the author. Furthermore, the structure, culture and organizational climate of Concordia will also be addressed. The challenges that Concordia has faced or is currently confronting will also be studied. Specifically, Concordia's financial crisis and the institution's search for an identity will be underlined. The second section will end with an in-depth look at Concordia's initial steps for dealing with its financial crisis prior to the early retirement plans and its policies in the years following the retirement incentive programs. This second section will be based on a wide range of data from various sources. As previously highlighted, universities operate in an open environment where sharing information and broad consultation is the norm. As such, there is a great deal of information available for research. Among the primary sources of information used in section two, public documents such as the minutes to the meetings of the Board of Governors, information available on Concordia's web site, budget documents, planning documents, and the personal knowledge and access of the researcher will play an important role.

The third section of the case study will highlight Concordia's decision to offer early retirement incentive packages, will explain the details of the incentive plans, and will analyze the outcomes of the plans. The section will begin by studying the background of the early retirement programs and highlighting the reasons why such a strategy was attractive to the university. Next, each of the eight distinct phases of the early retirement programs will be described in terms of eligibility, retirement dates, benefits and initial acceptances; particular background information on each early retirement instance will also be underlined. Again, internal documents such as the minutes to the Board of Governors meetings and correspondences directly related to the plans will be studied to understand how and why the plans were offered and how the plans were implemented.

The final part of the section three will be an analysis of the outcomes of the early retirement programs. First, the financial outcomes of the early retirement programs will be studied through examining the financial targets and preliminary results, the effect of the early retirement programs on the universities budget cutting activities, and the costs associated with the plans. A productive/unproductive cost framework will be developed to evaluate the efficiency of the early retirement programs as a budget-cutting tool. Second, the non-financial outcomes of the early retirement programs will be studied. The distribution of the acceptances will be examined to determine which areas where most affected by the plans. The effect the plans have had on strategic planning will also be explored. Mintzberg (1987) highlights that strategies are often viewed as plans that are developed purposely and consciously, and are made in advance of action. However, Mintzberg further underlines that strategies often emerge as patterns of actions that develop dynamically and may be quite different from the intended strategy. As such, part of every intended strategy will be unrealized as an emergent strategy will appear due to unforeseen events and circumstances. This emergent strategy will mix with elements of the deliberate strategy and will result in the *realized* strategy. As previously highlighted, early retirement programs are characterized by a certain level of uncertainty. As such, what shifts in strategy have been caused by the programs at Concordia? How many positions were replaced, either permanently or on a part-time basis? What changes to curriculums or Academic programs occurred due to the packages? In total, how have these packages modified the course of Concordia as it prepares to face the new millennium? Analysis of financial data, the review of planning documents, staffing information and other various internal documents will represent the crux of the data sources for the last part of section three.

The final section will be a discussion on the findings of the case study in relation to the initial research questions and propositions, and to the literature on downsizing, early retirement incentive programs and university management. The section will focus particularly on the success of the early retirement packages, the theoretical implications of the findings and ideas for future research.

3.4 Identity and Interpretation of the Researcher

As highlighted previously, the identity of the researcher plays an important role in case study research. As such, a brief note on the author is warranted.

Since 1991, the researcher has worked in Concordia University's Financial Services department in various capacities. Since 1995, the researcher has occupied the position of Senior Budget Analyst for the University and has worked on many projects dealing with the future of Concordia. Although the contributions of the author have been mainly in the area of financial analysis, a curiosity and interest in the non-financial aspects of projects worked on has always existed. As such, the human and strategic aspects of the early retirement packages, which the author has worked on a great deal through his regular duties, was of natural interest.

As a financial analyst by training and a management researcher via the MSc program, it is not surprising that the author strongly believes in a synergy of methodologies and believes in a dual quantitative-qualitative approach to research. The case study method offers the best opportunity to put this combination of methods into practice.

In terms of access and preunderstanding, the author obviously has a unique perspective. As Senior Budget Analyst for Concordia, and an employee of the University for almost 9 years, the author has built up a number of personal and professional relationships as well as a knowledge of potential gatekeepers and informants. His access is obviously different than that of an outside researcher or even that of a fellow employee. There is no doubt that his access to key personnel and documents will impact the case study. An internal understanding of Concordia will also be a factor in the case study. The author's understanding of how the University operates, the people, the culture and where information is located will be very valuable. However, the fact that the author occupies a position at Concordia in administration may also lead to potential problems. Certainly, as an employee and student of the institution under study, the researcher is in an interesting but potentially awkward situation. However, the author believes that the focus on academic integrity, discipline and the search for facts that can be corroborated will lead to an interesting and useful case study.

SECTION B: THE CASE STUDY

4. Factors Leading to Downsizing – The University And Its Environment

4.1 Universities in Quebec...Public Institutions.

One cannot discuss the topic of universities in Quebec, or Canada for that matter, without taking into account the role of the provincial government. All universities in Quebec receive most of their funding from the provincial coffers through the Ministry of Education. Government plays a large role in the entire education system in Quebec society; however, unlike elementary, high school and CEGEP education where the government plays a critical role in terms of detailed policy and curriculum development, the Ministry of Education's influence on the University system is primarily restricted to funding and broad orientation policies. As such, each of Quebec's nine Universities [1] develops its own academic policy and offers the courses of their choice based on the composition of their faculty. Each University is responsible for developing its own admission and registration policies, for granting diplomas and degrees, and for the hiring of their faculty and staff. Therefore, historically, Quebec universities have enjoyed a great deal of autonomy in terms of their organizational structure, the courses and

1.The University of Quebec, which is comprised of 7 university branches and four institutes is considered one university programs they offer, and how they manage their affairs.

While not identical, the administrative structures of the different institutions are similar. A Chancellor presides over the Board of Governors of each university, underneath which exist a number of committees and the general university community. Each university has a President, also known as a Rector or Principal, who oversees the administration of the institution. All the universities are grouped together through an organization called CREPUQ (Conference des recteurs et des principaux des universités du Quebec) to which each university President is a member. In terms of programs, there are generally three cycles of university education. The first cycle consists of undergraduate students and leads to the conferring of a bachelor's degree while the second and third cycles represent graduate students who consist of Masters students (2nd cycle) and Ph.D. students (3rd cycle).

As highlighted in the Quebec Government's *Les Universités: Brochure de Renseignements*, the government education policy regarding universities has historically been limited to three broad goals: 1) The transfer of knowledge through teaching, 2) development through scientific research, and 3) providing services and benefits for society as a whole. In terms of the influence of universities on Quebec society, it is important to note that universities employ over 30,000 people in the province and, in 1996/97, provided education for over 230,000 students. Over 55% of those students were registered fuli-time; 81% were undergraduate students, 15% were Master's students and 4% were studying for their Ph.D. As highlighted in the *Rapport du groupe de travail sur le financement des universites,* the number of jobs in Quebec held by workers with a postsecondary education has increased by 133% over the last 15 years while the number of jobs held by those with an elementary or high school level education has dropped by 27% over the same period. As underlined in the government consultation paper *Universities and the Future*, the emergence of global competition, technological growth and a society based on skills and knowledge ensure that universities in Quebec will play an important role in the province's success in the new millennium.

Finally, it is interesting to note that out of Quebec's nine universities, three are English: Concordia and McGill in Montreal, and Bishop's University in Quebec's Eastern Townships region.

4.2 University Funding

While official government policy states that Quebec universities are highly autonomous and are in control of their own operations, the control the provincial government has over funding is staggering and influences practically all aspects of university activity.

Universities rely on three main sources of funding. The largest portion, around 75%, is derived from provincial government grants. Student tuition and fees represent in the neighborhood of 20% of university funding while another 5% comes from university driven activities such as sales from stores and donations. By far, the most important factor is the provincial operating grant. The grant is comprised of two main elements: a) The historical base, which in 1998/99 represented a total of approximately $1.2 billion for the entire Quebec university network, and b) specific adjustments each year, which in

1998/99 represented a total of around $100 million. Specific adjustments include, among others things, amounts due to fluctuations in student enrolment, amounts to support the indirect costs of conducting research, and money for space rental. The historical base is altered by the fluctuations in student enrolments from the previous grant and by government ordered funding cuts. The grant for each fiscal year is outlined in the document entitled *Regles budgetaires et calculs des subventions de fonctionement aux universites du Quebec.* Once the fiscal year is ended, the provincial government produces a document entitled *Calculs definitifs des subventions de fonctionnement aux universites du Quebec* that details the grants that were actually received by the universities (the amounts in the two documents differ occasionally due to mid-year adjustments). In 1998/99, it is estimated that the Quebec government spent $11,084 per university student. Since the early 1980's, this figure has been consistently higher than the national average, particularly in comparison to Ontario and the Maritime provinces. However, Quebec has fallen behind all other parts of the country for this measure over the last two years. In terms of Gross Interior Product (GIP), it is estimated that university spending represented 1.49% in 1998/99; once again, this figure has been consistently higher than the national average, particularly in comparison to Ontario and, this time, to the Western provinces.

Although the annual provincial operating grant represents the largest portion of university funding, the provincial government's control over tuition fee rates is perhaps just as important. In Canada, universities do not control the amount they charge students to receive an education; rather, the provincial government sets the tuition fees. Historically, tuition fees in Quebec have been significantly lower than in the rest of Canada. From 1989 to 1993, tuition fees in Quebec nearly tripled going from $581 for a full time student (30 credits) to $1,630. However, in spite of the increases during the early 90's, Quebec still has the lowest tuition costs in Canada; in fact, the disparity has grown. In 1993/94, the tuition fees in the rest of Canada were 35% higher than in Quebec; in 1998/99, tuition in the rest of Canada was a bit more than double tuition in Quebec due to the fact that tuition fees in Quebec have remained stable while fees in the other provinces have climbed steadily. Currently, tuition fees in Quebec universities have a ceiling of $55.61 per credit for Canadian students residing in Quebec.

Clearly, Quebec universities are in a precarious situation. As 75% of revenues come from government and 20% come from tuition fees that are set by the government, it can be stated that Quebec universities have precious little control over around 95% of their operating revenues.

4.3 Budget Compressions and the New Direction of Universities in Quebec

In the same way that downsizing became a well-known term in the 1980's, other words also became part of our vernacular during the 80's: government debt. Over the last fifteen years, governments all over North America, at all levels, have tried to balance their budgets and reduce their accumulated deficit. Quebec is no exception.

In order to curb public spending, the Quebec government has targeted the "big ticket" items of Health Care and Education. In the 1990's, the cost cutting initiatives were relentless. In 1992, the provincial government set a one-year wage freeze for all government employees, including university employees. In the Spring of 1993, Quebec's National Assembly passed Bill 102 that legislated a two-year wage freeze for university employees along with a 1% annual wage rollback or a mandatory three-day unpaid leave. On top of these wage policies, the government also cut direct funding to Quebec universities by staggering amounts:

Table 4.3a: Provincial Grant Compressions - Quebec Universities

Academic Year	Cut
1993/94	($21,876,000)
1994/95	($31,462,000)
1995/96	($47,892,000)
1996/97	($97,358,000)
1997/98	($70,690,000)
1998/99	($53,444,000)
Total	**($322,722,000)**

Source: Regles Budgetaires - MEQ

It is important to note that each cut is permanent and can not be recovered in following years. In 1992/93, the provincial Base Grant for universities was $1.41 billion. For 1998/99, the Base grant fell to $1.18 billion. During the same time period, tuition fees remained stable.

The 1999/2000 Provincial Budget, presented in March 1999, has some good news for Universities. First, the period of oppressive budget cuts appeared to be over. Second, the Government made a one-time payment of $170 million to universities who have offered early retirement packages in order to curb spending. This one-time money was to go directly to each university's accumulated deficit. While this is good news, two points must be underlined. First, the money was "one-time" in nature and was not added to the Base Grant; as such, universities did not truly get an increase in funding, just a one-time measure that alleviated, but certainly did not wipe out, their accumulated deficits. Second, the new money was given in two steps. In 1998-99, $115 million was distributed. The other $55 million was distributed to each university only after they each prepared a plan to balance their budget within the next five years. As such, for 1998/99 and 1999/2000, the low funding levels remained and the only tangible benefit to the universities was lower interest payments to service their debt. While the cuts appeared to be over, tuition is slated to remain stable. In March 2000, the 2000/01 provincial budget distributed additional money directly targeted for deficit reduction. It was also announced that 2000/01 would mark the beginning of increased funding for a period of three years based on a new funding formula. However, as reported in the media, the receipt of these new "reinvestment" funds depends on the universities adhering to a "performance contract" and highlights the changing role government is playing in higher education.

4.4.The Changing role of Government in Higher Education in Quebec

Over the last few years, the government's approach to university education has clearly been changing. Despite the funding cuts and the tuition rate freeze, the provincial government has taken a hard line in terms of university administration. In the Winter of 1995, the new Minister of Education publicly criticized universities for wasteful management of public resources. In 1997, the perception was that the Ministry of Finance's view was that universities would be allowed to "sink or swim" and that Quebec had more universities than its student population warranted. In 1998, the Minister of Education released the consultation paper *Universities and the Future: Government Policy Options Regarding Quebec Universities*. While the tone is less harsh than the "sink or swim" perception, the document highlights a number of new directions that would significantly alter the historical relationship between universities and the provincial government. While the document emphasizes the administrative autonomy and academic freedom of universities, the document underlines that universities are viewed by the population as a public service and, given the large portion of public funds they absorb, must be held accountable to the people. While the document also highlights the government's accountability to the public, the tone suggests, in the public's interest, that the government should become more involved in university operations. Two concrete examples of this increased involvement are evaluation procedures and the rationalization of university programs. The document calls for the development of a set of indicators for use in evaluating the performance of Quebec's university system in order to compare Quebec with other university systems around the world. Furthermore, the government is calling for the establishment of a formal evaluation role to be given to a third party independent of the government or CREPUQ to evaluate individual schools. Historically, universities have been responsible to evaluate their own performance and utilize CREPUQ commissions, accreditation corporations and financial audits to validate their activities. The second, and probably most important, example of the government's new involvement in universities is the notion of rationalization of programs. As previously underlined, Quebec universities have historically been free to offer the programs and courses they choose. In 1997, efforts were made to rationalize which programs are offered by each university in an attempt to create a university "system" in Quebec. CREPUQ, through the creation of the Commission Des Universites Sur Les Programmes (CUP), was mandated to review the academic programs offered in Quebec Universities. By highlighting complementary activities among universities, the aim of the government is to ensure that new programs take account of differentiation and meet the following criteria: 1) to not duplicate existing programs and 2) to meet established priorities. With detailed sections on accessibility, the role of professors, the importance of undergraduate study and short programs (certificates) in the *Universities and the Future* document, it would appear that the government will play a central role in determining what those "established priorities" will be. Finally, with new funding being tied to "performance contracts" between the government and individual universities, the increased role of government in university affairs is further confirmed.

In summary, Quebec Universities have been facing a devastating financial crisis over the last several years. Also, the historical relationship between government and universities in terms of policy appears to be changing into a situation where the government will be playing a much greater role in the 21st century.

5. Concordia University - Preparing for the 21st Century

5.1 History

Concordia University is one of Canada's largest urban universities with close to 25,000 students. As highlighted on Concordia's web site, though its academic roots go back over a hundred years, Concordia is a young institution created in 1974 through the merger of Loyola College and Sir George Williams University. While Loyola College, founded in 1896, initially recruited mainly from Montreal's English speaking Catholic community, its student body gradually became much less homogeneous and included a substantial proportion from outside Quebec and from abroad. In 1958, an Evening Division was formed for the benefit of persons unable to attend on a full-time basis. The origins of Sir George Williams University go back to the evening classes first offered by the YMCA in 1873 while the college received its formal charter in 1948. At that time, evening students formed the bulk of enrolment. In 1968, following the Parent Commission Report, the Quebec Government asked Loyola and Sir George Williams to consider some form of union. After a few years of negotiations, Concordia University was born in 1974.

Today, the University is set on two campuses; one in the downtown core of Montreal (Sir George Williams) and the other 7 kilometers away in residential West-End Montreal (Loyola Campus). The University's mission statement emphasizes Concordia's urban identity, it's multicultural environment and its role as social critic. It also stresses tolerance of diversity, superior teaching and the dissemination of knowledge.

5.2 Structure, Climate and Culture

Concordia operates in a very complex environment. There are many stakeholders in a university and a great deal of interaction occurs with different sectors of the environment. Governments, granting agencies, professional and scientific associations, students, alumni, parents, foundations, legislators, community residents, donors, corporations and faculty and staff (Daft, 1992) are all elements that make up the organizational domain. The various internal constituencies, with often varying goals and views, are yet another example of the University's complex environment and the fact that Concordia is an "open system" in terms of Von Bertalanffy's theory (Von Bertalanffy, 1973)

Concordia is one of four large universities in Montreal. While Concordia's core client base, English speaking Montrealers, has shrunk significantly over the last 20 years due to political turmoil and restrictive language laws, Concordia has made efforts to recruit more international, out-of-province and local French-speaking students.

5.2.1 Structure

Concordia employs a functional structure with specific areas in Administration, Finance, Operating Services and, of course, Academia. As highlighted by Cyert (1978), unlike traditional functional structures, decision-making does not flow from the top down but is decentralized. As previously outlined, all Quebec universities are headed by a Principal or Rector, and Concordia is no exception. Concordia's Senior Administration team is headed by the Rector and includes three Vice-Rectors (Provost & Vice-Rector Research, Vice-Rector Institutional Relations & Secretary General, and Vice-Rector Services) and the Chief Financial Officer. The Provost &Vice-Rector Research is the senior academic position in the University to which the Academic Deans report. The Vice Rector Institutional Relations and Secretary General is responsible for many of the University's administrative departments such as Human Resources, Alumni and Communications; this position also oversees formal contacts with the various branches of government, and, through the Secretary General portfolio, oversees all of the University's legal activities. The Vice-Rector Services oversees Students services, all Ancillary services such as the Bookstore and also support activities such as Physical Resources, Mail Services and Computing Services. Finally, the Chief Financial Officer oversees the financial operations of the University including Accounting Services, Student Accounts, Research Accounting, Budget Planning & Control, and Purchasing.

Academic offerings are grouped into four undergraduate faculties: Arts & Science, Commerce & Administration, Engineering & Computer Science and Fine Arts covering a total of 180 distinct subject areas. In addition, the School of Graduate Studies offers as many as 61 programs leading to Master's and Doctoral degrees or graduate diplomas. Each Faculty, as well as the School of Graduate Studies, is headed by a Dean who is appointed for a five-year term. In addition to the Faculties, there also exists the School of Continuing Education that offers non-credit courses.

In addition to the University's academic, administrative and service departments, there exist two important bodies that oversee all of the University's activity: The Board of Governors and Senate. The highest body in the University is the Board of Governors (BoG). The BoG is composed of forty members headed by a Chancellor and consists of the Rector (who also serves as Vice-Chancellor), twenty-three governors from the community-at-large consisting largely of business people, six faculty members, three members of the Alumni Associations, one permanent staff member, four undergraduate students and one graduate student. The BoG has a superintending and reforming power over all decisions affecting activities held at Concordia or connected to the University. Specifically, the BoG has the power and authority (among others things) to: a) appoint Officers of the University and Academic Deans, and establish all procedures concerning the appointments, b) establish the Senate and the Faculties, c) fix and determine all fees and charges to be paid by students, d) to grant honorary degrees, and e) to remove, suspend or discipline officers, staff or students of the University. The University Senate derives its authority from the Board of Governors but establishes its own procedures and is the final authority in all matters pertaining to the academic programs of the University. Senate may also make recommendations to the Board of Governors in all other matters. Notably, Senate establishes academic standards, standards for admission and for the evaluation of student performance. The University senate is comprised of thirty-seven voting members, four non-voting members and five permanent observers. The 37 voting members include the Rector, the Provost & Vice-Rector Research, the five Deans, eighteen faculty members, ten undergraduate students, and two graduate students. The four non-voting members include the other Vice-Rectors, the CFO and an elected Speaker who acts as Chair.

5.2.2 Students and Employees

In the Fall of 1998, Concordia had approximately 24,600 students not including Continuing Education. Over 13,000 were enrolled full-time while the other 11,200 were taking courses on a part-time basis. In terms of program cycles, 21,100 were enrolled in undergraduate programs while the other 3,500 were graduate students.

