

**THE EXPERIENCE OF MANAGERS RESPONSIBLE FOR  
RETRENCHMENT - THE DEVELOPMENT OF A DYNAMIC PROCESS  
MODEL AND ANALYSIS OF ROLE STRESS.**

Thesis Submitted in Fulfilment of the Requirements for the Degree of Doctor of Philosophy  
in Psychology / Industrial and Organisational Psychology

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### **DECLARATION OF ORIGINALITY**

I declare that this thesis is based on my own original work and that it has not been submitted for any degree at another university. Due recognition is given to the work of other researchers, where appropriate.

Johannesburg

C.H.M. Donald

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| Signed by candidate |
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Signature Removed

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Dedication: To my mother, who has shown  
the importance of caring.

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## ABSTRACT

Retrenchment is a widespread and frequently used strategy adopted by management to deal with the economic demands faced by organisations. The lack of a theoretical framework, however, has limited the understanding of the phenomenon. The impact of retrenchment on managers and their role in implementation has been particularly neglected, despite the fact that they are central to this process. The present study addressed the development of a dynamic retrenchment process model which could address these limitations. Development of the model was based on qualitative analysis of interview data from a sample of 50 managers involved in retrenchment announcements, in combination with other concepts and findings relating to the phenomenon, and elements of role theory. The model reflected a five phase retrenchment process moving through decision making, design and planning, the announcement, a post-announcement phase, and concluding with an aftermath phase.

The nature of the model components and the relationship between them was then examined in more depth using both qualitative and quantitative techniques. To facilitate the analysis of role dynamics, a multi-dimensional role conflict measure was developed and applied. Qualitative analysis showed indications of all types of role conflict and of role ambiguity during the retrenchment, but these manifested themselves differently during the various phases of retrenchment. Quantitative analysis demonstrated moderate relationships between person-role conflict and role ambiguity, and organisational commitment. Person-role conflict, interrole conflict and role ambiguity were also all related to a measure of mental health. Role ambiguity was the only variable displaying a significant relationship with job involvement. Qualitative analysis suggested moderating effects of personality, coping, and social support during the retrenchment process. Qualitative analysis also displayed support for the existence of adverse physiological, psychological, affective and performance outcomes resulting from involvement in the retrenchment process.

The present study emphasises the importance of viewing organisational phenomena in the context of a process which changes over time. Each phase of retrenchment generates its own dynamics and demands and needs to be understood within that context. While general measures at the end of such a process give an indication of what has happened, they lack the ability to diagnose and explain perceptions and behaviour that drive the phenomenon. Also, the present study demonstrates the usefulness of specific types of role conflict in analysing the reactions of managers. Further, the study highlights the role of the psychological contract in regulating relationships and behaviour within the organisation. Both the strength of the relationship between manager and employee, as well as that between manager and organisation are demonstrated in the research.

Given that retrenchment is likely to continue, the need for organisations to address specific issues within the retrenchment process is emphasised, and steps that can be taken to enhance the prospects of retrenchment assisting in organisational renewal are discussed.

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**“Onto the scene rode the now familiar horseman of the corporate apocalypse--global competition, deregulation, accelerating technological change, and the threat of takeover.**

**In response, company after company, including over half of the Fortune 500, restructured--shedding businesses, laying off employees, cutting costs. Indeed, one of the lessons of the new age is that such work is never over, can't be over as long as the four horseman patrol the field” ( Kiechel, 1988, p.34).**

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## CHAPTER ONE

### THE PHENOMENON OF RETRENCHMENT

Organisations have increasingly been called upon in recent years to respond to difficult and turbulent economic and social environments. Environmental conditions have affected not only businesses, but organisations in all facets of the private and public sectors (Behn, 1988; Cameron, Sutton & Whetten, 1988; Curtis, 1989; Fisher, 1991; Richman, 1992). The prolonged use of once successful practices by top management may have exaggerated the impact of environmental conditions for many companies who failed to develop innovative and effective strategies to deal with change (Ford & Baucus, 1987; Nystrom & Starbuck, 1988; Staw, Sandelands & Dutton, 1988). Business is now learning to deal with the modern day reality of changing or declining markets, and governments are acknowledging that they can no longer assume that they will be permitted to procure an increasing (or even constant) share of nations' resources in maintaining or generating inappropriate structures (Behn, 1988).

Faced with threats to continued economic viability or profit generation, organisations have responded by attempting to reduce operating costs and overheads, or implementing changed organisational strategies (Behn, 1988; Harrison, 1986; Perry, 1988; Powell, 1987). A range of responses have been adopted to address the factors which impact on organisational viability. Cost control measures can be introduced to tighten up on cost effectiveness and efficiency (Perry, 1988). Semi-variable costs, such as general expenses, research and development and administrative services, are also costs usually targeted for reduction (Nienstedt, 1989). Operational changes such as shorter working hours can be adopted. Further, staffing strategies such as a hiring freeze, transfers and redeployment, elimination of overtime, and early retirement are often implemented (Harrison, 1986; Leana & Feldman, 1989).

Where cost saving measures implemented by business and other organisations have failed or not gone far enough, companies have critically examined their human resources component. The adoption of staff reduction schemes has been and continues to be a major element that has featured in organisational strategy internationally (Baumohl, 1993; Harrison, 1986). Indeed, some organisations are seen to be overhasty in employing staff reductions as their first line of defence against economic difficulties (Cascio, 1993; Harrison, 1986; Overman, 1991; Worrell, Davidson & Sharma, 1991). This is attributed in part to a focus on short term goals and the severe pressure for favourable bottom line results on income statements by boards of directors, the investment community, and individual stockholders. Excessive haste

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in retrenchment is seen to result from an unwillingness to delay making organisational cuts which are seen as a way to generate large savings quickly (Harrison, 1986). Employees are an attractive target, since they are within management's sphere of control and constitute a major portion of production costs. Whether implemented as a last resort or a quick fix solution, retrenchment has become an extensively used management option. Over the past few years "companies went on crash diets in their search for greater efficiency - and as the slimming process began, the idealism of the benignly Parkinsonian past was replaced by the bare-knuckle competition of the a tough new world" (Nienstedt, 1989, p.69).

The description of the staff reduction schemes adopted by organisations has varied across the type of exercise involved, the ultimate purpose of the operation, and cultural differences internationally (Curtis, 1989). Consistent to all of these schemes, however, has been the theme of a situation of involuntary job loss by organisational members where such job loss is through no direct fault of the employee or employees. The International Labour Organisation refers in general terms to "the termination of employment at the initiative of the employer" in describing retrenchment situations, avoiding a more specific definition (ILO, 1980). Despite the prevalence and internationalisation of the phenomenon, no common language has occurred to provide a standardised definition of the phenomenon (Curtis, 1989). The term of "retrenchment" has been the most consistently used generic description of both planned and/or implemented actions that reduce the scope or level of activity of human resources in an organisation (Gilmore & Hirschhorn, 1984; Harrison, 1986).

## **CLARIFYING THE RETRENCHMENT CONCEPT**

In its broadest sense, retrenchment is seen to refer to a reduction in human resource costs through the termination of employment of organisational members (Anstey, 1983; Harrison, 1986). Although this is seen by some authors to occur during declining economic conditions (e.g., Smuts, 1985), there is widespread acceptance that the nature of economic forces on an international scale have changed, and that retrenchment is an outcome of various dynamics within the broader economic, as well as the internal organisational environments (Gilmore & Hirschhorn, 1984; Harrison, 1986; Kiechel, 1985).

The concept of "redundancy" has been associated with retrenchment, but is often seen to refer particularly to the abolition of positions within organisations where the job ceases to exist due to factors such as technology or the cessation of services (Smuts, 1985). Although the term retrenchment is not part of English law, which prefers "dismissal for redundancy" three categories which apply to redundancy are consistent with the retrenchment concept within the British Employee Protection Act of 1978. These include cases which involve the cessation of

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a business, moving or changing the place of employment, and employees who are surplus to the requirements of a business. The equivalent use of the two concepts also appears in European and South African literature and research which tie redundancy closely to economic conditions and use the term interchangeably with retrenchment, despite its unique application (Anstey, 1983; Chell, 1985; Netherlands, 1982; Swinburne, 1983).

The terms of "cutback" or "cutback management" have been used interchangeably with "retrenchment" and "reduction" by Curtis (1989). These terms are all seen to cover budget reductions which correspond to cutbacks in personnel and organisational divisions (units, departments etc.). At a tri-national symposium it was apparent that "No common language has yet emerged: the Americans talked about 'cutback management', the Germans talked about 'budget consolidation', and the Japanese talked about 'administrative reform'" (Curtis, 1989, p. 672). Further terms such as "downsizing", "terminations", "position elimination", and "deselection" have also been in common usage in referring to the systematic reduction of workforces (Appelbaum, Simpson & Shapiro, 1987; Jesseph, 1989; Thompson, 1985; Tomasko, 1990).

Use of the term "layoff" has traditionally referred to the separation of employees from the organisation due to a current lack of work. Layoffs have traditionally been seen as temporary, with the connotation that employees would be recalled when conditions improved (Anstey, 1983). The term is often used by organisational management to apply to permanent separations as well, since it does not sound as harsh as the discharge implicit in retrenchment (Harrison, 1986). Indeed, a range of expressions have been developed to obscure or to legitimise the actions of management going into retrenchment. Kiechel (1985) notes that "Corporatespeak" now offers a number of alternative euphemisms for the process of eliminating managerial personnel through retrenchment, including "demaning", "delayering", or "rightsizing". Similar concepts which also tie in with projecting a positive image of retrenchment in terms of a management philosophy include "corporate slimdown", and "demassifying" (Curtis, 1989; Kirkpatrick, 1991; Fisher, 1991; Tomasko, 1990). Many of these derive from the process of organisational restructuring, and are consistent with the reduced hierarchical levels, numbers, or rationalisation of operations inherent in such restructuring (Curtis, 1989; Kirkpatrick, 1991).

The broader social impact of retrenchment has generated its own terminology. Economic conditions and shifting industrial trends have often led to a concentration of retrenchments in communities orientated around specific industries (Feldman & Leana, 1989). The prevalence of plant shutdowns at a local level in these communities has resulted in such terms as "deindustrialization" being used to describe cities which have seen previously high

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employment rates spiral downwards (Leana & Ivancevich, 1987).

The interactive usage of many of the terms relating to reduction of personnel and involuntary job loss have led to a diffusion of the clarity of the terms. While many of the terms have their own subtle interpretations in terms of their objectives and implications, the reality is that much of this is lost in the general usage of the terms in the literature and by management. In this study, the term of "retrenchment" will be used as an overall description of the reduction of personnel through involuntary job loss. The equivalence of the term retrenchment to other commonly used terms has been clearly established and is widely accepted (Anstey, 1983; Curtis, 1989; Fisher, 1991; Harrison, 1986; Kirkpatrick, 1991).

## **REASONS FOR RETRENCHMENT**

A broad range of factors may be responsible for the implementation of retrenchment in organisations (Appelbaum et al., 1987; Worrell et al., 1991). Factors may also impact either singularly or in combination on the organisation (Harrison, 1986). In terms of its traditional definition, retrenchment is seen to occur in the context of an adverse business cycle (Curtis, 1989). More importantly, there are indications of a growing trend of retrenchment outside the immediate economic cycle. Retrenchments and downsizing are occurring with greater frequency and in ways that suggest that they are not simply related to business cycles, but may signal deeper shifts that will involve substantial restructuring (Gilmore & Hirschhorn, 1984; Richman, 1992). In the past, declines during economic recession were caused by normal and expected economic processes that periodically created excess supply in the market for goods and services. Declines could be interpreted as temporary and variable costs could be reduced through retrenchment. In contrast, current conditions of turbulence indicate a long term and pervasive process of market reorganisation and the breaking down of historic boundaries (Curtis, 1989; Powell, 1987). Past success has proved no guarantee of future viability. At the end of 1972, the big eight American companies lined up in the following order: IBM, AT&T, Eastman Kodak, GM, Exxon, Sears, General Electric, and Xerox. "By the end of 1992, five of those - IBM, Kodak, GM, Sears, and Xerox - were gone from stardom. Gone not only from the top eight, but from the top 20 as well" (Loomis, 1993 p.34). Japanese electronics makers who grew by almost 10% a year compounded in the 1980's, shrank by 10,6% in 1992, the \$22,3 billion shortfall representing an amount equivalent to what the United States electronics industry would lose if Hewlett-Packard and Apple Computer both shut down for a year. Japanese organisations are looking "too fat, slow-footed, and cautious for their own good .... They are discovering, much as Big Blue has, that protecting established lines of business instead of embracing new lines of technologies is a deadend strategy" (Schlender, 1993, p. 34).

Reasons for retrenchment of management staff in a survey of 1 005 of the US biggest companies indicated that since the end of 1985, 44% have retrenched at least once because of the economic slowdown. However, factors of restructuring are even more significant. Figures from the same sample indicate that 48% have retrenched at least once due to the elimination of a business unit, 55% due to consolidation of administrative functions, and 44% due to flattening of corporate structures (Kirkpatrick, 1991). Similarly, an American Management Association survey showed that almost 50% of respondents reported that downsizing had nothing to do with the recession. "Mergers and acquisitions, plant obsolescence or newly automated processes, and transfers of operations elsewhere have turned work force reductions into an ongoing activity that continues without regard to current financial performance" (Cascio, 1993, p.102).

In South Africa, a similar trend is appearing. Undoubtedly many of the retrenchment exercises are linked to adverse economic circumstances, but survey results indicate that 48% of reasons given by companies for retrenchment fall outside this category. Reasons given for retrenchments during 1989/90 (Andrew Levy & Associates, 1990) are as follows:

|                                     |       |
|-------------------------------------|-------|
| Economic downturn                   | 52,4% |
| Restructuring/Rationalisation       | 11,6% |
| Introduction of new technology      | 9,5%  |
| Contracting out of services         | 6,1%  |
| Redundancy/operational requirements | 6,1%  |
| Closure                             | 4,8%  |
| Merger/takeover                     | 4,0%  |
| Relocation                          | 2,7%  |
| Other                               | 2,0%  |

Signs of the turbulence that companies are faced with include increased international competition and the rise of global markets, deregulation of business, advancing technology, and the rise in corporate takeovers (Curtis, 1989; Kiechel, 1988; Nielsen, 1985; Wilkens, 1989). Kiechel (1988) describes these forces as the four horsemen of the corporate apocalypse and indicates that their presence has a profound effect on the existence and character of organisations. In a reaction to these conditions of economic turbulence and new managerial philosophies, companies are restructuring. Major corporations are drastically reducing their management ranks, eliminating layers of their organisational hierarchies, and widening their spans of control (Cascio, 1993; Nienstedt, 1989; Wilkens, 1989). Managing restructuring is becoming more important as the "mission redefinition" and market turbulence problems replace "business cycle" problems as the major determinants of market dynamics and structure (Gilmore & Hirschhorn, 1984; Powell, 1987). In a bid to position themselves

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for new competitive environments, even organisations untouched by recession are embarking on retrenchment, or rightsizing exercises as corporations and markets become reorganised and restructured (Kirkpatrick, 1991).

Technological innovations are resulting in a whole new way of doing business, as well as generating productivity improvements that reduce the numbers of workers involved. For example, communications and computer technologies are reorganising the markets of many industries. Newspapers, television stations, movie houses, and telephone companies now find that they are in each other's backyards. Past sales and production strategies do not suffice, and as companies adjust, they may have to cut back certain activities without a clear understanding of how they can adjust to their new situation. In this setting, retrenchment takes place in a climate of chronic uncertainty, and many managers feel the first wave of cutbacks may be followed by others (Gilmore & Hirschhorn, 1984).

Technological development has rendered the skills of millions obsolete and has forced others to scramble to keep up adequately in their rapidly changing fields. Middle management are being directly affected by the rise of computer technology, as technological forces provide a device for better integration of diverse and multi-level organisations, a role formerly performed by middle management. During the 1980s, there was a pervasive impact on professional and managerial employees, who were formally unaffected by retrenchment. Business formally tended to protect their white-collar employees, realising they would be difficult to replace when business activity turned around. A number of conditions are changing this and shifting much of the burden of unemployment onto white-collar personnel (Harrison, 1986). In the past three years in the United States, middle managers have made up only 5% to 8% of the workforce but they have accounted for 17% of all dismissals during downsizing exercises (Fisher, 1991). These technological developments also impact on the workforce as a whole. To retain better educated employees perceived to be of high potential, organizations often find ways to open the channels of opportunity at the expense of older workers (Harrison, 1986).

Cost and other competitive considerations on both a national and an international level have induced companies to become "lean and mean" in order to achieve a better balance between effectiveness and efficiency. Organisations are also looking much more critically at staff functions, particularly in corporate headquarters. Operating divisions are feeling the burdens of huge corporate headquarters expenses and are looking at reducing their dependency on such costs and cutting back (Schwartz, Solomon & Friday, 1993; Harrison, 1986). Downsizing has become a new and prevailing philosophy as employers realise that they can get by with less. The rise of financial officers to top leadership in corporations may reflect



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the changes in ideology and the responses to corporate operations and the use of retrenchment (Curtis, 1989).

Mergers and acquisitions are also contributing directly to the phenomenon of retrenchments. This typically occurs when the new corporations eliminate staff duplications and unprofitable divisions. Leana and Feldman (1989) give the example of General Electric (GE) who between 1980 and 1986 spent \$11.1 billion to buy 338 businesses. During the same time period, GE sold off 232 business worth \$5.9 billion and closed 73 plants and offices, eliminating tens of thousands of jobs. Companies resisting takeovers also contribute to the retrenchment, since they are often forced to restructure to gain profitability. IT&T, in the wake of fighting off Irwin Jacobs' takeover bid in 1985, cut its labour force by 44%, terminating 100,000 employees (Leana & Feldman, 1989).

Business reengineering, a term applied to the "fundamental rethinking and radical redesign of business processes" (Hammer & Champy, 1993, p. 32) is becoming an increasingly adopted strategy to increase the performance of organisations in an ever more competitive and changing environment. Reengineering is affecting organisations across the spectrum, ranging from those currently in crises to companies in peak condition who see it as an opportunity to further their lead over their competitors (Hammer & Champy, 1993). Involving what is seen as fundamental change to what organisations are doing and how they are doing it, reengineering has significant implications for contributing to the possibilities of retrenchment within organisations (Bridges, 1994). Underlying the need for many of these changes is a continuing reorganisation of work, where flexible, technology intensive, and client responsive processes are causing organisations to reshape themselves and redefining the context of the job (Bridges, 1994; Sherman, 1993a). Helmut Werner, President of Mercedes-Benz has stated, "We have decentralised, cut two layers of hierarchy, and reduced our management positions by 25%, and yet I am quite convinced that we haven't reached the end of the road" (Taylor, 1994, p.73). Similarly, Louis Hughes of General Motors, the most profitable automobile manufacturer in Europe comments, "The industry is going to displace many, many more jobs, not just in assembly, but throughout the whole manufacturing chain" (Taylor, 1994, p.73).

National economic shifts are also impacting on retrenchments. The shift in the United States from manufacturing to service-based industries has left workers who were trained in labour intensive industries without marketable skills for a service-orientated economy (Feldman & Leana, 1989; Richman, 1992). Similarly, in cities like Detroit where heavy industry helped stabilise the economy, professional workers such as managers and engineers have found themselves with skills that have little market value. Feldman and Leana (1989) describe how

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the layoffs of blue-collar workers are a consequence of the "deindustrialization" of manufacturing. These personnel are likely to be further affected as many companies in the United States begin to make increased use of Third World populations in Mexico and the Pacific Rim for blue-collar production (Curtis, 1989).

The changing business environment has seen a reduction in the degree of protection executive management are prepared to provide to their workforce (Kirkpatrick, 1991). Along with this, outplacement has had a subtle influence on the thinking and actions of organisational decision-makers regarding retrenchment (Harrison, 1986; Tomasko, 1990). All too often, when the organisation experiences a downturn, whether it is due to the business cycle, changing markets and technology, or just poor management, the quickest and most often used remedy is to reduce staff. Here the firm can see an almost immediate reduction in overhead-- a "quick fix". The outplacement process can be utilised to support such an approach. It is a way out that will reduce the overhead pressures, as well as reduce management's guilt about taking the termination alternative to eliminate employees. "These terminated employees often then become 'someone else's concern' and management walks away from further responsibility and involvement" (Harrison, 1986, p.21).

At a social level, the dynamics of the psychological contract between organisation and employee seem to be changing. The reshaping of organisations is redefining what it means to hold a job. There is a new relationship being created between individual and corporation, and a new sense of self for employer and employee alike (Sherman, 1993a). Managers perceived an implicit contract that practically guaranteed lifetime jobs in exchange for competence, honesty, loyalty, and hard work. This contract has been broken. "More large organisations in effect are telling their people 'You have some skills we currently need; we have a job available. As long as that's there, we have a relationship - but don't count on anything beyond that'" (Kessler, 1985, p.52). Similarly, Castro (1993, p.58) states:

Businesses are shedding a compact of mutual obligations and expectations that said performance was rewarded and workers were a vital part of the enterprise they served. In this chilly new world of global competition, they are often viewed merely as expenses. Long-term commitments of all kinds are anathema to the modern corporation.... the social contract is beginning to fray.

Tomasko (1990) notes that many companies have been scrutinizing and rewriting their policy manuals and employment applications to ferret out implied promises of job security, termination benefits, or life time employment. With this goes a change in relationships. IBM, for years a company with a lifetime employment policy, retrenched 40 000 for the first time in 1991 (McCarrol, 1992). The nature of the employment contract is therefore changing,

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often without the knowledge or understanding of employees and even managers who are often faced with these uncompromising changes for the first time.

## USE OF ALTERNATIVES TO RETRENCHMENT

A wide range of alternatives are proposed that companies can adopt to avoid retrenchment. Many of these can be effectively used to generate an organisational turnaround without terminating the employment of personnel (Cascio, 1993; Perry, 1988). Reduction of costs based on general business principles are often the first actions adopted by management. These can initially be implemented by reduced or postponed capital expenditure, cancelled physical expansions, budget control, reduced inventories, and so on (Appelbaum et al., 1987; Harrison, 1986). While cost control factors can be useful, organisations should not lose sight of adopting strategies to work more effectively. Strategies management have adopted tend to be taken for granted. A critical examination of both business strategies, as well as managerial styles and approaches should be undertaken. The undoing of bureaucratic barriers to effectiveness, rationalisation of work rather than people, generating insights into effective work practices, and empowerment of organisational members can generate suitable conditions for a turnaround and a more effective organisation (Train, 1991).

Subsequent actions can be directed at staffing-related factors within the organisation. These include shorter working schedules, transferring or retraining, a hiring-freeze, payroll and benefits freeze, the elimination of overtime, offering unpaid leave and temporary layoffs, revolving layoffs, and work sharing (Anstey, 1983; Anstey & Botha, 1983; Appelbaum et al., 1987; Harrison, 1986; McDonald, 1987; Perry, 1988). These approaches do have their advantages and disadvantages, and in some cases have their own complications that impact on the organisation and have to be worked through (Harrison, 1986).

Not all of the alternatives to embarking on a retrenchment exercise could be seen as positive management actions. Companies do, at times, adopt less ethical measures to reduce staff rather than having to endure the costs of the retrenchment. Forcing managers into resignations through stripping managers of titles, tasks, and offices, or by "stressing them out" are arbitrary approaches adopted by management. Managers can be overwhelmed with unreasonable workloads, unremitting pressure, or distorted performance reviews, or transfers to remote locations. Managers who quit under such conditions usually forgo severance benefits (Kessler, 1985).

Where actions directed at controlling costs through staffing strategies are ineffective, companies can move to the a strategy of attempting to manage job loss, targeting specific

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groups who can accommodate job loss more easily than the general employee. Typical groups in this regard include those who can go on early retirement, or take voluntary retrenchment (Perry, 1988).

Use of these alternatives to direct retrenchment does not always address the situation in the desired time span, provide an adequate solution for the numbers involved, or reduce costs to the desired extent. Further, use of "open window" alternatives such as early retirement or voluntary retrenchment are difficult to control. In some cases, companies who have adopted alternatives such as voluntary retrenchment or early retirement have been severely affected by the practice. Nielsen (1985) cites the example of Du Pont in the USA, where the company expected 6 500 personnel to take early retirement, but ended with 11 200, including 400 key people who had to be kept on the job for a few months until successors could be trained. Similarly, in the case of AT&T where voluntary retrenchment was offered, "hordes of top performers exited, ... some of the shiniest stars and most entrepreneurial managers left" (Nielsen, 1985, p.48). These cases are not exceptions. In a survey by consultants Wyatt Co., of 1 005 US corporations who had undergone restructuring, 87% of the companies reported that when they offered early retirement packages as part of restructuring, they lost star performers they counted on keeping (Fisher, 1991).

Use of strategies which provide for controlled alternatives allow companies to manage the effects of the retrenchment. However, selective retrenchment is seen as a difficult option with the main concern being getting the job done without damaging the rest of the organisation. There are also possible legal problems with a selective retrenchment, with possible allegations of discrimination leading to legal action being adopted against companies. Given the difficulties with the "open window" and selective retrenchment options, some companies have adopted the use of direct retrenchment (Nielsen, 1985).

The final action of retrenchment is generally undertaken when alternatives fail to achieve the desired effect in turnaround or numbers, or when retrenchment is seen as preferable action to remaining alternatives. However, Harrison (1986) notes that there is evidence that in some cases decisions for staff reductions are made early and without serious attempts to find creative alternative retrenchment strategies which might realise substantial savings without the negative costs and consequences of mass discharge. Further, organisations that have undergone retrenchment continue to streamline their structural and human resource components in an ongoing quest of downsizing (Cascio, 1993; Fisher, 1991). Whether retrenchments occur due to the failure of alternatives to adequately address the causes of the organisational crises, or whether management see retrenchment as a useful and immediate tool in effecting the rapid reduction of staff and associated costs, retrenchments have clearly

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become a strategic factor in the way organisations are and will be managed in the future.

## **PREVALENCE OF RETRENCHMENT**

The prevalence and impact of retrenchment can best be seen by the statistics associated with the phenomenon, and the organisations affected by it. Companies that have undertaken staff cuts rank among the "cream of the crop" in the United States. They include Apple Computer, Bank of America, IBM, CBS, Dow Chemical, Exxon, Ford, and Polaroid (Cascio, 1993; Schwartz et al., 1993; Kuzmits, 1988). IBM has reduced its employees by 100 000 since 1985 (25% of the peak total), and analysts believed that 50 000 - 100 000 additional employees would be eliminated by the end of 1995 (McCarrol, 1992; Sherman, 1993b). In Japan, there are indications that the practice of lifetime employment "has been shaken to its core by the massive payroll purges" (Harrison, 1986, p.84). Tens of thousands of positions have been eliminated in Japanese steel and shipbuilding industries (Tomasko, 1990). Between 1990 and 1993, job losses in Europe have wiped out all the job creation scored in the boom years of 1985 to 1990 (Rapoport, 1993). Major companies, such as German chemical giant Bayer and Swedish car maker Volvo, announced major job cuts, while other workers in steel, coal, and farm industries face retrenchment as restructuring occurs to fend off global competition (Taylor, 1994; Wheatley, 1992). Estimates of restructuring the Russian economy as part of the "perestroika" process could result in the elimination of ten to fifteen million positions (Tomasko, 1990).

During the mid 1970s recession, more than three fifths of the "Fortune 500" implemented personnel cuts, with higher level employees more likely to face permanent separation than blue-collar workers (Gilmore & Hirschhorn, 1984). Between 1987 and 1989, more than 85% of the largest 1000 corporations in the United States had undergone some form of reorganisation that caused widespread layoffs of workers, and in 1990 alone more than 50% downsized their workforces (Cascio, 1993). More generally, 90% of companies in the US economy with more than 5 000 employees have retrenched white-collar staff in the five years previous to 1991 (Kirkpatrick, 1991).

Retrenchments have affected nearly every type of industry, with substantial job losses being reported in the automobile industry, manufacturing, banking and finance, retail and electronics (Fisher, 1991; Kirkpatrick, 1991; Pomice & Black, 1992; Wood, 1992). General Electric, for instance, closed 73 plants and offices, and has retrenched 200 000 employees since 1981; IT&T cut its labour force by 100 000, including 66% of the headquarters staff. Employment by the "big three" auto manufacturers has dropped by close to 25% (Stewart, 1993; Feldman & Leana, 1989). The cut of 74 000 jobs at the end of 1991 announced by

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General Motors is roughly the equivalent of the entire Chrysler workforce (Pomice & Black, 1992). In Europe, Volkswagen has cut 12 500 jobs, Daimler Benz has planned to eliminate 33 000 jobs, and Peugeot and Renault have also engaged in reduction of their workforce by 9% and 17% respectively over the last few years (Rapoport, 1993; Taylor, 1994). In the mining industry, South African gold mines saw the loss of about 150 000 workers after 1990 (Lunsche, 1993), and Britain's plans to close coal mines led to projections of 30 000 miners being put out of work (Rapoport, 1993). Eskom, South Africa's electricity supply giant, has reduced its workforce from 66 000 employees in 1986 to 42 000 in 1993 as part of its restructuring into a core business (Gatherer, Erickson & Mills, 1993). In banking organisations in the United States, nearly 115 000 jobs have been eliminated in the past few years and there are projections that 100 000 jobs, or 7% of the industry's total workforce were estimated as lost in 1992 alone (Pomice & Black, 1992). Similar practices are reported in South African banking organisations (Wood, 1992). American drug industry giants, Upjohn, American Cyanamid, and Pfizer, gave notice of imminent downsizing at the end of 1993 with 7 000 jobs being on the line (Brownstein, 1993). Even one of the youngest, fastest growing and highest impact industries in the world, the computer industry has seen major retrenchments (Sherman, 1993b). The incidences at IBM described above are examples of this, while other industry leaders also embarked on restructuring and associated retrenchments. Compaq Computers, for example, cut one fifth of its workforce in 1992 and while they have taken on personnel since then as the company's fortunes revived, a major company such as Apple Computer has retrenched 16% of its workforce due to operating difficulties (Cook, 1993; Sherman, 1993b). Companies dealing in the mainframe market have closed down, restructured, or are having to cope with diminishing markets as other technologies drive the computer industry (Sherman, 1993b).

Government agencies and departments have been similarly affected by high numbers of retrenchment. Defence, educational, municipal and government service departments in countries worldwide have been forced to rationalise and cut back on services as they become subjected to increased scrutiny in a climate of cost containment and have to justify their existence (Cameron et al., 1988; Curtis, 1989; Grange, 1992; Leshilo, 1992). In South Africa, thousands more retrenchments are expected to continue due to an ongoing defence rationalisation program which affects the arms manufacturing industry in particular (Grange, 1992). Similarly, large scale retrenchment is occurring in many United States defence contractors as arms cuts and reduced defence expenditure take hold and rationalisation and restructuring occur (Anders, 1993). United States troop strength is being cut by 638 000, civilian Defense Department employees by 180 000, and cutbacks to suppliers could cost another 652 000 jobs through 1994 (Richman, 1992). The Bureau of Labor Statistics of the United States Government reports that nearly two thirds of the job losses related to defence

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spending were expected to occur after 1993 (Brownstein, 1993).

Leana and Inancevich (1987) reported that out of the 1986 national unemployment rate in the United States of 8,5 million people out of work, 7,6 million had been terminated involuntarily. Restructuring, with its consequent retrenchments, has contributed to the elimination of 3.4 million jobs from the payrolls of the "Fortune 500" industrial companies alone in the past ten years (Fisher, 1991), with projections of 4 million more by the end of the decade (Pomice & Black, 1992). Companies that have already cut thousands of white-collar jobs, like Citicorp, Digital Equipment, General Electric, Procter & Gamble, and Eastman Kodak, continue to downsize (Church, 1993; Fisher, 1991). This future trend is reflected in the actions of Ameritech, a regional subsidiary of Bell, where 2000 white collar jobs have been eliminated since 1984. Now, despite record profitability, the company is cutting 2500 more such jobs constituting 12% of its managers. This is occurring in the context of remaking itself to meet the business challenges of the future (Sherman, 1993a).

## **IMPACT OF RETRENCHMENT**

### **Benefits of Retrenchment**

The adoption of retrenchment as a strategy can show economic benefits associated with the reduction of costs for some companies (Cascio, 1993). Further, the greater competitiveness obtained from restructuring, the introduction of technology, and takeover or merger strategies are all designed as strategic measures to enhance the viability of organisations. American companies have found that substantial financial savings can be gained, at times relatively quickly, by significant reductions in the numbers of salaried employees (Harrison, 1986). However, retrenchment should emphasise a long term view and unless layoffs are massive, the costs of retrenchment may well exceed the gains during the first year (Behn, 1988; Henkoff, 1994). Short term costs which offset any gains, include having closed facilities being put into mothballs, individuals being given early retirement or severance packages, and other transitional costs of consolidation (Behn, 1988). Although in some cases the initial financial outlay involved in retrenchment can be very expensive, the long term benefits are often seen to be worth the costs. Du Pont, for example, spent \$125 million in the first quarter of 1985 but expected to save \$230 million each year after. Union Carbide spent \$70 million in 1986 for estimated future savings of \$250 million (Appelbaum et al., 1987; Cascio, 1993). Some companies have also found that they can operate satisfactorily without the employees who have been retrenched (Harrison, 1986).



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Increased efficiency and cost effectiveness are two further results that are associated with retrenchment. A leaner bureaucracy and a more streamlined chain of command within management have led in some cases to increased flexibility and speed in decision making. Having too many managers can cause conflicts, miscommunication, and excessive supervision. With fewer management layers, it is easier to identify those charged with leading the organisation and to assign them responsibility for achieving and (missing) performance targets. Overall productivity is also seen to increase if there are fewer people in management positions, fewer layers of management, and wider spans of control (Nienstedt, 1989). Consequently, reductions in the number of managers have led, not only to increased cost efficiency, but also to a more effective organisational decision-making and control structure--with overall improvements in job satisfaction (Appelbaum et al., 1987).

Clear benefits in implementing a retrenchment exercise have been established in a number of companies. However, the widespread use of retrenchment in organisations and the expectations of resultant cost saving or improvements in organisational performance need to be tempered somewhat (Henkoff, 1994). Results of many retrenchment exercises do not show the results that are expected based on executive judgements and highlight the need for caution in adopting such a strategy. In a survey by the consulting firm Towers Perrin of 350 senior managers in 275 companies, together accounting for 26% of the US gross national product, half the managers said that their cost cutting programs or restructuring had not achieved what they had hoped (Fisher, 1991). In another study by consultants Wyatt Co., in 1 005 corporations where restructuring had taken place, most senior executives admitted their companies had missed the mark in one way or another. Fewer than half had met their cost-reduction targets, despite much "bloodletting". Only 32% raised their profits to a level they thought acceptable, and just 21% improved return on investment to any appreciable degree (Fisher, 1991). The financial benefits of retrenchment do seem debatable (Worrell et al., 1991) and the stock prices of many companies who have engaged in retrenchment show poorer performance compared to the market two years after the exercise (Cascio, 1993). At the same time, a number of social and manpower costs within the organisations are incurred as a consequence of retrenchments (Cascio, 1993; Fisher, 1991).

### **Impact on Organisation**

The organisation moves into a state of shock at the onset of retrenchment. A disruption of interpersonal relations occurs as individuals become concerned about themselves and become competitive with others (Chell, 1985). Problems of morale, trust, and rumours are common, especially through the lower organisational rungs. "Written accounts from members of several public and private organizational settings in a large Southwestern city



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now operating under emergency reductions indicated fear of losing jobs, performance anxiety if reassigned, guilt when retained while others were released, and a distrust of managers directing the reorganization" (Curtis, 1989, p. 619). Cynicism is commonly reported. In turn, cynicism expands and crystallizes pockets of resistance and distrust (Curtis, 1989). Employees' perception of management ability drops significantly, and there is often a confidence crisis within the organisation (Cascio, 1993; Fisher, 1991). Leaders in this situation find it difficult to make effective decisions (Chell, 1985).

Retrenchment can be detrimental to the company's public image, particularly if it becomes the subject of focus by the press and if the company has a high profile. Consumer orientated companies are particularly at risk, and competitors can take advantage of this through their advertising. In 1987, Chrysler's Christmas closing of its Kenosha, Wisconsin plant received extensive adverse publicity on prime time network news; prior layoffs at Atari and at the network news stations themselves generated substantial negative publicity (Feldman & Leana, 1989). The losing of market share to competitors in retrenchment situations has been acknowledged by management (Wood, 1992). Announcements of retrenchments due to financial reasons have also damaged the images of companies on the stock market and have caused declines in their share prices (Worrell et al., 1991).

Partly out of guilt and partly out of fear from an increasingly litigious work force, top executives are showering many laid-off managers with generous severance packages (Leana & Feldman, 1989). Nevertheless, litigation is becoming an increasing feature of downsizing exercises in both the United States and South Africa (Cheadle, 1985; Rousseau & Anton, 1991).

The company's image as an employer can suffer, getting it a name for staff turnover and uncertainty. Poor retrenchment practices are seen to increase this. Difficulties can subsequently be experienced in attracting new personnel, particularly when they are specialised and need to find a secure market niche (Chalmers, 1983; Harrison, 1986). At the same time, immediate losses of staff can occur, many of whom are the employees who the company can least afford to lose. Over time, many organisations who have retrenched become depressed and lethargic. Eventually survivors settle into a condition of fearful expectancy. Propensity to leave the organisation then becomes common (Appelbaum et al., 1987).

The longer term consequences of retrenchments include a more hostile relationship between management and labour (Curtis, 1989). Strikes and work stoppages are common, and retrenchment is sometimes seen to increase unionisation of staff, often linked to a more

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militant union. Difficulties in recruiting labour after retrenchment, as well as restrictions on overtime work also result as a consequence of union pressure (Chalmers, 1983; Donald, 1985).

The impact on the social environment in which the organisation operates can also have a significant effect on the perceived worth of the retrenchment. In a study of managers' views on retrenchment, Smuts (1985) found that while the cost saving implications of retrenchment for the company and the company morale were perceived as critical issues, managers were least concerned about outcomes related to the current level of employment in the area, the impact of retrenchment in the local community, and the cost of the severance pay. This lack of focus on community orientation by managers has resulted in a number of legislative and social pressures on organisations to handle retrenchment with consideration.

Anstey (1983), has pointed out that companies who fail to assume some kind of social responsibility in their outlook regarding retrenchment, should not "bleat" when social unrest disrupts their functioning. In South Africa it has been pointed out that unemployment creates bitterness and frustration which is often mobilised and directed into social unrest. Most companies would suffer from subsequent riots, stayaways, and boycott action, but companies pointed out as having retrenched with little or no responsibility are likely to be singled out (Donald, 1985). Given the potential for social unrest arising from unemployment and the perceived need for social responsibility by companies (Anstey, 1983; Eisenberg & Lazarsfeld, 1938), the issue has been addressed by a number of legislative bodies internationally. Employers are no longer totally free to fire and terminate at will (Cheadle, 1985; Feldman & Leana, 1989; Rousseau & Anton, 1991). Government at various levels, driven by community concerns, are restricting the action that organisations can take:

Many state and municipal governments have enacted measures restraining private-sector job termination. One such recent set of initiatives involves efforts to erode the termination-at-will doctrine in several states and in at least two cities. By 1983, seventeen states either had passed or were considering measures that would place limitations on termination-at-will due to plant closings (Leana & Ivancevich, 1987, p.305).

South African legislation relating to retrenchment has propounded a set of guidelines to test the propriety of any particular retrenchment (Cheadle, 1985).

### **Impact on Retrenchees**

Employees who go through the experience of job loss in retrenchment exercises experience a number of psychological, physical, and sociological effects. Reactions include positive

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aspects such as feelings of pleasure from those who were nearing retirement and could take advantage of a generous retrenchment scheme, as well as others who enjoy high mobility skills and who can take the retrenchment package and rapidly find reemployment (Chell, 1985; Leana & Ivancevich, 1987). However, the vast majority of reactions are negative, and these reactions are compounded in small communities or in cities which are orientated around a particular industry and have suffered the consequences of deindustrialization (Leana & Ivancevich, 1987; Schore, 1984). Commenting on the impact of a plant closing in Fremont, California, Schore (1984, p.154) states:

For most of their adult lives these workers had pursued the dream of working hard and being rewarded with good wages, security, and respect. The closing of the plant marked the end of that dream and brought with it a host of mental problems. In the union hall, there were frequent reports of heart attacks and divorces; and in the first six months following the shutdown, there were eight suicides among former GM workers. For a while it seemed that the primary form of social gathering was funerals.

In numerous studies, job loss has been linked to diminished psychological well-being. Although effects are clearly mitigated by coping strategies and situational factors (Bluen, 1982; Leana & Ivancevich, 1987), retrenched employees have been characterised by an extensive range of responses at a psychological level. These include anxiety, fear and uncertainty, anger and hostility, shame, devalued self-esteem, loss of confidence and personal control, feelings of hopelessness and helplessness, social isolation, work inhibition and apathy. Recently, Fenwick and Tausig (1994) have produced hard evidence of the relationship of unemployment rates to increased individual distress and decreased life satisfaction, through reduced decision latitude and increased job demands. Changes in routine job structures which resulted from macroeconomic changes were shown to represent increased and continued exposure to stressful conditions. More serious psychological imbalances have also been noted, including depression, and irrational thinking (Riegle, 1982). Suicide rates for laid-off workers in the United Kingdom are reported to be 30 times the national average for employees who have not experienced layoffs (Leana & Ivancevich, 1987) and admissions to mental hospitals have been linked to people who have suffered job loss (Trippert, 1982).

Adverse physiological symptoms and deterioration in health levels have also been reported in the literature (Donald, 1985). These are manifested in varying degrees, but include high blood pressure, insomnia, heart disease, hypertension, peptic ulcers, and an increased propensity for becoming hospitalised (Liem & Rayman, 1982; Murgatroyd & Woolfe, 1982; Riegle, 1982).

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A range of sociological responses, particularly affecting the family, have also been identified as a consequence of retrenchment and consequent unemployment (Leana & Ivancevich, 1987; Murgatroyd & Woolfe, 1982). Marital friction and stress, wife beating and child abuse, neglect of friends and state prison admissions are among consequences of job loss (Trippert, 1982). Catalano (1994) has reviewed research in the US describing the association between job loss as a result of "economic contraction" and the risk of clinically significant alcohol abuse.

### **Impact on Remaining Personnel**

People who escape severance may also suffer and a survivor syndrome can be generated where those spared feel guilty and ambivalent about keeping their posts. Increases among survivors in levels of stress, conflict, role ambiguity, and job dissatisfaction with supervisors and co-workers have been reported (Appelbaum et al., 1987; Cascio, 1993). "During 1986-1987, personal accounts of guilt, remorse, nervous tension, etc. were extensively reported in newspapers throughout the oil-producing Southwestern states, especially in New Orleans and in Houston" (Curtis, 1989, p.677).

For the survivors, losing the social support of friends and colleagues at work is one of the most distressing aspects of job loss. Survivors are frequently angry with management for having caused the layoffs, for mishandling the process, or for being derogatory about the departed workers. Employees lose time discussing their emotions, speculating on whether more layoffs will be forthcoming, and often looking for a new job (Leana & Feldman, 1989). Poor handling of layoffs can lead to decreased productivity and morale and surviving personnel may lose their motivation to go the extra mile at work (Feldman & Leana, 1989; Fisher, 1991). The challenge of keeping quality employees from "jumping ship", and maintaining their loyalty and job involvement are among the most difficult in the management of declining organisations (Harrison, 1986).

Managers tend to become cautious in their dealings, not wanting to attract attention to themselves. Often the people expected to be most creative and flexible are working in the most insecure environments. The insecurity reduces productivity, making people more political, and more afraid to take chances (Kessler, 1985; Smith, 1994).

The impact on survivors is likely to reflect itself immediately in a number of ways, but difficulties are likely to continue over time.

Sooner or later the gut-wrenching emotions inspired by corporate axing surface in a thousand discords. The immediate result may be a flurry of

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activity which appears to be improved productivity but is, in reality, just so much busy work which obscures the accumulating resentment and hostility which may have their greatest impact months later (Harrison, 1986, p.78).

For managers, one of the biggest challenges is helping survivors get over the multiple traumas that any large-scale cutback brings on. These aftershocks can last two or three years, or more (Kiechel, 1985).

## **IMPLICATIONS OF RETRENCHMENT**

The international prevalence of reductions are making it more important than ever for managers to learn to handle layoffs effectively (Feldman & Leana, 1989; Worrell et al., 1991). The skill of managing decline is assuming increasing relevance as "mission redefinition" and market turbulence problems replace "business cycle" problems as the major determinants of market dynamics and structure (Gilmore & Hirschhorn, 1984). The reorganisation of work itself is part of a social transformation as massive and wrenching as the industrial revolution (Sherman, 1993a). Incidences of decline, downsizing, and retrenchment are the most frequent organisational change in large organisations today (Cameron, Kim & Whetten, 1988). Thirty eight percent of human resource managers surveyed in the United States top 4 500 companies anticipated that restructuring with its consequent retrenchment will increase in the future, and only 25% expected it to decrease. In line with these projections, a substantial number of these human resource managers expected numbers of executives and managers to shrink in the period up to 1996 (31% and 41%, respectively). Far fewer saw staff complements in these categories growing (17% and 25%, respectively) (Kirkpatrick, 1991). Pomice and Black (1992) report projections by US economists of at least four million jobs being shed in the top 500 US companies alone up to the year 2000, and unemployment rates averaging 9% through the decade. Similarly, Morin (cited in Sherman, 1993a) estimates that roughly a quarter of the US work force is still imperiled by downsizing due to the remaking of business to meet the challenges of the 21st century. Worrell et al. (1991) expect few firms to be spared the trauma of retrenchments.

Retrenchments occur world wide, are likely to continue for years, and may never become eradicated. Indeed, in the short to medium term retrenchment can be expected to increase as business, technological, and social forces generate the conditions for changing organisational conditions and need for reduction of manpower (Curtis, 1989; Sherman, 1993a).

Retrenchment has become a phenomenon that has touched almost every individual, organisation, and community in some way, either directly or indirectly. It is not only the sheer numbers that are involved that are disturbing, it is the effect on the parties at all levels of society that make retrenchment a problem that has to be approached with concern.

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## OVERVIEW OF THESIS

Despite the widespread practice of retrenchment, and its acknowledged impact, no theoretical framework has been developed to facilitate an understanding of the phenomenon. The focus has been on outcomes rather than understanding the process by which those outcomes are generated and moderated. Further, where practical issues relating to retrenchment have been discussed, these have focused on procedural, logistical, and legal issues and the area lacks integrated, research-based findings. This thesis aims to explore the dynamics of the retrenchment process, establish a theoretical model that illustrates and explains how retrenchment unfolds in organisations, and describe the way in which managers both shape and are themselves affected by the process. The need for such a model-based framework for retrenchment is discussed in Chapter 2, together with a review of the methodology which is used in the study to address the research problem. The inclusion of the methodology in this chapter is linked to the particular demands of the research problem and how the methodology adopted can provide an enriched insight into the retrenchment process. The nature of established approaches to retrenchment is reviewed in Chapter 3 and, drawing from this preliminary discussion of the literature, the strategy adopted by the present study to examine the retrenchment process is presented. Chapters 4 to 8 describe the phases of the retrenchment process using data generated from the qualitative analysis, and Chapter 9 presents a dynamic process model of retrenchment based on information generated in the preceding chapters. Chapter 10 provides an examination of the relationships which are proposed within the dynamic retrenchment model and the implications of the research are discussed in Chapter 11.

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## **CHAPTER TWO**

### **RESEARCH PROBLEM AND METHODOLOGY**

#### **BACKGROUND TO RESEARCH PROBLEM**

The purpose of the present study is to generate an empirically grounded model of the process of retrenchment within organisations, in order to achieve a greater understanding of the dynamics and impact of the retrenchment situation. The study focused particularly on the role of managers within the retrenchment process, as the key parties who initiate and facilitate the process. Special emphasis was given to exploring the nature of managers' involvement, the impact on managers as individuals and implications for organisational effectiveness, fundamental issues that occur during managers' involvement, and how managers cope with retrenchment. Some discussion of the background to these research areas is provided below to place the problems in context. Subsequently, the objectives of the study will be stated and the methodological basis of the study described.

Despite the persistence and enormity of the retrenchment phenomenon, even in times of relative economic stability, management researchers have remained relatively quiet on issues surrounding retrenchment (Harrison, 1986; Leana & Ivancevich, 1987). Considerable gaps are seen to exist in the knowledge of the retrenchment process and involuntary job loss, potentially adverse consequences, and the effectiveness of interventions aimed at mitigating the adverse consequences (Curtis, 1989; Leana & Ivancevich, 1987). This lack of knowledge and research on the area is seen to be due to research having focused on a business philosophy of "growth optimism". Organisational reductions, including retrenchment, have confronted management with a leadership responsibility for which they have had no established base of responses, a situation for which researchers are partly to blame.

Organisational models which have focused on cutbacks or retrenchments have been treated as exceptions and in research are viewed as conditions of emergency (Curtis, 1989). "The general organizational literature has few examples of decline, deletion, shrinkage, loss, etc. as a central variable" (Curtis, 1989 p.673). Cameron et al. (1988) go further in contending that there is a stigma associated with the topic of organisational decline that causes researchers to avoid studying the topic, management educators to avoid teaching the subject, and managers to resist participating in such research. This reluctance to talk about situations of organisational decline and retrenchment means that the subject is more difficult to study than organisational growth or effectiveness (Cameron et al., 1988). Consequently, little is known about the dynamics of the change process during retrenchment and its implications in

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organisations (Krantz, 1988; Worrell et al., 1991). In particular, there has been little research on the psychological and social dynamics occurring during the process (Krantz, 1988), despite the fact that retrenchment is one of the most extreme decisions that management will have to make (Bunning, 1990). The theory on retrenchment is in urgent need of a model that illustrates the process, dynamics, social forces and organisational impact of retrenchment. Such a model would provide the basis for greater understanding of the process of retrenchment and would facilitate research into the phenomenon.

The scarcity of research into the phenomenon of retrenchment as a social process is further compounded by a lack of focus on the key group within retrenching organisations. While some consideration has been given to specific groups, such as the employees who have suffered job loss (Leana & Ivancevich, 1987; Liem & Rayman, 1982; Murgatroyd & Woolfe, 1982; Riegle, 1982), survivors within the organisation (Brockner, Grover, & Blonder, 1988; Brockner, Grover, Reed, DeWitt & O'Malley, 1987; Kessler, 1985), and the role of the human resource department (Chell, 1985; Harrison, 1986), the role of managers within the process of retrenchment and the effects of this involvement have been largely ignored. We know little about the conditions within which managers must think and act and what influences their capacity to do so effectively (Krantz, 1988). Yet it is the managers who bear the responsibilities for the enacting of the retrenchment, have a critical and high involvement in the process, and are likely to be particularly vulnerable to the issues involved (Chell, 1985; Curtis, 1989; Donald et al., 1986). The decision to retrench, planning its implementation, communication and liaison with all parties involved or affected by such a decision, informing the personnel to be retrenched, and handling the ongoing functioning of the organisation and its adaptation to the post-retrenchment period are all fundamental managerial responsibilities that occur during the course of the retrenchment (Donald et al., 1985).

Schweiger et al. (1987) note that although organisational actions are helpful in dealing with the negative consequences of retrenchment, action initiated by managers themselves is imperative. Similarly, Leana and Feldman (1989) feel that the manner in which retrenchments are implemented plays a major role in individuals' responses to unemployment. Many of the participants in retrenchment and community agencies have believed that the exercises were handled ineffectively and in many cases the manner in which these were handled has caused anger and bitterness among those affected. In line with this, there are increasing accusations and aggressive emotions being directed at managers who are blamed for the nature of retrenchments (Curtis, 1989; Gilmore, 1983; Leana & Ivancevich, 1987; Schweiger et al., 1987). Managers are also called on to handle the post-retrenchment situation within the organisation, and "managers of a reduced work force often are faced with the formidable task of attempting to increase the productivity rate of the remaining



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demoralized group" (Leana & Ivancevich, 1987, p.302). Despite the acknowledged role of the manager in contributing to the way in which the retrenchment is carried out and the fulfilment of its objectives, literature which addresses the manager's role has focused largely on the decision making process adopted prior to retrenchment and the use of alternatives (Anstey & Botha, 1983; Appelbaum et al., 1987; Nienstedy, 1989; Worrell et al., 1991), formal and legal procedures to adopt to avoid legal challenges (Cheadle, 1985), and assistance of retrenched employees following the exercise (Brockner et al., 1988; Gilmore & Hirschhorn, 1984; Feldman & Leana, 1989). The role of managers in the interactive social dynamics of retrenchment as an organisational change process, their contributions during the exercise, the multiple pressures they are faced with, and their coping with these dynamics have not been addressed and need to be appreciated to gain an effective understanding of the retrenchment phenomenon.

Further, on a personal level for managers, the implications of involvement in carrying out retrenchment seem to have been given little emphasis (Curtis, 1989). As Curtis (1989, p. 685) points out,

The fear and insecurity of the retrenching world of lower employees are surely shared, in some measure, by those who shape the changes. Moreover, these administrative costs can be presumed to exact an emotional cost which is linked with a structural outcome.

Further, middle managers who are often not party to the strategic decisions that lead to the layoffs carry the dual burden of having made the evaluative judgements that are used and conveying the news to those laid off (Gilmore & Hirschhorn, 1984). Although managers could be classified as "survivors" of the retrenchment situation and the research on such survivors (e.g., Brockner, Grover & Blonder, 1988; Brockner, Grover, Reed, DeWitt & O'Malley, 1987) could be seen as relevant to managers, these survivors are largely seen in a more passive context rather than in the dynamic, managing role that managers are required to play. Consequently, further insight is needed into the impact of retrenchments on managers at a personal level, the implications for both their own performance and mental well-being, and organisational effectiveness.

There are a number of key factors which impact on managers during their involvement in the retrenchment process. The role of managers in the psychology of the decision making process during the retrenchment has been indicated as a particular need for in-depth research (Chell, 1985). The selection of individuals for termination is usually the most difficult part of a staff reduction. Decisions are made as to which employees will retain the security and opportunity of continued employment and which will be deprived, at least over the short run, of their means of livelihood (Harrison, 1986; Worrell et al., 1991). The nature of the decision

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making process has led Kuzmits (1988) to draw a parallel between retrenchment and other traumatic decision-making events. He states that in combat, the accounts of many who observed military operations indicate that the most painful and wrenching of all military tasks is undertaken by the triage officer--the person who literally makes life-and-death decisions by determining the nature and priority for treatment of the wounded soldiers. The word "triage" is a medical term which refers to the classification of casualties by their probability of survival. Triage enables medical patients in greatest need to attention to be identified, and treatment to be applied to those with the greatest probability of survival. Kuzmits (1988) suggests that the concept could be aptly applied to the situation of managers in the workplace, where the recent trend toward mergers, acquisitions, spinoffs, and buyouts has left many thousands of victims: the survivors, the wounded, and the casualties. Similarly, for Gilmore and Hirschhorn (1984, p.310),

The role of work in our society is so closely identified with an individual's identity and role in the wider society, that the process of eliminating jobs is frequently compared to death and murder. Executives have been described as collaborators in Nazi prisons camps selecting those who will live and those who will die. The pain and anxiety stirred up by reductions in force can lead to people or roles becoming overly identified with the cuts, as if to contain the bad parts in a few roles so others could be more favourably regarded.

The immediacy of retrenchment and the relationships between managers and those retrenched are also changing. In the past, companies adapted to reduced demand by laying off blue-collar workers, most of whom expected periodic unemployment over their careers. In these cases the manager generally did not have to confront the laidoff worker personally, and most often the layoff process was handled through bureaucratic processes. The interpersonal dimension was not significant. Today, the interpersonal dimension has become more salient and more difficult because the decisions to cut are no longer organisationally distant from the victims of the reduction in workforce (Chell, 1985; Gilmore & Hirschhorn, 1984). This appears to have called into question the psychological contract that is seen to exist between managers and subordinates, where the employee provides services and loyalty to the organisation in return for protection and the privileges that go with a job (Guzzo, Noonan & Elron, 1994; Robinson, Kraatz & Rousseau, 1994; Schein, 1980). Levinson (1983) has observed that as managers are faced with the need to lay people off, feelings of guilt are easily aroused. These feelings will be particularly strong when layoffs involve loyal, conscientious people who have helped attain goals, and who are long time employees and friends of the manager (Harrison, 1986; Smith, 1994). Further, on a personal level, the manager who lays off subordinates may often identify with that subordinate and it becomes harder for the superior to defend himself or herself against the natural feelings of sadness and guilt when

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someone is terminated (Gilmore & Hirschhorn, 1984).

It is clear that retrenchment causes a clash in interests between various parties in the organisation, with managers representing the focal point. The formal organisation uses the manager as the agent of retrenchment and assigns the responsibility for breaking the relationship between organisation and employee (Burke, 1983). Employees to be retrenched by the manager, on the other hand, perceive the manager as leader and the person responsible for their welfare and development (Chalmers, 1983). In addition, employees within the company expect the manager to behave in accordance with the requirements of the informal organisation (Katz & Kahn, 1978). Further expectations may arise from the community in respect of the manager's conduct (Curtis, 1989; Feldman & Leana, 1989; Worrell et al., 1991). Argyris (1965) has pointed out that organisational disturbances will tend to occur when the formal structure is at variance with the informal structure, or when the formal structure is at variance with the psychological role. Indeed, one of the central issues of occupational mental health is whether it is possible to have both an authentic existence and membership in a norm-demanding occupational organisation (McLean, 1970). In line with this, Chell (1985) indicates the need to research whether the manager experiences conflict between his/her own system of values and beliefs and what he/she is required to do to execute organisational decisions within a retrenchment exercise. In addition, the expectations of the parties involved in retrenchment appear to provide a broader context congruent with those generating role stress (e.g., Kahn & Quinn, 1979) which needs to be explored.

The personal characteristics of the manager have also been speculated to impact on the nature of handling of the retrenchment, as well as managers perceptions of their situations (Chell, 1985). It is likely that a range of situational and personal factors impact on the success with which managers deal with the retrenchment (Donald et al., 1985). Situational factors identified in previous research requiring managerial involvement include perceived legitimacy of the decision (Kahn et al., 1964; Katz, 1973), participation in decision making (Martin, 1984; Schuler, 1979), and advanced warning of programs (Kahn & Quinn, 1970). Personal factors included personality characteristics (Levinson, 1983), personal values (McLean, 1970), prior experience (Kahn & Quinn, 1970), and coping styles (Hall, 1972; Kahn, 1990). Interpersonal factors reviewed in other situations involving managers included the closeness of the relationships to the employee and social support (Kahn, 1974; Randolph & Posner, 1981). Many of these may serve to provide a greater understanding of the impact of the retrenchment process on managers and their role, and the variables which will facilitate the conduct of the exercise with the minimal disruption to all concerned.

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The multiple effects of retrenchment on various levels of the organisation and society explored in the previous chapter and the responsibility of management in deciding on, conducting, and working with the consequences of the retrenchment show that managers may be the most critical component in the process of retrenchment and its effects. Despite the pivotal role of managers in the process of retrenchment, the impact of carrying out such a role, the socio-psychological consequences for managers, and the managerial factors that impact on the success or effectiveness of the retrenchment have been ignored. There are, however, increasing indications that the need to terminate people is more and more being viewed as just as much a part of a managers's job as selection, placement, and transfer (Harrison, 1986). The need for research to examine the area seems critical.

## **APPROACH TO RESEARCH PROBLEM**

There has been a growing movement towards the analysis of the cognitive side of organisational life, specifically focusing on the interpretive processes associated with organisational phenomena (Isabella, 1990). This approach sees psychological concepts, not as models of thought imposed from outside, but instead relating to the experience and interpretations of individuals which are operative in the area being studied (Watts, 1985). Interpretive studies which adopt such an approach rely on a number of critical assumptions. In a discussion of the contributions of various authors, Isabella (1990) sees these as:

- a) Organisational members actively create, or enact the reality that they inhabit, generating a record upon which they predicate future action.
- b) Frames of reference that individual members share can exist within a collectivity, created through social interchange or negotiated over time. This cognitive consensus represents the dominant logic or dominant reality of a group.
- c) The views of managers as a collective are especially salient because managers appear to be at the heart of the cognitive shifts that occur during organisational change, and managers serve a significant cognitive function in organisations by interpreting events and ultimately using those interpretations to frame meaning for other organisational participants. Consequently, a variety of authors see the interpretations of managers being the social architecture from which organisations draw meaning and significance (Bennis & Nanus, 1985; Daft & Weick, 1984; Ford & Baucus, 1987; Pfeffer, 1982).
- d) Interpretations are made a posteriori, and because they tend to be formulated after, not during events, interpretative research is often built upon events that have already transpired and around which a collective viewpoint has had time to emerge.

In line with these assumptions, a number of studies have focused on the managers within organisations as the key informants on the social processes and transitions that occur during

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organisational change processes (Bartunek, 1984; Ford & Baucus, 1987; Harris & Sutton, 1986; Isabella, 1990; Sutton, 1987; Watts, 1985). This focus on the manager as both the key element in any change process within the organisation, as well as the interpreter and generator of the reality within the organisation, appears relevant to the role of the manager in retrenchment situations. The present study adopts a research approach consistent with this literature, and will attempt to generate an understanding of the retrenchment phenomenon through an exploration of how managers are involved and construe the events during the occurrence of the phenomenon within the organisation.

This research occurs in two major phases which utilise different approaches to theory. These follow what Cameron, Sutton and Whetton (1988) and Sullivan and Bhagat (1992) describe as "process" and "variance" approaches to theory. The first phase of research adopts the process approach, which is seen to tell a story about how some outcome occurs, and involves integrating a series of discrete states and events as part of theory. The precursors in a process theory are each necessary to bring about the outcome, but any given precursor alone is insufficient. In addition, a time ordering among contributing events exists. The process approach does not seek to explain differences. Rather, the theory is composed of discrete events and states, each being necessary to the outcome, but not sufficient in itself to bring about that outcome (Cameron et al., 1988). The identification of commonalities within the research is essential to such an approach.

The second phase of the research adopts the variance theory approach outlined by Cameron et al. (1988). As these authors point out, a variance theory is composed of variables. "It seeks to explain which independent variable, or variables, determines variation in some dependent variable. In a variance theory, each independent variable is necessary and sufficient to affect the dependent variable" (Cameron et al., 1988, p.10). These authors point out that studies may consider both process and variance, an approach adopted in the present research.

Based on this approach, two research problems are addressed in two phases of the present study, the first process related and the second variance related:

1. The generation of a process model of the implementation of retrenchment within organisations and an exploration of the related organisational dynamics within the retrenchment situation. Managers will be used as the focus point of analysis in order to examine the dynamics of the retrenchment process.
2. The nature and impact of the involvement of managers in retrenchment exercises will be explored in order to determine the consequences of implementing retrenchment for the manager concerned. Specifically, the following hypotheses will be examined in the research:

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- a) The dynamics and pressures within the retrenchment situation will generate characteristic role pressures on managers responsible for retrenchment.
  - b) Organisational, personal, and interpersonal factors identified in the study will moderate actual and perceived role stress and stress outcomes.
  - c) Role stress generated during the exercise will effect managers at the physiological, psychological, affective and behavioural levels.

The nature of the research problems in this study, the use of both process and variance approaches, and the orientation of the research to generate a basis for further study requires a more exploratory "open" research strategy (Watts, 1985). The approach adopted to the present research drew on the grounded theory approach analysis initiated by Glaser and Strauss (1967). The study placed a strong emphasis on qualitative analysis, but adopted in a slightly more structured approach than that found in grounded theory, through the incorporation of some theoretical elements into the initial research. This research approach has been adopted by a number of authors examining change-related process within organisations (Harris & Sutton, 1986; Isabella, 1990; Kahn, 1990; Sutton & Callahan, 1988). Indeed, research using this approach by Harris and Sutton (1986) who investigated the process of "parting ceremonies in dying organizations", bears some relationship to the research topic of retrenchment. The approach aims to inspect a general problem in the field and to identify important variables within a process and the relationship between variables (Fineman & Mangham, 1983; Watts, 1985). Such a focus on both process and outcomes is a more appropriate research study than one which focuses on outcomes alone (Fineman & Mangham, 1983). The present approach constantly compares and contrasts data and theory throughout the data collection and analysis process (Strauss & Corbin, 1990). This fluid movement between theory and data allows a conceptualisation process that should encompass all nuances in the data (Isabella, 1990).

