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Motivating Downsizing Survivors in Small Businesses

Sandra Obilade

Studies on the effects of downsizing have generally revealed mixed results depending on several variables including the nature and extent of downsizing, degree of planning undertaken, extent of Human Resource involvement, and effectiveness of the organization's communication climate (Burke & Cooper, 2000; Atwook et al., 1995; Huber & Glick, 1993). According to one study published at the peak of the downsizing phenomenon, nearly 68 percent of downsizing efforts were not successful in terms of meeting goals (Clark & Koonce, 1995). Not only were management-related goals not fully achieved, but survivors of downsizing were

left with emotional and other problems that could affect their future with the organization. While some studies have concluded downsizing negatively affected the company in terms of its financial status, skilled workforce, and public perception (AICPA, 2001; Cascio, Young, & Morris, 1997; Cascio, 1993), other studies have found that downsizing had negative effects on the morale, loyalty, and overall attitudes of survivors (Luthans & Sommer, 1999; Martin, 1998). Scholars and entrepreneurs generally agree that for downsizing to be effective, it must be properly executed, which means it must not focus exclusively on the interest of management to the extent the interests of workers are marginalized. In short, downsizing needs to be well planned and executed.

A study by Martin (1998) has confirmed a widely-held belief—firms that engage in layoffs based on poor or no planning are more likely to suffer negative effects. At the very least, management needs to reassure the survivors that the perception of the survivors

that management only sees workers as mere tools is inaccurate (Frazee, 1996; Obilade, 1998; George & Jones, 2008).

One problem that arises from downsizing is instability resulting from uncertainty. This could be a huge problem in a volatile business environment where firms may have to resort to unplanned downsizing to stay competitive. Martin (2001) reports that a survey conducted in June 1999 found that 66 percent of the firms surveyed (N= 1992) reported a scarcity of skilled workers in 1999; whereas only 6 percent reported a scarcity of skilled workers a year earlier. This highlights the fact that firms faced stiff competition in their attempt to recruit technologically competent workers who could help them to compete in a technologically-driven work environment that had “blown to bits” the old ways of doing business. (Evans & Wurster, 2000). Many firms felt they had no option but to restructure in order to recruit skilled workers.

The problem of scarcity seemed to have peaked by 2000 when 76 percent of

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the firms reported that skilled workers were scarce. By 2001, 47 percent still reported a scarcity of skilled workers. Also, the American Institute of Certified Public Accountants note that 58 percent of the 1631 businesses surveyed by AMA between 2000 and 2001 reported job cuts, and this represented the highest level of job loss in AMA's fifteen-year survey history. The instability evidenced in these surveys can be attributed in large part to downsizing.

What this suggests is that downsizing needs to be conceived and implemented as a part of the overall human resource management (HRM) strategy of the organization designed to improve the ability of the company to compete more effectively. Workers should be persuaded that they too have a stake in the competitiveness of the organization. To achieve this goal, it is important for the company to create a strategic role for HRM, especially if downsizing is a credible part of the company's competing strategy.

Although managers may be aware of the important role of HRM in decisions on downsizing, not all businesses are well-equipped to pursue all the activities associated with HRM. Furthermore, small businesses in particular might be so focused on survival that they could engage in

downsizing principally to reduce costs. In such cases, the firm could engage in downsizing without fully carefully considering how to meet the emotional as well as the practical needs of the remaining workers, especially as these relate to additional responsibilities. Downsizing exercises implemented without careful planning and analysis usually result in negative results for the company as well as the workers. Although companies should take the external environment into consideration in managing their human resources, it is important for companies not to give the impression that downsizing is what one company undertakes because others are doing the same.

