

OUTCOMES OF REDUNDANCY – DIFFERENT ASPECTS

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Abstract

This article deals with the effects and outcomes of organizational downsizing/redundancy. I shall concentrate on the effects redundancy makes on the survivors of redundancy (those who remained in the organization after the redundancy) and on the organization. In view of these effects, factors can be identified, which factors are essential to be taken into account in order to manage effectively a downsizing procedure. The effects of redundancy can be either positive or negative, thus, most apparently, there are different factors in the background of the diverse impacts. I shall examine these background factors from both organizational and individual points of view.

Keywords: outcomes of redundancy, survivors, organizational and individual factors.

1. Introduction

Organizational redundancy is unquestionably a topical issue in these days. Privatization, mergers and acquisitions, outsourcing, and downsizing are the responses that organizations predominantly give to keep up with the world's economy; however, it is downsizing that is the most frequent of all, often being a component of actions taken in other strategies as well. Organizational redundancy and other organizational restructuring procedures that involve redundancy primarily aim at easing the negative effects of economic recession, at enhancing productivity and efficacy, and to ensure the organization's competitiveness, sometimes even mere survival. However, experiences and results of empirical examinations show that redundancy-related hopes in most cases remain unfulfilled (CASCIO, [13]). Moreover, beyond unfulfilled expectations, organizations often face unexpected negative outcomes. The failure to meet the downsizing-related expectations and the unexpected negative outcomes have drawn both theoretical and practical experts' attention to the outcomes of redundancy and the main questions involved in managing downsizing. Since the early '80s, it was in the United States that experts set out to scrutinise the outcomes and effectiveness of redundancy and the questions concerning the management of downsizing; thus, consequently, the preponderance of redundancy-related literature is based on the results of studies conducted in the United States. Nevertheless, since the early '90s, most organizations in Europe, and in Hungary

as well, used already downsizing to a greater or less extent as a strategy, thus the stock of European experiences concerning downsizing is becoming more and more wealthy.

Empirical research projects first concentrated on those who lost their jobs as the result of downsizing (*victims* henceforward). Later, when an increasing number of organizations experienced negative outcomes after downsizing, researchers began to investigate effects of downsizing on those who remained in the organization (*survivors* henceforward), and on the organization itself. Researchers found the following detrimental results of downsizing: decline in survivor's loyalty, organizational commitment, motivation, morale, performance, efficiency, job satisfaction, trust in management, heightened sense of stress, job insecurity, increasing number of quits and health-related complaints, loss of organizational knowledge and memory, and damaging the image of the organization.

The exploration, analysis and understanding of the negative effects (and the factors that are behind these) that redundancy makes on the survivors and the organization essentially contribute to from the point of view of both the organization and the individual more effective execution of downsizing. In this article we try to provide a concise summary of 1) the positive and negative effects/outcomes of redundancy; 2) individual and organizational factors/causes that are behind these effects.

2. Outcomes of Downsizing: Survivors

The effects of organizational downsizing have individual and organizational aspects. Though in this chapter these effects will be examined from the individual's point of view, the two aspects (i.e. the individual and the organizational) cannot always be sharply separated from each other since in most cases, obviously, the individuals' reactions determine the outcomes perceived on the organizational level. There are, of course, certain outcomes, such as how decision making processes become faster, simpler or altered organizational structure, which are observable solely on the organizational level, thus these are clearly distinguishable from the effects that individuals perceive. These will be discussed in details in the next chapter.

Studies that examined survivors, though focusing on different effects and different reasons behind them, drew more or less the same conclusions from their findings. The most typical effects they found and described are as follows: increased sense of job insecurity, stress, turnover intention, decreased organizational commitment, morale, job satisfaction and performance (APPELBAUM et al., [2]; BROCKNER et al., [6]; CASCIO, [13]; CAMPBELL, [11]; UGBORO, [32]).