The research approach adopted is in line with the increasing number of researchers who are making use of qualitative methods to obtain greater density of information, more vividness of description, and greater clarity of meaning from areas under investigation (Dewe, 1992; Jick, 1979; Morey & Luthans, 1984; Strauss & Corbin, 1990; Strümpfer, 1981; Van Maanen, 1979). The qualitative approach tends to be used to describe the unfolding of social processes rather than the social structures that are the focus of quantitative researches (Sanders, 1982; Strauss & Corbin, 1990; Van Maanen, 1979). In doing so, the qualitative approach increases the understanding of the behaviours under investigation, since it is capable of providing descriptions of the context in which the behaviours have taken place, and it reviews the situation from the position of the person involved in the process (Strümpfer, 1981). This "idiographic" approach which looks at a subjectivist, qualitative or insider perspective is seen

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to have significant benefits in providing more knowledge of participant understandings, perceptions, cognitive processes, meanings and intentions (Morey & Luthans, 1984; Sanders, 1982).

Despite a strong debate on the respective merits and validity of the qualitative versus quantitative methodologies over a number of years, there has been a recognition that the two approaches are not mutually exclusive and can provide a complementary basis for the analysis of social situations (Dewe, 1992; Jick, 1979; Morey & Luthans, 1984; Morgan & Smirich, 1980; Strümpfer, 1981; Van Maanen, 1979; Watts, 1985). Van Maanen (1979) points out that once an interpretative framework becomes generated through qualitative strategy, and becomes firmly accepted and more or less set, analytic formulas and focusing devices can be put in place, such that the investigator is able to engage in quantitative study. If these two approaches are combined and integrated into a common strategy, it is more likely that the phenomenon under study will be portrayed in a more complete and holistic, and contextual way (Dewe, 1992; Jick, 1979; Morey & Luthans, 1984). The combining of multiple methods in this way to study the same phenomenon has been referred to in a variety of terms, including convergent methodology, multimethod/multitrait, convergent validation, and more generally as triangulation (Jick, 1979; Strümpfer, 1981). A range of benefits accumulate when adopting such an approach, including the possibility of studying the same phenomenon from multiple perspectives, facilitating the emergence of deeper dimensions within the data, and the counterbalancing of the strengths and weaknesses of methods against each other to enhance the validity of research outputs (Jick, 1979; McClintock, Brannon & Maynard-Moody, 1983; Morey & Luthans, 1984; Strümpfer, 1981; Van Maanen, 1979).

## **METHODOLOGY**

### **Research Setting**

The sampling strategy was directed at a variety of organisations where retrenchment had occurred, with the objective of obtaining a broad spectrum of managers in different disciplines, at different levels within the organisations, and representing different social groups (i.e. gender and ethnic backgrounds). Comparisons between participants within organisations allows the use of a constant comparative method consistent with suggestions by Glaser and Strauss (1967). The sampling strategy aimed to generate a sufficiently representative and diverse sample to ensure that the elements within the retrenchment phenomenon could be effectively addressed. Constant elements observed in a heterogeneous sample are seen to offer firmer grounding for a general model than do constant elements in a homogenous sample (Sutton, 1987). The sampling strategy was thus seen to provide a firm

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grounding for an examination of the phenomenon and the generation of a model of the retrenchment process within organisations (Harris & Sutton, 1986; Isabella, 1990).

The aim of the initial component of the sampling strategy was to select deliberately, but not randomly, a diverse sample of organisations that were implementing, or had very recently implemented a retrenchment exercise (Harris & Sutton, 1986; Sutton, 1987). Organisations are sensitive to the negative repercussions usually related to such reductions in workforce, and are not inclined to go public with their problems or to share information with outside researchers at such disruptive times (Harrison, 1986; Worrell et al., 1991). Consequently, identification of appropriate organisations which meet the sampling criteria is difficult and not conducive to conventional sampling strategies. The main ways of identifying organisations that were going through or had undergone a retrenchment exercise was through the press (Worrell et al., 1991). Referrals from personnel at the companies interviewed and personal contacts allowed contact with additional companies. It was decided that the time period since the retrenchment was announced had to be within a five week period to ensure that managers were still sufficiently familiar with their experiences and to allow assessment of personal responses (Sutton, 1987). A major difficulty was accessing companies within this one month period. News of retrenchment is rarely given before the exercise commences (Worrell et al., 1991), and was usually published a few days after it occurred. Subsequent to identifying the organisation, contact had to be made with personnel within the organisation, approval gained for involvement, arrangements set up to speak to appropriate personnel who were included in the sample, and interviews conducted, all within the five week period set in terms of the sampling criterion.

Obtaining organisational approval for research into the phenomenon of retrenchment is a major obstacle in the sampling process (Cameron et al., 1988; Harris & Sutton, 1986; Harrison, 1986; Kiechel, 1985). Kiechel (1985, p.103) for example, states the following:

Most corporations don't want to talk about it, at least not for attribution.

Instead of testimonials to productivity achieved or entrepreneurship unleashed, one hears responses like the following from a company public relations man in Chicago: "Nobody wants to talk about how he fired 300 people and is working the hell out of those who remain."

The management of 12 out of 20 organisations approached by Sutton (1987) in research into organisational decline denied access to their organisations. In the present study, managing directors, general managers, or the human resource manager of companies were approached on whether their organisations would be prepared to allow interviews with managerial staff. The management of 11 organisations refused to comment on the retrenchment, or denied access to employees, despite undertakings of confidentiality, offers of feedback from the



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researcher on potential organisational coping methods, and comment on the possible therapeutic benefits of involvement to managers. The non-participation of these organisations may reflect particular characteristics of the retrenchment exercise in those organisations, including severe conflict (Sutton, 1987) and this may have biased the sampling process. However, the final organisational sample consisted of 16 organisations which provided a good cross-section of industries, organisational size, and reasons for embarking on the retrenchment process. The sample reflected the concentration of industry within the South African context (Watts, 1985), with most of the sample being drawn from the Gauteng region, while single organisations were obtained from the KwaZulu-Natal and Western Cape regions.

### **Participants**

Managers within organisations were selected in conjunction with organisational members, usually the managing director or the human resources manager (Alderfer, Alderfer, Tucker & Tucker, 1980; Watts, 1985). Personnel identified as managers were seen as the heads of the organisation, or heads and decision makers within divisions or departments (Harris & Sutton, 1986). Typical positions included managing director, marketing director, general manager, production manager, information systems manager, financial accountant, and human resources manager. Although Watts (1985) notes the difficulty of defining what constitutes a manager, in the present sample respondents would have been between the E4 and the D1 grades within the Paterson (1972) job evaluation system or the equivalent in other job evaluation systems. The numbers of personnel reporting to the managers was recorded, but the number of subordinates does not provide a reliable basis to differentiate the level of managers across differing operations (Drucker, 1954). Managers were therefore requested to define themselves as senior, middle, or junior management.

Managers included in the study had to have been personally involved in the retrenchment process, and specifically the notification of the retrenchment to employees. The participation of the manager in the notification process of retrenchment was seen to provide an indication of in-depth involvement that could be established consistently across the sample, despite the variation on other factors. A similar sampling strategy to that used for the organisations was applied, that is, to select a diverse sample deliberately but not randomly. Organisational personnel involved in identifying appropriate respondents were fully briefed on the objectives of the study, and identified managerial personnel on the basis of this. Managers identified were then asked whether they were prepared to be involved in the study. No manager refused to participate once approached, although some expressed concern about the time requirements of the research. In one organisation, the managing director only allowed the human resource

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manager to be interviewed.

Forty managers across the 16 organisations were included in the study. During the progression of the sampling and interviews for the study, it became evident that this number was congruent with the notion of "theoretical saturation" suggested by Glaser and Strauss (1967). In this approach, the researcher becomes empirically confident that a category is saturated when similar instances occur over and over and no additional data are found whereby the researcher can develop properties of the category (Glaser & Strauss, 1967). Requirements of extending the diversity of respondents and situations were addressed to ensure that saturation was based on the widest possible range of data that relate to the phenomenon being explored (Glaser & Strauss, 1967; Isabella, 1990). A further sub-sample of 10 managers from three of the organisations who were involved in carrying out retrenchment but had been retrenched themselves was included in the study. This was done to examine the possible impact of being retrenched on management views and handling of the exercise, and to reflect the diversity of factors influencing the situation (Isabella, 1990; Schweiger, Ivancevich, & Power, 1987). Besides the notion of saturation, the sampling also had to consider an appropriate sample size to allow subsequent quantitative analyses and sufficient confidence in the statistical measures adopted for analysis. Full details of the sample within the organisational context are provided in Table 1, and a profile of demographic details of the managers is given in Table 2.

### **Data Gathering Techniques**

Data gathering was accomplished through a combination of qualitative and quantitative methods which allowed for a multi-trait, multi-method assessment. The three methods which were qualitative in nature include semi-structured interviews, incomplete sentences, and personal observation. A survey questionnaire consisting of a number of instruments was utilised to gather quantitative data. The use of multiple techniques facilitated the collection of a broader and richer set of data, enabled the researcher to evaluate the consistency of results for different methods, and allowed the identification of trends across the data. The way in which these techniques were used is discussed in more depth below.

#### **Semi-structured Interview**

Semi-structured interviews were used as the main data gathering approach in the study, as they have demonstrated their effectiveness in previous studies using a similar process (Harris & Sutton, 1986; Isabella, 1990). The technique allows flexibility in probing the responses of the informant to obtain rich holistic data and avoids the inevitable weakness of closed ended

Table 1

Profile of Organisations in Sample

| Organisation | Sector                       | Reason for Retrenchment <sup>a</sup>               | Sites <sup>b</sup>         | Main Sample | Sub-Sample |
|--------------|------------------------------|----------------------------------------------------|----------------------------|-------------|------------|
| 1            | Insurance                    | Merger/Acquisition                                 | 3 (Gauteng)                | 6           | 4          |
| 2            | Computer                     | Restructuring (Structure)                          | 1                          | 1           |            |
| 3            | Manufacturing: Consumerables | Restructuring (Internationally)                    | 1                          | 3           |            |
| 4            | Electronics                  | Restructuring (Market strategy)                    | 1                          | 1           | 5          |
| 5            | Retail                       | Rationalisation (Recession)                        | 3 (Gauteng)                | 4           |            |
| 6            | Timber                       | Merger/Acquisition                                 | 1                          |             | 1          |
| 7            | Manufacturing: Stationary    | Restructuring (Profits)                            | 1                          | 1           |            |
| 8            | Manufacturing: Plastics      | Restructuring (Profits)                            | 1                          | 2           |            |
| 9            | Manufacturing: Glass         | Rationalisation (Recession)                        | 1                          | 3           |            |
| 10           | Chemicals                    | Restructuring (Product viability/Imports)          | 1 (KwaZulu-Natal)          | 5           |            |
| 11           | Chemicals                    | Rationalisation (Technology/Competition/Recession) | 2 (Gauteng & Western Cape) | 6           |            |
| 12           | Hospital                     | Restructuring (Resources)                          | 1                          | 3           |            |
| 13           | Banking                      | Restructuring (Corporate strategy)                 | 2                          | 2           |            |
| 14           | Financial                    | Rationalisation (Recession)                        | 1                          | 1           |            |
| 15           | Banking                      | Rationalisation (Profits)                          | 1                          | 1           |            |
| 16           | Manufacturing: Food          | Restructuring (Decentralisation)                   | 1                          | 1           |            |

Note <sup>a</sup> Reasons for Retrenchment in various categories are given in brackets.

<sup>b</sup> Sites in which interviews were done were in the Gauteng region unless given otherwise.

**Table 2**

**Demographic Details of Manager in Sample**

| Demographic Details             | Main Sample <sup>a</sup> | Sub Sample | Total Sample |
|---------------------------------|--------------------------|------------|--------------|
| GENDER:                         |                          |            |              |
| Male                            | 36 (.90)                 | 9 (.90)    | 45           |
| Female                          | 4 (.10)                  | 1 (.10)    | 5            |
| MARITAL STATUS:                 |                          |            |              |
| Married                         | 36 (.90)                 | 8 (.80)    | 44           |
| Single                          | 3 (.07)                  |            | 3            |
| Other                           | 01 (.03)                 | 2 (.20)    | 3            |
| HOME LANGUAGE:                  |                          |            |              |
| English                         | 23 (.58)                 | 8 (.80)    | 31           |
| Afrikaans                       | 15 (.38)                 | 2 (.20)    | 17           |
| German                          | 1 (.07)                  |            | 1            |
| Xhosa                           | 1 (.07)                  |            | 1            |
| DEPARTMENT:                     |                          |            |              |
| Director/General Management     | 9 (.22)                  | 1 (.10)    | 10           |
| Production                      | 7 (.18)                  | 2 (.20)    | 9            |
| Engineering                     | 1 (.02)                  | 1 (.10)    | 2            |
| Finance/Administration          | 4 (.10)                  | 2 (.20)    | 6            |
| Human Resources                 | 11 (.27)                 | 2 (.20)    | 13           |
| Marketing/Sales                 | 5 (.12)                  | 2 (.20)    | 7            |
| Information Services            | 2 (.05)                  |            | 2            |
| Catering                        | 1 (.02)                  |            | 1            |
| MANAGEMENT LEVEL:               |                          |            |              |
| Junior Management               | 1 (.02)                  | 1 (.10)    | 2            |
| Middle Management               | 9 (.23)                  | 4 (.40)    | 13           |
| Senior Management               | 30 (.75)                 | 5 (.50)    | 35           |
| AGE:                            |                          |            |              |
|                                 | Mean = 39                | Mean = 38  | Mean = 39    |
|                                 | SD = 7,2                 | SD = 5,4   | SD = 6,9     |
| PERSONNEL FOR WHOM RESPONSIBLE: |                          |            |              |
|                                 | Mean= 262                | Mean = 45  | Mean= 220    |
|                                 | SD = 407                 | SD = 79,6  | SD = 383     |

<sup>a</sup> Proportions apply within sample groups.

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questions which place a deterministic grid on the respondent's possible range of answers (Jick, 1979). The goal of the interviews was to understand the perspectives of the participating managers as they saw the retrenchments through their own eyes, and to learn as much as possible about their perceptions, observations, concerns, reactions, thoughts and feelings. Isabella (1990) used similar objectives as the basis for gathering data for the development of a process model in her research.

Interview questions aimed at eliciting details on a number of key topics. These included the respondents' perceptions of how the exercise had arisen and what had occurred during the course of the exercise, the nature of personal involvement and implications of this, key events during the process, personal feelings, beliefs and values, coping approaches at organisational and personal levels, and consequences of retrenchment for all parties involved. In a number of cases, there was no need to state the interview question as the interview process dynamically led to coverage of the relevant dimension. Similar to the experiences of Cameron et al. (1988), it was found that although initial refusal rates are high with such a research topic, respondents are usually remarkably helpful once they have chosen to participate, probably because the subject of research is usually a central issue in their lives. Important aspects that were considered during the interviews were the expectations that were generated during the retrenchment process as indicators of the underlying dynamics of the situation (Katz & Kahn, 1978), as well as key events which formed part of the process through evoking conscious thought on the part of the managers and often determining their action (Schein, 1985).

An initial semi-structured interview was applied in a pilot situation to two managers who had recently been through retrenchment exercises. These pilot applications were aimed at familiarising the researcher with the interview and the possible process that would occur during the interview situation. Also, as suggested by Sutton (1987), questions were reviewed and refined to ensure that they were useful and sufficiently open-ended to elicit freedom of expression from the respondent. A list of final interview questions is provided in Appendix A. The researcher was guided rather than restrained by the prepared questions, and where unexpected but interesting topics were raised by managers, they were pursued (Sutton, 1987).

### Survey Questionnaire

The survey questionnaire had the dual role of eliciting information from respondents which would have taken excessive time in the interview, and generating data which would allow the use of quantitative analysis. To the extent that such data can be incorporated and contribute to the overall analysis, they provide some basis for triangulation. This allows one to capture a

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more complete portrayal of the phenomenon under study, as well as leading to greater confidence in results as the methods lead to a convergence of findings (Jick, 1979). The questionnaire data also assisted in the review of possible relationships between variables identified in the study, and allowed the use of statistical analysis to explore the nature of these relationships. Full details of the background to each variable included in the questionnaire are provided in Chapter 10.

The questionnaire consisted of two major parts, copies of which are provided in Appendix B. The first of these addressed role demands, affective responses, and mental and physical health variables relevant to the manager. These variables were assessed as part of the phase of the research investigating managerial involvement in and the effect of handling retrenchment. A new instrument examining role demands was required. The scope, development, and validation of this scale, which was developed as part of this thesis, is discussed in depth in Appendix C. Details on the other components of the questionnaire are discussed later in this study.

The second part of the questionnaire addressed various situational factors concerning the managers' involvement in the retrenchment. These were based on criteria which were believed to have relevance to the retrenchment phenomenon but which had been explored in other research. The variables covered included involvement in decision making, the perceived need for retrenchment, training in handling retrenchment, views on the retrenchment package, the relationship with people retrenched, possibilities of retrenched employees getting a job, social support, and previous experience. The questions were formulated by the researcher, and ratings were behaviourally anchored. The questions were rated by the researcher on completion of the interview, based on interview content. Where any of the variables had not been clearly expressed during the interview, clarification was obtained from the manager. The nature of the responses to the questionnaire provided information suitable for inclusion in both the model building process and the investigation of managerial involvement in and effects of managing retrenchment.

### Incomplete Sentences Exercise

An incomplete sentences exercise of ten stems was compiled specifically for the research and incorporated into the questionnaire given to managers. Use of such an exercise allows subjects to express their own feelings and self-concept from a phenomenological perspective (Burns, 1979). Further, this technique of measurement removes the restrictions of rating scales which force individuals to choose among limited alternatives to circumscribed questions or statements. Such restrictions often mean that the responses of participants may

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not reflect their true feelings (Watts, 1985). The incomplete sentences examined various aspects of managers' personal perspectives and feelings regarding the retrenchment process.

The data generated from the incomplete sentences exercise complimented the triangulation research approach in a number of ways. Where respondents gave comments that provided additional insights into concepts that emerged in interviews or qualitative data, these were incorporated into the analysis. The analysis of incomplete sentences data also allowed an examination of the commonality of responses within the sample, as well as highlighting differences in the positions of respondents. Further, in some instances, frequency counts of the type of responses were made and used to illustrate the extent to which particular conditions identified in interviews were reflected in the sample as a whole.

### Personal Observation

Observation of both respondents and the organisations in which they were situated were made during the course of the interview process (Isabella, 1990; Kahn, 1990). Participant observation, in-depth interviewing, and repeated contacts with informants give researchers intimate knowledge of the social forces they are studying (McClintock et al., 1983). These observations assisted the process of evolving the model of retrenchment, and assisted the researcher in developing meaning as the interviews progressed (Isabella, 1990). This observation was also assisted through discussions with personnel in the affected organisations, including the "gatekeepers" who had assisted in setting up the interviews (Watts, 1985). Additional contact was made with a number of managers who had experienced retrenchment situations, but were not suitable for the sample due to time restrictions. Discussions with them on issues raised during the interviews contributed to the researcher's understanding of observations.

### **Procedure**

Interviews with managers were arranged through the contact persons within the organisation, or directly following liaison with the contact person. Interviews with the 50 respondents who made up the complete sample were completed over a 10-month period. The interviews lasted from 40 minutes to two hours and were conducted in confidential settings (the managers' offices, or in rooms that were set aside for meetings and seminars). Care was taken to emphasise that the researcher was an independent agent who was doing the research for PhD studies. Confidentiality of results was assured, and it was affirmed that no information would be divulged to the company, unless the respondent specifically wanted this. It was also made clear that neither company nor managers' names would be divulged in the research. All

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interviews were tape-recorded and transcribed verbatim so that the raw data could be systematically analysed (Isabella, 1990; Sutton, 1987). Despite some concerns over use of a tape-recorder in the research, no respondent declined to be interviewed with the recorder present, although they were given the option. This is consistent with the experience of Watts (1985). Respondents were told that they could receive feedback on the interview and the questionnaire, which all but two of the respondents requested. The degree of personal disclosure that occurred during the interview, the participants' interest in the retrenchment and how it had affected others, and the desire for feedback all appeared to contribute to very open interviews which were characterised by trust and the generation of accurate information. In some cases, the interviews concluded with some degree of counselling. The interviews were viewed by many of the respondents as insightful, therapeutic, and useful for their own personal development.

Subsequent to the interview, the survey questionnaire was administered to the manager. The provision of questionnaires following such an interview is seen to enhance the accuracy and honesty of information gathered, due in part to greater respondent/researcher trust, and awareness of the issues (Alderfer, 1968). The researcher was available to answer any queries that arose during the completion of the questionnaire. Following the completion of the questionnaire scales, managers were asked to fill in the incomplete sentences blank by writing the first thoughts that came into their minds in regard to each stimulus (Watts, 1985). In two of the cases, managers had other commitments and were unable to complete the questionnaire immediately, while in the other 48 of the cases the questionnaire was retrieved during the same contact as the interview. Questionnaires were retrieved from all 50 respondents interviewed, a 100% response rate.

Feedback interviews were conducted with 23 managers from two days to three weeks after the research interview. These interviews gave the opportunity to reflect the insight generated by the interviews and questionnaires back to the managers and to provide feedback to participants, a process often ignored in psychological research (Strümpfer, 1981). The interviews also allowed the researcher to test out the accuracy of the data gathered. These interviews were consistently seen as positive, with some respondents being surprised at the level and insight of information gathered during the research interview. Feedback was provided in the form of a letter and charts through the mail for thirteen of the managers, due to them being sited in distant parts of the country or having problems in making themselves available. Personal feedback for most of these respondents would have required extensive travel arrangements which would have led to excessive monetary costs in the research. No feedback was given to 12 of the managers, due to them having left the company and not being contactable.



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Although the feedback process was aimed at the personal needs of respondents, where there was contact with respondents the feedback provided a useful function in testing the validity of research data gathered. Further, managers typically became actively involved in the feedback process, with the result that they effectively became co-inquirers in the research process (Strümpfer, 1981). Indeed, similar responses to that observed by Alderfer et al. (1980) in involving participants as co-inquirers were obtained, including greater insight into the concerns, problems, dispositions, hopes and motivations of both themselves and fellow managers, as well as encouraging the involvement of other respondents within the organisation in the process.

## **Analysis of Data**

### **Analysis Process**

The first phase of the research analysis aimed at generating a process model of retrenchment using a qualitative analysis type approach derived from grounded theory (Kahn, 1990; Isabella, 1990; Sutton, 1987). A coherent framework was built up on an evolving basis, using ongoing qualitative analysis of the information emerging from the sample and other concepts and findings relating to the phenomenon (Miles, 1979; Strauss & Corbin, 1990; Van Maanen, 1979). The qualitative information was examined interactively with existing literature, preliminary research into the retrenchment phenomenon (e.g., Donald et. al., 1985), conversations with colleagues, and interviews with managers involved in retrenchment exercises who did not satisfy the time limit criteria for inclusion in the study but could provide valuable insight (Harrison, 1986; Isabella, 1990; Kahn, 1990; Sutton, 1987). During the collection of data from the sample, notes on facts and details that emerged that related to or appeared to augment existing data on research into the retrenchment phenomenon were collected and evaluated. In addition, pieces of information that a number of participants seemed to repeat, or personal and situational differences that appeared to have implications for the retrenchment process were used to develop an evolving theory. This process assisted in the development of both a rough conceptual framework with which to view the retrenchment process, as well as assisting in the generation and subsequent modification of preliminary categories to provide the basis for content analysis (Isabella, 1990; Strauss & Corbin, 1990; Sutton, 1987).

### **Content Analysis**

On completion of the data collection phase, in-depth, formal analysis occurred in order to assess the data in terms of the emerging theory. In line with other studies which adopted a

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similar qualitative methodology (Isabella, 1990; Kahn, 1990; Sutton, 1987), the data in the present study were systematically subjected to content analysis. This initially required a process of data review and the generation of a list of category codes which reflected the depth of information reflected in the data. This process was initiated with the assistance of a second researcher who provided an independent check on the accuracy of categorisation (Isabella, 1990; Newton & Keenan, 1987; Werner, Bates, Bell, Murdoch & Robinson, 1992). The second researcher was a registered industrial psychologist with a thorough background in the use of content analysis (see James, 1983). An initial interview was independently rated by both researchers, with the second researcher having no direct experience with the existing theory and data of the study. This initial interview resulted in the categorisation of approximately 80% of items on the same conceptual categories. This amount of agreement was seen as particularly encouraging, given that content analysis can lead to a wide range of divergent conceptual interpretations of data (Van Maanen, 1979). Additional categories identified by either of the researchers, or categories with differing interpretations were responsible for the dissimilarities in rating. Following discussions on the categorisation process, a joint framework with which to view the data was agreed on. This made use of the commonalities generated in the research, theoretical familiarity of the researcher with the retrenchment phenomenon, and the introduction of role analysis concepts. A further five interviews were then independently rated and compared, and discussed on an interview-by-interview basis. This process was seen to generate a number of conceptual categories which were robust enough to stand up to independent verification, but appeared to have a high utility and could address a significant proportion of the interview content. The process allowed movement from a limited set of initial categories to an in-depth focus on a diverse set of elements which appeared to give substantial and meaningful insight into the data.

Once a clear framework had been instituted and the different code words had been established, the researcher proceeded with the systematic coding of all 50 interviews, including the ones involved in the initial generation of code categories. During this process, the second researcher independently check-coded interviews for which coding had been completed in order to review possible discrepancies in categorisation (Watts, 1990). The researchers agreed on approximately 94% of the coding, a figure which was seen as providing verification of the accuracy of the coding procedure (Isabella, 1990). Where different interpretations of appropriate coding occurred, these were discussed and amended where necessary. In some cases this resulted in the formulation of additional code descriptions as a result of the discussions. The content analysis process was seen to generate a high degree of reproducibility of the descriptive categories, and demonstrated a high inter-rater agreement during independent coding (Watts, 1985). A full list of code descriptions generated during the process appears in Appendix D.

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On completion of the data coding, the interviews and associated codes were entered into a computer software program which allowed the retrieval, searching, and management of data (Seidel, Kjolseth & Seymour, 1988). Coded descriptions and the data were then examined to determine patterns, themes, trends, and processes that would account for the presence, strength and relationships of categories (Isabella, 1990; Strauss & Corbin, 1990; Sutton, 1987).

## **IMPLICATIONS OF RESEARCH APPROACH**

Given the dual emphasis on process and variance, and the contributions of both qualitative and quantitative research methods, the present study extends the basic qualitative analysis required in the initial stages of the research to incorporate quantitative research methodologies later in the thesis. This represents an attempt to enhance the research through the use of triangulation. From the defining of an appropriate model of the retrenchment process through a qualitative analysis approach, the study moves to the identification of specific concerns regarding managers within the retrenchment phenomenon, and then provides both a qualitative and quantitative assessment of the variables under study and the relationships between them. The following chapter describes the basis for the initial model building in the present study.

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## **CHAPTER THREE**

### **THE NEED FOR A PROCESS MODEL OF RETRENCHMENT**

A scarcity of functional models within the retrenchment area has been attributed to both management strategies and research having been based on a business philosophy of "growth optimism" (Cameron et al., 1988; Curtis, 1989). Consequently, Cameron et al. (1988) have pointed out that the general organisational literature has few examples of decline and retrenchment as a central variable. Indeed, there is little literature which acknowledges that retrenchment constitutes a dynamic change process, and little understanding of the process itself (Worrell et al., 1991). Chell (1985) notes that at best, most personnel management text books outline retrenchment in clinical terms, under stark headings such as "definition", "objectives", "principles" and "procedure". Although research into the reactions of retrenched employees has reflected a number of stages that such personnel pass through, such research addressed individual transitions on their termination from the company (Fryer & Payne, 1986; Swinburne, 1983). Consequently, the post-termination focus provides limited insight into the organisational implementation of retrenchment. To provide the basis for the formulation of a process model of retrenchment, various aspects of the literature pertaining to the conduct of retrenchment are reviewed in this chapter. Following this review, the need to develop a model of retrenchment based on an in-depth qualitative understanding of what occurs within an organisation during the retrenchment process will be discussed. The development of this model provides the basis for the second stage of the study, where specific variables contributing to the dynamic process of the model are examined and their relationships explored using both qualitative and quantitative methods.

#### **CURRENT RETRENCHMENT MODELS**

The current approaches to examining retrenchment can effectively be divided into strategic, legal and procedural approaches. Each of these areas is discussed in depth below.

##### **Strategic Approaches**

Strategic planning of the retrenchment exercise has been the focus of a number of authors (Appelbaum et al., 1987; Leana & Feldman, 1989; Nienstedt, 1989). The focus in these cases has been on organisational strategy and how a "downsizing" or a retrenchment exercise is integrated into the business strategy of the organisation. A number of strategic points in the process of determining the need for and the extent of the retrenchment constitutes a major

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component of these models.

Little formalised model building exists in these contributions. Rather the tendency is to look at steps or issues within the process of retrenchment. The focus is on the use of a strategy to identify excess positions in terms of the company's current or future functioning and to reduce this excess (Appelbaum et al., 1987; Nienstedt, 1989). Nienstedt (1989) suggests some basic steps for doing this, namely assessing the current organisation (e.g., structure, spans of control, organisational layers), collecting the needed data to depict the total organisation, asking the right questions (to obtain an evaluation of the efficiency of the current structure), determining the optimal structure for proposed business objectives and, finally, identifying unnecessary positions. Although implementation issues are discussed, the process described by Nienstedt (1989) ends with the identification of personnel to be terminated. The importance of linking the retrenchment decision and implementation to organisational strategy is supported by Bunning (1990) who indicates that not only does this impact on the capacity of the organisation to achieve its goals, but it also has implications for examining the precise cost of the exercise and for ensuring that future exercises will not be necessary.

The use of a general strategic human resources model for retrenchment which extends to the implementation, is proposed by Appelbaum et al. (1987). The model is seen as a general operational guide to assist an organisation in pursuit of its strategy. Ideally, it would be adopted by the human resources executive of the organisation with support from the chief executive officer (Appelbaum et al., 1987). The proposed model provides one of the most comprehensive and detailed approaches to strategic concerns in the retrenchment process and is summarised below:

- Step 1: Problem Recognition and Initial Decision  
The organisation analyses all factors relevant to performance before the cutback decision is made. The step involves recognising the need for retrenchment and involves a thorough evaluation of the business, and an analysis of performance trends.
- Step 2: Strategic Planning  
Strategic implications for the organisation of proceeding with retrenchment are analysed, particularly with respect to its short and long term goals. Future market possibilities and the proposed size and nature of the company itself need to be considered. From this process, a strategic plan is developed for the company as a whole with the role of retrenchment evident.
- Step 3: Alternative Considerations  
All possible alternatives to retrenchment are considered, terminations being seen as expensive and having negative organisational implications. Companies should consider all options before committing themselves to such a position.

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- **Step 4: Preparatory Actions**  
Management ensure that their plan conforms to all statutes, union agreements and regulations. Communication plans are developed to notify the stakeholders in the organisation. An analysis is carried out of affected employees and appropriate compensation plans are developed.
  - **Step 5: Specific Action Plans**  
Strategic planning decisions should be translated adequately into tactical plans so that no issues remain unaddressed. A downsizing task force has the responsibility of deciding specifically what to do where, when, how and with whom. Employees to be terminated should be identified, with these decisions being made in the broader framework of the organisation's strategic plans.
  - **Step 6: Downsizing Program Components**  
Employees should be dealt with in a humane and equitable manner and in accordance with statutes and contract agreements. The proposed program of compensation, support and outplacement needs to be formally communicated.
  - **Step 7: Communication and Implementation**  
Communicate with all affected individuals at the appropriate time (termination plans and assignments should be kept confidential until the decided time for action). After initial termination announcements, meetings between the human resource specialists and each affected employee should be called to inform each person of his or her severance package. If managers perceive any danger of negative and possibly violent reactions in the immediate aftershock of the termination, extra security measures should be taken.
  - **Step 8: Assistance to Displaced Persons**  
To minimise the trauma of separation, programs to assist displaced employees need to be put into effect. Programs could include counselling seminars, job search workshops and placement services. These attempts are seen to facilitate the healing process throughout the company.
  - **Step 9: Follow-up and Rebuilding**  
The focus now falls on those employees remaining with the organisation. Management need to work actively on rebuilding employees' confidence, support and trust in them. Similarly, the company needs to rebuild its image with shareholders, suppliers, customers, competition, financial institutions and in the community. A public relations program should be launched. Management now direct their energy toward planning for the future and communicating their new goals to the employees and infusing the company with confidence.
  - **Step 10: The Future**  
Effective monitoring and evaluation of the project after it is complete are two

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important determinants of its success.

The approach proposed by Appelbaum et al. (1987) provides a useful broad overview of the strategic focus of the retrenchment process, and in particular the initial decision making. However, it lacks essential characteristics of an explanatory model and is limited in its examination of the dynamics of the retrenchment situation. These limitations are shared by the procedural and legal approaches to retrenchment.

### **Legal Approaches**

Legal circumstances surrounding retrenchment differ from country to country and consequently no generic legal process can be generated from the literature. In the United States legislation has been enacted restricting termination at will, requiring prenotification of retrenchment, and requiring severance payments (Rousseau & Anton, 1991; Worrell et al., 1991). Some of this legislation, however, is specific to regions or states where ordinances have been passed to address retrenchment issues (Leana & Ivancevich, 1987). In the United Kingdom, statutory minimum notice periods of up to 12 weeks (depending on length of service) and severance pay calculated on gross earnings are incorporated into the Employment Protection Act of 1978 (McDonald, 1987). Whyte (1982) notes that in most jurisdictions in Canada there are prescribed criteria and a minimum period for notifying employees and appropriate officials. Similar legislation exists in many of the European countries (Anstey, 1983). Due to these and other legislative provisions, organisations have had to build legislative checks into their retrenchment exercises which need to be adhered to (Appelbaum et al., 1987; Rothman, 1989; Rousseau & Anton, 1991; Whyte, 1982). However, no legislative retrenchment process has been defined.

In contrast with legislation in the United States and United Kingdom, South African industrial relations legal standards have been developed out of Industrial Court decisions, rather than traditional legislative agencies representing government constituencies. The mutual interdependence of the Industrial Court and the practices of collective bargaining have generated a process whereby a set of legal guidelines have been generated through the court findings from current South African practice and comparative labour law (Cheadle, 1985; Thompson, 1985). Consequently, a number of clear guidelines and procedures need to be followed when conducting retrenchment (Cheadle, 1985; McDonald, 1987; Thompson, 1985). The general guidelines taken from the judgements of the industrial court are summarised by Cheadle (1985, p.129) as follows:

- the employer must consider ways to avoid or minimise retrenchment;
- the employer must give sufficient prior warning to a recognized or representative trade

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- union on the pending retrenchment;
  - the employer must consult with such a trade union prior to the retrenchment;
  - if no criteria are agreed, the employer must apply fair and objective selection criteria;
  - the employer must give sufficient prior warning to the employee selected for retrenchment; and
  - the employer must consult with the affected employee and consider representations made on his or her behalf by the trade union.

These guidelines provide a relatively defined legal process for retrenchment and have become an inherent part of the South African retrenchment exercise. However, to the extent that similar legislative provisions exist internationally (Anstey, 1983; McDonald, 1987), and the guidelines are partially based on good industrial practice (Cheadle, 1985), the South African situation is not seen to detract from the international relevance of any retrenchment model generated in this study.

### **Procedural Approaches**

Procedural approaches to retrenchment provides guidelines of how retrenchment exercises should be approached. These effectively represent a number of sequential steps that may be considered in carrying out a retrenchment exercise (Anstey & Botha, 1983; Rothman, 1989), which can be used to provide the basis for an organisation's retrenchment policy (Donald et al., 1986), or can be used for discussion in a labour/management forum (Anstey, 1983; Anstey & Botha, 1983). Procedural approaches tend to reflect ways to address multiple areas of concern in a systematic and laid down manner, and are often generated in response to a lack of directive on an area.

A procedural approach consisting of a number of sequential steps that might be considered in carrying out a retrenchment program has been generated by Anstey (1983) and Anstey and Botha (1983). This procedure which has provided the basis for many subsequent retrenchment policies and procedures was developed from various employer association guidelines, union proposals and measures, and established practices suggested for retrenchment (Anstey, 1983). The suggested sequence is one of avoiding retrenchment, selecting the people affected, inform candidates, and assist in outplacement. The approach is illustrated in Figure 1.

The avoidance step is aimed at utilising measures which can avoid retrenchment. Once retrenchment becomes inevitable, selection of workers takes place. During this stage, various selection strategies are proposed to ease the impact of the retrenchment on employees. The



process of informing the workforce and those directly affected by retrenchment then follows. Subsequent to the service of employees being terminated, an assistance stage is suggested which should be aimed at providing material or other support for retrenched employees.

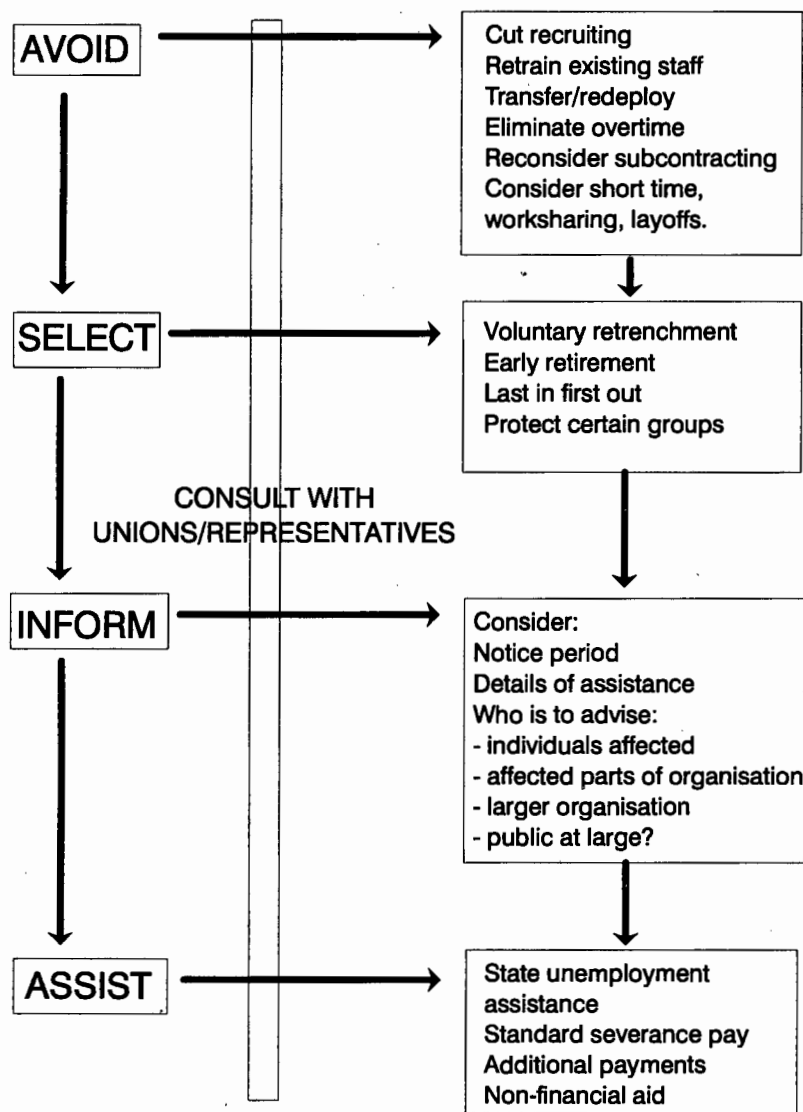


Figure 1. Procedural Approach to Deal with Retrenchment  
From: Anstey, 1983

The procedural process outlined by Anstey and Botha (1983) parallels procedural outlines in common practice elsewhere (e.g., The Industrial Society, 1973). Similar recommendations are proposed by Harrison (1986), although these are informally discussed as categories and no model is used to illustrate the process. Harrison (1986) prefers use of the terms planning and preparation (where organisations have contingency plans for reductions and retrenchment is

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implemented only after alternatives are applied or ruled out), selection of employees for termination, communications (to those terminated and staying on), minimising organisational impact (developing strategies to deal with defined impact areas), and support systems (to assist terminated employees with the impact of job loss). A similar process is proposed by Rothman (1989) in respect of termination of employees, with stages of analysis, preparation, performance, and reflection. However, in her approach Rothman (1989) pays little attention to alternatives to retrenchment. Her analysis stage includes a check of the legal position surrounding the retrenchment rather than analysing the need to commence with such an exercise.

In general, procedural approaches tend to be aimed at providing a framework that accommodates legal and organisational issues, provides a basis with which to deal with union negotiations, and builds in some protection for the employees to be retrenched. In addition to systematic procedural steps, a number of authors have offered ad hoc suggestions for implementing a retrenchment exercise. These include providing advance notification (Feldman & Leana, 1989; Jesseph, 1989), adequate dissemination of information (Gilmore & Hirschhorn, 1984; Schweiger et al., 1987), counselling employees (Schweiger et al., 1987), attending to the physical environment (Gilmore & Hirschhorn, 1984), outplacement assistance and retraining (Bunning, 1990; Feldman & Leana, 1989), demonstrating social responsibility in the community (Feldman & Leana, 1989), and attending to survivors (Gilmore & Hirschhorn, 1984; Leana, & Feldman, 1989). These suggestions, while presumably valid, are given without a context in which to view the retrenchment itself and are often provided with the view of reducing impact of retrenchment in specific instances (e.g., terminated employees).

## **REVIEW OF ESTABLISHED RETRENCHMENT APPROACHES**

Existing literature and research make some contribution to generating a framework in which to view retrenchment. The literature indicates a clear change process within the organisation, starting with the strategic considerations and the initial decision to retrench, and finishing with an aftermath within the organisation which needs to be addressed. Procedural and legal steps built into the process help define a framework which will determine the behaviour of the parties within the organisation. To this extent, the approaches provide a useful contribution to defining the context in which to view the actions which are likely to occur during the process. The literature appears to support the need for a process-orientated view of the retrenchment phenomenon. A number of serious limitations can, however, be identified with the existing literature and research.

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Existing approaches to retrenchment reflect a prescriptive stance to the topic rather than contributing to a greater understanding of the underlying process itself. In doing so, they demonstrate a purpose of providing tools for organisations to approach the area, rather than providing conceptual insight into the dynamics that occur within the phenomenon. There is a clear focus on formal procedures and processes rather than underlying social or behavioural dynamics. This formalisation of retrenchment may reflect conditions of emergency, where companies react to a perceived threat without knowing the organisational implications of their actions (Curtis, 1989). It appears that the approaches discussed in the present study have developed in response to legal, administrative and adverse outcome factors, rather than on the interactional dynamics of the situation itself. Consequently, there is little in the way of comprehensive theory or model building on the retrenchment process as a whole, and limited contribution to theory on the area. There is a clear need for conceptual work on how the process of retrenchment unfolds.

Aram and Salipante (1981) have pointed out the contrast between espoused policy which is reflected in formal documentation, and the exercise itself. If managers do not follow the implicit steps within the approaches discussed above, the approaches begin to lose relevance to the reality of the situation. Although retrenchment may appear to be quite mechanical and even clinical, Nienstedt (1989) questions whether the proposed actions occur in the real world. He points out that there are people issues involved in such a process and that dealing with implementation issues cannot be taken lightly. Available literature points to many dysfunctional administrative consequences for personnel and operations and the question of whether some procedures are more effective in securing organisational survival remains unanswered (Curtis, 1989). Gilmore and Hirschhorn (1984) point out that rules as a mode of organising are appropriate only when the conditions under which they will be applied can be readily anticipated. They go on to state that retrenchment creates genuine uncertainty that makes responding by rules dysfunctional. It is clear that there are system reverberations during retrenchment which shape personnel relations within the organisation (Curtis, 1989). Greater insight into the actions of managers within a dynamic interaction process of retrenchment is called for as a necessary component of model building on retrenchment.

The impact of retrenchment on various parties within the organisation has been widely recognised as reviewed in Chapter 1. These parties could be expected to contribute and influence any retrenchment process occurring within an organisation and how these are interpreted (Bunning, 1990; Curtis, 1989; Ford & Bacus, 1987). McDonald (1987), for instance, has pointed out how unions and workers may fight bitterly to effect both the decision to retrench and the conduct of the exercise and its conditions. Many of the approaches suggested on handling retrenchment appear to perceive the retrenched parties as

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relatively passive participants in the process, subject to the formal procedures and managerial actions that are enacted (Appelbaum et al., 1987; Schweiger et al., 1987). However, a deeper understanding of the possible implications of the expectations and actions of the various parties on the retrenchment process seems to be called for.

Despite the formal and procedural nature of available guidelines on the retrenchment process, most of the authors of current literature see their work being relevant to the human resources executive or manager within the organisation (Appelbaum et al., 1987; Chell, 1985; Gilmore & Hirschhorn, 1984; Leana & Feldman, 1989; Leana & Ivancevich, 1987). The involvement of general and line management in the running of the retrenchment appears to be neglected in the literature, despite indications that they are deeply involved in the enactment of such a process (Donald et al., 1986). Greater consideration needs to be given to the management role in the retrenchment process.

The limitations of previous approaches, guidelines and research on retrenchment point to the relevance of the present study and the need to generate a dynamic process model of retrenchment. The research methodology proposed in Chapter 2 will address the fundamental limitations of the previous research and will allow the generation of a process model congruent with the needs discussed above. The remainder of this chapter will describe the approach used in the present research to view and analyse the retrenchment process.

## **INVESTIGATING PROCESS OF RETRENCHMENT**

The generation of a process model containing the various phases of retrenchment was based on information reflected at three levels of analysis:

- a) Formal procedural approaches which take place at an organisational level and influence the structure of the retrenchment exercise. In subsequent chapters, this aspect will be discussed under the heading of "Formal Process".
- b) Psychological interpretations by managers of events during the process. Part of this involved how managers perceived the orientation of behaviour patterns around a particular activity. It also included the manager's psychological reactions to involvement in the process of the retrenchment. Reactions were reflected in various resistance points during the exercise, while relief points occurred as the phases of the exercise were completed. Informal role dynamics and expectations from a role set were also considered within this managerial context. Role sets, the nature of expectations, and the ease with which managers could fulfill roles changed substantively over the different phases of the model. In subsequent chapters, this aspect will be discussed under the heading of "Managerial Process".

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- c) Dynamics within the organisation and the reactions of organisational groups within the retrenchment process. In subsequent chapters, this level will be discussed under the heading of "Organisational Process".

The use of multiple levels of analysis was adopted to allow the identification of general patterns across the social entities that are involved in the retrenchment process (Krantz, 1988; Staw, Sandelands & Dutton, 1988). Although taking a single level would allow a fine-grained analysis of a particular subject group, it was felt that it could also lead to examining the level as a relatively autonomous system attempting to cope with its own idiosyncratic environment (Staw et al., 1988). Conversely, the use of multiple levels provides support for a general explanation of the retrenchment process. This general explanation would bridge social and psychological phenomena, and would allow consideration of forces at the individual, group, and social structure levels. Further, this explanation can indicate interactive effects and makes it possible to trace the connections within the social system between one level and another (Levinson & Weinbaum, 1970). Managers represent the focal point of the implementation of retrenchment and the use of the managers' perceptions of the system was seen to facilitate the integration of the different levels into a coherent framework with which to view the retrenchment process.

Analysis resulted in the generation of five major phases in the retrenchment process. Within each stage, the dynamics of managing the exercise are discussed. Included in this discussion are extracts from interviews, and content from the incomplete sentences exercise. Extracts and quotations of remarks by respondents are not atypical or sensational statements, but were selected to deepen understanding of a majority or even minority position and to substantiate other research findings and theoretical insights (Isabella, 1990; Kahn, 1990; Watts, 1986). As was done by Watts (1986), the present author notes when a person did not speak for the majority. Further, in some cases, subjects have been quoted simply as individuals because their experiences or views provide insight into issues or problems that otherwise would not have come to light. In addition, the phases and the dynamics during phases are linked to established research and theory on retrenchment.

The following five phases were identified as generic to the retrenchment process:

- Decision Making
- Decision Implementation
- Announcement
- Post Announcement
- Aftermath

The dynamics of each level of analysis reflect the retrenchment process as it progresses

through the various stages. Figure 2 indicates the dynamic interplay of these levels and their interrelatedness. Following from a model proposed by Hoare (1983), both conscious and subconscious elements are considered to be involved in process as it unfolds. A vast array of unconscious activities and wishes directed toward establishing role congruities and personal security are implemented as part of the social-psychological interpretation of the process as it occurs (Diamond & Allcorn, 1985).

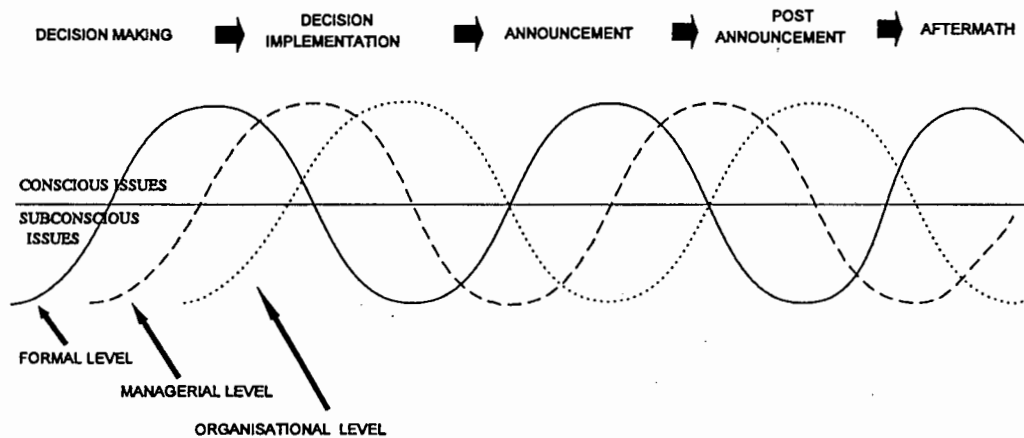


**Figure 2.** The Dynamic Interaction of Levels of Analysis and Phases of Retrenchment.

The nature of each phase is influenced by situational, group, and personal factors in the organizations in which the retrenchment occurs. Essential characteristics of each stage that are consistent across organisations are identified in the research. This approach is consistent with those derived from grounded theory which develop theory through the identification of consistencies across different situations (Isabella, 1990). In the discussion of the phases of retrenchment which follows, the nature of the dynamics in the retrenchment process will be explored.

The findings on each phase, namely decision making, decision implementation, announcement, post announcement and aftermath, are discussed separately in Chapters 4 to 8, respectively. This facilitates identification of the dynamic shifts that occur over the course of the retrenchment process. Within each chapter, separate consideration is also given to what happens at the formal, managerial, and organisational levels of analysis. Although the phases are examined separately, in reality they flow together to create a continuous process. Similarly, although levels are separated for purposes of discussion, they interact and influence each other to create the unique dynamics which tend to characterise each phase. Because the

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separation of the elements within the process is a conceptual distinction, the dynamic interaction of the elements leads to a degree of overlap between the content of phases or levels at times. These overlaps reflect the interdependency of the elements within the retrenchment process, and although the discussion attempts to limit this and focus rather on the separate components and how they interact, a degree of overlap is unavoidable. The separation of this continuous dynamic process of retrenchment into phases, and the identification of levels within each phase is necessary to allow for description and analysis of the phenomenon, and assist in the generation of a dynamic process model of retrenchment.

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## **CHAPTER FOUR**

### **PHASE ONE OF RETRENCHMENT: DECISION MAKING**

The phase of decision making initiates the retrenchment process. Within this phase, a number of stages occur. These follow the sequential nature of the overall process and are as follows:



Processes are generated at the formal, managerial and organisational levels and these interact with each other during the progression of these stages. This chapter initially reviews what happens at the formal level of the retrenchment process during the course of the stages.

Following this, the managerial and organisational processes are reviewed. Although the managerial and organisational processes parallel what happens at the formal level, they are characterised by greater incidences of spontaneous and personal activity. They can therefore be equated less rigidly with the progress of the stages discussed above. These processes are thus discussed more broadly in the context of the phase as a whole, rather than being directly linked to the stage-by-stage progression that characterises the formal level.

#### **FORMAL PROCESS**

##### **Event or Situation**

The reasons for retrenchment reported by the organisations sampled in the present study are similar to those outlined nationally by Andrew Levy and Associates (1990) and internationally by Kirkpatrick (1991). They include mergers and acquisitions, restructuring, new technology, market forces and recessionary conditions. Many of the reasons advanced by management for the retrenchment are seen to be factors outside of their direct control. Various authors have indicated that economic factors attributable to recessionary conditions, or the turbulence of a changing business environment are responsible for retrenchment (Appelbaum et al., 1987; Kirkpatrick, 1991; Nielsen, 1985). These conditions had to be dealt with within the organisations covered by the sample in this study.

Relatively little attention has been paid to the inadequacy of management in dealing with the basic management of the organisation and the way this can contribute to retrenchment. Yet



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poor management and inadequate planning can also play a role in the generation of events leading to retrenchment (Bunning, 1990). Data in the present study indicate that this occurred in six of the companies included in the sample. The following statements by participants indicate some of these conditions:

"The way we were going was first of all counter productive, and secondly not profitable."

"We pumped a lot of people in to bolster the systems and to keep the organisations running. When the systems settled, nobody would get rid of the staff. So departments were bloated, overloaded, and everyone was sitting in a comfortable position and not doing much about it."

"There were systems implications, personnel implications--too many fat cats hanging around not being productive."

Managers in the sample attributed manager-generated problems to both a lack of strategic focus and direction, basic managerial failings in ensuring that overstaffing did not occur and not ensuring the effectiveness of staff. In three of the organisations sampled, the managing directors had been brought in as trouble shooters to solve what was seen as deteriorating organisational performance. Such managerial replacement appears to be commonplace in poorly performing organisations (Sutton & Callahan, 1988). In another organisation, the controlling shareholder attributed the fault to the entire management team and the organisation was merged with another that was seen to be more effective. Despite the fact that organisational decision makers are expected to produce good performances, avoid declines, and adapt when performance downturns occur or are expected, for a variety of reasons this adaptation is often ineffective. In a discussion of reasons for failings in organisational decision makers' adaptation, Ford and Baucus (1987) include structural arrangements and characteristics, sunk costs for plant, equipment and specialised personnel, decision-making pathologies, self-serving attributions, organisational culture and ideology, coalition politics, information processing systems, and strategic considerations.

Macro-environmental conditions that are beyond managers' control are thus often acknowledged as a direct cause of retrenchment. In addition, a substantial portion of events and situations that provide the basis for retrenchment are generated by the very managers who invoke retrenchment as a response. The implementation of a preventative approach with effective strategic planning and objective environmental scanning, would assist in ensuring the conditions whereby it is unnecessary to proceed into the retrenchment process.

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## Triggers of Retrenchment

Events or situations provide the basis for retrenchment. However, it is not the actual event, but managerial recognition of the implications of an event, or perception of a critical point that initiates the retrenchment process. Organisational effectiveness criteria, and particularly financial data, are often used by managers to describe the event or situation. Meyer and Rowan (1977) suggest that claims of financial studies or analyses convey to organisational members that decision makers have gathered and evaluated information in ways that satisfy external criteria for decision making. This is seen as particularly effective because accounting data are among the most widely accepted criteria for organisational effectiveness. However, management actions to initiate retrenchment are clearly based on a personalised interpretation of information and events. For instance, some participating managers perceived these events in the following way:

"The point was reached where the directors became *uncomfortable* with expenditure relative to the volume of business and decided that action had to be taken."

"It became an overhead structure that was *unacceptable* and was not productive."

"I was here about a month when I realised, in fact, that things were not as they were being reported. At that stage it became apparent that there were a number of product lines and services that could fall away--the group had lost focus, it had lost identity with the market, and *so it just wasn't worth it.*"

"EXCO (the executive committee) had a meeting on the 29th of January, and *they decided that they were not in the business of speculative development*, which is essentially what we are talking about here. "

"We were polishing marbles that didn't matter, rather than spending time on something that really mattered. We weren't on a cost cutting exercise. That's one big difference. The important thing was to get the skills *where they mattered*, and to enable them, and to enable the companies to become more capable."

Managers who perceive or experience a situation or event from a particular perspective may interpret these substantially differently from what another individual might describe as the objective reality (Allport, 1958; Krech, Crutchfield & Ballachey, 1962). People assign meanings to situations and react in terms of the interpretations suggested by these meanings (Schein, 1980). Interpretations of managers, therefore, are guided by a number of factors, including the physical and social environment, psychological structure, values and needs, experience and training, and even career development (Ellis & Child, 1977; Ford & Baucus,

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1987; Krech et al., 1962). Although financial, structural, market, and productivity indices, as well as strategy and organisational considerations, provide indications of a crisis, the manager interprets these factors and provides both meaning and a context to them (Bartunek, 1984; Billings, Milburn & Schaalman, 1980; Milburn, Schuler & Watman, 1983a). The recognition of a need for retrenchment is typically made by an individual at an executive management level. This interpretation is then acted on by the individual, or is passed on to an executive group who would review the circumstances and implications of the interpretation. In both cases, the existence of particular events or conditions are necessary for the commencement of retrenchment, but the trigger which initiates the process is a subjective decision made on the basis of a personalised interpretation.

The decision to initiate a retrenchment exercise often represents the first plausible organisational response for these managers, rather than taking the time to examine a variety of alternatives (Cummings, 1988). In six of the 16 companies in the present sample, management wanted a quick cost saving strategy and took advantage of the possibility of substantial cuts in personnel in achieving this. The response of one of the managers illustrates this:

"The company actually needed a quick response in terms of cutting expenses, to bring it in line, because it was well under budget in terms of turnover and so on."

The need for a quick, easily realisable strategy which addresses concerns about short term goals and quick financial results can lead to an overhasty decision to retrench (Cascio, 1993; Harrison, 1986; Worrell, Davidson & Sharma, 1991). In their haste, the decision makers often cut off important sources of information and counsel, and this may fracture the organisation into various groupings (Cummings, 1988; Milburn et al., 1983a).

Interpretations of top managers are not necessarily shared and there are managers in the organisation who have different interpretations. In the present study for instance, two senior managers commented:

"We needn't have gone ahead with this exercise, I really don't believe we had to have done it. Politically, in terms of the dynamics in the financial market, I believe it was aimed at getting rid of the company."

"I think I could speak on behalf of the managers as well, we don't really agree with the fact that the people have to be retrenched. It was very much a business decision from the Head Office."

A range of views will be held by managers on the need to retrench, and some managers may not be in favour of the retrenchment occurring at all. This will lead to different perspectives within the organisation about the legitimacy of the retrenchment decision, and the

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commitment of managers to carry it out. However, because the interpretative framework of the decision maker sets the basis for the retrenchment, it defines the context for the subsequent involvement of managers in the rest of the exercise.

### **Strategy Review of Retrenchment**

Once retrenchment has been considered, strategic implications for the organisation of proceeding with the retrenchment are analysed. The strategic considerations tie in closely with those described in the various approaches defined in the existing literature (e.g. Appelbaum et al., 1987; Nienstedt, 1989). Factors considered include:

- Strategic implications of proceeding with retrenchment in terms of short and long term goals.
- A thorough evaluation of the business and an analysis of performance trends.
- A review of cost saving implications of proceeding with retrenchment.
- Consideration of alternatives to retrenchment.

The objectives of the stage are summarised effectively by one of the respondents in the sample:

"You have to work out a good business plan, and that's almost clinically enforced. It's pretty clinical all around. You've got a sheet of paper, and you've got to make the numbers work. So that's pretty clinical, and you're removed from the people implication. It's a business decision, so you look at the numbers and the strategies and opportunities and the problems. So that was fine. OK. And it was a good experience to go through, to question the business in that way."

Strategic considerations were also reflected in the views of respondents interviewed, for instance:

"Parts of the business are worth saving or strengthening, so we tried to concentrate on doing that. Having done that, we identified the other areas which weren't viable, now or in the future, and we took the decision to close."

The generation and use of alternatives to retrenchment were limited in the sample of organisations covered by the present study. At this stage of the exercise, the consideration of alternatives which addressed organisational functioning was generally not seen as an option. This indicates that once the primary decision maker within the organisation has decided on embarking on retrenchment, this approach tends to be adopted by the organisation. The failure to consider alternatives and to initiate retrenchment is a widespread organisational response to such crisis situations. Executive management seem to see staff as their first line

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of defence in reducing costs (Harrison, 1986; Worrell et al., 1991). In nearly all organisations in the present sample, retrenchment was the main action considered. Only in a few cases, were alternatives generated through discussions with organisational personnel, for instance:

"So initially we communicated to everybody that the turnover hadn't come through, as they had seen on the day before, and that expenditure was high and we were looking at ways - and we actually put it back to them, and they actually got into the booths one morning and came up with ideas as to how we could save money and what we could do, and some good ideas came out of it."

The view of staff as disposable assets does not seem to be shared by managers below executive level, however. These managers often felt that they had to manage organisational reduction with the minimum staff loss through direct retrenchment. One of the participants said:

"If you adopt a clinical attitude which says we need to rationalise and cut, I think we could have gone about it another way. If you said that we work according to natural attrition, it would have cost us less. There would have been less trauma. There would have been less negative publicity for the company and its products."

A greater consideration of operational issues therefore seems to exist at management levels below executive positions, probably because they bear the brunt of operational implications of proceeding with a retrenchment exercise. This becomes particularly apparent later on in the process where the operational issues become a major part of the retrenchment exercise, as is discussed in more depth in Chapter 5.

### **The Decision to Retrench**

The decision by executive management to initiate the retrenchment creates the need to determine the nature and direction of the process, and to specify the desired outcomes. Outcomes will vary, depending on whether the exercise is seen as a limited effort to contribute to greater profitability, a substantial restructuring, or a case of organisational survival. The quantification of outcomes may be defined in monetary terms, numbers of personnel, or extent of restructuring of departments or divisions. Some of these within the organisations in the sample were described by managers as follows:

"They came to the conclusion that to re-build that management structure would take too long and that it would be best to merge it. They then got rid of almost the entire senior management. With one exception, they got rid of the lot."

"It was worked out by figures. The company had to save 'X' amount and we had to go back and save our share to meet that amount."

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"We did an exercise in June to say what staff do we need to run an *n* bed hospital. We then decided we had to retrench 10% of the staff, at all levels-- managers, doctors, specialists, down to the cleaner."

Once the decision is taken to retrench and the objectives of the exercise are set, a shift in the emphasis of the exercise occurs. The focus moves to implementation of the retrenchment. Within this change in focus, there is a tendency for executive management to pass on responsibility for the exercise to the next level of management. This occurred in nine of the companies sampled. The passing on of responsibility may reflect a way of distancing the decision maker from the actual implementation and the resultant organisational trauma of the exercise. However, in the five cases where respondents interviewed had been responsible for initiating the retrenchment (two MDs and three GMs), they all continued to be involved in practical implementation. No distinguishing characteristics of these five companies could be clearly established as being responsible for the difference, except that there was less reliance on the human resource department in all of them.

## MANAGERIAL PROCESS

The formal level of the retrenchment process creates and interacts with processes that occur among managers and within the broader organisation. As the formal process unfolds, the perceptions and actions of managers determine how the formal process will take effect, and lead to a set of group dynamics, managerial behaviours, perceptions, role requirements, and pressures on managers. This section reviews how interpersonal and personal dynamics among managers parallel the formal and organisational developments and contribute to the nature of the retrenchment process.

A highly centralised authority generally assumes responsibility for considering the need for retrenchment and making the decision to initiate an exercise. In the present study the MD, or in some instances, the board of directors took the decision. Other personnel, including the managers who were subsequently involved in the exercise were often deliberately excluded from the process. Examples of such situations were described by participants:

"It was only the MD, he would not even bring into his confidence the senior general management. The manager in charge of marketing did not know. It was very much a hush-hush affair."

"There was a unilateral decision from the chairman and he effectively took all of that from my shoulders."

"The MD decided what we were going to do, then he decided how we were going to do it."

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In addition, decisions to retrench were often removed from the company concerned and taken by executives in controlling companies or head offices. In these instances, the local management had no say over the decision, but had to implement it. Some examples of participants comments in this regard are given below:

"The whole thing was under the name of the Group. The guys didn't see it as our company top management deciding."

"The MD of the company and overseas operations ultimately made that decision."

"A decision which he has taken without our input without us being asked what can we do, never giving us the chance, telling us after this thing was approved by the (*company name*) Board, coming here with the thing."

"We were not informed, we were kept in the dark, and what surprised me was that everybody knew it except us. And I'm saying, if I'm one of the executives at (*company name*), I should have known that. They should have told us. They should have given us a chance to tell them what their alternatives are. We had a lot of alternatives at that stage. So, yes, I think that hurt me a lot."

Only in isolated cases were other managers involved in such decision making. Where such participation did occur, there was a clearly positive effect on the managers involved:

"The management team sat down, discussed it and decided what to do. And I think that was very constructive because you got a lot of different points of view, and different issues were raised that just one person didn't think of."

Curtis (1989) indicates that although centralisation exists at or is directed from the top under most conditions of organisational change, available literature suggests that this is almost always the case during cutback crises. The examples of centralisation noted by the participants above are consistent with points raised by Curtis (1989). Similarly, in a review of five companies undergoing retrenchment, Harrison (1986) found that the chief executive officer had assumed responsibility in all cases.