As a large institution, Concordia also has a large number of employees. In fact, close to 80% of Concordia's budget is spent on personnel, with most departments having well over 90% of their budget devoted to salary and benefits. Concordia has over 2,500 employees made up of over 650 full-time Faculty members and close to 800 part-time faculty, with the remaining employees consisting of support staff, technicians, trades people, administrators and professionals. Concordia is a highly unionized environment with the existence of 13 separate unions and an association for non-unionized staff. Many members of the Concordia community have been with the university for several decades going back to Concordia's parent institutions of Loyola College and Sir George Williams University.

5.2.3 Organizational Climate

In spite of its complex environment, a university usually operates in a relatively stable fashion and its overall operations do not usually change from day to day or even from year to year. However, at Concordia, the 1990's were a time of change. During the decade, there were changes in the Senior Administration, the University's budget was cut by the provincial government by tens of millions and the University engaged in a strategic repositioning while attempting to redefine itself for the coming millennium. Today, priorities for the future are being discussed and Concordia's future identity is being debated. As such, Concordia's current goals are in the process of being developed.

As previously highlighted, universities tend to have an organizational culture that is different from other institutions (decentralized decision making, dominant faculty group, hiearachial in structure but without the typical authority, etc). In many ways, Concordia follows the typical university culture as proposed by Cyert (1978). At the same time, Concordia has many cultural elements that are unique to the institution. Schein (1985) outlines three levels of organizational culture that lead to an understanding of how and why an organization functions the way it does: artifacts, values and basic underlying assumptions. Artifacts refer to an organizations overt physical and social environment. Important cultural artifacts include the two-campus identity of Concordia; this physical separation gives Concordia a unique identity but has also been the cause of conflict over the years. Many students and employees feel a particular attachment for one of the two campuses and the vitality of the Loyola campus has been an issue over the years. However, the Senior Administration has stated that it is committed to the Loyola campus and that it is vital to Concordia. In terms of other artifacts, there are also many organizational events such as the annual Shuffle to raise money for scholarships, homecoming activities and sports teams that also serve to link people and strengthen the culture. In 1997 Concordia embarked on a five-year Capital Campaign with a goal to raise $55 million dollars. This money would be used for student scholarships and to upgrade the facilities of the University. At the public launching in October 1997, it was announced that Concordia had already raised an impressive $34 million towards their goal by soliciting major corporate donors and conducting very successful staff and student fund raising drives. In the fall of 1999, the total raised was reported to be $77 million. Clearly, the campaign's success is encouraging for Concordia. Schein (1985) defines values as a group's beliefs of how issues or problems *ought* to be resolved and how the organization *ought* to function. At Concordia the culture is collegial in nature and is characterized by an open environment and a sense of community. In this collegial culture, all members can participate and decisions are made through broad consensus. Examples of this culture are rife at Concordia. When senior administrative positions such as Deans, Vice-Rectors and Rectors are to be filled, search committees are formed with individuals from all constituencies (Faculty, staff, students, senior administrators and outside members of the community) to select the proper candidate. The Senate and Board of Governors meetings are open to all members of the community who wish to observe. The Rector has held several "Town Hall" type meetings since the beginning of his term. When extraordinary events occur, the Concordia community comes together to discuss causes, implications and issues for the future. When these values are compromised, when unilateral decisions are made or a lack of openness is perceived, there is invariably a backlash. Finally, the basic underlying assumptions are values that have become so embedded in the institutional psyche that they are taken for granted and are, in a sense, nonconfrontable and nondebatable.

While the organizational culture is strong and the sense of community is real, few would argue that morale has been down and stress was up at Concordia during a good portion of the 1990's. The point has been underlined several times in the minutes of the Board of Governors meetings. The government cost cutting measures, arduous union negotiations and the planing for the 21st century has taken its toll on faculty and staff. However, most feel that there have been improvements over the last while and there is optimism as Concordia enters the new millennium.

5.3 The Challenges Facing Concordia: The Search for Identity in a Time of Financial Crisis.

5.3.1 Concordia's Financial Crisis

Concordia University's accumulated deficit stands at close to $20 million and the budgeted deficit for 1999/00 was approximately $2 million. While the recent budget compressions by the provincial government have dealt a very serious blow to the University, they are not the source of Concordia's financial woes. In fact, Concordia's accumulated deficit at the end of 1992/93 was $36 million, the year prior to the first year of serious provincial cuts. Records show that Concordia's deficit was created during the 1980's as the following table illustrates:

Table 5.3.1a: Evolution of Concordia's Accumulated Deficit. 1984 - 1993

As per Annual Audited Statements (in thousands)

Year	Revenues	Expenses	Annual Result	Accumulated Deficit
1983-84	103,663	108,662	(4,999)	(6,165)
1984-85	105,121	115,872	(10,752)	(16,917)
1985-86	111,353	120,919	(9,566)	(26,483)
1986-87	119,266	124,221	(4,955)	(31,437)
1987-88	133,337	136,843	(3,506)	(34,944)
1988-89	140,132	145,790	(5,658)	(40,602)
1989-90	154,179	157,130	(2,951)	(43,553)
1990-91	170,197	169,285	912	(42,642)
1991-92	185,456	179,720	5,736	(36,906)
1992-93	191,240	190,647	593	(36,313)

As can be plainly seen, from 1983/84 to 1992/93, Concordia's revenues rose consistently every year and grew by close to $90 million over that period. Unfortunately, expenses grew at a higher rate and, particularly during the mid-eighties resulted in huge annual losses. These losses during a period of increasing revenues, coupled with the compressions of the 90's, would lead the financial crisis that would push Concordia to downsize.

As previously highlighted, the Government ordered budget compressions of the 1990's had a devastating effect on Quebec universities, Concordia being no exception. Generally, the government cuts have being divided between the various universities based on each school's base grant. As such, Concordia's portion of the government's budget reductions has always hovered around 10% of the total. Specifically, the cuts to Concordia's operating grant have been as follows:

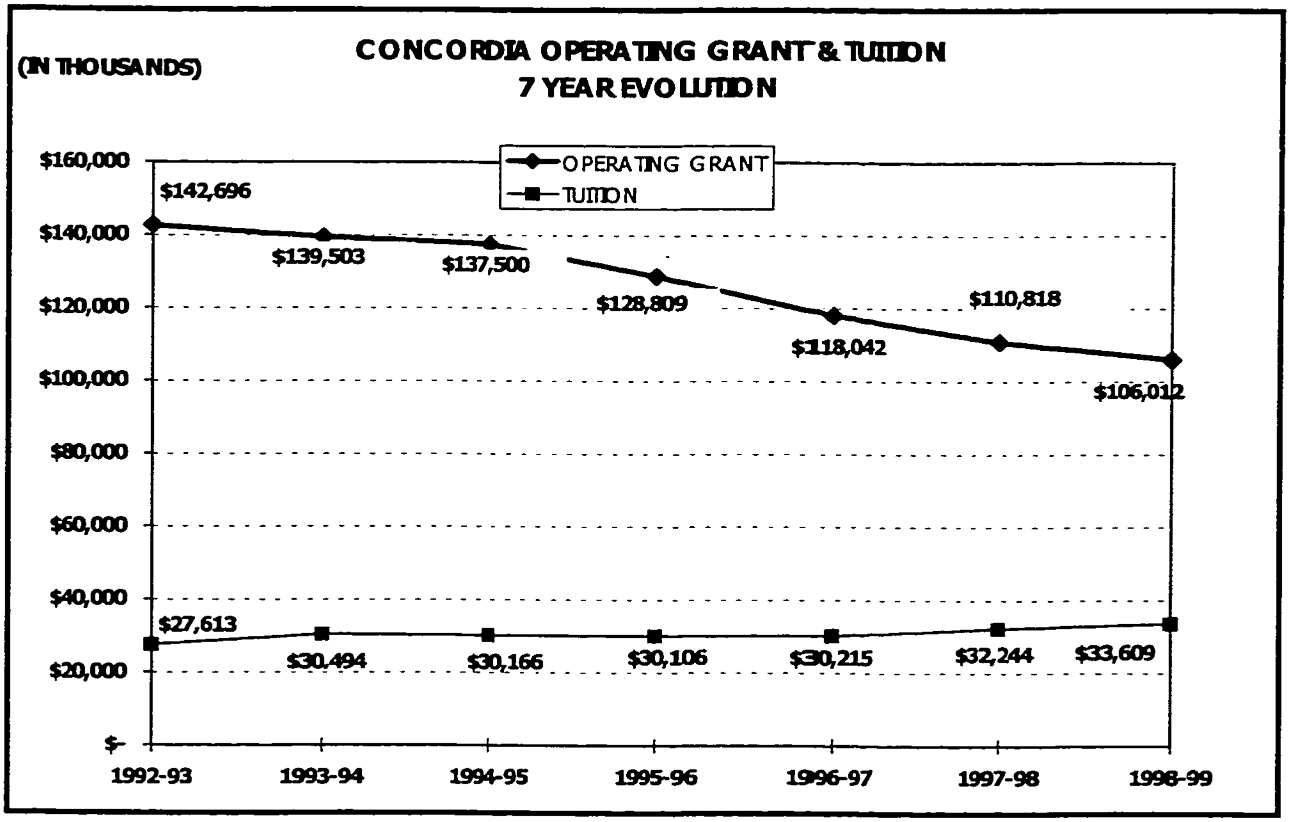
Table 5.3.1b: Government Ordered Reductions of Concordia's Operating Grant - 1993/94 to 1998/99

Academic Year	Cut
1993/94	($2,044,000)
1994/95	($2,894,000)
1995/96	($4,354,000)
1996/97	($8,778,000)
1997/98	($6,351,000)
1998/99	($4,845,000)
Total	**($29,266,000)**

Source: Regles Budgetaire - MEQ

In a six-year period, Concordia's Operating grant was cut by nearly $30 million. In 1992/93, Concordia's total operating grant was $142,696,000; in 1998/99 according to the *Calculs definitifs des subventions de fonctionnement aux universites du Quebec* it was $106,012,000. Basically, Concordia's funding was slashed by over 25% during this period. As previously highlighted, the government has allowed no tuition fee increases during this period. As such, the evolution of Concordia's two main sources of funding can be shown in the following Chart:

Figure 5.3.1 : CONCORDIA OPERATING GRANT & TUITION 7 YEAR EVOLUTION



*1998-99 Grant before one-time bonus; Source: Concordia Financial Services

Before discussing how Concordia has dealt with this financial crisis and what role the early retirement packages have played, another factor that is just as crucial to Concordia's future and that has also been affected by the early retirements must be addressed: Concordia's identity.

5.3.2 Concordia's Identity

1999 marked Concordia University's 25th anniversary. While 25 years may seem quite long for many types of organizations, in university terms, Concordia is still a young institution and, in many ways, is still struggling to find itself. Organizational life cycle theory suggests that organizations are born, grow older and die (Daft, 1992). Greiner (1972) underlines four stages of the life cycle characterized by a concern for 1) survival, 2) growth, 3) internal stability, and 4) reputation. While many universities reside in the fourth stage, Concordia is still influenced by the first three.

As highlighted earlier, universities generally strive for three things: quality, prestige and reputation. An important factor to securing these things is tradition; with only 25 years behind it, Concordia has not had the opportunity to create a great deal of tradition. Although Concordia's parent institutions date back to the nineteenth century, for a great deal of Loyola's and Sir George William's alumni, those institutions ceased to exist when Concordia was created. Furthermore, with its focus on part-time studies, Concordia does not inspire the stereotypical university environment, as many of its students have jobs, wives, husbands and children - in sum, more going on in their lives than just studies. While this lack of tradition certainly makes fundraising difficult, Concordia has taken important steps to rectify the situation, notably through the Capital Campaign.

Concordia does indeed have one tradition that is long standing and has defined it to many in the public and has mapped out Concordia's "turf" in the domain of higher education. However, this element is often seen as a hindrance to a university's traditional pursuit of quality, prestige and reputation. The tradition in question is Concordia's dedication to part-time and accessible university education. In a "Town Hall" type meeting in November 1996, the school's belief in this concept was highlighted. It was underlined that Concordia has always been a university of second chances where you could still get a university education even if your grades were not overly strong in high school or Cegep, if you had dropped out of school for whatever reason, if financial or family constraints had made full-time university studies not possible, or if you realized later in life that a university education would be valuable.

This philosophy, while extremely noble, does not coincide with the traditional view of university vision. Concordia has never been an elitist institution and, as such, success for Concordia cannot be measured the same way as success for Harvard or other more traditional universities closer to home. Given the high number of students at Concordia and the fact that nearly 50% study part-time, there is no doubt that Concordia is fulfilling an important need. However, by going somewhat against traditional university measures of excellence, Concordia is sometimes put in negative situations. An example of this is Concordia's showing in Maclean's Magazine's annual ranking of Canadian Universities.

Maclean's ranking of Canadian Universities, while not perfect, has become an annual tradition in Canada. While admittedly flawed, the ranking certainly has influence in terms of positive or negative publicity, if nothing else. Since Maclean's began its annual ranking of universities, Concordia has consistently finished near or at the bottom of the Comprehensive category. However, in studying the measures used by Maclean's, it is clear that Concordia is disadvantaged by its own mission. Six categories are used to rank the schools: Student Body, Classes (i.e. size and taught by Faculty), Faculty, Finances, Library and Reputation. In terms of student body, Concordia does poorly in Average Entering Grade, Proportion of 75% or Higher, and Proportion who Graduate. Given Concordia's policy of accessibility, these results are to be expected and Concordia's large portion of part-time students hinders their success in the Graduation category. Clearly, Concordia's strategy makes it impossible to do well in these categories; therefore, success in Concordia's eyes means failure in Maclean's survey. In terms of Finances and Library, Concordia scores very low on Operating Budget, Scholarships, Student Services, and all library categories. The Operating and Students Services budget shortfalls are due primarily to the Quebec government's budget compressions and tuition policy; as such, all Quebec universities score low in these categories. Finally, Concordia has a consistently poor showing in the Reputation Survey in which CEO's of corporations and high-school guidance counselors are asked to rate schools in terms of high quality, most innovative, and leaders of tomorrow. Through the capital campaign, Concordia hopes to improve in the Scholarship, Library and Alumni support categories. Improvement to the Finance and Student Body categories will require more drastic measures. Many believe that Concordia should no longer participate in the survey as it is flawed and does not measure success in terms of Concordia's identity.

Despite its poor showing in the Maclean's rankings, it is important to note that Concordia does offer many programs that are nationally recognized for their academic excellence and employs many renowned and distinguished professors. In fact, all four faculties have taken steps and have marketed many of their programs with a focus on academic excellence and innovation. Commerce has developed high profile privatized programs such as the Executive MBA and Aviation MBA and in 1997 received only the fourth accreditation in Canada from the American Assembly of Collegiate Schools of Business (AACSB). Engineering and the several departments in Arts & Science operate many important research centers and both offer high-quality programs focusing on excellence and innovation. Meanwhile, the Faculty of Fine Arts offers many programs that are unique in Canada. Therefore, there exists within Concordia an internal conflict between areas that are focusing on an academic excellence orientation and those areas adhering to Concordia's traditional liberal arts, accessibility orientation. As such, Concordia's identity is still unclear.

In light of internal tensions and external threats, Concordia initiated in 1995 a planning process focusing on both short-term and long-term goals. The two main elements in this planning process have been Academic Planning and Space Planning. In the Fall of 1995, Concordia's Rector and Provost & Vice rector Research, in consultation with the five Deans, published a discussion document entitled *Setting the Course for Our Future*. From this document, five academic planning principles were approved by Senate in November 1995. These five principles are:

1. Maintain and foster teaching and research programs of recognized academic excellence, by the standards applicable to any contemporary university in Canada and North America.

2. Maintain programs in which the revenues generated significantly exceed the costs incurred, provided they are of acceptable academic quality.

3. Maintain, foster and develop programs with evident potential to draw to Concordia more students than we currently do, provided they are of acceptable academic quality.

4. Maintain and foster programs in partnership with other Montreal area universities where such partnerships meet the above criteria.

5. Maintain, foster and develop programs which are central to our sense of who we are as a university and a distinct, two-campus institution.

Since 1995, other documents on Academic and Space planning have been produced. In 2000, these issues are still being debated and discussed. As Concordia's 25th birthday came and went in August of 1999, Concordia was still trying to define itself. It is safe to say, however, that the departure of large numbers of faculty and staff through the early retirement plans will have an important effect on Concordia's future.

While the search for a clear identity is important for Concordia's future, much of the 1990's were focused on an immediate problem: dealing with the funding cuts.

5.4 Towards the Early Retirement Programs: Concordia's Initial Plans for Dealing with the Cuts.

As previously highlighted in the section on methods of downsizing successfully, workforce reductions should not be considered until other cost cutting measures have been studied and applied. As such, it is important and interesting to review some of Concordia's cost cutting initiatives and plans that took place before, and after, the early retirement programs were offered. The previous section underlined that in 1992/93, Concordia had an accumulated deficit of $36 million and that the University received word of the first large funding cut of $2 million for the fiscal year 1993/94. Based on institutional documents such as the minutes to the Board of Governors meetings, Concordia's Thursday Report newspaper, and other documents, the following recap of Concordia's cost cutting efforts can be constructed.

- **1992/93**

In November 1991, Concordia submitted a deficit reduction plan to the Provincial Government. The plan was based on a projected average annual surplus of between $4 and $4.6 million over the next ten years with annual remittance payments of approximately $4.3 million. As such, the plan in 1991 was for Concordia's accumulated deficit to be wiped out by 2001/2002. The plan, however, was based on the assumption that government funding would remain constant over the ten year period. In 1992/93, the first large scale cuts to university funding in Quebec were announced for 1993/94; Concordia would be cut by over $2 million. By May 1993, the effect of the first cut was made evident with the tabling of the 1993/94 Operating Budget at the Board of governor's meeting. The announced cuts would cause a reduction in expenditures of $1.4 million in 1993/94 through the elimination of development projects and a decrease in repayment of the deficit. In fact, it was announced at the meeting that the repayment plan would have to be pushed back by three years to 2005. The Budget Committee of the Board also underlined that the lack of a long-term strategic plan was making planning difficult.

- **1993/94**

In 1993/94, it became clear that Quebec universities were entering a period of great difficulty for public financing as the provincial government made a public commitment to achieve a balanced budget by 1997-1998.

In December 1993, a five-year *financial framework for the period 1994 to 1999* was developed and was widely distributed throughout the university. The goal of the document was to outline a set of common financial goals and encourage departments to contribute to the achievement of these goals. While the document signaled the first real acknowledgement that Concordia had to reduce spending and increase revenues, the document is based on optimistic assumptions, as highlighted by the authors. Most notably, even though the government's deficit reduction policy was now known, no material change in revenues for 1994-95 were foreseen. Furthermore, the document assumes an increase in revenues of $7 million over the next five years. As it happened, revenues over the next five years were cut in the grant by $27 million. Still, the document did propose cost cutting measures such as increasing class size, reducing limited term appointments for faculty, and increasing the number of classes taught by full-time faculty. The document also proposed a series of organizational reviews of non-academic departments to be performed by external consultants aimed at achieving the savings outlined in the framework, which were estimated to be in the range of $5 million annually. In February 1994, a joint meeting of the Board of Governors and Senate was held to exchange views on Strategic planning (CTR, 1994). At the meeting, it was underlined that Concordia did not have a coherent and comprehensive multi-year development plan and it was noted that Concordia suffered from a serious case of "committeism" where too many committees were created to make decisions. In terms of financial performance, hopes seemed to rest in increasing enrolment while reducing the number of classes and in the results of the organizational reviews.

The organization reviews took place between February and May 1994. A large consulting firm was hired to do the reviews. The reviews were to be separated into phases, with Phase 1 looking at the following areas: Physical Resources, Treasury, Supply and Services, Human Resources, and Computing Services. The reviews were performed with extensive participation from the units involved through interviews and focus groups, benchmarking techniques comparing Concordia against other universities and an examination of literature. The final report in July 1994, estimated that Concordia could save $5 million annually. The report recommended the elimination of no less than 89 full time positions in the 5 departments studied.

During the winter and spring months of 1994, the organizational reviews had been touted as a vehicle for real cost reductions and fundamental change. However, in the context of 1994/95, the report caused more stress among staff and lowered morale even further. In the spring of 1994, three of Concordia's four Senior Administrators departed, the financial crisis was becoming more real and there was a sense of uncertainty at the University. The threat of layoffs added to the heavy atmosphere that existed at the university during that time. The organizational reviews caused such uncertainty that the Senior Administration sent out a memo to all Concordia employees stating emphatically that no one at Concordia would lose their job because of the reviews. In the end, the report cost Concordia in the area of $0.5 million. Still, although the mass layoffs and outsourcing were never implemented, the main finding of the report may not have been forgotten: Concordia's administrative units were possibly overstaffed.