Based upon anecdotal as well as documented sources regarding confrontational reactions to downsizing, it appears that many small businesses still appear to be undertaking downsizing without proper planning. The absence of planning is most evident in the way that the decision to downsize is communicated to those affected. There have been numerous reports of situations in which workers found out that they have been laid off only when they discovered that they could not gain entry into the company's premises because their passes had been invalidated. There is no excuse for poor organizational

communication even if the company is implementing a "relatively milder" form of downsizing such as wage freeze, temporary lay-off, reduced pay, early retirement, or forced leave of absence. Regardless of circumstances, downsizing still needs to be planned to minimize negative consequences and maximize its benefits for the company as well as its employees.

Planning is a process of analyzing and identifying the need for or availability of HR so that the organization can implement its strategy. This involves exploring and analyzing both the internal and external environments of the organization in order to identify the resources of the organization as well as the external variables that have to be taken into account when designing a competitive strategy.

Downsizing fits into several of the major activities that are associated with human resources. Some of the HR activities that need to be involved in a properly implemented downsizing project/program include planning and analysis, HR development, staffing, and compensation and benefit. Under normal circumstances, one would expect the HR division and several other divisions of the organization to be involved if downsizing is to be implemented as a part of the overall competitive strategy of the organization.

Downsizing must not adversely affect productivity. Furthermore, measures must be taken to ensure that it does not adversely affect the morale of the employees. When downsizing is either improperly planned or improperly executed, the company risks lower productivity as well as a fall in the level of morale of the employees. The present study focused on how downsizing has affected the morale of a selected group of small business employees. The goal of the study was to examine the extent to which small business organizations pay attention to factors that their employees report as being important to them in a work environment characterized by high uncertainty, job insecurity, and heavy demands in terms of balancing work and family.

Scholars generally agree that workforce availability, balancing work and family, and response to technological changes constitute one of the major challenges confronting businesses today (Mathis & Jackson, 2008; Hindle 2008; Schuler & Jackson, 1999). To the extent that layoffs could result in unanticipated reactions from overburdened workers who may not be motivated enough to embrace drastic changes in the workplace, it is important for employers to constantly examine the effects of layoffs not only on

productivity but also on the level of commitment of their workers to the organization. Managers who are involved in strategic planning as well as decisions on downsizing need to be particularly interested in the aftermath of downsizing, especially in the face of empirical findings that established a correlation between unplanned layoffs and negative effects (Luthans & Sommer, 1999; Martin, 2001). Management needs to know how workers react to redesigned work environments, technological changes, increased responsibility, required increased productivity with fewer hands, and similar phenomena that have been found to characterize many work environments that have had a downsizing experience.

Downsizing needs to be a part of strategic HRM which has been conceptualized in terms of how a company carefully uses its workers' unique abilities to gain competitive advantage (Mathis & Jackson, 2008). When properly managed, the company's human resources could be a core competency of the organization in the sense that the organization could attract individuals with specialized knowledge or capabilities that are unique in the business environment. This could give the organization competitive advantage especially if the organization

develops a unique culture that enhances the special qualities of these individuals and encourages them to remain loyal to the company.

Downsizing has now become a part of the American work environment for more than two decades. Therefore, we do not need to assume that downsizing would come as a shock to most workers today. Workers are fully aware of the expectations in the world of work today. Technological advancement has facilitated the development of e-business, and old ways of competing have been "blown to bits" (Evans & Wurster, 2000). Both managers and their employees know that some of the features of the new business environment include competition for skilled workers, outsourcing and foreign manufacturing plants, the move toward leaner and more efficient organizations, and prioritizing cost reduction. Workers know that businesses must pay closer attention than before to customers' needs if they are to stay competitive. They are also aware of the difficulties associated with maintaining customer loyalty in a global business environment where the customer is more sophisticated and has more choices.

In other words, workers too are less tied to companies because of opportunities that are open

to them elsewhere at an unprecedented level, and also because the much touted employer-employee psychological contract no longer exists. Although downsizing has become “normal” or even “expected” in the workplace, workers still need some stability in order to plan their lives. On the other hand, businesses need some reassurance that their key employees (who could be in high demand in today’s competitive environment) would not be lured away by competitors. Thus, searching for ways to motivate survivors of downsizing should be a priority for managers. When downsizing is not properly executed, or when rumors of downsizing permeate the organization, there is a decrease in commitment and loyalty; uncertainty prevails and productivity could suffer.