Although retrenchment has been seen to necessitate a need for centralised decision making leadership (Behn, 1980), Pfeffer (1978) suggests that the perceived organisational crisis provides a rationale for legitimately reasserting claims to centralised control. A possible reflection of this is given in the comments of one of the managing directors interviewed, who had been called in as a trouble shooter. Despite his role in determining the need for retrenchment and playing the central role in the collection of data on the proposed company strategy, the decision was taken out of his hands:

"The decision was, in fact, made by the shareholders. I reported the facts to them and gave my recommendations. My recommendation included the re-structure of the group--as I mentioned, along slightly different lines from

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what we actually ended up doing. We ended up--the shareholders, in fact, took a more aggressive line than I--cut deeper than I would have done."

Similarly, a senior manager who was involved in reviewing the possibility for retrenchment was excluded from the decision making process. He saw decision making in this regard as the initiative of major corporate planners who work almost at a national level of the economy:

"There are major players in the exercise, and there are major decisions within which we don't understand what is happening, we are totally *non compos mentis* about what are the real strategies out there, what is happening in the financial market, who is going with whom, and what are they going to do.

There is that big long term perspective."

Curtis (1989) observes that organisational declines constitute crises which facilitate the emergence of power concentrations. With this goes a more confrontational leadership style which emphasises direct mandates from stakeholders to legitimise action taken (Curtis, 1989; Kiechel, 1992; Milburn, Schuler & Watman, 1983b). These propositions seem to be supported by in the present study.

Role identity begins to emerge at an early stage of the retrenchment process. In particular, managers who had been sent in as trouble shooters to solve organisational problems, see themselves as being responsible for getting rid of employees almost from the beginning. This was expressed by some of them:

"You're almost coming in like a cowboy, you know, from the Wild West, with your white steed and your lasso and your six gun smoking, and naturally the people want to become socially involved with you, but they're not. What's going to happen? So, yes, it's an isolated job, but it does make it easier in fact."

"So the people, most probably originally saw me as a bit of a chopper. 'Get the thing sorted out. One either way. Close it down, fire people.'"

"I gather that he got instructions from his board which said, 'We want the company dead, kill the company....'"

Despite an approach by top management which sees employees as disposable assets, and which leads to possible overhasty decisions to retrench employees, decision makers do not necessarily find it easy to arrive at the retrenchment decision. Initial indications of stress are evident in the process. Potential sources of stress at this stage appear to be the perceived role of the decision maker as one of terminating people, and the responsibility for the decision. Further, the centralisation of decision making that occurs seems to generate feelings of isolation of the decision maker within the organisation. Participants gave some examples of this:

"I suppose if one did have a way of measuring one's stress index, I must have



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gone up, because I was coming in and really shaking the tree. Unless you are that type of person, which I am not, you do not get a great deal of joy out of it."

"Making the decision I don't think is the stress point. I think getting the information to make the decision is the stress point. Because, you know, just in corporate politics to go to your Chairman and say, "Guys, I hate to tell you this, but you're about to lose three million bucks." There is a problem in that. So you've got to get all your facts right, and you've got to do a certain amount of research, and then you are isolated between the shareholders and the company itself, in many respects."

"This was traumatic to the MD as well, although he would never let on. He sometimes said, 'I don't sleep that well at night, putting *n* people out of work'."

Similar incidences are reflected in literature on other retrenchment exercises. Freeman and Gilbert (1988, p.24) report the CEO of a large manufacturing company as saying:

"This has been a difficult time for me. Laying off those three thousand workers was the hardest decision I've had to make in thirty years of business .... But I have to put my personal feelings aside. As CEO I have a duty to do what's best for the shareholders."

The phase of decision making also has an initial impact on managers who are not involved in arriving at the decision to retrench. However, this only becomes apparent once the decision process is implemented. Consequently, these factors will be covered in more depth in the discussion of the next phase of the retrenchment.

## **ORGANISATIONAL PROCESS**

Within the organisations where retrenchment was being decided on, various dynamics were evident. These dynamics were strongly highly influenced by the degree of disclosure by top management of what was happening. Three levels of disclosure can be identified from the data:

- Open concern about the state of the organisation, with briefings to organisational members.
- Confidentiality of the review of operations, but slight leaks about possibilities of retrenchment.
- Strict confidentiality of top management views and actions.

The types of disclosure, the way managers responded, and the reactions of employees are contained in Table 3.

Table 3.

## Types of Information Disclosure on Retrenchment during Initial Decision Making

| Open Communication                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Slight Disclosure                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | No Disclosure                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
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| <p>"We realised that our Divisions would be affected as well and that some of the employees would be affected. So we informed the people and waited for the Group to do their thing. So the people were aware that things can happen."</p> <p>"I then faced the dilemma: do I tell people now and I can't promise them what the future is, or do I try and speak to all the companies in the group and try and find a home for all of these 16 or 17 people, without interviews taking place, without anybody knowing anything, and then go back to the individuals and say, 'We are breaking up the department'? Clearly that wasn't an option. Already there were questions being asked and the rank-and-file saw us huddling in meetings from time to time and wondered what was being discussed. So I decided to get them all together, which I did, and told them where we had come from, where we were and where we were going."</p> | <p>"Obviously the people working in the company realised something had to happen with the substantial losses of turnover that I talked about. This, coupled with the press reports, generated a tremendous amount of insecurity."</p> <p>"I assured them that their jobs weren't being affected and at this stage no decision had been made in terms of retrenchment, but the payroll was an expense that we were looking at. As a committee, I told them that we were looking at the payroll, but that no one should feel uncertain at this stage because no decisions had been reached."</p> | <p>"It was obvious to the staff that, in fact, something was going on, because during the period this was happening the previous managing director left, the previous financial director left. The pattern of traffic in the building changed. People started going to different offices and closing the door, and chatting and having planning meetings in strange places. And all of a sudden senior members of (<i>company name</i>) were turning up in exotic cars. So the rumours started."</p> <p>"The people couldn't understand it because I was always open to them, and suddenly I wasn't there. I was always in meetings, and I didn't tell them what was going on. They were very upset about that."</p> |

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A strong propensity for the generation of rumours exists, even at this initial phase of the retrenchment. Despite attempts at confidentiality, retrenchment announcements cannot be unanticipated in all cases. Studies examining the impact of retrenchment announcements in the financial sector have found that reactions occur prior to the announcement, and it is bound to be difficult to keep all lips sealed and maintain confidentiality when significant retrenchments are imminent (Worrell et al., 1991). Worrell et al. (1991) found that leakage of the decision making process occurred in 115 of 194 organisations planning retrenchment. However, in only 31 instances did the leakages contain specific hints of future layoffs. Leakage occurred an average of 34 trading days before the layoff announcement, and in 30 of the 115 organisations the leakage occurred within five trading days of the actual announcement.

Preannouncement intimations that a layoff is impending or other negative hints about firms' financial conditions may cause the financial market to react adversely before the actual layoff announcement (Worrell et al., 1991). The data in the present study show clear indications that management are concerned about the impact that preannouncement leakage can have on the retrenchment strategy, for instance:

"There were leaks going out somewhere along the line regarding what was going to happen, and they actually had to rush things through to make that announcement to prevent the share price from dropping any further than it had. That's why they suspended the shares."

The consequence of the increased pace of decision making in the example above and the premature announcement of the exercise was seen by managers of that organisation to lead to an implementation phase that was inadequately planned and poorly put into practice. This type of situation indicates that layoff announcement policies should be catered for and should be seen as an integral part of the retrenchment planning. It also indicates that the initial phase of the decision to retrench needs to be kept relatively short to avoid adverse market and organisational effects.

The decision making phase initiates the retrenchment process and involves both an event or situation, and recognition by managers that the adverse impact of that event or situation requires an organisational response involving retrenchment. On the basis of this evaluation by managers, the decision to initiate a retrenchment exercise is tested and the implications reviewed. The retrenchment decision is confirmed on completion of a strategic review, and it becomes finalised. The next part of the process is to implement the decision within the organisation. This leads to the design and planning phase on how the retrenchment is to be conducted and is the next step in the retrenchment process.

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## CHAPTER FIVE

### PHASE TWO OF RETRENCHMENT: DESIGN AND PLANNING

The decision to retrench gives rise to a phase of operational planning prior to the actual retrenchment. During this phase, the focus is on developing appropriate formal arrangements for implementing the strategic decision. The context of the design and planning phase is illustrated by two of the respondents:

"There is a decision to close the company. To actually carry out those three words, in fact, involves a lot of planning, a lot of time, a lot of care, a lot of attention to detail."

"Once we had said, 'This is what we're going to do', the next stage was how to implement it. And that was really the details, how we would be structured, and what we would do with the people."

The orientation of the retrenchment process thus shifts from the decision to retrench, to developing action plans congruent with the strategic implications of the decision making. Elements of strategic, procedural and legal approaches suggested in the literature are addressed in the process (Anstey, 1983; Anstey & Botha, 1983; Appelbaum et al., 1987; Gilmore & Hirschhorn, 1984; Nienstedt, 1989). However, although these formal requirements of the process define what is to be included, factors at the managerial and informal organisational levels also impact substantially on dynamics within the process during the phase. A consideration of all of these is therefore critical to generating and understanding the retrenchment process model.

Three clear stages can be identified during this phase, based on managerial interpretation of the dynamics of the process, behavioural patterns, role demands and formal requirements. These are as follows:



#### FORMAL PROCESS

##### Setting Decision Making Structures

The characteristic centralisation of the initial stage of decision making on retrenchment becomes less focused as responsibility for the operational implementation gets delegated

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down the line and senior management are incorporated into the decision making process. Responsibility for this phase is typically delegated to senior management of the organisation, with the executive decision maker retaining some form of centralized control or authorization. The forum created during this process is seen as a managerial task force to manage the retrenchment process (Appelbaum et al., 1987; Collis, 1981; Gilmore, 1983; Hirschhorn, 1983c). The existence of a task force or steering committee seems a necessary component of implementation. As one participant expressed it:

"Ten thousand reasons come up as to why you can't do this and can't do that.

The establishment of a steering committee is absolutely crucial otherwise things go off the rails and precedents are set."

In 13 of the 16 organisations from which the sample was drawn, a management team was established to plan the retrenchment. In all of these cases teams consisted of the top executive, members of general management (typically general, divisional or departmental managers) and a human resource director or manager. In two of the remaining companies, the decision maker took personal control of the arrangements for retrenchment, retaining the centralized decision making authority from the earlier stage. In the last company, total responsibility for handling the exercise was allocated to a senior human resources manager. The involvement of the human resource manager in committees seems consistent with previous research (Harrison, 1986) and human resource managers provided a significant input in all but three of the organisations sampled. However, the full allocation of responsibility for the exercise to a human resource manager appears relatively rare.

The task force (or individual managers in some cases) focuses on the operational requirements for implementing a retrenchment exercise. These activities will define the context of the retrenchment and action to be taken. The committee responsible for implementation has a major input on how the retrenchment process is enacted, for example:

"On that committee we decided on the ways, the letters, everything, and also the retrenchment package at the end of the day."

The mandate of the committee will depend on the authority structures and relationship of the committee to the central decision maker. However, findings in the present study indicated that the decision maker tends to move to more of an authorization role rather than substantially influencing the actual planning process. Exceptions to this are where decision makers had retained sole control over the implementation process. In these cases, they also defined how it was to occur and became involved with the operational planning issues.

The strategic emphasis of the retrenchment arrived at during the decision making stage will determine the context in which the design and planning are approached. This is usually

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aimed at emphasising cost reductions, areas of restructuring, or the extent of personnel reductions. However, a number of additional factors will influence the way in which the company approaches the retrenchment. These include legal perspectives, value systems and organisational culture, the need to be procedurally consistent, minimizing effective damage to the organisation, and facilitating future operations following the retrenchment exercise.

These are illustrated in the responses of managers:

"Our attitude in terms of cutting staff was: 1) We had to do it as fairly and humanely as possible, 2) we had to do it correctly, 3) we had to be seen in terms of our image to ensure that it was fair and a good deal."

"IR parameters seem to be in control and be the guidelines. Which I think is a pity, because if you operate more on a humane level, you do sufficient planning, you would not have to resort to IR. After all, IR is there to make sure you are doing what you were supposed to do in the first place."

The nature of the design and planning is not a straightforward action leading from the decision maker's direction. A complex set of influences exists which will determine the nature of implementation of any exercise. These influences include both formal and informal issues, as well as issues internal to and outside of the organisation. The impact of these influences will reflect themselves in the planning of implementation.

### **Planning of Implementation**

The planning component of the retrenchment process represents an effort by management to address multiple concerns in a systematic and laid down manner (Appelbaum et al., 1987). Factors such as affected areas, timing considerations, determining what to do where, how and with whom, and contingencies of dealing with situations and people are determined during this stage. These activities need to be addressed because of the organisation's strategic and operational needs, logistical concerns, and legal requirements.

Planning has both an operational and an administrative context. At the operational level, planning addresses broad implementation issues that relate to the organisational strategy and the anticipated concerns arising out of the retrenchment exercise. At the administrative level, procedures and policy routines are initiated and prepared for. These planning areas are discussed below.

#### Areas of operational planning

Planning at the operational level is focused on working out the extent of the retrenchment,

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determining affected areas, and how to minimise impact to the organisation while carrying out the strategic decisions. In four of the organisations sampled, the operational decisions were pushed down to departmental level. This allowed individual managers to determine appropriate structures for themselves, and to establish numbers involved. Interpretive decision making is called upon for managers in both individual and committee contexts. Once the broad operational guidelines have been established, practical implications can be addressed. As some of the participants described it:

"We had to sit down and look at every department in the store in terms of the staffing and to fine-tune it--the money that we're getting from that department. It probably requires that instead of three full-time people effectively you have to manage on one and a half times people (1 full-time and 1 part-time). So we went through the exercise and did that in every department. In the store we looked at the number of bodies we currently had; the number of hours that were being spent by those bodies to achieve the turnover that we were achieving. We then fine-tuned it by saying: for that turnover we actually need that amount of bodies, or can only afford to spend that amount of money, which then gives us 'X' amount of bodies."

"And then after that we were given guidelines on what to do. And I must remember the guidelines. The first thing was--the first exercise we had to do was to reduce numbers and see how we were going to man the balance of the factory. After we went through that exercise, we started involving the people on the plant, finding out what were the best ways to do this retrenchment. Which was solely our idea. How we were going to do it. And then we started putting ideas on the table, how we saw we were going to do this."

"In this interim period we did the planning, the thinking. I had confidence that each position had been thought through fairly and that the options weren't there--the only solution was retrenchment. During this interim period there was just so much work involved in terms of restructuring."

In addition, the planning at this level is designed to set some of the ground rules for the exercise. The timing and scheduling of the exercise is examined and this sets the context in which the retrenchment is seen to unfold. For example:

"We drew up a very strict timetable in order to get the retrenching over with as soon as possible. We allowed so many meetings with the union, we allowed what we were going to do between the union meetings, when we will advise people, when we will call for volunteers, when we will give people their notice."

Further, contingency planning and the generation of possible responses were addressed in

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order to make the situation less difficult for managers. This tended to occur informally with most managers, but in the case of two companies there was a formalised arrangement within the management team. As one of them described it:

"We went through any problems that could arise, and we actually worked out what we would do if the problem did arise, and we also worked out as far as possible how to avoid the problems--in other words, how to overcome the problems before they did arise. That's really what the strategy was."

At this operational level of planning the process is aimed at generating suitable organisational arrangements, based on the decision to embark on retrenchment. Where there is a lack of a strategic plan with which to guide the retrenchment, any such planning is made particularly difficult for managers (Hirschhorn, 1983a). Managerial skills and insight, and an awareness of organisational direction are essential components in this decision making process.

### Establishing Procedures

Procedural steps in retrenchment provide established ways of addressing logistical and administrative issues which are involved in the exercise. Extensive administrative arrangements need to be instituted in terms of communications, criteria for the affected people, compensation practices and arrangement of any outplacement support. Companies in the sample all adopted steps defined in organisational policy, approaches adopted by other organisations, or advice by labour consultants in this regard. The result is a defined and fairly rigid approach to these issues. For instance, the "last in first out" (LIFO) basis was used in every organisation covered in the sample, although slight variations were in effect according to organisation and the nature of the exercise. A more informal approach to planning was adopted in only one instance, where a manager handled the retrenchment personally from decision making to the end of the exercise, and even here this was still verified by labour lawyers for procedural correctness. Similar reliance on outplacement consultants to assist in such planning is observed in the United States context (Harrison, 1986). The focus of the administrative orientated planning is reflected in the following comments from respondents:

"What we did was that I immediately consulted some IR specialists, and we adopted an approach that from an IR perspective was a correct approach."

"We have our procedures, you have the meeting to announce the target date, you then sit and discuss methods of avoiding redundancy, you then sit and decide what method is going to be used to select people."

"The one thing which was the principle which we said right from the beginning was that we must be consistent in all that we do. That to a certain extent, took away some flexibility, but I don't think you can be too flexible



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because then you start doing the things which you think you would like to do."

Procedural arrangements focused on establishing selection criteria, appropriate consultation practices with affected employees, proposed union negotiation approaches, possibilities for outplacement, and the review of alternatives to retrenchment. In the case of organisations with unionised personnel, these issues were negotiable in almost all cases. Consequently, initial management planning involved preparatory work to generate a standpoint for negotiations. In the case of staff or unrepresented employees, however, the established management procedures represented the final form to be implemented, as negotiations were not entered into with these parties.

### Planning and Operational Constraints

Effective planning impacts substantially on the success and perception of the program by managers. Planning for the exercise was seen by managers to be crucial to its success. Some examples of this are noted by participants below:

"We did an awful lot of homework in the exercise before we started. We did an awful lot of preparation about how we were going to do it when we had to. We had prepared months ahead. We also had a couple of people in Personnel, particularly one, with a legal background and who knew the legal implications. Because of the amount of preparation, the whole exercise ran exceptionally smoothly. I fail to see that it could have run any better than it did."

"I think that the detailed planning that went into it, if that hadn't happened, it would have been a lot more difficult. The planning was incredibly detailed. We had a whole lot of questions that could have come up, and that certainly made it easier. It went quite smoothly, and I don't think it would have gone smoothly without that sort of preparation."

"The planning and the groundwork is important. If you don't do that, then you're making your own life miserable. And you've got to do your homework. And you've got to be prepared. And you need to have all the facts and the figures and the numbers up front."

The positive outcomes of planning were often attributed to administrative factors. However, operational planning constitutes the main factor in how management and the retrenchment exercise are perceived by organisational members. Schweiger et al. (1987) for instance, noted recurring complaints by participants in retrenchment exercises over how management handled decisions and the time they took to make and communicate them. In their research, most employees could discern no specific plan or program to facilitate decision making. Problems

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were encountered by organisations in the present research which indicated similar problems in the nature of planning, including:

- Time delays

Time delays were reported by five of the 16 companies. Concerns about delays were due to the potential impact on operations and employee performance. In all five companies some kind of unauthorised information disclosure had occurred. The work climate, and particularly morale began to be affected detrimentally because of the extended period. Rumours based on disclosure also started spreading. In the words of three participants:

"It's like trying to turn a oil tanker. There's no way that (*company name*) can respond quickly. The message is jangled back and forth and we've been through some of the most ridiculous things."

"I think that one of the big problems we have had, that we haven't been able to expedite it as soon as possible. We had target dates and we didn't get them. And we haven't, we haven't been very streamlined. I think possibly we have too many procedures, too many meetings beforehand. IR and recruitment and so on. Getting Services people to come down is very difficult. They say they are not available till next week. Its happening all over and we just haven't got enough people to cope with it."

"It created a situation where there were so many rumours flying around, and in a sales environment, once you've got rumours flying around you have demotivation, and that is absolutely lethal--deadly. It causes absolute chaos. But I can understand-- apparently they did have a problem in that there were leaks going out somewhere along the line regarding what was going to happen."

- Organisational information systems

Because internal documentation is used to decide on procedural details, this documentation needs to be appropriate and up to date. Procedural steps may be limited or implemented inappropriately due to information being out-of-date or incorrect. Aspects that depend significantly on the existence of documentation include instances where LIFO is used for selection, or remuneration or retirement packages need to be determined. The importance of having efficient organisational systems in place prior to the retrenchment was emphasised by a number of managers. A comment from one illustrates this:

"When we first got back into the thing peoples' files weren't right, and a guy with three years service on his record could have 20 years in fact. There were multiple numbers of errors. So the whole documentation and record keeping issue is one that comes up."

- Coordination

Where retrenchment occurs on a system-wide basis, it is crucial to coordinate the system elements as part of an overall strategy. Given the centralised nature of decision making and

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the need to maintain confidentiality during the planning phase, it is particularly difficult to ensure that a retrenchment strategy relevant to the whole organisation is adopted. This failure can severely affect the utility of the retrenchment in generating organisational benefits. Despite the difficulties involved, coordination only generated a major problem in the case of one company:

"Sitting here again, it was very badly handled, in that the individual divisions did things very much on their own. There was no cooperation between them in terms of: 'We want to reduce our agency by 70% and reduce your support staff accordingly', that sort of thing. There was communication, but afterwards it was apparent that it was nowhere near what it should have been. There was no planning or discussion, not enough to make the right decision at the rest of the day. We are now in the situation where they are going back to people who have been retrenched and offering them jobs again, which has cost (*company name*) a fortune, in that the company gave the people packages and now they are being reemployed. That has happened on a fairly wide scale around the country, which shows there was no effective communication when they first started talking about it."

"We retrenched people then had to ask them to stay on, we closed branches and are in the process of reopening them. It happened all over. All in all, as far as I was concerned, there was no preplanning, and if there was it definitely was not visible. It put undue stress on people. You fire people, then say you have made mistakes and ask them to stay on."

The large size of the above organisation may indicate a particular problem of coordination in large corporations which is not always shared amongst smaller enterprises.

- Lack of scheduling

Inadequate scheduling of activities and lack of insight into how activities in the exercise related to one another generated a number of problems for managers. Uncertainty, lack of information to make decisions, and difficulties in retaining personnel all arose as a consequence of the lack of effective scheduling. One of the managers described how this affected him:

"Lack of planning, it was purely a lack of planning. If I had known that I would have been involved, and management had drawn up a day-by-day schedule, it would have been a helluva lot easier, and this team could have been protected."

- Management involvement and communication

The scope of responsibility needs to be defined from an early stage and delegated to managers who will bear responsibility for carrying it out. In one organisation, divisional management proceeded with an entire exercise, including the notification of personnel, only to be told that

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they had proceeded without authorization from the group company and had conducted the exercise in the wrong way. They were then required to conduct the whole exercise again from the beginning. Establishment of managerial responsibilities was equally difficult in a number of other instances, for example:

"These guys sat around in meeting after meeting deciding what should be closed down, but then managers went out and made on-site decisions that conflicted with the things here. On the systems side, likewise."

### **Initiation of Retrenchment**

The initiation stage represents the first formalisation of the retrenchment process for employees. At its most basic level, this initiation is represented by formal management briefing of the organisation of its intention to retrench. The objective of the stage appears to be to prepare organisational members for the retrenchment and its effects. Sutton (1987) has described how similar processes have been noted with dying organisations when the leadership has announced that organisational death will occur. He notes that the announcements convey the message that organisational members should adjust their socially defined reality and begin viewing the organisation and their roles in it differently. Although not as extreme, the retrenchment announcement clearly is, consciously or unconsciously, creating an unfreezing process that will facilitate the change that is to be initiated. Further, the announcement is not only aimed at employees who are to be affected. In many cases it is the first indication that some of the managers have that they are to be involved in a retrenchment exercise. Consequently, the announcement has the effect of drawing managers not involved in decision making or initial planning into the process. The announcement or briefing of the organisation on the proposed retrenchment occurred in 15 of the 16 companies involved in present study, indicating that it is a relevant and integral part of the retrenchment process.

The legal requirements of union consultation in South Africa (Cheadle, 1985), and of advance warning in the United States (Worrell et al., 1991) make avoiding such notification difficult. Notification also occurs for a number of other reasons. The option of voluntary retrenchment can only be taken up with such advance notification. Similarly, transfers and other placement activities must occur with some knowledge of the background context in which they are taking place. Further, organisations were in some cases wanting to settle rumours and were attempting to stabilise awareness among employees of what was going to happen. Despite these factors, there are organisations who provide notification simultaneously with the notice of retrenchment, and they see the required legal consultation occurring during this interview. Only one organisations in the present sample adopted this type of approach. In the others, the

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intervals between notification and the holding of retrenchment interviews varied from three months to a single day.

### Briefing Process

Briefing provides top management with the opportunity to give their position on the retrenchment. The main focus of any such briefing is internal personnel. The nature of some of the announcements as reflected in managers comments, and the target groups of the briefing are indicated in Table 4. From the data, it is clear that at this stage management have not clearly distinguished between personnel being retrenched and "survivors". Where lists of personnel to be retrenched exist, they are provisional. Further, the need to conduct legally required consultation with unions often creates a situation where companies have to notify non-union members simultaneously, providing these employees with greater advance notification of the retrenchment than otherwise may have been the case.

Various forms of announcement were made during the process. Three organisations utilised a memo which was distributed to management and employees; 12 organisations conducted group briefing sessions with their personnel. Both managers and personnel expected the degree of planning to be at an advanced stage when the announcement occurred. Following the announcement, there is a strong demand for clarification of the issues involved from organisational and external parties. However, not all organisations appeared capable of doing so at that time. For example, one of the managers commented:

"A memo was sent out and the mail people saw it first, then the staff saw it, and then the manager saw it. So the staff were coming to the management and saying, 'Do you know we have been taken over by (*company name*)'. That is when the first mistake was made. The managers immediately got their backs up and said, 'Is this how you communicate a major decision like this to your people?' They said in the announcement that there would be major retrenchments and we would be kept informed. On the (*date*), we got together with our manager who was a senior general manager, and asked some very, very serious questions, like how, what, who?"

A number of organisations demonstrated a similar lack of clarity on the implementation procedures and conditions of the retrenchment during phase when the retrenchments were announced.

The announcement to retrench personnel also generated interest from the press, shareholders, and clients that had to be addressed through briefing. Specific steps need to be taken to

Table 4.

## Types of Retrenchment Briefing

| NATURE OF ANNOUNCEMENT                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | TARGET                 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| <p>"They announced officially that the company was closing, basically gave the financial reasons, and told us to tell our staff the next day."</p>                                                                                                                                                                                                                                                                                                                                                                           | Managers               |
| <p>"One of the first things we had to do was a communications exercise. It contained the reasons for the retrenchment for the staff. Two things the staff wanted to know were what have we done to avoid the retrenchment and why it had now become inevitable and why is it happening."</p>                                                                                                                                                                                                                                 | All employees          |
| <p>"In terms of how the people were informed, we had a difficulty because there were two groups: the one in the factory and the office people who were not covered by union agreements. The problem was the timing, because we could not announce it without speaking to the union about it. We were worried about the non-union people who we thought were entitled to know about it. Eventually we had to make an announcement that we are planning to retrench."</p>                                                      | All employees<br>Union |
| <p>"(The General Manager) stood up in front of the whole store ... and told them the whole rationale behind the company's perspective and that there would have to be retrenchment. That is the first time I have seen 200 people almost with their mouths open and dead silence. They had to be told that it was coming, but I think then 200 people went back and waited for the 'phone call: 'Can you pop up and see me for a cup of tea?' I think people were really worried."</p>                                       | All employees          |
| <p>"We had a preliminary list to which we said, 'This is a list of people that are placed into positions'. Then there was another list which became more firm with time. But the first list that came out said a list of people not yet accommodated. This was before taking into account early retirement, transfers to other companies, voluntary vacancies. To my view, that caused a lot of unhappiness. The moment this list was produced, the reaction was, 'My name was on the list. Oh hell, I've lost my job!'"</p> | All employees          |
| <p>"The one was to reassure those people who weren't affected, to try and motivate and keep that team together, and to inform the people who were affected that at some stage in the future we would be closing the company."</p>                                                                                                                                                                                                                                                                                            | All employees          |

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provide these parties with appropriate information when the announcement stage occurs. Some of the participants described these situations in their own companies:

"We are a very visible organisation, everybody knows us. Something like that the press will pick up very quickly. We had to be ready for the press. Not that you would want to release it, but have it. Within a few hours the press will phone you and say: 'We have heard this, what are your comments?' So you either say: 'Yay, nay or not sure', or you have a press release ready and you give it out. That evening it was already on TV news and in the papers the next day. If you are prepared to give the right information and make sure that everybody gets the same story, people may put their own interpretation on it but you are prepared."

"We felt that no matter what we say, we are going to get another lot of bad press but we must make sure that the exercise is totally above board. We don't want to be seen, for any reason whatsoever, as being racist or sexist or whatever the case may be."

"The press did get involved but that was only because they wanted to become involved. It wasn't planned by us at all. So, obviously, we had something ready. So when they phoned us we had a statement which we gave them, and that's what happened. We didn't try and hide it away; we were just honest with them, but it was just a brief statement about what we were doing, why, and that was it. We didn't try and communicate with people through the press."

Seven of the organisations had made direct provision for press liaison. This liaison was attributed to the concern for the image of the company in the marketplace and among the business community. Given that the nature of press releases can have an influence on organisational performance in the stockmarket (Worrell et al., 1991), the development of a press strategy and briefing statement would appear to be an essential component of the retrenchment process. Whyte (1982) suggests that media relations should only be done on the basis of prepared statements to ensure appropriate information is conveyed. This approach was adopted by all organisations in the present sample who liaised with the press, and only through authorised spokespersons. This type of control appears to be an attempt to avoid public speculation and a possible impact on the company's share price, as well as an attempt to maintain the company image.

Despite efforts to brief both internal personnel and the press, the attempts by organisations in the sample showed little or poor communication with customers. The only mention of customers by managers reflected a negative context:

"The way we informed out customers, our suppliers, our principals, it could

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have been so much better done and the damage control so much better."

"Immediately the policy holder who got a letter stating that we are rationalising because it is good for the company, and that we will be strong in the future--he has been waiting months for his changes and they don't pitch. To the policy holders, the way they have been handled is very poor. On the broker side, immediately brokers said they weren't interested in us, and that even occurred at the stage when rumours were occurring."

Poor client liaison may be a consequence of the reluctance of organisations to publish incidences of retrenchment, or to reduce awareness of the exercise to the minimum possible (Harrison, 1986). This could be particularly relevant when shareholding is tightly controlled, and news of the retrenchment does not need to be communicated to numerous stakeholders in the community. This may also be prevalent when retrenchment is attributed to financial causes, as negative business reactions are particularly prevalent in such situations (Worrell et al., 1991). Incidences of suppliers refusing to send parts, customers reluctant to buy components which may end up with no support, and reluctance to pay bills have all been recorded as responses to organisations perceived to be in financial difficulty (Sutton & Callahan, 1988). These reactions, as well as a number of other business implications, may harm the retrenching organisation's capacity to benefit from the exercise. One of the organisations in the sample was subjected to a competitor's advertising campaign claiming the company was disinvesting from the country and insinuating that stability of its products was in doubt. In an effort to control the perceived impact of the retrenchment in the external environment, organisations may deliberately follow a strategy of minimum disclosure. An organisation in the sample, for instance, requested all retrenched employees to sign a declaration of confidentiality on the exercise before receiving their retrenchment packages. Similarly, persistent incidences of concealing the state of the company has been found by Sutton and Callahan (1988) in firms approaching bankruptcy. The sample of organisations in the present study does not, however, allow generalisation about organisational responses in this area, and the question will have to be answered in further research.

### Negotiations with Unions

Union negotiations represent a legally required component of the overall retrenchment process. Although the legislation requires consultation with unions, some ambiguity exists regarding the extent to which management must enter into negotiations over retrenchment with unions and employees. Nevertheless, besides the legal compulsion to negotiate, unions define the situation to some degree by their own action. The role of the union in redefining relationships between management and employees was acknowledged this way by one of the



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managers:

"It's not like it used to be. In the good old days you didn't have all these hassles with shop-stewards, and running a plant was a case of going out and saying 'We want to get rid of four people', and the foreman decides who is going to go. Now there is a lot more IR involved, and a lot of the time we haven't been trained for it."

Although Hardy (1988) and Feldman and Leana (1989) note that in the US joint management/labour cooperation has been adopted in some organisations, they point out that many unions adopt a more adversarial approach. This may include generating negative publicity, forging coalitions with community and social service organisations, initiating lawsuits, and other attempts to slow or halt plant closing. The focus on job security is seen as the crucial issue for unions (Leana & Ivancevich, 1987; McDonald, 1987). When it becomes clear that jobs cannot be saved, unions focus most of their energy on securing larger severance packages (Feldman & Leana, 1989).

In the present study, strong pressure for negotiations existed in all nine organisations in the sample where unionised personnel were affected, and strikes over the retrenchment occurred at three of these sites. This strong union reaction is consistent with that in other unionised companies in South Africa (McDonald, 1987) and the United States and Britain (Hardy, 1988). Elements of social pressure and use of a community power base were additional factors in allowing unions to make a case, besides the legal compulsion to negotiate. The use of sympathy strikes in other factories was also used successfully to put pressure on management, for example:

"We could not operate just in isolation because they never saw it in isolation.... So whatever you did here, it could jeopardise other situations. And that was a major consideration for (*company name*) in their decision--and for me as a person."

Further, a multinational company in the sample came under strong union pressure in their international operations, due to local representation to overseas union contacts. Furthermore, one respondent illustrated how changes in management style had been necessitated by the changing social context:

"'We will retrench, and you will go. And you will be paid out. And this is the package.' That syndrome, that whole philosophy, has changed to a more 'We will negotiate. We are prepared to talk.' We are in the process of a changed South Africa. So with it goes change to the environment and ways how we treat our people."

Pressure by unions or worker representative groups to negotiate were acknowledged by all

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companies in the sample. However, the immediate union responses in the present sample to being notified of retrenchment was often one of delaying contact with managerial personnel. In this way, unions could postpone the consultative contact required by legislation in order to delay the onset of retrenchment for their members. This occurred in all cases of union negotiations, with some of these instances reflected below:

"The union dragged its feet tremendously in terms of the negotiations. We wanted to negotiate the retrenchment package so that the people knew--the sooner the better--that this was what the package would be, this is the alternative, etc.... Our first meeting in fact with the union was on (*date*). We're now racing against time, which is causing anger and unhappiness, etc. The mood in the store was pretty awful. After that first meeting we then said to the union, 'Look we're going in with the alternative now, we know we haven't finished the negotiations but we are actually going to talk to the people now.'"

"We had nine hours of negotiations with the union, and we forced them to come and negotiate even on Saturday mornings at 7am because they were wanting to put it off, and put it off. After nine hours of negotiations, or rather consulting, they still didn't accept the reasons for retrenchment. The bottom line there was I said, 'We have exhausted our attempts to tell you, if we can't go any further now I am going to say we all agree that we disagree and there is no point in talking any further.' We then proceeded to the actual exercise without them. They said, 'Fine if that is what you want to do it but it is on your head', and they warned us, 'If there is anything you do to our members that we don't like you will hear from us'."

Despite pressure from unions, no significant impact on the actual decision to retrench was made by unions in the present study. Negotiations which affected the extent of retrenchment revolved around ensuring that alternatives had been considered, how alternatives such as early retirement would be implemented, limiting numbers of retrenched personnel as much as possible, and determining the criteria for the selection of candidates. On the basis of these negotiations, slight modifications were made to the lists of personnel initially identified to be retrenched by management in some companies and timing was affected in almost all cases of union negotiations. More success tended to be gained by unions in retrenchment package and outplacement support demands, where management were more prepared to ease the process of retrenchment rather than change the decision itself. McDonald (1987) notes that in rearguard actions, trade unions have been forced to prioritise negotiations to reduce the scale of retrenchments and obtain favourable retrenchment packages. Despite active union resistance, retrenchment decisions are clearly still difficult areas for unions to influence, and the decisions are seen by management to be a legitimate management prerogative.

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Approaching retrenchment on a cooperative basis between management and unions is emerging in a few situations where there is a desire to avoid the disturbances associated with industrial action (Feldman & Leana, 1989; Hardy, 1988; Kotthoff, 1989; Leana & Ivancevich, 1987). In the case of one organisation in the present sample, this was explained by a manager who took this type of approach:

"And somehow a lot of it boils down to trust. The guys have got to trust you and you them. Unless you work with the shop-stewards and know them it becomes very difficult. You really have to pull them in and negotiate which is the best way of doing it. The problem is that you can't solve it by yourself, and the more you become dictatorial, the more they kick up and say they are not going to do it. So it becomes a team effort. Management and workers have to work together."

While it can slow down the decision making, Hofheinz (1993) reports that cooperative relationships allows Germans to be very effective in restructuring. He gives the example of Lufthansa, where 8 000 of 51 000 workers were laid off with the approval of their unions after management convinced labour leaders that productivity had to be raised.

Completion of negotiations with unions reflected the completion of the design and planning phase of the retrenchment process. On completion of negotiations, the organisation is authorised to legally proceed to retrench personnel represented by the union. This situation then equates with that of non-unionised personnel who have been consulted on the retrenchment either individually or on a group basis.

## **MANAGERIAL PROCESS**

Dynamics relating to the managerial process during the design and planning phase parallel the nature of involvement that managers have in the formal process, as in the first phase of retrenchment. This initially involves interpersonal dynamics which revolve around power and authority issues within the organisation that are associated with the control of the exercise, but later moves to managers personally reviewing their position within the retrenchment process. This personalised shift involves how the managers relate to the formal organisational stance, their own psychological state, how to deal with the obligations inherent in relationships with employees, and finally dealing with the difficulties that arise within the negotiating forum between themselves and unions. Management handling of these issues is also influenced by strong influences at the organisational level, where they experience significant pressure from employees and have to handle a range of social dynamics within the organisation.

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## Control of Retrenchment

The formation of a task group composed of senior management to handle retrenchment appears to represent a slight decentralisation of authority within the organisation. In such cases, the task group is required to control the implementation. However, there are still decision makers who maintain centralised control over the implementation process. These personnel typically have a clear strategic vision of where they are going and how to get there. This type of approach was reflected in four of the smaller organisations in the present sample, three of which included managers with self-perceived roles as "troubleshooters". It therefore appears that where executive managers see themselves as personally driving the retrenchment process as part of a change strategy, authority remains concentrated with a central figure within the organisation. In most cases, however, a more decentralised approach is adopted to the retrenchment and a group of senior personnel assumes much of the responsibility for the process.

The establishment of a task group at a senior level of the organisation provides an authority group with strong powers to influence organisational direction and even continued organisational membership. Curtis (1989) notes that crises often create instability in authority relations and suggests that in situations requiring retrenchment new authority coalitions may emerge, which manufacture their legitimacy by new rationale, bonds, and bargains. Shifts in management structures were noted in six of the organisations where task forces were constituted, while in another four there was a clear consolidation of the existing management hierarchy. It appears that the emergency of retrenchment can create the appearance of a new legitimacy and even opportunistic pursuits of personal, non-official sentiments under the guise of organisational necessity. In line with this, there is an emergence of power concentrations which depend less on rules than on direct mandates and what is seen as necessary. Interestingly enough, no managers who had been involved in task groups were retrenched in any of the organisations, and the consolidation of power allowed some of the managers to improve positions, spans of control, and authority, despite the "declining" conditions.

The requirements of developing a suitable direction based on strategic conceptions of where the organisation is going, together with the potential crises in authority mean the management team need to work through a range of internal dynamics. This was particularly noticeable in the organisations where power shifts were taking place. As two participants observed:

"We took some fairly aggressive moves against top management as well, but you don't advertise that and the troops aren't aware of that or the circumstances behind that."

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"I think in the beginning we had a lot of conflict on this, especially from, I would say, a few guys. We were about six in that team and I think there were guys that--I must say thank you to (*the General Manager*)--he handled it very well. But we, before we started this, we agreed that we as management must stick together, and even if we disagree, then we'll sort it out until we agree that the road we'll walk is the same."

In two organisations dominated by head office structures who had made the retrenchment decisions, alternative authority structures were developed as managers expressed their resistance to the retrenchment. In one, when the researcher visited the site for interviews, the general manager asked whether he was with "them" or "us", pointedly making the distinction between the head office structure and the factory. In another, the general manager redefined his relationship with his head office over the exercise:

"You start off and say, 'Right, now you're looking, wading through the details and sifting and trying to map out a thing as to a course to follow.' Amongst the management we had to decide exactly what was right and what was not right. From both points of view. Both from the company's point of view and also from the employees' point of view. And at that stage I think we said to our senior management that they must accept at that stage we were negotiating with them on behalf of the people that were involved. That was not very ... it didn't go down all that well!"

Gilmore and Hirschhorn (1984) have previously noted that the centralisation of decision making within a dominant coalition on the part of top management often did not include human resource managers. However, Harrison (1986) cites extensive human resource control in all five case studies covered in his research. Evidence in the present study also suggests otherwise. Demands for more legal and procedural adherence in the face of employee, union and political pressures, have led to the increasing influence of the human resource manager as expert in the process. In the present study, extensive human resource involvement occurred in 12 of the 16 organisations. This involvement was often in an organising role, and in one case the human resource manager had total and solitary responsibility for implementation. The involvement of human resource managers does, however, represent a challenge to general management and Gilmore and Hirschhorn (1984) note that latent tensions between the disciplines can become evident during retrenchment. This was evident in four of the organisations in the sample. One manager noted this clearly:

"Increasingly, I feel the line management gets isolated from the problem because the longer it carries on, the more Personnel gets involved and the deeper they get and the closer it becomes to their chest, and you begin losing interest."

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Line management are seen to have a need for quick processing, flexibility, and differentiation in personnel matters. Conversely, human resource departments are seen to be thorough and take extensive processing time, emphasise rules and procedures, and ensure consistency across operations (Gilmore & Hirschhorn, 1984). The legal requirements involved in embarking on retrenchment support the human resources mode of operation and provide substantial support for the human resource function. For example, in one case in the present study, line management had unilaterally proceeded with the exercise, but were compelled to reenact it, based on appropriate industrial relations requirements:

"We tried to get a new structure for ourselves in our departments, and then tried to identify the people who would stay and the people who would go. That we did, the whole process by ourselves. And we even communicated this message to the people, after we did this with the permission and consent of top management. Our guidelines in determining which the affected people would be was merit and abilities. Then the whole process came to a halt and we had to reverse it, cancel it, and were told, 'This is how the process will be'. And then we started all over again. Then we did it according to a list of rules."

Retrenchment appears to enhance the status of human resource managers within the dominant management coalition. The key role of human resource managers in the formalisation of the retrenchment process, the institution of procedures, and the advising on legal and labour issues creates a substantial sapiential power base for human resource managers. Further, their responsibility for the human resource component of the organisation seems to make them natural candidates for assuming many of the controlling tasks required as part of the retrenchment planning.

The start of the phase of implementation is therefore characterised by slight decentralisation as senior management become more involved in the process and formalisation of approaches takes place. However, centralisation of decision making and planning with senior management is still a predominant characteristic of the process at this stage. Continuing centralisation has been attributed to the need to ensure that the implementation process is applied in a manner consistent with the core objectives formulated by the decision maker. Staw, Sandelands and Dutton (1988) note that decisions taken at top levels in organisations are less likely to deviate from these core values or goals. Such centralisation of authority and formalisation are consistent with organisational responses to threat, and are seen by organisations to allow enhancement of control and coordination of organisational action (Staw et al., 1988). In particular, such an approach is seen to be a way of ensuring coordination of organisational action when lower level personnel must carry out the decisions of others (Katz & Kahn, 1978).

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## Determining Affected Areas and Identification of Personnel

Determining affected areas and moving towards the selection of the personnel to be retrenched initiates a process of bringing more managers into the decision making process. Senior managers continue to dominate this process and middle management influenced such decision making in only three of the organisations in the present sample. Although middle managers who were not involved had some sense of relief that they were not responsible for the area, this appears to be superseded by an objection to the lack of participation in decision making. The need of managers to be involved in decision making is illustrated by the following extracts from interviews:

"It's easier having someone else do it for you, because they do the dirty work. But as the manager of the department I would have liked a say, because that impacts on me directly."

"People were making decisions about the structures of these two branches, and for that matter, about the structure of all the branches countrywide, without consulting the people that actually worked there. Now that to me was really ... I don't know, maybe I could say a slap in the face as far as I'm concerned. It was unnecessary, because if anybody knows the situation in terms of what is happening, it would be the two of us sitting here in this specific area. I was left here with my hands totally tied, with people asking me questions that I couldn't even answer."

"There should've been a lot more involvement. They could've given the store managers a lot more ownership."

The decision on the affected area and the selection of personnel to be retrenched appears to be one of the most difficult decisions that management take during the retrenchment process. It is during this stage of the process that managers start experiencing increasing amounts of stress. The increase in stress becomes increasingly salient as the planning process moves from the more strategic considerations to operational aspects which put managers directly in touch with implications for personnel. This transition is indicated by the following experiences of managers:

"In the beginning you think in terms of figures and plants, but especially if they start looking at personnel, then it becomes stressful."

"The closer we got to the action, the more we were getting involved. First of all it is just a list of names. After a while the names take on a meaning for you and you start putting faces to the names, especially if these guys come to you with their individual problems. Then that makes it more difficult."

"We in (*department*) were cut down tremendously, and then the worries about

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your people. Maybe some of the managers can handle it better, but to me it was terrible. I was terrible, tense and I didn't speak, I was a bear."

### Manager's Personal Stake in Retrenchment

Retrenchment of personnel within a department is effectively breaking up the manager's unit of responsibility which he or she has been committed to building up and maintaining. Managers are reluctant to break apart structures that they have themselves created (Collis, 1981; Nienstedt, 1989). Managers appear to generate a strong sense of identity through their work, and in some cases see the work as a personal reflection of their own identity. For example, various managers put it this way:

"After being involved in designing the systems and seeing the money pumped into them to make them the best in the market, and then seeing what they are doing with them, it hurts you."

"I suppose it was the crushing of a value, there was a bunch of engineers who was dedicated, and we had the systems. We had a Rolls Royce operation and I was destroying that... I, being the representative walking in there. It was the waste, it could have had value. It could have been solved by somebody who understood it. There was a sense of loss."

"There were people in our organisation who built empires, and the trauma there was just so much bigger and higher."

The sense of loss appears particularly prevalent for managers who were being retrenched themselves. In this case, the loss of the work possibly reflects a general sense of sadness associated with organisational decline (Harris & Sutton, 1986), as well as the lack of focus on possible renewal processes within the organisation that managers remaining behind can anticipate.

Managers who remain within the organisation are faced with challenges of turning around the situation and with opportunities for rebuilding sections within the organisation. Concerns for status, power, and personal prestige often become associated with the numbers of reporting personnel and size of departments which will be left after the retrenchment. This may be pronounced in some cases, as a number of the managers pointed out that scope of responsibility is one of the casualties of a retrenchment exercise, for instance:

"Now the company's got smaller, so my actual portfolio's smaller. That's a negative. And that made me consider what I should be doing with my career."



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### Identifying Affected Personnel

The selection of the personnel who are to go represents one of the key pressures on managers during the retrenchment exercise. Many managers find the aspect of their jobs relating to decisions which affect the careers of subordinates stressful and unpleasant (Harrison, 1986). In retrenchment, the potentially adverse effects on employees to be retrenched magnify the situation and increase stress substantially. Two participants described their experiences as follows:

"Its the pressure you feel inside: 'Who is going to go and why? Do we really need them? Can we justify keeping them?'"

"You had to decide which person would be the affected person, and in the process while you do that, you realise that certain people just won't get a good job outside. And then the effort which goes into trying to manoeuvre, into trying to work something out, to restructure the whole thing, to see if you can't just somewhere fit this bloke in. I had sleepless nights for two to three months. That was terrible. By the time we had to do the feedback, although it was difficult and in certain cases heartbreaking, by that time I knew I did my best and I knew I had no control over this thing and I had to do it. It was bad but I can't help it. But the first part, when I had to make those decisions, and then put in an effort to try and get solutions to the problem, and when you get a solution, you feel like you are an aeronaut succeeding."

These pressures are exaggerated when managers actively disagree with the reasons for the retrenchment, the personnel involved, or the manner of planning which has gone into the retrenchment. For instance:

"You have an internal problem yourself, while you have to keep the show up, actually deep inside you have all these queries and internal conflicts to handle as well. We were involved at the end in this thing, this trauma, but not of our own doing."

Consequently, many managers resist the process of identifying people. Harrison (1986) for example, notes that three of the five organisations investigated in his research had managers who provided insufficient numbers of personnel to be retrenched and who were overruled by the CEOs. This view was clearly reflected among many of the managers in the present study, for instance:

"My attitude at that stage was that the employee's job is important. My reasoning at that stage was, 'I have to try and keep as many people as I can to hold a job'."

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Incidents in the present research indicated that centralised control contributed substantially to enforcing or dealing with the reluctance of middle and junior managers to retrench. One manager described how the pressure had to be put on his managerial subordinates:

"But my feelings with a lot of managers is that because they dislike it so much --and I don't blame them--they try and minimise it. And you then get to a situation where you have to tell them, 'You will cut x number of people, or you will do this, or you will do that.' And I think ... they are ready to justify that more to themselves a lot easier. Because it's not always them making that full decision. It sometimes comes from people like me, and I've got myself a hell of a reputation in this company from doing that exercise."

Reluctance to identify personnel appears to be due to two major reasons. First is the potential impact of the retrenchment on the affected personnel which presents itself as a moral dilemma. Second, the nature of the psychological contract between manager and employees appears to have a direct bearing on the nature of the manager's response.

#### Facing the Moral Issue of Retrenchment

The relative impact of retrenchment on the persons to be terminated play a substantial part in the manager's psychological approach to the selection decision. Decisions are made as to which employees will retain the security and opportunity of continued employment and which will be deprived, at least over the short run, of their means of livelihood (Harrison, 1986).

Indeed, one of the managers equated his role with that of playing God:

"It's the stress of affecting the lives and futures of other people and the concept of playing God with other people's lives. It's a reasonably frightening thing, to make a decision between two people ... and this is simplifying it ... that one person can carry on his livelihood paying off his home, and keeping his job, and that another person is going to be put out to grass and within six month's time he is going to be in dire trouble and he is not going to find another job anywhere around here. In six months time one is going to be well off and the other is going to be in the mire. The concept is frightening if you stop to think about it, but you musn't stop to think about it."

Responsibility for people has been shown to be a relatively high stress activity in comparison to responsibility for things or finances (Strümpfer, 1986). In the case of retrenchment, the responsibility is magnified substantially. Most managers were extremely conscious of the implications of their selection of personnel. In cases where people were seen to have no problems in obtaining jobs or where people could retire with good benefits, managers were less concerned about the retrenchment. Indeed, some managers saw people being fortunate in

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these conditions. However, adverse factors which were taken into consideration had a far greater impact on views and directly influenced manager's feelings on the exercise. These factors and the number of managers who made reference to them include:

- No or poor job possibilities: 26
- Financial standing, i.e. house, furniture, hire purchase agreements: 6
- Psychological health: 2
- Impact on family: 10

Examples of some of the comments which reflect these areas included:

"There are some people who are simply not going to get jobs. We have got messengers, for example, who have no skill at all, other than to be messengers, and there's not a whole vast market out there for messengers. So, those people have lost their hold in the First World, and they're going to sink back into the Third World, and they're going to be hungry, and their children's education is going to be affected--a whole generation, or maybe even two has been lost as a result of this. The total tragedy for some of the people ... there are no words I have to describe it. "

"That is a major disaster, when people with 15 to 20 years of company experience are retrenched. You have a lot of loans and perks in most organisations, and you find that a person's skills are centred on one kind of job that is not outside. The person retrenched is not only out of a job, but has to sell his house because he cannot raise a bond, no income, no future, no house. I don't know how much more you can degrade a man."

"I've got guys that have worked their way up from floor sweeper and their skills are very much dependent on this particular plant. It's very difficult to find work for them anywhere inside the country. So for those guys there's a lot of pain."

"I've got one girl now who's just discovered she's pregnant. Her husband is beating her.... But now, if I had to tell that one, 'Sorry, I haven't got a job for you', what's a pregnant girl whose husband beats her to do without a job? Her job is her one root."

"I know that some of those blokes who have been retrenched have got no hope in hell of getting another job because they've got nothing to offer. And there are thousands of people out there. And they've still got to live. They've still got to survive. I found that more difficult than being part of cutting a senior manager or even a secretary."

At the same time, managers have to face up to the issue of what constitutes fair conduct. Moral issues are also central to these considerations. In a number of cases, managers initially identified personnel who had some sort of personal crises or handicap. They were then faced

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with the issue of whether to retrench despite these or not. The issue places managers in a difficult moral situation, for example:

"Let's take a situation where you have a person who is disabled, for instance, in the plant. OK, I want to do something for him, and if you unilaterally take him and you put him in a position, how do you justify to a person that has lost a job because of that? He'd say, 'I don't really care that that person is disabled. You're taking my job unilaterally.' And I think that is the type of thing where the inconsistencies could give you problems."

The termination of services in a time of high unemployment generates a high degree of personal conflict within the managers. High unemployment rates in the economy, the existence of structural unemployment in the workforce, and the incidences of employees whose skills are related to a specific job or specific organisation often create conditions where retrenched personnel will find it exceptionally difficult to obtain work to support themselves and their families. It is clear from responses that managers recognise these conditions and must face them as part of the decision making process. The relative impact on the retrenched of being retrenched therefore features strongly in managers' orientation to the exercise.

### Breaking the Psychological Contract

Retrenchment causes a situation where the role of managers is overturned. As one manager said, "Normally you help them [the employees], now you are making things difficult for them." In many cases, the basis for the psychological contract between managers and employees is being violated. Levinson (1983, p.3) has observed: "As recession forces companies to contract and managers are faced with the need to lay people off, feelings of guilt are easily aroused. These feelings will be particularly strong when layoffs involve loyal, conscientious people who have helped attain goals, and who are long time employees and friends of the manager."

The formation of psychological contracts between managers and employees is seen to be one of the building blocks of organisational relations (Levinson & Weinbaum, 1970; Robinson et al., 1994). The notion of the psychological contract is viewed by Schein (1980) to imply an unwritten set of expectations operating at all times between managers and members of the organisation. The idea is seen to be implicit in the concept of organisational role, in that every role is composed of a set of expectations, from which can arise the psychological contract. Included in the conception of the psychological contract are organisational expectations of loyalty, provision of effort, and commitment to the organisation. From the

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employee's side are expectations of remuneration, working hours, benefits and privileges that go with a job, and guarantees not to be fired unexpectedly. Older employees, in particular, are seen to have an emphasis on "being taken care of", given their long and loyal service to the organisation (Harrison, 1986; Levinson & Weinbaum, 1970; Robinson et al., 1994; Schein, 1980).

A large number of managers in the present sample strongly acknowledged that a form of psychological contract existed between themselves and their employees. Similarly, in other retrenchment exercises reported (Schweiger, Ivancevich, & Power, 1987), most people felt that it was the way their immediate boss had handled the situation that had the greatest impact on what they did and how they felt. Those interviewed believed that their boss had personal obligations to them because of the direct loyalty and commitment that they had displayed up to the point of the takeover. Further, Kessler (1985) has reported that managers have perceived an implicit contract that practically guaranteed lifetime jobs in exchange for competence, honesty, loyalty, and hard work. Most of the managers in the present study acknowledged this type of relationship, as described by some of them:

"There is a contract.... I think a good manager will try and look after his people. People don't expect a company to retrench. The kind of people who join this company are the kind of people who are looking for stability in their lives. They are not the kind of people who join high-tech operations. Not necessarily high incomes, but stability. They join because they assume there will not be retrenchment in this kind of industry. So there is an implied contract between the people the company was recruiting, and the kind of industry it was in. There was a kind of implied contract that this would not happen."

"It's a philosophy of mine that my priorities in life are my family, myself, my staff, my boss, and the company, in that order. So the staff is always the third priority in my life. I will look after them, and they will help me grow."

"The blacks' perception of us as employers is that there is no (*company name*), there is no director's board, there are no shareholders: I employ them. And it is my duty to employ them. And if I no longer have work it is tough on me and I must still pay them, because 25 years ago another person in my position gave them a contract that said he would employ them for 'x' rands a month and that is my part of the contract."

"I honestly believe that when you employ someone, that there is an obligation on both sides, there is an obligation by the person to work and honour your commandments, and I think there is an obligation on the side of the company to take a certain amount of responsibility for that person."

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The nature of the psychological contract can, however, be negotiated in such a way that the obligations are not seen to tie the managers into a highly stressful situation. This occurred within a department of one of the organisations sampled, and in an organisation which had originally recruited personnel as temporary labourers. In both these cases, the commitment of the managers to protect the personnel affected was not as strong:

"What I'm saying is that because of the type of psychological contract that we had, it was easier to deal with the situation. If your psychological contract is, 'You as a company owe me something', then it is going to be much more difficult. Our's was that we were all in it together. No theatrics, fairly business-like, with a business context."

"I think the thing that helped was that most of these people were taken on specifically for that machine, because it meant that at that time they were taken on on a temporary basis. They were only made permanent later. That, maybe was a little bit of a help, but not really. They came in with the understanding that they would not be working permanently for the company."

While the pressure of the psychological contract is reduced in such cases, it should be noted that some form of contract and of obligation, nevertheless, exists. The manager's commitment to the contract is best reflected in the selection criteria utilised to identify affected personnel. Use of LIFO principles have increasingly taken effect due to the need to demonstrate legal justification for the identification of personnel (Cheadle, 1985). Despite the LIFO method being seen as one of the most popular methods in both the South African and international contexts, because of its fairness benefits (Harrison, 1986; McDonald, 1987), managers expressed significant reservations about using it. A few of these reservations stemmed from the operational impact of LIFO. Concern was often expressed at leaving older people in the business at the expense of trainable and active younger personnel. Similarly, unproductive personnel may be left behind, and this would make the manager's task in the post-retrenchment situation more difficult. However, the key reservation of managers regarding LIFO was based on issues relating to the psychological contract. This primarily involved the employees who had been high performers, contributed significantly, and demonstrated their commitment, but who were being retrenched due to fewer years of service. Despite criticisms of performance-based evaluations, due to allegations of unfair treatment and political agendas (Leana & Feldman, 1989), their use in identifying personnel for retrenchment still finds most favour with managers. The exclusion of performance in favour of LIFO leads to the rejection of the psychological contract and generates stress and guilt among managers. This is illustrated in managers' comments:

"I think the thing that made it more painful was that, because of it had to be done on a LIFO basis, it means that it wasn't a question of retaining the best

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people. In a lot of cases we let the best people go and retained people we should have let go. Also the longer you were doing what you were doing, you knew that the people who really worked, who were building careers for themselves, had to sacrifice their careers just because of IR. They didn't deserve it. Some other people did deserve it and who should have been told to go have been retained."

"When it comes to retrenchment there is nothing you can do and you must use LIFO and you are left with a lot of unproductive people. A person who works like a Trojan must go, and they have shown willingness and value their jobs."

The psychological contract is a dynamic phenomenon and can change as organisational or individual traditions and norms alter (Schein, 1980). Although the psychological contract is being redefined in many organisations which have moved away from concepts of long term job security (Fisher, 1991; Sullivan, 1990), a recognition of a psychological contract implying protection of the employee in return for contributions to work was still prominent among the managers in the present sample.

### **Finalising Selection of Personnel**

All managers in the present sample proceeded with retrenchment, despite adverse effects on the personnel involved. Even in situations where moral issues were involved and the legitimacy of the retrenchment was questioned, managers went ahead with identifying personnel to be retrenched. For managers who were not convinced that the exercise was necessary, however, this only occurred after serious thought about their personal position and involvement within the organisation. One manager, for example, expressed the following:

"My initial reaction was, I wanted to disassociate myself from that. I didn't want to carry out the exercise. I gave serious consideration to packing up and leaving when I heard that this was a possibility. I thought, 'Let somebody else do it'. Now a few things changed that. I thought, 'Well, the chances of those people who were going to be retrenched getting a better deal if I am around are greater', and that softened the effect and made me see the whole thing through. And also the fact that for me it was going to be a valuable experience, and if I was leaving the company it would also be like I was running away from my responsibilities. In some of the overseas companies, that actually happened. In Spain for instance, the manager said, 'Sorry, I'm packing and going, I am not going to handle this'."

Managers' feelings influenced their actions when finalising selection of affected personnel for whom they were responsible. In nearly all instances, special treatment or provision was made

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for employees where the retrenchment would have a high adverse impact. Extra payments, consulting the person's psychologist beforehand, providing extra training, and keeping the person on for an extra period of a few months, were all strategies adopted. A consequence of the manager's disagreement with the decision or coping with the moral issues is that some managers circumvent the process and either disregard or bend company rules. For instance:

"Some people came to us and said because of their financial situation they wanted to stay, some for the house bond, and they said, 'Until we are on our feet, we don't want to go'. We knew people who wanted to stay, and we knew the people who already had job offers who would not stay, and there were certain departments that had to close down. I can tell you now it was not a performance-based thing. We did not say, 'We need to keep the 40 best people', or a LIFO decision. It was a case of these people have approached us to stay and they will stay. We handled totally from a people point of view. We did not take the company into account at all, except for one or two key people."

"I inflated the salary increases in January. I would never normally have given these kinds of increases but I knew they were going to be retrenched. The packages that they then got would be increased and would carry them over until they had found another job."

Managers forced into the decision to determine employees to be retrenched often reconsider their relationship that they have with the organisation. This relationship reflects their own personalised contract with the organisation. The relationship changed as a consequence of the way the exercise was handled, and the way the manager is involved on a personal basis:

"We had always felt that the company was a people company, and it was. From the day the announcement was made they became an unpeople company, until the (*date*). So we felt let down by the company, we felt let down by our manager who was really not to blame."

"I was involved, I knew the guys from the top down, that just went 'zuck'. You understand what I am getting at? I've always been a team man, and we were one big team.... Hence why I say the lonely feeling."

"I just said, 'I'm not staying any more.' So ... I think another reason was the way they've done it, and I'm very honest about it. I think we lie too much to the people, and I think if we had a good reason in doing this, the way we've done it. I've got no problem if they shut this factory down because we've shut this factory down in '85 already. That's not the problem. I think we could have done it without retrenchment. I was totally against it."



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Curtis (1989) notes that centralised authority tends to serve a buffering role for the senior leadership in organisations when addressing retrenchment. Boundaries created by job levels within the organisation serve to distance top decision makers from those affected by their actions, and the socio-emotional consequences that can result from such contact. This view appeared valid for a number of the executives in the present study who made the decision to retrench and then allocated responsibility and decisions for implementation to subordinates. However, decision makers who carried their involvement into the planning stage became subjected to the same social and psychological dilemmas associated with identifying personnel to be retrenched as other managers closer to the workforce.

### **Disclosure Dilemma**

The policy of all organisations in the present sample was to proceed with the planning for the retrenchment on a confidential basis. However, during the period between the decision to retrench and the announcement, management is subjected to substantial pressure for disclosure. These pressures appear to increase as the planning progresses, and the organisational members become more and more aware that something is going to happen. Managers recognise that the decision on whether to reveal or conceal news of impending retrenchment is problematical. Hardy (1988), Hirschhorn (1983a) and Sutton (1988) all described common concerns identified by management, including fears that the notification would generate a panic response among staff, concern about increased staff anxiety, fears that motivation and productivity would plummet, worry about the possibilities of sabotage, and the fears of that key personnel would leave the organisation because of the uncertain conditions. The concerns of managers in the present study regarding disclosure were similar to these, particularly with respect to anxiety amongst organisational members and implications for morale and productivity. However, managers' concerns were not only about operational issues, they also related to implications for employees at a personal level. All these concerns led to increased pressure on managers during this period, for example:

"I know from a lot of managers they had many sleepless nights because they knew a couple of days before. They couldn't say anything until a certain point in time because the whole exercise needs to be coordinated, and the build-up to that is really tremendous pressure."

Besides organisational demands for confidentiality, during this phase managers are caught in a situation where it is often difficult to advise people of outcomes because of the unpredictability of the situation. Sutton (1988) points out that false hope about continued employment can hurt people because they may not try hard enough to find another job, and may harbour massive hostility against the decision makers who gave the false hope. In line

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with these concerns, it appears that managers are reluctant to predict what will happen to employees because if they do so and the predicted outcomes are wrong, it can cause substantial interpersonal conflict. For instance:

"To tell people what you think is going to happen may certainly be different from what might happen at the end. So, until such time as the final decision has been made and all the plans have been put together and the i's have been dotted and the t's crossed, it would have been futile to tell people what you know. It's just speculation, and in those circumstances it's better just to be quiet, keep on with the job and carry on."

The requirement of confidentiality means that managers have to continue to simulate normal operations in situations that they know are becoming increasingly inappropriate. In some cases, managers have to resort to what appear to be irrational blocking actions which are contrary to their conventional management activities. Other managers continue as though conditions are normal. Reactions of some participants which illustrate these conditions and the associated stress are given below:

"It was desperate. I didn't want people getting bonds for their houses, getting themselves into debt. So I kept refusing and the people thought me totally unreasonable. I was going against all normal procedures."