- **1994/95**

By 1994/95, reality in terms of the government funding cuts were sinking in and it was acknowledged that Concordia was facing a financial crisis. For the first time, departments had their budgets cut in order to deal with the government compressions. As such, the budgets of the four faculties were reduced by a combined $1 million, other academic departments were cut by $0.150 million, Audio Visual/Computing Services were cut by $0.1 million, Administrative departments were cut by $0.248 million and Operational budgets (for service areas such as physical resources, security, etc) were cut by $0.246 million

By January 1995, the Senior Administration were stating that the Financial Framework 1994-1999 document was already out of date (CTR, 1995). At the January 1995 Board of Governors meeting, it was underlined that Concordia would have to save in the neighborhood of $5 or $6 million to stay on the deficit repayment schedule. At the same meeting, the need to keep the community involved in finding ways to reduced cost was emphasized; as such, a program was created to reward employees for identifying any cost cutting measure that would be implemented. Furthermore, the need to develop a recruitment strategy through cost/benefit analyses in academic programs to increase revenues was discussed, as were ways of attracting more francophone students. Also in 1995, Concordia implemented a hiring freeze for all vacant non-academic positions. A request to fill vacant positions would be routed through a special committee and would only be approved if it were deemed imperative.

Given that the university was expecting a $5 million cut in funding in the following year, 1994/95 marked the first time the issue of downsizing was strongly considered at Concordia. In March 1995, the Office of the Rector prepared a document entitled *Dealing with the Cuts: Budget Measures for 1995-96* that was widely distributed throughout the university. Through the document and in speeches by senior administrators around that time, a vision of a smaller and leaner university was emerging. At the February 1995 Board meeting, the fact that Concordia "would be a far different place in the year 2000" and that the university was going to be a "smaller university in all ways" was underlined. The *Dealing with the Cuts* document notes that the university needs to begin to recognize those operations that should no longer consume resources.

The document also outlines methods for cutting $10 million from Concordia's budget in 1995/96. The suggested measures included the reduction of part-time faculty expenditures by having full-time faculty teach more courses, increasing class size, reducing stipends, reducing overtime and employees paid on timesheets, and retaining the Federal and Provincial tax rebates that universities are eligible for and that usually go back to individual departments. In the *Dealing with the Cuts* document, an early retirement incentive plan for non-academic employees is mentioned for the first time. Although the document states that up to 13 positions could be abolished over the coming years as a result of the organizational reviews, it was indicated by the Senior Administration that no one would lose their job but would be reassigned to a vacant position in another department. Regarding the organizational reviews, it was announced that Phase 2 would begin in the new fiscal year and would look at close to 20 other administrative units. However, unlike Phase 1, the exercise was conducted by a consultant who specialized in CQI (Continuous Quality Improvements) (CTR, 1995). As such, the organizational reviews were transformed into a CQI initiative. At the time, it was estimated that Phase 2 would cost between $25,000 and $50,000 as opposed to the $500,000 cost of Phase 1.

In the Spring of 1995, the issue of pay cuts was raised both at the Board of Governors meeting and at Senate; the response was that there would be no pay cuts for anyone at Concordia as the measure was viewed as too demoralizing.

- **1995/96**

Concordia's 1995-96 Provisional Operating Budget, as published in the May 18, 1995 issue of Concordia's Thursday Report, outlines $10 million of cuts for the 1995-96 fiscal years with many of the reduction measures coming straight from the Dealing with the Cuts document. In terms of cuts by sector, the four faculties were cut by $5.2 million, the Academic Sector outside of the faculties was cut by $.5 million while the Administration and Support services area was cut by $4.3 million with $1 million of that amount coming from the Early Retirement program. The document once again states that Concordia does not have a clearly articulated long-term development plan or a strategic academic plan.

In 1995/96, a new and important development took place that would reduce the university's expenses and play an important role in the offering of the early retirement plans (which will be discussed exclusively in the next section). In April of 1995, a problem arose due to the fact that Concordia's Pension Plan was over $300 million. In light of Revenue Canada regulations, it was deemed that Concordia's Pension Fund was exceeding permissible levels and that the University was at risk of violating federal regulations. As such, in 1995/96, Concordia suspended its employer contributions to the Concordia Pension plan. As a result, Concordia was able to save approximately $3 million annually from 1995-96 to the present, as the suspension of contributions is still ongoing.

A number of new initiatives were developed to help deal with the financial crisis. In early 1996, a CREPUQ committee recommended that universities lobby the provincial government for an exemption from Law 95 that eliminated the mandatory retirement age. The Senior Administration underlined that Concordia had a large number of faculty members who were over 65, that these professors were often the most highly paid and that they were also cutting off opportunities for younger faculty members; it was also highlighted that these professors who were over 65 were "double-dipping" (i.e. receiving both their salary and their pension at the same time). As such Concordia appeared before a parliamentary committee in the spring of 1996 to request that professors must retire at 65. During the visit to Quebec City, the issue of downsizing was again raised as Concordia was presented as a university that will be "smaller but stronger" in the future (CTR, Jan. 1996). Also in early 1996, Concordia joined the other Quebec universities in requesting higher tuition fees. Given the harder line the provincial government was taking with universities regarding their management, both the request for mandatory retirement age and the request for higher tuition fees were viewed by universities as means for managing their affairs in light of the oppressive budget cuts. Both requests were not answered right away but there was optimism on the part of the Senior Administration that they would be viewed favorably by the government.

Internally, other measures were taken. Apart from the early retirement program offered to faculty (which will be studied in detail in the next section), a reorganization of the Senior Administration was announced that would save $1.1 million. The savings would come from the consolidation of certain activities and the elimination of the Associate Vice Rectors who consisted of both full-time positions and stipend payments.

Also in 1995/96, the discussion document *Setting the Course for Our Future* was released by the Senior Administration. As previously outlined in the section on Concordia's identity, this document, released in October 1995, contained the five academic planning principles that would be approved by Senate. The document highlights that important choices must be made at Concordia in a very short time frame. It is stated that the method of spreading future cuts could no longer be horizontal/across-the-board in nature, as had been the case in 1994/95 and 1995/96: Choices resulting in selective downsizing would have to be made. The document stressed that the downsizing should not simply result in deep cuts but should be aimed at renewal and transformation. In accordance with the five principles, Concordia would have to identify programs that should be a) enhanced and further developed, b) maintained in their current state, c) added, d) consolidated or reorganized, and e) phased out. The document also reasserts Concordia's identity as an accessible institution, as a non-elitist university and as a two-campus institution. The document strongly argues the need for Concordia to make difficult choices in order to redefine and renew itself. The document also warns that if selective cost cutting/downsizing can not be achieved through consultation and the establishment of priorities, then many negative consequences that would undermine the University could be faced such as a total hiring freeze, the elimination of part-time faculty, teaching assistants and markers, a moratorium on new facilities, a reduction of Library resources, increased class sizes and, finally, salary roll backs. By December 1995, the Senior

Administration was holding discussion sessions to talk about downsizing. It was indicated at these sessions that programs to be downsized or phased out would be known by the end of May 1996 (CTR, 1996).

Finally, it is interesting to note some of the comments relating to budget cutting and downsizing that appear in the minutes to the Board of Governors meetings in 1995/96. The comments seem to indicate a preference of certain board members to make more focused cuts based on strategy and goals rather than vague cuts of convenience. In June 1995, concern was expressed that it could be imprudent to rely on the savings generated by the temporary suspension of University contributions to the Pension Plan which appeared to constitute a major factor in the Senior Administration's cost cutting plans. In October 1995, on the heals of the *Setting the Course for Our Future* document, there was a warning of the dangers of over-aggressive downsizing and the suggestion that attention be focused on increasing revenues. At the January 1996 meeting, it was underlined that the consultative way Concordia was trying to implement cuts and downsizing could prove unworkable as people were basically being asked to participate in decisions potentially detrimental to themselves; it was underlined that, while Concordia's inclusive decision-making policy was commendable, it could become progressively more difficult to resolve financial problems in this way.

- **1996/97**

By June 1996, the early retirement programs for both faculty and staff were in full operation. Still, a number of new cost cutting/downsizing initiatives were developed and a number of important events took place. As many of these initiatives were involved or influenced by the early retirement packages, certain aspects may be dealt with in the following section.

When the budget was approved by the Board in November 1996, the 1996/97 budget cuts stood at $10.4 million with $6.8 million being cut from the faculties, $1 million being cut from other academic, and $2.6 million being cut from administration/support.

In the early months of the fiscal year, the university continued to lobby the government to increase tuition fees, which students opposed. However, it was reported at the November 1996 Board of Governors meeting that the Minister of Education had announced that there would be no tuition increases for Quebec students. Given that all the universities had lobbied the government, the permission to increase tuition fees slightly had been expected and the total refusal came as a surprise and a disappointment. In February 1997, Concordia asked the provincial government to alter the funding formula for universities so that individual universities are funded based on their distinctive role and are rewarded for how well they fulfill the goals they set for themselves (CTR, 1997). Finally, in terms of government related developments, the Boards of Quebec universities sent a letter to the Premier of Quebec urging that the provincial labour code be changed to allow universities to abolish job security of teaching and personnel employed in fields from which they are withdrawing. The letter, which put in to question the notion of tenure of faculty members and job security for unionized staff, caused a great deal of controversy at the university. The Rector publicly stated that all collective agreements at Concordia would be respected.

Another new cost cutting/potential downsizing effort announced in 1996/97 was the co-operative agreement between Concordia and McGill University. The agreement was aimed at combining efforts in internal auditing, financial accounting systems, purchasing, libraries and certain academic programs. As reported in the January 30, 1997 edition of the Thursday Report, it was stated that while reductions in staff were not foreseen right away, they could occur by attrition as the co-operative program proceeds. An eight-member working group, comprised of individuals from both institutions, was formed to seek out areas for collaboration.

In September 1996, a follow-up document to 1995's *Setting a Course for Our Future* entitled *Following a Course Forward* was released. The discussion paper aimed to introduce proposals for academic initiatives and priorities of both the individual Faculties and the University as a whole. The document builds on the academic plans produced by the individual faculties and focuses on two questions: 1) What programs, particularly at the undergraduate level, should Concordia offer, and 2) how many professors are needed in each faculty. The document suggests shrinking the whole of the University while maintaining student enrolment levels, albeit deployed in a different way. The paper calls for undergraduate studies to become less specialized and geared towards future employment, while underlining the importance of maintaining graduate studies and research. In light of the individual faculty planning documents and the new recommendations contained in the paper, *Following a Course Forward* proffers new full-time professor quotas for each faculty. Reaction to the paper was mixed. Based on Senate notes, some felt the specificity of the document had not been mandated and that the document overly emphasized graduate studies and research to the detriment of undergraduate studies. Others seemed to acknowledge the need for such issues to finally be discussed given the financial crisis (some believed the paper did not go far enough), and viewed the document as a call for renewed planning at the faculty level.

The next document prepared by the Provost & Vice Rector Research, entitled *Our Immediate Future* was presented in the winter of 1996/1997. While *Following a Course Forward* consisted of broad initiatives involving future directions and faculty compliments, *Our Immediate Future* was even more specific. The document reviews programs offered at Concordia and states whether they should be maintained, dropped or potentially dropped in the short to mid-term. Over 60 undergraduate programs are listed as being at risk, half being recommended for immediate downsizing, the other half highlighted as potential downsizing candidates. The paper also listed 20 graduate programs as possible downsizing targets. The document recommended significant changes for Concordia's largest faculty, Arts & Science. The paper recommends that the faculty, consisting of 26 departments and 5 colleges, be reduced in the long term to 20 units and that two colleges be closed.

Reaction to the document was strong. Many felt that the link between closing these programs and improving the university's finances was not clear and there was confusion as to whether *Our Immediate Future* was an academic planning document or a financial document. Compounding the negativity surrounding the document was the fact that, the day after the document was discussed at the University Senate meeting, a front-page article appeared in the city's daily newspaper with the headline detailing the proposed changes. Concordia's Thursday Report (Feb 13, 1997) reported that the Office of the Registrar received an increase in queries from students as to the status of their programs and that protest campaigns were being mounted by students, faculty and staff of some of the targeted areas. Others viewed the document as courageous and supported its blunt nature. The Senior Administration emphasized the changing relationship between universities and government, as highlighted earlier, and took the viewpoint that if Concordia did not do this type of exercise, then government bodies would step in and do it for the University in regards to the "rationalization of programs". In the end, the fact that the document was a discussion paper was emphasized and a new round of academic planning began with each of the four faculties preparing their own academic planning document to be consolidated into one plan with the Senior Administration and Senate committees. The final document was presented in October 1997. Since the early retirement packages had a strong impact on planning, the other issues surrounding the academic planning process will be discussed in the section on FALRIP.

- **1997/98**

In 1997/98, the government funding cuts continued as did the cuts to Concordia's operating budget. In all, another $7.52 million was cut from the university's budget with $4.475 million coming from the four faculties with the other $2.78 million coming from outside the faculties. All of the faculties' cuts were based on the early retirement packages and will be discussed in an upcoming section.

Also in 1997/98, Concordia for the first time abolished staff positions that were currently filled. Initially, the positions of 11 employees were abolished with other positions to be cut later in the year (CTR, 1997). Employees whose positions were abolished could either accept a settlement package or take another position in the university. As Concordia employees enjoy job security, the savings from the initiative, if any existed, were small.

Also in 1997/98, a plan was approved for the Faculty of Commerce and Administration to privatize its undergraduate programs for international students. As such, instead of charging the regular $55 dollars per credit, international students would be charged $290 a credit. The flip side was that Concordia would lose all government funding for these students. Still, the plan proved to be a revenue generator.

While Concordia ended the year with a modest surplus of approximately $300,000 , it was noted that more cuts were to come. At the November 1997 Board meeting, it was noted that the McGill/Concordia cooperation had yielded little concrete savings and that salary cuts and fee increases were envisioned for the future.

- **1998/99 and 1999/00**

1998/99 marked a change in strategy for the University in relation to the government cuts. Faced with another government cut of close to $5 million, it was decided that Concordia could cut very little more and a year-end deficit of $4 million was budgeted. Still, measures to cut costs and raise revenues were implemented. In terms of cuts, a 0.5% across the board cut was levied on the faculties while the non-academic sector was hit with a 1% reduction. The total budget cuts for 1998/99 were $0.872 million. In terms of increasing revenues, a new per credit administrative fee was created for students. There were also increased "studies-in-progress" fees for graduate thesis writing students for which the university no longer receives government funding. Also, the tuition for Commerce & Administration's privatized Executive MBA program was increased.

In 1999/2000, an initial deficit of close to $3 million was budgeted. Following the example of the Faculty of Commerce, the Faculty of Arts & Science privatized all of its international undergraduate students in 1999/2000.

For all the initiatives undertaken between 1992/93 and 1999/00 relating to non-personnel spending or to modest personnel cuts, it is undeniable that for Concordia to achieve significant savings, a major initiative would need to be planned to significantly reduce salary costs at the University. The method chosen was early retirement incentives.

6. Concordia University's Early Retirement Programs

6.1 Background

Concordia is a very labor-intensive organization. As previously highlighted, close to 80% of Concordia's Operating Budget is devoted to personnel costs. If you take away such items as rental charges, interest charges and cost of sales from stores, and look at budgets strictly at a departmental level, most departments have well over 90% of their budgets targeted towards personnel. Therefore, despite some of the cost cutting measures that were highlighted in the previous section, in order for Concordia to deal with its financial crisis, personnel costs would need to be cut. The organizational reviews, the lobbying of the government to reinstate the mandatory retirement age and the abolishment of job security, and the abolishment of a selected number of positions are all clear signals that action needed to be taken to control salary costs. The difficult question was how to achieve this control and deal with the cuts.

At Concordia, however, several factors made early retirement packages one of the few options available to downsize personnel. First of all, as was highlighted many times in the review of Concordia's cost cutting measures over the years, Concordia lacked a long-term strategic plan prior to the early retirement programs. If no strategic plan actually exists, it is obviously very difficult to make strategically focused cuts. The reasons why strategic planning is difficult in a university environment will be explored in greater detail in a later section. Second, Concordia's policies and collective agreements make lay-offs a practical impossibility. Like most North American universities, Concordia offers tenure to its full-time professors. Tenured faculty (and librarians) can only be terminated under the terms of collective agreement. As such, tenured professors and librarians can only be terminated through retirement, resignation or dismissal. According to article 29.06 of the Concordia University Faculty Association (CUFA) collective agreement, only serious professional misconduct, demonstrable incompetence or repeated negligence of duties shall constitute grounds for dismissal. Obviously, dismissal due to budgetary cutbacks would not be possible under the CUFA collective agreement. Perhaps because tenure is so ingrained in the University's culture, job security is also very strong for full-time non-academic personnel at Concordia. Concordia's policy "B" manual, which contains a variety of human resources policies covering, for the most part, non-unionized employees, states that all non-teaching personnel with 24 months or more of full-time active service will have employment security and cannot be dismissed without cause. The policy also states that if positions are eliminated, displaced personnel will be assigned to another job or, by mutual agreement, will receive a severance payment. Most every collective agreement pertaining to non-academic personnel contains such a clause. The collective agreement for Concordia's Support Staff Union states that employees benefiting from employment security cannot be laid off, or dismissed without just cause and therefore will remain in the employ of the University. Given the job security policies, it is easy to understand why the abolishment of certain positions netted next to no savings. Affected employees were transferred to other departments and received pay while waiting for a new assignment. Even if Concordia opted to lay-off personnel and not offer employment in other positions, all severance payments would be made against the operating budget at an astronomical cost to the University, in light of the collective agreements. A third reason why the early retirement option was appealing to Concordia was the fact that the University's pension plan was in a strong surplus position.

At the March 1993 meeting of the Board of Governors, the chairman of the Pension Committee reported that the total value of the pension fund as at December 1992 was $242 million. By the September 1993 Board meeting, the fund stood at approximately $270 million and it was announced that, within five years, the fund was expected to reach $500 million. As previously highlighted, the fund was growing so large that by April 1995, the University was at risk of violating federal regulations as the surplus was exceeding permissible levels and Concordia suspended all employer contributions to the fund; a situation that still exists to this day. The reason why the fund surplus is important is that, as will be shown in the next section, most of the costs and benefits associated with the early retirement plans are absorbed by the pension fund. Given the job security clauses, had the University decided to lay-off the hundreds of employees who opted for the early retirement packages, the severance packages for each employee (typically at least one or two years salary) would have been charged to the Operating Budget and, as such, would have been a financial impossibility.

6.2 Highlights of the Early Retirement Packages

Given the restrictive job security clauses, the overfunded pension plan, and the will to downsize, the early retirement packages at Concordia were born. To date, there have been eight separate early retirement packages offered: ERIP I, ERIP II, ERIP II – phase 2, and ERIP II - phase 3 for non-academic staff, and FALRIP I, FALRIP II, FALRIP II – phase 2, and FALRIP II – phase 3 for full-time faculty and Librarians. This section will present the highlights for each particular package.

6.2.1 ERIP I (1995)

The first public mention of an early retirement package for non-academic staff appeared in the previously highlighted document *Dealing with the Cuts: Budget Measures for 1995-96* prepared by the Office of the Rector. As a means of reducing expenses by $10 million for 1995-96, the document indicates that the University will offer a voluntary, time-limited, targeted early retirement option to administrative and support staff. The document goes on to state that there were approximately 100 staff between the ages of 55 and 64 and that half might accept an appropriate package leading to the closure of up to forty positions. The savings were estimated at $1.3 million for 1995-96. At the June 1995 Board of Governors meeting, ERIP I was approved; once again, it was clearly indicated that the early retirement plan was for cost cutting purposes as the motion at the BoG clearly states that ERIP will be implemented to "address the University's severe budgetary constraints". The details of ERIP I, as described in the May 10 1995 Resolution of the Concordia University Employees Benefits Committee and supporting documents, are as follows:

- **Eligibility:**

Eligible employees for ERIP I were full-time administrative & support staff who were 52 years old on or before December 21, 1995 and had not attained the age of 65 on June 1, 1995. ERIP was set up with two categories of employees: Those 52 to 55 years of age, and those between 55 and 64 years of age. Applications to retire under ERIP needed to be submitted to Human Resources no later than July 28, 1995 for the 55-64 group and November 15, 1995 for the under 55 group. In October 1996, the ERIP program was extended to include eleven employees over the age of 65 who were overlooked during the development of the program.