The Problem: Finding the Appropriate Motivational Strategy

Earlier studies have established that some of the most prominent motivational measures taken by firms with a downsizing history include monetary incentives, flexible time arrangements, merit pay, promotion, and job enrichment (Mathis & Jackson, 2008; Campbell, 2004; Niehoff et al., 2001; Obilade, 1998). While these

are arguably motivators, it is not clear that companies are giving prominence to the particular motivators that are suitable for its workers. In fact, it could be argued that these time-honored motivators might not be quite adequate for workers who live in a globalized economy and its uncertainty with respect to job security. Other motivators that could be applied include the provision of exercise machines, support group sponsorship, assistance with emotional problems, recognition and improved communication (Campbell, 2004).

Even where there seems to be some agreement about what incentive to provide workers, it is still difficult to predict the unintended consequences of some incentives. This is because of the volatility and dynamism of the business environment today. For example, while employer sensitivity to work/family life balancing is generally regarded as a strong incentive for workers, this incentive has produced some unexpected backlash. While single parents as well as parents with children would welcome flexible work schedules, time off, and job sharing, some workers without children might feel cheated because they have to bear more responsibilities as a result of the incentives provided to their colleagues who have children. Often, they are neither compensated for additional

work nor given similar incentives (Mathis & Jackson, 2008). Their situation could be compared to that of people who complain about paying higher taxes simply because they are married, and others who have to pay school tax even though they have no children. In all of these cases, the perceived lack of equity could demotivate people, even though the policy was intended to meet the needs of workers.

Because of the general perception (also borne out in previous studies) that the level of motivation of workers has declined steadily over the years, it has become necessary to review the incentives being provided to workers with a view to verifying the degree to which these meet the needs of workers today. As downsizing has become accepted as an inevitable part of organizational life, an important task for scholars as well as managers should be to empirically investigate what is needed to motivate survivors of downsizing so that they can serve their companies more effectively.

Research Questions

Some of the questions that formed the basis of this study are as follows:

1. How has downsizing affected participants in this study?

2. How motivated are participants in this study with respect to the performance of their job and as members of their organization?
3. How do participants' preferred incentives match up with those actually offered by their companies to motivate them?
4. What is the overall attitude of participants toward downsizing in their organization?
5. What is the participant's overall assessment of the way downsizing decisions are communicated to those affected?

Methodology

Participants in this study consisted of employees that were randomly selected from a number of small businesses in three counties in the western part of Kentucky. From a list of twenty-two businesses that were regularly featured in local newspapers, twelve were selected through a stratified random sampling technique in order to cover several different types of businesses.

Participants in the study were employed in middle management as well as entry-level positions in such businesses that included manufacturing, technology,

service, and real-estate. More specifically, the businesses represented in the sample included restaurants, beverage distribution, hospital services, computer repairs, grocery, real estate, advertising, and used car sales.

Participants consisted of 20 females and 54 male employees in these establishments selected through a random sampling technique to ensure that females and males were proportionally represented according to their industry.

Two instruments were developed to address the research questions. The first instrument was the Downsizing Effects Survey (DES) that was designed to obtain information on how downsizing has affected participants, to assess participants' level of motivation in their job, and to seek their opinion concerning the effectiveness of their organization's communication on decisions related to downsizing. This 20-item survey requests participants to indicate their level of agreement with statements dealing downsizing effects, level of motivation, and organizational communication. The instrument also has an open-ended response section in which participants were asked to provide comments on their experience as survivors of downsizing. Open-ended

follow-up interviews were conducted with participants who indicated an interest in discussing some issues further.