"Now the thing was that we weren't allowed to tell anyone. There was probably a handful of people in the whole company who knew that something was afoot. And that part for me was absolutely the worst experience. All the guys were talking to you, and you couldn't tell them. Some of the things that we were doing might be totally wasted, and you had to carry on as if nothing had happened. And that is tremendously stressful. You can't believe the amount of stress it puts on a person."

"Everything you do during that period is aimed at the retrenchment. It's very hard to do that and act normally. It's very hard to continue with projects that should be continued under those circumstances, when everything falls apart. Take recruitment: I had four people I had to recruit who I couldn't, but their managers were expecting to see people and interview people. I had advertised for a personnel person for myself, and I had to work through that because it was two weeks before the announcement date. So I had to interview those people and go back to them and say they were unsuccessful. What I actually wanted to say to them was that the job was falling away. And that's not the first time I have had to do something like that in this company, it's actually a common thing that happened many times before. A few months ago I recruited two secretaries, knowing they didn't have a job in two months. I had

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no option. It's not a new thing. But managers were expecting people this time and I had to advertise for them and delay it, so managers think you are ineffective but its not true. When I recruited the secretaries, I chose people who wouldn't be harmed by the job."

"There was one member of my staff who I thought was very stressed, and I knew that she wasn't going to be retrenched, and the only advice I could give to her was, 'You must live one day at a time.' There was no way we could reassure them, and I can't tell you how long that stretched out, it was about a month. And they said they can't sleep. And one passed up an opportunity of buying a house, and I knew she wasn't going to be retrenched, and she lost the opportunity and I couldn't tell her anything."

"I had to sit with people who I knew were not going to be here this time next year and discuss the plans that they were going to do for the next 12 months. That was unbelievable. I mean, that was terrible. "

As the planning progresses, the awareness amongst organisational members that something is in progress becomes greater as people recognise unusual behaviour or as information leaks out. Managers come under increasing direct pressure from personnel to disclose what is to occur or who is to be affected. In some of the organisations in the present study, the possibilities were being reported in the press, while management were attempting to maintain confidentiality. This causes increasing uncertainty within the organisation and leads to further pressure on managers, for instance:

"Rumours going around, and us not being able to ... we didn't tell any untruths. We just didn't disclose what was going to happen. You know, it hasn't been finalised yet. That was the structure. And they put a lot of pressure on the guys who knew, I'd say. On me. That was probably the thing that was ... I mean, before it all happened, the talking to people directly ... that was from my point of view the most difficult. Unhappy employees because they didn't know what was going on."

"It was painful knowing that this was going to happen long before and wait more months. It leaked out and there was a lack of trust among the employees. They said: 'You should either know about what is happening or you are just a useless person'. We came close to telling lies, and there was a stage when we said, 'Sorry, we know something was going to happen but we will make an announcement', and that led to more pressure. People were coming up and saying, 'Please, just tell me what is happening', and saying they wouldn't tell anybody. At the same time, we didn't know what form it was going to take, and we were going to board meetings, and people were saying: 'Don't be sure it

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is going to happen, it hasn't been through the Board yet.' And people were coming from the US to talk to us and work out a plan, and our plans were changing the whole time. That was the most frustrating thing. And it would have been much easier if we could just tell people what we are going to do, but we couldn't do that because there was a chance that it wasn't going to happen."

Responses by managers to direct requests for information from employees took three forms. These can be categorised as avoidance, misrepresentations, and telling them about the situation. Examples of avoidance were, for instance:

"I was hemmed in, in that I couldn't participate with people because it was a big hush-hush secret and D day was two days down the road."

"It became difficult because I was the middle man. I could never give straight answers. And to give answers at all was sometimes difficult, because the company itself didn't know what was going on."

"What I never did was lie to them. So I never said, 'All's well and don't worry about it', but at the same time I couldn't tell them what was going to happen."

Misrepresentation in some cases lead to managers lying to employees. Examples of this included:

"The hardest thing is not being able to tell anyone, particularly when people come to you and ask you questions and you have to lie. Lying to your own staff is particularly stressful. We had the added strain of being audited, and the auditors were going through the payroll and saying to the payroll clerk we need to work out a retrenchment cost for this Division. So she obviously worked out what was happening and asked direct questions, and we had to lie, we don't have an option. That was difficult."

"Some people asked me questions the next morning about why did I go to Head Office, and I couldn't say a word to them, and I was actually lying. That is very difficult."

An example of telling employees as a way of dealing with the situation is given below:

"I knew from the start that there was no question of my people staying, and I said that to them immediately I knew, after calling them in. Everybody thought I was mad to do that because that was early in the exercise. But the reason was that they had to be over the shock if they were to help the other people. There was a lot of a false sense of security, and I knew when the bomb hit the fan that there was going to be a lot of problems."

The secrecy of planning by senior management appears typical of declining organisations (Sutton, 1988). However, as noted by Sutton (1988) and reflected in the present study, it is

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difficult to conceal this process for significant periods of time. The demands on managers for disclosure increase substantially as employees become more aware of something in progress. This is particularly the case for less senior managers who are in direct contact with employees. Some managers in the present study saw this issue as being one of the most stressful aspects of the exercise. The relationship of the manager to employees becomes questioned, the manager's own credibility is cast into doubt, difficulties in managing the uncertainty within the company increase, and managers are placed into situations where personal values may be compromised. In addition, the refusal to disclose information to employees may constitute a further incidence of violating the psychological contract with employees. Despite all of these situations, there were only exceptional cases where managers disclosed any information, even in cases where they disagreed with the retrenchment. The perceived role of managers and their obligations to the organisation can therefore be seen to constitute a strong guiding influence in behaviour. Yet, some managers were unsure of what these strong forces were which bound them to maintain secrecy. One interview by the researcher with a manager who had been retrenched himself and showed anger over the decision demonstrated this:

Researcher: "What stopped you from turning around and telling them (*the employees*)?"

Manager: "It's an interesting question. It's a loyalty to the company. But why you have the loyalty to the company, I don't know."

Indications at this stage of the exercise appear to demonstrate that the contract between manager and organisation is exceptionally strong. This contract is reinforced by society in various ways, and can survive conflicts with social contracts at more personal levels, even in situations where the manager is under significant pressure.

### **Handling Union Demands**

Union negotiations bring a different context to the relationships within the organisation and to personal feelings within the retrenchment situation. In the management negotiating team, union tactics create tensions in relationships between managers as they attempt to define what they see as a suitable approach, for instance:

"While we were in negotiations, we would caucus as a team and everyone had their own opinion, and there was a lot of heated talk between us."

In some of the cases, the negotiations made the manager question his or her involvement relative to management and the team:

"It was very difficult for me to negotiate these things with the union, because I didn't believe in it."

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These dynamics reflect a level of tension in management teams that are involved in union negotiations.

At a personal level, managers' need for flexibility, the changes that negotiations can generate, and the disruption of well planned organisational procedures generate further pressure and increase frustration and stress levels. This is reflected in the comments of the two managers below:

"Having made the selection, into which a tremendous amount of thought went, and you could justify your argument against anybody, to have stupid arguments thrown at you by the unions, and to have to fight through these... it throws a well ordered plan out, and it meant constantly adjusting the plan to fit all the requirements."

"I tell you it's been a rough week: And it's going to be more difficult for me from the union's point in the factory, because there were no white people in the whole thing. We've got a scarce factor with artisans; in fact, we are still short of people. But the other guys didn't have the qualifications for the positions. It's going to be a 'moerse probleem'. The people from the one factory went on strike when our people went there, even though they belong to the same union. They had quite a few temporary people who had to make way for our permanent people, so they went on strike. A lot of the time its a no-win situation, you try your best to help them and something else happens. I think the unions' involvement nowadays compared to previously, puts a lot more stress on you, because of having a strike, and walkouts and so on. I suppose it doesn't really make a difference but it does cause a lot of stress. Also, if it were the people all by themselves, they probably would have accepted what was given to them without making a big fuss of it. With the union, it was a lot more painful."

Given the requirements of negotiations, the disruptions to plans, and the difficulties of interacting with unions, some of the managers found the negotiation period the most stressful part of the exercise. In these instances, stress was often reflected in emotions or frustrations which had to be controlled, due to the nature of the negotiation process:

"The stress peaks were the stating of the news to the trade union, just to see their reaction. Then the discussions with them."

"You do find you get involved with some pretty heavy union meetings and you've got to exercise self-restraint, but inside you tend to find you're dancing with fire which is trying to get out."

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Repeated experiences of retrenchment seems to generate changes in both the views of management and union personnel. For managers, previous experience generates a greater confidence in handling the negotiation process, as described by a participant:

"I have been through strikes in other sections, and I think it makes it a lot easier going into negotiations with the unions, because you feel confident that you can handle any situation that may arise. And I have seen a guy who goes in there and they think he is a little bit soft, they will not get to the point and they will go round and round, and eventually you have to go back to another meeting because you don't get any finality. They are past master of taking advantage of somebody they think may be a bit soft and let them get away with something. To me one of the biggest steps is getting past the union and working out what steps you are going to follow."

Unionised organisations progressing through retrenchment for the first time suffered from a range of strikes, workstoppages, overtime bans, and disruptive union tactics. These tactics possibly reflected the initial stages of a management/union power struggle and definition of the stakes inherent in the retrenchment process. With experience in negotiations over retrenchment, however, managers became increasingly comfortable with dealing with negotiations. Knowledge gained about the nature of negotiations, the predictability of the outcomes, and the skills learnt in the negotiation process provide managers with essential skills in dealing with the situation. Frequent interaction between management and union personnel may also lead to the development of a relationship which become progressively more cooperative, particularly where management and employees recognise that they are dealing with an organisation that is economically under siege.

## **ORGANISATIONAL PROCESS**

Harrison (1986) indicates that the experienced threat that results from peoples' awareness that an organisation is in decline is made worse by ambiguity about how management will respond to the decline. This also applies in situations where organisations are experiencing only turbulence and uncertainty. Such situations are likely to lead to increased sensitivity of employees to situations reflecting the possibilities of retrenchment. In an attempt to interpret what is going on around them, employees seek to deal with the uncertainty of limited information. As part of this process, rumours, speculative hunches, and anticipation over disconnected pieces of information occur (Isabella, 1990). This was evidenced in a number of the organisations, for instance:

"Obviously the people working in the company realised something had to happen with the substantial losses of turnover that I talked about. This,

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coupled with the press reports, generated an tremendous amount of insecurity. I think everybody expected that some form of retrenchment would take place." "And all of a sudden senior members of (*company name*) were turning up in exotic cars. So the rumours started. The rumours persisted for about two weeks. It was a bit like a pot--a pressure cooker--building up. You know, the pressure was building up. "

Given the amount of study and discussion that usually takes place in preparation for retrenchment, Bunning (1990) points out that information on the planned retrenchment exercise will often seep into the organisational grapevine; consequently, gossip about the retrenchment will undoubtedly circulate throughout the organisation for some time before the final decision is made. Rumours were one of the most consistent problems experienced in organisations covered in the present study. Nearly all managers commented on the type of problems involved, for instance:

"And then the rumours start going around, and that is probably the most difficult time, before an official announcement was made. And senior management did not possibly realise the needs or the necessity to move fast." "The people were concerned. They knew there was retrenchment coming up. The morale of the staff in the store was also down and then you had that pressure of trying to do your work in terms of retrenchment packages and, on the other hand, trying to keep the morale and keep business going. Everyone started looking for jobs, started questioning, there was a lot of talk on the floor. There still is today."

It is these dynamics that often force managers into the "revealing versus concealing" dilemma (Sutton, 1988) where they must determine how much to tell employees during the planning of the retrenchment.

Despite the recommendations by a number of authors (Bunning, 1990; Hirschhorn, 1983b; Schweiger et al., 1987) for open communication channels and information sharing on potential retrenchment conditions, the centralisation of authority and the emphasis on confidentiality which characterises this phase of the retrenchment mitigates against disclosure. Also, many managers are reluctant to communicate to employees during the early planning stage because they are either too busy dealing with the broader issues of the exercise, unsure of what to communicate, or not involved enough themselves in the key decision making processes and consequently not informed enough to know what the future will look like (Schweiger et al., 1987). Even where managers are aware of the key issues and can provide information, they face the concern that they will panic their staff by any announcements and create new and additional management problems. As Hirschhorn



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(1983b) points out, they will then have to manage increased staff anxiety, just when they are trying to minimise their own. Managers in the present sample almost consistently adopted the "concealing" approach, often at the direction of their superiors. While the approach of non-disclosure can prevent information on the retrenchment being released, there is no guarantee of this. In some companies rumours among employees closely paralleled what was going to happen:

"Rumours were rife. Every hour somebody would come and say, 'Have you heard the latest?' Everybody had heard this and that. In the end the grapevine was pretty accurate, amazingly so."

"The people who were supposed to go in the figures that were quoted (*in the community*) were so accurate that it was clearly a very good source. At one stage I had more information from my wife than she heard from me. And it was a double check that the sources she got the information from was the same as mine, because her figures tied in with mine."

In organisations where there was efficient restriction of information disclosure, this still did not ensure that problems would not occur. In the vacuum created by the lack of information, people will develop and spread rumours in an attempt to structure uncertainty when official channels do not provide sufficient information about matters of common concern (Rosnow & Fine, 1976). The development of rumours is seen to provide a direction for people's fear; they can mobilise to fight something specific, and the sharing of concerns expressed in rumours binds people together, because in sharing the people feel less isolated (Hirschhorn, 1983d). However, in a number of organisations the rumours that were generated did not correctly reflect what was occurring and this had damaging consequences within the organisation, as seen in the following comments of managers:

"Rumours were rife before we made the announcement, that (*name of company*) was buying the whole company, that we were disinvesting, the whole thing, which obviously wasn't the case and it created a lot of unnecessary feelings. "

"The timing for me was too protracted, it should have been boom boom boom. Because it gave people time to start mulling over this, they became negative, they started assuming things were going to happen and that they would be treated in this way or whatever, and it made it very difficult. "

Rumour generation, whether accurate or not, had negative consequences for organisations where they occurred. Difficulties with morale among employees was characteristic of these situations:

"And motivation, people's attitudes towards one another, it just caused overall

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chaos as far as that type of thing was concerned.... In the sales environment, once you've got rumours flying around, you have demotivation, and that is absolutely lethal to any ... deadly, it causes absolute chaos."

"There was no clarity for a couple of weeks, and a many of us went to see IR lawyers to find out what our position was. The company kept saying, issuing us with pieces of paper which said nothing. So you had a number of people who were concerned about their own livelihood who were being kept misinformed. I believe that nobody had the slightest idea of what we were going to do, so we busked it."

In addition to the generation of rumours, diffuse undifferentiated aggression and anger often accompany the potential threat to structures in organisations on which employees rely for their identity and income. Employees' feelings of persecution and punishment can often be projected onto managers as the perceived leaders, with emotional reactions being directed at managers (Krantz, 1988). Besides blame being directed at managers, Curtis (1989) notes that employees may experience a distrust of managers, even in conditions designed to ameliorate the shocks of the crises. In the present sample, employees' distrust of management actions tended to be directed towards the top management structure rather than to their immediate managers. However, communication breakdowns did occur as employees became centred around the rumour process where they had no input from managers, for instance:

"We didn't have any emotional outbursts. What we did have was a lot of people who weren't as open as they could have been. Obviously there were a lot of rumours. What I found disconcerting was that our people in the field were listening to rumours and they weren't querying them with us. We found out after a while and then collected them. Maybe it would have been better if we had the emotional outbursts, because we could then have controlled it and sorted it out there and then."

Managers therefore need both to manage the rumour process, and ensure that relations within the organisation are not detrimentally affected during this phase of the retrenchment exercise. Hirschhorn (1983d) points out that managers can create a climate of information sharing that discourages rumours, by structuring uncertainty, producing credibility, and enabling people to explore both individual and organisational futures creatively. For this to occur, however, there needs to be a major shift in the way that top management view and approach retrenchment planning. Current approaches which emphasise centralised control, restrictive disclosure, and secretive planning, tend to generate conditions which adversely affect the organisation in a number of ways during this phase of retrenchment.

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The design and planning phase of retrenchment creates the context for the rest of the retrenchment process. During this phase, the manner in which the retrenchment will affect the organisation is determined, approaches to conducting the exercise are structured, and procedures which guide practical administration of the retrenchment are initiated. Although the phase focuses on the implementation of procedural and administrative steps which address the objectives of the retrenchment decision, substantial interpersonal dynamics exist among managers which guide decisions and reactions during this phase. Further, the reactions of organisational members to the situation can influence managers' views, and increase the stress of the experience. The process continues with the move into the announcement phase of the retrenchment process, discussed in Chapter 6, where the actual retrenchment of personnel is implemented and takes effect.

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## **CHAPTER SIX**

### **PHASE THREE OF RETRENCHMENT: ANNOUNCEMENT**

The announcement phase of the retrenchment process reflects a shift from general strategic and operational concerns to the personalised implementation of the retrenchment exercise. Managers, for the first time, focus on and interact with individual employees on the issue of retrenchment, culminating in the direct notification of retrenchment to the personnel affected. Managers are very conscious that the announcement to affected employees often reflects their primary role in the exercise. Over 50% of the present sample felt that primary organisational expectations focused on the enactment of the retrenchment. This was reflected in the incomplete sentences exercise where typical organisational expectations were described as: "telling and supporting those concerned", "being the communicator", "to plan and implement", "the doer".

Management action during this phase is far less defined than in previous phases. The strategic, legal and procedural guidelines for action prior to the announcement focus largely on planning, selection of affected areas and people, and methods of going about the exercise. However, the literature markedly lacks comment on managerial skills needed to handle the announcement. Available literature on the area limits itself to formal administrative aspects of the announcement procedures (e.g., pay, benefits, and retrenchment conditions), measures to preserve the organisational image (e.g., providing a statement expressing concern for the employee, giving reasons, and stating that the retrenchment was unavoidable), and minimising the impact of the retrenchment on employees (e.g., saying employees must be treated with dignity and support) ( Appelbaum et al., 1987; Bunning, 1990; Gilmore & Hirschhorn, 1984; Leana & Feldman, 1989). Similarly, measures suggested for interviews tend to address issues allowing standardisation of treatment and avoidance of legal and industrial relations issues (Jesseph, 1989; Rothman, 1989). Counselling or assistance during the interview itself is generally ignored, with these aspects being seen as part of an outplacement programme conducted by either human resource personnel or consultants. This formalisation and lack of integration is possibly responsible for many employees having complained about the harsh way in which retrenchment interviews have been carried out (Schweiger, Ivancevich & Power, 1987).

The views of managers in the present study tended to show the same lack of definition of organisational responsibilities and behaviours regarding the announcement as reflected in the literature. Despite the organisational expectation that they were responsible for this key

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element of the exercise, few managers were aware of specific responsibilities or actions that they could take. The reactions of managers given below typify this:

"But I had no time to prepare myself. The difficult part was that we didn't really know what to plan for."

"Personally, there is nobody who I know of, and I know just about everybody here, who was positioned to tell other people to go. One of the reasons it took so long was that people didn't know how to do it, so they avoided it."

Elements of structured or spontaneous behaviour and task requirements that occurred in the present study highlighted three main stages that occurred during the announcement phase. These are shown below:



## FORMAL PROCESS

### Logistical Arrangements

If the selection criteria and operational requirements are relatively simple to determine, the finalising of which employees are to be retrenched may be done prior to briefing organisational members of the intention to retrench. However, most organisations have to deal with more complex issues relating to how they can ensure human resources are matched to organisational requirements, legal criteria are met, and the retrenchment is cost-effective. Related to these are organisational responsibilities to examine other methods of removing personnel from the organisation, apart from forced retrenchment. These have to be attempted before finalising the list of candidates to be announced. Voluntary retrenchment, offers of relocation or repositioning, other alternatives to enforced retrenchment, and voluntary turnover will all impact on the final list of candidates after management have briefed the intention to retrench.

"We had a preliminary list to which we said, 'This is a list of people that are placed into positions'. Then there was another list which became more firm with time. But the first list that came out said, 'A list of people not yet accommodated'. This was before taking into account early retirement, transfers to other companies, voluntary vacancies."

"We withheld the letter for a whole week, because during that period we had

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volunteers coming forward and we were juggling. And the union became lively again and started bringing up objections."

Finalisation of the list of employees to be retrenched is therefore the initial part of arranging the logistical requirements for the exercise. This occurred in 13 of the 16 organisations in the present sample, with two of the exceptions being small companies and the other not providing alternatives to retrenchment for any employees. Similar delays in finalisation of candidates have been noted by Harrison (1986), with voluntary retrenchment and operational requirements being major influences in this regard.

Subsequent to the identification of the final retrenchment list, the remuneration and retrenchment packages of personnel must be arranged. These details are required as part of the termination of the employees' service, as well as for the interview itself. These initial preparations form an essential part of the interview itself, as reflected by a comment by one of the managers:

"When one is putting options to a person you need facts and figures. It's no good saying, 'Look if you take the retrenchment package, you'll get one month's pay, plus your leave pay, plus the week for every year of service up to 8 years..., plus your pension fund contributions doubled, plus interest', if you haven't got the figures."

Further details required, which were indicated by managers, included arrangements for the unemployment insurance fund, places where retrenched employees could go with queries, letters of reference, and outplacement opportunities and facilities. It was the human resource managers who had the primary responsibility for obtaining and preparing the information on retrenched employees. As a result, the human resource managers came under significant work overloads during this period. One of the consequences of the high involvement in preparing administrative details under pressure is that many of these managers begin to depersonalise the issues involved. For example:

"What I find in these exercises is that there's a fairly rapid build-up. And the amount of paperwork or the amount of information that has to be put together. ... You don't tend to think about--well, I don't on a personal basis--the negatives or the pros and cons. It comes down to the cold fact that something's got to be done, and like it or not, it gets done. And there's been so many other issues floating--so many things that have to be done from a personnel point of view--that it's just another part of the job. Sounds a bit cold and clinical, but that's the way it is."

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Human resource managers are required to handle both supportive roles for other managers, organise such arrangements as outplacement functions, and generate necessary package statistics and payments for retrenched employees. In addition to this, they must also cope with their experiences in retrenching their own staff and organising their department. These factors indicate that this managerial population may suffer from particularly acute stress symptoms during this stage of the retrenchment. Further, the present study provided indications, like the example above, where the process of retrenchment may have caused human resource managers to depersonalise their actions to a greater degree than did other managers.

The interval between the briefing of the intention to retrench and the announcement to affected employees is, to a large extent, determined by the logistical requirements of the exercise. In cases where this time period becomes extended, the potential for difficulties in the exercise is significantly increased. Employees, in particular, are concerned during this time and this, in turn, can significantly increase stress on managers (these are discussed in more depth when reviewing the managerial and organisational levels of the retrenchment process). Rapid confirmation of who is to go and which personnel will be staying with the company is seen in both the literature and by the managers in the present sample to be essential (Bunning, 1990; Gilmore & Hirschhorn, 1984).

In the literature a strong emphasis has been placed on handling retrenchment through the use of guidelines which provide a standard approach to employees to be terminated. Rothman (1989) for example, notes that retrenchment must be handled in a consistent manner, ensuring that the treatment of employees has followed procedures, policy statements, or collective bargaining agreements. He points out that failure to do this can result in adverse legal or industrial relations responses. Similarly, there are other calls that managers should follow a detailed script so that employees receive a consistent message (Bunning, 1990). In the present study, the development of such guidelines was seen as an important component in how managers were to handle the announcement, for instance:

"There was a guideline to follow (a report) which looked at options for them, etc. Another form then confirmed the outcome. My personnel manager and I discussed each case and we sat in together with the line manager concerned and went through the steps."

However, Behn (1988) emphasises that managers who want to sustain the support of employees have to demonstrate that they understand the hardships that retrenchment imposes on people. He indicates that managers must demonstrate that they recognise the human problems caused by retrenchment and that they truly sympathize with the plight of the members of their organisations. In cases where guidelines or training are provided for

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managers in their conduct of retrenchment, they are often limited only to the legal and procedural implications of separation. Most fail to address the underlying intrapersonal and interpersonal issues that these situations create (Rothman, 1989). Consequently, in these conditions managers often tend to adopt only formal approaches to retrenchment, rather than also taking informal dynamics into consideration. This approach is exaggerated by the emphasis on formal procedures, for example, as one participant pointed out:

"The policy is useful in a sense that it depersonalises everything, and in your particular issue it gives the way it is done."

Policy guidelines need to pay attention to enhanced communications, including extra training and information for the managers and supervisors who will be dealing with the affected personnel (Bunning, 1990). Gilmore and Hirschhorn (1984) suggest that training address the psychology of termination, as well as details on the strategic rationale: what was being done, why, and what resources were available. This is reflected in the needs of many of the managers in the study:

"There were guidelines as to how we should do it. I felt they were a little superficial because we were dealing with people and their lives. I think I certainly could have done with more guidance from very experienced people ... and perhaps a couple of role play situations or something. Look, it seems silly. I mean, we were only two people, but it's the first time I've done this and it's people's lives."

"From the point of view of the way it was handled, if you like from the human point of view--look, I don't mind saying it, because we got rid of the people concerned--I think it was a fuck-up."

Despite the formal nature of the guidelines, managers adopted various positions in using them. Many of the managers followed the guidelines in a very literal fashion, resulting in a bureaucratic approach to the announcement interview. However, this need not necessarily be the case. Alternative approaches were used in some instances, with benefits to the human component of the exercise:

"My concept, and my perception of myself, was that I genuinely do care about the people, and if I have to make a decision between the company and the person, I'm choosing for the person because the company can afford it, the person can't. The company lays down its policy of, 'We care for our people', so I jump on that and say, 'Right, I'm going to stretch this to its ultimate'. ... The interpretation, my values in terms of how far you can stretch. You have the retrenchment procedure which is laid down, 'These are the conditions you review and these are the steps you follow'. The interpretation of those



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conditions becomes a matter of personal values."

The manager plays a key part in how these guidelines are interpreted and implemented. However, either in a prescribed context or in the interpreted context, the guidelines provide managers with the basic framework which will determine their approaches and behaviours during the retrenchment announcement. Preparation of managers in South Africa does not appear to be as extensive as for those in the United States (see Harrison, 1986). Managers in both the present study and previous local research have called for more extensive input on the handling of retrenchment and suitable training (Donald et al., 1986). With continuing retrenchment and a growing acknowledgement of its detrimental impact, it is likely that the provision of guidelines and training will become a more substantial part of the retrenchment process.

### **Preparation for Announcement**

Guidelines provide a structured outline on approaching the retrenchment. Once this is assimilated, managers focus more on anticipating what will occur, and how to handle formal queries and the interpersonal demands of the exercise, for instance:

"I call the line manager in before the interview and go over the process I am going to use. I also discuss what response one could expect from the individual and how they should try and respond or not respond. So I don't go into it cold. You have to do quite a lot of preparatory work."

The anticipation of questions and queries is seen as a key part of the preparation stage. By anticipating such questions, the manager will not be caught off guard (Rothman, 1989). Previous research shows that attention to this area is common. For example, Gilmore and Hirschhorn (1984) note that one human resources department developed a list of questions that managers could anticipate from those being terminated, with sample responses. By deliberately trying to prepare managers for the worst case, they provided a floor to their anxiety. The development of questions in anticipation of issues appeared to be an effective technique in preparing managers in the present study, for instance:

"We obviously went through any problems that could arise etc., and we actually worked out what we would do if the problem did arise, and we also worked out as far as possible how to avoid the problems. In other words, how to overcome the problems before they did arise. So we tried not to let any problems arise.... We asked them to be critical specifically. We said, 'What do you think the problems are going to be? How would you respond and what do you think the problems would be, and how do you think other people would

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respond to them.' So we tried to--once we had gone through the thinking if you like--we brought in some other people and said, 'OK, lets use you as a sounding board'."

Anticipation goes beyond what questions may be asked. It also addresses the potential emotional responses that may occur in the interview and how these would be handled (Whyte, 1982). This includes considering the people involved and working out typical behavioural reactions that may be expected. This was commonplace among managers in the study:

"Obviously I'd thought about each person before I spoke to them."

"Concerns were that obviously there would be an emotional reaction.... I think I had one or two. But I think we expected that people would be emotional."

Although some anticipation of potential difficulties is important for the preparation of managers, whether done formally or informally, it is also important to note that excessive structuring of responses may limit the flexibility of managers and create its own difficulties. One of the managers warned of this occurring:

"To be honest--you play like a chess game in your head. What if? You know? And then you're sort of plotting three moves ahead. But I really think you can actually overkill that planning stage because, when it comes to it, it probably comes better from the heart than from following a strict format. But I would like to know that I have a backing."

The final step of preparation involves determining and rehearsing what the manager will say to the employee. Rothman (1989) stresses the importance of this in the context that many employers have been caught making racist, sexist, or age-related remarks which have industrial or legal implications. Consequently, in his opinion, preparation can have a significant impact on how the terminated employee responds during the interview process. For managers in the present study, however, the emphasis was not on legal criteria or industrial relations but on interpersonal matters and factors related to the package. As one of them said:

"The uppermost thing in my mind was actually how I'm going to put it to them. Which was a big worry to me."

Most managers engage in extensive formal preparation of some kind. This is usually done in conjunction with the human resource manager, for instance:

"The day before, we did a run down with the personnel manager as to who we would see first, and how we were going to see the people--dependent upon whether they chose retrenchment or alternatives, as this might affect the next person we were seeing. I also thought about what I was going to say and that

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my points were clear."

This formal rehearsal tends to be supplemented by informal preparation by individual managers according to their personal concerns and styles. The use of rehearsal tended to calm managers and make them more confident of handling the interview. Such rehearsal of events has been shown in various cases to aid performance in stressful situations (Goldstein & Sorcher, 1982). The rehearsal also allows managers to pull the differing aspects of preparation together, so they are ready to go into the announcement situation. One of the managers summed up the preparation process as follows:

"The planning and the groundwork is important. If you don't do that, then you're making your own life difficult. And you've got to do your homework. And you've got to be prepared. And you need to have all the facts and the figures and the numbers up front. So, as long as you do the donkey work ... Whatever way you do it, there is no nice way of retrenching people, no matter how well it is done. You can just make it easier for yourself and for everybody by having it all well prepared. And before you go into that type of meeting, know exactly what you're going to say and how you're going to handle the situation."

Where there was a lack of effective preparation and little opportunity for rehearsal, this increased pressure on managers and was seen as dysfunctional in the handling of the retrenchment for all parties. The case of the manager below reflects such a situation:

"The worst part was not knowing what had happened but having to tell people what had happened. In a lot of instances I was talking about things I knew nothing about. I was told bits and pieces, and I must be honest, this whole process I wasn't prepared for, I don't think I had more than an hour with my own manager hearing about it. I didn't have time to prepare myself. Everything was left until the last minute. I didn't know I had to do my own people until the day before. That was the most difficult, not having the information, not being part of the process to get the information."

## **Announcement**

A variety of methods has been used by managers to notify employees that they have been retrenched (Bunning, 1990; Donald et al., 1986). These methods include:

- Formal letter delivered through a conveying system (e.g., company messenger or payroll);
- Formal letter given personally;
- Group briefing with written confirmation;

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- Formal personal interview (covers only notification and conditions of package);
  - In-depth interview covering formal conditions and providing counselling;
  - Informal interview covering notification and providing counselling.

These methods are characterised by varying degrees of interpersonal contact by managers, from the total avoidance of personal contact to empathic and in-depth personal involvement. Although one can understand avoidance behaviour as part of the coping styles of managers (Donald, 1986), it is not seen as the appropriate managerial response to retrenchment. It is part of the responsibility of a manager to get involved on a personal level, acknowledging the feelings of all concerned with a more appropriate and humane response (Guinn, 1988). Similarly, Leana and Feldman (1989) point out that if retrenched employees are to be provided with dignity and support, they should be given the news in person and by people they know, not via mail from managers they have never heard of. Whyte (1982) points out that dealing with the employees in person treats them with the dignity they deserve and gives them a chance to direct their anger at a real person, instead of just a faceless corporation. Respecting the feelings and confusion of employees is perhaps the most important part of terminating employees as smoothly as possible (Whyte, 1982).

The present study sampled only managers who had interacted on a personal basis with their employees. Research by Donald (1986) has shown this to be the typical method of retrenching, although less personal forms are often used in mass retrenchment of "blue collar" personnel. Although some of the initial briefings on what was happening were done through group sessions, retrenchment notification in the present study generally took place through "one-on-one" interviews ( $n=40$ ), although 10 interviews included both the manager and either a superior, subordinate, or personnel manager. The views of managers strongly supported the views expressed in the literature, that personalised interviews were necessary, for instance:

"You actually take people's lives in your hands and you are here to do that. It's a hell of a responsibility. "

"I thought to myself, 'No, it would be totally unfair to get a group of 30 people together, hand out letters and say goodbye and you are sorry it has to happen'. I felt that it was only fair to speak to them as people and individuals, listen to them and answer their questions, and if they say, 'Why me and not that person?' be prepared to answer that question. And I felt in the long run that it was better that way. I would still have done it on a person-to-person basis, rather than a mass meeting process."

Group notification of retrenchment can lead to negative repercussions such as conflict and mass action (Whyte, 1982). Consequently, individual interviews are favoured by managers, not only for their personal orientation, but also for the extent of control that the manager has

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over the work situation, for example:

"To talk to a crowd is very different to talking to a person. You can be more sympathetic. You can be understanding. With a group you have to be very clear. And that's why I'm saying group talking is very, very, very, very ... I would never do it. I would never do it. I would feedback in a group basis, but I will not talk to a group, because talking to a group means that you've got 10 different views, and everyone tries to fight. Anyone tries to get a question. Anyone wants to now settle you quickly on the spot. Cross-question you."

"(*The General Manager*) wanted to actually interview the people with him present, me present, and the Personnel Manager present, and I didn't want to do that. One, because I feel from their point of view, they've got this bank of people looking at them and saying, 'Hey, you haven't got a job any more,' and it's very frightening, I think. And the second point of view is purely selfish--I don't think I could have put it across properly with (*the General Manager*) being there. She (*the retrenchee*) reports to me. It's not (*the General Manager's*) place to be there. He would actually intimidate me. So I agreed to having (*the Personnel Manager*) there, just purely as a--I don't know--like a, maybe a moral support for her because she represents the Personnel function."

Although the use of group situations was disliked, at times it was recognised by some managers as necessary in situations where large numbers are involved, and when there is limited time available in which to notify all affected personnel. Participant observations in this respect included comments such as:

"In this area, because of what happened here, it was easy. But in other areas where there were problems, it must have been very difficult. To be given a pile of letters for your 40 staff and to call them in one-by-one and explain why he can and you can't go couldn't have been fun. I don't think they really had time to prepare themselves for all those letters."

"I must say that when you are talking such big numbers, 40 to 45 and more to come, you don't get involved with individuals."

The formal components of the interviews contained a number of common elements. These were generally similar to procedural approaches outlined by Rothman (1989). They included managers commenting sequentially on the following issues:

- The organisation was in a situation necessitating the retrenchment of staff;
- The fact that the employee is retrenched;
- The nature of the severance package, pension, and other benefits;
- The provision of outplacement support or facilities (where present).

Managers in the present study, as well as in previous research (Donald, 1986), have

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consistently followed the above interview elements as a framework to use in dealing with the retrenchment announcement. However, formal assistance within the announcement interview itself has been limited. Such a framework does not provide managers with the means to deal with dynamics that deviate from those expected, it does not facilitate informal interaction in the interview situation, and it fails to assist managers to deal with personal demands and counselling conditions within the announcement interview. These dynamics are all addressed at the level of managerial dynamics and are discussed in more depth in the following section which examines the managerial level of the process.

## **MANAGERIAL PROCESS**

The manager is directly involved, on a personal basis, and as an interactive participant in the retrenchment process. This involvement is different to that of the formal process which directs itself at organisational structure and procedural steps. As in the other phases, managers bring their own needs, concerns, experiences, abilities, and values into the announcement phase. These factors influence the way the formal approach to the announcement is operationalised, as well as contributing unique conditions to the retrenchment process as a whole. Thus, the formal stages of developing logistical arrangements, preparing for the announcement, and announcing the retrenchment develop in conjunction with managerial dynamics within the retrenchment process. However, unlike the formal level, the process that occurs needs to be dealt with internally by managers, as well as being reflected in external action. Consequently, the complexity of managerial involvement in the process appears greater than developments at the formal level. This occurs from the beginning of the announcement phase, where the personal reactions of managers initiate and influence the initial development of logistical arrangements for the announcement.

### **Personal Reactions of Managers**

The organisation's confirmation in the briefing that it intends to retrench brings anticipatory speculation to an end. Now personally aware that something is going to change, managers will search for reasonable explanations of those changes to come (Isabella, 1990). In cases where the manager was directly involved in the strategic or operational planning process, the uncertainty is reduced and the managers are relatively clear about their own and the organisational position. However, for managers who have not been exposed to clear and relevant communication of what the retrenchment will involve, the briefing represents a potential threat. Managers share the reaction of the workforce described as one of shock, lowered morale, fear for the future and fear the possibility of themselves being retrenched (Chell, 1985; Rothman, 1989). This was illustrated in the present study by a wide range of

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managers comments, including:

"I think initially, everyone became very conscious of their job. Immediately you feel you have to fight for what you've got, to prove that you are required."

"I wasn't thinking, 'Hell! I am going to have to face a staff member and tell him he hasn't got a job in two month's time'. I didn't think about that.

Probably because I was worried about my own position."

"It was terrible. In the first place, you were uncertain yourself, would you have a job? How would this thing affect your career?"

"My reaction was, I thought, 'Well, shit, am I going to have a job?' Serious. It bugged me for a day, and I went and spoke to (*the MD*), put my cards on the table, and he was very sympathetic. 'You're cutting people. I've just joined. Are you just going to come along in a week's time and tell me I haven't got a job? What the hell is happening?'"

Where managers cannot immediately clarify their own job security, many begin considering alternative options to remaining with the company. This may include reviewing their skills and marketability and taking steps to test out job prospects. Alternative options represent a source of backup and support to the manager, and reduce the uncertainty and insecurity about the future inherent in the possibility of being retrenched. The following comment of a manager illustrates the situation:

"The initial impact was, 'Hell, I might be without a job', and I felt very insecure. I went to agencies, and said there would be a possibility, and the agencies immediately realised that there would be possibilities and people to sell. I put my CV together, and early on went to a couple of interviews. I don't regret having done that because at least I knew what was going to happen."

Managers increasingly question whether they should remain with the organisation as placement agencies target what they perceive are capable managers in an insecure environment and the options to move to other organisations are opened up (Kiechel, 1985). Consequently, the potential for the organisation to lose essential staff is high, following the initial announcement. For example:

"I personally received five job offers over the phone without approaching anyone and that was not unique.... 90% of our people found other jobs. I had verbally accepted another offer."

In addition to the position of insecurity, managers may experience concerns about the retrenchment exercise, even when they know they will not be retrenched themselves. Retrenchment often affects the material conditions of service, due to the reallocation of resources, downsizing, and, in the case of managers who are remunerated on a commission

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basis, the extent of income. For some managers, this is perceived as a threat to their personal circumstances and it can elicit extremely negative reaction, for instance:

"I thought, 'Bugger you guys. You're really trying to screw me. I feel as though I'm being screwed. Therefore I'm going to go as far as I possibly can to screw you back again.' I think it's a natural human reaction to feel something like that. And one has to actually sort of sit down and think to yourself, 'Now hold on, wait a bit. Don't be irrational about this. Put it into perspective.' People do tend to become over-emotional about it."

"So we felt let down by the company. We felt let down by our manager who was really not to blame. We in management meetings, had many shouting matches with him, where he was trying to stick up for the company. He kept his company hat on."

In one case in the present study, a manager perceived the retrenchment of staff to be so prejudicial to the commission which he earned that he brought legal action against the organisation, in order to be retrenched himself.

For managers who knew that they were to be retrenched themselves, the characteristic response was one of anger or hostility towards the organisation. These feelings are consistent with those described by Leana and Feldman (1989) for laid off managers and workers.

Typical reactions included the following:

"You are very angry, you know it is no reflection on your own ability. I had just been promoted, and I hadn't had the chance to prove myself, and that was frustrating."

"I was one of the awkward squad. I believed we had a bunch of thugs and crooks running the organisation and it turned out to be true."

"The personal reaction overruled everything. Emotions probably went from frustration, to anger, to an opportunism that if these buggers don't want it, I do because I know that I can make it work. If they are so stupid that they want to give it away, then I will gladly pick it up and run with it."

Besides the personal reactions of managers to the briefing of the intention to retrench, managers also perceive the situation as members of an employee group within the organisation. This causes some of the managers to perceive themselves, not only as responsible for employees under them, but also to identify with the interests and orientation of employees as an affected group. In instances of retrenchment, it appears that some managers will want to disassociate themselves from the company action and align themselves with the employees. It appears particularly prevalent in the case where managers disagree about the way in which the retrenchment is being handled (Gilmore & Hirschhorn, 1984). In



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extreme cases, the reactions of these managers can involve voluntary termination from the company. There were such instances in four of the organisations in the present study. The way some of the managers perceived their situations is described in their own words below:

"You want to establish your own relationships and credibility and suddenly you are forced into an exercise which is counting against your attempts to establish yourself. I think that's a very real perspective. And as a result of that two of our senior managers left."

"Strangely, some of the managers who have been offered jobs have opted for retrenchment. I think for that reason, to be in the same boat as their people."

The termination of service of the above managers seems to be linked not only to value systems but also to the nature of the psychological contract between manager and employees. Where managers feel they have no control over how the contract is broken, they may attempt to preserve the nature of the contract by showing support for employees, or alternatively indicating that their value system is not congruent with that of the organisation. Similar incidents of managers voluntarily leaving organisations have been recorded by Schweiger et al. (1987). Further, it appears that such managers are unwilling to enter into the newly defined role of terminating members of staff that becomes prescribed by the organisation. As is evidenced later in this section, managers who conduct the exercise experience either significant cognitive dissonance in going ahead with the exercise, or they suppress elements of their current roles and move into a role redefined by the organisational demand to retrench employees.

### **Managing Employee Uncertainty**

Between the initial briefing of the intention to retrench and the finalisation of the list of affected persons, a high degree of insecurity and need for information exists amongst employees within the organisation (Schweiger et al., 1987). Insecurity and uncertainty, combined with a potential loss of employment and a sense of failure, can generate a regression in work group functioning and performance (Krantz, 1988). Managers therefore have the difficult job of helping to moderate those affective states among employees that are detrimental to the group's capacity to work, and channelling the potentially constructive ones.

Hirschhorn (1983d) notes that people need structure in order to contain their anxieties and that uncertainty can be clarified through discussion. Without an understanding of the underlying reasons for the retrenchment, employees tend to feel at risk of some random process (Gilmore & Hirschhorn, 1984). Consequently, employees attempt to clarify the rationale for being affected. Schweiger et al. (1987) report that employee rankings of

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effective managers in termination situations were strongly influenced by the provision of accurate and honest information; specifically, it was reported that effective managers gave as much detail as they could about future events and made it clear when they did not know what was going to happen. According to Kiechel (1985), communication is the only effective management antidote to employee uncertainty. Key activities in this communication are to clarify the direction of where the company is going and provide a source of information to alleviate employee anxiety. Employees in the present study gravitated to managers who could act as sources of information in situations characterised by uncertainty and insecurity:

"I always got them together in a group. What happened was quite funny, because my group got bigger. Some of the other managers weren't communicating. Even if there was nothing to communicate, or even to say, 'This is the rumour, I've tried to check it out but got nothing', or 'This is the rumour, I've checked it out and its garbage', I got people together formally or informally. As information was coming through, I had three meetings on some days, I said, 'I've got some information'. Stop the rumours, stop the concern, you have to do that. Every time after a meeting I said, 'If anybody wants to talk to me one-on-one, I'm at my desk'. And there would be streams of people coming in and saying, 'What of this, and what of that?'"

Ineffective planning and poor communication during this phase often restricts the ability of managers to reduce uncertainty among employees within the organisation. Managers often find themselves operating in a vacuum with inadequate executive management support, for example:

"Lack of communication from the top, lack of direction, lack of thought, lack of concern--and I use that word strongly, that's not meant to be lightly used. They lacked concern, they were not worried, and I'm talking senior people. My boss was concerned, but he was not concerned, didn't worry. There is no way a managing director can go on leave in the middle of a retrenchment exercise; he went on leave. I don't care if it was Christmas, Easter, he shouldn't have gone on leave. He should have been here to answer the queries, to give direction, to get some plans in place. You can't do that. Lack of concern, lack of communication was the most difficult thing to handle. We could not answer half the questions, and we didn't get any answers, and there was not direction, and there was no timing either, it was so slow."

In these situations, employee anxiety is significantly increased and managers are called on to handle the heightened emotions and uncertainty of employees. For instance:

"I've got a person working for me who has been with the company for 31 years. He is 49 and joined the company when he was 18. What is he going to

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do? He's not going to find a job, he's an administrator. He didn't sleep for six weeks because the company didn't let him know what was going on. On (*date*), when the retrenchment was briefed, he felt, 'I have to be one of them. What am I going to do?' and they didn't let him know for six weeks. You can't do that to people, you can't do it to people. So, if you are asking me how it was handled, it was handled very badly. There was no communication. There was no forethought into what was announced. They did not understand the impact."

"You had people coming to you, like my secretary for instance. She had been with the company for 20 years, and she came to my office and she was crying saying, 'What do I do? What am I going to do for the future? I need the money. I'm not going to get a job'. I had to handle situations I had never handled before. It was an emotional experience for the managers as well."

The inability to convey information is seen by managers as contrary to their established organisational role and to reflect inadequate access to the source of decision making and information. Consequently, the image and credibility of managers who are unable to inform employees is detrimentally affected. Managers felt that they could not fulfill an essential part of their perceived role, and the impaired capacity to meet their perceived obligations created stress and anxiety for them as well. As two of them expressed it:

"It was most frustrating, and it actually ridiculed my position because I became basically a figurehead. The people would ask me questions, and I would have to say to them, 'Look, I don't know'. And I couldn't get answers for them because nobody was prepared to give me answers."

"One thing that made it very difficult, everybody seemed to have their own pipeline. The personnel people were telling many different stories. There was no clearly visible line. I was at a loss sometimes as to who to communicate with. And I think the most difficult thing was to retain my credibility in the face of this sort of thing. Fortunately, I had a well-developed social system. If I want information I can get it, even if I don't know the person. I network automatically, I trade information. I used that. I strained my credit on that to try and get things absolutely clear. And that was difficult. And she (*an employee*) had her moments, some particularly bad downs, when a particularly bad rumour would come along. It was distressing. Management just died. Any first-line manager was left absolutely armless. They didn't even consider that you may have a problem dealing with it, they just left you to it. You were in the trenches and it was tough shit. How you handled it was your problem. The fact is that you were taken out and thrown into the bloody deep end, and I

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don't think it matters whether there is one person or a 100."

Further, under conditions of uncertainty it is difficult to construct believable goals that can organise decisions and actions (Hirschhorn, 1983a). Thus, managers are faced with a situation where they are subjected to increased demands for information which they find difficult to meet, their own role and capabilities are being questioned, and yet they have to focus employees on work-related goals. Under such conditions, motivation of employees suffers extensively:

"I was coming to work every day, maybe later than 8.00 a.m. Then everybody was leaving. At 4.15, this place was like a morgue with nobody here. And during the day we were sitting in groups and talking and chatting. There was no work being done at all. But you know there were some people not coming to work at all, so you had to phone them up and motivate them to come to work."

Managers who are being retrenched themselves find it particularly difficult to cope with their emotions and to motivate employees within their departments. Hirschhorn (1983) has also noted this and commented that in these conditions, one is not working for any future context. One manager described how this affected him:

"I was doing what I could. In the end though, I thought, 'What am I doing this for? There is nothing in it for me. Nobody is motivating me. And I have to motivate the staff!' It is very difficult, extremely."

Where managers are uncertain and do not receive support or direction from executive management, an employee-orientated emphasis often develops among managers (Gilmore & Hirschhorn, 1984). Managers begin to emphasise employee interests, even where these may be contrary to the organisational requirements. Such an approach by managers appears to reflect their sense of obligation to ensuring the welfare of their employees. However, incidents of this kind tended to take place in conditions where the managers themselves were experiencing insecurity and were undergoing a degree of crisis in their own commitment to the organisation. Faced with a lack of organisational direction and uncertain prospects for employees, managers are prepared to refer employees to other organisations if they feel this is in their interest, for instance:

"I did say to them if they were worried about the retrenchment and wanted to go and look for jobs, they should do so and not wait until the last moment."

"People came to me and asked what their future was, and I said, 'I don't know, cover yourself and go find another job'. They tended to be the people who would battle to find jobs. And in fact, as time went on, more people went for jobs."

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As the list of candidates for retrenchment becomes formalised through the formal procedures, managers are made aware that retrenchment will occur in their department and who will be affected. This brings the period of uncertainty for the manager to an end. However, managers generally experience a sense of shock when they are informed and have to come to terms with the reality of the situation, for instance:

"Even though, I did call for the decision, I did call for action, let me put it that way. And when the decision was taken, it hit me hard and it was a different story."

Even where managers have had previous experience with retrenchment, the impact continues to be strong. Feelings of disappointment and reluctance to act are evident, with managers feeling that they are having to confront something they thought they had put behind them. As two of them said:

"'Oh no, not again.' Honestly that is the feeling. But it seems to be an ongoing thing we are going through."

"There was very much a sense of disappointment. A sense of having done something and suddenly the whole thing opened up again."

In addition to this initial impact, reactions of managers to the fact that they will be retrenching takes a variety of forms. The incomplete sentences exercise, where managers commented on their initial reactions to knowing they would be retrenching personnel, shows a strong emphasis on looking at the implications of the retrenchment and how to handle it. These responses are categorised and discussed in Table 5 below, with the number of managers in each category shown in brackets:

Typically, managers in this study experienced a combination of the reactions described in Table 5 over time. However, the focus on initial reactions represents possible underlying orientations and deserves more extensive consideration. Use of initial reactions could indicate primary orientations of people and can therefore be usefully employed in analysis of responses (Cattel, Eber, & Tatsuoka, 1980). For example, it was noticeable that the primary consideration of managers who had been retrenched themselves was one of concern for their employees or a sense of loss. This contrasts with the high proportion of managers not retrenched who were primarily concerned with how they would conduct the retrenchment interview and how they would rationalise the reasons for the retrenchment to employees. The reaction of retrenched managers seems to indicate less of a defensive reaction and shows greater identification with the affected personnel. However, all these reactions reflect a shift in psychological focus from identification of affected personnel to the actual announcement.

Table 5.

Managers' Reactions to Knowing They Would Have to Retrench Employees

| Reaction Type               | N  | Nature of Response                                                                                                                                                                                                                                                              |
|-----------------------------|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Concern for employees       | 21 | Concerns for employee job prospects, how well they would cope with their situation, the effect on employee families, and the financial and emotional impact. The primary focus is the impact of the retrenchment on employees.                                                  |
| Concern for own coping      | 7  | Concern for how retrenchment will be conducted. Procedural issues in conducting the retrenchment, concern over how employees would behave in the retrenchment interview, and how the manager would handle reactions are points of focus.                                        |
| Rationalisation             | 6  | Rationalisation of the retrenchment decision reflected an organisation-orientated response, e.g., it was essential for the business to survive, the retrenchment was inevitable, the organisation is going through a rough time, and most organisations need to be streamlined. |
| Sense of loss               | 7  | A sense of loss over the effect that retrenchment would have, e.g., comments on tragedy of the situation, sadness it happened in the company, disappointment that the manager would not be able to work with the employees again.                                               |
| Exploration of alternatives | 2  | Belief that avoidance measures could be taken, questioning whether all alternatives had been considered, last hope that the retrenchment could be avoided.                                                                                                                      |
| Optimism                    | 1  | A single manager felt that employees may move to better job situations than they had been experiencing. The adoption of this "optimistic" scenario may reflect an immediate internal coping strategy, rather than effective management activities.                              |

**Preparation for Announcement**

Despite the formal provision of guidelines and procedures with which to approach the retrenchment announcement, managers report that the interview represents one of the most critical and difficult aspects of the exercise that they had to deal with. The interview represents the culmination of the process of decision making where the manager must personally confront the reality of the decision and implement it by communicating to the affected person. The combination of dealing with their personal concerns, the interpersonal

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relations with the affected personnel, the uncertainty and tension in dealing with an unfamiliar and threatening situation, and the breaking of the psychological contract, all need to be confronted in the act of telling the employee that he or she is being retrenched. There is, therefore, a heightened awareness of personal and mental dilemmas inherent in the retrenchment situation, and managers in the present study almost consistently expressed reservations, anxiety, guilt and resistance to the retrenchment of personnel.

The way in which managers see their announcement role is influenced by the interpersonal dynamics that are associated with the retrenchment, but also to the function of retrenchment itself. The role of work in society is closely identified with an individual's identity and role in the wider society and the process of eliminating jobs is frequently compared to death and murder (Gilmore & Hirschhorn, 1984). Perry (1988) gives details of a retrenchment exercise in a telecommunications company which became known as the "Christmas Eve Massacre". Commenting on the fact that retrenchment had stopped in his organisation, Honeywell's CEO stated, "The chain-saw days are over" (Henkoff, 1994). Similar terminology is used by Kuzmits (1988) in describing the role of the retrenching manager, where he equates the function to the medical officer who makes life and death decisions over who gets treated following a military engagement. The connotations of retrenchment described by Gilmore and Hirschhorn (1984) and Kuzmits (1988) above were also perceived by some of the present managers, and the terminology they used was also often associated with trauma. Terms such as "stopping the bleeding", "cutting off the affected part", "cutting bodies", "bloodbath", "people in casualty", "falling of a cliff", and "murder" were common among managers interviewed. These perceptions were reflected in formal roles that managers saw had been prescribed to them by the organisation:

"It is a role - it's acting a part in things like that. You put on your execution mask, and you carry out that role."

"There was a very strong perception that I was the hatchet man, sent in by (*company name*)."

"It's a bit like the hangman. At least if I do it, the guy is going to have a quick clean execution, he's not going to feel any pain. And if anybody is going to do it, it had better be me."

"I think the worst part is when you ultimately identify people and it comes down to pulling the trigger. That's it."

The nature of these reactions shows the strong emotive context of the retrenchment exercise for managers, and the consequent personal strain involved in having to carry out such decisions. Interestingly enough, many of the comments reflect a taking on of an externalised role, as if the manager is placing the retrenchment role apart from his or her own personality and values.

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Schein (1980) points out that the psychological contract between organisation and employees is a dynamic one that is constantly renegotiated. However, the act of retrenchment represents a unilateral ending of the organisational obligations to the employee. It also represents an organisational duty which is superimposed on the manager, outside of the day-to-day duties to which managers have become accustomed. These new norms imposed can be categorised as pivotal in the sense that adherence to them is a requirement of continued membership of the manager within the organisation (Schein, 1980). In this context, retrenchment redefines the norms and responsibilities that the organisation sees as relevant for managers and in many cases may be seen as a redefinition of the managers own psychological contract with the "organisation".

For many managers, the taking of the role appears to be related to the acceptance that the psychological contract between the manager and organisation must be fulfilled. This contract is seen by most managers to be both legitimate and to have priority over the contract held with employees. Managers therefore see themselves as being bound to carry out these additional organisational requirements, saying for instance:

"I just had to force myself. You know, I'm being paid to do a job, and I've got to do it. It's the most unpleasant thing I've had to do since I've been here."

"It's difficult. But that's what they employ me for, and that's what they pay me for."

"In a way though, we get paid a sum of money to do a job, so I guess you have to accept that."

"If you are not prepared to carry out your responsibilities, then you shouldn't be there. You can make your case in discussion at a management level, and say why it should be done or shouldn't be done, but once the decision is taken you must do it, whether you agree with it or not."

Extensive psychological coping mechanisms are initiated by managers at both the conscious and sub-conscious levels to deal with this role. Most comments on the nature of the contract with the organisation specified an obligation emanating from the financial remuneration for the position. This, in turn, was seen to lead to professional obligations defined in the role as a manager. Some managers perceived that retrenchment would ensure the organisation's continued survival for the benefit of both themselves and the remaining employees. More subconscious strategies involved suppression of the manager's own views and concerns, particularly where she or he had not been part of decision making processes. Coping strategies of distancing, perceived powerlessness, abdication, and displacement of blame were also observed among the responses of managers and these are examined in more depth in Chapter 10.



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Not all managers were prepared to accept the retrenchment role. As had happened during the design and planning phase earlier, a few managers left the organisation rather than assume responsibility for retrenchment. Some other managers adopted behaviours in an attempt to avoid the responsibilities and withdraw from the situation, for example:

"Other managers in the exercise shut themselves up and wouldn't even speak to their staff. I'm sure there are lots of people in this building like that."

"People didn't know how to do it, so they avoided it. Some managers were just too afraid, shutting the door, not going to the canteen, coming in early and leaving late. I saw a lot of that happening. No eye contact with people, getting very secretive, people looking around warily, getting paranoid about whether the offices were bugged or not."

"Some Heads of Department couldn't handle it. They wanted to, but they couldn't."

Managers who had been retrenched themselves faced additional internal and external influences in preparing to handle the retrenchment at this stage of the exercise. They needed to deal with their own feelings about the retrenchment and the shock of the experience of being retrenched. All managers in the present study who were retrenched were notified of this before having to conduct retrenchment interviews themselves. This notification period occurred anything from a week to a few minutes before carrying out interviews themselves. Retrenched managers are thus in the dual position of having their contract with the organisation broken, in one sense, but having to continue to honour it from their side by carrying out retrenchment on others. With this breaking of their own contract, problems of lowered self-esteem and personal trauma were reported during the period these managers were having to prepare themselves for the retrenchment of their own staff. The nature of this stress and trauma is reflected in the following participant comments:

"I have very funny ideas. I'd say the company has asked for your loyalty for a number of reasons--your absolute loyalty, let's face it--and they can turn round and throw you in the toilet and then say, 'Well, that's very nice, and it's costing us so much money to do this to you'. That's exactly what happened to me."

"My sense of self-worth was pretty low, until they made me that offer. I went through fairly substantial depression, which I am still in really.... I find socially I have a problem at the moment. I have an enormous problem relating to women at the moment. I'm not married and I take girls out and I find my self-confidence has been very badly hammered."

"When I went home, my wife said, 'How can they do this to you?' And I explained it to her like this. I said, 'When you walk in our back yard and you stand on one of those black ants, think what the ants must feel. But you know

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nothing about them, and you don't care about them'. That's exactly the way we've been treated. We are the ants in the back garden. We don't mean anything."

Despite concerns of managers about whether retrenchment was justified, the estrangement that resulted from the implied breaking of the psychological contract, and even anger and hostility where managers had been retrenched themselves, all managers nevertheless felt a personal responsibility to conduct the retrenchment with their own personnel. This action is consistent with the phenomenon of the psychological contract. It appears that managers feel the responsibility for their employees, feel they have to alleviate difficulties as much as possible, and define their own credibility and self-image as a manager around this function. This was reflected consistently across all respondents in the present study, for example:

"I felt that at least my staff ought to hear it from me. I owed it to them to hear it from me first."

"When you manage the assets of a company, the assets are the people who work for you, the customers, the suppliers who sell to you and therefore I have always had a very personal relationship with staff. It was just natural to me, it wasn't even a long discussion for myself, I just felt that any other way I would shirk my responsibility. I wasn't looking forward to it, I felt lousy and I felt worse afterwards. But it would have been wrong to do it any other way."

"As a manager, it's your responsibility, they're your employees. You can't delegate things of that nature, in my opinion. That's just my values."

"I did not feel confident about passing it down the line. I knew the job would be done but not the way I wanted it done. I wanted employees to see that I as a General Manager also took an interest in their affairs and didn't distance myself from them."

The strong desire of managers to be involved in the termination interview appears to indicate the importance they feel in partaking in the proper ending of the relationship. This social context of the retrenchment interview appears to resemble that characterised in what have been described as "organisational parting ceremonies", formal social events which arise in response to the breaking of social bonds (Harris & Sutton, 1986; Sutton, 1987). Research into dying organisations has focused on parting ceremonies as events centred around social occasions designed to support and ease the transition of organisational members into the community (Harris & Sutton, 1986; Sutton, 1987). Since ritual is a good form for conveying a message as if it were unquestionable, use of such ritual in parting ceremonies provides unambiguous evidence of termination of service (Harris & Sutton, 1986). The retrenchment interview too, appears to fulfill the function of parting in a more formal sense, for both the

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managers and the affected employees.

Despite the views expressed by managers that they felt they had a responsibility to get involved in the retrenchment of their own staff, the provision of guidelines and formal preparation were not sufficient for most to overcome concerns about conducting the retrenchment. Rothman (1989) indicates that most managers must overcome a fear that they will not be able to retrench employees in a calm and professional manner. Concerns on how the legitimacy of what they were saying would be perceived, and having to deal with the possible behavioural reactions that could arise during the interview, caused substantial unease among the managers. Further, managers were troubled about the impact on the affected persons. These factors generally caused managers to undergo significant mental stress in anticipating the retrenchment announcement, as described by the following participants:

"Originally, before I started, I was mentally afraid. I don't know if afraid is the correct word. I was tense, not looking forward to it. I wished I didn't have to do it and could find somebody to do it for me."

"The concern in my mind was how to do it so she would not feel diminished by it, how to communicate with her in such a way that she would be left with her self-respect. I think that was the main one. And of course, an intense feeling of guilt, and the concern that I might communicate it."

"When you're envisaging telling the person, that builds up to a very stressful situation. The way I felt that stress, I don't know how to cover it."

"How do you call somebody in and tell them they haven't got a job any more, at that senior level and in view of the amount of effort we put into making it work? It was a personal thing.... I'm not so much a task-orientated person, I'm more a people-orientated person, and I find it very, very difficult to do something like that.... She was also a very emotional person, and, I mean, there had been a couple of times at the beginning where she had come storming in here and thrown her resignation in. And we had worked through it. And I'd convinced her, no, she's in the right place, she must just channel her efforts in the right direction. And then to suddenly pull the carpet out from under her feet."

Informal rehearsal of the event was practised extensively by almost all managers in the study. This rehearsal occurred both in work and even social contexts. Some of these incidents are illustrated below:

"I rehearsed it in the car on the way home ... and going through what you were going to say. And, 'Oh, God, no that sounds bad'. And, 'I hope it doesn't come out like that'. Or maybe she thinks this, or ...."

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"You do lie in bed at night thinking, 'How in the hell am I going to handle it', and trying to prepare yourself."

High levels of stress symptoms are evident in nearly all managers in the lead up to announcing the retrenchment. For instance, the incidence of sleeplessness was high, with 34% of the sample reporting that they suffered from sleepless nights. The relationship of sleeplessness to stress was recognised by the managers in the study:

"Tremendous trauma and stress. I didn't sleep. Don't ask me why. It was inevitable and intellectually I had accepted it as well. Emotionally I was probably still trying to process it."

"Things get on top of you, particularly under the circumstances. I wouldn't like to generalise, but personally I find it hard to sleep for a couple days, particularly the closer to the time it comes."

"I dreaded speaking to her. I, actually ... a couple of nights, I mean, I lost sleep and everything."

In addition, 24% of the sample reported having bad dreams during this period, 8% of which were not included among those reporting sleeplessness.

### **Announcement of Retrenchment**

The announcement to employees was the major stress point of the retrenchment process for most managers. In a survey of human resource managers by Chell (1985), 74 of 83 managers said they experienced difficulties with interpersonal problems in conducting face-to-face interviews with employees. A similar trend was evident in the present research, with only two managers in the total sample of 50 saying they experienced no difficulty in informing personnel of their retrenchment. Indeed, many of the descriptions used by managers to illustrate the process during this stage contained details on how difficult they found their experiences. Only five of the 40 managers in the main sample felt confident going into the announcement interview. Where employees had been intensively involved in working with the manager, where they had displayed loyalty over an extended period, and where social relations had developed between manager and employee, the psychological contract was stronger, and managers experienced greater difficulty in the handling of the announcement. Further, some managers identified with their employees to the extent that they personally "lived" the experiences that their employees would be placed in, for example:

"You immediately think of his family, his house, etc. That to me was difficult. I think it's because I see myself in that guy's position. I can relate very closely to their position."

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The announcement of retrenchment to the affected person and handing over the letter which provides the formal notification and details of the remuneration package, effectively ends the existing psychological contract between manager and employee. The action changes the fundamental basis for the work relationship between these parties. Unless the relationship goes broader than the immediate work context, the announcement leads to a complete break in the relationship between the parties. This was acknowledged by managers, for example:

"There is a purposeful and blatant break of a personal relationship between you and the guys who work for you. That was the most stressful time for me, trying to come to grips with what was happening."

Consistent with the concept of the parting ceremony described by Harris and Sutton (1986) and Sutton (1987), the use of symbols are particularly strong in representing the meanings of action in the announcement situation. Isabella (1990) notes that intense symbolism characterises the culmination of situations where managers are grappling with issues of work and associated relationships. The letter of retrenchment appears to symbolise the ending of the relationship between manager and employee, and managers see it as the parting gesture:

"I think the hardest part is to physically hand over the letter, although they know all along. To hand over the letter is quite bad."