- **Retirement Dates**

For the over 55 group, the retirement date was October 1, 1995. For the 52 to 54 year olds, retirement would take place in the first month following their 55th birthday. Other retirement dates could (and were) authorized by the University.

- **Benefits**

Each retiree received a lump sum equal to his/her annual earnings as of the first month preceding retirement, divided by 52, and multiplied by number of years of continuous full-time employment (maximum of 20 years). The retirees were free to transfer part or all of the lump sum into an RRSP. In terms of pension benefits, each retiree received, in addition to the benefits normally provided under the plan, an annual pension of 20% of their final average earnings from retirement date until the month before their 65th birthday, and extra lifetime pension benefits following their 65th birthday.

Furthermore, all eligible employees were given the opportunity to attend information sessions and received financial advice from financial consultants at no cost.

For the 55 to 64 year old group, 79 out of 147 eligible employees accepted the packages. At the September 1995 Board meeting, it was estimated that 55 positions would be eliminated and that the University would save approximately $3 million annually in salaries. For the under-55 group, 46 out of 78 eligible employees accepted the packages with 4 leaving in 1995/96, 13 in 1996/97, 14 in 1997/98, and 15 in 1998/99. Three of the eleven 65 and older group who were added in October 1996 opted to take the ERIP.

6.2.2 FALRIP I (1996)

As previously highlighted, the University's Senior Administration requested permission from the provincial government to implement mandatory retirement in early 1996. As this request was not granted, offering an enhanced early retirement package was considered.

At the February 1996 Board of Governors meeting, the proposed Faculty and Librarians Early Retirement Incentive Program was discussed for the first time. It was underlined that there were approximately 350 faculty members aged fifty-two and up and that a large number of them were actually over the age of 65. It was noted that working professors over the age of 65 collect both pension and salaries, even when pensions double as pensioners reach the age of 71 years. Hope that the FALRIP plan would be presented to the Board in March was expressed, as was the fact that the dollars involved would be significant.

Unlike non-academic staff, faculty and librarians already had an early retirement option in their collective agreement with the University. Clause 42.05 of the CUFA collective agreement states that a member, who is fifty-five years of age and has ten years of service, can retire early. At retirement, the CUFA member would be paid their regular pension and, if they have 15 years of service, receive a lump sum payment based on their age. A faculty member of 55 years of age would receive a lump sum of 200% of his or her salary; this percentage would be 20% less for each additional year. As such a faculty member who retires early at 60 would receive a lump sum equal to 100% of his or her salary while a member who retires early at 64 would receive a lump sum equal to 20% of his or her salary. Given the generosity of the package available through the collective agreement, it was underlined during the February Board meeting that the new FALRIP package would need to be very attractive.

On March 5 1996, a letter of intention was signed between Concordia University and the Concordia University Faculty Association concerning the FALRIP program. The opening paragraphs of the letter highlight the financial crisis of the University. Specifically, the predicted $12 million budget reduction for 1996/97 to be followed by a $10 million reduction in 1997/98 is highlighted and the letter states that the parties agree that planning in the context of this financial crisis can best be addressed with the FALRIP program. In addition to financial survival, the letter also highlights that FALRIP will make possible faculty renewal and rejuvenation in designated, priority areas. Ten days later, a letter from the Rector and the president of the CUFA union was sent out to all eligible CUFA members urging them to give favorable consideration to the retirement incentive plan. This letter also explained the critical financial context and noted the opportunity for faculty renewal. Furthermore, the letter invited those who would accept the packages to remain part of the University community, albeit in a different capacity.

FALRIP I was approved at the March 1996 meeting of the Board of Governors. It was highlighted that the plan was similar to the ERIP offered for staff, with a few more incentives due to the existing early retirement plan in the collective agreement. It was announced that the University, as had been the case with the ERIP, would offer briefing sessions to small groups of eligible faculty members, and provide actuarial advising to individuals considering the offer. A document entitled *Explanatory notes regarding the Faculty and Librarian Retirement Incentive Plan* was distributed at the Board meeting. The document once again highlights the major budgetary reductions facing Concordia and the need to reduce operating costs as the primary reasons for offering FALRIP. The document also highlights that the average age of faculty members at Concordia is among the highest in Quebec, that the average salary of group eligible for the package is about $85,000 , and that Concordia could also benefit from a rejuvenation of the faculty. It was suggested throughout that the "rejuvenation" process would be accomplished by hiring new faculty members at lower salaries, which would yield net savings. Prior to the actual offering of the packages, however, there was no indication where this rejuvenation would take place and which areas were considered to be priorities. During the discussion, faculty members of the board stated that, despite its attractions, the plan was being presented in a negative way which appeared to shift the burden of Concordia's financial difficulties onto older professors. Furthermore, as the window to opt for the package was very short, it was suggested that many faculty felt they were being pushed to make rapid decisions about ending their employment after investing many years here, and in some cases, entire careers. Finally, during the same meeting, the chairperson of the Board Benefits Committee emphasized that the University did not intend to repeat the offer of such a retirement plan. The details of FALRIP I, as described in the March 1996 excerpt from the Minutes of a meeting of the Employee Benefits Committee, are as follows:

- **Eligibility:**

FALRIP I is a voluntary program open to all probationary and tenured faculty, librarians, and those holding extended term appointments who are members of CUFA and who would be 58 or over on December 31, 1996. All applications to retire under FALRIP would need to be received by May 10, 1996.

- **Retirement Dates:**

For eligible members aged 58 to 64, the possible retirement dates were June 1 1996, January 1 1997 or June 1 1997. For member aged 65 to 71, the possible retirement dates were June 1 1996 or January 1 1997. For members over 71, to receive benefits under FALRIP, they would have to retire on June 1 1996.

- **Benefits:**

For members 58 to 64, benefits include special extra pension benefits until the age of 65 and additional lifetime pension benefits after 65, as well as a lump sum payment equal to 1/52 of salary for each complete year of continuous full-time service, to a maximum of 20 years. In the case where the lump sum under FALRIP would be less than the lump sum available through the retirement plan in the collective agreement, the University would pay the employee the difference. Furthermore, those in the 58 to 64 group who decide to retire on June 1 1996 would receive and additional lump sum of $5,000 if they had less than 10 years of service, $7,500 if they had more than 10 but less that 15 years of service, and $10,000 if they had more than 15 years of service.

For eligible members between 65 and 71, benefits include the lump sum of 1/52 of salary rate for each year of service, but to a maximum of 25, and additional lifetime pension benefits. Finally, the benefit for members 71 and older would be a lump sum payment of $40,000 if they would retire on June 1, 1996.

In the letter of intent between Concordia and CUFA, it was emphasized that retirees under FALRIP would not be eligible for reappointment into regular faculty or librarian positions, but that part-time contracts could still be a possibility. Furthermore, the letter from the Rector and the President of CUFA states that those who retire under FALRIP will continue to be eligible to participate in health, dental and vision care, and life insurance plans with the University. Retirees under FALRIP would also continue to have library privileges, computer accounts and University affiliation for external research grant application purposes.

Despite the suggestion that the program was being viewed negatively, the plan was very successful and 118 of the 229 eligible CUFA members accepted the package. 65 chose to leave in June/July 1996, 20 chose to leave in January 1997, while 33 opted for the June/July 1997 retirement. At the May 1996 Board meeting, it was stated that the retirements from FALRIP would generate a projected $11 million saving.

6.2.3 ERIP II and FALRIP II (1997)

Although the indication in 1996 was that the University would not repeat its early retirement offer, Concordia did in April 1997. At the April 1997 Board meeting, it was stated that, given the estimated provincial funding cut of $8 million for 1997/98 and the expected cut of $12 million for 1998/99, the Senior Administration believed it was necessary to expand the retirement incentives. As such, resolutions to offer a new ERIP for staff aged 52 and over and a new FALRIP for faculty and librarians aged 56 and over were approved.

When the new retirement plans were introduced to the Board of Governors in April 1997, some board members raised serious reservations about the effectiveness of using retirement plans to cut operating costs, and about the wisdom of using pension fund assets to finance the program. Unlike the first ERIP and FALRIP plans, it was acknowledged up front that replacement for retirees would be needed. The estimated replacement rate for ERIP II departures was 15% to 20%, while it was estimated that a replacement rate greater than 20% of FALRIP II positions would be required to maintain good quality in the academic sector. Given the inability to predict how many employees would accept the package and, as a result, the impossibility of estimating replacement cost, it was highlighted that foreseeable and substantial savings could not be safely predicted. Once again, the lack of specific goals and of a clear strategic plan was highlighted. It was underlined that the second retirement plans were not desirable but were one of the few options available given that lack of control over tuition fees and the collective agreements at Concordia. It was underlined that the alternative to the new retirement plans would be worse. In fact, at the April 1997 Senate meeting, a worst-case scenario for Concordia's future was presented that included salary roll-backs, closing all vacant positions, reducing work hours, consolidating services and larger classrooms.

Once again, the pension fund surplus was a major factor in the decision to offer the incentives. Still, as the retirement packages were taking a toll on the pension fund surplus, a $12 million implementation cost cap was set for ERIP II and FALRIP II. As it is not possible to ascertain how many would accept the packages, it was decided to offer ERIP II and FALRIP II in phases. Phase one of ERIP II would target those 54 and over while phase one FALRIP II would target faculty 58 and over. If after the first phases, the $12 million cost cap to the Pension Fund was far from being reached, ERIP II Phase 2 (53 year olds) and FALRIP II Phase 2 (57 year olds) would be offered. ERIP II Phase 2 and FALRIP II Phase 2 were offered to the eligible employees in October 1997. In June 1999, ERIP II phase 3 for 52 year olds and FALRIP II phase 3 for 56 year olds were approved by the Board of governors. Special approval was required for phase 3 as acceptances were higher than expected and the $12 million cap on the cost to the pension fund was exceeded. In the interest of fairness to the employees who had applied for retirement, an extra cost of $1.4 million to the Pension Fund was approved.

For simplicity, the various phases of ERIP II and FALRIP II will be referred to as a., b., and c. The details of the ERIP II and FALRIP II plans are as follows:

- **Eligibility**

All full-time non-academic staff aged 52 and older as of December 31, 1997 were eligible for ERIP II. FALRIP II was open to all probationary and tenured faculty, librarians, and those holding extended term appointments who are members of CUFA and who would be 56 or over on December 31, 1997.

As previously highlighted, not all eligible employees were offered the package at first, due to the possible strain on the pension fund. As such, the group consisting of ERIP IIa and FALRIP IIa had to opt for the program right away. Employees eligible for Phase 2 had a one-month window ending December 5 1997 for staff and November 28 1997 for faculty. Employees eligible for Phase 3 had to apply by May 1999.

- **Retirement Dates:**

For ERIP II employees 55 and over as at July 1 1997, the retirement date was set for July 1 1997. For all employees eligible for ERIP who were not 55 by July 1, 1997, retirement occurs at age 55.

For FALRIP II, employees aged 58 as at December 31, 1997 could choose to retire on June 1 1997, January 1 1998 or June 1 1998. Employees aged 59 and over on December 31 1997 but less than 65 on June 1 1997 could retire on June 1 1997 or January 1 1998. Employees aged 65 and over on June 1 1997 would have to retire on June 1 1997. Finally, employees aged 56 and 57 on December 31 1997 could choose to retire on January 1 or June 1 following the attainment of age 58.

- **Benefits:**

For ERIP II, the benefits for employees aged 52 and 53, and for employees aged 54 to 64 who were not eligible for the first ERIP, were identical to the benefits for ERIP I. For employees under 71 who were eligible for ERIP I but did not accept the offer, the benefits were the same as for ERIP I except that the lump sum was reduced by 25%. For employees over 71, the benefit for ERIP II was an amount of $15,000 payable as a lump sum or converted to an additional monthly pension of equivalent actuarial value.

For the employees aged 56 to 58 eligible for FALRIP II and those employees 65 to 71 who were not eligible for FALRIP I, the benefits were identical to those offered in FALRIP I. For those employees who had been eligible for FALRIP I but had not accepted the package, which constituted all of the 59 to 64 year olds and most of the 65 to 71 year olds, the benefits were similar to FALRIP I except that the lump sums (regular and additional) were reduced by 25%. For employees over 71, the benefit for FALRIP II was an amount of $30,000 payable as a lump sum or converted to an additional monthly pension of equivalent actuarial value.

In total, 161 non-academic support staff were eligible for all phases of ERIP II and 176 faculty members and librarians were eligible for all phases of FALRIP II. Of the 100 employees eligible for ERIP IIa (54 years and older) 41 accepted the packages; of the 27 employees eligible of ERIP IIb (53 year olds), 19 accepted the packages and 20 out of 34 opted in for ERIP IIc (52 year olds). Of the 129 employees eligible for FALRIP IIa (58 years and older), 27 accepted the packages; of the 22 eligible for FALRIP IIb (57 year olds), 4 employees accepted and 7 out of 25 eligible employees opted for FALRIP IIc (56 year olds).

In all, over 360 employees exited Concordia via the early retirement incentive programs. Given the significant number of departures, it should not be surprising to find that the packages had important financial and non-financial effects on the University. The following section will study these effects.

6.3 Early Retirement Programs: Analysis of Results.

6.3.1 The Financial Outcomes of the Early Retirement Programs

From documentation on FALRIP and ERIP, the Budget documents from 1995/96 on-ward, and the discussions at the Board of Governors meetings, it is clear that the early retirement programs were first and foremost cost cutting initiatives. As such, an important, if not the primary, criteria for analyzing the success or failure of the programs must be their financial performance.

6.3.1.1 Financial Targets and Gross Results

As previously highlighted in the literature review (Cameron, 1994; Hawthorn, 1993; Hitt et al., 1994; Paul and Townsend, 1992), early retirement programs used for downsizing/cost cutting are often criticized for their lack of focus and their inability to predict outcomes. As such, it is not surprising to find that there were no published targeted savings at Concordia when each early retirement program was offered. The facts were that Concordia suffered government cuts of over $ 9 million between 1993/94 and 1995/96 and additional cuts of over $32 million were expected between 1996/97 and 1998/99. As such, the hope was that the early retirement programs would help deal with these cuts; however, actual savings could not be accurately estimated until acceptances were known.

The only early retirement program where an actual estimated savings amount was offered was the first ERIP for non-academic staff. In the *Dealing with the Cuts* document, it was estimated that half of the approximate 100 eligible staff would accept the package and that this would yield savings of $1.3 million for 1995/96. In the 1995-96 Provisional Operating Budget document published two months later, an annual saving of $1.4 million was expected from ERIP I. These estimates were both published before the acceptances were known.

For FALRIP I, FALRIP II (all phases) and ERIP II (all phases), no projected savings were estimated before acceptances were known. Instead, for FALRIP I and II, and ERIP II, ranges of possible savings based on possible acceptance rates were presented to the Board of Governors. For FALRIP I, a table was produced showing potential salary savings of $3.7 million with a 20% acceptance rate growing to a potential saving of $10.2 million if 55% accepted. For FALRIP II, a table was produced showing potential salary savings of $3.1 million with a 20% acceptance rate growing to a potential saving of $15.6 million saving with 100% acceptance. For ERIP II, published potential savings ranged from $1.2 million if 20% accepted to $6 million if 100% accepted. As such, the combined savings from the FALRIP's and ERIP II could be as little as $8 million combined or close to $40 million depending on the acceptance rates.

As events unfolded, the gross amounts of salary and benefits of those who opted for the programs were as follows:

Table 6.3.1.a: Acceptances and Potential Savings by Program

Plan	Acceptances	Acceptance Rate	Annual Salaries	Budgeted Benefits	Total
FALRIP I	118	52%	$10.240 M	$1.613 M	$11.853 M
FALRIP IIA	27	21%	$2.284 M	$0.360 M	$2.644 M
FALRIP IIB	4	18%	$0.326 M	$0.051 M	$0.377 M
FALRIP IIC	7	28%	$0.598 M	$0.094 M	$0.692 M
		Sub Total	$13.448 M	$2.118 M	$15.566 M
ERIP I	128	54%	$5.18 M	$0.822 M	$6.002 M
ERIP IIA	41	41%	$1.292 M	$0.204 M	$1.496 M
ERIP IIB	19	70%	$0.692 M	$0.109 M	$0.801 M
ERIP IIC	20	59%	$0.784 M	$0.124 M	$0.908 M
		Sub Total	$7.948 M	$1.259 M	$9.207 M
		Total	**$21.396 M**	**$3.377 M**	**$24.773 M**

Source: Financial Services, Minutes to the Board of Governors

While the annual salary and benefit charges involved were close to $25 million, the *realized savings* must take into account the direct and indirect costs of the programs, replacement rates and budget cut-backs achieved through the program. The following two sections will study the link between the early retirement programs and the budget compressions, and the determination of actual savings from the programs as well as their sustainability.

6.3.1.2 Dealing with the Cuts: The Early Retirements

When the government budget compressions became a reality, Quebec universities had to make a choice: run up huge annual deficits or slash their own operating budgets. Given its already large accumulated deficit and the provincial government's new hard-line stance, Concordia opted to self-impose a series a budget cuts. As such, since 1994/95, Concordia has imposed the following expense budget cuts on its operating budget with the approval of the Board of Governors:

Table 6.3.1 b: Concordia's Operating Budget Cuts

Year	Budget Cut
1994/95	1,800,000.00
1995/96	10,000,000.00
1996/97	10,374,136.00
1997/98	7,256,631.00
1998/99	872,255.00
1999/00	880,000.00
Total	**31,183,022**

Source: Concordia Financial Services

As previously highlighted, most universities employ a Fund Accounting system where, based on funding source, monies will be deemed restricted or unrestricted, and where the budget development and allocation process centers on individual units. Concordia is no exception. At Concordia, each individual department is allocated an expense budget for personnel and non-personnel costs. The goal for each individual department is to end the year as close to the allotted amount as possible. On the revenue side, the two largest items, the Operating Grant from the Provincial Government and tuition revenues are each displayed on single lines and are not allocated to individual departments. When the Operating Budget is approved by the Board of Governors for the coming year each May, a budgeted surplus or deficit is set based on overall revenue and expense budgets. The goal is to end the year as close as possible to the target set out in the approved budget. As such, while the individual department's goal is always to end the year in a surplus or break-even position, the University as a whole sets its year-end target based on projected institutional revenues, departmental activities and institutional expenses (non-departmental specific initiatives). As most expense budgeting takes place at the departmental level, the budget cuts were, for the most part, distributed to the individual departments within the University. The various early retirement programs figured prominently in the distribution of cuts to the departments.

The $1.8 million cut of 1994/95 obviously did not include any early retirement component and was spread on a pro-rata basis across all admissible departments. Admissible departments are those funded by the operating grant and tuition, and represent the areas that have been cut over the years. Non-Admissible departments consist of the self-financing areas such as the Continuing Education, the Business Units and the Student Services Sector; while these areas have not received cuts, they have been called upon to maintain or increase profits.

The $10 million dollar cut of 1995/96 did contain an early retirement component. When the budget for 1995/96 was prepared in May 1995, the results of ERIP I were not yet known. However, as previously highlighted, a $1 million saving was projected for 1995/96 emanating from ERIP. As such, $9 million was still to be cut. The plan in May 1995 called for the four faculties to be cut by $5.2 million, the rest of the Academic sector by $0.5 million, the administrative sector by $2 million, and $1.3 million to be saved through the organizational reviews. Not including the $1.3 million to be saved through the organizational reviews, the $7.7 million in departmental cuts were negotiated between the Deans, the Vice Rectors and the unit heads. In theory, the $1 million cut to be absorbed by ERIP was also an additional cut to individual departments. When an ERIP employee would retire in 1995/96, the budget money would be removed from the department permanently.

As previously highlighted, the results of ERIP I far exceeded the $1.4 million projected saving (with the $1 million saving expected right away in 1995/96). All budget money for ERIP employees leaving in 1995/96 was permanently cut from individual departments. In total, $3,713,499 was cut from individual units. This amount represented the salary and benefit budget amounts for ERIP I's 55 years of age and over group and those members of the 52 to 55 years of age group who departed during 1995/96. Budget amounts of $371,133 were returned to departments in areas where it was deemed that the ERIP employee needed to be replaced immediately. As such, the net amount of budget money cut in 1995/96 due to ERIP totaled $3,342,366.