The feeling of job insecurity stems primarily from the lack of control and predictability (APPELBAUM et al., [2]; CAMPBELL et al., [12]). The notion of 'lack of predictability' refers to survivors' lack of capacity to predict whether there would be further downsizing, and if so, who would be the next to be made redundant. Another source of insecurity is that survivors cannot tell whether they would be able to adjust

to new circumstances, come up to new expectations, properly/successfully accomplish new tasks, or to acquire and master the knowledge and competences necessary in the new situation. The sense of lack of control comes from the fact that survivors are not involved (to an appropriate extent or even at all) in the redundancy process, in the planning of the organization's future, or in decision making processes in general, thus they feel that the decisions which influence their lives inside and most often outside of the organization are completely beyond their control. Increasing job insecurity has a deteriorating impact on job satisfaction, organizational commitment and job performance (ASHFORD et al., (1989) cited in Campbell et al., [12]). The impact on performance is most frequently manifested so that survivors become, as a result of the anxiety brought about by the permanent feeling of insecurity and lack of control, resistant to risk-taking behaviour, less innovative, and less capable of learning (APPELBAUM et al., [2]; BURKE-COOPER [8]; ANTAL, [1]). Each of these is vital for the adaptation to new circumstances and for proper performance and effectiveness.

Beside job insecurity, increasing workloads and job ambiguity also contribute to the stressful organizational environment (APPELBAUM et al., [2]; GREENHALGH, [19]). The amount of work to be done usually remains unaffected after downsizing, so there is a considerable growth in survivors' workload. Acquiring the skills necessary for the new tasks is a time-consuming procedure, which is apparently impeded by the increasing workload. The (potential) lack of necessary competence(s) and increasing workloads may operate as stressors, what is very much against keeping up performance.

The changing organizational structure, work processes and new tasks are also significant stress sources for the survivors of redundancy since in the restructured organization the responsibilities are usually not clearly defined, what then leads to job ambiguity. Job insecurity and uncertainty, lack of control, as well as increasing workload and job demands are factors not only behind deteriorating job satisfaction, organizational commitment, performance and the growing number of quits, but they also significantly influence survivors' health-related behaviour and long term absence (KIVIMAKI et al., [22]; PEPPER, [26]).

Rise is observable in the number of long-term absences during and after downsizing processes, which phenomenon can generally be attributed to two main reasons: 1) employees feel themselves protected against dismissal while on the sick-list; 2) intensifying stress makes them ill during downsizing. In contrast with long-term absences, the number of short-term absences decreases, since survivors, anxious about losing their jobs for being too often out of work, thus try to avoid becoming a victim of a future downsizing (KIVIMAKI et al., [22]). Redundancy's impact on health-related behaviour can be manifested in the following ways: smoking more frequently, resorting more often to anti-depressants, insomnia, lowered quality of sleep, alcohol abuse, somatic complaints, hypertension, depression, burnout, and anxiety (BURKE-COOPER [8]; KIVIMAKI et al., [22]; PEPPER, [26]).

Beside fear, uncertainty and anxiety, survivors gave an account also of anger, feeling of unfairness and mistrust, and disappointment. Perceived unfairness, just as job insecurity, has a deteriorating influence on job satisfaction, organizational

commitment, work performance, survivors' level of motivation, and it also entails an increase in the total of quits (CAMPBELL, [11]). Perceived unfairness and mistrust can, in the first place, be attributed to:

- employees feel that the management let them down ('there must have been ways other than downsizing to eliminate organizational problems'), and they even tend to blame exclusively the management for the situation which led to redundancy;
- they find the treatment of the victims and the downsizing procedure unfair; victims are not decently compensated for their obvious grievances; they consider the services provided by the organization insufficient to enhance the victims' chance of re-employment, selection criteria are not fair and public;
- survivors find not being involved in the downsizing process, in the planning of the organization's future and setting its aims;
- they often find the redistribution of increased workload unbalanced, and that the extra efforts they make remain insufficiently compensated (ANTAL, [1]; CAMPBELL, [11]; DANIELS, [15]; ROSENBLATT-SCHAEFFER, [28]; STARK et al., [30]; TOTH, [31]; WAGNER, [33]).