With regard to measurement, high motivation was operationalized as a mean score of 5.0 or higher on all items relevant for measuring motivation, based on a seven-point scale. A score that is less than 5.0 is interpreted as indicating moderate to low motivation.

On the overall effect of downsizing, a mean score of 4.0 or above on all the items designed to measure general effect is interpreted as positive while a mean score that is below 4.0 is considered negative.

Similarly, the evaluation of communication about downsizing is measured in terms of the mean score on relevant survey items. A mean score of 4.0 and above is interpreted as indicating participant satisfaction with the communication on downsizing. Any score that is below 4.0 is interpreted as indicating dissatisfaction.

A second instrument requested participants to identify and rank the type of incentives provided by their company. The purpose of this second instrument was to test the degree of consistency between what employees desired and what employers provided.

This second instrument, Rank of Incentives (ROI), was designed to compare the incentives desired by

participants with those that were actually provided (or promised) by the company in an attempt to motivate members of the organization. This instrument also provided additional data needed to verify and discuss the discussions related to Research Question #3, the consistency between employer incentive and employee needs. Based on previous studies, accounts in the media, reports from industries, and personal observation, twenty popular techniques for motivating employees were identified. Ten of these were finally selected for this study through a stratified random procedure in order to ensure that traditional as well as more contemporary incentives were included in the study.

Participants were asked to rank these items (from 1-10), in terms of their perception of each of these as an important motivator, with the participant's most preferred ranked as Number one on the employees' list. An identical list was provided on a separate page and participants were asked to rank these in the order in which management has prioritized the incentive by mentioning it frequently or offering it more frequently than the others. The reliability coefficient for this instrument was .89.

In addition to these two instruments (DES and ROI), follow-up interviews were conducted with those who indicated an interest in providing more information on a face-to-face basis.

Findings and Discussion

Demographic Data

In order to place the analysis in perspective, the profile of the respondents is tabulated below. The sample consisted of male and female respondents employed in different capacities in several types of small businesses are represented in the sample. Furthermore, all of the participants have experienced downsizing directly as the target or as survivors. In essence, every participant knew someone who has experienced downsizing. The profile of the respondents with respect to these variables is presented in Tables 1 and Table 2.

Table 1
Distribution of Respondents by Gender, Occupation, and Business Type

Variable	No.	%
Gender		
Male	54	73
Female	20	27
Total	74	100
Position		
Manager	9	12
Supervisor	24	33
Entry-Level	41	55
Total	74	100
Business Type		
Manufacturing	10	14
Retail/Sales	21	28
Information	6	8
Real Estate	12	16
Restaurant	15	20
Construction	10	14
Total	74	100

Table 2
Participants' Experience with Downsizing

	No.	%
Directly Affected	16	22
Indirectly Affected	58	78
Total	74	100

Those directly involved have either been laid off or have directly experienced other forms of downsizing. Those directly involved are basically survivors who have knowledge of at least one colleague who has been laid off. As Table 2 indicates, all of the participants have been involved in downsizing.

Research Question # 1

How has downsizing affected participants in this study?

Based on the scores of the participants on the relevant items, 11 (15%) of the participants have a positive view of downsizing while 63 (85%) have a negative view. This finding is consistent with reports in other studies as well as the widely-held opinion that workers in general, and survivors of downsizing in particular, have a negative

view of downsizing (Hindle, 2008; Niehoff et al., 2001; Martin, 2001; Obilade, 1998; Dougherty & Bowman, 1995; Cascio, 1993). A closer examination of the specific items used to measure the effect of downsizing reveals that stress-related issues are most responsible for the negative attitude toward downsizing. Sixty-four of the seventy-four respondents (90%) either disagreed or strongly disagreed with the statement "downsizing has not created extra stress for me in my workplace." Similarly 89 percent of the respondents believe that downsizing has had a negative effect on workers, while only 11 percent believe it has not. The items that received the most positive rating relate to job security and disruption of family life, both statements

supported by only 20 percent of the respondents. These findings are presented in Table 3.