"Getting up and dishing the letters up one-by-one, and knowing what everybody is thinking: 'Gee, what is in this letter for me?' It's not easy."

"Handing out the letters is terrible. What we do is sit there and go through it, we talk to the guy and say why the jobs have been made redundant. You often find the union hasn't kept them properly informed. You are not dealing with a guy in your own language, so everything is done through an interpreter. I think you lose a lot of the personal sort of understanding that you could convey if you were talking to the guy directly. But to have the guy sit there and to give him that letter, that to me is the worst part."

Part of the difficulty that managers experience with the announcement interview seems to derive from perceptions of inherent conflict in the situation. This is often exaggerated because managers are uncomfortable with the handling of such conflict, due to the role they are having to play. The descriptions by some of the managers of the interpersonal dynamics of the announcement interview reflect these concerns:

"When you're talking to people, the reactions vary tremendously. And, look, it doesn't matter how you put it, what you're saying to people is, 'You're not wanted'. Or, 'You're not needed any more'. And that is a real blow to those people's egos, even if there are very valid reasons. You're not attacking that person as such, but they are bound to take it personally. Because that person

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will say, 'Well, why? Why me? If I'm doing such a damned good job and I'm such a valuable person, why me?' "

"The most difficult part for me was to tell her. I found that very difficult. I felt I was saying, 'I no longer love you', or, 'I don't want to have you around'."

"It's almost like a confrontation. Any direct one-on-one communication could very easily turn into a confrontation. When you're face-to-face with someone, especially someone who's very unhappy with what you're telling them, I think for that reason that's automatically more stressful because an individual who reacts in a bad way, it's not a pleasant situation to be in. "

"I think the worst one that I did was a guy I worked with in 1962 and all he could say to me was, 'How can you do this to me, we have been friends for 30 years?' I think that was the worst experience for me."

Concern by managers about the nature of conflict in these situations may be derived from two sources. The first is that managers themselves are the (often reluctant) initiators of the conflict situation and may experience profound feelings of guilt over what they are doing. Consequently, they do not feel properly equipped to deal, from their side, with protest and opposition to the decision. Indeed, at times they may personally sympathise with those feelings. Second, concern over the potential for conflict may, in part, be related to the concern by the manager over the ending of the psychological contract and the implications for the nature of the social interaction with the employee in a volatile situation. Subsequent to the breaking of the contract, employees are no longer bound to observe the behaviours inherent in superior/subordinate relationships. Managers are, for the first time, moving out of a relationship which has been legitimised by the psychological contract at work, into a more personalised context. They can still rely on authority structures and the threat of organisational sanctions, but unless they retain personal credibility with the employee, much of their formal control appears to be lost. Consequently, the threat of conflict and employee hostility becomes more real. The potential for conflict is also increased by the emotional context of the retrenchment and the fact that it may represent a profound threat to the family life, lifestyle, physiological health, and even survival of some retrenched employees. Despite these observations, few cases of conflict or overt hostility were reported in the interviews in the present study. Only minor incidents have been reported during interview situations in other studies, for instance, the sweeping of a manager's pot plants off a filing cabinet (Donald et al., 1986). However, incidents of threatened violence and hostility were reported outside the interview situations and these are discussed in more depth in the discussion of dynamics at the organisational level for this phase.

In addition to potential conflict, the handling of trauma, particularly when expressed in unfamiliar ways, was also seen as problematical by many of the managers. Normal

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interactive styles were often seen as inappropriate or not feasible, and in many cases managers were not aware of the behavioural reactions that were suitable to deal with the situations. For instance:

"You can't say, 'Look, you're being dumb, crying.' You can't just say that, and 'You'll feel better in the morning.' You can't say that. Well, you can, but you shouldn't--I don't think you should say that to people."

"At home I have a wife and four daughters and for me nothing is worse than a female crying. So, from that point of view, it was easier to talk to someone who wasn't hysterical or about to burst into tears. Some of the people I knew better because I worked closely with them ... but I tried to get to know as much about people from their bosses before I had the interview."

"She was silent, which makes it very hard."

The value systems and personality characteristics of managers adopting a person-orientated approach to dealing with retrenched employees leads to a different orientation, in comparison to the use of bureaucratic behaviour. Person-orientated managers reaffirm their interpersonal orientation to employees, rather than suppressing it and build such commitment into the formal procedures. Employee ratings of effective managers during terminations have been related to activities such as acting as a buffer between organisation and employees, taking the initiative in providing counselling, and taking time with employees to facilitate coping with termination (Schweiger et al., 1987). Similarly, positive feedback was also reported in the present study:

"Just the general care for the people, and the sincerity--having to act in a professional way. I found that even when I spoke to them that day, I got a lot of positive feedback from the senior guys, because I was very open and empathetic towards them."

Schweiger et al. (1987) found that employees terminated during merger situations reported that remaining committed to one's employees and serving as a companion was the most important characteristic of effective managers responsible for retrenchment. While the person-orientated approach may, therefore, be a difficult part of involvement for managers, it appears to be important in resolving some of the potential difficulties that can occur with both affected employees and those surviving the retrenchment exercise.

The demands during the announcement generate severe emotional strain among some of the managers. For instance, some of the participants noted the following reactions:

"Feelings, you name it, virtually everything. Pain, concern, anxiety, a feeling of guilt to a certain extent."

"The pain of some of the people who were being retrenched, I found

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overwhelming."

"I felt like shit, I felt like shit. I really did and I still do."

In a review of members of defunct organisations, Harris and Sutton (1986) found that nine of the respondents in their sample of 23 highlighted the individual distress inherent in such transitions by equating the closing experiences with divorce or the death of a spouse. On a life events scale, all of their respondents viewed the closing experience as more severe than a serious illness. Similarly, Rothman (1989) notes that retrenching an employee is a very delicate matter and can be as devastating to some individuals as a divorce or the death of a loved one. Although reactions of managers varied, similar experiences were noted by some of the managers in the present study, reflecting an intense emotional experience:

"You know, I lost a daughter in a motor accident. It was a very stressful thing.

I would say that this was the second worst. The only thing I can think of that has ever happened to me--the only thing I've been involved in that was more stressful--I was fired myself a few years ago, many years ago now--and even that was less stressful than having to retrench."

"And I actually informed the management that I don't believe, barring a death in the family, that there is anything more tragic that can happen to somebody."

### **After Completion of Announcement**

Reactions of managers following the announcement interview are strongly influenced by how they perceive the stressors of the situation, and the coping mechanisms they adopted to deal with difficulties. Affective, behavioural and physical reactions are in evidence among managers. In no cases did managers say they had been entirely unaffected. Further, it was apparent that even where managers felt that they had been coping with the demands of the retrenchment situation, they had experienced strain at a subconscious or physical level, for instance:

"My job wasn't on the line, I didn't have anything to worry about. I thought it was going to become an impersonal thing, I just have to handle the exercise. My perception was that I was not feeling stress. Towards the end of the exercise, I started having physical symptoms that ended up with me being referred to an industrial psychologist and having a whole series of sessions with an industrial psychologist to deal with the stress of affecting the lives and futures of other people and with the concept of playing God with other peoples' lives."

Managerial reactions after the interview situation typically reflect themselves in behavioural responses associated with high stress, for instance:



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"The hard part about it, was, the best will in the world.... Let me put it to you this way--when I finished those retrenchments, I went home and I cried."

"Actually telling the people was traumatic in a way, in that everybody gets down and so on. It was a day when everyone just went home and we didn't work."

"I got very irritable ... and that was because of the stress. It was only because of the stress. I was extremely irritable and exactly that kind of thing when you think you're OK, and then you suddenly--you suddenly have an outburst or something like that--and you realise you're not OK."

Managers were often unable to restrict the effects of conducting the retrenchment to the work situation. This is congruent with the findings of Kelloway and Barling (1991), who have noted that job-related mental health directly impacts on mental health in the broader setting. Significant impacts on the home and social environment were noted by managers:

"So, how was I handling it? I was going home and most probably kicking the front door in, because it was such a Jekyll and Hyde situation during the day."

"Usually I can cut myself off, but this thing I couldn't do. No, I took this problem good and solid, the package of it, I took it home."

"I became grumpy and my wife said I was irritable, and you get uptight a lot sooner than normal. If the kids are making a noise I would shout at them, whereas normally they could do a lot more. So, there has been some impact on my private life. I think it has probably affected every family in this building."

"I wasn't aware of the impact at home, but my husband felt completely excluded. My mind was here at work the whole time. That was for about three weeks. You have the temptation to stay and have a drink at work, and everybody did, and that was getting to him as well. He couldn't really understand what I was going through and why I was feeling so threatened."

"It brings a lot of conflict within yourself, although you as a person don't see it. You within the family--you see it then. It comes out as a very much more aggressive person than normal. A person who is not so interested in things he was interested in before. Because your mind is always on that."

The nature of these stress incidents indicates that managers may use the home environment as a "safe" area, where they can display tension and stress symptoms which cannot be demonstrated in the more restrictive work environment. In some of the examples indicated above, spouses were responsible for bringing stress symptoms to the notice of managers. Managers who used the home environment as an opportunity for coping seemed to benefit from the social support of discussions and sharing their experiences with wives and family.

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Conversely, managers who actively attempted to avoid taking work problems into the home environment, or did not have such facilities available, may have accentuated the stress they were experiencing because of the additional demands involved in suppressing it.

Managerial reactions to the announcement phase almost consistently reflected high levels of stress. However, the context in which managers perceive the announcement situation plays a major part in how it impacts on them. In a few cases, managers reacted to the completion of the announcement in a more positive context. For instance, completion of the announcement came as a relief for one manager after the prolonged stress of withholding information about the retrenchment during the previous two phases of the retrenchment process. In this case, the announcement came as a relief from the stress of previous demands which were seen as even more severe. This is illustrated in the following quotation:

"You sit there almost relieved, almost happy and everybody is feeling the opposite. And they come to you afterwards and say, 'How are you feeling? What are you going to do?' and you are actually feeling happier, but the others want to break down into tears on your shoulders. You can't relate to them the way you normally relate."

Another manager saw his involvement as a constructive contribution and had a sense of personal achievement because of this:

"I've got to say, the most stressful exercise I've had. But I've also got to say, the most rewarding. I felt I was in a situation where I felt I could do better than anybody else, and I feel I did it better than anybody else."

Managers will, therefore, experience the announcement situation differently as a result of both situational and personal features of the situation, as well as their perception of how their involvement in the announcement interview relates to the overall process of retrenchment. Although the announcement was consistently seen as a difficult and stressful personal experience, factors that assisted managers or increased the difficulty of process, coping styles that were adopted, support mechanisms that existed, and situational characteristics that influenced reactions are discussed in Chapter 10 where the relationships of elements in the retrenchment process are examined in depth.

## **ORGANISATIONAL PROCESS**

### **Reactions of Employees to Personal Threat of Retrenchment**

Chell (1985) notes that on the announcement of retrenchment, individuals become concerned about their own position. Employees focus on possible job security, particularly older,

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unskilled and long-serving employees. Participants in a study by Schweiger et al. (1987), of terminations as a consequence of a merger, reported that individuals became obsessed with self-survival. They tried to protect themselves from changes that would hurt them, and there was significant political manoeuvring. Employees concentrated on surviving and maintaining status, prestige, power, and careers. The powerful emotions which accompany the threat of retrenchment often emerge as destructive states. The combined effect of the uncertainties involved, the senses of loss and failure, and the impact of massive change tends to evoke very primitive psychological states and corresponding regression in performance (Krantz, 1988). Similar reactions of employees were indicated in the present study, but these occurred in only a few organisations. In the one organisation where a merger occurred simultaneously with retrenchment, these dynamics were particularly prevalent:

"If you look at the person as an animal, he has those instincts, and the more pressure that is put on one, the more the instincts come out and the more Maslow's hierarchy of needs comes in at the bottom levels. I think that's what I saw happening here. There's one time in my life where that happened before... under all that pressure they went back to those instincts and they became ugly. And what I saw here was the same, people became ugly under the stress, they just cared for themselves. I think it's important to know that. One guy bought a BMW 750, and those people were very status conscious, and he may have had to sell it. The concern was what people might think of him and he became ugly in order to keep it. It's the uncertainty, if you can make that period of uncertainty short, so they can't become ugly with friends and workers, that's fine."

Where these dynamics occurred, it disrupted interpersonal relations at all levels of the organisation. However, the fact that this phenomenon was limited to only a few organisations may indicate that it is specific to particular organisational cultures or situations. For instance, the fact that it occurred in an organisation which was undergoing a merger, is congruent with the research situation described by Schweiger et al. (1987). Obsession with self-survival may be particularly prevalent in organisations in which merger conditions create a lack of defined organisational structure. In these types of situations, job allocation becomes uncertain, even for the survivors. Conversely, organisations which use the LIFO principle use a more structured approach to identify personnel to be retrenched. LIFO ensures the rules are clearer and through these rules, people themselves can identify the most likely candidates for retrenchment. The extent to which employees can influence whether they will be retrenched is therefore reduced, and the adversarial relationships are not as likely to occur.

Subsequent to the initial disruptions in social dynamics, the level of productivity in the

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organisations in the present study tended to fall dramatically:

"Everything else here just stopped. One manager took his whole region of sales people over to an opposition company. Our computer time, or productivity dropped from 88 to about 12%. People were sitting idly here waiting for an announcement to put out the lights."

"People were playing games. They were leaving at 3.00 p.m., because they didn't know what was going on. They didn't know if they had a job. They didn't know if they had a future."

The main factors responsible for the decrease in work appeared to be a preoccupation by employees with trying to establish what their own position would be, a lack of motivation to perform in the absence of obvious benefits, and a lack of direction from managers who were unsure of organisational priorities. However, a few managers also reported that their employees reacted to the briefing of the intention to retrench with greater attempts at productivity, in an apparent attempt to impress management with the effort and hence avoid retrenchment. This mix of reactions, with the negative component being the most predominant, parallels other retrenchment situations described in the literature (Harrison, 1986).

Insecurity following the initial briefing of the intention to retrench also resulted in a search by employees for possible job prospects. These reactions were similar to those of managers who had little initial knowledge of how the retrenchment would affect them and want to enhance their options for further employment. Deteriorating interpersonal relations also increase the potential for turnover. Schweiger et al. (1987) found that many employees who left a company voluntarily at this stage indicated that management capriciousness led them to leave early in the process. Quality personnel who tend to be most mobile tend to leave, contributing to the cycle of disintegration (Behn, 1988; Kiechel, 1985). The present study showed that employees who were highly marketable found positions with alternative organisations relatively quickly, resulting in a drain of skills from the organisation. As some participants described the situation:

"Everyone who was employable assumed the worst and went out and looked for another job. The consequence is that we had a situation in which people we would have liked to have kept found reasons to get themselves retrenched, and we lost some of our best people. We gave the staff time to condition themselves. In my opinion a retrenchment exercise is something which should be over in 24 hours. What we did is we gave the good people time to find new jobs, and we also gave them plenty of ammunition to force us to retrench them. And that's why I say from that point of view, from the human point of view, I think it was a fuck up. And bear in mind that because it was so

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generous, a person that was employable, it paid him to find another job. I know a number of people who had company mortgage bonds who simply pocketed the retrenchment package, used it to pay off their mortgage bonds and went and got equivalent positions, or very similar positions."

"They probably lost the very good people who, because of the way in which they were handled, were not interested in being here in future. People who were probably critical to the functioning of the company, even though they were not given the option of going, they fought it and got their package....

They did not want to be a part of a company that was dying. "

"You tell the guy he has got a job and you build things around that, and suddenly you turn around and find through the grapevine that he is applying for another job."

Job mobility and absenteeism increased following a plant shutdown announcement described by Eves (1985), but this stabilised after a few weeks, to reach a lower than average rate. That organisation was characterised by extensive information disclosure, use of a number of alternative measures to retrenchment, extensive liaison with employees and their representatives, and outplacement programs. The openness of communication appears to help substantially in reducing anxiety and reducing the turnover and other negative effects of the retrenchment. However, because organisations in the present study emphasised confidentiality in handling the retrenchment, communication tended to be restricted and few managers took steps to keep people informed. Chell (1985) notes that prolonged periods of notice will affect the way in which the retrenchment is handled. Lengthy periods of time before informing the workforce were seen to lead to damaging rumours. In all organisations where notice was provided and no information was given, such rumours exaggerated the difficulties management experienced with the workforce.

Personnel left the organisation for other reasons, besides security and the desire to ensure ongoing employment elsewhere. Personnel left organisations in the present sample on a voluntary basis to preserve self-esteem and confidence. While such people tend to be marketable, there were instances of personnel leaving even without alternative employment:

"The people with a lot of pride, would rather not be dismissed by the company, but to leave out of their own resolve and thus asked for voluntary retrenchment, even without having a job elsewhere."

The financial benefits of the retrenchment package also tended to appeal to employees, despite a severe recession and little likelihood of alternative employment prospects. Many employees had a short-term orientation towards the benefits, and the financial package appeared to be extremely appealing, despite the possible long term difficulties in regaining

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employment:

"You have people who are living very much closer to life, they are crying out for money, they need money to educate their children, get them into private schools. People like that just want that handful of money so they can pay off all their debts, nevermind about tomorrow, that is tomorrow's problem."

### **Potential for Aggression**

As the extent of the retrenchment and its scheduling become clearer, employees tend to focus more on the managers who were seen as responsible for their distress, for instance:

"They are starting to get angry and in a way that is almost healthy. They are focusing their hatred on one person, and that is fairly obvious. On the day it was announced they burnt his picture and got really angry with him. It's somebody they actually can't get near, so...."

Guinn (1988) points out that it is rare for terminated employees to become violent. He notes that organisations who have retrenched employees and have allowed them to remain on the job have experienced few problems. Whyte (1982), however, recounts experiences of cars attempting to force him off the road, and being shot at during plant shutdowns in Canada. Similarly, Thornburg (1992) recorded death threats and physical assaults on a manager responsible for carrying out downsizing activities. Isolated incidents of violence towards managers as well as threats were reported in the present study:

"There were death threats, there were bomb threats. There were a couple of suicides as a direct result. There were numerous death threats to senior management, in writing. Religion was brought into it. Our senior management was very, very religious. They had prayer sessions etc. And letters were sent to them saying, 'How can you act like Christians?' and that hurts, that hurts a Christian deeply. These are the sort of things that came through."

In addition, calls for the dismissals of some managers were incorporated into union demands during strike negotiations as antagonistic relationships developed between the employees and managers perceived as particularly involved in retrenching employees.

In cases where employees are aware of the forthcoming retrenchment announcement, they may actively pressurise the manager responsible, prior to conducting the interviews. This reaction often appears to reflect hostility to the organisation, which is displaced on to the manager, rather than a rational approach to the announcement situation. For instance:

"On the date it was my job to call all of the troops in, and give the packages out, and take everybody through it. And on that date I got a lot of flak from

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people, a lot of 'flak' in that I had to take groups, and the group that was in last wanted to go first, and I had a steady stream of people in my office demanding that they get their packages there and then, and I literally told them just to fuck off. I was saying 'Guys, you are going to get your package before 1.00 p.m. 'What's the rush?' and I was getting very annoyed with the peoples' reaction, because they were then starting to take it out on me, and I had nothing to do with it. It was strange, the people's reaction."

### **Employee Expectations of Managers**

During the announcement interview, employees being retrenched displayed a greater acceptance of managers, although some employees still felt that managers should be doing more to protect them from the organisation. The primary expectations of employees, as perceived by managers, were that managers should ensure that adequate support was provided for them, and that they would be treated fairly and with consideration. In the incomplete sentences exercise, managers revealed perceptions that employees expected support at a variety of levels. These are defined below along with the number of managers who mentioned them:

- Functional assistance (16)
- Emotional support and expression of concern (11)
- Fairness of treatment (6)
- Protection of employees from the organisation (4).

Functional assistance was seen to include advice and help of a practical nature, including aspects such as getting a good package, job hunting, arranging potential jobs, explaining the severance package, investments, helping with curricula vitae and being available for general assistance. Emotional support through expressions of personal concern and counselling was also seen as a high priority; typical expectations that these managers thought employees had of them included being sympathetic, showing understanding for their feelings, mentally supporting them, and being open and trustworthy. Fairness of treatment was seen to mean that employee interests were not compromised relative to those of the company, and this appeared to revolve around substantive and procedural fairness. While protection was seen as inappropriate at this stage, some managers felt they were expected to try and save the employees at all costs, by reversing the retrenchment decision. The above expectations represent the managers' perceived expectations of what employees required of them. As such, they represent a received role and may have been subject to the managers' own interpretations, and even defence mechanisms.

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## Reactions to Being Informed of Job Loss

Employee response to the news of job loss may range from passive acceptance or relief, to emotional outburst, to lawsuits, or to tragic acts of violence (Donald, 1986; Kessler, 1985; Swinburne, 1981). Managers reported similar responses in the present study, for instance:

"The reactions were a range of accepting to total, utter surprise, non-expectant, becoming argumentative, on the one side, to becoming totally hysterical, or just sitting in front of you and sobbing away, or even two people saying how sorry they were that I had to do that but they appreciated it. Any reaction you could possibly think of was there."

"None of them was aggressive. It was a very sort of sorry exercise where the people look at you, and they don't know why its happening to you, and you are not sure why it is happening to them either."

"I was generally surprised at how well the people received the news. That's an overall comment, because I thought it may be a lot more unpleasant than it was. I was prepared, I guess, for the worst. I thought, 'Well, what are all the things that can happen?' and things weren't as bad as I thought they may be."

"Different people react differently to other people. Some people become very violent. They become very aggressive. They become extremely aggressive. Some people--they go and sit in the corner. They want to cry. They want to rather kill themselves. You know, 'This world is not worth it.' Some people don't care a damn. That's their responses."

"It also tends to bring out the best and the worst in people. We get some people that really take this thing very personally, and take it as a very personal slight on them, and then they go out of their way to really nail anything that they can nail in the process."

Two incidents of suicide were reported in the organisations in the present study, which is consistent with reports of suicide in previous retrenchment studies (Rothman, 1989; Schore, 1984; Thornburg, 1992).

Employees being retrenched also see themselves as betrayed (Gilmore & Hirschhorn, 1984). Managers reported that employees who were retrenched were very conscious that the psychological contract was an important thing which had been violated by their employers.

"People were disappointed, felt management had let them down. Management had failed them, that was the common feeling, and management had failed them.... All they see is after *n* number of years of totally loyal dedicated service is they no longer have a job. It is a bitter thought and there is a lot of blame. It is not a good experience."



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"His words were, 'Well, if that's how the company feels about my services, then stuff them'. He was very bitter."

The care and compassion that managers show during the course of employee termination will have a profound effect on how employees receive the bad news and what they do about it (Rothman, 1989). Use of a people-orientated approach to the retrenchment situation is seen to create greater understanding of the reason for going, more appreciation of the management view, better self-esteem, and a high likelihood of reacceptance of job offers from the organisation once conditions have improved sufficiently for them to return (Peace, 1991). The approaches by managers to retrenchment interviews reflected in this study are, however, largely bureaucratic and may account for much of the destructive impact of retrenchment experienced by retrenched employees.

Lastly, it remains to comment on the reaction of people who were not retrenched. These personnel tend to react more positively, possibly reflecting the release of tension which has built up in response to the experience:

"Bear in mind that when we went in, because of the uncertainty and apprehension we felt about the team, it was like someone had died. We dished out the letters, and then they left the room. I was asked to stay on for further discussions with management, and I actually heard my people outside. They were clapping and laughing, a few of the ladies were in tears, because out of my team of 23 people, only two were retrenched. With the time delay, from three months back, people started speculating 50% are going to go and so on. So two out of 23 meant they were elated, they were overjoyed."

Remaining employees thus typically experience a sense of relief. However, the display of emotions tends to be muted when they are with fellow employees who are retrenched. This is possibly out of a self-consciousness that they are more fortunate than their colleagues, and partly out of respect to the feelings of the retrenched personnel.

The announcement represents the critical point of the retrenchment process. It is during this phase that the decision to retrench is put into action. Planning and administrative procedures are designed to take effect during the announcement, the personal issues for managers revolve around the action of putting employees out of work, and employees themselves go through a number of responses during the course of the announcement which relate to their continued or terminated status. In a sense, therefore, the announcement represents the culmination of a process. However, it is in fact still part of a process that continues to unfold and which affects the organisation and other parties. The conditions in the immediate aftermath of the announcement are detailed in the post-announcement phase which is discussed in Chapter 7.

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## **CHAPTER SEVEN**

### **PHASE FOUR OF RETRENCHMENT: POST-ANNOUNCEMENT**

The announcement process is followed by a period during which the impact of the retrenchment manifests itself in the organisation. Action taken by organisations to reduce the damage caused by retrenchments is generally limited in nature. Langley (1971) has identified two myths that senior executives have about staff cuts. The first is that fear of losing jobs will motivate survivors to perform well. The second is that survivors will be grateful for the paring down of the organisation. The extent to which these myths are believed is not certain, but according to Harrison (1986) they are more commonly held than one would like to see. Although substantial attention is generally paid to the planning and implementation of the reduction, Harrison (1986) notes that little is done to address the social context of aspects such as morale, climate, and productivity following the retrenchment. Schweiger et al. (1987) comment that managers would be more effective in handling the process if they understood that organisational members will share a strong sense of loss, and that the post retrenchment organisation will reflect psychological characteristics associated with experiences such as the death or loss of a loved one. The sense of loss is pervasive, with organisational members being psychologically impaired by events which illustrate that the job situation, co-worker affiliation, and the organisational culture to which the member was accustomed are gone for ever (Schweiger et al., 1987).

Immediately following the retrenchment of personnel, the organisation is characterised by dynamics which occur primarily at the social or informal organisational level. These dynamics appear to be a response to the social glue which held the organisation together becoming rent by the act of retrenchment, as psychological contracts are broken in some cases and questioned in others. In some ways, it appears that the formal organisation temporarily loses control over the social structure and dynamics of the organisation. This may reflect a situation where it withdraws its influence over social forces it cannot control. Predominant reactions within the organisation are akin to shock and mourning, reflecting many of the reactions of individuals to the separation of personnel. This appears to be part of the organisation coming to terms with the experience that it has undergone, possibly representing a form of organisational coping. The duration of this period may be anything from a few hours to weeks and perhaps months.

The belief in the myths identified by Langley (1971) may be one of the reasons why little attention is focused on the immediate situation following the retrenchment. Executives may

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also feel out of their depth or be unwilling to expose themselves to the painful emotional consequences of their actions (Peace, 1991). Interestingly, in one case in the present study where the managing director took personal responsibility for the entire retrenchment exercise, including face-to-face retrenchment interviews with approximately 20 staff, the organisation progressed rapidly through the post-announcement stage. Executives typically do not seem to have this degree of involvement. Harrison (1986) has noted that in cases where executives had anticipated a negative impact in their organisations prior to staff reductions, none had a formalised plan to monitor it or an action plan to deal with it. In the present study, managers were effectively on their own in handling many of the emotional and need-related demands from employees, other departments, clients, and themselves.

In some ways, the post-announcement phase represents a period when the organisation comes to terms with what has happened and managers must facilitate working through the trauma of the retrenchment. Consequently, much of the action taken is of an informal nature, and is initiated by the manager personally. The focus of managers during this stage tends to be reactive and centred on what has happened during the retrenchment experience, or immediate demands that must be dealt with. Little or no emphasis is placed on future action during this stage. For example:

"So, at this stage we are coasting, if I can put it that way. We're starting nothing new as far as management programmes or anything like that are concerned. We're idling along, and on the 1st of July we will really start off, I think, probably from scratch to say, 'Right, we've gone through this'."

"You have this rather strange atmosphere where everybody has been fired, and there is no long-term thinking, only short-term thinking. So, it is rather a strange atmosphere, with people carrying on with whatever they were doing."

The general organisational climate following the retrenchment displays substantial indications of dysfunctional and even alienating characteristics. This is accentuated when large numbers of personnel are retrenched and significant changes occur in the work environment. The Human Resources Director of National Semiconductor, which retrenched 5% of its workforce, commented, "After this happens, an organisation, psychologically, is in a depressed state, like a depressed person. When you're depressed, there's a general tendency to be very lethargic" (Kiechel, 1985, p. 103). Some descriptions reported by managers in the present study included:

"The moment it is announced that retrenchment is operational, everything stops, the organisation closes down, end of story."

"There was a very peculiar mood over everybody. I think that's just something that takes time to heal."

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"It all seems to be over and done. But under that there's a lot of tension floating for a long time."

"Everybody used to boast and say that we were like a big family, but this image is a bit shattered now."

"And of course, the day after, you walked in here and it was just dead, there was nobody here."

"When you work for a company, it's part of your life. You know people, you know who to contact. That is now destroyed. To give you an example, of the management team, of 17 or 18, there are three of us left, and Head Office management, none. Not a nice feeling."

"I'm saying the thing is the morale here. Nobody believes that this company had to do it. No matter how positive you are trying to be, nobody is positive."

"Even on my level the guys are negative. And I find it very surprising, because we know what the figures look like, we know where the future is going on this company. But the people don't believe it, even if they see the figures. And I think there's more emotion involved now than what the facts are."

Despite a prevalence of negative reactions within the organisations, there were a few situations that were perceived more positively. These were characterised by high personal input and extensive communication by the top manager, which in turn led to more certainty and direction. One instance described by a participant was as follows:

"Because the insecurity disappears, the new internal structure is supported by everybody who feels it is better than the old one. The teams are sitting together. Motivation is back. You have to adjust very quickly from one day to the next. People who are staying here will probably feel they are treated as human beings."

The post-announcement phase displays fewer transitional stages than other phases of the retrenchment process. In a way, it represents a time when the organisation goes into a temporary holding pattern and attempts to deal with issues on an informal, possibly even subconscious basis. Components of the process during this phase of retrenchment can be represented by the following stages:



The reduction of negative impact is most evident in formal and informal management activities. However, elements of psychological transition are evident at all levels of organisational functioning.

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## FORMAL PROCESS

At a formal level, action may be taken to reduce the impact of retrenchment and limit the damage. In particular, decisions made during previous stages to try and prevent the impact of retrenchment on the organisation may be implemented. The provision of outplacement facilities is one such measure. Outplacement is seen by some executives to demonstrate that the organisation is committed to the welfare of retrenched employees. By using outplacement, some executives also attempt to project a positive image of caring to remaining employees (Harrison, 1986).

The rapid exit of retrenched employees from organisational premises is seen to be another way of reducing the impact on the organisation and shortening the period of time during which the organisation is affected. Harrison (1986) has pointed out that notification and release on the same day is not an isolated practice and the immediate removal of retrenched staff has been recorded in a number of companies (Donald, 1986). Many firms fear that employees given advance notice of their termination may contaminate the attitudes of others, and may not only contribute little productive effort, but may even resort to counterproductive behaviours, such as sabotage or theft of information (Harrison, 1986). Ensuring the rapid exit of employees who have been retrenched may alleviate destructive discussions by such personnel and safeguard computer facilities, in particular, from malicious damage. Further, while retrenched employees are still with the organisation, full restructuring cannot occur.

However, the assumption that retrenchment will lead to disruptive effects by personnel whose services have been terminated are not necessarily valid and there are a number of arguments against immediate termination. Some organisations may require employees to stay for an extended period after being retrenched, as certain organisational functions need to be staffed in the short term. Cases of continued effort and productivity have been recorded in a number of instances (including the present study) as retrenched employees continued to work their time out (Harrison, 1986; Leana & Feldman, 1989). Further, negative views and responses of remaining employees may be exaggerated by what they perceive as an uncaring management attitude towards their former co-workers. Bad press and substantial ill will in the business community can also result from minimal notice periods (Leana & Feldman, 1989). Successful attempts to retain productivity among workers who have been notified of retrenchment may be a result of more considerate and constructive handling of the retrenchment by the organisation. Conversely, organisations who fail their retrenched employees by a lack of support, poor planning, and little consideration cannot expect them to perform during their notice period.

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The utilisation of formal communication channels may occur as top management attempts to brief remaining employees on the retrenchment. This generally takes the form of meetings with employees, or the distribution of memos or letters. The effectiveness of such action depends on a number of factors. Briefing of groups on the reasons behind the retrenchment and how it is to be handled is one method. However, Peace (1991) notes that extensive openness needs to characterise such situations, and the manager has to be sensitive to employee concerns. Further, Harrison (1986) indicates that dissemination of information through meetings with managers who, in turn, are expected to pass information along, runs the risk of the information varying in both substance and accuracy. Although it is no substitute for personal contact, the sending of a letter which describes the conditions and reasons for making the redundancy to remaining employees can be seen as a positive and constructive step, particularly if the CEO has high credibility.

The credibility of information passed on to employees is a major factor in the effectiveness of the formal management of the after-effects of retrenchment. Kiechel (1985) notes that among survivors there is a feeling of, "What happens next?" and that this may often create a situation of effective paralysis among the staff. He sees the only effective managerial antidote as communication. This includes talking to staff, providing support, answering questions. However, it is particularly difficult to make communication effective when the organisation did not inform employees of the decision process which led up to the retrenchment. "Having been kept in the dark before, the troops are all the more ready to believe that the company's leadership doesn't know what it is doing, that the boss won't be straight with them, and that more cuts will be coming" (Kiechel, 1985, p.104). Similarly, Schweiger and Denisi (1991) found that communicating intentions before an exercise occurred was significantly more useful than communication subsequent to the implementation. Generally, it appears that employees are sceptical of management information following the exercise and are resistant to formal methods of generating change. For instance, comments in the present study included the following:

"We had a circular coming round which basically demanded that the people must be loyal to the new company, but loyalty is like trust, you can't demand it. And one thing they have realised is that they haven't done anything to get the trust of the people. That is why we are losing so many of our best staff, and we are going to lose more."

"They have a confidence problem. They had a loyalty and trust in this company and management that was almost unbelievable, and that was shocked. To rectify that is very difficult."

These comments are consistent with the views of Greenhalgh and Rosenblatt (1984), who note that during times of change and insecurity, official organisational announcements tend to

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be viewed as rhetorical rather than factual. They are perceived by employees as being designed to shape perceptions in a way that serves organisational interests. Instead, employees focus on unintended organisational cues (such as budget reductions) or rumours in times of threat (Greenhalgh & Rosenblatt, 1984).

Gilmore and Hirschhorn (1984) see an essential aspect of the post-announcement period as being one where people need to work through the breaking up of work groups, the departure of friends who have lost jobs, and disrupted structure. They see a need for management to acknowledge that those who were retained have gone through tough times and that difficult times may also lie ahead. However, the present study did not reflect any incidents where management had recognised these factors formally. Such difficulties were essentially ignored by executive management who perceived that either production would continue as if nothing had changed, or that new methods would automatically take effect, and no consideration of human reaction was necessary. For example, participants said:

"I felt completely in the dark. I don't need a lot of support from top management, but you do at times expect a bit of moral support from the powers to say, 'Look, we see what is going on, this is what we can do'. Nothing. I heard from nobody."

"I did expect someone to say to me, 'We have kept you on for these reasons. We appreciate what you have done for this company. This is where we see you fitting into the pattern or the new structure of the company.' Zilcho, nothing."

A consequence of executives not recognising the social aspects of the organisation meant that managers throughout the organisation had to adopt informal and sometimes spontaneous measures to deal with organisational conditions. Further, they themselves were caught up in the same social reactions and difficulties.

## **MANAGERIAL PROCESS**

### **Dealing with Uncertainty**

Retrenchment disrupts the established structure, responsibilities, and routines of the organisation, as many of the people who give substance to these are either eliminated or moved within the organisation. In the present study, even in cases where some sort of strategic plan for handling the post-announcement period was devised prior to the retrenchment, high degrees of ambiguity existed. For instance:

"There is still a lot of uncertainty and confusion about how things are going to

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happen now."

"I've been sitting here with data that is handled by branches, where the branches have been closed and there is no one left there. But there are hundreds of changes to policies sitting there that have not been dealt with....

The people who really knew what was going on, they are not here any more.

They don't have that people base any more."

Consequently, managers and other members of the organisation have to get clarity on how they are affected by the retrenchment and have to redefine their work context. For the manager, this means having to deal with his or her own concerns, as well as having to interact with other people or agencies in the organisation who want to define the manager's role relative to their own. One participant described his situation as follows:

"So I was getting a lot of questions from people who were staying which I had no answers to: 'What's the future? What's the technology?' And I was saying, 'I don't know, I don't know. Give me a chance to get into the job.' So I was getting a lot of pressures from there."

### **Interpersonal Demands**

Besides the work demands and the general need to get role clarity among members of the organisation, managers are subjected to extensive interpersonal demands during the immediate aftermath of retrenchment. These demands come from employees who have been told they have been retrenched and those remaining with the organisation. The ongoing contact with employees who have been retrenched appears to be particularly difficult for managers. These difficulties appear to relate back to the feelings of guilt at having caused the difficulties, as well as discomfort with knowing how to relate interpersonally to retrenched employees. For instance:

"What do you say to the people who you have retrenched when you see them the next morning?"

"I think when you look at the guy and talk to him, it does cross your mind that this poor guy is going out the gate. It must play on the back of your mind, it may not be something you are consciously aware of but when you see the guy coming towards you, you probably think, 'Oh hell!'. "

In organisations where employees perceived the retrenchment to have been badly handled, retrenched employees were often negative and destructive, and directed their feelings of anger at the manager. While such expression of anger directed at managers was often carried over from the announcement phase, this seemed to occur even in cases where the manager had substantial sympathy for the employee perspective and had adopted a more humanistic stance



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towards the retrenchment announcement. The hurt and anger of retrenched employees often results in them striking out at managers as representative of the organisation. For example:

"I started taking a lot of the flak from people who were still trying to get at the company. People were saying, 'I've got an industrial relations case and I'm going to sue you'. Not the company, 'I'm going to sue you'. I had at that stage become the company, because I was staying and I had the senior role, so on the last week of the retrenchment I also took some stress."

"Seeing the reaction now, everybody is sitting around getting bitterer and bitterer in little groups. Nobody is doing much work, just doing what they have to, they have no particular regard for management. I haven't had it from my people, but some of the people are saying, 'I'm not going to work, they can fire me. Big joke! They can't fire me, they can't do it twice.'"

Dealing with retrenched employees who are still working out their notice also leads to a number of other problems. Managers' comments below indicate the morale, motivation, and allegiance issues that occur with retrenched staff subsequent to the retrenchment interviews:

"You have this situation where the company has to continue running and you have to keep people loyal to the work for however long they have to do it. And then the side factor is that you have just told them you are throwing them out."

"How do you manage and motivate somebody who is not going to have a job in three months? Someone comes to you and says they have a good job offer out there when they are only supposed to go in three months. How do you handle that? Do you give him the package or do you say he will have to give in his resignation? I think it certainly demands a very heavy dose of management skills."

The dilemma on job offers illustrated by the above manager was common, since a number of employees who had been retrenched obtained jobs before their notice period had been worked out. Almost all managers in the present study, faced with such a dilemma, facilitated arrangements to release such employees from their obligations, while still enabling them to receive the retrenchment package. It appears that these actions are underpinned by the sense of the psychological contract between manager and employee which continues to operate, often accompanied by substantial feelings of guilt among managers for their actions. In a way, it seems that the premature releasing of retrenched employees eases the manager's conscience.

Difficulties were also experienced in interactions with survivors of the retrenchment. Reactions of survivors are given in more detail when examining responses within the

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organisation later in this chapter. However, general feelings of shock, insecurity and lowered morale are typical reactions that managers must deal with in the post-announcement period:

"The shock set in with the people remaining. There was an element of uncertainty. It came as a bit of a shock to see a lot of people who had been working here going."

"There were obviously queries about now maybe there are going to be more retrenchments next month, and through the grapevine one hears that there were people who were unsettled and, 'Is it the last?' and 'Who's going to be next? What's going to happen next?'"

"It's still very, very uncertain. I don't know when things will settle down again. It's very difficult to give them certainty as well. They tend now not to trust you. Not very negatively, but you can't blame them."

Part of the problem in alleviating negative consequences is that managers are often not in a position to guarantee a return to relative normality of operations and security of employment. In the present study, only a few managers were in a position to inform employees that no further retrenchments would take place. Other managers gave no such assurance, or indicated that any action would depend on environmental and organisational conditions:

"The difficulty is that we haven't announced all the retrenchments at once because you don't know what is involved. As the forecasts change, and look what is happening with the mines and the gold price, that is all going to affect what is going to happen in the future. So you can't go to them and say, 'Retrenchments are now finished'. All you can say is, 'Based on the information at the present time this is what should happen'. But you have to add the reminder that we might be under cost pressures and with marginal mines we may lose more market."

Management should be available to interact with all employees and provide reassurance and support during this time (Bunning, 1990; Leana & Feldman, 1989; Schweiger et al., 1987). Managers who were effective took on the role of a companion to maintain employee attachment to the organisation and attempted to reduce fear, anxiety, and uncertainty. Managers also showed commitment, were honest, demonstrated their understanding for employee needs, and provided social support in an attempt to maintain an effective image and settle employees. However, the lack of direction by top management and the uncertainty over future retrenchment often make it difficult for managers to provide reassurance and maintain morale during this period.

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## Psychological Issues for Managers

In addition to dealing with the extensive formal and interpersonal demands, managers continue to deal with their own concerns and work through their own emotions about the breaking of psychological contracts and about the impact of the exercise on others. Personal issues which managers need to deal with during this stage include altered values, the impact of their new situation, and even the way in which they relate to the people around them. As two of them said:

"Before I saw that I and the company would never part, but now I realise that I have to look after myself, and the company will not necessarily look after me. I think that is the reality. It can happen to me."

"A very interesting thing did happen to me. One gets a bit of a reputation and someone says they are going to see me, and the others say: 'Don't go and see him because you only get one of two things, you either get pensioned or you get exit.' Jokingly I say that. But I think people are very wary about having an appointment to see me right now, although my job does entail other things. Termination is something they are thinking about right now, there is an unfortunate sense of uneasiness in the company."

This stage of the retrenchment exercise is also characterised by indications of significant effects on the mental health of managers. Sustained and ongoing stress often impair coping and performance. Adverse mental health is reflected among the managers in mental exhaustion and erratic emotional behaviour (Kelloway & Barling, 1991). Further, psychosomatic stress disorders consistent with the experience of severe emotional demands are also reflected among some managers. Overall, there were very few managers who felt no negative side effects from the retrenchment exercise at this stage of the process. Typical reactions included:

"I feel very stretched, very strained at the moment. As I said, I've done this before, and I'm getting sick and tired of it now. I wouldn't say I've destroyed a lot of companies, but I've certainly re-structured quite a few. From a personal point of view, I'm tired of being like that. I actually want to go away now and do something constructive. Actually grow something. I feel under a lot of pressure at the moment."

"Very lonely sitting here and mulling it all over in your mind. And I didn't want to react, I didn't want to be rational. I tried to think this thing through step by step, and still to this day I am doing it."

"I go through amazing ups and downs with the way I perceive this company and where it's going. Sometimes I'm incredibly negative about the company

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and something like that can stir up all your negative feelings, and you say, 'Actually this company stinks and how can you do this to people?' And the next day you come into work and you think, 'Well, what are we here for? Are we here to look after people, or are we here to run a business?' I've never before had sort of mood swings like that."

"I have seen a lot of stress in my colleagues. The company offered free psychiatric advice, counselling, and a lot of people took advantage of that. I got viral pneumonia, and the doctor who treated me said it was because of a lowered immune system, and maybe it was. I'm quite willing to believe that. I've never had anything like that before."

For managers who were not involved in the decision making process, it appears that the impact may be worse. This was particularly the case in one organisation where one of the managers commented on the impact of what was seen as a particularly destructive exercise:

"The managers who are left have been totally, totally, totally damaged by it. The managers who had to do the job and who are staying have been very, very badly hurt. They have a sense of absolute futility, because they haven't had any control over the process at all. Their recommendations were totally ignored. The thing was done by a group of men sitting behind the scenes. It was done, as far as they were concerned, irrationally, with no explanations. Management says to them, 'If you don't like it, up yours!' That is no way for your management to be. In the process of retrenchment they have shown how they work. They now have a group of scarred, largely a group of very scarred people who won't stay, and who talk about it. As days go by, people who weren't retrenched are resigning, just to get away. So if the corporation doesn't want to destroy itself, in this situation particularly, a lot of fairness would be much better."

Withdrawal from the organisation is common at this stage. Many of the managers interviewed took leave within the first month following the exercise, mainly it appears because of stress factors:

"Now I have just decided I am going away for two weeks. I can't carry on. I'm going to have a quiet time. I like working under pressure, but now I get irritable with all this work pouring in. Now I am doing things quickly, but I'm making mistakes on things that never happened before."

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## Psychological State of Retrenched Managers

For managers who have been retrenched and are having to work in the post-announcement period, things appear particularly difficult. These managers were typically despondent about their situation, although many of them continued to work and perform necessary duties, at times under pressure. Whether retrenched managers had found jobs or not, there was a degree of loss of self-confidence and anger at the company for the way in which they had been treated. Managers who had not found alternative employment had to deal with their emotions on the retrenchment, and had a high level of preoccupation and concern about their future life security. Some participants described their situations as follows:

"I'm being retrenched, and I don't know why. Conceptually I can understand it. Emotionally I don't have a handle on it at all. The only reason I have an intellectual handle is because I was responsible for looking at the things that brought it to light. This is one solution, it is not the only solution.... The thing has now blown up. In some ways I was hoping it would happen, because I could get the package, and could get a chance to reestablish myself. But deep down inside I feel rejected, and I have a lot of anger. One of the reasons is that I don't have a place to go to on Monday. This was a solid thing in my life, and it has moved away from me, and I haven't done anything to cause that."

"They took something away from me, they left me nothing to hold on to. The money is not enough for me. I'm sorry, particularly when the men who are responsible got rewarded very, very substantially. They took away what was ours, and we identified with it totally, and you must remember that people who have served for any length of time tend to identify very strongly. It is the cutting of that identification that is the real stress. That is the problem, that is the real trouble. 'Who am I?' People say to me, 'What do you do? Where do you work?' I'm dreading next week, I don't have a place to go."

"OK, I think the main thing that I have lost is self-confidence. I've always said if I work for someone, they must want me to work for them."

The experience of being retrenched also has a particularly significant impact on how such managers see their future relationships with potential employers. For instance, responses of some of the managers which illustrate this change included:

"I will never be blindly loyal to a company as I have to this one, I have been here for nine years and I have had opportunities along the way which I didn't consider because of my loyalty to the company, and in future I will look after myself first. Another consequence is the frustration of not having control of your own destiny. The higher you are in management, the more control you

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have over your own destiny. I would do my best to move from company to company if it helps me move into top management."

"I've been told by people before, 'You are far too loyal'. I mean, to the extent that my family suffers. To the extent of working late at night and not seeing my kids and stuff like that. And I'm going to always look at that now very carefully, because it turns out that all of that was wasted. It was thrown away by some management decision high up above my head."

"A cynical approach to work. In other words, if I work for somebody, always realising that it's just a whim that you do work for him. Because that's what it took--it took a whim and we no longer work for this guy any more. That's one thing. You should value your family life a lot more because that is really the thing that is finally the bottom line."

## **ORGANISATIONAL PROCESS**

The impact of the retrenchment at the organisational level is primarily reflected among organisational members. The post-announcement work environment has the potential to be highly stressful (Brockner et al., 1988). Workers are bound to worry about their own job security, often even if management claims that no additional layoffs are planned (Brockner et al., 1988; Ashford, Lee & Bobko, 1989). Moreover, employee psychological states related to perceived injustice are additional potential sources of stress. Remaining employees feel a sense of shock, anger at management, a loss of friendships, and concern for terminated colleagues (Brockner et al., 1988; Bunning, 1990; Leana & Feldman, 1989; Schweiger et al., 1987). Anger is particularly likely where the retrenchment is perceived to be illegitimate or unjustified. Leana and Feldman (1989) note that survivors are frequently angry with management for having caused the retrenchment, for having mishandled the process, or for being derogatory about departed employees. In research by Schweiger et al. (1987), where survivors saw the terminations being particularly badly handled, a majority began to question whether it was worth remaining attached and loyal to the company, given the way it handled people. Moreover, survivors may feel guilty to the extent that they perceive that they, rather than their laid off coworkers, could have been laid off just as easily (Brockner et al., 1988). Negative reactions which are shared among survivors can lead to the development of a group identity which is resistant to management and which accentuates the poor morale and work performance (Krantz, 1988). "We-they" attitudes may develop out of this group identification (Schweiger et al., 1987).

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## **Employee Reactions to Uncertainty**

As a result of job insecurity, anger, and guilt, survivors may be uncertain about whether they possess the requisite resources and coping skills to deal with the demands posed by the post-retrenchment work environment (Brockner et al., 1988). Employees lose time discussing their emotions, speculating whether more layoffs will be forthcoming, and often looking for new jobs for themselves (Leana & Feldman, 1989). The sense of insecurity and lowered morale have further effects within and outside the organisation. People who feel extremely negative about the organisation may talk to and influence other employees, and this can adversely impact on the morale and attitudes of those remaining, for instance:

"A lot of people haven't got nice things to say about the company, and it rubs off. Three of my staff have seen it fit to resign."

Interactions with clients may also exaggerate the difficulty for remaining employees. This is particularly true of employees whose jobs involve interfacing between the organisation and its clients, for instance:

"We've got a sales force that's around the country for example.... They're out on their own, and they get a lot of questions and pressure, whatever, from the trade about, 'Are you getting retrenchment?' and all that. And that puts a lot of pressure on people, I think. That's just that uncertainty."

Voluntary turnover continues from previous stages, since employees feel uncertain about the organisation in the post-announcement climate (Ashford et al., 1989; Greenhalgh & Rosenblatt, 1984). During this stage, the organisation is susceptible to losing key performers who could contribute substantially to creating a better atmosphere and ensuring the organisations chances of success (Davis & Luthans, 1988; Keichel, 1985). This was noted in a number of instances in the organisations in the present study:

"You also lose a lot of good people.... Because they feel insecure. And because of that insecurity they don't want to stay. Firstly, because they get snapped up. But that is again a reality. You go into this exercise and you know--and that has happened to us."

## **Parting of Retrenched Employees from Organisation**

Retrenchment causes employees to lose a shared social arena and hence a shared structure of social relations (Harris & Sutton, 1986). Employees who have been retrenched initiate withdrawal behaviour and prepare for leaving the organisation, following formal notification. This may occur through ritualised interactions, or parting ceremonies, which mark the ends of social relations and indicate the need to redefine social structure in the organisation. In the

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same way that the manager sees the personal emphasis on the announcement as a ritual which needs to be done to fulfill obligations and conclude the relationship, parting ceremonies assist retrenched employees and those who are staying to conclude the relationship. During the post-announcement phase, however, the ceremonies are typically initiated by the retrenched employees. The occurrence of parting ceremonies was noted in a number of organisations in the present sample where retrenched employees were leaving, for example:

"They still came in and threw a party. A personal relationship still existed, and I was invited to the farewell party of two of the girls. I think even from the point of view of the persons who stayed, it was positive."

"She came in the next day, which was a Saturday, to finalise things .... We had tea together."

"You have temptation to stay and have a drink at work, and everybody did."

The use of parting ceremonies in ending relationships is seen to provide benefits in the form of social arrangements aimed at facilitating people leaving the organisation without degrading their positions (Harris & Sutton, 1986). The ceremonies emphasise individual well-being, group cohesion, and the importance of relationships.

## **Reappraisal**

The exiting of retrenched personnel from the organisation allows a degree of closure during this post-announcement phase. Although employees tend to be shocked when close colleagues and friends leave the organisation and empty offices and desks are a reminder of their departure, greater focus on the concerns of the survivors can occur. This generally lowers the level of disruption in the organisation. A manager's comments illustrate this process:

"I think there will be a big change when all the people who must go or want to go have left. Then all the people who are staying behind know they are not going to get any money out of this exercise any more, they are going to have to make the company their future or leave. There is still some negative effect from the people who still have to go but far less than a couple of months ago. There is a change of attitude towards the positive which is good."

The disbanding of relationships between retrenched employees and clients or customers also creates the need to reconnect clients and customers to other systems and personnel (Sutton, 1987). This is described by one of the participants for his organisation:

"Being a third party selling business, a lot of work is obtained through personal relationships. All those relationships have been killed effectively, they no longer exist. We are all starting from scratch. It'll take a year for the



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systems and branches to mould into a unit once more, and another two years for those relationships to get back to where they were."

The move to consolidate structures and remaining personnel provides the impetus to move into the next phase of the retrenchment exercise, which is presented in Chapter 8.

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## **CHAPTER EIGHT**

### **PHASE FIVE OF RETRENCHMENT PROCESS: AFTERMATH**

During the aftermath stage the organisation begins to initiate formal recovery steps. Organisational members have started working through the shock and emotional impact of the retrenchment that was experienced during the post-announcement phase. During the aftermath phase, the formal authority and systems reassert control and direction, and an assessment of where the organisation stands is possible. Isabella (1990) describes the shift into the aftermath of a process as being reflected in people's need to come full circle and decide on whether the event has been advantageous or disadvantageous to them personally and organisationally. Further, the reassertion of formal organisational control during the aftermath stage compels managers to consider future perspectives. Consequently, the predominant frame of reference for the stage is evaluative (Isabella, 1990).

The process which occurs at this stage is initiated by attempts to improve the post-retrenchment conditions and consolidate the organisation's position. This is followed by an evaluation of current standing which may provide the basis for positioning the organisation for a viable future, may necessitate initiating the retrenchment cycle again, or even result in the termination of the existence of the organisation as a whole. This phase of the retrenchment process, therefore, has the following stages:

CONSOLIDATION   ➡   EVALUATION

Similarly to previous phases of the retrenchment process, such stages are primarily reflected at the levels of the formal organisation. Managerial behaviour and interpretations, and the organisational processes follow a similar context. The stages will reflect themselves differently at each level of analysis.

#### **FORMAL PROCESS**

Managers need to convince the organisation's stakeholders that they know where they are going, and that they can and will honour their commitments to get there. These stakeholders include shareholders, employees, unions, clients, financial institutions, the media, and other observers. A number of the managers noted that they saw this as a difficult process:

"We are going to have a tough time establishing ourselves out there in the marketplace, getting credibility. We have to change that perspective. The

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challenge for me is, 'How do you change corporate culture?' The challenge is: 'What image do we create out there? What are the kind of people we want in the new organisation? How are we going to grow them? What philosophy are we going to create in the company?'"

## **Consolidation**

### New Strategic Focus

A new business plan should be presented, detailing purposes, programmes, and resources, as well as information about existing employees and a request for continuing support (Behn, 1988; Bunning, 1990). The existence of such a plan is essential, and organisations which have developed workable plans which have guided post-retrenchment resources, appear healthier than those guided by a plan developed prior to the retrenchment, or those with no plan at all (Gilmore & Hirschhorn, 1984). Where retrenchments have occurred, those remaining are constantly having to make priority decisions. A plan that signals both priorities and optional tasks helps each person who is making these decisions correlate her or his actions (Gilmore & Hirschhorn, 1984).

With new strategic focus, there often comes an appreciation of inadequate planning before the retrenchment. Chalmers (1983) points out that there are numerous instances of organisations retrenching and then within weeks or months, having to recruit again. Realisation that employees will have to be rehired or new employees sought, creates further management difficulties and antagonism at lower ranks. Typical responses from managers included the following:

"I know of some senior managers who flatly refused to go back to staff and offer them their jobs back, on principle. They said, 'If the guys made the wrong decision upstairs, they should be the guys who look like fools and go back and offer jobs back to the people'. It really pulls you down if you have to do that."

"On one hand, you are retrenching people saying, 'Thank you very much, cheers', and then a month later you are looking for people again, crazy! It just doesn't make sense to me, it really doesn't, and I find it very difficult to accept."

### Redesigning Physical Environment

Besides the clarification of direction at a strategic level, the organisation begins to focus on

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practical actions that can generate a sense of confidence and movement within the organisation. The first of these is addressing the physical environment within the organisation. Typically, the workspaces of remaining employees are scattered among those who have been retrenched. Empty offices and sections are strong reminders of what has just happened and delays are likely to perpetuate uncertainty. The work environment may also be in chaos. The sooner the physical setting can be cleared up and consolidated, the quicker the group will take on a cohesive future-orientated identity, rather than thinking of themselves as survivors (Gilmore & Hirschhorn, 1984). The need for reorganisation also creates the possibilities for enhancements to the organisation that would have been difficult to implement previously:

"We have new premises, new but better premises, and I think the image within the company is a more modern type company, because the physical environment is so much better. Like all the people in my department, for example, have a PC on the desk. All those types of things. You know, you can get people to think, 'We're actually moving into the twentieth century!' And I think that's positive. And the things we wanted to do, we've done. And the things we've been talking about for a long time, we're not talking about them now, we've actually implemented them. Most of them. I think that's positive."

### Restructuring Organisation

Organisational design and reviews of positions and levels in the hierarchy also need to be refocused, even in cases where planning prior to the retrenchment was initiated (Donald et al., 1986; Gilmore & Hirschhorn, 1984). Further, structural reporting lines need to be established within departments as soon as possible to reduce internal politicking and uncertainty. In the case of deep cuts or where essential personnel have left, the organisation may be in an undermanned situation (Gilmore & Hirschhorn, 1984). The company needs to clarify new roles and responsibilities to strengthen involvement and emotional commitment. For example:

"Another difficulty that arose was the possible understaffing of certain areas and the fact that some people had to get broader responsibilities to accommodate that. We actually had to say to people, 'So and so has gone and will not be replaced, and therefore I require you to do the following.' And also to actually ask them for their support in that, if they see there is going to be a problem with their staff, can they adjust their tea times or the lunch times and give us more commitment."

Kiechel (1985) advises that managers should not try and have the remaining organisation do

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everything it used to. Managers need to look for tasks to eliminate to avoid excessive workloads and to debureaucratise operations and work methods (Gilmore & Hirschhorn, 1984; Kiechel, 1985). Where necessary, training programmes should be provided to help employees adapt to the new responsibilities (Appelbaum et al., 1987).

Restructuring and reallocation of roles and work also facilitates the development of delegation and decentralisation (Gilmore & Hirschhorn, 1984). The reduction in the number of organisational personnel is often accompanied by layering within the organisation. This provides opportunities to empower employees through allocation of greater responsibilities. The creation of jobs that require individuals to cover more areas and broaden themselves can allow people to find their new situations more challenging and exciting. Career movement, including lateral moves, and job expansion can often offer opportunities to develop people (Gilmore & Hirschhorn, 1984). Initiating these changes can provide a strong positive focus for the organisation. For instance, one of the managers noted the following:

"There is an aspect of, 'We have to stand together and make this thing work'. And there is lots of challenge, for people to grow. The most important thing for me in the new environment is that there is a basis for an emergence of a new company culture, an ethos which is an empowering one."

Once such plans are put into action, however, Leana and Feldman (1989) suggest that job changes for surviving employees be kept to a minimum. Besides arranging personnel in the organisation to ensure effective functioning, these authors say restructuring practices also need to take into account the stabilisation of employee concerns and the reduction of anxiety and apprehension. In some cases, managers can become so traumatised by the risks that they prefer assignment to safe settings, instead of wanting to be placed in the units that need to be turned around.

More flexible policies to acknowledge and reward risk may need to be developed in the reward systems (Gilmore & Hirschhorn, 1984). Reward systems may also need to be structured around the increased demands on personnel during the interim period to maintain motivation and commitment in high risk and demanding conditions. A manager in one of the organisations recognised that to make the new structure work, temporary reward systems had to be brought in to assist with this transition:

"I said I could possibly offer them some perks, and I fought and managed to get them a fourteenth check. I have managed to get overtime approved, which they didn't have before."

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## Reestablishing Confidence in Organisation

Management should work actively on rebuilding confidence, support, and trust. This applies not only to employees, but also to shareholders, suppliers, customers, competition, financial institutions and in the community. As many communities are affected by retrenchment directly and indirectly, a public relations program designed to rebuild confidence is essential (Appelbaum et al., 1987). For surviving employees in particular, managers have to take positive, concrete actions to lift the way they feel about the organisation, for instance:

"I think especially for the first year, top management involvement directly with the people--not with us--is very essential. Let us say, where the Managing Director would visit us once a year, he should come and visit us a least twice a year. I would say every two or three months. Just to come here and try and build a new image.... We know where the future is going in this company, but the people don't believe it, even if they see the figures. And I think there is more emotion involved now than what the facts are. And by keeping a high prominence to this, they can start building up this place now.... Make it feel wanted, make the guys feel that it is going well."

"That certificate of attendance with a memo thanking me for my involvement and comments at a recent workshop is maybe a small indication that the ball is starting to roll."

Formal methods of improving morale include training courses, workshops, company gatherings, and visits by top executives. Also, giving employees relatively easy work the first week or so after the layoffs, followed by new and challenging assignments, can assist in building confidence. Companies who have adopted these strategies successfully include Wang and AT&T. Other companies have attempted to boost morale through "pep rally" approaches, for example, hiring a motivational speaker or giving parties for employees. However, such action has tended to meet with little success. To cope with their employee concerns following retrenchment, the US company, Donnelley, sponsors a large number of off-site training courses and lectures, with titles like "The Economics of the Soul". Henkoff (1994), notes that, as important as the formal content of these classes is, the courses present the opportunity to employees to vent their emotions. Tarr and Juliano (1992), on the other hand, used organisational specific inputs to employees, including creating a vision and confidence that people could meet their goals, building a strong work culture through attentive leadership, and establishing expectations of personal authority and responsibility. Such an emphasis on responsibility allows people to begin a process of regaining control over their professional direction and work (Tarr & Juliano, 1992).

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## Evaluation

Effective monitoring and evaluation of the organisation after the retrenchment exercise are important determinants of its success. Many companies complete the downsizing exercise effectively, only to decline later because of complacency and a failure to make the necessary readjustments (Appelbaum et al., 1987). In the present sample, only one organisation had implemented a formal evaluation of employees' perceptions of the organisation:

"We did a lot of research to find out afterwards how people experienced this whole thing. How was the rationalisation communicated to them, with empathy or not? Did they understand the new structure? "

Although managers would have conducted informal evaluations of how well the new structure of the organisation is settling down, it is perhaps surprising that more attempts are not made to obtain inputs from employees on the suitability of organisational responses. However, managers may be sensitive to the types of reactions they may get, given the experiences of employees during retrenchment and the adverse effects on management-employee relations.

The evaluation stage also provides a basis to review how effective the retrenchment was in addressing the causes of the exercise. Related to this, is the cost-effectiveness of retrenchment as a strategy. The impact of retrenchment becomes clearer for managers as they place financial, operational, and human costs in perspective. For some companies, this perspective causes a reappraisal of the suitability of retrenchment as a strategy in dealing with the threats to organisational effectiveness or financial security. For example, two participants noted:

"So somehow we must get the point where we can measure the effect of retrenchment--the loss of morale, the administrative costs--and I think you would find that the costs are prohibitive if you could measure it over a period. You may have found it was worth keeping those people on."

"It produced so much uncertainty and lowered morale that it virtually closed the organisation down for maybe six months. When one looks at retrenchment it's like looking at an iceberg. The cost is in millions but that is just in money. The cost in lost business before, during, and after, is never taken into account, but is of some magnitude, and we need to be looking at that."

Few organisations had specified clear objectives which should be met on completion of the retrenchment process. Only one manager in the present sample focused on how the outcome of the retrenchment related to the initial objectives of what was expected from the exercise:

"The other objective is getting through the work and *proving you were right* in

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doing whatever it is that you have done. What with changing work practices and so on, productivity has come down from what it was last week, and there is a certain bit of paper that says it's going to come right."

This manager emphasised accountability for producing results from the exercise that would show the decision to retrench was justified. Generally, managers avoided "measurement" of outcomes, seeing things in a broader context of whether the organisation could function at a level that would provide "acceptable" financial results, or not necessitate further retrenchment. The return to some kind of organisational stability is thus relatively poorly defined financially, although some broad improvements in the financial status and cost effectiveness of the organisation are seen as essential. The lack of emphasis on the actual outcome of retrenchment may reflect characteristics of such exercises. These could include the possibility that the original goals and desired outcomes of the retrenchment exercise are often unclear, or that the experience of the exercise itself leads to the goals being abandoned or confused. However, managers themselves may also dislike the concept of being held accountable for specific outcomes because they are not fully confident that the use of retrenchment will lead to the desired organisational states.

The lack of formal evaluation is consistent with a low incidence of formal strategic post-retrenchment planning and operations instituted by organisations in the present sample. However, it also reflects the nature of approaches by top management. Cascio (1993) points out that managers in a number of organisations have failed to break out of a traditional approach to organisational design and management which emphasises command, control, and compartmentalisation. He notes that organisational redesign and broad systemic change is necessary to effect meaningful change. In many organisations where retrenchment is seen as a cost reduction exercise, the organisation has done little to address the essential causes of retrenchment. It is perhaps not surprising that many organisations are compelled to retrench again, shortly after having completed a similar type of exercise (Cascio, 1993). Most of the organisations in the present study planned to follow similar management and business philosophies and strategies that existed before the retrenchment occurred. In this respect, for many organisations, retrenchment was only a cost containment exercise rather than a strategic intervention designed to have major impact on organisational renewal and repositioning. Some of the participants from such organisations described their situation as follows:

"We have to go through a consolidation phase. We have to recover credibility we have lost during the exercise. There is still a lot of uncertainty and confusion about how things are going to happen now."