In 1996/97, the first FALRIP was introduced and its potential savings played an important role in the budget cutting for the year. Unlike 1995/96, where the ERIP cuts were on top of the departmental cuts, the budget reductions attributable to FALRIP were integrated into the budget cuts of the four faculties at the beginning of the year. In May 1996, Concordia planned to permanently cut its 1996/97 budget by $12.5 million; in the end, the actual amount of budget cuts totaled $10.374 million. From the outset, it was determined that the four faculties would be cut a combined $8.2 million. *The Preliminary 1996-97 Provisional Operating Budget* document published in May 1996 notes that $7 million of the $8.2 million cut to the faculties would be achieved through FALRIP. The document notes, however, that given the fact that the acceptances were only finalized on May 10, 1996 and that the loss of faculty members was disproportionate among the faculties, the spread of the $8.2 million cut would be determined at a later date. As things developed, the total faculty cuts totaled $6,811,673 for 1996/97 and each faculty was cut by the following amounts on June 1 1996:

Table 6.3.1 c: 1996/97 Faculty Budget Cuts

Faculty	Cut
Arts & Science	**$4,157,207**
Commerce & Administration	**$750,000**
Engineering & Computer Science	**$986,900**
Fine Arts	**$917,566**
Total	**$6,811,673**

Source: Concordia Financial Services

Unlike the 1995/96 ERIP departures, where the entire annual budget of the employee was removed on the date of retirement, only the unspent budget portion for the 1996/97 FALRIP departures were considered to be cut. For example, in 1995/96 if an ERIP employee departed December 1st 1995, his or her entire annual budget was cut from the department; for FALRIP 1996/97, if someone left December 1st, the June to November portion of the budget would remain and only the December to May portion would be cut. The June to November portion left over would be available to cut the following year.

For FALRIP I, the possible retirement dates were June 1 1996, January 1 1997 and June 1 1997. There were also a few exceptions who left July 1 1996 and July 1 1997. As such, for the 1996/97 fiscal year, 100% of the budget for the June 1 1996 departures, 92% of the budget for the July 1 1996 departures, and 42% of the budget for the January 1 1997 departures were available to be cut. None of the money for the June 1 or July 1 1997 departures was available to be cut in 1996/97. As such, the following FALRIP amounts were available to be cut from each of the four faculties:

Table 6.3.1 d: 1996/97 Potential FALRIP Savings by Faculty

Faculty	FALRIP Money Available in 1996/97
Arts & Science	$5,192,853.93
Commerce & Administration	$ 520,468.73
Engineering & Computer Science	$ 745,151.89
Fine Arts	$ 809,811.54
Total	**$7,268,286.09**

Source: Concordia Financial Services

In July 1996, to deal with the budget cuts, each faculty reduced their full-time faculty budgets based of the available funds through FALRIP. In order to help the faculties deal with the departures and continue to offer a full complement of courses, each faculty was given additional budget money for part-time teaching contracts. As such, the faculty budget cuts attributable to FALRIP in 1996/97 were as follows:

Table 6.3.1 e: 1996/97 Budget Cuts Attributable to FALRIP

Faculty	**Full Time Faculty FALRIP Budget CUTS**	**Part Time money Added**	**Net Cuts Attributable to FALRIP in 1996/97**
Arts & Science	$5,083,449	$1,300,000	$3,783,449
Commerce & Admin.	$520,469	$120,000	$400,469
Engin. & Comp.Sc.	$745,153	$130,200	$614,953
Fine Arts	$922,666*	$239,242	$683,424
Total	**$7,271,737**	**$1,789,442**	**$5,482,295**

*It should be noted that the Fine Arts cut including a reshuffling of monies that accounts for the fact that they cut over $900,000 from their full-time faculty budgets even though the amount available through FALRIP amounted to just over $800,000.

Source: Financial Services

Given that the total faculty cuts totaled $6.8 million and that the cuts attributable to FALRIP totaled $5.5 million, there was a remaining amount of $1.3 million to be cut by the faculties through other means.

In terms of ERIP, no budget money was removed from any department for their 1996/97 ERIP departures. As such, departments were free to spend the money allocated for the retirees salaries on other things such as approved replacements, part-time help, non-personnel expenses, etc.

The 1997/98 budget cuts of $7.256 million were also strongly influenced by FALRIP. As highlighted above, the actual amounts of Faculty budget cuts for 1996/97 were agreed to in June 1996 and FALRIP monies were then applied to these cuts in July 1996. For 1997/98, a more direct approach was taken. Rather than setting the amount of cuts first and then applying FALRIP funds to them, the faculty budget cuts themselves were based almost exclusively on FALRIP. For 1997/98, a similar exercise as in 1996/97 was undertaken to determine the FALRIP funds available to be cut. 1997/98 also marked the introduction of FALRIP II. As such, the FALRIP funds available to be cut in 1997/98 consisted of the remaining potion of the January 1 1997 FALRIP I departures, 100% of the June 1 1997 departures for both FALRIP I and FALRIP IIa, 92% of the July 1 1997 departures for both FALRIP I and FALRIP IIa, and 41% of the January 1 1998 FALRIP IIa departures.

As a result, the following FALRIP amounts were available to be cut from each of the four faculties in 1997/98:

Table 6.3.1 f: 1997/98 Potential FALRIP Savings by Faculty

Faculty	FALRIP Money Available in 1997/98
Arts & Science	$4,849,702.54
Commerce & Administration	$466,586.43
Engineering & Computer Science	$ 337,522.20
Fine Arts	$629,942.24
Total	$6,283,753.41

Source: Concordia Financial Services

Before any budget cuts were made, requirements for replacement workers were determined. As such, a commitment was made to fund replacements needed for 1997/98. Once these replacements were taken into account, the net FALRIP savings for 1997/98 became each faculty's budget cut for 1997/98. The only other factor that affected the 1997/98 faculty budget cuts consisted of a bonus for increased enrolments that only affected Engineering and Fine Arts. As such, the 1997/98 faculty Budget Cuts were determined as follows:

Table 6.3.1 g: 1997/98 Faculty Budget Cuts

	Total FALRIP Savings Avail. 97/98	Part-Time Replacements	Full-time Replacements	1997-98 Net FALRIP Savings	FTE Revenue Returned	Total 1997/98 Reduction
Arts & Sci	$ (4,849,702.54)	$ 950,000	$ 102,500	$ (3,797,202.54)	$ -	$ (3,797,202.54)
Com. & Adm	$ (466,586.43)	$ 95,000	$ -	$ (371,586.43)	$ -	$ (371,586.43)
Eng. & CS.	$ (337,522.20)	$ 57,000	$ 63,500	$ (217,022.20)	$ 178,000	$ (39,022.20)
Fine Arts	$ (629,942.24)	$ 95,000	$ -	$ (534,942.24)	$ 267,000	$ (267,942.24)
TOTAL	$ (6,283,753.41)	$ 1,197,000	$ 166,000	$ (4,920,753.41)	$ 445,000	$ (4,475,753.41)

The amount of $4.476 million became the total faculty cut for 1997/98 spread between the faculties as outlined in the table. As such, the FALRIP departures and the required replacements played the primary role for determining the faculty budget cuts. In terms of the ERIP departures in 1997/98, as in 1996/97, no budget money was cut from departments who lost employees to ERIP.

In 1998/99 and 1999/2000, more modest budget cuts of $872,255 and $880,000 were imposed. Although there were FALRIP and ERIP departures during these years, no FALRIP or ERIP funds were used in the cuts. Instead, the Academic Sector was cut by .5% each year and the Non-Academic Sector was cut 1% each year. However, FALRIP did affect the 1999/00 budget through budget increases earmarked specifically for full-time FALRIP replacements. As such, $1,750,000 was returned to the faculties.

To recap, the following early retirement plans were actually used to deal with the University's budget compressions: the 1995/96 departures from ERIP I, all the departures from FALRIP I, and a large portion of the 1997/98 departures for FALRIP IIa. As such, none of the savings from the 1996/97 to 1998/99 departures for ERIP I, and none of the savings from ERIP IIa, ERIP IIb or ERIP IIc were needed for budget cutting. Furthermore, none of the savings from the unused portion of the 1997/98 departures and all of the 1998/99 departures for FALRIP II, from FALRIP IIb, or from FALRIP IIc were used to reduce budgets.

The following table highlights the difference between the potential cuts and the actual cuts attributable to the early retirement programs (in millions):

Table 6.3.1 h: Comparison Between Potential Savings and Budget Cuts

Program	Potential Savings	Salary Budget Reductions	Replacement Funds Returned	Net Budget Savings	Variance
ERIP'S	$ 9.207	$ 3.713	$ 0.371	$ 3.342	$ 5.865
FALRIP'S	$ 15.566	$ 13.555	$ 4.902	$ 8.653	$ 6.913
Total	$ 24.773	$ 17.268	$ 5.273	$ 11.995	$ 12.778

As such, Concordia was able to cut $12 million of budgets through the early retirement programs and the plans were a strong tool for weathering the funding crisis. Still, as highlighted in the above table, less than half of the potential savings were actually applied to the University's operating budget and just over one third of the savings from ERIP were applied.

6.3.1.3 Costs of the Early Retirement Programs

In addition to determining the effect of the early retirement plans on the budgets of the University, it is necessary to study the actual costs and savings of the programs to truly ascertain their effects on the finances of the institution. As highlighted in the previous section, not all of the early retirement programs factored into Concordia's budget reduction plans. Still, each employee who opted for one of the programs represented a short-term cost to the University.

As previously underlined, the vast majority of the costs associated to the early retirement programs were absorbed by the over funded pension plan as most of the benefits consisted of pension benefits from retirement to age 65 and increased pension benefits after age 65. As such, the next table highlights the costs to the pension plans by program:

Table 6.3.1 i: Cost of Early Retirement on Pension Plan

Program	Impact on Pension Plan
ERIP I	$ 14.4 M
FALRIP I	$ 14.7 M
ERIP IIa	$ 3.4 M
FALRIP IIa	$ 3.9 M
ERIP IIb	$ 2.1 M
FALRIP IIb	$ 0.6 M
FALRIP IIc & ERIP IIc	$ 3.4 M
Total	**$ 42.5 M**

Source: Concordia Financial Services

These costs in no way affected the bottom line of the University. Other charges, however, did. As previously highlighted, each early retirement package also contained a lump sum benefit to be paid at the time of retirement. The costs of the lump sums were charged directly to the Operating Budget in a department specifically created for this purpose. As such, the following table outlines the lump sum payments for each program:

Table 6.3.1 j: Cost of Lump Sum Payments by Program

Program		Lump Sum Payments
ERIP I		$ 1,955,682.00
ERIP IIa		$ 438,811.57
ERIP IIb		$ 245,342.34
ERIP II c		$ 251,564.79
	Sub-Total	**$ 2,891,400.70**
FALRIP I		$ 4,467,148.85
FALRIP IIa		$ 837,275.30
FALRIP IIb		$ 122,986.93
FALRIP IIc		$ 225,593.35
	Sub-Total	**$ 5,653,004.43**
Total		**$ 8,544,405.13**

Source: Concordia Financial Services

In addition to the lump sums, most employees who opted for the early retirement programs received regular termination pay consisting of their 8% vacation. These charges were charged directly to the employee's department. An estimate based on available information would be that at least $2 million dollars were spent on termination pay for employees who departed through the early retirement plans.

To summarize, with one-time costs of close to $10.5 million ($8.54 million in lump sums and $2 million in termination vacation pay), Concordia was able to entice individuals earning a combined annual amount of $24.773 million in salaries and benefits to retire. The departures were parlayed into annual, on-going budget reductions of $11.995 million. As such, by spending $10 million once, Concordia is saving $12 million annually. Obviously, the cost/benefit ratio is excellent. However, as previously highlighted, none of the savings from the 1996/97 to 1998/99 departures for ERIP I, and none of the savings from ERIP IIa, ERIP IIb or ERIP IIc were used in the budget cuts; also, none of the savings from the unused portion of the 1997/98 departures and all of the 1998/99 departures for FALRIP II, from FALRIP IIb, or from FALRIP IIc were used to reduce budgets. Looking at the costs to the University's Operating Budget, we could create two categories: productive costs (costs for departures that factored into the budget reductions) and unproductive costs (costs for departures that did not factor into the budget reductions).

Table 6.3.1 k: Cost Breakdown - Productive vs Unproductive

Program	PRODUCTIVE Lump Sums	PRODUCTIVE Vacation (Estimate)	PRODUCTIVE Total	UNPRODUCTIVE Lump Sums	UNPRODUCTIVE Vacation (Estimate)	UNPRODUCTIVE Total	Grand Total
ERIP I	$ 1,329,026.93	$ 347,000.00	$ 1,676,026.93	$ 626,655.07	$ 245,000.00	$ 871,655.07	$ 2,547,682.00
ERIP 2a	$ -	$ -	$ -	$ 438,811.57	$ 203,559.19	$ 642,370.76	$ 642,370.76
ERIP 2b	$ -	$ -	$ -	$ 245,342.34	$ 71,981.92	$ 317,324.26	$ 317,324.26
ERIP 2c	$ -	$ -	$ -	$ 251,564.79	$ 72,650.42	$ 324,215.21	$ 324,215.21
Sub-Total	**$ 1,329,026.93**	**$ 347,000.00**	**$ 1,676,026.93**	**$ 1,562,373.77**	**$ 593,191.53**	**$ 2,155,565.30**	**$ 3,831,592.23**
FALRIP 1	$ 4,467,148.85	$ 876,477.94	$ 5,343,626.79	$ -	$ -	$ -	$ 5,343,626.79
FALRIP 2a	$ 673,056.35	$ 160,669.26	$ 833,725.61	$ 164,218.95	$ 36,650.44	$ 200,869.39	$ 1,034,595.00
FALRIP 2b	$ -	$ -	$ -	$ 122,986.93	$ 22,500.38	$ 145,487.31	$ 145,487.31
FALRIP 2c	$ -	$ -	$ -	$ 225,593.35	$ 49,452.22	$ 275,045.57	$ 275,045.57
Sub-Total	**$ 5,140,205.20**	**$ 1,037,147.20**	**$ 6,177,352.40**	**$ 512,799.23**	**$ 108,603.04**	**$ 621,402.27**	**$ 6,798,754.67**
Total	**$ 6,469,232.13**	**$ 1,384,147.20**	**$ 7,853,379.33**	**$ 2,075,173.00**	**$ 701,794.57**	**$ 2,776,967.57**	**$ 10,630,346.90**

The table shows that while most of the costs associated with the FALRIP's were productive, most of the costs associated with the ERIP's were not. As such, while the overall cost to savings ratios are strongly positive, it would appear that much of the costs were not required in order for the university to achieve their budget reduction goals.

6.3.1.4 The Government's Early Retirement Measures

A final interesting development concerning the costs of the early retirement plan happened in March 1999 with the tabling of the Province of Quebec's 1999-2000 budget. As previously underlined in section 4.3, in March 1999, the provincial government announced it would make a special payment of $170 million to Quebec universities, to be paid out in 1998-99 and 1999-2000, to help pay for their early retirement plans and to bring down the accumulated deficits.

In the 1998-99 *Calculs Definitifs,* it is clearly indicated that "this forfaitaire grant has been given to compensate, in whole or in part, the costs of the voluntary departure measures and to incite the universities to balance their budgets". The text further states that the amounts granted can only be used to pay for the voluntary early retirement programs or to reduce the university's accumulated deficit. The distribution of the $170 million among the universities was based on the distribution of the initial 1998-99 Operating Grant on a prorata basis. As such, Concordia was to receive a total of $15.413 million of the $170 million pay out. The first installment, paid in 1998-99, was to refund each university for the costs associated with the early retirement plans to a total of 75% of the total grant owed. As such, in 1998-99, Concordia received a payment of $8.4 million to refund all the lump sum payments made to the early retirees. In 1999-2000, the university received the other $7.013 million as it produced a government approved deficit reduction plan, which was a condition for all universities to receive the second installment.

As such, the government essentially picked up the entire bill for the early retirement plans in terms of operating money. Still, it is important to note that the distribution of the $170 million was based on the regular grant distribution and not the amount of early retirees. In this sense, it would appear, the way the text is written, that Concordia would have received the $15.413 million whether the early retirement programs would have costs $8.4 million or $6.4 million. As such, the distinction between productive and unproductive costs is still valid as the retirements associated to unproductive costs did not increase in any way the payment received from the government. In fact, one could say that the universities who spent less on early retirements were favored in the deal as more of the grant could go directly to deficit reduction. Still, it is interesting to note that by specifically highlighting that part of the funds were to reimburse the universities fully for the costs of their early retirement programs, it is clear that the early retirement packages were viewed favorably by the government.

6.3.2 Non-Financial Outcomes of the Early Retirement Programs

As indicated by Cameron (1994) and Hitt et al. (1994), early retirement incentive programs have been criticized from a strategic standpoint as management has little control over who accepts or declines, what skills or institutional memory is lost, and what unexpected events may arise. The view is that early retirement incentive programs create reactive rather than proactive strategic maneuvers and introduces an element of randomness to downsizing initiatives. As previously highlighted, the early retirement programs offered by Concordia were primarily cost cutting initiatives. Still, there were also a number of non-financial effects of the programs and, in the case of the FALRIP programs, some non-financial secondary goals i.e. faculty renewal. The goal of this section will be to highlight the distribution of acceptances and to do a brief overview of how the early retirement programs affected formal strategic planning.

6.3.2.1 Distribution of Acceptances

As underlined by Feldman (1994) and Kim and Feldman (1998), it is extremely difficult to predict who will accept voluntary early retirement packages. Given that over 350 Concordia employees opted for the early retirement packages, there can be no doubt that these programs altered the university in a deeper way then simple budget cuts. It is also safe to say that the programs affected some areas more than others. Below is a table highlighting the make up of Concordia's full-time faculty membership prior to the FALRIP programs along with the FALRIP departures by year.