It is interesting that only 20 percent of the respondents felt that their job would be secure for the next five years. This is consistent with the idea that workers today do not expect to remain with a single company for a long time.

The comments volunteered by participants also confirm their perceptions regarding the negative effects of downsizing. A common feature of the few comments is the complaint about not being involved in the decision to engage in downsizing. This is discussed in more detail in relation to the research question on organizational communication.

Table 3
Respondents Views on the Effects of Downsizing

Statement	Agree/ Strongly Agree		Disagree/ Strongly Disagree	
	No.	%	No.	%
Downsizing:				
1. Has not created extra stress for me	7	10	67	90
2. Has not disrupted my home life	15	20	59	80
3. Has not increased my responsibilities	11	15	63	85
4. Has not affected my feelings at work	8	11	66	89
5. Has not decreased my commitment	12	16	62	84
6. My job is secure for the next 5 years	15	20	59	80

One comment that seems to capture the sentiments of most of the respondents is as follows:

With companies downsizing it can affect you emotionally and mentally. The companies demand more responsibilities from fewer people, which causes a lot of stress. The workloads increase to where one is working more hours and even weekends. Downsizing basically takes you away from your family and friends. Even though it is good for the company, most of the employees pay for it (Roberto).

In short, there is the general perception among workers that downsizing is unfair to workers.

Research Question #2

How motivated are participants in this study with respect to the performance of their job and as members of their organization?

Motivation was measured by computing the scores of the respondents on certain items that requested their degree of agreement with statements that refer to whether they would recommend their company to others, whether they truly feel they belong, whether their contribution is adequately recognized, and whether they feel they have a future in the organization. Based on the

scores of the respondents on the 7-point scale, they were classified as being low in motivational level or high in motivational level (as explained earlier). A cross tabulation of the motivational levels by gender and position within the organization is summarized in Table 4.

The findings in this study are consistent with previous findings on the relationship between motivational level and other variables such as status and gender (Niehoff et al., 2001). Those who are part of the decision-making processes that may result in lay-offs (for example, managers) are likely to have a higher motivational level than those who are not involved in decision making but are

Table 4
Cross Tabulation of Motivational Levels by Gender and Position

Variable	Motivational Level			
	High		Low	
	No.	%	No.	%
Gender				
Male	11	15	43	58
Female	16	22	4	5
Total	27	37	47	63
Position				
Manager	7	10	2	3
Supervisor	18	24	6	8
Entry-Level	2	3	39	53
Total	27	37	47	63

nonetheless affected by such decisions. Thus, lower-level employees who are most likely to be considered for downsizing usually have lower levels of motivation.

Research Question #3

How do workers' preferred incentives match up with those actually offered them by their companies?

As discussed above in relation to another research question, most of the participants in this study reported low motivation. Almost two thirds of the participants (63%) were classified as low-motivation workers, based on their response to relevant questions in the survey. The next important step is to find out the variables associated with low motivation. The specific variable addressed in this study is the kinds of

incentives used. Specifically, the study was interested in the degree to which lack of agreement between management on which incentive to prioritize could affect motivation.

In order to address this research question, the second research instrument (ROI) was used. A list of incentives that are most commonly provided to workers was compiled. This compilation was based on research literature, observation, company publications and in-house documents, personal testimony from workers, newspaper accounts, and several other similar sources. Some of the incentives are the more traditional ones like promotion, merit pay, salary increase, long-term contracts, bonus, and time-off. Also included in the list are more recent as

well as innovative ones such as personal life support services, flexible schedules, recognition in the local media, discount cards, event passes, community group membership, and professional development. Ten of these items that were most frequently mentioned were selected through a stratified random sampling procedure to ensure that both traditional and more modern incentives were represented. The list was then presented for participants for evaluation. The results are presented in Table 5.