"You have got to get back and rebuild what has been destroyed virtually overnight by one exercise. I think that is the biggest negative for the company. It takes a long time."



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"For myself, from an operating point of view, the morale of the people is very important, and you cannot just build morale. It is going to take us at least a year, or two years, to get back to the position where we were with people working as a team."

"I think the bank has got an image problem now in the market. Now they have done a retrenchment, all those people have got friends in the market, and we will have a problem with our image."

Conversely, there were a few organisations which saw the need for a strategic adaptation to deal with conditions leading to retrenchment. The emphasis on reshaping the organisation, making it more appropriate, developing a changed corporate culture and a different way of doing things were strongly evident in these cases. For instance,

"Our whole structure has changed significantly. The way people work from the top right down to the bottom has changed significantly, right down to the bottom. It's a new organisation. We are busy formulating a new vision and strategy and we are starting all over again."

"It's a different company. When everyone else that we work with, suppliers, people who we supply to--once they are convinced that we doing things in a better way, once they have accepted that, I think it will be good for the company."

Evaluation thus highlights both the way in which the organisation has dealt with the retrenchment demands during the course of the exercise, as well as the extent to which the organisation is appropriately positioned and has the potential to succeed in the future.

## MANAGERIAL PROCESS

### Rebuilding Relationships and Morale

Managers need to manage the transition from the trauma and uncertainty of the post-announcement phase to a consolidated organisational environment. Wilkens (1989) notes that people without faith in the organisation develop self-protection skills rather than using their efforts to benefit the whole; furthermore, they fear to take the necessary risks to experiment continuously with and improve existing operations. Also, one of the central issues facing a group after retrenchment concerns self-image or pride. Often organisational members have a negative label attached to them from outside and this may be internalised (Gilmore & Hirschhorn, 1984). Communication by the manager, therefore, becomes critically important to rebuild and renew a sense of community. This is done by talking about what is shared in common, the tasks ahead, and by providing a forum for the surfacing and

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venting of concerns ( Gilmore & Hirschhorn, 1984; Saltzman, Lord & Baig, 1992; Tarr & Juliano, 1992). Formal organisational systems are often distrusted by employees at this stage and it appears that personal attention to employee issues by managers are more effective in regenerate a sense of faith in the organisation, developing a sense of group cohesiveness, and redefining the psychological contract with employees. Instances of this were evident among managers in the sample:

"I managed to get hold of the people and motivate them a bit. I addressed them and put my cards on the table. I said, 'I cannot offer you any future in (*company name*). I can offer you a challenge. I can offer you a learning curve that you have never seen before, because you are going to have to do a bit of everything.' I went through my reasons for staying, and said, 'I'm staying to gain that experience'. Afterwards I was told it was a very motivational talk and the people were prepared to stick around and work."

"I was telling them that we were offering them a fantastic opportunity. And that was really what it was. It was a selling exercise. It wasn't meant to be dishonest. It was to fill them in on all the things, and to fill them in with what we were trying to do. And I'm lucky enough that the guys actually ... they actually follow me quite well.... I felt like a Martin Luther King, that kind of thing. You suddenly went home at night and I thought, 'My goodness, I can make people do almost anything I want.' "

Managers need to back up formal steps adopted by the organisation with substantive information and honest communication in their dealings with employees (Leana & Feldman, 1989). Above all, management must be open and honest in answering employees' questions, including those about the possibility of future terminations (Appelbaum et al., 1987). Managers see this as an essential component of the organisation's attempts to move toward rebuilding employee confidence and security. As one of them formulated it:

"I think the remainder of the staff need to be reassured that there will be no more retrenchments for the short term, medium term, or long term, if you can give that sort of guarantee. Also, I think being very supportive to individual concerns that might still exist about their individual positions."

Dealing with employee uncertainty does, however, present difficulties for managers in organisations where retrenchment does not guarantee organisational survival. Employee attention is focused on job security and it is then difficult to assure them of a secure future. In the present study, managers in this situation tended to be open about the situation. No managers committed themselves to saying that everything would be alright. Although openness and honesty are well received, they can disrupt the consolidation process (Tarr &

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Juliano, 1992). Comments of managers in the present study reflecting this issue included:

"I think there is a worry in an environment of cost cutting. It's very unsettling in the department. The only way you can handle it is by telling people what is happening and keeping them informed. The best thing is to be pretty open about it and not have to worry the whole time that there is another thing brewing. If you've done the groundwork by saying you are losing so much a month, in a sense it's depressing, but in another at least people know where they stand."

"I still have people on the plant who are wondering whether they are going to be made redundant, and I can't give the assurance that they are not. That is probably the worst part of the exercise, because I can't give people certainty."

Managers should be visible and supportive during this consolidation period. In providing some kind of structure to employees, managers rely heavily on formal organisational actions. However, managers in the present study described using interpersonal contact, social support and expressions of concern to varying degrees, to improve the consolidation process. For instance:

"I think being there for the people ... actually listening to them. Not over-reacting to the grapevine, but at the same time, taking into account what people are talking about.... At every step actually trying to reassure them and quell whatever rumours there might be. To motivate, to create an environment which is motivating. To make sure that we actually reward good performance, good customer service, and actually get back on track. But make a noise about successes. I think that success breeds success and also breeds happiness. And we're actually very fortunate that we're actually quite buoyant business-wise at the moment, so there is a lot to say. We're doing well. What we did was right. We've put it behind us and should not dwell on it. And to get people's minds off it by trying to do everything better. And looking after things that might have slipped in the past."

### **Reestablishment of Managers' Confidence**

Although managers direct substantial effort and attention towards the feelings of employees at this stage, they also go through an evaluation of their own positions, the nature of the organisation and its implications, and options and concerns for the future. Assessing the event in terms of its consequences allows them to put it and the accompanying changes in perspective. Isabella (1990) notes that part of such an assessment includes conclusions drawn about both positive and negative consequences of the event and its strengths and weaknesses.

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Managers in the present study evaluated their situation from a similar range of perspectives.

Managers increasingly acknowledge a new reality in the organisation, and as the consolidation process starts taking effect, managers begin to see the more positive context of the retrenchment. Managers' evaluation of the situation begins to incorporate perceived opportunities and provides a greater definition of the future. Some managers also obtain favourable positions within the organisation, which place them in better contexts than those held previously. This creates a positive perspective of their situation:

"I'm probably going to stay with the company now. I'm getting a much warmer feeling about what is happening in the future, and I'm very interested in the technology challenge that lies ahead. But that has only happened recently."

"I'll tell you my reasoning (*for staying on the job*). I'm young and being manager of a budget of 20 million rand, sounds good on a CV.... Let's say it was a success, it would look even better on my CV."

This type of sentiment is reflected in other retrenchment exercises as well. In AT&T for example, one of the managers commented after the exercise:

The downsizings have created vacuums of responsibility that I have been able to jump into.... To survive in this environment you have to be a wing walker-- someone who will get out on the wing of a plane and do the job. I never walked out on the wing of a plane before, but if I had to, I know now that I could get out there and do it. That, to me has been very exciting. I've done things that I never thought I could or would have done (Saltzman, Lord & Baig, 1992, p.53).

On the other hand, retrenchment can lead to fewer responsibilities for managers, as a consequence of a more limited scope of operations due to restructuring and the reduction of manpower in the organisation. Decreased responsibilities may cause managers to reevaluate their own self-concept and decide whether this is congruent with accepting the new role. As noted by Cameron et al. (1988), there tends to be a preoccupation with growth and optimism in business; it seems that managers themselves internalise such values for their own personal measurement of progress and self-image. Consequently, redefined responsibilities following retrenchment may not be congruent with the value systems held by managers and could lead to future turnover, decreased job involvement, and a poorer organisational commitment. Two participants in the present study illustrated this in their situations:

"I was responsible for all the marketing in that company. Now the company's got smaller, so my actual portfolio's smaller. That's a negative. And that made me consider what I should be doing with my career, .... should I stay in a smaller company or not? That's a negative. The positives are, ... the company's

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geared up to perform a lot better."

"I was in charge of the whole place, so it did impact on my personal position, in the sense that, although I could say I was in full control, the company is now smaller and my responsibilities can't be the same any more. So, I have taken a knock."

Evaluation of their current context may cause some managers to be concerned with how they have been associated with the retrenchment, in that it may indicate failure on their part. Sutton and Callahan (1988) note that managers of organisations which had suffered from bankruptcy were often perceived as tainted and incompetent. According to the reactions of managers in the present study, such unfavourable images tend not to occur to the same extent in retrenchment situations. This is possibly because retrenchment in their situations is seen as part of the process of trying to ensure organisational survival or revival, whereas bankruptcy is a clear sign of organisational failure. However, in some cases, the need to retrench is seen by managers to create a situation where their ability to cope with business demands is called into question. Consequently, some managers may experience insecurity about how the retrenchment has impacted on their personal image:

"I think, from my point of view, that is the thing in my mind that is worrying me at the moment. I believe that, even though I have valid reasons, people may think, 'Why didn't you manage to try and turn the company around earlier?'"

"Obviously, I am still friends with some of the people who were retrenched and some of their friends in the market, and I think there is a bit of pressure when I meet them and every time I have to explain the whole story to everybody. They make their assumptions of how it was handled. So there is still a question of whether my personal image in the market can still be tarnished or not.... If they perceive my reasons may not be good enough, I think that is something I will have to face in the short run."

Concerns of future job security are also predominant in the minds of many managers even though the retrenchment has been completed. The possibility of being retrenched at some later time becomes far more real for managers who have experienced the phenomenon from the other side. Part of this realisation stems from the fact that managers have observed, for the first time, that the nature of the psychological contract between organisation and employee is limited and employees can be viewed as expendable assets. Concerns arise out of the fact that the organisation may continue to rationalise once it has demonstrated the feasibility of such action. Further, although managers focus on their internal job security, there is also a realisation that security is not assured in any organisation. Examples of

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managers' comments that illustrate these concerns are provided below:

"And you also learn from a personal point of view, that you could also be on the list some day. And if that's going to be the case, make sure you've got the backing if that happens to you."

"What I am concerned about is that the fact, with the retrenchment, the place is now much smaller and more cost-effective, but in a way it is now even more vulnerable. I have a concern that it would now be easy to close the whole place down. And my perception of the people at Head Office and the way they handled things, I can't put it beyond them that they would make a decision that would influence my life without me. And that I would say is my fear in the short run, regarding my own position."

The managers' organisational commitment which generally deteriorated during the previous stages of retrenchment tends to improve during the aftermath stage. However, it appears that reservations about the direction the organisation is going, personal insecurities, and the need to rebuild a climate of trust and openness all impact on organisational commitment to varying degrees.

### **Retrenchment as a Learning Experience for Managers**

Comments of managers at the end of the retrenchment process appeared to reflect a healing process which was starting to occur following an evaluation of their experiences. Managers seemed to be moving away from the trauma and stress of the previous stages, towards sensing that they had undergone an experience of growth and learning. This sense of growth and learning focused on how they had changed and developed as individuals and managers, a greater awareness and sensitivity of human behaviour, how they could get greater control over any future retrenchment process, being more aware of the implications of recruitment and staffing for business practices and possible retrenchment in the future, and changed views on the nature of business and what it really means for them. Each of these areas of learning is discussed in more depth below.

#### **Personal Development**

Managers felt that having to handle the retrenchment had been an enriching experience. The need to deal with emotional situations, confronting their own fears and concerns, and developing a broader understanding of the situation and the employees' position were all seen as contributing to this growth. In some ways, having had to conduct the retrenchment was seen as a personal crisis, from which the manager emerged with a greater knowledge of his or her own abilities and self. Also, conducting the retrenchment called on personal resources of

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the manager that he or she may otherwise not have drawn on, or would have used to a limited extent. Quotations from managers that reflected this learning included:

"I believe it's part of me, part of the growth. It might sound funny like that, but it's your own personal development, the learning process, the knowledge you acquire. Look, in a funny sort of way it's also beneficial. It might sound crazy, but it's something that, unless you go through, you haven't gained."

"On the positive side, I have learned a helluva lot. About myself and what real pressure does to me. I've learned whether I can cope with it or not. I've learnt that I have neglected a lot of people for selfish reasons because of work--selfish because I like work."

"I think a person can only be much richer in themselves having pulled off an exercise."

"Thinking of the whole thing personally, this experience and perhaps the last year or so somehow gave me a greater ability to do this sort of thing. Years ago I would have found it difficult to speak very directly with a person. Perhaps having to steel myself, knowing what I had to do, it might have made it easier."

"Actually doing it, speaking to the people. I guess you also learn that doing unpleasant things to people. I guess, it's no fun at all, but as a manager afterwards you probably realise that there are correct ways of doing it, and I think I know what some of them are."

### Insight into People

Retrenchment creates conditions where people react atypically. For managers, this was often the first occasion where they had seen employees under high stress conditions. Both the behaviour of employees who were known, and the response of employees in general proved enlightening for some managers. The experience created some versatility in the way that managers reacted to employees, and this generated a wider repertoire of behaviours and approaches to people that the manager would be able to employ in the future. Three participants had the following comments about the insight they had gained:

"I think I have learned a helluva lot more understanding about people, about their needs and their reactions. Particularly when you sit and listen to these guys talking and saying, 'How do I go home and tell my wife?' You learn to counsel the people and talk to them. You learn from their experiences, what they are saying, what their concerns are, so that if the next one who comes in shows the same sort of tendencies, at least you can be qualified to talk to them."

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"I think a greater appreciation of people, a much higher appreciation of the workers down there. The guys who we had to retrench are highly intelligent people, not nearly as 'prima donnish' as I thought, and that made it easier. Normally you scratch them in the wrong place and they are prepared to jump, but when there was a common purpose, they stuck together remarkably well, even the guys who have already been retrenched."

"One thing I have learned is that with this whole exercise people hear it if they want to hear it. You can tell a guy, 'Yes', and the guy would look at you and ask if that was a 'Yes', and I would say, 'Yes'. And the guy would say, 'When you say Yes (*with inflection*) it is different from when you say Yes?' That was probably what surprised me most, how selectively people can hear."

### Conducting Retrenchment Exercise

Managers reported learning how to approach a retrenchment exercise more effectively. Thorough preparation and planning for conducting the exercise was mentioned by a number of the managers, often reflecting their own experiences with inadequate planning. Further points raised included ensuring the exercise was not drawn out, enhanced communication to both management and employees to reduce uncertainty, management training, and a more people-orientated focus. Almost all these factors came out of perceived weaknesses that managers experienced with their own exercises. However, the comments also reflected some contradictions in the desired approach between managers. Issues such as personal involvement in planning and decision making, and the amount of time given for preparation were two main contrasts in this regard, illustrated in the quotations below:

"Firstly, that if one is to go through an exercise like this again, that it is well thought through, that it's not just an arbitrary decision and you go at it like a bull at a gate. Certainly that the human factor needs to be infinitely better considered than it was in this instance. More time should also be designated because I think that if I'm ever put into the situation again I shall demand enough time for two reasons: 1) to get the figures; 2) to identify the people more accurately and more fairly. Also more time is needed to talk to my colleagues and discuss the situation. So better preparation, more time, and more thought put into how it'll affect those people."

"If I had to look at it as if we had to do it again, I'd say number one : We should never rush into a thing like that. We're dealing with people's lives. "

"I would plan it (*the retrenchment*) before I announce it, I would communicate it properly, and I would show some concern. None of them were done."

"On the company side, I've learnt a lot about how retrenchments should be



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done. I wouldn't do it like that again. I would make it a lot shorter. I think the best is to work it out and then announce it."

"The most important thing we learnt out of the exercise was, even more that total honesty, was let people know at all times what is going on. The biggest lesson is communicate at all times with the people and let them have a say in what is going on, at all levels. Once he feels a part of the negotiating process, he is prepared to accept the outcome of it."

### Employment Decisions and Retrenchment

The link between business practices which required the hiring of personnel and the potential for subsequent retrenchment also became evident to managers. Managers became far more aware of how their decisions were linked to staffing and conveyed the attitude that they would be far more careful about taking on employees. The morality behind the employment decision becomes relevant to many managers for the first time in their careers. The practice of retaining personnel through remuneration benefits which would trap them in the organisation was also highlighted. In such cases, the morality of retrenching personnel who were excessively dependent financially on the organisation was questioned. The use of temporary contractors became more appealing to managers, as the psychological contract does not include the same expectations of permanent employment. Quotations which illustrated these learning points included:

"I think a lot of us sometimes don't learn. They will go and make the same mistakes. When you purchase a machine, when you employ a person - have you thought about what you're doing? Have you ever thought what could be the ramification five years down the track? Have you carefully gone through it and logically analyzed in your mind--for anyone to have the same pain you had just now--or are you one of those heartless guys who just say, 'OK, tough luck! We've tried it, it's not working.' And I've taken a lot from every of these experiences. Not only from the (*company name*) point, but from a business point as well. You think twice before you buy a machine."

"I guess it brought home the fact that when you expand ... it's actually very easy to bring in new people. But the moment you sink.... To make smaller is a very long and lengthy time-consuming exercise. I mean that again stood out. The one versus the other."

"There were people in our organisation who built empires, and the trauma there was just so much bigger and higher. There were a lot of people, because there the retrenchment was just so much bigger."

"We now have an understanding in the organisation of the cost of employing

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one person. If you employ one person you are hiring them for life. You need to contain things to ensure you don't fall into this retrenchment trap again."

### Business Values

The perceived responsibilities of management became substantially more serious for many managers. Implications of non-performance prior to the retrenchment were often acknowledged as being responsible for the occurrence of the retrenchment. Managers were seen as not just accountable for themselves, but also for the livelihood of employees under them. The need to become better managers and to manage a business effectively became more salient to their approach to business. Further, a more cautious approach to retrenchment was adopted. Supporting quotations that illustrate these points are:

"I learned that running a business, when you show losses it means certain things; but when those losses are turned into physical lives lost, you realise much more how serious a business should be. From a business point of view, to show losses is one thing, but to really be involved in the death, so to speak, of people, because things weren't run properly, or you didn't have the right people in the right places, makes you aware that business is a serious thing, not a game. "

"I think the things the company should be learning also is that it should be looking at the way we manage and the managers we develop. It's a critical aspect in the sense that it's probably the most difficult thing.... I think we often wait far too late until the stage where we almost have to do drastic surgery.... The sooner you actually come to grips with the fact that you've got to do things differently, and the more you can use the natural attrition to actually reduce your numbers."

"The other thing is that you realise over and over again is that it is a difficult thing for everyone. It's emotional, it's not nice. It affects people. It's not the sort of decision that should get taken lightly. There are many alternatives, and you should only retrench as a very, very last resort."

"I think to try and manage your business to avoid this type of thing. That I think was also part of a philosophy which comes a long way in our type of economy. I don't know whether you would ever be able to get away with such a philosophy in the long run. But that would obviously be the first thing."

### **Managers' Attitudes Towards Future Retrenchment**

Some managers felt that they wanted to take active steps to ensure they were not exposed to

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retrenchment again. Interestingly, a number of these managers had done repeated retrenchments already, possibly indicating a situation where repeated retrenchment does not desensitise managers to the process and that it has a cumulative effect over time. Further, the orientation of these managers was not directed so much at preventing retrenchment in their organisation, but rather moving to a new role, or changing perceptions of their present role. Managerial comments which reflected this stance included the following:

"I just find that I'm now in a role ... where I'm getting things that I don't enjoy doing. I understand why it has to be done as in the company role and other things. Sure, I can do it, but I intend to now follow a direction in my career where I don't have to do that again."

"I think I must get out of production because you get so tired of these things, really."

The managers in the sample were almost consistently reluctant to enter into a retrenchment exercise again:

"I wouldn't like to go through it again. It's the first retrenchment I've gone through and hopefully the last."

"Definitely not something that I'd like to live through again. That's for sure."

"That was a very demanding thing. I hope I never have to go through this again."

The responses of managers indicate that responsibility for retrenchment was generally not internalised as part of the management role. Rather, most managers continued to view retrenchment as an organisationally imposed activity which was outside of the normal management activities. Only one manager in the sample saw retrenchment as compatible with his natural style of management and showed no reluctance to consider retrenchment, stating:

"The next thing is to have another look at it, to go back and say, 'Can we cut any more off?' We put the next lot out at the end of this month, and we are in the situation of introducing further mechanisation and that will have an influence on the number of people we require."

## **ORGANISATIONAL PROCESS**

### **Effects on Workforce**

The environment following retrenchment can be isolating, making each individual think of his or her personal situation (Gilmore & Hirschhorn, 1984). Isabella (1990) notes that part of

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the construed reality during the aftermath of such a process is the identification of winners and losers. This was reflected in the present study, with individuals being identified within the organisation who benefited from the event, and those who did not fare as well. Often this took the form of "us/them" distinctions among employees:

"I think it is probably the way they handled people that is going to be the issue. Because of the 'us and them' situation these guys will say that we were not that unsuccessful and, 'Look at them in Cape Town, they are not successful so why didn't they retrench them there?' That is exactly what they are saying. "

" Some of the managers who had been at my level weren't so pleased that I got the job."

Polarisation of the workforce also occurred in certain instances where union involvement was strong and sustained. In some cases, union action continued after the completion of the retrenchment exercise, in an effort to reinforce the union stance against retrenchment. This issue caused prolonged disruptions of relationships between groups within the organisation, for example:

" At the moment after things have been finalised, we are now sitting with construction on the go, and the people are refusing to work overtime. The whites are working until 7.00 p.m. to 8.00 p.m. and the black guys are not working. And that's causing problems for the whites as well. The blacks also can't get the money for overtime because the union says they can't work. I think you must never combine a job which requires major overtime and a retrenchment."

The lack of trust between managers and employees that is frequently initiated during the retrenchment process often continues well into the future (Kiechel, 1985). The issue of management actions around further retrenchment is a particular area of distrust. Job insecurity of employees continues for some time after the retrenchments, even where managers have announced that no further retrenchment decisions were foreseen. This is reflected in the following statements:

"Already the rumours are going around that the exercise has left too much fat here. People must be reduced. We must not give that message out. And I know that that message is coming through already. And they must not do things like that. Then we should have cut the numbers to the amount where we as management felt that there's no more fat, and tell that to the guys."

"It has very, very negative repercussions. And it takes a long time for a company to recover. A long time because it just sits in the back of people's minds. Every time there's a hiccup, 'Are we going through this process again?

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And this time am I going to be on the list?"

Employee turnover continues for long durations and this, in turn, exaggerates the perceived insecurity within the organisation and delays the consolidation process.

In incidents where management find that their manpower planning for the post-retrenchment situation has been incorrect, or the organisation is adversely affected by voluntary terminations, offers of reemployment may be directed at previously retrenched employees. Where these employees are recalled, they are unlikely to have the same commitment and loyalty to the corporation, once the initial employment contract has been broken (Leana & Feldman, 1989).

As the organisation starts to settle down and consolidate, employees' orientation to the organisation and their work tends to reflect the evaluative assessment of what they have been through and its impact on them personally. Characteristic of this are attitude shifts in a variety of areas:

"It also shakes people up a little bit. And they suddenly realise things have changed, and things are changing. And you've got to get a little bit out of the comfort zone. It tends to motivate--I won't say in a positive sense--it tends to bring out a lot more in people. Suddenly they can't sit back and take it too easy."

"Everybody has realised they have to work harder. The contributions have increased productivity. Obviously peoples' emotions have gone through a shock. It is the first time in history that it has happened here, but people realise that it can happen again."

"A lesson that the people say they have learned is that profit is important. It is not just a nice thing to have. If the profits for the Group were OK, then this trauma wouldn't have been there. That message, 'What you do must be, at the end, profitable for the company. If not, just remember if you wait long enough, you get into situations like this.' I think that was the real good lesson that comes through as well."

"I had to implement the new systems myself, because the people didn't seem to understand. I had to have a meeting to take them through. Now they are happy because it is a system. It is like a reform and it has been well timed. And people are now getting proud of what they have done, there is a new outlook on what they are doing."

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## Effects for Organisation

The conclusion of the retrenchment exercise also allows a perspective on what the impact has been on such things as the image of the organisation, organisational functioning and effectiveness. The duration of the impact of retrenchment on the organisation will vary from organisation to organisation. Also, some effects appear to be more extended than others. Effects can be seen as positive contributions in the organisation's attempt to deal effectively with the changes it was confronted with. For instance:

"It will become a slicker operation in terms of financial control. We learned that many people do not understand the industry. There are dangers of becoming blinded by a massive cash flow. We now have a lot of actuaries in top management instead of CAs."

"In terms of Information Systems (IS), there has been an incredible payoff by using the rationalisation process as a development occasion. We find we are now in fifth generation computer and IS technology."

"I believe that this move has created added credibility to the IS function. I motivated the whole thing on sound business principles, nothing to do with technology, nothing to do with anything other than, 'We are in business'. The IS tool has been put into the toolkit of the Managing Director. He is now going to have to make decisions."

"It also has a positive impact in destroying these empires that get built."

"Positives, I think are we are seen to be doing something about the problem. It has also enabled us to address over-staffing where it may have happened. Higher productivity from the management staff, keeping them busier. Also enabling us to develop other people and give them a bigger responsibility. The other positive one is that we actually put managers back into their areas of expertise. So we're putting the expertise back onto the floor."

Retrenchment also had a number of detrimental effects on the organisation. For instance:

"It has to affect the confidence that the man in the street has in the company's ability to run its effects. As a result of that we experienced a major decrease in business, an incredible decrease in business, and an incredible increase in the amount of people that were actually lapsed in their policies."

"I must recruit people who are aware of what happened to the company, and everyone who I interviewed said, 'Why are you recruiting someone when you have just retrenched so many?' And that is a difficult question to answer, let me tell you. The question is, 'What sort of company am I joining and are you going to have another little exercise in a year's time?' "

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"You must use LIFO and you are left with a lot of unproductive people."

"The scrap rates have just trebled and they can't seem to pinpoint anything or anybody. Efficiency's dropped to half of what it was, and there's just something wrong all the time."

Informal effects on culture and climate within the organisation also occur as employees take note of the critical incidents that occur during such a phenomenon as retrenchment: how decisions were made, who was retained, how people were terminated. These incidents can become the folklore of the organisation and become established as the unwritten systems and values (Schweiger et al., 1987). Such situations can give rise to norms of self-preservation among members of the organisation which restrict initiative, risk, and productivity.

As noted previously, the duration of the effect of retrenchment will vary from organisation to organisation. Concerns have been expressed (e.g., Tomasko, 1990), that retrenchment may have long term effects on the organisation. Similarly, some of the managers expected extended effects, some of them not as obvious as the operational and financial costs which traditionally occupy people's attention:

"For a year or so they have ruined the company. It'll take about a year to recover."

"Visibly, yes. It all seems to be over and done. But under that there's a lot of tension floating for a long time."

Assessing an event in terms of its consequences, thus putting the event and accompanying changes in perspective, appears to create a sense of closure to the experience (Isabella, 1990). The final assessments of retrenchment show an evaluative process of what has happened, and an initiation of looking at where the organisation is going. Although all parties involved in, and affected by the retrenchment are ready to move on from what has happened, there remains a legacy of the retrenchment exercise in the form of perceived qualities of management and the organisation, and affective responses among the parties within the organisation. Retrenchment is not a conventional business practice which can be implemented, following which people carry on as normal and forget what has happened. It affects many of the fundamental processes and operations that are required in the operationalisation of organisational functioning. Chapter 9 describes the development of a model which integrates the various elements, practices, and human dynamics which occur during retrenchment, in order to provide a framework in which to view and understand the retrenchment process.

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## **CHAPTER NINE**

### **DEVELOPING THE DYNAMIC PROCESS MODEL OF RETRENCHMENT**

Early organisational studies, dominated by scientific management, were almost exclusively preoccupied with the structured elements of organisations. Even now, structural elements such as positions, hierarchy and reporting lines, and physical locations are predominant among the thinking of people involved in organisational change and interventions. Theorists, managers, and consultants all tend to focus on organisational structure when designing and developing organisations, in an attempt to find alternate forms which they think will assist in achieving organisational goals. Interventions such as "organisational redesign", "re-engineering", "restructuring", "unbundling", "delaying", and "rightsizing", which typically lead to retrenchment, all reflect this structural emphasis. In the aftermath of retrenchment, structural aspects such as changes in jobs, vacant offices and positions, redistribution of tasks and roles, and hierarchical changes preoccupy managers, their subordinates, and trade unions.

Organisations and their members are much less aware of "process", the interrelated flow of events that contribute toward achieving the organisation's objectives over time. What is involved in process are the ways in which people who occupy positions put their personalities into performing their task and roles, how they think and feel about their jobs and the organisation, their styles of doing a job or of managing, and the patterns of interactions between individuals and groups. Out of these factors, the norms, traditions, culture, and accepted ways of doing things emerge and come to represent the social fabric of the organisation. This underlies and often shapes the formal structure and the way in which the company operates. Consequently, it is extremely important to study the process aspects of retrenchment, which is the subject of the present research. Obviously, structure and process are not an either/or proposition and they cannot be separated. However, when there is an overemphasis and preoccupation with structural aspects to the extent that process aspects are lost sight of, this can be deleterious for all concerned. The present study is an attempt at resetting the balance.

#### **MODEL BUILDING PROCESS**

The use of process in analysing transitional phenomena is fundamental to understanding and explaining the changes that occur. Process allows one to examine the nature of relationships between the elements of the phenomenon and the evolving dynamics that drive and shape the



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changes and outcomes (Strauss & Corbin, 1990). The development of a dynamic retrenchment process model in this research uses three components.

1. The first examines the process which has been detailed in the preceding chapters. These chapters discussed the progression through various phases and stages of retrenchment. This component of the model building illustrates the progressive evolvement of retrenchment by describing the phases and stages that occur during the phenomenon. As Strauss and Corbin (1990) indicate, the building of such an analysis is an essential feature of approaches associated with grounded theory methodology.
2. The second part of the model building examines the context of each phase identified in the retrenchment process. The characteristics that determine the nature of each phase and the action that occurs within the phase are reviewed to illustrate the changing dynamics within the phenomenon. A framework for viewing the interpretational transitions in the retrenchment process is produced from this part of the model building.
3. The third part of the chapter takes the process building further by examining the dynamics that influence the variation of the process, the impact of the process on the participants, and the outcomes of retrenchment. This component of model building provides the basis for the second section of the research, by proposing a dynamic process-based model of retrenchment. Based on this, the variation of movement, responses and effects of the retrenchment process are identified and evaluated.

## **INITIAL MODEL BUILDING - NATURE OF RETRENCHMENT PROCESS**

Retrenchment should be seen as a dynamic social process characterised by transitional phases which form part of a complex change event. Further, the qualitative analysis in the present study indicates that the process occurs at a number of levels that interact and mutually affect one another to produce a psycho-social phenomenon. Strategic, legal, and procedural frameworks are evident in the retrenchment process and sometimes provide elements or structure that drive the process. However, elements of these frameworks combine with psychological, social, and operational characteristics to form what is effectively a social process of retrenchment. As discussed when reviewing the research problem, it can be seen that the manager is central to initiating, operationalising and dealing with the dynamics of retrenchment, as well as being a participant experiencing and being affected by the process.

Model building in the present study used the collective experiences of managers as the

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foundation for insight into the retrenchment phenomenon. As noted in the methodology section (Chapter 2), managers as decision makers and shapers of the environment develop a sense of the social reality of what is happening in the organisation (Daft & Weick, 1984; Ford & Baucus, 1987; Isabella, 1990; Sutton, 1987). Managers develop a set of collectively shared experiences through their involvement in the realisation of organisational goals and actions, their search for meaning, the collective sharing of the experiences with other managers, subordinates and stakeholders, and by virtue of their position in the community. These experiences can be used to describe and explain formal, psychological, and sociological elements making up the retrenchment phenomenon (Ford & Baucus, 1987; Levinson & Weinbaum, 1970). The preceding chapters explored the process as defined by such managerial interpretations and form the basis for the evolving model. Collective similarities in the experience of retrenchment can be seen clearly in the preceding chapters which provide the basis for the various phases of the model.

The retrenchment process is characterised by a progression through the defined phases. The timing and impact of each phase of retrenchment may vary across different occasions, organisations, and situations where retrenchment occurs. The process takes place simultaneously at the formal, managerial and organisational levels explored in the research. The interactions between these levels impact on and influence one another and the broader process as a whole. The initial model derived from the research proposes a five-phase process, with each phase involving a series of stages that are also of a progressive nature. The phases of decision making, decision implementation, announcement, post-announcement, and aftermath and their associated stages are shown in the model in Figure 3.

The process model of retrenchment depicted in Figure 3 reflects the inadequacy of the current strategic, procedural and legal approaches to retrenchment discussed in Chapter 3. These approaches address areas that can be considered structural elements of the retrenchment phenomenon. The approaches fail to recognise that many steps and transitions in the process require, or are influenced by, interpretations and social dynamics which shape both the nature and impact of the retrenchment. Indeed, both the initiation and completion of the retrenchment process are based on psychological characteristics. For instance, the recognition of the need or desirability of the retrenchment is based on perceptions of a manager or executive. It is these perceptions that cause the retrenchment to be initiated, and it is a psychological coming-to-terms with the need for renewal that completes the process. Further, these models are often "issue-centred" rather than "process-centred"; they are unable to locate the issues in the context of the overall organisational system. In line with this, none of these approaches addresses or can explain the retrenchment phenomenon after the announcement component of the exercise.

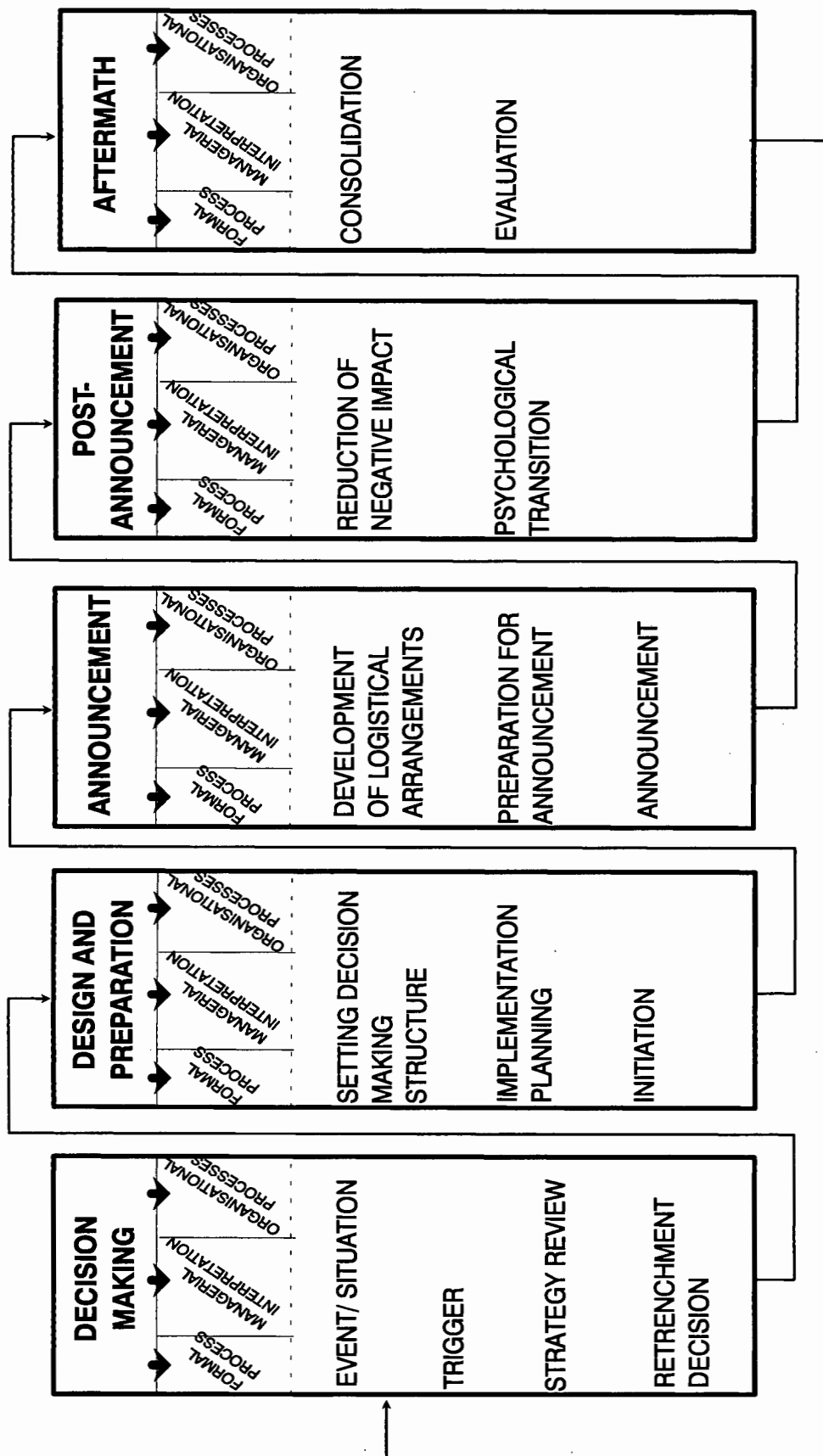


**Figure 3. Basic Retrenchment Process Model**

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A greater failing of existing approaches to retrenchment is the lack of acknowledgement of the human component within the organisation. In reducing the process to formal procedures or structured requirements, established approaches depersonalise their explanations. This has two major implications. First, the dynamics of change introduced by the people undergoing the experience and their capacity to influence the process are neglected. This results in the models suffering from a simplistic prescription of what should happen during the retrenchment exercise. The concept of dynamic change is lost, due to excessive structure being imposed for purposes of the approach. Secondly, the depersonalisation inherent in such approaches means that the impact of the retrenchment on the people themselves is not considered. These approaches therefore assume that, provided the steps involved are followed in the exercise, the outcome is supposed to be a success. This too is simplistic and is perhaps responsible for the many incidents where retrenchment provides few benefits or cost savings to many organisations which adopt such action (Cascio, 1993; Tomasko, 1990). Retrenchment also has significant adverse effects on managers, remaining employees, clients, and the broader community. If not considered as part of the planning, costing, and operationalisation of retrenchment, these adverse effects can outweigh the benefits accruing from the reduction in staff numbers and reduction in associated costs.

## **INTERPRETATIONAL TRANSITIONS IN RETRENCHMENT PROCESS**

The present study used a qualitative analysis of managers' retrenchment experiences to develop an empirically grounded model that illustrates how the retrenchment process unfolds. Managers appear to be at the heart of the cognitive shifts that occur during organisational change (Isabella, 1990) and they shape the socially defined reality within the organisation (Sutton, 1987). The present study uses what Isabella (1990) refers to as a "collective interpretational portrait of key events" which characterises such a change process. This approach facilitates an examination of how participants, in this case managers, collectively view events over time and how these events are linked to the process of change. Each phase of retrenchment is defined by its own context, specific activities and qualities, and particular nature of interactive dynamics between formal, managerial, and organisational levels. These conditions lead to each phase having a predominant frame of reference, interpretative task, and construed reality (Isabella, 1990). Sutton (1987) refers to "interpretational shifts" when discussing the transition through such phases, where organisational members recognise distinct situations within an evolving context and they can allocate meaning and significance to these. The interpretational transitions assist in defining each phase of the retrenchment for managers and the rest of the parties involved in the process, and allow an evaluation and understanding of the impact of each phase within the retrenchment process. The use of interpretational transitions then provides the basis for the second component of the model

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building process in the present study.

The analysis of the nature of the interpretational transitions experienced by managers allows the model building to move from a description of phases to an understanding of the dynamics within the process itself. The context of each phase of the retrenchment can then be located within the overall process and its contribution to the nature of change within the organisation can be better appreciated. Isabella (1990) has used an evolving interpretations model with interpretation stages of anticipation, confirmation, culmination and aftermath, situated in a context of fundamental stages of change as defined by Lewin (1947). Lewin viewed the change process moving from a situation of unfreezing, to the moving or enactment of change, to refreezing the desired change in the environment in which the change is taking place. The present study similarly incorporates the ideas of Lewin's (1947) change process. Thus, the retrenchment phases of decision making and decision implementation would form the unfreezing part of his process as the organisation recognises the need for retrenchment and prepares itself. The announcement of the retrenchment reflects the moving or enactment of change as it takes effect within the organisation. The post-announcement and aftermath represent refreezing activities once the change has been effected and the organisation settles into its new structure. Unlike Isabella (1990), however, the interpretational transitions in the present study reflect a five-phase process, initiated by the perceptual recognition of the need for change. For Isabella (1990), the trigger for change occurs when a definite announcement is made that an event will happen. To the present author, this implies an externally determined change process in which participants are in effect reacting to an imposed event or crisis. In retrenchment, the perceptual trigger that initiates the process is dependent on a personalised interpretation of events and needs, which results in a recognition that change is necessary. This may only occur for some managers who have the power to decide such events. However, the strong perceptual and evaluative component in manager's interpretations of triggering conditions can significantly influence the subsequent nature of retrenchment. Thus, the onset of the process of retrenchment is initiated by managers, rather than being a deterministic reaction to an event from which particular reactions would flow. This, in a sense, reflects a characteristic of the whole retrenchment process, in that managers are both initiators and participants of action and process, a characteristic that generates many of the dynamics of the process itself.

The interpretational transitions experienced by managers are linked to frames of reference concerning the change itself. Isabella's (1990) research has shown that, not only is a significant amount of change associated with such a process, but particular cognitive patterns accompany the change process. Building such shifting cognitive patterns into the retrenchment process model allows greater insight into the thoughts, feelings, and behaviours

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of managers during any particular point of the process. Dimensions were identified in the present study to cover these areas, allow the context of the phases in the initial retrenchment process model to be defined, and reflect the shifts in emphasis and experiences of managers. These dimensions address the interpretative frame of reference in each retrenchment phase, the cognitive demands of the phases, how the demands of the phases present themselves to the manager, the people who shape the context of the phases, and the key issues that arise out of the phases. Some of these dimensions can be loosely associated with those of Isabella's (1990) model of the evolving of key events, but represent the unique process involved in retrenchment, while others focus on characteristics of the process that allow greater insight into the socio-psychological nature of the phenomenon. The dimensions are explained in more depth below.

Interpretive frame of reference. The interpretative frames of reference reflect the evolving steps of making sense of a changing phenomenon. In this context, they are described in terms of recognition, preparation, action, reflection, and evaluation, and represent the cognitive shifts of seeing the phenomenon through from start to finish. Recognition of the need for or arrival of the phenomenon, establishing a meaning and planning a method for dealing with the demands, acting on these requirements, reflecting on what the phenomenon has meant once it has been dealt with, and applying the evaluative frame of reference, provide managers with a complete or holistic awareness of the unfolding and culmination of the phenomenon. A particular phase will define the cognitive reference point for viewing the phenomenon and will determine the behavioural and affective responses to the demands. The complete process moves the interpretation of the event from being unformed and tentative to the generation of a well-constructed and well-processed understanding based on experience (Isabella, 1990).

Operational style. Each phase of the retrenchment process requires a dominant mode of operation for dealing with the demands of that phase. The operational mode suits the particular needs and demands necessary in that phase in order to maintain the process. The modes defined in the retrenchment model also reflect the socio-psychological reality of that phase.

Stimulus for commencement. The stimulus for the commencement of each phase leads to the initiation of behaviour and thinking to deal with the new demands presented by that phase of the retrenchment process. These stimulus events therefore represent milestones in the process which show how far down the process the organisation has progressed and signal to managers when new demands have to be met.

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Managerial context. The stimulus for each of the retrenchment phases leads to a personalisation of the situation in the manager's own mind as to what is required and how she or he is affected. Thus, the manager needs to recognise what each phase in the retrenchment process means and the role she or he must play in this regard.

Main task. The task dimension of the model provides the activity or activities required to complete that phase effectively. In a sense, these reflect the expected outcomes of the phase.

Major role senders. Parties or stakeholders associated with the retrenchment have expectations that are particularly prevalent during certain phases of the retrenchment process. These expectations and the manner in which they are conveyed will affect a manager's actions and decisions. By defining the key role senders during a particular phase, we can appreciate the nature of demands on managers during that phase. This also provides insight into the shifting dynamics within the retrenchment process as parties become more or less important during the different phases of the process.

Key issues. Key issues represent emerging demands associated with the context of each phase. The nature of these issues will reflect the key demands on managers and the potentially stressful issues and points that need to be confronted and dealt with in the process.

The framework of interpretational transitions which indicates how these dimensions occur during the retrenchment process is illustrated in Table 6. A comparison of the content of any dimension across the different phases of the retrenchment process gives a clear idea, not only of what is involved in that dimension, but of the changing context and focus of the different phases. Reviewing the content particular to a phase gives a multi-dimensional indication of the dynamics within that phase. The table also shows how the retrenchment phases constitute part of an evolving process. Using the dimensions and content from this framework, the context of each phase in the retrenchment process is discussed below.

### **Phase 1: Decision Making**

The recognition and interpretation of the need for retrenchment is required in order for the process to be initiated. The interpretive frame of reference for this phase is therefore primarily one of recognition. In most discussions of decision making, the triggering of the process is either disregarded completely, or the model starts with the assumption that a problem has already been identified or given to the manager to solve (Billings, Milburn & Schaalman, 1980). However, the timing, perception of the nature the problem, and the

**TABLE 6 . Interpretational Transitions in Retrenchment Process**

| DIMENSIONS                             | Unfreezing                             |                                                                                                                                          |                                                                                         | Change                                                                                               |                                                                                                                                    | Refreezing |  |
|----------------------------------------|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|------------|--|
|                                        | Decision Making                        | Design and Preparation                                                                                                                   | Announcement                                                                            | Post-Announcement                                                                                    | Aftermath                                                                                                                          |            |  |
| <b>Interpretive Frame of Reference</b> | Recognition                            | Preparation                                                                                                                              | Action                                                                                  | Reflection                                                                                           | Evaluation                                                                                                                         |            |  |
| <b>Operational Style</b>               | Analytical                             | Procedural                                                                                                                               | Interpersonal                                                                           | Personal                                                                                             | Social                                                                                                                             |            |  |
| <b>Stimulus for Commencement</b>       | Personal judgement                     | Decision to retrench                                                                                                                     | Definition of affected personnel and date of occurrence                                 | Completion of retrenchment interviews                                                                | Recognition of need for social reintegration.                                                                                      |            |  |
| <b>Managerial context</b>              | What do I need to do?                  | How will the organisation/ myself be affected?                                                                                           | How will I deal with the interaction?                                                   | How do I feel about what has happened?                                                               | Where do I go from here?                                                                                                           |            |  |
| <b>Main Task/s</b>                     | Make decision                          | Identify affected areas<br>Set up procedures<br>Generate resources for exercise                                                          | Inform retrenchees                                                                      | Deal with emotional reactions of survivors and self                                                  | Evaluate situation and initiate rebuilding                                                                                         |            |  |
| <b>Major Role Senders</b>              | Shareholders<br>CEO<br>Executive Board | Executive Board<br>CEO<br>Employees<br>Union<br>Press<br>Business market                                                                 | Manager<br>Retrenchees<br>Employees<br>Community<br>Peers                               | Management<br>Survivors<br>Retrenchees                                                               | Shareholders<br>Executive Board<br>Management<br>Survivors                                                                         |            |  |
| <b>Key Issues</b>                      | Justification of decision              | Political manoeuvring<br>Selection of retrenchees<br>Breaking psychological contract (covert)<br>Moral/ethical issues<br>Confidentiality | Breaking psychological contract<br>Uncertainty of reaction<br>Fear of conflict<br>Guilt | Behaving appropriately<br>Lack of legitimacy<br>How to grieve<br>Facing guilt<br>New role definition | Building trust and credibility<br>Creating new value system<br>Renegotiation of psychological contract<br>Create sense of security |            |  |



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evaluative response of the managerial decision maker to these perceptions are all fundamental elements that determine the scope and nature of the retrenchment process.

The manager, as decision maker, appraises his or her environment and recognises that the existing organisational status does not meet the desired criteria. This recognition is based on the personal interpretation and judgment of the manager and serves to provide the stimulus for the decision making phase. The manager bases his or her assessment and evaluation on perceptions of past and current organisational performance, a personal value system about how the organisation should function, expected organisational outputs, an anticipation of future organisational needs and strategy, a degree of personal need fulfilment, and the need to satisfy perceived expectations of organisational shareholders. The operational style for this phase is primarily analytical. Information about the condition of the organisation, the market, and the evaluative criteria is searched for, processed, and analysed for its congruence, implications, and possible action that could be taken. This analytical mode of operation may be directed by a specific action (e.g., shareholder dissatisfaction, market forces), or it may form part of an ongoing management evaluation of organisational conditions, where the manager recognises that the organisation is in a state incongruent with the evaluative criteria. Although empirical information may be used to evaluate the situation and even justify a decision, the recognition results from the unique mix of elements that holds for a particular manager and may not necessarily be arrived at or shared by other managers.

Based on the recognition that a situation needs to change, the main task of the manager is to decide what action is appropriate to meet the perceived change requirements. This defines the managerial context for the phase. Retrenchment is one of these options and a decision on whether to use retrenchment or not is the major task requirement for the retrenchment process. Significant pressures are exerted on this decision making process by the major parties (referred to as role senders) of shareholders, the CEO if she or he is not responsible for the decision, or the executive board of directors. The manager appears to be most conscious of satisfying the views or demands of these particular parties when making the decision to retrench. As a result, the emphasis on decision making is primarily economic.

The key issue that arises in coming to the decision is, therefore, whether a decision to retrench could be justified in terms of its economic impact on organisational performance. The quantification of such performance may be, and often is, based on the short term profit statements of the organisation. In other instances the link to the long term strategy of where the organisation is going and its long term success may be used as a basis for evaluation.

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## Phase 2: Design and Preparation

The decision to use retrenchment as the strategic option to deal with managerial concerns about organisational performance leads to the phase of preparing the organisation to carry out the retrenchment. The interpretive frame of reference is, therefore, primarily one of preparation. The decision to retrench thus provides the stimulus for the commencement of the design and preparation phase. This phase is aimed at defining how the retrenchment exercise will be structured and determining and setting up the processes necessary to carry out the exercise. Importantly, it also includes finding out who will be affected by the retrenchment decision. The operating style used to implement this involves procedures that guide the actions of organisational personnel involved in the exercise during this phase. Elements of the procedural, legal, and strategic retrenchment models are incorporated into this phase, more than at any other phase in the retrenchment process, to guide behaviour and specify appropriate action. This emphasis on procedures and structure appears to be an attempt to provide consistent responses in the organisation, ensure that actions fall into an approach specified by top management, provide managers who have previously not been exposed to retrenchment with some structure, and establish routines in the organisation which will give some predictability during the period of change.

The managerial context of this phase revolves around the question of how the organisation and managers themselves will be affected by the implementation of the decision. Managers have to evaluate organisational needs, set up appropriate conditions for the announcement of the retrenchment, and initiate action in their own departments to satisfy organisational requirements. The examination of retrenchment at an organisational level also generates personal uncertainties for managers, since it is often not initially clear who will be affected by the retrenchment and whether the managers may also be included. Further, the changing organisational conditions can affect their power, prestige, access to resources, and general working conditions in the organisation. Managers, therefore, become sensitised to personal considerations during the initiation of this phase of retrenchment. Nevertheless, there are certain main tasks in the organisation which have to be accomplished by managers in order to implement retrenchment. These include working out the extent of the exercise, which areas will be affected, and the level and numbers of personnel required to realise the cost savings or strategic objectives of the exercise. Further they need to set up procedures, establish what new structures have to be developed, try to obtain resources for the exercise, establish how the affected employees are to be treated, and how remaining employees should be dealt with.

Executive management expectations and pressure drive the design and preparation phase of the retrenchment. However, in line with the move towards a greater organisational focus in

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this phase, a number of other major role senders significantly influence managers' perceptions and behaviour. The views and feelings of employees influence management actions, even where these personnel are not aware that retrenchment is to take place. In organisations where union or employee representative bodies exist, they too become an integral part of the negotiation process of setting up the conditions of the retrenchment and organisational preparation. These collective bodies exert significant pressure on management in an attempt to influence their actions. Concerns about organisational and personal images in the press and fears of adverse reporting may also impact on how managers approach the build up to the retrenchment. Related to this broader image are the views and perceptions of the wider community, including clients and potential clients, financial institutions and the business community, and government agencies. Further, managers bring to the organisation their own views and values, and these influence how they see the exercise and feel about acting on executive management guidelines.

The wider base of interested parties who need to be considered in the organisation when moving into the design and preparation phase significantly increases the number of organisational dynamics and resultant key issues that a manager must deal with. These include:

- Political manoeuvring around access to positions, resources, and protection and setting up of greater access to benefits or power by individuals or interest groups within the organisation. This may be to the benefit or detriment of a manager.
- The potential reduction of a manager's sphere of influence, workforce, responsibilities, or size of department, due to restructuring or the reduction of personnel in the department or across the entire organisation. Alternatively, in fewer cases the manager may get greater responsibilities because of such restructuring.
- The manager needs to select employees under his or her responsibility to be retrenched. This is contrary to the established relationship of the manager and employee as reflected in a psychological contract that is either explicitly or implicitly accepted by the two. At the same time, the manager has a psychological contract with the organisation that compels him or her to follow through on such directives. The manager is thus driven to a situation where action must be taken against staff in violation of social and psychological agreements.
- The act of retrenchment focuses the mind of the manager on the moral and ethical conditions involved in business when dealing with people whose livelihood is at stake. The act of forcing someone out of work who has been deliberately integrated into the organisation, sometimes for extended periods, and who has limited options to maintain a livelihood outside that environment, becomes a moral question.
- The need for confidentiality and, in many organisations, having to deny knowledge of

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the intending retrenchment to employees introduces further conflict in terms of moral and psychological considerations. This becomes amplified when employees whom the manager knows will be retrenched, engage in activities (e.g. purchase of a house) that will exaggerate the adverse impact of the retrenchment on them when it becomes effective. During this phase rumours begin emerging and often become a dominant form of communication about what is happening in the organisation, putting further pressure on the handling of confidentiality.

- Union-management conflict in retrenchment puts the parties in fundamental opposition to each other in most cases (there are instances where management and unions have cooperated effectively in handling retrenchment). In such cases, the manager involved in negotiations becomes directly exposed to conflict. Delays in implementation, changed plans, and demands for larger retrenchment packages than the organisation will allow all increase the frustration and stress experienced by managers.

The key issues generated by the social dynamics of the retrenchment process occur despite the strong procedural emphasis during this phase of retrenchment. Indeed, they are sometimes aggravated by the procedures set up to enhance the organisational preparation for retrenchment. These procedures deliberately restrain personal discretion and ensure adherence to formal requirements and policy. The process is thus often characterised by procedural and even bureaucratic decision making processes in which managers have their own personalised needs, interpretations, and value systems.

### **Phase 3: Announcement**

The announcement phase of the retrenchment process moves the interpretive frame of reference from the preparation of the whole organisation to a focus on the personal interactions of managers with employees to be retrenched. Unlike the previous retrenchment phase where managers have to conform to laid down procedures, there is usually little structure or guidance for managers in dealing with the announcement. Where this does exist, it is seldom integrated into the interactive process between manager and employee, and tends to focus on ensuring standardisation of treatment and avoidance of legal ramifications from the interview situation. The identification of the personnel who are to be retrenched provides the stimulus for the phase, as action can become focused on these personnel. Little guidance on dealing with the interactive human issues or personal concerns of managers is provided by organisations, despite the fact that the managers see the primary operating style of this phase as interpersonal interaction. With the identification of the personnel to be retrenched and suitable procedures for handling remuneration, outplacement, and restructuring in place,

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organisations provide some structure for the announcement and then generally place the onus of the exercise on individual managers to handle. More recent retrenchment exercises indicate, however, that organisations may be taking this phase of the retrenchment more seriously, in an attempt to avoid adverse impact on their image (Donald, 1992).

The managerial context for the announcement phase relates to managers querying how they will deal with the interpersonal interaction with an employee when they are retrenching them. Informing the employee that she or he is to be retrenched is the main task of this retrenchment phase and is seen by some as the primary task of the whole retrenchment exercise. Substantial thought, mental rehearsal, and coping are directed at this before the retrenchment interview or interviews. During the interview itself, managers also tend to be concerned about reactions that may occur during the announcement and how they should respond. The role sender forces that drive the individual managers doing the announcement also differ from the emphasis of the shareholders and organisational executive management that exists in previous phases. Instead, managers are sensitive to the expectations of the employees to be retrenched, the employees who are to remain, community reactions, and to a lesser extent their immediate supervisor and peer expectations.

The issue of unilaterally breaking the psychological contract is carried as a key issue into the announcement phase from the design and preparation phase. It acquires a more focused nature in the interview situation where the manager comes face to face with the person being retrenched. The break is now overt, rather than covert, and the manager feels more directly answerable to the employee. Along with uncertainty about how the employee is going to react and guilt about going ahead with the process, there is a fear of conflict with the employee. By breaking the psychological contract, the psychological control and power that the manager can exercise is no longer binding in the relationship. Managers can therefore no longer rely on their positional authority to exert influence once the announcement is made. This creates a one-on-one situation for the manager where a degree of personal threat exists and the traditional protection offered by authority is no longer present. Concern therefore exists that the employees may react to the retrenchment in a hostile manner. Despite such concerns, no incidents of hostile reactions to managers were recorded in the present research. Managers' uncertainty was, however, reflected in not knowing how to deal with situations where formal responses were not seen as entirely appropriate, for example, cases where people began crying on receiving the news that they were being retrenched.

The announcement phase is generally seen as the most intense part of the retrenchment process because of the nature of the interpersonal situation. For many managers in the present study, it was a type of interpersonal situation they had never experienced before in

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any other form. In terms of the retrenchment process, it reflects the critical part of the phenomenon. Later phases of the process reflect situations where the organisation and its members are trying to come to terms with what happened during the announcement phase.

#### **Phase 4: Post-Announcement**

The interpretive frame of reference for this phase is essentially reflective. It is characterised by little action, but rather by a contemplation of what has happened and its implications. Once the retrenchments have been announced, there is not a sudden rush of activity but rather a "time out" when formal action has not yet begun, and informal action is aimed primarily at oneself rather than others. The completion of the last retrenchment interview informing personnel that they have been retrenched allows managers to disengage from the externally driven process and focus on their internal state, providing the stimulus for this post-announcement phase. The primary operational style for this phase is personal, where self-analysis and recovery from shock are addressed by participants as individuals. For managers who have been highly active over an extended period, the post-announcement phase is the first let-up in pressure in the retrenchment process. In effect, it provides an opportunity to withdraw from involvement in the process for a brief period, yet is an important part of the process itself.

The managerial context of the phase is not directed at "managing" the process. The question, "How do I feel about what has happened?" describes the manager's search for meaning. In a sense, there is a need for both justification and reconciliation, and the manager needs to work through negative emotions before being capable of managing effectively in the new organisation. The main task for managers during this phase, therefore, is to assist surviving employees to deal with emotional reactions, and to come to grips with his or her own feelings. In this sense, the manager's frame of reference is defined by the major role senders of other managers, surviving employees, and retrenched.

Key issues that need to be faced by managers during this phase include personal reconciliation and interactive relationships. Managers, as well as other employees, have to go through the grieving process and deal with feelings of guilt. If not, these feelings can hinder the relationship building process long after the retrenchment has finished, as managers try to keep their distance from such issues and never resolve the underlying tension. On the interactive side, dealing with newly retrenched people who are still working out their notice introduces a new type of social relationship with which managers are not familiar. They need to establish ground rules for interaction in this regard. Established relationships with employees who remain often suffer from a lack of legitimacy due to the mistrust and

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insecurity generated by the retrenchment.

The length of time for the post-announcement phase will vary from organisation to organisation, depending on specific circumstances and the people involved. It may last from a few hours to several days. However, it appears to be a consistent part of the retrenchment process and facilitates the alleviation of the sense of loss that occurs as a result of such an exercise.

### **Phase 5: Aftermath**

The aftermath phase occurs as the organisation starts to initiate formal recovery steps. Managers and employees accept that the retrenchment has occurred and they are ready to move on. They can then move into a state of mind where they begin to ask where they go from their present position. Implicit in this interpretive frame of reference is an evaluation of where they have come from and the need for recovery. This reflects the interpretive transition for the phase where a broadened perspective develops. There is a recognition of what the event meant and what has been learnt, and this becomes incorporated into the overall frame of reference of people (Isabella, 1990). Along with this evaluation is a realisation that the organisation needs to regain its social structure if it is to operate effectively. The recognition of the need for a social reintegration provides the stimulus for the phase. The operating style for the phase is characterised by management trying to re-initiate the social sense of belonging and working together to accomplish organisational objectives.

The main tasks for managers during this phase include evaluating the new status of the organisation and initiating the rebuilding process. These need to be congruent with a new vision and strategy of where the organisation is going, although this is not always the case in organisations. The emphasis on strategic direction, bringing employees on board, and generating morale and confidence in the organisation are elements that are required to create the conditions for a viable future. Expectations of the role senders of shareholders, executive board, top management, and remaining employees are central in driving the nature of the strategy and management action. This signifies a return to the more traditional relationships within the organisation.

The generation of a new value system is a key issue in the management strategy that needs to be developed during the aftermath phase. Retrenchment has a significant impact on how the organisation's values are perceived. Management's commitment to the old values is often questioned after they implement retrenchment. Reaffirmation of the new values is therefore needed to provide impetus to the generation of a constructive organisational climate. Trust

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and credibility in management suffer a similar deterioration during retrenchment. These also need to be addressed by management as part of the building process. Given the high sense of insecurity that exists among employees, consideration needs to be given to how to create greater security among the workforce and management. Many of these activities relate to a renegotiation of the psychological contract with remaining employees. In this sense, the ground rules of the future relationship are negotiated informally with employees through the communication channels of the organisation and informal communication between individual managers and employees.

## **DYNAMIC RETRENCHMENT PROCESS MODEL**

Fundamental to the concept of a process model is the idea of change. Changes in the retrenchment process are reflected in the basic retrenchment model and the description of the process of evolving interpretational transitions discussed above. From these, it is clear that retrenchment unfolds over a period of time and that different phases reflect changing dynamics and characteristics as the process evolves. However, given that the retrenchment process is generated by a complex set of conditions and influences interacting with each other at environmental, situational, and personal levels, the basic retrenchment model and transitional interpretation framework fall short of providing a sufficient understanding of the retrenchment process.

A greater appreciation of the dynamics of a process model can be obtained by using the categories of change variables that can contribute to process, as defined by Strauss and Corbin (1990). These fall into the following areas:

- The set of conditions or properties associated with the changing phenomenon under examination. These conditions can lead to a change in context, or a change in the action of managing, controlling, or handling the phenomenon in the changed context.
- The intervening conditions or variables that influence the nature of action or interaction.
- The consequences of actions or interactions which arise out of the dynamics of the process in that these can either add new conditions or alter the interaction among existing conditions. Within the process model, therefore, the consequences of an action or interaction at one point in time may become part of the conditions in another.

By applying these variables to the basic model and transitional interpretation framework above, one can generate a greater understanding of the internal dynamics of the retrenchment



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process. Using the information from previous research and from the initial chapters investigating the process model, a revised model is proposed which is suitable for identifying and testing relationships between variables within the retrenchment process. This model draws on elements described in the descriptive analysis of the different phases of retrenchment, the description of the retrenchment process and the model of interpretive transitions. In addition to this, initial research showed that many of the concepts contained in the research reflected elements of role taking, responsibilities, and enactment. The use of role theory provides a framework in which the change-related areas described by Strauss and Corbin (1990) can be explored in context. Role theory concepts and analysis were therefore incorporated into the development of a dynamic model of the retrenchment process as they possessed several other advantages that matched the demands of the present study.

### **Contribution of Role Theory**

Role analysis has previously been established as a useful conceptual tool for partially explaining the data within a qualitative approach derived from grounded theory concepts (Kahn, 1990; Watts, 1985), and for moving from a grounded theory based approach to the development of nomothetic, quantitative and generalist analysis (Morey & Luthans, 1984). Further, investigations into role dynamics within organisational phenomena not only provide insight into role outcomes, but can also contribute to the understanding of the dynamics of crucial organisational behaviours (Kahn & Quinn, 1970; Van Sell, Brief & Schuler, 1981).