As a result of feeling to be treated unjustly, survivors' attitude towards the management changes: they become less respectful and more mistrustful, and their loyalty to the organization diminishes. The fact that survivors set out to seek new jobs to increase their sense of security can be ascribed to uncertainty, dissatisfaction and lack of organizational commitment. As survivors they make extra efforts to find new jobs, pay less heed to their tasks, thus diminishing the work performance, which has already been decreased by their lack of motivation, increased workload and dissatisfaction (FELDMAN cited in GREGORY, [20]). Survivors with the most marketable and portable skills and knowledge, whose staying in the organization would be crucial from the organization's point of view, usually do not stop seeking new jobs, and sooner or later leave the organization. This not only makes the workload grow larger, and there is not only a great loss of organizational knowledge and memory due to the increasing number of quits (thus losing some or even many of the organizations key persons), but it also lessens the chance of the organization's development, or, at the extreme, its survival (BEDEIAN-AMENAKIS, [4]).

As a result of corporate downsizing, a shift from organizational loyalty to career commitment occurs; namely, employees are more disposed to build portable skills and acquire marketable experience which give them advantage over others in the labour market (BURKE-COOPER, [8]; GREGORY, [20]).

Many studies in this field attribute overriding importance to emotional reactions given to redundancy (BROCKNER et al., [5]; CAMPBELL et al., [12]; NOER cited in DUPUIS et al., [17]). The emotional reactions observed most frequently are as follows: fear, insecurity, frustration, sense of injustice and betrayal, mistrust, sadness and depression. Beyond these emotions, survivors are often remorseful for the fact that while their colleagues (sometimes friends) lost their jobs, they could remain in the company. Some findings give account of its exact opposite; that is,

survivors feel envy towards those who were made redundant because they can have a rest (sometimes on the sick-list), receive lump sum payment, can have extension training and are given counselling what puts them in a more advantageous position to get a new, even better-paid job, whereas there is an (often uncompensated) increase in survivors' workloads.

Although survivor-related studies emphasize mostly the negative reactions that survivors give to redundancy, there are instances of positive responses as well (BURKE-COOPER, [8]; SPEITZER-MISHRA, [29]). Moderate job insecurity may elicit positive responses since it makes a positive impact on survivors' work performance. Redundancy and organizational changes place severe stress on survivors only in the initial period, what is a typical phenomenon in periods of literally any organizational change. But as soon as the system is stabilized, many survivors claim that in the 'new' organization they face more interesting and challenging tasks, and can work more independently and autonomously. If organizational restructurings concomitant with downsizing can be characterized by rationalization of work procedures, more interesting and challenging tasks and greater autonomy, then survivors are more likely to respond positively. However, positive reactions do not necessarily have to be associated with the post-redundancy period of stability, some survivors produce such reactions even during the redundancy. Positive responses, such as activity, motivation and optimism about the future, usually stem from that employees hope the best for themselves (MISHRA-SPEITZER, [24]). Moreover, some expect that everything will be even better after downsizing because they are convinced that the organization makes redundant only those who are the less effective, and organizational restructuring will rationalize the work procedures, make tasks more interesting, and they are hopeful also about being more appreciated. They had already been dissatisfied with the pre-redundancy situation, which is a primary condition of the positive attitude towards changes. They express optimism, because they are convinced that they can successfully rise to the post-redundancy challenges. They are willing to take risk to enhance the organization's efficacy. Employees' responses are characterized also by proper organization citizenship and job involvement. They are also optimistic about a new wage-system contingent upon the post-redundancy changes, and are open to performance appraisal and improvement opportunities.