Table 5 indicates that there is a marked difference between the two groups in terms of what each group prioritizes. For example, telecommuting and job

Table 5
Participants' Rank Ordering of Employers' and Employees' Motivational Techniques

Motivational Techniques	Employer Rank	Employee Rank
Cash rewards(bonus, merit pay, raise, etc.)	1	2
profit sharing	6	10
noncash rewards (discounts, etc.)	2	1
job sharing	5	9
training and retraining (professional development)	3	3
flexible schedule	8	8
telecommuting	4	7
time off	7	6
support services (counseling, therapy, health club, etc.)	10	3
recognition (in-house, local media, etc.)	9	5

sharing ranked low for workers whereas respondents believe these were emphasized by employers. On the other hand, such incentives as cash rewards, non-cash rewards, and training were still considered important by both groups. At first sight it would appear that the differences between the rankings were not especially remarkable. Participants and their employers agreed on the top three incentives, even though there is a difference regarding whether cash or non-cash rewards should be ranked first. Both groups also agreed that long-term contract was not an important motivator, ranking it as the third least important incentive. Upon closer examination, it became clear that the similarities were not real.

For example, workers ranked support services as the third most important motivator whereas it was the least important incentive that employers offered. Similarly, recognition seemed to be important to workers (ranked fifth), whereas it was considered the second least important factor by employers.

The discrepancies between the two groups became more apparent when the information obtained from personal interviews and comments provided by participants were considered. One important indicator of the chasm between employee needs and employer priorities is the misunderstanding associated with labels such as "support services." One

respondent disclosed that, to managers, "support services" meant making supplies such as tools and first aid equipment readily available. For employees, "support services" referred to services that were not job-related but were geared toward addressing the emotional and other needs of workers. Paying for therapy, weight loss programs, and anti-smoking support intervention programs were support services that workers had in mind. These misunderstandings illustrate the differences between the two groups with regard to incentives.

Even where there was agreement as in the case of the top three incentives the expectations of both groups were different. For some workers, cash rewards

meant extra cash given for outstanding work; and this should not be a substitute for expected increases in wages and benefits. Similarly, when respondents were asked to compare the kind of non-cash rewards they desired to the ones actually offered by management, there was a big difference. For workers, non-cash rewards today should not be limited to employee discount and free lunch (for restaurant workers, especially); it should include the payment of subscription fees for local clubs, invitation to local events, and permission to use company equipment such as laptops for personal matters.

Finally, workers were not impressed by the fact that the training and development opportunities provided by the company were geared toward the company's needs. Workers would like this category to include training for personal growth and knowledge that would be useful in one's future career outside of the present company.

Follow-up interviews confirm that the gap between the two groups was indeed wider than it appeared at first. As noted above, there is a semantic gap between the two groups with respect to what labels such as "non-cash rewards" really meant. Here are some more comments that support the idea that there is miscommunication

between management and employees on the question of motivators.

My company may be trying its best but what I value mostly is being treated like a real human being rather than something that can be disposed of at will. Although I value extra bonuses such as education discount and membership fees for health clubs, all these come with strings attached. I thought they were supposed to be a "thank-you" gift for a job well done. (Alex)

Other companies have pictures of their employee of the week on their websites and on company boards.

Remembering people's birthday, displaying pictures of achievers in prominent places, and giving workers support when they have family issues are important to me. I would consider those important. (Boyd)

For me, the junk food machine should be replaced with a treadmill and games room. Also, we need to know that we can

use our computers without being watched as criminals. (Donny)

I value professional development but it should also include partial funding of further education for employees and their family. What's the use of training me for this particular job only when I could be fired at any time? (Maria)

The company pays too much attention to married employees. Day-care and time off are good but the only incentive I value is job security. (Sam)

Several interesting perspectives are reflected in these comments. It appears that the traditional incentive programs such as life-balance programs are still popular (as Sam noted); the problem is that these programs mean something else to today's workers. Providing child care services should not be the only way to realize life-balance programs. Some workers today seem to categorize such services as counseling, therapy, exercise programs, and even funding education as life-balance programs. Also important to these workers is emotional support. Alex's comments reflected this when he spoke

of being treated as a human being. Finally, recognition has taken on a new dimension. These respondents seemed to be sensitive about birthdays, anniversaries, and other days that they considered special. Recognition appeared to be a big issue with this group.