The role concept also relates well to the needs of the present study in that it provides a major contribution in linking the individual and organisational levels of research and theory. It is at once the building block of social systems and the summation of the requirements with which these systems confront their members as individuals (Katz & Kahn, 1978; Schuler, Aldag & Brief, 1977). Consequently, role analysis techniques lend themselves to an examination of individual contexts within organisations, yet provide further insight into group, organisational, and even community levels (Kahn & Quinn, 1970; Kahn, Wolfe, Quinn, Snoek & Rosenthal, 1964). This is consistent with the needs of the approach adopted in the present study. Use of role analysis has also included both qualitative (e.g., Kahn, 1990; Kahn et al., 1964; Watts, 1985) and quantitative techniques (e.g., Bedeian & Armenakis, 1981; Hall, 1972; Jackson & Schuler, 1985; Miles & Perreault, 1976; Rizzo, House & Lirtzman, 1970). This receptiveness to both qualitative and quantitative analysis relates well to the proposed triangulation strategy in dealing with the data generated in this study. Further, use of some of the concepts in role analysis, and in particular the "role episode" concept, is seen to provide an underutilised facility to generate insight into interactive organisational processes and behaviour which occur over time (Van Sell et al., 1981). This is seen to allow

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analysis of the dynamics of the retrenchment process that occur from the initiation to the conclusion of the phenomenon.

The major components of role analysis which were employed in the present study are drawn from concepts of role theory. Within this theory, organisations are seen as open systems of interrelated roles (Kahn & Quinn, 1970; Katz & Kahn, 1978). Each person is linked to others within, and even outside the organisation, by virtue of the functional, structural, and social requirements of the system that are implemented through the expectations that members have of the person. The focus of these expectations is conceptualised as the concept of the "office" which the person holds within the role system. It is comprised of a set of activities or behaviours located within the ongoing relationships and behaviours making up the organisation (Kahn et al., 1964; Katz & Kahn, 1978, Katz & Quinn, 1970). One role may involve many activities, and indeed, multiple roles may be adopted both within the organisation and outside it, involving both formal and informal demands and expectations, and occurring in an overt as well as a covert manner (Katz & Kahn, 1978). The members constituting these direct and indirect contacts represent the members of the "role set". They include close colleagues with whom there is regular interaction, and more diverse contacts both within the organisation and in the broader environment (Hall, 1972; Katz & Kahn, 1978).

The process whereby the expectations of members of a role set are linked to the behaviour of the "focal person" for that set is described in terms of "role episodes". Within an episode, transactions between the role occupant and members of the role set begin when "role senders" formulate expectations of what they require of the role occupant, and communicate these expectations. This communication is seen as the "sent role", and whether accurate or inaccurate, is conveyed to the role occupant in the form of attempts to influence behaviour, expressions of approval or disapproval, or messages of perceived relevance for the sender. The focal person receiving these communicated expectations interprets them according to her or his own motives and expectations, a process that may result in the focal person perceiving a role that is identical to or different from that expected by members of the role set. On the basis of this "received role", the focal person responds, and these responses are, in turn, observed by the role set and evaluated by them in relation to their expectations and needs. This feedback through the occupant's responses to the role set then sets up the conditions for a subsequent interaction and this can become a cyclical and ongoing process (Katz & Kahn, 1978; Van Sell et al., 1981). Subsequent role setting becomes implemented with further expectations from the senders and the cycle moves into a new role episode.

The use of role analysis in research involves identifying a relevant social system, and locating

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the events that fit together in converting applicable inputs into outputs. This can be done by finding out the expectations of role sets for a given office, as these are the main elements in providing the dynamics for the role system and inducing various role behaviours (Katz & Kahn, 1978). This analysis should include consideration of the context of the role episode, including: *organisational factors*, such as technology, climate and culture, size of the organisation; *interpersonal aspects*, including modes of communication, types and frequency of interaction, participation and the importance of role senders; *personal attributes* of the individual, such as age, gender, personality, status, values and norms; and *extra-organisational factors*, such as family and social life, socio-political systems, and economic conditions (Katz & Kahn, 1978; Watts, 1985).

### **Formulating Dynamic Process Model of Retrenchment**

The underlying process within the model is drawn from the basic model of retrenchment outlined in the first part of this chapter. The dynamic model thus assumes that retrenchment progresses through the phases of decision making, design and preparation, announcement, post-announcement, and aftermath. Certain legal, procedural, and strategic elements contained in this basic process continue to operate within the proposed dynamic model of retrenchment. Key elements characterising the interpretational transitions are also incorporated into the development of the dynamic model. The dynamic model uses role theory concepts to integrate these elements into the context of a role episode which reflects the dynamics of the particular phases.

Within a role episode, the demands and expectations placed on managers and the way they experience that role will produce outcomes that may vary across individuals and organisations. Managers are expected to fulfill certain responsibilities and obligations (their "office") within each phase or role episode. The primary contact personnel defined in the transitional framework represent the main role senders who define the context of the "office". In addition, managers bring into the role episodes their own expectations of the role, as well as their personal value systems and expectations. Each retrenchment phase, which can be seen as a role episode, proceeds through its unique dynamics and the outcomes feed into the dynamics of the following phase or role episode, along with procedural and legal elements that are indispensable to the process. The qualitative grounded theory type analysis and the role-based analysis therefore become integrated into the model in a way that reflects the dynamic nature of the process, but also allows the process to be viewed at both personal and organisational levels. The model goes further, in allowing an examination of the issues detailed in the transitional framework. This is done through an in-depth analysis of the role-based demands made by managers and the handling of these demands.

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The dynamic process model, by its nature, also accommodates two other major sources of influence on the retrenchment process. Variables in the organisational and extra-organisational environments potentially define the situation in which the retrenchment takes place and partly determine its nature. These are accommodated as inputs into the retrenchment phases. Similarly, moderating variables that influence the nature of the role episodes, the characteristics of the parties involved, or even the way in which such parties will cope with and react to demands are incorporated into the model. The variables defined by these two areas incorporate established research, elements evident from the present study, and role theory research.

The dynamic process retrenchment model is illustrated in Figure 4. The model possesses a number of characteristics which are relevant to process. These include:

- Factors in both the extra-organisational environment and the organisation contribute to the retrenchment process. In addition, there is an interaction between these two areas which may influence the way in which either one contributes to the process. Factors coming from both the extra-organisational and the organisational environments can impact directly on the way the phases of the retrenchment are realised, as well as on the parties within the process on a personal basis.
- The retrenchment phases shown in the model are significantly influenced by the action of managers who have to carry out the retrenchment action. The type of action will be determined by the outcomes of the previous role episode. The retrenchment phases, however, are also influenced by other aspects besides management action (e.g., the physical work environment, the requirements of legal process). Further, a number of managers may be involved simultaneously within the retrenchment process of an organisation, all contributing something to the overall process. The influence of managers will therefore vary across their own affected areas and the whole organisation. The combination of these influences contribute to the nature of the phase within the retrenchment process.
- The model contains a representation of the role episode which shows a continuous interaction with the retrenchment phases. Separate role episodes are associated with each phase of the retrenchment. Once a role episode for a retrenchment phase is complete, this constitutes an input for the next phase. The process moves on to the next phase and a new role episode is initiated.
- Situational characteristics of the retrenchment exercise which may moderate the nature of the role taking of the manager are a separate component of the model. These variables exist as a part of the retrenchment situation that the manager has to deal with and the way in which they vary will generate particular contexts for the role episode. They include the degree of control the manager has over the retrenchment exercise,

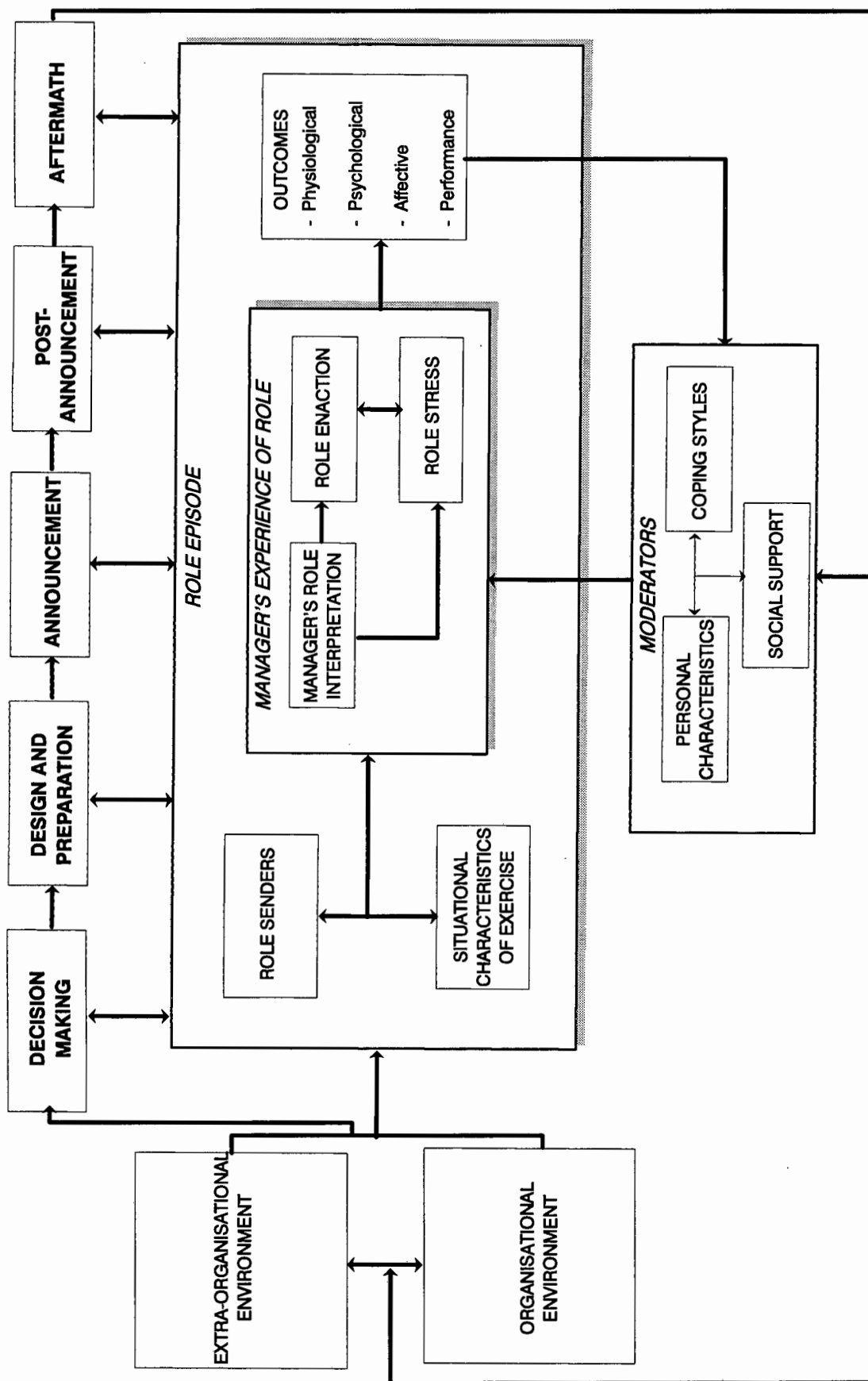


**FIGURE 4. Dynamic Retrenchment Process Model**

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the closeness of the relationships with the people affected, and the anticipated consequences for the retrenched persons.

- Moderators which form the basis for personal interactions within the model are treated as a separate component of the model. These largely influence the nature of the manager's interpretation of his or her role and how this perceived role is managed and dealt with. These moderators include personal characteristics of the managers, how the manager copes with the demands, and social support that is given to the manager during the course of retrenchment.

Critical to the dynamic nature of the model is that a process occurs in which the retrenchment phenomenon unfolds across several phases. Each phase contains elements that will produce outcomes which affect the process as a whole. Equally important is the variety of moderators that define the overall nature of the experience for both individuals and the organisation. Further, the model provides a means whereby the interaction between the organisation and the individual manager can be explored during a retrenchment process. This is seen to constitute a key element of the present study: how such dual allegiance affects the state of both individual managers and organisations. The concept of "role stress" assists in explaining the cause and effect of such issues on managers. Role stress analysis will be used when the dynamics of the model are explored further in Chapter 10, to show how organisation-manager incongruence arises during the retrenchment process and to examine some of the consequences of these issues within the process.

The dynamic retrenchment process unfolds through the various phases illustrated in the model and, mediated by the various inputs, culminates in a feedback loop. The feedback incorporates the final outputs of the process and redefines these within a new organisational and extra-organisational environment. These new environments will result either in the recommencement of retrenchment at a later stage, due to a failure of the organisation to cope with the new conditions, or will reflect a process of renewal and growth as the organisation takes advantage of the conditions and opportunities created by the retrenchment. The nature of the process itself is critical in generating such outcomes. The dynamic retrenchment model thus provides a basis for examining and evaluating the retrenchment process. The following chapter integrates the qualitative analysis used in examining the retrenchment process with the role analysis concepts to examine and illustrate the relationships within the dynamic retrenchment process model.

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## **CHAPTER TEN**

### **EXAMINATION OF RELATIONSHIPS WITHIN DYNAMIC RETRENCHMENT PROCESS MODEL**

The development of a dynamic process model represented the first part of an overall methodology of moving from an inductive to a deductive approach in the present study, consistent with the demands of theory construction. Although Strauss (1987) notes that induction, deduction and verification are a continual part of qualitative research, the present study further attempts to address this process in a broader context. It involves moving from an inductive qualitative analysis, to the development of a model, to a variance based approach which allows one to examine relationships within the process theory. This methodology was initiated by a qualitative analysis which described the unfolding of the social process of retrenchment and generated a description of the context in which the phenomenon occurs. The subsequent development of a dynamic process model of retrenchment represented an attempt to identify, understand, and conceptualise the individual, group and organisational elements which constitute and drive the retrenchment process. Variance-type predictions may often be based on such process theory and may serve to test it (Mohr, 1982); the provision of a process-based interpretive framework allows the investigator to engage in more focused quantitative study (Van Maanen, 1979). This chapter, therefore, uses qualitative and quantitative analysis to provide a more structured examination of the nature and relationships between the various parties and elements which shape the retrenchment process.

The combination of both qualitative and quantitative analysis represents an attempt to adopt a triangulation approach to the research, as discussed in Chapter 2. The qualitative analysis techniques used in the initial model building process were continued during this phase of the research and use was made of the categories that emerged from the initial part of the research. The introduction of quantitative analysis into the research, however, necessitated the introduction of valid measurement techniques which are discussed in more depth below. The relatively small sample size restricted the number of variables that could be included in the analysis. Because of this, only some relationships for the retrenchment model were examined using statistical analysis. Nevertheless, the addition of this quantitative analysis is consistent with the approach to research adopted in the study and is seen to provide a useful basis for reviewing relationships in the dynamic retrenchment model. Details on the areas and variables covered are contained in Table 7:

Table 7.

Variables Included in Examination of Relationships

| Area and Variable                                                                                                                                                                                               | Type of Assessment                    |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|
| Biographical details:<br>Level of management<br>Number of hierarchical levels<br>above where retrenchment<br>decision was taken.                                                                                | Descriptions                          |
| Extra-organisational environment.                                                                                                                                                                               | Qualitative                           |
| Organisational environment                                                                                                                                                                                      | Qualitative                           |
| Role senders                                                                                                                                                                                                    | Qualitative                           |
| Characteristics of exercise:<br>Involvement in decision.<br>Perceived need to retrench.<br>Preparation to retrench.<br>View on retrenchment package<br>Relationship to retrenchee<br>Retrenchee's job prospects | Qualitative<br>Anchored rating scales |
| Role conflict:<br>Person-role conflict<br>Intersender conflict<br>Intrasender conflict<br>Interrole conflict<br>Role overload                                                                                   | Qualitative<br>Quantitative scores    |
| Role ambiguity                                                                                                                                                                                                  |                                       |
| Outcomes:<br>Physiological<br>Psychological (mental health)<br>Affective (organisational<br>commitment, job involvement)<br>Performance                                                                         | Qualitative<br>Quantitative scores    |
| Personality                                                                                                                                                                                                     | Qualitative                           |
| Coping methods                                                                                                                                                                                                  | Qualitative                           |
| Support relationships                                                                                                                                                                                           | Qualitative                           |

The quantitative analysis that examined the relationships between variables included in the research was based on the main sample of managers who were responsible for retrenchment. The sub-sample of managers who were themselves retrenched were found to be strongly influenced by their situation and it was considered that relationships within the retrenchment



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process model did not take their circumstances into account. Significant differences were found during the initial qualitative research into how retrenched managers responded to the retrenchment. It was thought that aspects such as harm to personal self-esteem, stress resulting from job loss, significant reductions in organisational commitment, and the resentment against management that occur among retrenched employees (Hepworth, 1980; Swinburne, 1981) would obscure the relationships between the variables in the model typically expected from managers. As the central focus of the study was on managers remaining in the organisation, they constituted the main sample. Observations for retrenched managers were, however, noted during the discussions on the components of the model where these were seen to provide relevant insights and a valuable basis for future research.

## **MEASUREMENT OF QUANTITATIVE VARIABLES**

The quantitative measurement covered role-based and outcome variables. This section discusses these variables and the instruments that were used to measure them. Support from previous research for the use of the instruments is described, and psychometric information from this study is provided for these instruments. The full questionnaire incorporating these instruments is shown in Appendix B.

### Context of Role Based Measures

The role of managers within the organisation is defined by a complex set of expectations from a variety of parties or role senders. Formal role requirements designate expected behaviour and activities, and the way in which the manager's involvement in these relates to the organisational system (Kahn et al., 1964; Katz & Kahn, 1978). The manager is also exposed to a set of informal expectations by role senders within and outside the organisation and these contribute further to defining the manager's work and social context. In addition, the manager brings his or her own identity into the organisation. This includes personal needs, expectations, and values which influence how the manager perceives and adopts the role defined by the various role senders (Kahn et al., 1964; Katz & Kahn, 1978). Given the broad nature and variety of role expectations, managers frequently encounter situations in which they are expected to fulfill a number of differing expectations, as well as their own conception of the desired role. Where role expectations are not congruent, or are poorly defined, they have the potential to lead to role stress. Two major types of role stress have been identified in the research, namely role conflict and role ambiguity (Kahn et al., 1964; Kahn & Quinn, 1970; Van Sell et al., 1981). The potential for both kinds of role stress appears to exist for managers during their experience of the retrenchment role and these will be assessed in the present study.

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## Role Conflict

Role conflict arises with the simultaneous occurrence of two or more role expectations where compliance by the manager with one expectation makes compliance with another more difficult or impossible (Kahn & Quinn, 1970). These expectations may arise from different role senders, as well as the manager's own perceived role and values (Van Sell et al., 1981). The provision of contradictory role expectations causes a psychological dilemma for the role occupant, generates stress, and reduces the predictability of the occupant's performance and behaviour (Kahn & Quinn, 1970). Several types of role conflict have been identified and are included in the present study, including person-role, intersender, intrasender, interrole, and role overload (Kahn et al., 1964; Van Sell et al., 1981). Although role overload has been considered separately from role conflict (e.g., Keenan & McBain, 1979), the present study includes it within role conflict following the thinking of Kahn et al. (1964). Further, a range of authors has demonstrated support for incorporating role overload within the role conflict definition (Martin, 1984; Rizzo et al., 1970; Van Sell et al., 1981).

Role conflict has typically been measured using the Rizzo, House and Lirtzman (1970) Role Conflict Scale (Harris, 1991; Jackson & Schuler, 1985). Although the scale's psychometric properties have been challenged (e.g., McGee, Ferguson & Seers, 1989), it has been recognised as being fairly robust (Harris, 1991; Netemeyer, Johnston & Burton, 1990). However, it has been subject to criticism because it focuses on a broad role conflict construct and does not provide an indication of the several more specific components of role conflict (Jackson & Schuler, 1985; Newton & Keenan, 1987; Sullivan & Bhagat, 1992). It is likely that two people may encounter the same degree of general role conflict but the specific sources and the types of conflict they experience may be quite different (Miles & Perreault, 1976). Given the emphasis on the differing role conflict types within the qualitative analysis, the Rizzo et al. (1970) instrument appeared to be unsuitable for use in the present study.

No suitable measures of the separate types of role conflict postulated in the research were found with established psychometric qualities. This study, therefore, included the development of such a scale, the Role Conflict Questionnaire (RCQ), to facilitate the examination of the different types of role conflict, including person-role conflict, intersender conflict, intrasender conflict, interrole conflict, and role overload. Full details of the development of this scale and its demonstrated psychometric properties are given in Appendix C. The questionnaire demonstrated satisfactory validity and reliability both in the separate development sample that was used and the sample in the present study. Use was made of a 5-point response scale for all dimensions, with response labels of "strongly agree", "agree", "not sure", "disagree", and "strongly disagree," respectively. The specific types of

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role conflict measured by the instrument are discussed in more depth below.

Person-role conflict. The individual brings to the organisation a set of values, needs, abilities, and personal characteristics. These properties of the role occupant provide internalized standards and frames of reference for behaviour, many of which occur as the role occupant's own role expectations (Kahn & Quinn, 1970). Definitions of person-role conflict revolve around an incongruence between the individual's needs or values, and what the role demands. Miles and Perreault (1976), for example, define person-role conflict as the extent to which role expectations are incongruent with the orientations or values of the occupant. Similarly, Rizzo et al. (1970) view person-role conflict as the conflict between the focal person's internal standards or values and the defined role behaviour. In practice, this would result in how well a person will relate to the specified role demands that had to be dealt with arising out of a position.

In the RCQ, person-role conflict was measured by the following items:

- I have to do things at work which are against my better judgment.
- I have to compromise my views in doing this job.
- I have to implement formal policies and guidelines I disagree with in my job.
- I am confronted by work demands I find it difficult to accept.
- I have to do things that should be done differently.

The person-role scale had a coefficient alpha of .71 in the present study. Its reliability was therefore viewed as satisfactory.

Intersender conflict. Intersender conflict exists when the individual faces contradictory demands or messages from different role senders, which are expressed as role expectations (Van Sell et al., 1981). Miles and Perreault (1976) define intersender conflict as the extent to which two or more role expectations for a role sender oppose those from one or more other role senders. As a result of this, the individual is placed in such a position that he or she cannot fulfill the expectations of all the role senders and must decide on which expectations are seen as a priority in fulfilling tasks of the position.

The dimension of intersender conflict in the RCQ was assessed using the following items:

- I do things that are apt to be accepted by one person but not by others.
- I work with two or more groups of people who have quite different expectations of me.
- I am subjected to conflicting demands from people with whom I deal at work.
- I find myself in situations where different groups claim my allegiance.
- The people with whom I deal at work have similar ideas on what I should be doing.

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I receive incompatible requests from two or more people.

A satisfactory coefficient alpha of .70 was obtained for the scale in the present study.

Interrole conflict. Interrole conflict is defined by Rizzo et al. (1970) as conflict between the demands of several roles for the same person which require different or incompatible behaviours, or changes in behaviours as a function of the situation. In a more limited fashion, Van Sell et al. (1981) describe it as role pressures stemming from one position which are incompatible with the role pressures arising from a different position. Conflict between different roles has also been strongly associated between work and personal life roles (Feldman, 1981). Work and home can come into conflict over the employee's schedule and primary life focus, demands on the employee's family, and the effect of the job on quality of home life. Employees who cannot resolve these conflicts will feel physically or psychologically pulled out of the organisation, or alternatively out of their home lives (Feldman, 1981).

The interrole conflict scale of the RCQ included the following items:

I have divided loyalties to different parties at work.

I have no difficulties in reconciling my interests in different areas of my home and work life.

I get caught between pressures of work and those coming from other areas of my life.

Coefficient alpha for the interrole conflict scale in the present study was .64. Although this appears relatively low, Cortina (1993) and Cascio (1982) note that there is no fixed value for judging the adequacy of the statistic. Nunnally (1967) has commented that for instruments in early stages of development a coefficient of .6 may be suitable. Further, Cortina (1993, p.101) points out that "experience with the literature gives one some general idea of what an acceptable instrument is, but there is usually little else to go on." However, he points out that adequate reliability depends on the decision that is made with the scale, and that the finer the distinction that has to be made, the better the reliability must be. Similarly, Aiken (1979) notes that comparisons between individuals may require a coefficient of as much as .85, but determining the means between two groups may only require a coefficient of .65. Given the coefficient of the present study, the fact that it is a particularly short scale which would tend to reduce the extent of the coefficient (Anastasi, 1981; Cortina, 1993), and that similar coefficients have been obtained for role based questionnaires in other studies (Martin, 1984; Schuler et al., 1977), the reliability for the interrole conflict scale was viewed as low but acceptable.

Intrasender conflict. Intrasender conflict is caused by incompatible expectations from a single role sender (Miles & Perreault, 1976; Van Sell et al., 1981). These incompatibilities may

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involve conflicts between the time, resources, or capabilities available to the focal person and the desired role behaviour (Rizzo et al, 1970). For instance, a person may be given instructions to perform a particular task but will be prevented from getting the resources from the role sender to accomplish the task.

Intrasender conflict was measured in the RCQ by the following items:

- I don't get provided with the authority to fulfill my work responsibilities.
- I have to buck rules or policies in order to carry out an assignment.
- I receive an assignment without adequate resources and materials to execute it.
- The expectations and behaviour of individual people with whom I have dealings are consistent.

A low coefficient alpha of .41 was obtained for the intrasender scale in the present study. The extent to which this affects the utility of the scale is difficult to assess, but the low reliability is inconsistent with the results for other scales in the instrument and reflects a lack of internal consistency. The results of the scale are reported for reference purposes, but must be seen to have limited applicability, due to the apparent lack of internal consistency.

Role overload. In a situation characterised by role overload, the focal person can typically meet the expectations of the role set, but not within the allocation of resources or time given to fulfill those expectations (Kahn & Quinn, 1970). The extent to which the various role expectations communicated or interpreted by a role occupant exceed the amount of time and resources available for their accomplishment is seen as role overload (Miles & Perreault, 1976). Expanding on this definition, Van Sell et al. (1981) view overload as the expectancy that the role incumbent has to engage in several role behaviours, all of which may be mutually compatible in the abstract, but within too short a period of time. The manager is likely to experience overload as "a conflict of priorities, among which he must decide which to comply with and which to hold off" (Kahn et al., 1964, p.20). Kahn et al. (1964) note that if it is impossible to deny any of these pressures, the manager may be taxed beyond the limit of his or her abilities.

The role overload scale of the RCQ was assessed by the following items:

- I am given enough time to do what is expected of me in my job.
- The amount of work I do interferes with how well it gets done.
- I have to put off some things longer than I should.
- I often feel that I've caught up with my work and have everything under control.
- I have difficulty in satisfying work demands of all the people I deal with because of time limitations.
- I frequently have more work to do than I can handle during the time available at work.

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Coefficient alpha for the role overload scale in the present study was .79, indicating satisfactory reliability.

### Role Ambiguity

A situation of role ambiguity may exist where the single or multiple roles which the manager must deal with may not be clearly articulated or defined in terms of behaviours or performance. This has potentially detrimental effects on the manager's psychological state and produces stress responses in individuals (Kahn et al., 1964; Van Sell et al., 1981). - Ambiguity implies inadequate information of some kind (Kahn & Quinn, 1970). Such information may be incomplete, non-existent, subject to more than one interpretation, or momentarily clear but rapidly changing.

Kahn and Quinn (1970) identify four areas of role expectations which lead to ambiguity. These include inadequate expectations concerning the specific activities that may be required for role performance, ambiguous expectations about the overall responsibilities associated with a role, inadequate information concerning the personal style which is appropriate in performing the role, and ambiguous norms which govern the behaviour in the subsystems and organisation in which the person operates. The discrepancy between the amount of information a person has and the amount she or he requires to perform her or his role adequately is seen by Kahn (1974) to reflect the level of role ambiguity.

The Role Ambiguity Scale developed by Rizzo et al. (1970) was used in the present study to assess role ambiguity. Unlike the Role Conflict scale developed by these authors, the Role Ambiguity Scale has been widely accepted and is seen to measure the construct satisfactorily (Brockner et al., 1988; Harris, 1991; Jackson & Schuler, 1985; Netemeyer et al., 1990; Rizzo et al., 1970; Schuler et al., 1977). A 5-point response continuum was used as in a number of other studies using the instrument (see Cook et al., 1981), with responses ranging from strongly agree to strongly disagree. Coefficient alpha for the Role Ambiguity scale was .81 in the present study.

### Organisational Commitment

Organisational commitment was assessed through the self-report measure of the Organisational Commitment Questionnaire (OCQ) (Porter & Smith, 1970; Porter, Steers, Mowday & Boulian, 1974). These authors define organisational commitment as the relative strength of an individual's identification with, and involvement in an organisation. The instrument addresses an attitudinal commitment which is seen to reflect at least three related

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factors; first, a strong belief in and acceptance of the organisation's goals and values; second, a willingness to exert considerable effort on behalf of the organisation; and third, a strong desire to maintain membership in the organisation (Mowday, Steers & Porter, 1979). Mowday et al. (1979) state that such a view of commitment goes beyond passive loyalty to an organisation. It rather reflects an active relationship between the organisation and the individual, where individuals are willing to give something of themselves in order to contribute to the organisational well-being.

Mowday et al. (1979) reviewed reliability and validity evidence for the OCQ based on a range of studies. In studies conducted on a total of 2 563 employees working in a wide variety of organisations, coefficient alpha was consistently high, ranging from .82 to .93 with a median of .9. In research among 382 hospital employees and 119 scientists and employees, Steers (1977) obtained a coefficient alpha of .88 for the OCQ. Comparable figures are cited in an independent review of research by Cook, Hepworth, Wall and Warr (1981) where reliability coefficients are all above .84. Test-retest reliability results reported for a sample of psychiatric technicians have been reported as .53, .63, and .75 over a two, three, and four month period respectively (Porter et al., 1974). Evidence of convergent validity of the OCQ includes research showing correlations ranging from .63 to .74 (median of .70) with the Organisational Attachment Questionnaire, an instrument designed to measure the perceived influence of various aspects of the job, work environment, and organisation on the individual's desire to remain with the organisation (Mowday et al., 1979). Significant correlations have also been reported between the OCQ and intent to remain with the organisation, motivation to exert high levels of energy on behalf of the organisation, and supervisor's ratings of employee commitment (Cook et al., 1981; Mowday et al., 1979; Steers, 1977). The OCQ has been one of the most widely used forms of assessment of organisational commitment and demonstrates an exceptionally strong relationship to its conceptual definition (Fisher and Gitelson, 1983; Morrow, 1983).

The full 15-item version of the OCQ was used in the present study. A 5-point response scale was used, unlike the 7-point format of the original version. Scale point anchors were also reversed from the original questionnaire and were rated as: (1) strongly agree, (2) agree, (3) not sure, (4) disagree, (5) strongly disagree. These changes allowed the response scale to be consistent with those of other instruments in the questionnaire. The reliability of an instrument has also been shown to be independent of the number of scale points for Likert type items, and no adverse impact on the OCQ was expected by this adjustment (Matel & Jacoby, 1971). A coefficient alpha of .86 was obtained for the OCQ in the present study, showing good internal consistency.

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## Job Involvement

Job involvement is defined as the "degree to which a person is identified psychologically with his work, or the importance of work in his total self-image" (Lodahl & Kejner, 1965, p. 24). These authors also associate job involvement with the degree to which a person's performance affects his or her self-esteem. The job-involved person is one for whom work is a very important part of life, and is affected very personally by her or his job situation, including the work itself, co-workers, and the company (Lodahl & Kejner, 1965).

Lodahl and Kejner's (1965) construct of job involvement is among the best known, most frequently used, and oldest addressing work commitment (Morrow, 1983). In their meta-analysis of correlates with role stress, Fisher and Gitelson (1983) noted that the Lodahl and Kejner (1965) instrument was used in virtually all studies. The instrument has also been widely used in conjunction with the OCQ to provide an assessment which is both job-orientated and organisationally directed (Mowday et al., 1979). The instrument has previously been used to evaluate the condition of survivors of retrenchment situations in organisations (Brockner et al., 1988).

The reliability of the Job Involvement scale has been evaluated and reported in numerous studies using parallel forms, test-retest, and internal consistency indices. The 6-item version of the scale used in the present study has correlated satisfactorily with the full version of the questionnaire (Jones, James & Bruni, 1975; Lodahl & Kejner, 1965) and has been used more frequently in previous research (Cook et al., 1981). Reliability estimates ranging from .62 to .93 have been obtained in previous research and the questionnaire is seen to meet generally recognised reliability criteria (Morrow, 1983). A 5-point response scale was used in the present study and this is consistent with the use of the instrument in other research (Cook et al., 1981; Jones, James, Bruni & Sells, 1977). The coefficient alpha for the Job Involvement Scale in the present study was .63.

## Physiological Health Measure

The objective of this instrument was to obtain an index of physiological health symptoms associated with psychosomatic disorders. This index would allow identification of the extent and severity of such symptoms among managers responsible for retrenchment. This contrasts with instruments assessing general health which typically include questions relating to general well-being, behavioural and psychiatric symptoms, and to a lesser degree feelings of contentment (Butler & Jones, 1979; Garrity et al., 1978; Kahn et al., 1964; Langner, 1962; Martin, 1984; Morris & Koch, 1979).



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Subject self-ratings were used to provide an indication of physiological health among managers in the sample. Garrity, Somes and Marx (1978) note that perception of one's own health, while certainly a less than perfect measure of clinically measured health status, is useful when clinical assessment is not possible. They point out that physician and patient ratings of health have been consistently correlated by a number of researchers in different settings and conclude that self-assessment of health is "not random but is persistently and positively related to objective evaluations of health status" (Garrity et al., 1978, p. 77). Self-reported measures of health have also been consistently linked with outcomes normally associated with stressful conditions (Butler & Jones, 1979; Garrity et al., 1978; Martin, 1984).

Symptoms were identified from established health scales and related research (Ashford et al. 1989; Butler & Jones, 1979; Ivancevich & Donnelly, 1974; Jamal, 1990). The final list was composed of nine physiological symptoms. Participants in the present study were asked to indicate whether they had experienced any of these symptoms over the last month, using a rating scale of "not experienced", "some experience", and "experienced often". The same time period and a similar type of response have been used successfully by Martin (1984) when evaluating physiological health. The frequency of each symptom was identified in the sample, as well as the extent to which more than one symptom was evident for any particular participant. Because the health event items used can be independent of each other and each symptom was examined individually rather than using a composite measure of physiological health, the concept of internal consistency was not seen to be applicable to the index.

### Mental Health

A number of self-report instruments have been developed in order to assess mental health and to provide an indication of impairment in life functioning (Butler & Jones, 1979; Langner, 1962; Cohen, Kamarck & Mermelstein, 1983). The General Health Questionnaire (GHQ) utilised in the present study is comprised of a checklist to detect subclinical disturbances of individual mental health as an index of tension (Goldberg, 1972; Kelloway & Barling, 1991). The measure taps a lowest common multiple of symptoms which can be encountered in the various differentiated syndromes of mental disorders (Goldberg, 1972). It includes coverage of recent levels of self-confidence, depression, sleep loss, problem solving, and similar features. Warr (1987) describes the GHQ as broad band measure of affective well-being and an indicator of context-free mental health.

The GHQ has been widely used as a measure of psychological health (Cook et al., 1981; Kelloway & Barling, 1991). The instrument demonstrates satisfactory reliability, test-retest reliability, and has good validity when compared to established scales evaluating

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psychological symptoms (Goldberg, 1972). Further, it has been used previously to examine outcomes of role stress (Bluen, 1986; Kelloway & Barling, 1991; Martin, 1984), provides a more general psychological measure of mental health which addresses the requirements of the present study, complements the physiological measure used in the study, and simplifies administration through the use of a short form with satisfactory retention of validity (Goldberg, 1972; Kelloway & Barling, 1991; Klenke-Hamel & Mathieu, 1990; Martin, 1984).

The 12-item short form, the GHQ-12, was used in the present study. This version's items demonstrate the best psychometric properties in the full scale (Goldberg, 1972). The GHQ-12 has also been demonstrated to be a sensitive instrument of affective well-being in the organisational context (Banks et al., 1980; Barling & Milligan, 1987; Martin, 1984). A coefficient alpha of .82 was obtained for the present sample.

## **EXAMINING RELATIONSHIPS WITHIN DYNAMIC RETRENCHMENT PROCESS MODEL**

The dynamic retrenchment process model is examined in this section by reviewing the components of the model and how these relate to each other within the context of the model. Using qualitative analysis, quantitative analysis, and at times a combination of the two, the interaction of each component within the model is explored. The implications for managers and for the retrenchment process are then examined. The positioning of each component in the dynamic retrenchment model is shown graphically prior to the discussion of how that component effects the retrenchment process.

### **Extra-organisational Environment**

The extra-organisational environment represents the area with the broadest impact on the retrenchment process, often creating the conditions which precipitate the retrenchment. It also affects the broader social and legal context in which the process occurs. Further, the extra-organisational environment influences the managers themselves as members of the broader community and shapes their views, values, and self-identity. The positioning of the extra-organisational environment in the dynamic retrenchment process model is highlighted in Figure 5.

In a world that knows no constancy, even the best-managed companies may find themselves compelled to retrench employees (Henkoff, 1994). Chapter 1 detailed a number of reasons why organisations may initiate retrenchment, many of them emanating from the environment.

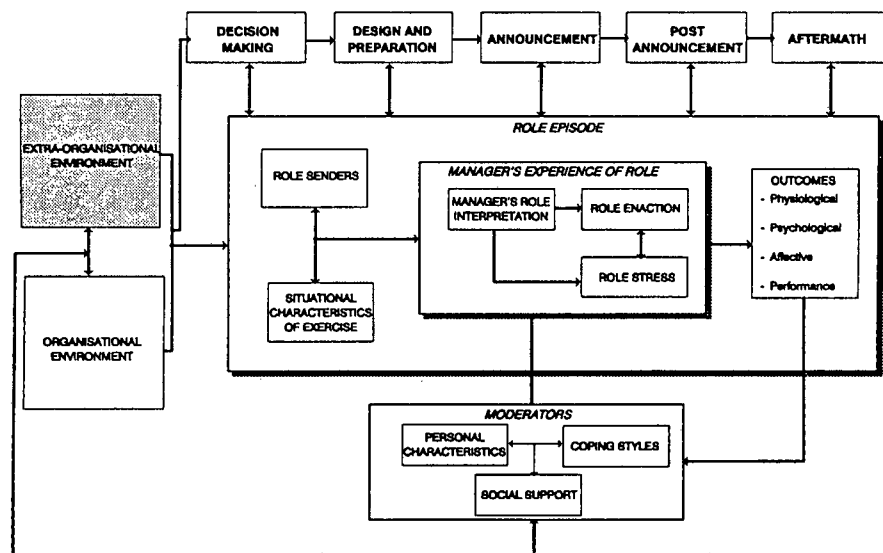


**Figure 5.** The Position of the Extra-organisational Environment within the Dynamic Retrenchment Process Model.

Globalisation and ongoing restructuring of industry, advancing technology, a slow economy, more efficient competitors, increased taxes, pressure from customers, and even the demands of social systems (such as health care) impact on retrenchment decisions. The industry could be deregulated, re-regulated, or hurt by cuts in industry or Government spending, or in the case of Government departments could be the target of reduced expenditure themselves (Henkoff, 1994; Kirkpatrick, 1991; Leana & Feldman, 1989; Richman, 1992). All of these factors will influence the decision makers' interpretation of the position of the organisation and their decision to initiate a retrenchment process. However, the influence of the environment goes beyond the decision to retrench. It potentially affects the way in which managers see and react to the retrenchment process, and to the way in which they participate in, influence, and are affected by it. The nature of the pressures from the broader environment are also not consistent in their direction and the manager can be subjected to a number of conflicting environmental demands. Further, environmental factors such as economic climate can have a strong impact on the welfare of retrenchees and consequently shape their expectations of and influence on managers.

Management initiation of retrenchment may be partly influenced by the rest of the business community, in that a large number of companies is adopting such action. Loeb (1994) cautions that the push for rightsizing in industry is moving from a trend to a dangerous fad and much of the retrenchment in industry may be unwarranted. Where a strong philosophy

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exists on how business should be conducted that includes retrenchment as a strategy, it may be possible that managers are influenced by their impressions of what is the popular thing to do, rather than adopting an objective strategy based on actual needs. Nevertheless, managers are concerned about how the business community will perceive the retrenchment and this perception leads management to act in ways to try and prevent an adverse impact on the organisation's market image among customers. Indeed, as noted earlier in Chapter 5, the news of the retrenchment may be deliberately restricted in order to reduce public knowledge and hence adverse impact on market image. Similarly, suppliers are also a focus of concern as many restrict credit exposure and facilities to companies who are seen to be in deteriorating circumstances (Sutton, 1987). Investors and dealers on the stock exchange also highlight potential problems (Worrell et al., 1991). Thus, much of management action becomes aimed at satisfying external stakeholders in the organisation, many of whom influence the status and reputation of the manager, rather than addressing the needs of internal organisational personnel.

The values of the society and culture are the key elements transmitted through the family and work organisation to the individual (McLean, 1970). In this way, the manager builds up a system of values, morality, and a sense of self. In different cultures and communities this system of values will vary in its support for or condemnation of retrenchment. The history of lifelong employment in Japan is changing; nevertheless, one may assume that where Japanese managers engage in retrenchment activity that is contrary to the social ethic and established business ethic, substantial personal conflict will develop within the manager responsible. Similarly, African philosophies of "ubuntu" emphasise the aspect of community belongingness and responsibility for mutual care (Mbigi, 1993), which too is contrary to the action of retrenchment. A statement by one of the managers in the present study that was quoted previously is repeated in part to illustrate such cultural dynamics:

"The blacks' perception of us as employers is that there is no (*company name*), there is no board, there are no shareholders. I employ them. And it is my duty to employ them. And if I no longer have work it is tough on me and I must still pay them...."

Psychological reconciliation of social values, sense of self-identity, and the business ethic responsible for retrenchment must have profound effects on managers from communities in Africa. Strümpfer (1986) notes that, although stress occurs in an individual context, no individual or group can be taken out of its cultural context. Role conflict, particularly person-role and intersender conflict, may thus be exaggerated for people from different cultures who have to operate in a situation where management is committed to retrenchment as a business strategy, and where this is contrary to the cultural ethos.

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The nature of the communities in which the company operates and the effect retrenchment will have on the communities and the welfare of retrenched members, influence managers' perceptions. Retrenchees and members of small communities and those characterised by high levels of unemployment are more vulnerable to the effects of the retrenchment. Managers recognise the impact of their action on the community and this in turn has a reciprocal pressure on the manager in terms of role demands. To quote some of the managers in the present study:

"The retrenchment has had a bigger effect at a place like (*town name*) where some of our longer serving employees work. It is a small community and people are much closer together. Also there are no other jobs there and if you lose a job then that's it."

"The sort of news carries around in town, putting a dampening effect on business, the housing market, etc. Everybody was down and gloomy with very little prospects."

The smaller communities also involve closer contact with people and managers are consequently exposed to a greater spread of role senders in the community itself. These role senders have variable impacts on the managers, but potentially can increase the sense of pressure and demands facing the manager. For instance:

"You were hearing, 'Shame, look what you are doing to all the people down there! Don't you feel awful about it?'"

Given the broad impact that the economic, social, political and cultural environments can have on organisations, social systems and individuals, a range of influences on how the manager experiences retrenchment could be expected. This study has focused on a few that were apparent in the responses of managers in the sample. Research which examines the further impact of the extra-organisational environment should provide greater understanding of the dynamics that shape the action and responses of the parties involved in and affected by retrenchment.

### **Organisational Environment**

The organisational environment provides the context in which the retrenchment must take place. Consequently, various aspects of this environment appear to influence the nature of the retrenchment process and these are discussed in this section. The position of the organisational environment relative to the rest of the retrenchment process model is highlighted in Figure 6.

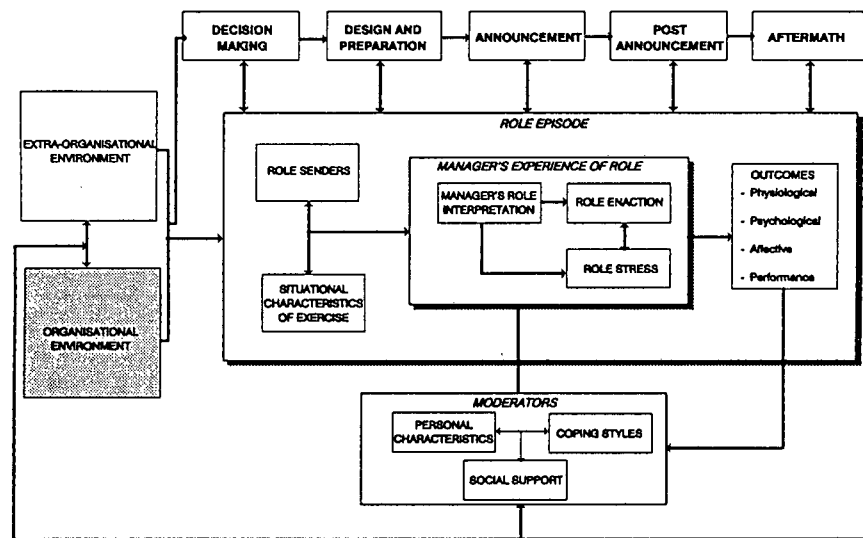


**Figure 6.** The Position of the Organisational Environment within the Dynamic Retrenchment Process Model.

A notable area in organisational research which has potential benefits in the way retrenchment and role stress can be examined is that of organisational culture (Rentsch, 1990). Culture consists of shared understandings about methods or operations, values, and norms which organisational participants use in determining the goals that are important and how they should behave in the pursuit of those goals (Ford & Baucus, 1987). Sullivan and Bhagat (1992) note that considering the influence of organisational culture can aid significantly in understanding the role of moderating influences at the individual, group, and organisational levels. An important implication in retrenchment is that perceptual bases that form the foundation for the action of decision makers are based on organisational culture. "The questions asked, the information sought, the methodologies employed, the tests accepted, and the meanings imposed", are interpretive behaviours which will be influenced by the culture in which the decision maker is based (Ford & Baucus, 1987, p. 374). The way that the retrenchment context is viewed, decided on, and acted upon should therefore be strongly influenced by the nature of the underlying mode of operating and value system that is embodied in the organisational culture. Indeed, the cause of the retrenchment itself may be embedded in characteristics of the culture. Equally, the reactions of people to the retrenchment process itself will be shaped and influenced by characteristics of the organisation's culture (Sullivan & Bhagat, 1992). In research by Harrison (1986), all the executives interviewed believed that the nature and method of their staff reductions reflected the culture of their organisations and to a large extent were influenced by it. These dynamics were evident in the present study, as illustrated by the following selection of quotations from managers:

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"I think one has to understand the culture of the Group company. They are contracting and contracting is a streetfighting operation. Not a nice 'I help you, you help me' operation. It really is what the name implies, streetfighting. And I think they handled it in a way quite acceptable to them."

"The key area, in my view, where this department made a mistake, they didn't read the culture. The culture is decentralised. That's why it's the easiest sell I've ever known, to go to the executive and tell them that I want to eliminate the department. Not one person argued."

"You can keep making a profit but don't make any waves. Not having that pressure, it changes the culture, the philosophy, the way you operate. And that comfort zone as I see it has changed. Because of that culture you also have over many, many years a tendency for a fair amount of fat to creep in because you don't have those kind of pressures."

"Some companies would probably have a culture where you look after them come hell or high water. In difficult times you carry them and in good times they work hard. So from that point of view, I would rather see the company in that situation than in the 'money talks' situation. But its not the first time it's happened in this company. I can see the reasoning with the costs involved in carrying labour. But I suppose that is a bit much to ask. I suppose that is part of the company culture."

Organisational change is more likely to occur where the decision maker is not committed to "business as usual" and bound to historical ideas. This is often brought about by replacing the key decision maker with one more likely to take action (Ford & Baucus, 1987; Nystrom & Starbuck, 1988). The introduction of new management, trouble shooters, and restructuring often has a role in modifying the frame of reference arising out of the culture, and it is often in these cases where retrenchment is initiated. For example:

"The General Manager who was here was an elderly man. He'd been with the company for 30 years and he was also one of those old school types advocating management. In April there was a major problem in the store where he just wasn't managing and so the new people came in and said, 'We've got to change this regime in the store'. So this man that they all loved dearly was suddenly taken out and the whole management structure of the store was taken out."

"If you have a look at the political thing and the killing of the (*company name*) culture, maybe that was wanted, and the guys up there said, 'This is what we want and this is how we got to do it'."

"The company has a very long historical culture. There are a lot of people here with 10 or 15 years of service. So there is a great family culture situation here."

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I believe that the decisions made at the top of the tree were made in ignorance of that culture, and one person, in particular, who is new to the organisation has felt that culture and has had some personal conflict. I don't think he felt bad about doing it to this wonderful family, but I think he's grown to achieve an identity with the family and has grown to feel bad about what he is doing to the family."

Cultural values within the organisation appear to play a strong part in the emphasis people place on the approach adopted to retrenchment. For example, the stances below from different organisations illustrate how each organisation approached the retrenchment from a specific value base, which gave a fundamental character to the exercise:

"We have a culture here where you have to produce results. The bus stops here. The result was we had to do it quickly to get the whole place settled down. We couldn't have a long drawn out session. A lot of pressure was on us to do it quickly and properly, people didn't want any mistakes. Half the time the Head Office didn't know what we were doing, we did our own thing."

"It's really a very much 'give culture'. The whole process of consultation and then also the length of the period that we announced--so we could say that in the next three months we're going to find you another job. And also we want to re-deploy the guys and say, 'Now you're protected for six months'. It was really a give culture.... We're actually bending over backwards. So that sort of environment or culture--if you want to call it that--helped in that sort of exercise."

Curtis (1989) notes that the nature of authority structures within the organisation will influence the nature of the retrenchment exercise. Confrontational reactions are less often reported in "autocratic" organisations because of the potentially heavy costs of overt resistance for lower level participants. Unions offer collective protection in such situations, but the authoritarian style of management makes it difficult to achieve negotiating objectives (Curtis, 1989). Similar tendencies were reflected in the present study, for instance:

"The company has a very conservative management style. We are trying for democratic and participative management, but it is still very conservative. We didn't agree with the union on retrenchment practices, and in the end after six weeks, we had to say, 'Look, we are going ahead'. So from that point of view the company culture did come through. It was a case of, 'This is what we set out to do, and this is what we are going to do'. And we had a strike."

Increased centralisation, unilateral directives, and reorganisation are more likely to occur in



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organisational environments where threatening coalitions are possible or where more tightly focused and bounded administrative responses are defined as necessary (Curtis, 1989). In autocratic organisations, few incidents of assistance to retrenchees to allow them to adjust to emotional or morale problems are reported, and little help is provided for relocation. Conversely, greater openness in more participative organisations creates a better climate. Curtis (1989) notes that in decentralised and collegial organisations, members enjoy more influence in the implementation of procedures and the implementation of decisions. Open retrenchment procedures are likely to be employed in such organisations (Curtis, 1989). This was reflected in the following quotation from a participant in the present study:

"We believe broadly in what was participative management. We don't like to impose--we avoid imposing a structure or making a decision for somebody if there is an alternative. So, obviously the options had to be left open, and it's important that management actually give them all the options, but also guide them in their decision regarding the financial implications of it."

The existence of supportive cultures in organisations appears to impact on a variety of aspects of the retrenchment process and the way managers experience it. Using the "Warmth and Support" subscale of Litwin and Stringer's (1968) measure of organisational climate, Newton and Keenan (1987) found strong relationships between climate and role stress. This also appears to apply strongly to the retrenchment environment. A strong team-orientated culture, for example, appears to impact on how the members of the organisation feel about retrenchment and what happens to their staff. In one instance in the present study, the transfer of a division of the organisation caused strong objections because organisational members were being moved to another organisation where they would not enjoy the same support. Also, greater openness with staff themselves may facilitate the open expression of concerns and problem solving behaviour with employees who are to be retrenched, as well as with the remaining employees. Further, greater support for the managers themselves is present, and an environment of sharing and support is created whereby some of the experienced stress can be resolved. Responses of managers in the present study indicating support for each of these points are provided below:

"Part of the culture was a caring culture. That's part of this company. We tend to care about the people and the clients, and all our studies and market research confirmed that. That's the type of people we have in the organisation. I think, because of that, we tend to handle problems a little bit more caring, because it's part of our style. The other thing that's part of our culture is that we try and get the employees to be part of the decision making. I won't say that this culture was in place in (*the Group company*). Just the opposite, they don't care for their people. The retrenchment had an affect on our people. Remember our

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biggest division was transferred to (*other company name*), about 3000 people. They had a terrible time. We almost cry when we talk about these people."

"I found that some of the people actually open up and discuss personal problems. So this sort of culture definitely made it easier. Even guys at the plant will say, 'I'd like to make an appointment with the General Manager', and he won't be asked, 'Why?' or, 'What for?' The General Manager will let the guy come in and talk. That open-door approach made it a lot easier. People were more honest and once you showed an interest the guy would open up and say, 'This is my problem'."

"The existing company culture is one of being quite close-knit in retail, and I think at the top people could actually talk openly about their reservations and alternatives."

Sector differences in organisational characteristics and culture were not explored as part of the present study. One case, however, is interesting in portraying the influence of culture within a particular industry sector. The organisation, a hospital, had employees protesting against the retrenchment through a work stoppage and placard demonstration for an hour at the beginning of the shift. There was a strong reaction from management personnel against the worker protest action:

"It was very unforgivable for them to have left their stations for a whole hour. People need to get medicines at that hour of the morning and so on. Also in our union agreement there is an agreement that they may not strike. That is a code of ethics that you don't have in a manufacturing environment. Medical careers are a calling and not an occupation. "

This employee action, was however, mild in comparison with those in some of the organisations in the sample where full-scale union strikes and protests were evident. Organisations in different sectors may, therefore, reflect different styles in approaching and conducting the retrenchment exercise. These cultural or sector differences may also be reflected in the type of employee action that is adopted in response to the retrenchment.

### **Characteristics of Retrenchment Exercise**

Various authors have indicated that there are organisational, personal, and situational variables that influence the extent to which role stress is experienced ( Morris, Steers & Kock, 1979; Van Sell et al., 1981). These variables have included power and control (Ashford et al., 1989; Welsch & La Van, 1981), ability to participate in decision making (Tosi, 1971), and occupational differences and job level (Miles, 1979; Hamner & Tosi, 1974). Some of these variables could be regarded as characteristics of retrenchment and will vary

across different conditions. Their positioning in the dynamic retrenchment model is highlighted in Figure 7.

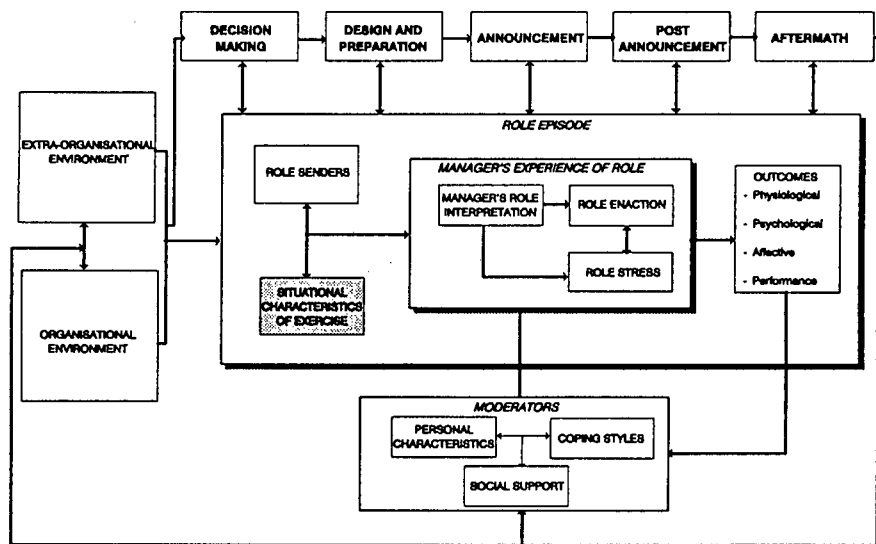


**Figure 7.** The Position of Characteristics of the Retrenchment Exercise within the Dynamic Retrenchment Process Model.

The present findings indicate that in retrenchment the ability to decide on an approach, influence decision making, and the exercise of power impact on the experience of role stress. Similarly, the nature of interpersonal relations between the manager and employee to be retrenched also appears to impact on the nature of role sending and subsequent role stress. Finally, the potential for adverse impact on retrenched employees is an element in determining the nature of role conflict. These influences are discussed in more depth below.

Impact of Control

Managers who initiate retrenchment in an organisation are doing so from a position of authority. Decisions in the retrenchment process do not only revolve around the initial commitment to retrench. Further decisions on how this is to be done, who is to be affected, and the manner in which it is carried out have significant implications for managers involved in the process. The power or ability to influence decisions about one's job or position will influence the nature of role pressures experienced by managers (Tosi, 1971). Morris et al. (1979) have found that role conflict and ambiguity are related to participation in decision making. They note that individuals who can participate in decision making will be less likely to experience uncertainty about their roles as a consequence of the increased information and

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feedback which typically occur from a participatory process. Similarly, they note that increased personal discretion and autonomy may reduce the role incumbent's exposure to and/or dependence on potential sources of conflicting role expectations. Participation also provides opportunities to clarify expectations, negotiate away conflicting demands, and substitute self-supplied role expectations for possibly conflicting or ambiguous other-supplied expectations (Fisher & Gitelson, 1983). Involvement in the decision making process implies being able to exercise control over one's own environment, the establishment of some predictability, and the generation of conditions which will be less threatening to oneself. A personal sense of control which appears to be reflected in these conditions has been highlighted as a critical factor in ensuring that managers feel secure in coping in transitional events, particularly when these hold the threat of job loss. The existence of a strong sense of control is seen to reduce levels of anxiety, while powerlessness is seen to increase tension and perceived threat (Ashford et al., 1989). In the retrenchment situation, therefore, a lack of control should lead to similar pressures and to higher role conflict and ambiguity.

Alternatively, high levels of control by virtue of positional influence or power should alleviate role stress and consequently adverse physiological, psychological and affective responses. Greater control will lead to less personal anxiety, but more importantly, it will impact directly on how managers react to the role demands of the job. For instance, action by managers to reduce the impact of retrenchment on affected personnel can help to reestablish a sense of equity and therefore enable them to feel less guilt (Harris & Sutton, 1986). Some comments of managers in the present study lent support for these relationships, viz.:

"You must have the power. So I said to the MD that I won't get the company into trouble, but I want to be able to say what's what. And that helps a lot, if the guy is talking to you and you can make a decision at that point."

"A number of them did not find suitable jobs, about three or four, and I extended their period of service so they could find. But I was in the position where I could. Other people were more controlled. So that made it easier for me."

Ashford et al. (1989) note that organisations that take steps to enhance employees' sense of control by explicitly renegotiating the psychological contract, or by providing them with additional information that allows them to predict the impact of organisational change, can reduce job insecurity. In the present study, communication deficiencies were a major source of role ambiguity during the retrenchment process. The comments of Ashford et al. (1989), therefore, have direct bearing on how managers with greater control and access to resources were in a more favourable position to deal with the role demands. For instance, one of the managers observed:

"Because I had privileged information, I think I could deal with the situation a

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little more circumspectly than the rest."

The lack of involvement and control in the decision making process caused a small sample of the managers to distance themselves from the actions of top management and effectively deny any responsibility for the retrenchment. By doing this, managers felt they experienced less stressful pressure from role senders because they were not identified with the people who caused the retrenchment. These managers therefore portrayed themselves as the agent rather than the instigator of retrenchment and made plain their lack of control. This is illustrated in the following comments of participants:

"The thing that made it easier from a personal point of view, was that there was someone out there who had responsibility for these actions. It made it easier on myself because I was not the one making the decisions."

"Fortunately, by that stage, they already had perceived, from my point of view, that I had not been involved in the decision making process at all."

Whether greater involvement and control is seen as beneficial or detrimental, appears to be linked to the way in which managers are identified with the exercise. Difficulties with role ambiguity, for example, will be shown later to be closely linked to a lack of control and knowledge of process. Alternatively, managers who are sensitive to their employees and perhaps identify with them rather than with management, would want to avoid involvement. However, incidents of this nature were relatively few in the present study. In a number of instances managers who had not been part of the decision making process still felt they would have preferred to be involved and that this would have improved their own sense of control and self-image as a manager.

#### Relative Impact on Retrenched Employees

The greater the outcome of the decision made by a role occupant, the more significant the pressure will be from the role sender(s) who are affected by the decision (Kahn & Quinn, 1970). In the case of retrenchment, the impact on retrenched employees can range from immediate re-employment together with a significant retrenchment payout, to long term and even permanent unemployment, with little funding to survive even in the short term. The questioning by managers of the morality of retrenchment decisions was explored in Chapter 5. It is clear from their comments that the greater the perceived consequences for the person, the more reluctant the manager is to proceed with the retrenchment action. Specifically, in cases where there is going to be high adverse impact on the retrenched person, the manager engages in greater behaviour to find information to justify the decision or uses coping mechanisms to deal with the stress that results. Brody (1983), in a discussion on this

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consequentialist argument of morality, indicates that the rightness or wrongness of an action is based on the consequences of performing it. High adverse impact will call into question the appropriateness of the action in terms of the manager's system of morality. However, the determining of morality is based on a number of conditions and not just an examination of the consequences. Despite a manager's questioning of a situation because of its outcomes, a moral need to satisfy the business and psychological contract between manager and organisation may outweigh the reluctance to generate these consequences. Nevertheless, it could be assumed that managers are likely to experience greater role conflict in pursuing actions which appear contrary to general social and individual welfare. Evidence of this was found in the interview material of the present study.

Low adverse impact on employees who were retrenched by managers produced responses such as those detailed by the following participants:

"The fact that the company was prepared to be generous with the package--and that is evidenced by the fact that people would rather have the package than have jobs. I think that made it much easier for us. And the other thing was the extent that the company had gone into it. We even took a knock on the purchase price in order to secure those jobs. So it wasn't a case of throwing people out on the streets, you knew that most of them were going to get jobs."

"Another thing that helps is that a lot of the older people are quite happy to take their benefits and go. That eases the pain a lot as well."

"With the package she was going to get, and her previous employer had offered her another job, there was no question of being unemployed. She could start work the following day. So the whole thing worked out to her advantage in the end, and a relief to me as well. It lessened the burden, and my conscience, it was not a case of her being thrown out."

"I think something that made it easier is that we were able to offer some of them alternative employment."

In contrast, management reactions to retrenchment situations which have high adverse impact on personnel show a high degree of strain and person-role conflict in particular. For instance:

"But slowly, when you get to the stage that you realise it is going to be inevitable, you realise here are *n* people who are going to lose their jobs, and people with skills will probably find jobs elsewhere, but these were all unskilled people who couldn't get jobs easily. And it's not just *n* people, it's *n* families, it's families of five or six or even eight people. And you realise you are affecting over a hundred or even a thousand people. That is the sort of thing you eventually realise, and then you weigh it up against the benefits to the company. What are you going to achieve? You are going to save so many

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thousands of rands. But what is that? It means a few shareholders are going to get a slightly bigger dividend at the end of the year. That's what you learn.

And when you weigh the two up against each other and realise that 500 people are going to sit without bread, as opposed to a few guys who won't even know the difference, it doesn't make sense. That's very difficult then to go and say, 'Look guys, we have got to do this. It's essential'."

"The human aspects, although you don't know the people or don't like the people, you don't want anybody to be sitting outside and have nothing. I am very aware of the wages that they get and I know that they can't survive one week without work. I know. The furniture is going to be withdrawn from the houses, etc., etc. And I think that is what makes it very difficult."

### Closeness of Interpersonal Relationships

A number of types of social norms shape people's views of reality. Included in these is a category of moral rules that make reference to both the character of the action performed and to the relationship between the actor and the parties concerned. These include principles such as aiding one's friends in times of distress, and keeping one's promises. The rules require a certain type of action toward people with whom one has a special relationship (Brody, 1983). Such rules are consistent with the concept of the psychological contract (Schein, 1980). The nature of the relationships with the role senders thus contributes to determining the nature of the role pressures (Tosi, 1971). In cases of close contact, one would thus assume that greater expectations of the role sender would increase the pressures experienced by the role occupant, particularly when there is difficulty in satisfying the requirements of such a close role sender (Kahn & Quinn, 1970). This type of influence clearly occurs during the retrenchment exercise. The principle that being close to a person will exaggerate the level of role conflict is confirmed in the statements of managers in the present study. Similarly, the principle that feelings of distance from the person will reduce the level of role conflict are also demonstrated in managers' statements. Some of these are shown below:

"If you work with the guy, and see him, and know his problems, and know he's not going to find another job for six months or a year, then it's not so easy."

"The personal bit of things got me a bit. I have some good friends here who I had to tell they haven't got a job, and that part affects you a bit."

"If there was any sort of consolation, I didn't have any sound relationship with the people who were affected. In other words, I was a little bit distant. I think it would have been a lot more difficult if I had worked with the guy for a long, long time."

"I have only had about four months in this store. I hadn't built up that rapport

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with the staff, or any credibility for myself and I didn't know them. It's easier when you don't know the person's got five children for example, how is it going to affect family life, etc."