Both personal (personality traits, experience, life conditions, etc.) and organizational factors (such as organizational culture, reason and aim of downsizing, downsizing strategy) are significant determinants of individuals' varied responses to downsizing. These background factors shall be discussed in detail later in this article.

3. Outcomes of Downsizing: Organization

The outcomes manifested on the organizational level comprise de facto two main components: 1) the sum of all effects that individuals perceive, and 2) changes

affecting organizational features. These outcomes, just as in the case of survivors, have both positive and negative aspects. All factors (organizational culture, reasons and procedure of redundancy, etc.) significantly contribute to the extent redundancy can and can fulfil the hopes attached to it.

The most typical objectives of downsizing are: to improve performance and productivity, enhance competitive advantage, reduce costs, and improve quality. According to findings of studies examining changes in organizational performance and productivity (CASCI, [13]), improvement was observable only in the insignificant minority of cases; otherwise post-redundancy organizations did not accomplish any improvement, sometimes even decline in performance was experienced. Most often decline in survivors' organizational loyalty, job satisfaction, motivation, as well as increase in stress and workload and increased incidence of health-related complaints are responsible for the slump in performance. Nevertheless, the lack of positive outcomes cannot exclusively be attributed to individuals' reactions. The organizational performance is negatively influenced by the loss of organizational knowledge and memory possessed on the one hand by those who were made redundant and, on the other hand, by the survivors' quitting in the post-redundancy period of decreasing loyalty and job satisfaction. As it has previously been mentioned, usually those survivors leave the organization voluntarily who, from the organization's point of view, possess more useful knowledge, thus organizations risk to lose key skills and experiences as well as valuable knowledge by inappropriately managing a downsizing procedure (ANTAL, [1]). The shift from organizational to career loyalty (REILLY et al., [27]) is manifested in survivors' focusing on the acquisition of marketable skills and seeking new job opportunities (BROCKNER et al., [6]; BURKE-COOPER, [8]; GREGORY, [20]). Meanwhile, they tend to concentrate less on their tasks, neglect organizational objectives such as quality, product development, and so on. These finally lead to the stagnation or deterioration of organizational productivity.

Unhealthy working climate (with less social interaction and more internal conflicts) becomes typical in a community of survivors with reduced organizational commitment. The factors involved in this are lack of resources, negative competition among employees and groups and dissatisfaction with management. Unhealthy work climate typically results in individualistic workers determinedly avoiding teamwork. Most apparently, when survivors work merely to achieve their own goals, organizational objectives are more likely to be neglected.

Post-redundancy organizations can also be characterized by the restructuring of the organization and work procedures, the elimination of certain fields of work and creating new ones. Such restructuring is more likely to influence negatively the operation of the organization if bureaucracy is increased, superfluous tasks are inserted, irrational work procedures are set up, and if the new tasks are less interesting and offer less autonomy. CAMERON et al., [10], and BEDEIAN-ARMENAKIS, [4] list the following negative outcomes of downsizing: centralization, absence of long-term planning, curtailment of innovation, scapegoating, resistance to change, turnover of staff, decreased morale, loss of slack, the emergence of special interest groups, loss of credibility of top management, loss of key personnel and losing too

many employees in general, retraining, employment of an increasing number of temporary workers, more overtime, and increased retiree health costs.

Organizational image might also be spoiled by the mere fact of downsizing, which would get even graver if victims are treated inappropriately. Negative image change might entail losing of certain markets, what then leads to decline in the organizations' turnover. Therefore, proper communication of downsizing to the outer world, and decent, satisfactory compensation for victims' losses are inevitable for the organization.

However, positive outcomes of redundancy were also identified on the organizational level. The major economic benefits are increased value to shareholders and cut back on general human costs. Further expected advantages of downsizing are lower overheads, elimination of hierarchies, decreased bureaucracy, faster decision making, more fluent communication, flexible improving of the firm's capability for development, more pronounced entrepreneurial behaviour, increased productivity and better earning (BURKE-COOPER, [8]; CAMERON et al., [10]; GREGORY, [20]). The efficacy of downsizing is often conceived as means of bringing organizational health back to a company by eliminating unnecessary work procedures and personnel, increasing competitiveness, re-energizing exhausted employees and producing clearer mission (CASCIO, [13]).