To summarize, there seemed to be a marked difference between what management thought were important incentives and what the workers really desired. The discrepancy points to the need for more effective interpersonal communication within the organization.

To the degree that there is a wide discrepancy between the incentives prioritized by employers and those prioritized by employees, one can safely conclude that employees were generally dissatisfied with the incentives provided. However, the data analyzed so far cannot be used to conclusively argue that the disharmony between priorities with respect to incentives would have any negative effect on motivation. Even if the differences between what each side prioritized were found to be significant, the degree to which this might

or might not affect other variables in the work environment would still have to be statistically determined.

To further explore this issue, the following hypothesis was tested.

There is no significant relationship between satisfaction with incentives and motivational level.

The Pearson correlation test was computed and the t-test of significance was applied to the correlation coefficient. The result indicated a significant relationship between satisfaction with incentive and level of motivation ($r = .73$, $p < 0.05$). Thus, one can conclude that there is a significant relationship between degree of satisfaction with the incentive and employee level of motivation. Based on the result of the test of significance, the hypothesis was rejected. These findings are similar to those reported in previous studies on the relationship between motivation and other variables within the work environment (Niehoff et al, 2001; Luthans & Sommer, 1999; Obilade, 1998; Dougherty & Bowman, 1995). To the extent that survivors of downsizing have

to deal with stress, management needs to take ensure that loyalty and motivation levels are not significantly decreased. Using appropriate incentives should go a long way toward keeping workers motivated. These findings draw further attention to the effectiveness of the communication patterns that exist within each organization. Participants' evaluation of the communication systems of their work environment is addressed under another research question below.

Research Question # 4:

What is the overall attitude of participants toward downsizing in their organization?

Four items in the survey were directed toward addressing this question. Participants were asked to register their degree of agreement with a series of statements designed to measure their attitude toward downsizing in their organization. They were asked to select their degree of agreement on a seven-point scale ranging from "Strongly disagree" (1) to "Strongly agree" (7). The statements that targeted the overall attitude of participants toward downsizing are

1. Downsizing is an opportunity for personal growth, not something detrimental to workers.
2. In general, I have benefitted from downsizing in my organization.
3. Downsizing is a necessary business strategy that is designed to benefit the company as well as its employees.
4. Overall, downsizing has been good for my company.
5. Overall, downsizing has been good for the workers in my organization.

In addition, there was an open-ended part to this survey, as participants were requested to provide any comments they might have on downsizing in general. The response of the participants is summarized in Table 6.

There seems to be a consensus among these participants (N = 74) that downsizing has served the interest of the company to some extent, but has been detrimental to the interest of employees. This finding is consistent with those reported in previous studies (Niehoff et al., 2001; Obilade, 1998; Cascio, Young, & Morris, 1997). However, these participants are not as opposed to downsizing as one would expect. They moderately agree that downsizing is an opportunity for personal growth. Furthermore, they agree to some extent that workers could indeed benefit from downsizing. It is clear, however, that participants have a negative attitude toward downsizing. Participants strongly disagree with the idea that downsizing has been good for workers, scoring only 1.5 on a 7-point scale. On the other hand, workers seemed to moderately agree with the notion that downsizing has been good for their

company. The fact that these participants did not necessarily disagree with the idea that downsizing was “an opportunity for personal growth” would seem to indicate that they were exploring some positive aspects of downsizing for their own benefit.

As for their open-ended comments, several participants voice their opposition to downsizing and give their reasons. Two participants capture the essence of the attitude of the participants.