Table 6.3.2 a: Faculty Positions Prior to FALRIP and FALRIP Departures

	PRE-FALRIP POSITIONS		FALRIP DEPARTURES							REDUCTION
	1995/96									
			1996/97	1997/98	1998/99	1999/00	2000/01			
	Positions	%	Dep.	Dep.	Dep.	Dep.	Dep.	Total	%	%
ARTS & SCIENCE										
CLASSICS	5.00	0.62%	1.00	1.00				2.00	1.32%	40%
COMM. STUDIES	18.00	2.24%	1.00	1.00	1.00			3.00	1.97%	17%
ENGLISH	32.00	3.98%	5.00	6.00	2.00	2.00		15.00	9.87%	47%
ETUDES FRANCAISES	20.50	2.55%	4.00	3.00				7.00	4.61%	34%
HISTORY	25.00	3.11%	2.00	2.00				4.00	2.63%	16%
LIB. STUDIES	3.00	0.37%	-	-				-	0.00%	0%
MOD. LANG.	12.00	1.49%	2.00	1.00				3.00	1.97%	25%
PHILOSOPHY	15.00	1.87%	4.00	2.00				6.00	3.95%	40%
TESL	11.00	1.37%	2.00	1.00				3.00	1.97%	27%
THEOLOGY	7.00	0.87%	4.00	-				4.00	2.63%	57%
JOURNALISM	5.00	0.62%	-	1.00				1.00	0.66%	20%
APSS	11.50	1.43%	-	1.00				1.00	0.66%	9%
ECONOMICS	25.00	3.11%	1.00	-			1.00	2.00	1.32%	8%
EDUCATION	26.00	3.23%	1.00	2.00				3.00	1.97%	12%
GEOGRAPHY	12.00	1.49%	1.00	-				1.00	0.66%	8%
POL. SC.	19.00	2.36%	4.00	2.00				6.00	3.95%	32%
PSYCHOLOGY	40.50	5.04%	3.00	3.00		2.00	1.00	9.00	5.92%	22%
RELIGION	11.00	1.37%	1.00	1.00				2.00	1.32%	18%
SOCIOLOGY	26.00	3.23%	4.00	3.00				7.00	4.61%	27%
BIOLOGY	25.00	3.11%	2.00	2.00	1.00			5.00	3.29%	20%
EX. SCIENCE	9.00	1.12%	1.00	-				1.00	0.66%	11%
CHEMISTRY	25.00	3.11%	4.00	3.00	1.00		1.00	9.00	5.92%	36%
GEOLOGY	6.00	0.75%	2.00	2.00				4.00	2.63%	67%
MATHEMATICS	36.50	4.54%	6.00	4.00				10.00	6.58%	27%
PHYSICS	13.00	1.62%	2.00	3.00				5.00	3.29%	38%
LEISURE ST.	3.00	0.37%	-					-	0.00%	0%
SCPA	2.00	0.25%	-					-	0.00%	0%
S. DE BOUVOIR	2.50	0.31%	-					-	0.00%	0%
LIBERAL ARTS	2.00	0.25%	-					-	0.00%	0%
VACANT POSITIONS	15.00	1.87%							0.00%	0%
Sub Total	**463.50**	**57.65%**	**57.00**	**44.00**	**5.00**	**4.00**	**3.00**	**113.00**	**74.34%**	**24%**
COMMERCE										
ACCOUNTANCY	18.00	2.24%	-	2.00				2.00	1.32%	11%
FINANCE	16.00	1.99%	-	-				-	0.00%	0%
MARKETING	19.00	2.36%	2.00	1.00				3.00	1.97%	16%
MANAGEMENT	26.00	3.23%	4.00	3.00	1.00			8.00	5.26%	31%
DECISION SC. & MAN.	17.00	2.11%	-	-				-	0.00%	0%
VACANT POSITIONS	23.00	2.86%		-				-	0.00%	0%
Sub Total	**119.00**	**14.80%**	**6.00**	**6.00**	**1.00**	**-**	**-**	**13.00**	**8.55%**	**11%**
ENGINEERING										
CIVIL ENG.	11.00	1.37%	1.00	-				1.00	0.66%	9%
ELECT.&COM. ENG.	24.00	2.99%	1.00	-				1.00	0.66%	4%
MECHANICAL	25.00	3.11%	5.00	2.00				7.00	4.61%	28%
C.B.S.	13.00	1.62%	1.00					1.00	0.66%	8%
COMPUTER SCIENCE	28.50	3.54%	1.00					1.00	0.66%	4%
VACANT POSITIONS	15.00	1.87%							0.00%	0%
Sub Total	**116.50**	**14.49%**	**9.00**	**2.00**	**-**	**-**	**-**	**11.00**	**7.24%**	**9%**

FINE ARTS										
ART EDUCATION	8.00	1.00%						-	0.00%	0%
CINEMA	13.00	1.62%						-	0.00%	0%
PAINTING AND DRAW.	14.00	1.74%	3.00	2.00				5.00	3.29%	36%
DESIGN ARTS	7.00	0.87%	1.00					1.00	0.66%	14%
ART HISTORY	11.00	1.37%	2.00					2.00	1.32%	18%
SCULPTURE	9.00	1.12%	-					-	0.00%	0%
PRINT	4.00	0.50%	2.00					2.00	1.32%	50%
MUSIC	13.00	1.62%	2.00	1.00				3.00	1.97%	23%
THEATRE	10.00	1.24%	-					-	0.00%	0%
DANCE	3.00	0.37%	-	1.00				1.00	0.66%	33%
PHOTOGRAPHY	5.00	0.62%	1.00					1.00	0.66%	20%
ART THERAPY	2.00	0.25%	-					-	0.00%	0%
VACANT POSITIONS	6.00	0.75%							0.00%	0%
Sub Total	**105.00**	**13.06%**	**11.00**	**4.00**	-	-	-	**15.00**	**9.87%**	**14%**
Sub Total	**804.00**	**100.00%**	**83.00**	**56.00**	**6.00**	**4.00**	**3.00**	**152.00**	**100.00%**	
Library	**31.00**		**2.00**	**1.00**	**1.00**			**4.00**		**13%**
Total	**835.00**		**85.00**	**57.00**	**7.00**	**4.00**	**3.00**	**156.00**		

Source: Concordia Financial Services

Comparing one faculty to another, it is clear that the faculty of Arts & Science was the faculty hardest hit. Although Arts & Science represented approximately 57.7% of the total faculty complement at the end of 1995/96, over 74% of the FALRIP acceptances came from Arts & Science. Furthermore, as can be seen in the column on the far right, Arts & Science lost close to one in every four of it's 1995/96 faculty members while the figure for the other three faculties was closer to one in ten. Given that the budget cuts for the faculties in 1996/97 and 1997/98 were based primarily on the FALRIP programs, Arts & Science was hit in two different ways: They lost the personnel and were burdened with most of the budget reductions.

Even within the individual faculties, it is evident that certain departments suffered a disproportionate amount of the FALRIP departures. In Arts & Science, certain small departments were decimated by the early retirement programs. In terms of the larger departments, the results were varied. Some departments lost over 33% of their faculty. The language departments were especially hard hit. Others saw much smaller percentages accept. There were similar discrepancies in other Faculties. In Commerce, the Management department lost 31% of its faculty while other areas suffered no losses due to FALRIP at all. In Engineering, Mechanical lost 28% of its faculty from 1995/96 due to FALRIP while no other department in Engineering lost more than 9%. In Fine Arts, the results were also varied. Some lost significant portions of their faculty while other departments, even relatively large departments, lost no faculty members at all. As such, certain areas would appear to have suffered disproportionaly from the early retirement programs while other areas would seem to have suffered no effect at all.

A similar exercise can be undertaken for ERIP departures. The following table displays the distribution of ERIP departures and the staff complement at the end of 1994/95.

Table 6.3.2 b: Concordia Staff before ERIP and ERIP Acceptances

	Jun-95		ERIP's								Reduction
	Total	% of	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	Total	% of	
Department	Comp.	Comp.	Dep.	Dep.	Dep.	Dep.	Dep.	Dep.	ERIP's	ERIP's	
Arts & Science	161	12%	13	4	9	2	6	0	34	17%	**21%**
Commerce & Admin.	38	3%	1	0	1	0	1	0	3	1%	**8%**
Engineering & Comp Sci.	85	6%	6	2	1	2	4	1	16	8%	**19%**
Fine Arts	54	4%	1	0	0	1	0	0	2	1%	**4%**
Vacancies	43	3%							0	0%	**0%**
Total Faculties	**381**	**28%**	**21**	**6**	**11**	**5**	**11**	**1**	**55**	**27%**	**14%**
Other Academic	39	3%	0	0	3	0	0	0	3	1%	**8%**
Library	177	13%	6	2	5	0	1	1	15	7%	**8%**
IITS	108	8%	8	1	5	3	2	0	19	9%	**18%**
Registrar Services	76	6%	9	0	2	0	3	0	14	7%	**18%**
Financial Services	53	4%	3	1	1	1	2	0	8	4%	**15%**
Human Resources	21	2%	1	0	5	1	0	0	7	3%	**33%**
Other Administration	123	9%	3	3	9	1	2	2	20	10%	**16%**
Physical Resources	148	11%	20	3	8	7	3	4	45	22%	**30%**
Other Operating	26	2%	2	0	0	1	0	0	3	1%	**12%**
Continuing Education	15	1%	1	0	0	0	0	0	1	0%	**7%**
Student Services	64	5%	3	0	3	1	0	1	8	4%	**13%**
Business Units	39	3%	3	0	4	0	0	0	7	3%	**18%**
Privatized Programs	10	1%	0	0	0	0	0	0	0	0%	**0%**
Vacancies	72	5%							0	0%	
Sub Total	**971**	**72%**	**59**	**10**	**45**	**15**	**13**	**8**	**150**	**73%**	**15%**
Total	**1352**	**100%**	**80**	**16**	**56**	**20**	**24**	**9**	**205**	**100%**	**15%**

Source: University Financial Services

Separating staff from the faculties and from outside the faculties, we see that the overall proportions between complement and ERIP departures are very close: The faculties had 28% of the non-academic staff and they had 27% of the ERIP departures while the non-faculty areas had 72% of the non-academic staff and had 73% of the ERIP departures. If we look at individual areas, however, we still see large swings. Within the faculties, Engineering and Arts & Science lost the biggest percentage of their staff while Physical Resources and Human Resources lost the biggest percentage of their staff in the non-faculty sector. It is interesting to note that the organizational reviews recommended the elimination of 89 positions in Physical Resources, Financial Services, IITS, Auxiliary Services and Human Resources. If you add up the combined ERIP acceptances from these areas, the total is 82. However, as previously highlighted, most of the ERIP acceptances did not translate into budget savings.

While the randomness of acceptances for FALRIP and ERIP in terms of *numbers* tell part of the story, it should be underlined that the effect of certain individuals who left could also be important even if the area affected lost relatively few workers. Examples of this will be highlighted in the section on academic planning.

6.3.2.2 Planning and the Retirement Programs

As previously highlighted, against the backdrop of Concordia's financial crisis, an academic planning process was started in 1995. From 1995 to 1997, a series of discussion papers were prepared by the Senior Administration, which in turn prompted a series of responses from the faculties, all of which became the framework for academic changes. The planning process continues to this day from academic issues to institutional goals to space planning. As previously underlined, Concordia is still in the mist of a long term planning process aimed at forging out a distinctive identity. Making the links between planning initiatives and the early retirement programs is difficult as each influenced the other and both have been influenced by the difficult financial conditions. However, within the specific planning/discussion documents, as well as in other public documents, it is interesting to note where the early retirement plans have been explicitly referred to as factors of change.

The first important planning discussion paper was released in October 1995 and, as previously highlighted, was entitled *Setting a Course for Our Future*. This document was released as the first ERIP retirees were departing and before any FALRIP program had been announced. While the document is quite broad in scope, it is interesting to note that it advocates selective downsizing aimed at renewal and transformation. The document also warns against the use of random measures as such measures could make programs bereft of the necessary faculty needed, could lead to less time for research, could lead to fewer research grants, could lead to less overhead paid to the University to support research, and could lead to larger classes. Not surprisingly, given that early retirement programs are indeed quite random, many of these consequences occurred and are identified in later planning documents. As previously highlighted, the *Setting the Course for Our Future* document resulted in the five principles for academic planning to be approved by Senate in November 1995.

During the end of 1995 and through to the Summer of 1996, the four faculties produced planning documents, which were compiled and built upon in the September 1996 planning document entitled *Following a Course Forward* . As previously highlighted, the *Following a Course Forward* document offered more specific recommendations in terms of academic direction and faculty complement than the *Setting a Course for Our Future* document. Between the two planning documents, FALRIP I was announced in February 1996 and many of the professors had already departed that summer. The *Following a Course Forward* document highlights how Concordia suffered a higher than expected cut in 1996-97 and was expecting another staggering cut in 1997-98 that necessitated a change from the *Setting a Course for Our Future* document and resulted in the need to cut expenses quickly. In this vein, the ERIP and FALRIP programs are presented as strategies aimed at "buying the time" to deal with the financial crisis and still do academic planning. The document goes on to note that FALRIP has been both a blessing and a curse: While the financial savings have been significant, the document underlines the loss of senior professors, the use of hastily created measures to cover scheduled courses and to maintain enrolments, and the fact that the financial gains will not be permanent as significant replacements will be needed. Still, the document underlines that FALRIP also represents a unique opportunity in the sense that rehires can be made to priority areas and based on graduate research interests. The need for good hiring is highlighted and the document estimates that 30 to 40 out of the 118 FALRIP I positions will have to be replaced over the next 3 to 4 years.

Following, the responses of the faculties to the *Following a Course Forward* document, the third discussion document, entitled *Our Immediate Future*, was released. As previously highlighted, this document went into even greater detail by reviewing and making recommendations on specific programs. The recommendations are based mainly on levels of enrolment at the undergraduate level and levels of enrolment and the qualifications of researchers at the gradate level. While FALRIP is not specifically mentioned in the document, FALRIP could have had an effect on enrolments and the qualification of researchers at Concordia. The effect of the early retirement programs on enrolments is listed in the section of areas for future research.

Between the release of the *Our Immediate Future* document and the Senate approved academic plan in October 1997, FALRIP II was approved and implemented. The academic plan produced by the Faculty of Arts & Science, the area hardest hit by FALRIP, offers interesting insight into the academic consequences of the FALRIP programs.

The Arts & Science document, as presented on the faculty website, sets out a series of goals for the faculty in the coming years and reviews each department with recommendations for the future. The introduction highlights the random nature of the FALRIP plans by underlining the disproportionate amount of FALRIP retirees in Arts & Science and also underlining the uneven effect of FALRIP on departments within Arts & Science. The fact that Arts & Science also bore the brunt of the budget cutbacks, due to their link with FALRIP results, is also emphasized. It is also noted that the impact of

FALRIP on some programs, particularly graduate programs, has been serious and that FALRIP has caused the use of short-term solutions such as a heavier reliance on part-time faculty. It is also interesting to note that of the thirteen faculty goals and strategies for the future, the second overall goal is to strategically rebuild its professorial ranks. In fact, the strategy notes that the random nature of FALRIP has put into question the viability of certain programs and, if rehires do not take quickly, admissions could be affected. The departmental reviews also highlight the effects of the FALRIP programs. A standard recommendation for most departments is to review undergraduate course offerings in order to eliminate those courses that are not likely to be offered on a regular basis in light of the recent retirements. For many departments, the severe reduction of professorial personnel was underlined. In most cases, it was underlined that increased dependence on part-time faculty and increases in class size were the primary methods of dealing with the departures, and that, in some cases, course sections had been dropped. Underlining the random and non-strategic nature of early retirement programs, many of the areas highlighted as being strongly affected by the plans were underlined as high priority areas for new hiring.

As previously highlighted in the section on the financial results of the early retirement programs, replacements for the departed employees became an interesting issue. First, the fact that part-time replacements were heavily relied on must be underlined. Historically, the desired ratio of courses taught by full-time vs part-time faculty has been 60% full-time and 40% part-time. This concept was reinforced in many of the early budget planning documents such as the 1994-1999 Financial Framework document, the

Dealing with the Cuts document and the 1995-96 Provisional Operating Budget document where reduction of part-time faculty expenses and increased teaching loads for full-time were recommended as cost-cutting measures. However, with FALRIP, the exact opposite occurred. In fact, while full-time faculty expenses dropped significantly from 1995/96 to 1998/99, part-time faculty expenses increased in each of those same years. Also, for what it is worth, the shift to more reliance on part-time faculty would have hurt Concordia in the MacLean's university rankings, as would have another result of FALRIP, increased class size. At the September 1998 Board of Governors meeting, the Senior Administration noted that FALRIP had reversed the desired 60/40 spit between full-time and part-time faculty and that the situation needed to be redressed. Which brings us to the second effect of FALRIP on teaching personnel: upsizing of new full-time faculty positions.

As previously highlighted, due to the randomness of the FALRIP departures, funding for the replacement of 23 full-time positions was approved early in 1997. It was highlighted at the September 1998 board meeting that in 1997 and 1998 over 50 tenure-track faculty members had been hired; those hires above the 23 funded replacement positions were paid for out of existing funds. As previously underlined, 1999 marked the year where rebuilding the faculty ranks became an institutional priority with $1,750,000 being distributed to the faculties to replace FALRIP positions. It was reported in September 1999 that 49 new faculty members had been hired over the summer (CTR, 1999). Furthermore, as has been widely publicized throughout the university, more new hires are anticipated over the next two years. Depending on how all of these new positions in the future are funded, the long-term savings relating to the FALRIP programs could be further diminished. However, given that the government has begun reinvesting in higher education, the short-term outlook would be for the funding to come from new monies and not diminish the savings already achieved.

However, it was also revealed in 1999 that Concordia is facing a problem that FALRIP has compounded: hiring and retaining faculty members. At the April 1999 board meeting, it was highlighted that Concordia's salary offerings for faculty positions were not competitive and that Concordia's most pressing challenge was to attract and retain qualified and talented faculty. It was also noted that 18 full-time faculty members had resigned in 1998/99, of whom 14 or 15 left for financial reasons (CTR, 1999). At the September 1999 board meeting, it was underlined that in fact 68 faculty members had resigned, not retired, over the last three years. It was noted that most of these faculty members were in the prime of their careers and that higher salaries elsewhere were a major factor in the departures. As such, even though there is a will to replace many of the FALRIP positions and other departed faculty, Concordia faces a challenge in attracting suitable candidates. Consequently, the plan of sustainable FALRIP savings generated by the differential between the new hires and the departed faculty may not be possible as new professors may be demanding higher salaries. Any savings between the salaries of the departed FALRIP faculty members and their replacements may be short lived if Concordia wishes to attain its goals of quality faculty renewal and also wishes to retain the faculty that the university already has.

Clearly, the early retirement incentive programs have had a major effect on Concordia both from a financial and non-financial standpoint. The following section will study how the experiences of Concordia relate to the literature on downsizing and the use of early retirement, and offer new insight into the issues of downsizing, early retirements and the constraints facing universities and other public institutions.

7. Discussion

The early retirement experiences of Concordia University offer an interesting example of the perceived benefits and the popularity of such programs, and also highlight many of their shortcomings. The study has also allowed for an interesting look into the management of universities and highlighted issues of interest to other public sector industries.

As highlighted in the research design, the literature on the use of early retirement incentive plans as a downsizing tool and downsizing in higher education leads to the following propositions:

1. Early Retirement Plans represent a workforce reduction strategy that can yield significant salary expense reductions.
2. The use of early retirement incentive plans introduces randomness and inefficiencies into the downsizing process as outcomes are difficult to predict due to the fact that it is impossible to know who or how many employees will opt for the plans.
3. The unpredictable results of early retirement incentive programs and the uncertainty surrounding such initiatives will make long-term strategic planning difficult and lead to reactive management solutions in the face of unexpected outcomes.
4. The unique organizational characteristics of Universities can lead to the choice of less focused downsizing methods.

In terms of congruence between Concordia's early retirement experiences and the existing literature on the topic, FALRIP and ERIP would appear to be typical early retirement incentive programs. Furthermore, the issues facing Concordia also appear to represent the typical challenges that most publicly funded universities in Canada and the U.S. have been confronted with in the 1990's. The remainder of this section will underline the congruence between the facts presented in the case and the existing literature, attempt to highlight new implications not fully addressed in the literature, and offer directions for further research.

7.1 The Design of Early Retirement Incentive Programs and their Use as A Cost-Cutting Tool.

Hypothesis 1: *"Early Retirement Plans represent a workforce reduction strategy that can yield significant salary expense reductions."*

While early retirement incentive plans were the tool of choice, in terms of a downsizing approach, Concordia opted for a retrenchment strategy characterized by workforce reductions as defined by Dewitt (1998), Cameron (1994) and Freeman (1994). Basically, the goal in such a strategy is to cut costs while maintaining or increasing outputs. The overall goals of the early retirement programs at Concordia were the reduction of personnel costs and, in the specific case of FALRIP, renewal of Concordia's professorial ranks. From a bottom-line standpoint, one can only conclude that the early retirement programs were a success: Employees representing an annual salary cost of close to $25 million opted to retire under the packages, Concordia was able to meet all of its budget cutting goals and Concordia has been hiring new faculty at an important rate. The faculty renewal aspect of Concordia's downsizing effort indicates that Concordia was also pursuing a systemic downsizing strategy as defined by Cameron (1994) focusing on altering the institutions culture and leading to a new organization. As underlined by Cyert (1978), Matthews (1990) and Brinkman (1992), faculty members represent the most powerful group in a university and effect decision making in an important way. The loss of a large number of faculty members and the entry of newcomers will have a definite effect of organizational culture and, thus, must be seen as a sign of systemic change.

From an execution standpoint, Concordia's early retirement plans were well-designed and followed many of the recommendations for setting up such programs and implementing a downsizing initiative. From a construction standpoint, their set-up closely matches the description of typical early retirement programs as outlined by Hawthorne (1993) and Foster (1996) and follows the recommendations of the authors as information sessions were held, personalized information packages were prepared for each eligible employee, and financial counseling was made available. The basic reasons Concordia offered the plans (i.e. reduce headcount, cut costs, open career opportunities for others, over-funded pension plans) are the typical reasons that most early retirement plans are offered as underlined by Koeppen, Bain and Walker (1990), Polisner (1996), Mathys and Burack (1993), and Tomasko (1991).

As highlighted in the literature review on downsizing, the acknowledged elements required to downsize successfully include 1) resisting across-the-board cuts and thinking strategically, 2) determining the savings and costs of downsizing before the process, 3) communication, 4) employee participation, 5) care of remaining employees, and 6) the consideration of other options before reducing personnel. The use of early retirement incentive plans as a downsizing tool negates the possibility of following the first two points. It should be noted, however, that Concordia followed the recommendations of Appelbaum, Simpson and Shapiro (1987) and Mishra and Mishra (1994) in terms of communication and employee participation. The difficult financial situation facing Concordia was well explained, general "state of the University" presentations were made, and those who left Concordia through the early retirement downsizing initiatives were encouraged to remain active members of the Concordia community in one capacity or another.