HICKOK [21] claims that the most significant consequence of downsizing is related to the change of the organizational culture, not to short-term benefits or reduced costs. Downsizing can be a catalyst of changes in organizational culture since a destabilising factor, which moves the organization from its current situation, is necessary to initiate organizational changes. The most important factors affecting organizational factors, according to HICKOK [21], are as follows:

1. power has shifted from the ranks towards the owners;
2. working relationships have changed from being familiar to being more competitive;
3. the employer-employee relationship has moved from long-term and stable to short-term and contingent.

Such changes in organizational culture are considered by several authors an amendment of the psychological contract. The psychological contract between employers and employees has been breached. In the typical, traditional psychological contract employees offered commitment, conformity, and loyalty while employers, in return, offered security of employment, career prospects and development within the company and care in troubled periods (BARUCH-HIND, [3]). The new contract has been drawn up in a different way. Change is considered continuous. Against new criteria, opportunity for vertical grade promotion is lessened. Promotion is made available to literally everyone, not only for those who deserve it. Status is a matter of perceived credibility and competence. Employers and employees alone are responsible for their personal development. Though high confidence is still considered valuable, organizations accept that employees are less committed to them and more committed to the project they deal with. Commitment to the type of work

and profession appears to be stronger now than commitment to the organization and loyalty to the employers (CAVANAUGH–NOE, [14]). In accordance with the terms of the new contract, employees offer long hours assuming added broader skills, tolerant change and ambiguity, while employers offer high(er) wages, reward for outstanding performance, flexibility and, in ideal cases, opportunity for life-long learning and development, and for acquiring portable skills (BARUCH–HIND, [3]). Changing the organizational culture and developing a new psychological contract are very time-consuming processes, where great effort is a must, and depend upon a great number of personal and organizational factors. Beside proper management of redundancy and organizational features, the loss of organizational memory is also a factor in accomplishing the desirable change in organizational culture. Consequently, the disappearance of the organization's old values, procedures and traits should be considered a positive outcome (GREGORY, [20]). Although downsizing can thus initiate the change of organizational culture, certain studies pointed out that the uncertainty after downsizing results in resistance to culture change amongst survivors (WAGNER, [33]).

To sum up, redundancy can make both positive and/or negative impacts on the organization. Thus, the identification of factors behind the diverse outcomes is of fundamental significance and importance.

4. Factors behind the Diverse Effects of Redundancy

As it has been discussed in the previous chapter, redundancy can elicit positive and/or negative reactions from both survivors and the organization itself. The individuals' characteristics, the way how redundancy is managed, and the organization's particular features are in the background of the different reactions. In the next chapter these background factors will be presented.

4.1. Personal Factors behind the Diverse Effects of Redundancy

The responses that survivors give to redundancy are significantly influenced by the individuals' personality traits, their relationship with managers and the organization itself, their past experiences, and individuals' other characteristics, such as age, time spent within the organization, etc. In this short chapter I shall present a short summary of findings that analyse and explain why survivors (in the same circumstances) respond differently to redundancy.

As for personality traits, the reactions a particular survivor gives to downsizing is predominantly determined by whether this particular survivor has external or internal locus of control (STARK et al., [30]); i.e. individuals with high internal locus of control are very likely to react to perceived organizational injustices attributed to downsizing in a different manner than those with high external locus of control. Persons with high internal locus of control utilize more effective coping