Downsizing is just another way to exploit workers. They fire your friends and then give you more work without compensating you. It's just not fair, but we have no choice. (Stephanie)

Downsizing merely creates more stress for the workers. The company doesn't really care. They will

Table 6
Mean Scores of Participants' Attitudes toward Downsizing in their Organization

1. Downsizing is an opportunity for personal growth	3.5
2. Workers have benefitted from downsizing	3.2
3. Downsizing is a necessary business strategy	1.5
4. Downsizing has been good for the company	4.5
5. Downsizing has been good for workers	1.5

do anything to cut costs, just because everybody's doing it. (AJ)

Research Question #5

What is the participants' overall assessment of the way downsizing decisions are communicated to those affected?

An item in the survey was used to measure participants' overall assessment of the way that downsizing communication is handled in their companies. Of the 74 participants, 69 respondents indicated dissatisfaction or very strong dissatisfaction, while

5 reported moderate satisfaction. The scores are reported in Table 7.

It is interesting to note that only 5 (7%) of the 74 respondents could be considered moderately satisfied—with a mean score of 3.9 on a 7-point scale. Moreover, the five participants were either managers or supervisors, those who may have been responsible for communicating the decision to downsize to those affected. Considering that 33 of the 74 respondents (45%) were either supervisors or managers,

one can conclude that even senior officers of these businesses realize that their communication system needs to be made more effective.

Follow-up interviews suggest that communicating lay-off decisions are too impersonal in nature. More attention needs to be paid to the emotional needs of all of those involved in downsizing communication. Involving more workers in the decision making process would empower them and this is likely to lead to a higher level of motivation.

Table 7
Participants' Degree of Satisfaction with Communication on Downsizing

	Satisfied/ Very Satisfied	Dissatisfied/ Very Dissatisfied
Number	5	69
% of Sample	7	93
Total Score	19.5	193.2
Mean Score (7-point scale)	3.9	2.8
<hr/> Overall Mean Score = 2.9 <hr/>		

Conclusions and Recommendations

This study was an attempt to analyze some of the variables that could affect the motivational level of survivors of downsizing variables. Findings from the study indicate that workers from the small businesses studied have low motivational levels, not necessarily because they objected to downsizing but because of poor organizational communication, especially as this relates to how decisions are made, how decisions are communicated to those affected, and the failure to address the emotional needs of survivors of downsizing. Participants in this study were especially critical of management's failure to address the uncertainties confronting survivors of downsizing. Furthermore, participants and management differ on what incentives to prioritize; and even when they agree on priorities, they still differ on expectations associated with particular incentives.

Based on the findings of this study, we can conclude that participants did not see downsizing as a part of the company's overall competitive strategy. Rather, they see it as something that slightly benefits the company but hurts its workers. Future studies need to focus more attention on the degree to

which companies have really planned and analyzed the likely effects of downsizing on both the company and on the surviving workers. In other words, there is a need to study the degree to which downsizing is effected as a part of the overall HRM strategy. Motivational strategies cannot be effective in an era of downsizing unless downsizing is planned—unless it is conceived and executed as a part of an overall HR competitive strategy.

Finally, downsizing could have positive effects if properly executed as a part of a clearly defined strategy to gain competitive advantage. As part of competitive strategy, downsizing that involves layoffs should focus on certain things. These include

- reducing uncertainty among surviving workers
- involving workers in decision making
- establishing credibility and trust among workers
- recognizing employee needs and individualizing motivational measures
- increasing the use of technology to lighten the burden of survivors

- establishing a more confirming communication climate and work environment
- addressing the emotional needs of workers

Among the limitations of this study is the fact that the sample was small. This may affect external validity. Also, the fact that survivors of downsizing were the ones who provided data about themselves as well as their employers makes it necessary to do another study in which data would be obtained from management only. This would allow us to verify the accuracy of the data provided by the respondents in this study.

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