To recap, Concordia's early retirement incentive plans appear to have followed the design and followed the execution recommendations of typical incentive plans. Furthermore, with close to $25 million of potential salary savings, Concordia's experience supports the notion that early retirement incentive plans can lead to strong salary reductions for an organization. In effect, the early retirement incentive plans allowed Concordia to weather the financial crisis in the 1990's and to meet all targeted budget reductions.

While Concordia succeeded in its main goal, it is important to note that early retirement incentive plans are also typically associated with many negative outcomes. As previously underlined, their use basically eliminates the possibility for strategic planning before acceptances are known and introduces randomness and inefficiencies into the downsizing process. As will be highlighted in the coming section, unpredictability, randomness and reactive management were other characteristics of Concordia's use of early retirement incentive plans.

7.2 The Unpredictability and Strategic Implications of Early Retirement Incentive Plans

Hypothesis 2: *"The use of early retirement incentive plans introduces randomness and inefficiencies into the downsizing process as outcomes are difficult to predict due to the fact that it is impossible to know who or how many employees will opt for the plans."*

Hypothesis 3: *"The unpredictable results of early retirement incentive programs and the uncertainty surrounding such initiatives will make long-term strategic planning difficult and lead to reactive management solutions in the face of unexpected outcomes."*

Early retirement incentive programs have been criticized from an organizational perspective as a very blunt, as opposed to sharp, tool for achieving workforce reductions. Savings can only be known after the fact, it is difficult to predict if enough or too many people will accept the packages, and it is very difficult to know what skills and knowledge will be lost during the purge. As noted in the introduction, Cameron (1994) underlines that early retirement incentive programs are tantamount to throwing a grenade into a crowded room, closing the door, and expecting the explosion to eliminate a certain percentage of the workforce. As a result it is very difficult to situate downsizing using early retirements in the context of a coherent strategic plan. Early retirement incentive programs are reactive in nature and strategic planning can only be done *after* the downsizing exercise when remaining resources can be assessed.

Cameron (1994), Hitt et al. (1994), and Appelbaum, Simpson and Shapiro (1987) all note that an important element for success is to situate downsizing within the context of an overall strategic plan. As such, it is recommended that clear targets be set for downsizing that will move the organization into a clear and desired direction. However, as highlighted in many institutional documents, Concordia lacked in the mid-1990's a long-term strategic plan. As underlined by Hitt et al. (1994), with the absence of a well-developed and fully articulated strategic vision, downsizing actions often reflect a cash flow driven, short-term orientation. As such, with the desire to cut costs quickly and with the absence of a clear strategic vision, a less focused downsizing strategy would be the logical result. Such a strategy would include offering early retirement incentives.

While the early retirement incentive plans at Concordia led to important savings and faculty renewal, upon closer review, it is easy to see that the use of early retirements contained inefficiencies despite their effectiveness. In essence, the drawbacks of early retirement programs as highlighted by Cameron (1994), Hitt et al. (1994), Hawthorn (1993), Appelbaum, Simpson and Shapiro (1987), Davidson, Worrell and Fox (1996), Paul and Townsend (1992), Feldman (1994), and Kim and Feldman (1998) including inefficient costs, random departures that were difficult to predict, the loss of needed resources, the uncertainty surrounding who may have left soon anyway, the possible related departure of other employees, and the use on non-strategic and temporary measures to deal with the departures were all felt at Concordia.

The difficulty to predict savings and costs of the early retirement incentive programs at Concordia were highlighted by the lack of specific targets prior to the offers and by how the savings were actually used. The results also underline the inherent inefficiencies of early retirement incentive plans. As highlighted earlier, the amount of potential savings from the programs far surpassed the actual budget cuts Concordia chose to apply. Although the potential annual savings were near $25 million, the actual budgeted annual savings stand at less than half that amount at $12 million. Of course, although less than half the personnel savings were applied, every single departure incurred expenses for the University. In all, Concordia spent over $10 million on the early retirement programs. Of the $10 million, over $2 million proved to be unproductive costs that led to no budget reductions. The most unproductive packages were the ERIP programs for non-academic staff. Although four ERIP packages were offered (ERIP I, ERIP IIa, ERIP IIb, and ERIP IIc), only the individuals who participated in ERIP I and who departed in 1995/96 figured into any budget savings. The interesting element is that, unlike FALRIP that contained a "renewal" component, the ERIP programs were billed strictly as cost cutting initiatives.

Based on the amounts of budget cuts that ERIP led to, one could reasonably suggest that only ERIP I for employees aged 55 and over needed to be offered and that neither the ERIP I for the group under 55 nor the ERIP II's served any strong purpose even though these programs cost Concordia close to $2 million. While the ratio of unproductive to total costs for FALRIP is much better than it is for ERIP, over half a million dollars were spent on unproductive FALRIP departures. Furthermore, the breakdown between productive and unproductive cost can also be extended to the costs borne out by Concordia's pension plan.

While most of the costs associated with FALRIP were productive towards budget reductions, the sustainability of the FALRIP savings is questionable. Already, of the $13.55 million in salary budget savings through the FALRIP programs, close to $5 million of budget money has been reinjected to fund replacements. As more hires are expected in the coming years, the budgeted savings could be further reduced depending on the source of funding for these new professors. Furthermore, one of the anticipated sources of savings from the FALRIP programs was the differential between the salaries of the retirees and their replacement; however, as was previously highlighted, the salary demands of new, highly qualified faculty members are rising and such savings may not be sustainable over the long-term. In sum, while the plans allowed Concordia to quickly reduce costs in the short term, more people took the packages than figured into Concordia's cost-cutting plans. Furthermore, the sustainability of some of the savings is debatable and it would be interesting to study any erosion of the savings in the coming years.

The randomness of early retirement incentive plans was also underlined through Concordia's experience. As highlighted, each Faculty did not have proportionate numbers FALRIP departures and one faculty was particularly hit. The randomness of FALRIP was further underlined by the uneven proportions of departures between departments with each faculty; while some departments were hit hard, others suffered little or no losses at all. Several documents underlined that FALRIP threatened the viability of certain graduate programs and necessitated the use of potentially negative methods, such as an increased reliance on part-time faculty and larger classes, in dealing with the retirements. In terms of faculty renewal, it was previously underlined that Concordia is still trying to forge its own identity in the university landscape. As such, the departures of FALRIP could be viewed as a way of rebuilding the University towards new goals and a new identity. It is clear, however, that at least a fair portion of the FALRIP departures quickly became priority cases for rehiring. As such, some, if not many, FALRIP departures were in areas that the faculties were still interested in. Several academic documents referred to in this study underline that Concordia could become more oriented towards graduate studies with a broader general undergraduate focus. Furthermore, as previously highlighted by Bowan and Sosa (1989) and Chronister and Truesdell (1991), there is a predicted shortage of university professors early in the new century; Concordia has already felt this shortage as there has been difficulty in recruiting new faculty. Given the shortfall of new professors, a potential increased focus on graduate research, and the fact that Concordia is having trouble attracting new faculty due to non-competitive wages, the loss 150 faculty members led to new and different problems.

In addition to the blunt economic results and the randomness of acceptances for the early retirement programs, Concordia was subject to all the other uncertainties and shortfalls that are inherent to early retirement incentive programs. Notably, it is impossible to know how many of the people who accepted an ERIP or FALRIP package would have retired on their own during the following few years. While trends show that faculty members are retiring past the age of 65, when the University of California offered its early retirement program, Hinerfeld (1992) underlined that some people observed that the only thing the University had done was compress a few years of retirements into one. Obviously, if any ERIP or FALRIP departure would have retired in the months/year after anyway, then the associated costs of any incentives would have been wasted for the most part. Unfortunately, given the uncertain nature of early retirement programs, it is impossible to determine the wasted costs caused by such cases.

To recap, we can confirm that the second, and third propositions in the research design relating to unpredictable and random results, inefficiencies, and the use of reactive measures in the face of these results, were also realities at Concordia.

If Concordia's early retirement programs proved to be typical examples of such initiatives, it is also important to highlight the particular situation and constraints faced by the institution. In essence, while Concordia's early retirement experiences agreed with the literature on the topic, Concordia also proved to be a typical university and public institution. This is the focus of the next section.

7.3 Downsizing Higher Education : The Importance of Context

Hypothesis 4: *"The unique organizational characteristics of Universities can lead to the choice of less focused downsizing methods."*

Given the mixed results and uncertainties that appear inevitable when using early retirement programs, the question as to why they are so popular is an interesting one. As highlighted, they have been used by many American and Canadian universities, and every single university in the Province of Quebec. While some sources of the popularity of early retirement programs have already been highlighted, such as the possibility of cutting large chunks of salary quickly, over-funded pension plans, and early retirements being less harsh than layoffs, there are some particular reasons why these incentive programs would be especially attractive to a university. Some of these reasons relate to practical considerations, while others relate to the nature of universities. Finally, in the case of Concordia and the other Quebec universities, the particular predicament of universities in Quebec in relation to the government also encourages measures such as early retirement incentive programs.

7.3.1 Practical Considerations

From a practicality standpoint, there are many incentives to use a tool such as early retirement plans to reduce a university's workforce. As highlighted by Chronister and Truesdell (1991), Holden and Hansen (1989) and Lewis (1996), universities are highly unionized organizations with professors benefiting from tenure and staff enjoying strong job security. Concordia is no exception. In fact, given the collective agreements in place, layoffs at Concordia are, in the end, not an option: Faculty members cannot be dismissed for economic reasons and most unionized staff members whose positions are abolished remain on the payroll until they can be placed in another position. Furthermore, the lack of mandatory retirement as highlighted by Chronister and Truesdell (1991) creates a situation where universities have few options to reduce headcount, even by attrition. In such a context, early retirement programs are one of the few options available to reduce a university's workforce. Furthermore, in Concordia's case, the over-funded pension plan represented another opportunity that would be difficult to ignore.

7.3.2 Strategic Planning in Universities

As highlighted, the literature on downsizing emphasizes the need to situate downsizing in the context of a long-term strategic plan. In the case of universities, however, this is easier said than done. Most corporations have a functional hierarchical structure where, while employee participation is recommended, final decisions are made at the top. As previously highlighted, this is not the case for universities. Cyert (1978) underlines that power and authority do not travel from the top down in universities but rest with the core constituents, mainly professors, and is spread among the various units. Jones (1993) highlights that universities are very unit-centered from several standpoints including budget allocation and strategic planning. As such, creating a clear strategic plan for a university is extremely difficult as, by nature, constituents are often less concerned with university-wide issues than they are with issues relating to their own faculty/area. In this sense, Concordia is no different than any other university.

Concordia's budget process highlights the university's unit-centered power structure as underlined by Jones (1993). Rather then strategically applying the cuts to very specific areas, the university chose to rarely single out any particular department but to spread the cuts using pro-rata methods, general across-the-board percentages, and the random tool of the early retirement plans. Applying the cuts to specific areas, even strategically spreading the cuts available through the early retirement programs, would have been extremely difficult. The course of action chosen was to cut the areas by the exact amount represented by their retirees. It should be noted, however, that a more strategic approach could be and was undertaken with regards to the distribution of replacement funds.

The academic planning activities at Concordia points again the unit-centered approach: Academic planning documents prepared by the Senior Administration that were not limited to broad ideals and went into specific recommendations were open to strong criticism. In such a context, broad across-the-board measures such as early retirement programs would appear to be one of the few ways for universities to significantly reduce payroll costs without throwing the institution into a potentially divisive turf war. The prospect of cutting over a 150 faculty positions at Concordia through other methods would have risked the emergence of many other negative consequences.

Furthermore, from a strategic planning perspective, Concordia is no different than most universities where an incremental approach to planning is preferred. Stupak and Smith (1994) underline that in the public sector, there exists few long term planning initiatives but rather a series of reactions to events. The use of early retirement programs fits very well into an incremental approach to planning, as early retirement programs are reactive by nature. Not surprisingly, it has been noted in Concordia's planning documents that a "rolling" planning process is employed to take into account new events and situations. As such, using early retirement incentive programs to downsize allows universities to continue with an incremental approach to planning that is prevalent in so many public organizations.

Finally, another reason that "strategic" downsizing is difficult in a university setting is the fact that cutting cost and profit are not considered important goals. As previously by Cyert (1978), Cameron and Smart (1998) and Dunn (1993), studies have not found strong links between a university's financial health and its success, financial success is not generally recognized as a measure of effectiveness for universities, and there is very little internal motivation for cost containment within universities. At the same time, the literature on successful downsizing (Mishra and Mishra, 1994; Tomasko, 1991; DiFonzo and Bordia, 1998) highlights the need to create an environment of trust and participation in order to create buy-in to the downsizing initiative. In a context where financial issues are not seen as an overriding concern, it is reasonable to assume that buy-in for harsh, targeted cuts would not be forthcoming at a university. As such, across-the-board methods such as early retirement incentive programs are easier.

But if cost containment is not important for universities, why downsize in the first place? The answer, which further explains the use of early retirement incentives as a downsizing tool, concerns the role that governments play in higher education.

7.3.3 The Impact of Government Policy.

Finally, it is important to note that the particular relationship universities and other public institutions have with government incites an incremental approach to planning and, as such, encourages options such as early retirement strategies. As highlighted by Dunn(1993), universities have very little incentive to contain their costs and do so only in reaction to outside forces, usually government pressure. This is particularly true in Quebec given the control the provincial government has on the revenues of universities. Given that cost cutting strategies of universities are a reaction to outside pressures, it is not surprising that reactive strategies such as early retirement programs are popular. Basically, with no real opportunity to increase revenues, cost cutting becomes the only option for universities in Quebec faced with a financial crisis. In such a situation, labor costs must be somehow cut and early retirement plans became an attractive option for the reasons previously highlighted. Furthermore, the fact that cost-cutting in universities is based mainly on the government's agenda, as underlined by Pickens (1993) and

Anderson and Massy (1990), introduces a great deal of uncertainty into the planning process. Once again, given the uncertainty surrounding the factors leading to the downsizing, it should not be surprising that a downsizing strategy encompassing uncertainty be chosen. An example of this can be seen in Concordia's experience. As highlighted, more people opted for the plan than were needed to achieve the eventual budget cuts. However, it is important to note that when Concordia offered the packages, government cuts of $25 to $30 million were expected between 1996/97 and 1999/2000; these potential cuts were based on government projections. As it happened, the Concordia's cuts between 1996/97 and 1998/99 totaled a little less than $20 million and, in 1998/99, the government actually began to reinvest in universities and announced that the cuts were over. Had the cuts been as severe as once expected, the additional savings from FALRIP and ERIP could have been important tools in dealing with these compressions. In that sense, the early retirement programs, due to their inherent lack of focus, actually allowed Concordia a measure of flexibility in the face of government policy that is difficult to predict. In such a context, a context where an organization does not control its revenues and where its financial health depends mainly on the ever changing priorities and policies of governments as highlighted by Anderson and Massy (1990), one begins to understand why strategic planning within Quebec universities is especially difficult.

7.3.4 Implications for Downsizing in the Public Sector

Concordia's experiences and outcomes relating to its early retirement incentive programs correspond to the propositions offered in the research design and the existing literature on the subject. Furthermore, there is congruence between the literature on downsizing universities and other public institutions with Concordia's experience. However, one of the strengths of the case study methodology, as underlined by Hamel (1993) and Eisenhardt (1989), is the possibility of extending findings into new directions, unfreezing thinking, exploring implications and developing new theory to be studied further.

Two elements that emerged from the literature on downsizing in higher education, which were supported in the findings, were that public sector organizations often employ an incremental or "rolling" strategic planning process and that public institutions often downsize due to outside pressures such as government demands. Furthermore, the fact that government policy is often subject to change was also highlighted and supported by the findings. The implications for downsizing in the public sector are important. As highlighted in the research design, Mintzberg (1987) highlights that while strategies are developed purposely and consciously in advance of action (i.e. intended strategy), part of every intended strategy will be unrealized as an emergent strategy will appear due to unforeseen events and circumstances. This emergent strategy will mix with elements of the deliberate strategy and will result in the *realized* strategy. Given the incremental approach to strategic planning preferred by so many public institutions and the fact that strategic initiatives are often driven by outside influences, it could be assumed that the difference between intended strategy and realized strategy for universities and other public institutions may be larger than for other types of organizations. As such, given that a public organization's intended strategy may differ significantly from its realized strategy due to the very nature of these organizations, the strategic and systematic downsizing methods recommended so often in the literature may not be possible. The heavy influence of government policy may restrict the possibility of long-term planning for certain institutions.

In the case of Concordia, a reactive strategy (early retirements) may have been chosen in response to its context of "reacting" to government policy over which it has little or no control. In a sense, any long-term strategies of Quebec universities can quickly become obsolete with a change of government policy. Based on the literature, this is a problem faced by all publicly funded universities. Given the constraints faced by Concordia, it is difficult to imagine, without the benefit of hindsight, how the university could have cut $12 million without the early retirement programs. Focused cuts could have proven to be particularly painful given that the government is now increasing funding; a situation few would have predicted three years ago. A such while authors like Smith and Stupak (1994) have decried the reactive nature of public sector strategy and have characterized it as the "strategy of muddling through", and other authors like Anderson and Massy(1990) and Hollins (1992) have called for a more strategic approach to managing universities, the reality, as highlighted by the experiences of Concordia, is that universities do not control their revenues. As every strategic plan requires funding in order to be achieved, the difficulty in conducting long-term planning in a university setting is evident. With this in mind, it would seem that the reactive, incremental strategic initiatives in the public sector may have more to do with organizational context than with a lack of will to plan strategically. As highlighted by the planning documents produced by the Senior Administration and through the discussions at the Board of Governors meetings, it is in fact clear that Concondia did have the will and goal of planning strategically and thinking long-term; however, changes in government policy and events outside of the control of the university necessitated quick responses.

As such, there appears to be a relationship between strategic choices and organizational context. While much literature has been produced on how to successfully downsize, organization and industry factors surely play a role in strategic decision making and can lead, as in the case of universities, to particular downsizing choices. As such, it could be argued that choice of downsizing strategy may be tied irrevocably to the context of the organization and this may explain why organizations do not always opt for the strategic, long-term to approach to downsizing. In such a context, "road-maps" and "how-to's" for downsizing may not be possible without a strong understanding of the context facing the organization.

While the fourth hypothesis appears to be supported, the implications for strategic choices and organization context is an area that deserves to be studied and developed further. This study can also open the doors to research in other areas related to early retirement incentive plans. The next section highlights directions for future research.

7.4 Directions for Future Research

The richness of information available through case studies is a blessing but also a curse: The areas for exploration are too numerous to fit into one study. As such, this thesis has focused on the institutional outcomes of the early retirements by studying the financial impacts of the programs and certain other organizational outcomes. However, the data and information uncovered through the research could lead to the study of other interesting facets of the issue of using early retirement incentive programs as a downsizing tool.

From an institutional perspective, two areas that could be studied are the effects of the early retirements had on student enrolments and research activity. It is interesting to note that student full-time equivalency numbers (FTE's) have risen every year since the first early retirement plans were offered. In fact, since 1996/97, FTE's at Concordia have grown from approximately 16,700 to over 17,500. At first glance then, it would appear that the loss of over 150 full time professors to retirement had little effect on enrolments. If we look closer, however, the perception changes. As highlighted, FALRIP hit different areas in uneven ways. It was highlighted that the Language departments were particularly hard hit by the early retirements and, in fact, the FTE figures for this sector did indeed drop every year from 1995/96 to 1998/99 (MEQ, 1999). As such, it would be interesting to study the relationship between enrolment figures and FALRIP departures in a particular area. In terms of research activity, studying the relationship with FALRIP would also be of interest. While FTE figures can possibly be maintained through larger classrooms and the use of part-time faculty, one would expect research activity to take a serious hit with the departure of so many senior professors. Research is important to universities for several reasons including overhead revenue for the university and prestige. In Quebec, the provincial government pays each university indirect costs for the support of research. From 1996/97 to 1998/99, these amounts decreased. Furthermore, research at a university often brings good publicity, prestige and adds to the reputation of an institution. As prestige and reputation are important to universities, so is research. As such, it would be interesting to study the effect the FALRIP programs had on research at Concordia.

Apart from organizational issues, Concordia's experience with early retirements is a potential source of rich information relating to individual issues with such programs. An obvious area of interest would be the effect of the early retirement programs on the remaining employees. This is especially true given that Concordia opted for a retrenchment/workforce reduction strategy often associated with negative outcomes on remaining employees. Survivor issues were underlined many times at Board of Governors meetings, Town Hall-type meetings, etc. Senior Administrators noted on more than one occasion that the early retirement programs had caused disruptions at every level of the University, that everyone was being asked to do more with less, that staff were tired and that morale was a problem. The effect that the early retirement plans had on those left to work on would be extremely interesting. As previously underlined, Concordia suffered a large number of resignations during the time of the FALRIP departures; as a documented effect of downsizing is the exit of wanted employees who sense organizational decline (Heenan, 1989), it would be interesting to study what effect, if any, Concordia's downsizing activities had on other resignations.