methods, they feel that they have the control to put any perceived injustices on the part of the organization right. The high degree of internal locus of control will influence survivor's willingness to accept the changes implemented by the management; consequently, such persons are important factors from the point of view of the organization's success after downsizing. Individuals with high external locus of control, as opposed to the ones with high internal locus of control, feel helpless and incapable of putting the wrongs they perceive right. Instead, they rather seek to redress the situation by either looking for opportunities to leave the organization or engaging in counter-productive behaviours. These employees perceive higher job insecurity, feel lack of control over the events in the organization, tend to resist changes, and are less capable of risk taking behaviour, which all would be vital after downsizing (STARK et al., [30]). Self-esteem (and its quality, i.e. being high or low) is another important dispositional attribute. Self-esteem is considered to comprise the individual's judgement of one's capabilities to mobilize the motivation, cognitive resources and courses of action needed to take general control over key events in one's life, and deal especially with life's challenges. Survivors with low self-esteem were more anxious about losing their jobs and had higher motivation levels and greater performance increases than high self-esteem survivors. Nevertheless, increase in the level of motivation and productivity turned out to be only a short-term phenomenon, lacking any positive change in organizational commitment (BROCKNER et al., [7]). Employees with high level of self-esteem react less negatively since they view themselves more positively, thus they find redundancies less threatening. Their self-esteem appears to be supported by their self-perception of their capabilities to find an alternative job (CAMPBELL, [11]).

The level of negative affect also influences survivors' reactions. People high in negative affect care more about details and take ambiguous stimuli more negatively, suggesting that such individuals are prejudiced about interpreting their job circumstances and respond to these more negatively. Survivors, who are high in negative affect, are more likely to report feelings of distress, discomfort and dissatisfaction as time passes, whilst others, who are low in negative affect, are more self-secure, satisfied and calm (WATSON-CLARK cited in STARK et al., [30]). Negative affect might contribute to the explanation of perceptions of unfairness of layoff events and related attitudes over and beyond the absence or presence of proactive management interventions.

The strength of survivors' work ethic also affects responses given to redundancy. Employees with a strong work ethic are less likely to react negatively to redundancy since they are more capable of concentrating on their jobs even in the period of redundancy (BROCKNER et al., [6]).

Survivors with marketable and portable skills and knowledge, who, consequently, are in a more advantageous position in the labour market, tend to respond less negatively to downsizing. They feel the post-redundancy situation less threatening because they are more confident and optimistic about getting new jobs.

Survivors' past experiences were investigated from several standpoints. Survivors, in whose department downsizing has been an unknown phenomenon so far, thus do not have direct experience, respond far more negatively to it than those

who have already witnessed downsizing (CAMPBELL et al., [12]). Regarding past experiences, it is also important whether the survivor picked up his/her experiences as a victim or as a layoff agent (i.e. someone who assisted in the implementation of downsizing). Former layoff agents tended to consider downsizing more unavoidable. Ex-victims of layoffs found it financially less effective (MCKINLEY et al., [23]), felt their status more uncertain, were more anxious, and more frequently reported stress and health-related problems (PEPPER, [26]). Survivors with positive past experiences (improved work conditions, more interesting tasks, etc.) that place downsizing in a favourable perspective should be more willing to accept downsizing, its institutionalization (MCKINLEY et al., [23]). Negative past experiences make survivors' attitude towards downsizing far more negative, and they have a predisposition to refuse changes.

Survivors with formerly high standard of organizational commitment respond more negatively to redundancy than those who were less committed to the organization before the layoff procedure. This previously more committed judge redundancy is far more unjust than others (BROCKNER et al., cited in UGBORO [32]).

The quality of reactions given to downsizing depends also upon the level of trust placed in the management. The more trustful the employees were towards management prior to downsizing, the more likely they are to react less negatively. It can be explained by the fact that effective organizational communication and employees' cooperative behaviour are usually concomitant phenomena of trust. Thus survivors with high level of trust find downsizing less threatening (they believe the management that downsizing was unavoidable, there is a way out from the current situation, and that there would be no further layoffs, and they trust in the management's competence that they could resolve potential problems), which facilitates giving cooperative responses to downsizing (MISHRA et al., [24]).