Those who opted to accept the packages also represent a rich source of information. As a great deal of research has studied the reason why people choose to retire early, the over 350 Concordia employees who accepted the early retirement represent a fresh source of data on this issue. Also, given that research has suggested that, despite the voluntary nature of early retirement programs, people often perceive such packages as less than voluntary, the Concordia early retirees also offer a source of information on the perceived voluntariness of early retirement incentive plans.

Finally, as underlined at the end of the last section, the present study has opened the doors to further research on the general concepts of downsizing and strategic planning, particularly relating to universities and other public sector institutions. Further studies could be created to better understand the relationship between organizational context and strategic/downsizing choices.

8. Conclusion

The aim of the present study was to assess the use of early retirement incentive programs as a downsizing tool. Through a case study methodology, the experience of an organization, Concordia University, was studied.

While they are acknowledged as an effective method of quickly reducing salary expenses, as a downsizing tool, the use of early retirement programs has been criticized as an unfocused, non-strategic method characterized by uncertainty and randomness. Still, this method has been employed by many well-established companies in North America as well as in a large number of universities. Universities in North America have faced difficult economic times in the 1990's and many schools have opted to cut-cost and downsize. However, unlike private companies where cutting costs can lead to higher profits and increased return on investment for shareholders, there has historically been little incentive for universities to control costs and financial health has not been an indicator of success for institutions of higher learning.

The experiences of Concordia University highlight many of these issues. The early retirement programs were shown to be an effective method of cutting significant amounts of personnel costs but were shown to be inefficient in different ways. Acceptances outnumbered the amounts required to meet budget cutting goals and the randomness of the method led to uneven departures across the organization and the loss of individuals still needed by the university during a time where the pool of new professors is shrinking.

Furthermore, the programs necessitated the use of temporary solutions to deal with the departures that contradicted strategic policy.

The study of Concordia did, however, highlight the particular situation and limited options a university faces when dealing with a financial crisis. The labor practices prevalent at universities, the culture of universities and the lack of control of resources all make less focused methods such as early retirement incentive programs among the few options available to higher education institutions considering downsizing. Specifically, less focused downsizing strategies such as early retirement programs allow universities to retain flexibility in the face of ever changing government policies that affect the organizations in a profound way. As such, the study also underlines the importance of context when implementing or evaluating a downsizing strategy.

9. Bibliography

American Management Association (1993 & 1995), *Survey on Downsizing and Assistance to Displaced Workers*. New York. AMA Reports.

Anderson, R.E., and Massy, W.F. (1990), "The Economic Outlook and What it Means for Colleges and Universities" *New Directions for Higher Education* – No.69 Spring 1990

Anfuso, D. (1996), "Strategies To Stop The Layoffs – Save Jobs" *Personnel Journal* – June 1996

Appelbaum, S.H. and Labib, N. (1993) "Strategic downsizing: A human resources perspective" *Hr. Human Resource Planning*, Tempe; 1993; Vol. 16, Iss. 4;

Appelbaum, S.H., Simpson, R., and Shapiro, B.T. (1987), "The Tough Test of Downsizing" *Organizational Dynamics*, Vol. 16, No 2, 1987

Barman, S., Buckley, M.R., and DeVaughn, W.L.A (1997) "Pedagogical Concerns in Business Education: The Case of Management Science" *SAM Advanced Management Journal*, Winter 1997.

Bowen, H.R and Schuster, J.H (1986), *American Professors: A National Resource Imperiled*. Oxford University Press. New York.

Bowen, W.G and Sosa, J.A (1989), *Prospects for Faculty in Arts and Sciences*. Princeton University Press. Princeton, N.J.

Brinkman, P.T. (1992) "Factors that Influence Costs in Higher Education" *New Directions for Institutional Research* – No. 75. Fall 1992

Brockner, J., Grover, S., Reed, T., and DeWitt, R.L. (1992) " Layoffs, Job Insecurity, And Survivors' Work Effort: Evidence of An Inverted-U Relationship" *Academy of Management Journal* – 1992 Vol. 35 Number 2.

Brockner, J., Wiesenfeld, B.M, and Martin, C.L (1995) " Decision Frame, Procedural Justice, and Survivors' Reactions to Job Layoffs" *Organizational Behavior And Human Decision Processes* – 1995 Vol. 63 Number 1

Bunning, R.L. (1990) "The Dynamics of Downsizing" *Personnel Journal* – September 1990

Cameron, K. (1994) "Strategies for Successful Organizational Downsizing" *Human Resource Management* - Summer 1994

Cameron, K., and Smart, J. (1998) "Maintaining Effectiveness Amid Downsizing and Decline in Institutions of Higher Education" *Research in Higher Education* - Feb. 1, 1998

Capra, F (1983) *Le Temps du Changement, Science-Société-Nouvelle Culture*, Paris, Le Rocher.

Cascio, W.F. (1993) "Downsizing: What Do We Know? What Have We Learned" *Academy of Management Executive* – Vol. 7 No. 1, 1993

CEA Information Note (1994). *The Downsizing Dilemma*. Canadian Education Association. Toronto

Chronister, J.L, and Truesdell, T.C.M. (1991) "Exploring Faculty Issues and Institutional Planning for the Twenty-first Century" *The Review of Higher Education* – Summer 1991

Concordia University (1992-1999). *Minutes to the Board Of Governors.*
http://archives3.concordia.ca/bgov/p_minutes.htm

Concordia University (1992-1999). *Minutes to Senate Meetings.*
http://archives3.concordia.ca/senate/p_minutes.htm

Concordia University (1999). *History of Concordia.*
http://www.concordia.ca/Visitor_Centre/History/History.html

Concordia University (1999). *Today - a brief overview.*
http://www.concordia.ca/Visitor_Centre/Today/A_Brief_Overview.html

Concordia University (1999). *Enrolment Statistics.* Office of Institutional Research.
http://relish.concordia.ca/Inst_Res/ir/cu_ir_contents.nclk

Concordia University (1998) *Collective Agreement between Concordia University and The Concordia University Faculty Association.*

Concordia University (1999) "Faculty Leaving for Better Salaries, Board Told" *Concordia's Thursday Report* May 27, 1999.

Concordia University (1999) "Academic Planning Moves Forward in All Faculties" *Concordia's Thursday Report* Jan. 14, 1999.

Concordia University (1998) "Ship is on Course, Board is told" *Concordia's Thursday Report* . Sept. 24, 1998

.

Concordia University (1998) *The Faculty of Arts and Science in the 21st Century - The Academic Plan.* http://artsci-ccwin.concordia.ca/intranet/pdf_word_excel/other/academic.pdf

Concordia University (1997) "11 Employees affected by Budget Crunch" *Concordia's Thursday Report* June 5, 1997.

Concordia University (1997) "Open Meetings Ventilate Issues" *Concordia's Thursday Report* May 8, 1997.

Concordia University (1997) "Make Funding More Equitable, Flexible, Rector Asks" *Concordia's Thursday Report* March 13, 1997.

Concordia University (1997) "Board Discusses Tone, Benefits of Planning Paper" *Concordia's Thursday Report* February 27, 1997.

Concordia University (1997) "Proposals Cause Flap" *Concordia's Thursday Report* February 27, 1997.

Concordia University (1997) "Concordia and McGill Move Closer" Concordia's Thursday Report January 30, 1997.

Concordia University (1996) *Our Immediate Future.* Discussion Paper Winter 1996/97

Concordia University (1996) "B" Policy Manual

Concordia University (1996) *Following a Course Forward. Discussion Paper* Fall 1996.

Concordia University (1996) "Preliminary 1996-97 Provisional Operating Budget. For Consultation" *Supplement to Concordia's Thursday Report.* May 23, 1996.

Concordia University (1996) "Downsizing or Growth: Units will Know Soon" *Concordia's Thursday Report* January 25, 1996.

Concordia University (1995) "Setting the Course for Our Future: A Discussion Document " *Supplement to Concordia's Thursday Report.* October 19, 1995.

Concordia University (1995) "1995-96 Provisional Operating Budget. " Supplement to Concordia's Thursday Report. May 15, 1995.

Concordia University (1995) "Organizational Review Phase II will be demanding but Instructive" *Concordia's Thursday Report* April 13, 1995.

Concordia University (1995) "Dealing with the Cuts: Budget Measures for 1995-96 " *Supplement to Concordia's Thursday Report.* March 9, 1995

Concordia University (1994) *Collective Labour Agreement between Concordia University and The Concordia University Support Staff Union.*

Concordia University (1994) "Senate, Board Members Exchange Views on Strategic Planning" *Concordia's Thursday Report* March 3, 1994.

Concordia University (1993) *A Financial Framework: 1994-1999*

CREPUQ (1998) *Commission des Universites sur les Programmes: Rapport a la Ministere de l'Education.* Juin 1998. http://www.cup.qc.ca/RAPPORT%20ministre%2098%20final.pdf

Cyert, R.M. (1978) "The Management of Universities of Constant or Decreasing Size" *Public Administration Review* - July/August 1978

Cyr, D. (1996) "Lost and Found—Retired Employees" *Personnel Journal* – November 1996

Daft, R.L. (1992) *Organization Theory and Design*. West Publishing. Saint Paul.

Davidson, W., Worrell, D., and Fox, J(1996) "Early Retirement Programs and Firm Performance" *Academy of Management Journal* - Aug.1 1996

DeWitt, R.L. (1998) "Firm, Industry and Strategy Influences on Choice of Downsizing Approach" *Strategic Management Journal* - Jan. 1, 1998

Dickman, M.M., Fuqua, D.R., Coombs, W.T, and Seals, J.M. (1996) "Downsizing in Higher Education: Institutional Budget Reduction Priorities and Strategies" *Journal of College Student Development* – July/August 1996

DiFonzo, N. and Bordia, P. (1998) "A Tale of Two Corporations: Managing Uncertainty During Organizational Change" *Human Resource Management* – Fall 1998

Dunn, J.A. (1992) "Retrench or Else: Public and Private Institutional Responses" *New Directions for Institutional Research* – No. 75. Fall 1992

Eisenhardt, K.M. (1989) " Building Theories from Case Study Research" *Academy of Management Review*, Vol 14, no 4, October 1989.

Ehrenberg, R.G. (1999) "No Longer Forced Out" *Academe* – May/June 1999

Feldman, D (1996) "Managing Careers in Downsizing Firms" *Human Resource Management* - Summer 1996

Feldman, D. (1994) " The Decision to Retire Early: A Review and Conceptualization" *Academy of Management Review* – April 1994

Finkin, E. F. (1992) "Cost Management: Effective External Communications in Downsizing" *Journal of Business Strategy* – March 1992

Firstenberg, P. (1993) "Downsizing: What's Your Game Plan?" *Management Review* – November 1993

Foster, A.C. (1996) "Early Retirement Provisions in Defined Benefit Pension Plans" *Compensation and Working Conditions* – December 1996

Francis, G.J.; Mohr, J.; and Andersen, K.(1992) "HR Balancing: Alternative Downsizing" *Personnel Journal* – January 1992

Freeman, S.J. (1994) "Organizational Downsizing as Convergence or Reorientation: Implications for Human Resource Management" *Human Resource Management* – Summer 1994

Freeman, S.J., and Cameron, K.S. (1993) "Organizational Downsizing: A Convergence and Reorientation Framework" *Organization Science*, Feb. 1993

Froomkin, J. (1993) "Research Universities Face Difficult Choices" *New Directions for Institutional Research*, No. 79. Fall 1993

Goldberg, M.A. (1996). "The Case Against Practicality and Relevance as Gauges of Business Schools" *Journal of Management Inquiry*, December 1996.

Gould, S.J. (1981) *The Mismeasure of Man*. WW Norton & Company. New York

Government of Quebec (1998). *Les Universites. Brochure de Renseigenemts.* http://www.meq.gouv.qc.ca/rens/brochu/univ.htm#res-clien

Government of Quebec (1998). *Universities and The Future: Government Policy Options Regarding Quebec Universities*. Bibliotheque national du Quebec. 1998

Government of Quebec (1998). *Consultation Paper on Government Policy Towards Quebec Universities.* Bibliotheque national du Quebec. 1998

Government of Quebec (1998). *Indicateurs de L'Education, edition 1998.Rapport du groupe de travail sur le financement des Universites.* http://www.meq.gouv.qc.ca/m_stat.htm

Government of Quebec (1997). *Rapport du groupe de travail sur le financement des Universites.* http://www.meq.gouv.qc.ca/ens-sup/ens-univ/rap_fin/docum.htm

Gowan, M.A. (1998) "A Preliminary Investigation of Factors Affecting Appraisal of the Decision to Take Early Retirement" *Journal of Employment Counseling* – September 1998 Vol. 35 no. 3.

Greiner, L. (1972) "Evolution and Revolution as Organizations Grow". *Harvard Business Review*, July-August 1972

Greengard, S (1993) "Don't rush Downsizing: Plan, Plan, Plan" *Personnel Journal* - Nov. 1, 1993

Gummesson, E. (1991) *Qualitative Methods in Management Research*. Sage Publications. Newbury Park, California.

Hamel, J (1993) *Case Study Methods*. Sage Publication, Newbury Park, California

Hawthorne, F. (1993) "Rigging the Early Retirement Game" *Institutional Investor* – May 1993

Heenan, D. (1989) "The Downside of Downsizing" *The Journal of Business Strategy* - Nov. 1, 1989

Hinerfeld, D. (1992) "Golden Parachute or Lead Balloon?" *Lingua Franca: The Review of Academic Life* – April 1992

Hitt, M. A; Keats, B.W.; Harback, H.F; and Nixon, R.D. (1994) " Rightsizing: Building and maintaining strategic leadership and long-term competitiveness" *Organizational Dynamics*, Autumn 1994; Vol. 23, Iss. 2

Holden, K.C. and Hansen, W.L. (1989) "Retirement Behavior and Mandatory Retirement in Higher Education" *New Directions for Higher Education* – No. 65. Spring 1989

Hollins, C.S. (1992) "Where do we Go from Here?" *New Directions for Institutional Research* – No. 75 Fall 1992

Horn, R.N, and Jerome, R.T. (1996) "When Corporate Restructuring Meets Higher Education" *Academe* – May/June 1996

Jones, D.P. (1993) "Strategic Budgeting" - *New Directions for Higher Education* – No. 83. Fall 1993

Kaplan, A. (1964) *The Conduct of Inquiry; Methodology in Behavioral Science*. Chandler Publications. San Francisco

Kets de Vries, M., and Balazs, K.(1997) "The Downside of Downsizing" *Human Relations* - Jan. , 1997

Kim, I-W (1998) "Activity Based Management and Corporate Downsizing" *Journal of Cost Management* - May 1, 1998

Kim, S., and Feldman, D.C. (1998) "Healthy, Wealth, or Wise: Predicting Actual Acceptances of Early Retirement Incentive at Three Points in Time" *Personnel Psychology* – Fall 1998

Koeppen, D., Bain, C., and Walker, K. (1990) "Are Early Retirement Plans Cost Effective?" *Management Accounting* - April 1, 1990.

Laabs, J. (1999) "Has Downsizing Missed its Mark?" *Workforce* – April 1999

Lewis, W.C (1996) "Retirement Wealth, Income, and Decision Making in Higher Education" *Journal of Higher Education* – January/Feb. 1996.

Mabert, V.A., and Schmenner, R.W. (1997) "Assessing The Roller Coaster of Downsizing" *Business Horizons* – July – August 1997

Mathys, N., and Burack, E. (1993) "Strategic Downsizing: Human Resource Planning Approaches." *Human Resource Planning : HR* - 1993 v 16

Mathews, K.W. (1990) "Allocating Resources as a Means of Inducing and Responding to Change" - *New Directions for Higher Education* – No. 71. Fall 1990

McEvoy, G.M., and Cascio, W.F (1989) "Cumulative Evidence of The Relationship Between Employee A Meta-Analysis of Age Differences in Job Performance" *Journal of Applied Psychology* – Feb. 1989

Miles, M.B. (1990) "New Methods for Qualitative Data Collection and Analysis: Vignettes and Pre-Structured Cases". *Qualitative Studies in Education*, Vol. 3 no 1, 1990.

Miles, M.B., and Huberman, A.M (1994) *Qualitative data analysis : an expanded sourcebook.* Sage Publications. Thousand Oaks.

Minda, G. (1997) "Opportunistic Downsizing of Aging Workers: The 1990's Version of Age and Pension Discrimination in Employment" *Hastings Law Journal* – March 1997

Mintzberg H. (1987) " The Strategy Concept I: Five P's for Strategy". *California Management Review.* Fall 1987.

Mishra, A.K.; Mishra, K.E. (1994) "The Role of Mutual Trust in Effective Downsizing Strategies" *Human Resource Management* – Summer 1994

Mishra, A.K., and Spreitzer, G.M (1998) "Explaining How Survivors Respond to Downsizing: The Roles of Trust, Empowerment, Justice and Work Redesign" *Academy of Management Review*, 1998 Vol. 23 No. 3

Montreal Gazette (1997) "Concordia Faces Major Cuts" February 8, 1997

Morris, J.R; Cascio, W.F, and Young, C.E. (1999) "Downsizing After All These Years: Questions and Answers About Who Did It, How Many Did It, and Who Benefited From It." *Organizational Dynamics* – Winter 1999

Orum, A.M; Feagin, J.R.; and Sjoberg, G (1991) " Introduction: The Nature of Case Study" *A Case for the Case Study* ed. Feagin, J; Orum, A; Sjoberg, G. , UNC Press, Chapel Hill.

Paul, R.J.,and Townsend, J.B. (1992) "Some Pros and Cons of Early Retirement" *Review of Business* – Summer 1992

Pickens, W.H. (1993) "Measures of Resource Scarcity in Higher Education" *New Directions for institutional Research* – No. 79 Fall 1993

Piturro, M (1999) "Alternatives to Downsizing" *Management Review*, October 1999

Polisner, D (1996) "Early Retirement Can be a Winner for Company, Employee" *Employee Benefit Plan Review*, February 1996

Schein, E. H. (1985). *Organizational Culture and Leadership*. Jossey-Bass Publishers. San Francisco.

Shultz, K.S.; Morton, K.R.; and Weckerle, J.R. (1998) "The Influence of Push and Pull Factors on Vocabulary and Involuntary Early Retirees' Retirement Decision and Adjustment" - *Journal of Vocational Behavior* – No. 53. 1998

Sjoberg, G; Williams, N.; Vaughan, T.R.; and Sjoberg, A.F. (1991) " The Case Study Approach in Social Research" *A Case for the Case Study* ed. Feagin, J; Orum, A; Sjoberg, G. , UNC Press, Chapel Hill.

Smith, S.L. , and Stupak, R.J (1994) "Public Sector Downsizing Decision-Making in the 1990's: Moving Beyond the Mixed Scanning Model" *Public Administration Quarterly* – Fall 1994

Snarr, B.B. (1995) "Avoiding Misrepresentations in Early Retirement Incentives" *Compensation and Benefits Review* – Sept/Oct. 1995

Stake, R.E. (1995). *The Art of Case Study Research*. Sage Publications. London

Stein, D.; Rocco, T.S , and Goldenetz, K.A (2000) "Age and the university workforce: A case Study of remaining, retiring, or returning older workers" *Human Resources Development Quarterly* – Spring 2000

Tomasko, R.M. (1991) "Downsizing: Layoffs and Alternatives to Layoffs" *Compensation and Benefits Review* - July 1, 1991

Von Bertalanffy, L (1973) *La Théorie Générale Des Systèmes*. Dunod. Paris

Waldman, D.A, and Avolio, B.J (1986) "A Meta-Analysis of Age Differences in Job Performance" *Journal of Applied Psychology* – Feb. 1986

Woodbury, R.G. (1999) "Early Retirement in the United States" *Statistical Bulletin:sb.* – July 1999

Worth, E. (1995) "In Defense of Targeted ERIP's: Understanding the Interaction of Life-Cycle Employment and Early Retirement Incentive Plans" *Texas Law Review* – Dec 1995

Yin, R.K. (1984) *Case Study Research - Design And Methods*. Sage Publications. Beverly Hills