Beyond personality traits and past experiences, the following factors also play important roles in the formation of survivors' responses to downsizing: marital and/or provider status, age and length of time spent within the organization. Married persons produced fewer survivor syndromes, like fear, depression, sense of guilt, resentment, and somatic health effects (PEPPER, [26]). However, support through partnership is not restricted to spouses, it can also be manifested in a supportive manager or colleague. Older employees usually feel more hopeless and are more worried about the consequences of downsizing; the following reasons might account for this attitude: they are definitely in a far less advantageous position in the labour market than their younger colleagues, and they feel less capable of coping with new tasks and acquire new skills. The effect of the length of time spent in the company is reflected in the survivors, who have longer been in the company, are more disappointed, disillusioned and cynical; they have a stronger sense of job security and are more committed, thus they find surviving the downsizing procedure more difficult (SPEITZER-MISHRA, [29]). Further, main income earners, on whom the welfare of their families primarily depended, reacted more negatively to layoffs and produced more survivor syndromes than others.

Most often individual and personality differences between survivors can account for why survivors, in the same/similar environments, give varied answers

on redundancy. These differences, beyond offering an explanation for the diverse reactions, also provide a good basis for a more affective execution of redundancy procedure.

4.2. Organizational Factors behind the Diverse Effects of Redundancy

Though the importance of survivors' individual differences is unquestionable, still the organizational factors play the key role in the outcomes of downsizing. As regards organizational factors, the following have to be distinguished: organizational features, causes of downsizing and the management of the downsizing procedure. Since these factors are primarily responsible for the effective planning, execution and success of layoffs, keeping them in view is essential.

First of all, it is important whether a particular company is in the public or in the private sector (CAMPBELL et al., [12]; WEST, [34]). In accordance with the unwritten terms of psychological contract between employers and employees, employees offer organizational commitment in return for the job security provided by the employers. Workers employed in the public sector have stronger sense of job security than the employees in the private sector, thus job security is a more integral part of the psychological contract than in the other case. Consequently, survivors working in the public sector perceive downsizing, and the uncertainty after it, is more unfair than those working in private companies. They feel as if the employers breached the psychological contract, which was based on mutual agreement.

In the public sector the entitlement mentality is fairly typical. It is an attitude which refers to that employees do not have to earn what they get, they are owed it. In the workplace, entitlement mentality occurs when employees have so much security that they do not even have to produce. They can keep their jobs and get regular raises regardless of their actual performance. As a result of increasing job insecurity and introduction of performance-based wage-system after downsizing, workers with this attitude give, most apparently, very negative responses (BARDWICK cited in WAGNER, [33]).

Organizational culture is another factor, which influences not only the downsizing rates, but also the conduct of downsizing and its outcomes. BUDROS (cited in GARRIDO, [18]) claims that downsizing rates will be lower in organizations with employee-centredness, which place greater value on employees' needs, interest than on short-term profits. In such organizations, besides doing their best to avoid extensive layoffs, the strategy of caring redundancy (outplacement) is applied, and they try to pay proper attention to survivors.

Employees' attitude towards changes forms a part of organizational culture too. If stability is a characteristic norm of the organization, any changes will create shock. If organization was previously operating under stable conditions, and if there were no previous downsizing in the workplace, survivors would almost surely suffer from the survivor syndrome effect regardless of the manner the process was carried out. Therefore, the positive attitude towards organizational changes counteracts

employees' resistance to such changes. Employees' hopes and expectations have been found to significantly moderate survivor responses (DOHERTY, [16]).

Organizations, taking the causes and objectives of downsizing into consideration, might apply different strategies. Proactive strategy is used when the organization wants to avoid certain unfavourable situations or intends to enhance competitiveness. Organizations employ reactive strategies in a situation where they want to reduce already existing losses or to avoid potential bankruptcy (HICKOK, [21]). Survivors give more negative responses and the outcomes on the organizational level are more disadvantageous in the case of reactive downsizing. Survivors have a stronger sense of hopelessness because they feel that the organization is on the edge of disintegration.

According to CAMERON et al., [9], an organization can carry out downsizing in accordance with the following strategies, which view is to a certain extent similar to the proactive and reactive strategies outlined by Hickok.

1. Economic downsizing is applied when the organization is already on the verge of bankruptcy. In this case, work force reduction focuses on headcount to cut operating costs immediately. This quick headcount reduction can be the following: hire freezing, early retirement, buying out packages, transfers and outplacement. Economic downsizing is executed in a very short period of time, therefore in most cases there is not enough time for carrying out the appropriate downsizing procedure, preparing the employees and carefully considering the reshuffling process. Thus, badly prepared downsizing could have several negative effects, which may not be compensated by any short term profit. This strategy, beyond the negative reactions of the survivors, has the additional disadvantage that it is difficult to foresee how many employees leave the organization beyond the planned numbers. In this way, the organization could face a lack of labour force that considerably damages its performance.
2. The primary aim of structural downsizing is to rationalize the work procedures and the organization's structure by means of redesign. This is a medium-term strategy, which means that downsizing is more carefully considered and prepared, what contributes to beneficial outcomes on the organizational level. With the appropriate communication of the logical restructuring process, the organization can evoke more favourable reactions from survivors than with economic downsizing.
3. Cultural downsizing is a systematic and long term strategy, which forms the basis of continuous improvement. This strategy usually implies reforming organizational norms and values, as well as having them accepted, transforming decision-making processes, increasing autonomy, forming positive attitudes towards changes, flexibility and dynamism (CAMERON et al., [9]).

A downsizing process is usually characterized by a certain combination of the above strategies; organizations, however, differ in which strategy they concentrate most on. Even if economic downsizing is applied, it is probable that some kinds

of organizational restructuring is carried out, and that the organizational culture is also changed to a certain extent.

Usually, the unfair redundancy process, job insecurity and negative changes in the work procedures are in the background of negative survivor reactions. The effective conduct of downsizing and the organization's management are key-factors in avoiding high level of perceived insecurity and ensuring motivated workforce. Therefore, it is important that

- employees receive honest, straightforward and detailed information;
- employees comprehend why downsizing is unavoidable;
- the antecedents of downsizing are made clear for employees;
- employees are not uncertain about their future;
- employees find the selection criteria fair and reasonable;
- victims receive fair treatment and are given proper redress;
- increased post-redundancy workloads are justly shared;
- employees are involved, to a greater or less extent, in the decision making processes;
- also, survivors receive an appropriate treatment, and the organization offers training opportunities and facilitates the acquisition of marketable knowledge;
- the organization ensures employees' autonomy, varied work tasks and opportunities for development in order to increase work motivation (APPELBAUM et al., [2]; BROCKNER et al., [6]; CAMPBELL, [11]; NIEHOFF et al., [25]; UGBORO, [32]).

5. Final Thoughts

In this article I tried to give a concise summary of the effects that redundancy makes on survivors and the organization. Organizations, often and most regrettably, fail to count upon the negative outcomes that might ensue from downsizing, thus, instead of getting into an expected better situation, they encounter deterioration. A summary of possible outcomes of redundancy could provide a point of reference for managers in planning effective procedures and drawing up action plans, and it could also be helpful after downsizing to minimize the negative effects. Armed with the full knowledge of the possible outcomes, organizations can get prepared for the potential difficulties they should face.

Managers of organizations have to be made aware that though employees' unique characteristics/personality traits significantly influence survivor reactions and the effects observable on the organizational level, managers and organizational culture are key-factors in the shaping of the effects of redundancy. Therefore, for the sake of the organization's effective operation, the organizational culture, and the psychological contract should be changed, the downsizing process should be very well planned and worked out, and the management has to consider seriously the human factor which plays a crucial role in accomplishing the objectives of redundancy.

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