These qualitative results confirm the views of Tomasko (1990), that personal guilt is increased through closeness of the relationship between the parties. He notes that in the United States, psychological inertia associated with the difficulty of retrenching has usually been stronger than the social structure which calls for the retrenchment. Guilt has been one of the biggest barriers in the past to managers laying off other managers or high level staff (Tomasko, 1990). Given this, an increase in person-role conflict and guilt can be expected as organisations are forced to retrench employees at levels close to them. Distance from the affected person will, however, continue to moderate the impact on managers. The boundaries created by centralised hierarchy and authority serve to distance and buffer the leadership from the socio-emotional consequences of their actions. This hierarchical distance, characteristic in executive positions, generates an important personal function for those who administer cutbacks; it protects the leadership from psychic costs (Cobb, 1974).

#### Quantitative Analysis of Retrenchment Characteristics

The present study also addressed background characteristics potentially affecting the retrenchment process. This was done by requesting quantitative details which examined the relative positioning of the manager in the organisation and consequent influence in decision making. Managers were asked how many job levels above them the initial decision to retrench was made. Additional organisational, interpersonal, and situational variables which formed part of the overall questionnaire were assessed by the researcher during interviews and were clarified with participants where necessary, as discussed in Chapter 2. The purpose of this was to obtain additional insight into situational influences on the retrenchment process and outcomes of the role episodes. These variables included the nature of the manager's involvement in the decision to retrench, the perceived need for retrenchment, the level of preparation allowed for retrenchment, how the manager viewed the retrenchment package that the employees were receiving, the closeness of the relationship with the retrenched employee, and the chances of the employee getting a job after retrenchment (see questionnaire in Appendix B).

The number of quantitative variables measured in the questionnaire which covered characteristics of the retrenchment was relatively large. In order to provide a more manageable description of these characteristics, and to avoid separate discussions with variables that measured similar constructs, a factor analysis was performed on these variables



for the full sample of 50 subjects (Ferguson, 1981). Managers who were retrenched were included in this analysis, as it was felt that the characteristics reflected prior situational conditions and would not have been influenced by the managers' reactions to being retrenched. The inclusion of these participants was also seen to improve the robustness of the factor analysis, given the increase in the size of the sample (Dewe, 1992). The qualitative analysis suggested three main areas which should be reflected in the factor analysis: positional influence on how the retrenchment should be carried out, based on job level; how employees would be affected by the retrenchment; and the relationship between the manager and the affected persons. To confirm this structure, variables were subjected to a principal factoring with iteration and the terminal solution was derived through varimax rotation (Norusis, 1988). The scree test confirmed a three-factor structure, with a distinct break between the three major factors and the rest. Further, all three factors satisfied the eigenvalue requirement of being greater than 1 (Norusis, 1988). The results of the factor analysis are shown in Table 8, showing strong support for the qualitative trends evident in the interview data. A conservative factor loading of .4 was used as a criterion for inclusion (Ferguson, 1981; Miles, 1976; Schuler et al., 1977).

Table 8.

Results of Factor Analysis for Characteristics of Retrenchment Exercise

| Characteristics                    | FACTOR 1 | FACTOR 2 | FACTOR 3 |
|------------------------------------|----------|----------|----------|
| Job level                          | -.86     |          |          |
| Preparation for exercise           | .84      |          |          |
| Involvement in decision            | .83      | .43      |          |
| Perceived need for retrenchment    | .63      |          |          |
| Closeness of relationship          |          | -.89     |          |
| Number of decision levels          | .43      | .72      |          |
| Generosity of retrenchment package |          |          | .85      |
| Likelihood of receiving job offer  |          |          | .78      |

The factor structure revealed the following conditions:

Factor 1. This factor accounted for 38.6 percent of the variance in the data. The factor appears to represent an "influence" or "control" construct with respect to carrying out the retrenchment. The level of management appears to be a critical underlying influence. The factor loadings, as well as the qualitative analysis, indicate that high level managers tend to be

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better prepared and briefed in the retrenchment process, they are more involved personally in determining who is to be retrenched, and they are more committed to the retrenchment decision, seeing a greater need for retrenchment. For junior managers, the converse tends to be true.

Factor 2. This factor appears to represent a construct which represents "closeness of the relationship" and accounted for 19.4 percent of the variance in the data. The closeness of the relationship between the manager and the retrenchment situation seems to be associated with formal decisions to commence with retrenchment, often made by decision makers some levels above the managers who have to carry out the exercise. Comments that psychological distance from affected personnel makes it easier to initiate the retrenchment appear in this factor.

Factor 3. The factor appears to reflect a "low impact" construct and accounts for 16.5 percent of the variance in the data. The factor reflects conditions of low adverse impact on the people being retrenched, and includes the existence of generous retrenchment packages and a high likelihood of the employee being reemployed elsewhere.

The establishment of these factors provides a clearer view of the dynamics of organisational, interpersonal, and situational influences on the retrenchment process. However, the present model cannot be tested quantitatively to examine the impact of these constructs on role conflict and ambiguity owing to the small sample size and the inclusion of other variables in the quantitative analysis. Nevertheless, the qualitative analysis appears to justify fully the inclusion of the above three factors in the dynamic retrenchment process model, as antecedents of the various types of role conflict and role ambiguity.

### **Role Senders**

The role senders, or members of the role set define the expectations of the manager's role within the retrenchment process. Their position within the dynamic retrenchment process model is highlighted in Figure 8.

Expectations may be openly declared by role senders, and the manager may also internalise role expectations and responsibilities arising out of implicit dealings and contracting. Much of the psychological contract that defines the relationship between the various parties and the manager is unconscious. The part of it that is conscious is often incomplete, somewhat vague, and lacking in explicit commitment (Levinson & Weinbaum, 1970). The manager is thus in a situation where she or he must interpret the role expectations, as well as define the

expectations in accordance with her or his own perceptions. The role definition for the manager is therefore one defined by both role senders and the manager.

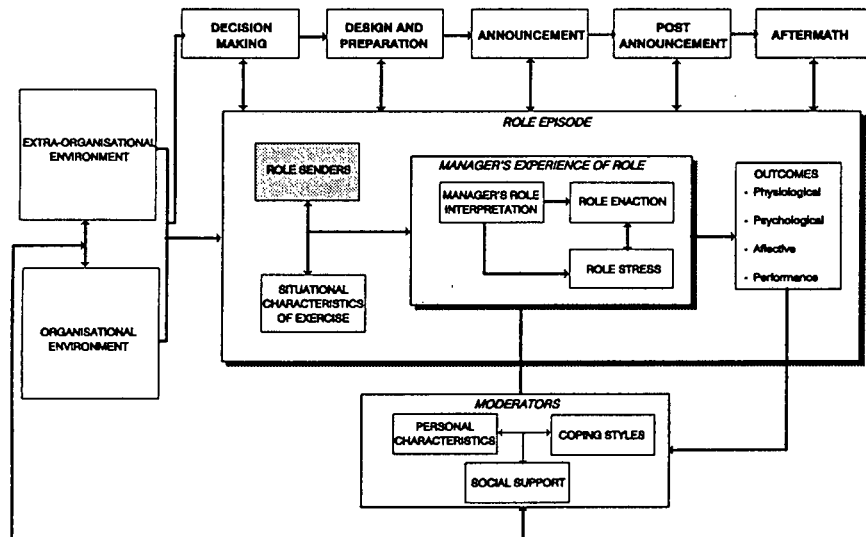


**Figure 8.** The Position of Role Senders within the Dynamic Retrenchment Process Model.

As part of their retrenchment role, managers will experience multiple commitments to parties both within and outside the organisation. On a personal basis, the central self of the individual relates to these parties on a differential basis, depending on the manager's values, personality, priorities, and allegiances. The retrenchment role set can be viewed as being in four main areas. These are the representatives of the formal organisation, the employees, the business community, and the social community. The manager, in dealing with the retrenchment process is subject to the demands of all of these parties indicated in Figure 9.

The four groups represent areas in which there are likely to be different emphases in the nature of expectations of the manager. Each of the senders in the figure will, however, have his or her specific expectations of the manager, as well as possible common expectations. Where the expectations of the senders are contradictory, the potential for various kinds of role conflict and particularly intersender conflict exists. However, the psychological distance between these parties and the manager will vary (Reichers, 1985). Primary role senders are those who represent organisational interests and initiate the retrenchment (this will vary between the different parties) and the employees who are affected by such action. Secondary role senders, such as remaining employees, family, and customers are less immediate to the manager but will, nevertheless, have an influence. More distant role senders are typically shareholders, community members, investors and dealers, and market peers. The closer the



**Figure 9.** Manager's Role Set in Retrenchment Process

senders are to the manager, the more they will tend to impact on the manager's views. However, retrenchment is a dynamic process that occurs over time. The impact of the specified role senders will therefore differ across the different phases of retrenchment, as indicated in the discussion of interpretational shifts in the previous chapter. It can thus be expected that the nature of role conflict and ambiguity will vary with the differences in the amount of influence that the role senders have at any one stage. Further, it can be expected that the nature of expectations of the role senders may vary across the process, in addition to their influence on the manager.

There are several mechanisms of role integration which assist in minimising the potential conflict arising from any role set for an individual (Kahn & Quinn, 1970). The failure of such mechanisms, on the other hand, will create a situation where a conflict between role expectations may be hypothesised as intense. Kahn and Quinn (1970) note that high levels of conflict could be seen where the following conditions exist:

- Role senders do not subscribe to common values or goals that can be invoked to reconcile the conflict. Role senders in this situation cannot be induced to modify their expectations around these common values or goals for the role occupant.
- All senders are intensely involved with the issue in question. Peripheral role senders are likely to press their expectations less strongly, while intense expectations

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emphasise the nature of the role conflict.

- All senders have high and equal power over the focal person. Power available to the role sender allows the party to increase the force of expectations. Where no power exists, there is little conflict.
- The expectations of all senders have equal claims to legitimacy. Role expectations will vary in the extent to which they can be reinforced by the appeal of the role senders to organisational or cultural values which are shared with the focal person. "To the extent that all expectations cannot thus be legitimated, the role occupant can justify noncompliance with those expectations having low claim to legitimacy" (Kahn & Quinn, 1970, p.62).
- The focal person's behaviour is observable by all his or her senders. Social control presupposes that an appreciable amount of behaviour can be observed. To the extent that people are insulated from observation by the role senders, the person is buffered from their expectations. Where behaviour is clearly observable and the focal person is unable to conceal his or her behaviours from the role senders, role conflict would be exaggerated.
- The role senders are aware that their expectations conflict. Where role senders are ignorant of the demands of other role senders, they tend to focus more on the role occupant. When they are aware that their expectations are in contradiction with other role senders, they become aware that they have to solve these contradictions either through a struggle for exclusive power, or by some degree of compromise.
- The expectation of each sender provides little latitude for deviation. Jackson (1960) notes that role expectations do not deal so much with all-or-none behaviours as with ranges of acceptable behaviour. Integration of role demands is most feasible where each sender prescribes wide ranges of acceptability, thus permitting more compromise solutions by the focal person to resolve the role conflict.
- The role sender has amassed no "idiosyncrasy credit". Past demonstration by the role occupant of compliance with each sender's expectations results in a personal "credit" with the sender (Hollander, 1964). The role sender then grants to the occupant a wider range of acceptable behaviours than to a focal person who had not generated the credibility to deviate to any extent from the initial expectations.
- There are no organisational quasi-legal systems or due process values to which the role occupant can appeal. Quasi-legal rules enable the role occupant to appeal to due-process values, norms and procedures in resolving conflicting role expectations.

The above conditions all characterise the nature of the role relationships of the manager with the primary role senders. These are represented by the top management as the agents of the formal organisation, on one hand, and the employees who are to be retrenched, on the other.

Further, many of the conditions apply to the more extended role senders in the role set during retrenchment. This indicates that substantial potential exists for role conflict. In addition, the number of parties involved in the process and the lack of familiarity and skills to handle such situations could be expected to generate conditions of role ambiguity for the manager. Van Sell et al. (1981) note that it is important to be able to track individuals as they go through organisational experiences and to detect changes in their responses to role conflict and ambiguity. This represents a key objective of the present research and is the focus of the following section where the nature of role conflict and role ambiguity will be explored in more depth in conjunction with the phases of the retrenchment process.

### Experience of Role - Role Dynamics and Role Stress Within Retrenchment Process

The evaluation of the role dynamics and outcomes in the present study departs from previous research which has tended to look at role conflict and role ambiguity as static conditions. The approach in this research addresses the dynamic processes through which roles are created, accepted or rejected, experienced, and changed as the role process evolves (Jackson & Schuler, 1985). The following section of the study thus incorporates the areas of the manager's role interpretation, role enaction, and role stress described in the dynamic retrenchment model. This component represents the central dynamic which drives the manager to fulfill the role requirements of retrenchment as well as how he or she relates to the process. The positioning of this component of the dynamic retrenchment model is highlighted in Figure 10.

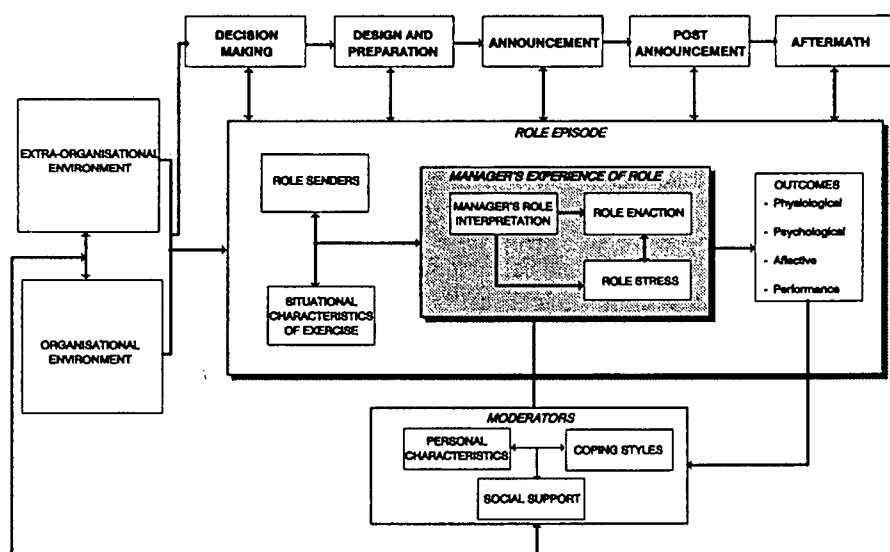


Figure 10. The Experience of Role within the Dynamic Retrenchment Process Model.

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The role sets defined by the phase of the retrenchment process appear to generate particular dynamics within each phase. These dynamics can be attributed to the changes in the main role senders, the demands of the process as the objectives change from phase to phase, and the unique situational requirements of the phases. The initial discussions on how the retrenchment process moves through the various phases earlier in this study (Chapters 4-8) gave some insight into how role taking and role stress occurred. The analysis of the psychological experience of managers and the associated role stress described below, contributed substantially to the interpretation of this section. Further, the researcher's own understanding of both process and managerial experiences gained through consulting in organisational development are used to assist in overall interpretation and to evaluate the level and the types of role conflict and role ambiguity being experienced.

The differences between the types of role stress and the nature of their relationships with antecedents and outcomes have made Newton and Keenan (1987) recommend that we should treat the types of role stress as essentially different constructs within our theorizing about stress and strain. They note that a research strategy which deliberately sets out to differentiate between varying forms of role stress may be a particular benefit to our understanding of the relationship between organisational, interpersonal, and personal factors, and stress and strain. Similarly, Van Sell et al. (1981) state that an examination of role-based relationships by types of role conflict could be an important part of future research. This section of the research thus combines the approach using types of role stress with that of the role process concept in order to examine the role episodes as they occur within the dynamic retrenchment process model. Each phase of retrenchment is discussed separately, and within these phases, the particular nature of the different types of role conflict and the variable of role ambiguity are examined.

The assessment of role dynamics in the various phases is assisted by an analysis of how an individual experiences the retrenchment and how this experience is reflected in the different areas of role stress during the process. Despite extensive research which has addressed the measurement of role conflict and role ambiguity and assessed their relationship with other variables, little research is available on the psychological experience of role conflict and role ambiguity. Thus, although the concepts are clearly defined and there are measures of the role conflict and role ambiguity constructs, the understanding of how they are manifested in people has not been substantially addressed since the early studies of Kahn et al. (1964). In this study, the evaluation of such psychological experience was seen as essential if the dynamics of the different aspects of role conflict and role ambiguity were to be understood. As part of the qualitative analysis, managers' reactions, which demonstrated the different types of role conflict and role ambiguity, were identified and assigned to the different phases

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of retrenchment. These were then analysed to evaluate what psychological dynamics were reflected in these responses. The identification of psychological dynamics involved an initial interactive diagnosis and discussion session with the researcher and an independent industrial psychologist (see Chapter 2) to identify a framework for evaluation. Once this framework had been established, the researcher identified the psychological dynamics within each retrenchment phase for each of the role conflict types and for role ambiguity. These results were then checked for relevance and accuracy by the independent industrial psychologist. Tables for each retrenchment phase, which give examples of managerial reactions that were drawn from the sample and the psychological dynamics identified for the sample, are shown below.

The discussion of the role dynamics below follows the dynamic retrenchment process model. Each phase is accompanied by examples of typical management behaviours associated with the types of role conflict and with role ambiguity. Comments on the nature of the psychological experience are provided with examples. It should be noted that such examples represent what occurs when managers experience role stress during retrenchment. Other moderating variables discussed in this study have been postulated to affect managers' interpretations of the retrenchment situation and the subsequent level of role stress. The effect of these is discussed in other sections of this study.

### Decision Making Phase

The initial decision making phase appears to be characterised by relatively low levels of role conflict and overload by managers. Knowledge that retrenchment is being considered is limited and it is unlikely that expectations by a broad role set representing conflicting interests will exist at this stage. Strong pressure is placed on managers by a range of role senders: shareholders, executive management, the market, and to some degree the manager's own personal reference relative to industry peers, perceived organisational trends, and expected standards of evaluation. The role set is restricted, and within the role set the expectations tend to reflect a focus on business objectives and financial criteria with reference to a common value base of financial performance.

The role expectations of the major role senders define a strong role definition during the decision making phase and there appears to be relatively little interrole conflict. Person-role conflict does, however, seem to exist to some degree during this phase. Some managers are faced with the recognition of their obligations in running a business and have to reconcile these with personal priorities and their self-perception regarding how they view the importance of the people in their organisation. With strong and fairly clear expectations from



influential business role senders, and a lack of knowledge of the retrenchment and involvement of employees at this stage, managers are nevertheless subject to intersender conflict. Their perception of unspoken employee expectations contrasts with the stated business objectives of their assigned decision making role. The more employees are aware that such decisions are under consideration, the more it could be expected that their expectations would become explicit and directed to the manager, and this would further increase intersender conflict. Differential views at the organisation's executive level about the retrenchment decision may also create a degree of intersender conflict, as the responsible manager has to deal with differing messages about the advisability of retrenchment (Dornstein, 1977).

A low level of intrasender conflict exists during this phase, mainly occurring among managers who are assigned the responsibility to examine the need for retrenchment and who later have accountability for action or decision making taken away from them. The decision making phase tends to be characterised by a few major role players with largely common values determining management action. Expectations of other parties, particularly employees, are relatively distant and are generally not communicated. Although role stress is low, it is nevertheless manifested by managers during this phase.

Table 9 shows the psychological dynamics that confront managers during the decision making phase. Comments of managers in the present study are included to illustrate how the role dynamics were experienced. It should be noted that no observed interrole conflict, role overload, or role ambiguity was observed among managers during this phase of retrenchment.

Table 9.

Psychological Role Dynamics for Managers During Decision Making Phase

| Role Dynamics                                                                                       | Examples of Role Stress Experiences                                                                                                                                                                                                                                                                                                                                                        |
|-----------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>PERSON-ROLE</b><br>Questioning priorities of perceived role.<br>Subordination of personal views. | "This is why I think you've got a conflict between ... decisions to make from that point of view. From any point of view--from a financial point of view, from an operating point of view--logical decisions and simple. You know this is what has to be done. But also I feel like I'm a humanist as well. I don't like it--strangely enough, it actually conflicts with my personality." |
| <b>INTERSENDER</b><br>Incongruent expectations<br>Questioning of loyalty                            | "Discomfort in fact. Because you end up in a situation where you're interposed between the shareholders' desires and your employees' desires, and sometimes those conflict. And that creates stress."                                                                                                                                                                                      |

Table 9 continued.

|                           |                                                                                                                                                                                                                                                                                                                           |
|---------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>INTRASENDER</b>        | <p>"I reported the facts to them and gave my recommendations. My recommendation included the re-structure of the group... along slightly different lines from what we actually ended up doing. We ended up--the shareholders in fact took a more aggressive line than I--in fact, cut deeper than I would have done."</p> |
| Insubstantial authority   |                                                                                                                                                                                                                                                                                                                           |
| Questioning of competence |                                                                                                                                                                                                                                                                                                                           |

### Design and Preparation Phase

During the design and preparation phase there is an increase in the number and diversity of the role senders in the role episode. Conflicting vested interests of different parties become more apparent and have to be addressed by the manager who then has to deal with an increasing number of differing role demands. The role senders representing the formal interests of the organisation (i.e., shareholders, the executive board, and the CEO) remain important in providing impetus to the process. However, employees and organised labour in the form of unions become increasingly involved in the process, bringing objectives which are contrary to those of the established parties. Further, additional role parties in the form of the business market, the community, and the press create further expectations of the role of management in the retrenchment process, often setting standards or providing a value base with which to view issues. Finally, the manager becomes more personally involved in the retrenchment process during the design and preparation phase, as she or he confronts the implications for people, organisational structure and power, and personal benefits or losses which would result from the retrenchment. This greater personal involvement and closer contact with people bring more of the manager's own views, beliefs, values, and management styles into the role episode and increases the complexity of role dynamics.

The role episode for the design and preparation phase is characterised by high levels of all types of role conflict. Further, substantial role ambiguity exists during the role episode. In the present sample, the sustained high levels of role conflict appear to be typical to nearly all managers who are involved in retrenchment during this phase. Fundamental to the nature of role conflict is the dichotomy of the psychological contracts between the manager and the organisation on one hand, and the manager and employee, on the other. As noted in Chapter 2, the psychological contract between organisation and employee has been recognised by a number of researchers. The case of retrenchment is one of the few instances in organisational life, and possibly the only one managers will be exposed to, where the manager's obligations and psychological contract with the organisation are contrary to the

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psychological contract with the employee. Inevitably, therefore, the manager is placed in a lose/lose situation which reflects itself in the psychological dilemmas and outcomes characterising the nature of the different role conflicts during this stage. In approaching this dilemma, the manager is forced to confront a previously obscure and generally unexpected role, needs to work through moral and ethical dilemmas fundamental to the way he or she thinks and acts, and goes against many of the principles which characterised his or her earlier roles as manager, which were orientated towards development and growth.

Person-role conflict is reflected in a number of ways during the role episode. Managers who do not subscribe to the decision to retrench are, nevertheless, forced into the role. They are therefore having to perform a role they are resisting psychologically. For Kahn and Quinn (1970), the manager internalises the identification with groups in his environment and thus internalises the conflict between the differential expectations. In cases where the manager does not identify with the groupings represented by the organisation and employees, mechanisms such as "cheating" on a role sender or failing to comply with expectations can be adopted easily. However, where there is close identification with the role senders, to cheat on the expected responsibilities amounts to cheating on oneself, a process which generates a guilt, which induces departure from one's values and from the demands of the ego ideal. This violation of the psychological contract is seen as betrayal by some managers in the present study. Linked to the reluctance to identify people to retrench is the power to determine peoples' lives which can be seen as an extreme form of responsibility for people. In addition, the impact on personnel is generally negative, and in some cases may be seen as extreme. For unskilled employees in an economy of 40% unemployed, it can be life-threatening to the person and his or her immediate and even extended family. This generates questions on the morality of such decisions, where the values of society and humanity that are part of the manager's internalised world view, conflict with the customarily accepted financial benefits to the organisation. It also generates questions over the ethics of management action. Further, confidentiality provisions in most retrenchment exercises restrict the manager's ability to divulge information which would warn employees of the retrenchment and enable them to take steps for self protection.

The need to identify personnel who will be affected by the retrenchment initiates strong intersender conflict. Both the organisation and employees have legitimate psychological contracts with the manager. The employee requires the manager to look after his or her interests in return for acceptance of authority and work performance. Managers are conscious of an expectation, whether implicit or explicit, that employees believe the manager should defend their position. There is also an implication that if this is not done, the manager has failed employees in some way and has demonstrated a lack of power and possibly credibility.

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On the other hand, the manager is drawing a salary from the organisation to fulfill work requirements and there is a recognition of authority relationships within the organisation that guides management behaviour. These dynamics reflect a clash of psychological contracts for the manager. In being called by the organisation to identify persons to be retrenched, the manager must violate the psychological contract with employees and must fulfill the organisational objectives by choosing such people. This has implications for the relationships, not only with employees who are to be retrenched, but also with remaining employees who have expectations that they will be looked after.

In addition to the intersender conflict generated by employee/organisational differences, a range of other expectations exist. Managers who have been confidentially informed that the organisation is going to retrench still have to interact with people in the organisation who, unaware of the pending situation, believe that the manager should be performing normal duties. With no acceptable reason why the manager should not carry out activities, increased stress results from the role senders applying pressure and asking for justification of the manager's apparent unwillingness to act. Further intersender conflict occurs when managers are told to maintain the confidentiality of the decision, but rumours cause employees to seek clarification from the manager. To a lesser degree, managers are also subject to expectations from outside the organisation, including family and the community, which conflict with the organisational position or approach.

Intrasender conflict is derived primarily from senior management and executive positions during the design and preparation phase. This conflict takes the form of inconsistent or contradictory expectations and behaviours emanating from senior management. Senior management places a great deal of pressure on management to perform effectively in carrying out the retrenchment. However, they may then create conditions that make this extremely difficult, deny managers information or resources to carry it out, or fail to provide the support consistent with their expectations. This partly results in a difference in espoused versus operational policy, where the manager can be blamed for the failure of the latter.

Managers are called on to fulfill a number of roles during the design and planning phase of the retrenchment process. These will vary between those that are voluntarily entered into (e.g., counselling employees, representing employees) and those that are assigned by the formal role requirements of the organisation (designing conditions of retrenchment). It appears that the potential for interrole conflict exists particularly between some of these voluntary roles and those which are formally prescribed. In addition, a manager may take on roles within the formal context which represent his or her senior capacity in terms of managing the retrenchment as part of an executive team, but will simultaneously assume a

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role which involves the questioning of senior management action on the basis of the philosophy of the discipline he or she represents or values associated with a position (e.g., a personnel manager). In the present study, instances vary between managers being able to balance these simultaneous roles despite some negative reaction from role senders, to choosing to fulfill a particular role which may be contrary to the expectations of senders defining the "other roles" he or she is expected to perform. It also appears that work demands tend to shape a pattern of fulfilling internal organisational roles rather than external roles concerning family or home responsibilities.

Role ambiguity during the planning stage in organisations stems from the managers' lack of knowledge of what is involved in retrenchment, little guidance on how to do it, apart from some basic policy guidelines, poor communication of company intentions and methods, and disorganised and poorly informed management reporting lines. Kahn and Quinn (1970) saw the failure to obtain technical information necessary for task performance as a significant stressor in a large proportion of the workforce under normal working conditions. Similarly, Ashford et al. (1989) comment that in ambiguous settings, information can reestablish a person's sense of control and predictability. The provision of information in organisations undergoing transition is important in reducing insecurity, particularly in retrenchment situations where both the manager and his or her responsibilities are under threat. The restructuring which accompanied the retrenchments can reduce the certainty of structure, confuse authority relations, and introduce organisational politics which often lead to impaired personal dynamics and a lack of coordination. In nearly all organisations in the present study, managers had little experience of retrenchment and were unclear of many of their responsibilities. Formal role definition was lacking in most of the organisations, although most had policies developed around the retrenchment. These tended to cover issues such as personnel administration procedures, rather than how to conduct the retrenchment itself. No facilities were available to inform managers on how to handle informal dynamics of retrenchment and this contributed to role ambiguity. In organisations where clear guidelines, procedures, reporting lines, and above all communication channels had been established, role ambiguity appeared to be reduced.

The various role dynamics among managers in the design and planning phase are indicated and illustrated with examples from the experiences of managers in Table 10. A substantial increase in the role dynamics can be seen compared to the previous decision making phase. This reflects the increase of role senders and complexity of issues during the design and planning phase. Further, unlike the previous phase, role dynamics occur for all types of role conflict, as well as role ambiguity.

Table 10.

Psychological Role Dynamics for Managers During Design and Planning Phase

| Role Dynamics                                                                                                                                                                                                                                                                                                                   | Examples of Role Stress Experiences                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>PERSON-ROLE</b><br>Unwilling honouring of implicit contract with organisation.<br>Violation of psychological contract with employee<br>Discomfort with the power to shape lives.<br>Doubting morality of action.<br>Questioning ethics.<br>Powerlessness.<br>Distorted self-image.<br>Values clash.<br>Compromise integrity. | <p>"Here you were playing with people's lives. I said to our personnel manager a few times, 'What are we doing?'"</p> <p>"I've got one girl now who's just discovered she's pregnant. Her husband is beating her--they come and tell me. But now, if I had to tell that one, 'Sorry, I haven't got a job for you', what's a pregnant girl whose husband beats her to do without a job? Her job is her one root."</p> <p>"It was very difficult for me to negotiate these things with the union, because I didn't believe in it."</p> <p>"You had an internal problem as well. While you had to keep the show up, actually deep inside you have all these queries and internal conflicts to handle as well."</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>INTERSENDER</b><br>Perceived as selling out others.<br>Questioning of one's competence.<br>Loss of credibility.<br>Felt sense of betrayal.<br>Questioning of one's integrity.<br>Having to define self relative to others' expectations.<br>Loss of trust.<br>No-win situation.<br>Feeling of being trapped in situation.    | <p>"It was very stressful because I knew that I could meet the guy in the street in two years time and he would look me up and down and say, 'Ya you bugger, you could have made things a lot easier for me'. On the other hand, I had to look management in the eye and say, 'I did the right job for you'."</p> <p>"Your wife doesn't really understand the situation because she is not working for the company. She is an outsider, and at times she can be pretty volatile. She was saying, 'If I were you I would walk in to see the MD and tell him if he doesn't do this he can stick his job'. "</p> <p>"People knew something was happening. Something appeared in the paper that we were negotiating, and people were reading the paper, and almost spitefully saying, 'Here it is in the paper and you can't even tell us. Is this the type of company we are working for?' I think that was the main problem. People just can't forgive us for that, and they cannot see that our hands were tied by the United States office. "</p> <p>"I had four people I had to recruit who I couldn't, but their managers were expecting to see people and interview people. I had advertised for a personnel person for myself, and I had to work through that because it was two weeks before the announcement date. So I had to interview those people and go back to them and say they were unsuccessful. What I actually wanted to say to them was that the job was falling away."</p> <p>"There was no way we could reassure them, and I can't tell you how long that stretched out, it was about a month. And when they said they can't sleep, and one passed up an opportunity of buying a house, and I knew she wasn't going to be retrenched, and she lost the opportunity and I couldn't tell her anything."</p> |

Table 10 continued.

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| <p><b>INTRASENDER</b><br/> Set up for failure.<br/> Double messages.<br/> Policy versus practice mismatch.<br/> Lack of support from management.</p>                     | <p>"There was a lot of pressure on us to do it well. Despite all the secrecy and the fact that the way to handle it was to be open, it was almost a contradiction. It was an instruction rather than anything else, 'Thou shalt not say anything'."</p> <p>"I couldn't do what I was meant to do. I was probably frustrated. I was in a position--I thought we had set objectives to go through--something like that--and suddenly it was all ... we just couldn't do that any more."</p> <p>"All of a sudden you're in a position where you have to decide to get rid of people because of economic reasons, not for any other reason. That is to a certain extent totally against our company values. The company's values say that you don't retrench people. I think the whole exercise is against company values."</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <p><b>INTERROLE</b><br/> Selective role performance.<br/> Persecutor/victim/ rescuer role differentiation.<br/> Identification with interest groups in organisation.</p> | <p>"My staff were coming to me and asking me what companies would be good to join, and I was giving that advice. I was acting as a good people manager to staff. I was not acting in the company's interests at all. At that stage I had lost all interest in (<i>company name</i>)."</p> <p>"I was having three different people coming to see me: the people who were going and asking for advice and I was giving them guidance; the people who were supposed to stay but who wanted to go and were coming into my office and making demands; and then the people who were staying who were coming into my office and saying, 'What is going to happen?' And I was having to put the hat on in three different ways. I was effectively ignoring above (<i>management</i>) at that stage. I had enough trouble on my plate as it was. I was not impressed with its future. I was not impressed with its strategy. I was more concerned with getting the retrenchment behind me."</p> <p>"As HR manager, when I offered the approach to the executive committee, I said that: 'Number one, I was putting on a business man's cap, and number two, I was wearing a HR manager's, or rather people's cap'. It is taking a chance and moving outside one's responsibility, because your loyalty to the company could be questioned. However, our loyalty was questionable in any case."</p> <p>"And at that stage I think we said to our senior management that they must accept that at that stage we were negotiating with them on behalf of the people that were involved.... It didn't go down all that well! "</p> <p>"I think out of the sympathy for the employees I tend to take that sort of part. I think I was more in conflict with management than in conflict with the employees."</p> |

Table 10 continued.

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| <p><b>ROLE OVERLOAD</b><br/> Work-dominated role.<br/> Simultaneous performance of normal and retrenchment duties.<br/> Strong planning and administrative focus.<br/> Need for closure of planning forces deadlines and time constraints.<br/> Little chance to consolidate.</p> | <p>"I decided to do everything myself, rightly or wrongly, and that is something I would do differently. My hours worked--I left home at 7.00 a.m. and got back at 12.00 at night. So, my family didn't see me for three months."</p> <p>"I had to work longer hours, be on the road, be on the plane."</p> <p>"It's a time-consuming thing because you have to do it with your other work. One can consider that's part of your other work, but, I mean, at the time my prime purpose was to make production. And so what normally happens is you actually take yourself out of that sort of environment to handle it, and then at the same time your other work gets held up."</p> <p>"It was very long hours and long stress. I think it was getting everything ready in terms of the deadlines we set ourselves. That was very stressful, through the programme. I had to work very long hours, start at five in the morning till six at night."</p>                                                                                                          |
| <p><b>ROLE AMBIGUITY</b><br/> Few guidelines and little structure on handling retrenchment.<br/> Lack of managerial support.<br/> Crises of authority.<br/> Isolation.<br/> Little substance to management actions.<br/> No direction or purpose.<br/> Loss of confidence.</p>    | <p>"We said, 'What are the guidelines?' and he said, 'No guidelines, just 25 people'. Now that is extremely difficult, to base a staff organisation on that sort of information. "</p> <p>"The personnel people were telling many different stories. There was no clearly visible line. I was at a loss sometimes as to who to communicate with. It was distressing. Management just died. Any first-line manager was left absolutely armless. They didn't even consider that you may have a problem dealing with it. They just left you to it."</p> <p>"I felt completely in the dark. "</p> <p>"Guidelines were issued on what retrenchment packages would be issued which had little reference to the field force."</p> <p>"People were saying: 'What is going on, what is going on?' And the problem was I couldn't tell anyone, and I felt pretty lousy because every time they thought I was lying. I could never give straight answers. And to give answers at all was sometimes difficult, because the company itself didn't know what was going on."</p> |

### Announcement Phase

The announcement phase of retrenchment results in a more personalised role episode where the major interaction in terms of role definition occurs between the manager and the retrenchee. Formal guidelines define the organisational expectations but these tend to be procedural actions rather than a set of expectations from top management. In fact, the



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influence of executive management becomes significantly reduced during this period. Secondary role pressures do come from a more limited extent from remaining employees, peers, and the community. The nature of expectations the manager perceives from the employee appears to change from that which characterised the design and planning stage. When the employee has been identified as one who is going to be retrenched and this has been announced, it appears that both managers and the retrenchee accept a degree of inevitability regarding this. The focus moves on to how the manager can assist the retrenchee in a functional sense, rather than preventing the retrenchment from happening.

High levels of person-role conflict continue during the announcement phase of retrenchment. The manager does not relate to the function or outcomes of what she or he has to do. Main areas of psychological distress for the manager include a violation of personal values, guilt, a feeling of vulnerability, and in certain cases, an acknowledgement of powerlessness relative to senior management. The person-role conflict arises from how the manager perceives the action relative to her or his own value system and cognitive framework. Levinson and Weinbaum (1970) use the term "superego anxiety" to refer to the threat from the conscience, the exacerbation of guilt feelings or anger with self. Such feelings are seen to result from the violations of one's own rules or society's rules, or from the failure to act according to one's values. It is with respect to these two themes--rules and values--that they speak of conscience. In addition to this more conscious awareness of values, these authors refer to the term of the "ego ideal"--the internal image of oneself as one would ideally like to be. These are largely unconscious and reflect values to which the individual would commit herself or himself over a lifetime. Failure to meet the expectations and demands defined by the ego ideal result in a dissatisfaction with self and a reduction in self-esteem. Consequently, the internal congruence of the ideal self and the self-concept, as defined by required behaviour, is one of the most fundamental conditions for both happiness and satisfaction in those life areas (Levinson & Weinbaum, 1970). The lack of congruence which occurs for most managers during the announcement phase is thus likely to lead to psychological distress and adverse physiological and affective outcomes.

The level of intersender conflict becomes reduced as managers perceive that, short of leaving the organisation themselves, they have no choice but to proceed with the retrenchment. Some employees to be retrenched maintain a slight expectation that the manager can still do something to preserve their employment, but most have a sense of futility or shock in their reaction to the experience. Unfulfilled expectations are expressed in some situations by employees and provide a reminder of what they expected from the manager in dealing with the situation. Generally, however, the nature of expectations of employees moves to what the organisation can do for them in dealing with the retrenchment experience. In this sense, the

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manager can provide organisational resources of some kind and there is usually not a conflict of expectations. Where the organisation does little to provide for employees, however, one may expect the intersender conflict to be higher.

The manager's involvement in the announcement situation is personal rather than being directed by senior management as in earlier phases. Possible support and involvement of a departmental peer or subordinate, or a human resources colleague may occur in a facilitative capacity. Because of these factors, no intrasender conflict appears present in the role episode during this phase. Similarly, interrole conflict is either low or non-existent as the manager's role in the announcement is clearly defined, with little latitude for additional role taking. Combinations of activities may be included in the role, for example counselling and assistance may be given by the manager, as well as the announcement of the retrenchment and the provision of particulars of the retrenchment package. However, these activities are all directed at a common role function, that of exiting the individual from the organisation. The exception to the low levels of interrole conflict are those managers who are retrenched themselves and who have to carry out the retrenchment. For these personnel, a unique situation exists which is described by one manager:

"You are being the perpetrator, as well as the victim. And in this case I really am. It is difficult. In all other relationships between management and staff, you are to a certain extent not one of them: you are deciding on this policy and they are them and you are you. In this respect, you are also them. It becomes rather strange. I don't quite know how to put it in words, how that feels, but it is different. In no other management function will the same thing happen."

The incidence of role overload is typically high during the announcement phase, where multiple retrenchment interviews have to take place. The announcements of retrenchment are usually done within a short fixed period, usually a day. This is to avoid having personnel in the organisation being unsure of their status over a long period and to avoid adverse effects on morale. This does, however, lead to a situation where a number of interviews may have to be performed in a short space of time. This concentration of interviews requires a high level of work by the manager in terms of preparing for and carrying out the retrenchment interviews in the available time. The nature of the interviews themselves may also be determined by the available time, with managers having to constrict their involvement in any one interview because of a need to cover everybody in the time parameters of the exercise.

Role ambiguity is carried into the announcement phase from the earlier design and planning phase. At this time, however, it becomes more characterised by how the manager should be behaving within the retrenchment situation rather than carrying out formal or planning tasks

connected to the retrenchment. In the present study, virtually no guidelines were supplied to managers on how they should actually conduct the retrenchment interview, although they were provided with the administrative details, such as the conditions of the retrenchment package. Because of its personal nature, it is also difficult to give advice to a manager about what he or she should be doing in the retrenchment interview. Managers tend to rely on personal skills and values, as well as generic management skills in carrying out the retrenchment interview.

The specific psychological role dynamics among managers in the announcement phase are detailed in Table 11, together with managers' comments on their experiences which illustrate some of these dynamics. The table reflects the move to a personalised role episode in which the predominant parties are the manager and the employee, and person-role conflict is the dominant type of role conflict. In the present study, intrasender conflict and interrole were not observed during this phase and are not included in the table.

Table 11.  
Psychological Role Dynamics for Managers During Announcement Phase

| Role Dynamics                                                                                                                                                                                                                                        | Examples of Role Stress Experiences                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>PERSON-ROLE</b><br>Violation of psychological contract.<br>Feelings of failure in protecting interests.<br>Feeling of being vulnerable and exposed.<br>Personal inadequacy.<br>Against social conscience.<br>Emotional conflict.<br>Social guilt. | <p>"I lost sleep and everything, because how do you call somebody in and tell them they haven't got a job any more, at that senior level and in view of the amount of effort we put in to making it work? It was a personal thing.... I'm not so much a task-orientated person, I'm more a people-orientated person, and I find it very, very difficult to do something like that."</p> <p>"It's naturally--inside yourself--it is not the nice thing to do. Specifically being a person with a family and a person who's coming from a family where there's lots of love and care. And it's not nice to have the breadwinner out on the street. So you battle with it inside yourself. It brings a lot of conflict within yourself."</p> <p>"It's the personal involvement that makes it difficult. The way you feel about the people, what is going to happen to them and their families. If you calculate how many people you need for the job and say, 'That guy must go there and that one must go there', that is not difficult. Its the thinking that you are part and parcel of putting a man out of a job, where he doesn't have food, or can't pay the house, or whatever. That's the bad part."</p> <p>"Some of the people who had to go were the best that you had, they were the best, they were so committed, they were the people who worked the overtime, and they had to go because they were here for only a year. And because it was not merit and it was length of service, how do you explain that to someone who has worked their heart out, and he knows that?"</p> |

Table 11 continued.

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|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>INTERSENDER</b><br/>Sense of betrayal.<br/>Loss of face.<br/>Powerlessness.</p>                                                                                                                                                                                    | <p>"It is not his fault that there is no longer any work. He still wants a place to stay and he still wants a job."</p> <p>"And the guy comes into your office, you sit there with all his paperwork which obviously took more than a day to prepare, and you can see the guy thinking, 'But yesterday you sat with me in the canteen and you didn't say anything, you didn't warn me'. That I felt was difficult."</p>                                                                                                                             |
| <p><b>ROLE OVERLOAD</b><br/>Compression of retrenchment notifications into available time.<br/>Sacrifice quality for output.<br/>Loss of human dignity because of pressure.<br/>Retrenchment becomes organisation- rather than people-centred.<br/>No time for self.</p> | <p>"Having to condense everything into a few days and literally churn them out like it was on a production line, when in fact if we'd been given more time we could've sat with them, talked to them, let them go away and think about it, etc. was stressful."</p> <p>"I did it under extreme pressure, and I guess I was really trying to sort out everyone's problems before I looked at myself. And that was the fact from the word 'Go'. And that didn't change, at all. In fact, it was only about a day or so later that it did change."</p> |
| <p><b>ROLE AMBIGUITY</b><br/>Perception of being undermined.<br/>Lack of credibility.<br/>Lack of resources to be effective.<br/>Perceptions of organisational and personal incompetence.</p>                                                                            | <p>"We had to go through the whole exercise saying to the people they were being retrenched, and we had to rationalise it. That was the difficult part. Not being part of the reasoning, it was a bit awkward. All I knew was the bits and pieces that my AGM gave me, and he was a bit awkward about the whole thing himself. So it was a case of me trying to tell the people things that he didn't know. That whole process, as far as I was concerned, was an abortion."</p>                                                                    |

### Post-announcement Phase

The nature of the role episode during the post-announcement phase reflects the introspective quality of the stage. People tend to be more inner-focused during this time, coming to terms with what has happened, rather than focusing much on others and generating role expectations. Indeed, the role definitions in the organisation become less defined during this stage, partly because of restructuring or rationalisation following the retrenchment, but also because of the partial suspension of formal control and impact on the members of the organisation. The nature of person-role conflict during this stage is largely reflective, with

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the managers attempting to reconcile the activities performed during the previous stages with their own self-image.

Intersender conflict exists during this phase, although it is substantially lowered from the previous retrenchment phases. Retrenched employees sometimes still view the manager as distinct from the organisation and, based on a personal relationship, may ask the manager for help. In some cases, this assistance or advice may be contrary to organisational interests and the manager has to determine an appropriate course of action.

Levels of intrasender conflict include both reflective and demand type conflict, with both of these typically at a low level. In the case of the reflective intrasender conflict, managers have to endure the outcome of senior management decisions which may, in fact, be detrimental to performance. Conflict thus exists between senior management's retrenchment decision where this adversely affects staffing resources and productivity, and the expectation that the unit or department for which the manager is responsible should be productive and effective. In the case of direct intrasender conflict, senior management would instruct the manager to follow a course of action inconsistent with their earlier directives to retrench (for example, the reinstatement of an employee who had been retrenched).

Role overload, unlike the other types of role conflict, is typically high during this stage. The retrenchment has led to a decrease in resources, disruption to working procedures and a backlog of work, and additional pressures in terms of day-to-day functions, as well as retrenchment responsibilities. However, the manager needs to ensure that organisational or departmental goals and outcomes are achieved, despite the adverse conditions. This calls for substantial planning and involvement by the manager in the work process, as well as ongoing problem solving activities, often resulting in overload.

Together with high work demands, a situation of role ambiguity often exists. With little structure and direction coming from senior management as the organisation gets over the retrenchment experience, managers' roles in the revised organisational structure are often not clear. Krantz (1988) suggests that task considerations following retrenchment involve a new structural orientation, which may completely upset established social relations. This is because organisational structure and role distribution are inextricably linked with the dynamics of informal social interaction. Traditional role distribution, the definition of identity, the boundaries of interaction, and the informal dynamics of power are all therefore affected. Managers and employees need to come to terms with what has happened and redefine the social sense of the organisation. Often, the issue of winners and losers also becomes incorporated in such role redefinition (Krantz, 1988).

The psychological role dynamics during the post-announcement phase and examples of manager's experiences which demonstrate some of these in the present study are shown in Table 12. Many of these dynamics reflect the managers' internalisation of the issues which go with the reflective frame of reference for the phase.

Table 12.

The Psychological Role Dynamics for Managers During the Post-Announcement Phase

| <b>Role Dynamics</b>                                                                                                                                           | <b>Examples of Role Stress Experiences</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>PERSON-ROLE</b><br>Poor self-image.<br>Internal anger.<br>Guilt.                                                                                            | "I can only say that when you have to do a difficult job, you feel relieved when it's finished, it doesn't matter what it is. To me I felt like a, in German a Schwienehund, a bastard when I went home that weekend. And that weekend was totally disastrous for me. I didn't feel relieved that it was over, I just felt very, very bad."                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>INTERSENDER</b><br>Need to redefine self relative to others.                                                                                                | "It's difficult because they are asking me to give advice on the retrenchment package, and they want to know if I can advise them to take legal action. At the same time it would suit me if they did. You are caught in between, you are trying to do the best for the company and for them."                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>INTRASENDER</b><br>Perceptions of being undermined.<br>Inconsistent philosophy.<br>Unrealistic expectations.                                                | "It just didn't make sense to me because of R50 or R60 monthly bonus they were taking away and hence having to offer the package. I was losing years and years of experienced people, and yet they expected me to keep the region and the branch going."<br><br>"You get people--and I would say from ( <i>Head Office</i> )--who said to us they cannot just make exceptions like that. And then we go and implement this. And the guy retrenched will pick up the phone to them and say, 'I'm working 20 years for the company. How are you taking me out of my job?' They will say, 'No, I've never done this. It's foolish. I will see that you are reinstated.' And then they pick up the phone and tell you, 'Hey, how can you kick that guy out? Put him back.' And then you'll have to tell that guy, 'Sorry', but you can't do it." |
| <b>INTERROLE</b><br>Reflection on role assumption.<br>Reduction in number of required roles.<br>Personally defined versus externally defined conflict in role. | "And the next day you come into work and you think, 'Well, what are we here for? Are we here to look after people, or are we here to run a business?' I've never had that sort of feeling before."<br><br>"You are trying to do things for people that you would like to do for yourself. I should be looking for a job. I shouldn't be writing other people's CV's, I should be writing my own."                                                                                                                                                                                                                                                                                                                                                                                                                                            |

Table 12 continued.

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|---------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>ROLE OVERLOAD</b>                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Increased workload becomes apparent.                    | <p>"On the emotional side it is much easier. There is no hassle. Once or twice a day you get a situation. My major problem is that at times with everybody retrenched the workload is high and I get into a state of paralysis. I just sit there for an hour, then afterwards I think to myself, 'What are you doing?' I'm throwing away all the principles of planning and organising and all that."</p> <p>"So, I suddenly had this whole deluge of concern dumped on my desk from the users, this happening after the retrenchment. So I had to move from a staff point of view to a service point of view, and say, 'Don't worry, we are dedicated to providing you with the same service'. Then for two weeks we were running around to users trying to get them happy, to calm down."</p> |
| Reduced capacity to deal with workload.                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Fatigue interferes with task accomplishment.            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Satisfying client concerns becomes additional pressure. |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>ROLE AMBIGUITY</b>                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Time pressure.                                          | <p>"I was getting a lot of questions from people who were staying, which I had no answers to. 'What's the future? What's the technology?' And I was saying, 'I don't know, I don't know, give me a chance to get into the job'. So I was getting a lot of pressures from there."</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| No direction.                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

### Aftermath Phase

The aftermath phase of retrenchment involves reestablishing formal control and authority. Further, the organisation begins to focus on parties within and external to the organisation to renew the perspective of the organisational goals. The primary role set of the manager expands to accommodate the increased direction by senior management, employees who are remaining in the organisation, clients and the market. Role sending by retrenched employees tends to fall away as they are no longer connected to the organisation. The aftermath phase is characterised by a sense of evaluation of what has occurred and should provide the basis for future direction. Senior management should define the roles of managers in terms of this future direction, but this strategic emphasis by management is often lacking (Tomasko, 1990). These elements of evaluation and a future emphasis form the basis for any role dynamics during this phase.

The completion of retrenchment allows the manager to move back into traditional managerial activities. The manager, therefore, adopts a more conventional role congruent with ideal person-role definitions. However, as part of the evaluative processes at the end of the change experience, managers still appear to question their involvement in the retrenchment exercise and what it meant to them. This appears to be an attempt to explore whether their personal needs are being met by the nature of the positions they are involved in and by their previous work history. It appears that retrenchment generates a situation where managers confront

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these issues as part of a personal growth experience and a realisation that change is possible in situations that often seemed relatively stable. Career and organisational changes appear common in the aftermath of retrenchment, as part of a voluntary move towards a better occupational person-role fit. Despite the return to more traditional managerial activities, levels of person-role conflict do exist and they often appear to resolve themselves in revisions of occupational positions and values.

In the present study, there was no evidence to indicate intersender conflict within this role episode. Although there is substantial distrust of management and conflict, the aftermath stage is characterised by a focus on organisational recovery and in some cases renewal. Some disputes over the nature of the strategy that should be followed may exist, but this does not manifest itself in intersender conflict. Intrasender conflict, however, does exist where organisations have not addressed strategy considerations properly and the manager is placed in situations where he or she must fulfill performance requirements without the appropriate resources, information, or operational needs. Interrole conflict also exists but appears to originate from more personally orientated perspectives. Following the retrenchment, the potential for assuming new roles which are more compatible with the manager's self-image exist. At the same time, the organisation is also redefining roles. The emphasis that the manager places on personal needs and values during role-taking can thus generate conflict between desired and prescribed roles. Further, external role senders may also be communicating role expectations that lead to the manager assuming a role that, in some respects, does not meet the objectives or priorities of the formal organisational expectations.

Role overload remains relatively high, even increasing at times as the organisational demands increase during the renewal process and as full performance is expected with fewer people. Often faced with a demoralised work force, managers must try to motivate employees and generate a positive climate while ensuring that operations achieve goal-directed outputs. These dual functions increase the workload for managers who often also have to get closer to the work itself in order to learn work routines which have been changed, where people have left, or where additional manpower is required to complete the task. Where insufficient direction or strategy inputs are given to managers, and the new situation is not clearly established, role ambiguity is likely to result. This will typically happen in organisations which have failed to establish an effective strategic direction with appropriate planning. However, the failure to implement effective planning within the organisation is typical of many organisations which have embarked on retrenchment (Henkoff, 1994; Tomasko, 1990).

The various role dynamics among managers in the aftermath phase are indicated and illustrated with experiences in Table 13. A strong focus to consolidate roles within the



organisation is reflected in the psychological role dynamics, as well as the need to re-establish the relationships within the organisation to enhance morale and commitment. As noted above, no intersender conflict was observed for this phase and it is not given in the table.

Table 13.

Psychological Role Dynamics for Managers During Aftermath Phase

| Role Dynamics                                                                                                                                                               | Examples of Role Stress Experiences                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>PERSON-ROLE</b><br>Poor self-definition.<br>Career reappraisal.<br>Role backlash.                                                                                        | "I just find that I'm now in a role where I'm getting things that I don't enjoy doing. I'm getting sick and tired of it now. I wouldn't say I've destroyed a lot of companies, but I've certainly re-structured quite a few. From a personal point of view, I'm tired of being like that. I actually want to go away now and do something constructive. Actually grow something."                                                                                                                                                                                                                             |
| <b>INTRASENDER</b><br>No support.                                                                                                                                           | "They must know what level of production they have to bring in handle the costs of their existence. But now they're turning around and they're saying to us, 'You guys determine ...'. We're expected to determine a level of production when we don't know what the cost factors are. We don't have a cost basis."                                                                                                                                                                                                                                                                                           |
| <b>INTERROLE</b><br>Role becomes production-centred but not necessarily organisation-centred.<br>New role formation.<br>Future orientation.                                 | "I was there to provide a service to the customer. I was not there to be loyal to the company. The pressures on me personally from the organisation were still not there. I was still looking at challenge, to motivate the staff, to provide the service, and to hell with the company! I would be loyal to them in the sense that I would do my job and do it well, because I wanted to do it well. I was not doing it for ( <i>company name</i> ), I was doing it for me. The pressures from outside on me were coming then from the users, and it didn't start until after the retrenchment took effect." |
| <b>ROLE OVERLOAD</b><br>Increased work load.<br>Performance difficulties with demoralised work force.<br>Performance requirements from reduced workforce often unrealistic. | "At the end of the month instead of 100 support staff, I had 20 left to deal with all the queries and so on, and there was pandemonium. I took a lot of advisors on in a temporary capacity, to hold the fort, but that was plugging gaps at that stage."<br><br>"To cover all the work, and to do things that these people haven't done before.... There are times when you have to run down your staff."                                                                                                                                                                                                    |
| <b>ROLE AMBIGUITY</b><br>No clear purpose.<br>Lack of role definition.<br>Cannot identify with organisational strategy or direction.<br>Feeling of being let down.          | "I expected someone from senior management would say, 'We see the trend, we know what is going on, this is what we intend to do. These are the alternatives we are looking at.' There was zilcho, nothing! I did expect someone to say to me, 'We have kept you on for these reasons. We appreciate what you have done to this company. This is where we see you fitting into the pattern or the new structure of the company.' Zilcho, nothing!"                                                                                                                                                             |

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### Relationships Between Different Role Dimensions and Outcome Variables

The different ways in which role conflict dimensions and role ambiguity impact on managers during the retrenchment process is also reflected in the quantitative analysis of how these variables influence outcomes. The quantitative analysis was done to provide additional insight into the impact of role stress. Unlike the qualitative analysis, however, quantitative assessment of the way in which the types of role conflict and role ambiguity vary during the retrenchment process is not possible within the present study. Indeed, obtaining measures of role stress during the various phases of retrenchment would be extremely difficult, given the need for prior knowledge that such a process is to occur and the reluctance of organisations to allow access in such situations (Cameron et al., 1988; Kiechel, 1985; Sutton, 1986; also see Chapter 2). The present study, therefore, measured the level of role stress subsequent to carrying out the retrenchment. Managers were also asked to use their general work situation, rather than a specific element of the retrenchment exercise, so that a general measure of role stress could be obtained. At this time the personnel were still in the aftermath phase of the retrenchment process and this probably dominated the nature of role conflict and role ambiguity. Nevertheless, it is assumed that some level of role stress was carried on from previous stages and would be demonstrated in the aftermath phase. The qualitative analysis, for instance, shows that elements of person-role conflict are carried over from initial phases to the post-announcement and aftermath phases. Although it must be pointed out that measurement subsequent to the event cannot reflect an accurate cumulative measure of role stress or of the impact of the total experience, assessing levels in the aftermath stage was seen to enrich the overall interpretation of the impact of retrenchment on managers. Further, the use of quantitative analysis allowed the relationship of the role stress variables to be compared with quantitatively based measures of physiological, psychological, and affective responses of managers.

Given the size of the main sample in the present study ( $n=40$ ), use was made of correlational analysis to examine the relationships between role conflict variables and role ambiguity, and the outcome variables of mental health, organisational commitment and job involvement. Correlational analysis is limited in its capacity to allow identification of multivariate causal relationships. However, there has been extensive use of correlational analysis to examine the relationships between role stress variables and outcomes (Berkowitz, 1980; Brief & Aldag, 1976; Jamal, 1990). Given that this study is exploratory in nature, it was considered that the use of correlational analysis would provide useful information that could complement the qualitative research. Table 14 presents the correlations between these variables. Because the role stress scales were scored so that high scores show low role stress, positive correlations in the table shows an inverse relationship between the variables. For instance, the positive

correlation between person-role conflict and organisational commitment indicates that strong person-role conflict is associated with poor organisational commitment.

Table 14.

Correlations Between Role Stress Dimensions and Outcome Variables

| Role Dimension       | Organisational<br>Commitment | Job<br>Involvement | Mental<br>Health |
|----------------------|------------------------------|--------------------|------------------|
| Person-role conflict | .55***                       | .25                | .34*             |
| Intersender conflict | .20                          | .07                | .03              |
| Interrole conflict   | .12                          | -.09               | .32*             |
| Intrasender conflict | .27*                         | .11                | .29*             |
| Role overload        | .21                          | .08                | .05              |
| Role ambiguity       | .29*                         | .45**              | .37*             |
| $n = 40$             | * $p < .05$                  | ** $p < .01$       | *** $p < .001$   |

The relationships between the different aspects of role conflict and role ambiguity, and the variables described as outcomes in the dynamic retrenchment model show wide variations. Although there is a general tendency for the role dimensions to correlate with outcomes, notably strong relationships between particular role dimensions and certain outcomes exist. Further, there is an absence of relationships in certain instances which may be expected. These variable patterns of correlations appear to provide support for the use of specific dimensions of role conflict rather than an overall measure of role conflict. Since correlation coefficients do not indicate causality, the directions of relationships discussed below are suggestive only.

Person-role conflict appears to be the major factor associated with both organisational commitment and mental health. These relationships may support the contention that in cases where managers are in roles which they are reluctant to assume, in this case retrenchment, they have less attachment to the organisation and a lowered belief that the organisation satisfies their needs. Managers who are forced to take on a role also may demonstrate adverse mental health, as they could struggle to resolve issues regarding values and self-concept. The lack of a significant correlation between person-role conflict and job involvement may be explained by managers still identifying with their conception of what the job involves, despite the organisational conditions.

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The absence of significant correlations between intersender conflict and outcome variables in the quantitative analysis is surprising but could possibly be explained by the timing of the measurement. Intersender conflict arises primarily in the second phase of the retrenchment process. It then declines over the course of the remainder of the process, with little or no intersender conflict in the aftermath stage when the measurement occurred. Intersender conflict may be dealt with by coping methods which are directly effective, whereas person-role conflict remains an issue for managers for some time as they try to come to terms with what they have done. Further, managers may not have acknowledged the level of intersender conflict experienced during the exercise because of a focus on their current work situation in the aftermath phase, when the measurement was done. These considerations show the limitations of assessing a situation using quantitative measures which provide a static measure of the phenomenon (Jackson & Schuler, 1985). Intersender conflict may well demonstrate relationships with physiological, psychological and affective outcomes during the retrenchment.

The relationship between interrole conflict and mental health is the only significant correlation between this conflict dimension and outcome variables. The interrole scale's relatively low coefficient alpha (.64), indicates that the results of this correlational analysis should be considered with some reservation. The significance of the relationship between interrole conflict and mental health may indicate that the unsuccessful reconciliation of divergent roles within the retrenchment process occurs when there is significant psychological strain. Although it could be expected that interrole conflict would be related to adverse organisational commitment and job involvement, these correlations were not significant. The absence of such relationships may be due to the pressure put on managers by the organisation to fulfill the organisational role during retrenchment with the relative exclusion of other roles. The organisation appears to be the primary determinant of roles, and this is reflected in the extent to which managers fulfill retrenchment requirements and cases where the family life of managers suffers. Because of the emphasis on business outcomes and the psychological contract with the formal organisation itself, managers may come to accept that their primary role is that of fulfilling organisational needs, something that was reflected in the qualitative analysis. While this causes some psychological conflict, the strength of the role sending and the acceptance of the role may lead to an acceptance that this is an organisational requirement and is part of the job. Expectations from the family or spouse may also influence this process. It appears that in most cases family is supportive of the manager during retrenchment, seeing it as a difficult and unique situation. This acknowledgement may mean that the family suspends high role demands on the manager during retrenchment, reducing levels of interrole conflict. These factors could explain the lack of correlations with the other outcome variables included in the model.

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The relationships between intrasender conflict, and organisational commitment and mental health reflect expected relationships. However, given the low reliability obtained for the intrasender instrument (.41), interpretations of these relationships are inappropriate. At best they may indicate that the intrasender conflict that managers have to endure during retrenchment exercises could be associated with levels of mental health and organisational commitment.

Role overload demonstrated no significant correlations with the outcome variables of mental health, organisational commitment and job involvement. It is perhaps understandable that such relationships are not reflected in the present study as the way in which the variables may relate to one another is not clear. For instance, lower commitment or involvement could arise under conditions of role overload. Equally, organisational commitment or high job involvement may be associated with managers taking on work demands which will contribute to a condition of role overload. The relationship between role overload and mental health has similar difficulties associated in determining the context of the relationship.

Role ambiguity is the only role stress variable which correlates significantly with job involvement. In addition, the size of the correlation (.45) is relatively strong compared to other research which has examined these variables (Fisher & Gitelson; 1983). The relationship between role ambiguity and job involvement may be due to the lack of definition of what constitutes the manager's job and or responsibilities during the retrenchment. In most organisations there was an absence of guidance and direction from the organisation, and a lack of familiarity with the circumstances on the manager's part. Given that job involvement is based on personal identification with one's work, a lack of clarity and failure to define the job would understandably be related to lower job involvement. The significant correlation with mental health may arise out of the psychological difficulties that managers have in approaching a traumatic incident with little clarity on how to handle it. The feeling of being unprepared and not knowing what to do is common among managers, and even where managers have experience in retrenchment there is still a degree of ambiguity in how to respond and what circumstances may arise. The existence of a lack of guidance and support by senior management and associated psychological strain may also contribute to the relationship between role ambiguity and adverse organisational commitment.

The quantitative analysis of the relationships between role stress dimensions and physiological, psychological, and affective outcomes demonstrates that there are unique role conflict conditions which strongly affect managers in particular ways. In addition, the results reflect an association between role conflict and role ambiguity, and the well being of managers involved in a retrenchment exercise. Most of these relationships established in the

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present study are relatively high in comparison with previous research. For instance, in a meta-analysis study on role conflict and organisational commitment (Fisher & Gitelson, 1983), the size of the correlations (using reversed scoring from that in the present study) varied from -.12 to -.41 with the estimated true relationship from the meta analysis being -.25. A similar meta-analysis of role ambiguity reflected a range of correlations for organisational commitment for seven studies varying from -.27 to -.43, with an estimated true relationship of -.34. For job involvement, the range of correlations was from -.12 to -.37 with an estimated true relationship overall of -.26 (Fisher & Gitelson, 1983). Further exploration of the relationships between the types of role conflict and role ambiguity, and outcomes occurs in more depth later in this section.

The section has illustrated the way in which managers interpret their roles, the enactment of required roles, and how the role-taking process may lead to conditions of role stress. Role stress differs in nature and extent across the phases of the retrenchment process, indicating the usefulness of reviewing role stress in a process rather than static context. The differing dimensions of role conflict and the variable of role ambiguity have also been found to reflect relatively unique psychological experiences and their use as individual constructs appears to be justified. Further, it appears that these variables also have differential relationships with mental health, organisational commitment and job involvement. The reasons for the generation of role stress during retrenchment have been explored and the components of the dynamic retrenchment model which impact on the level of role stress experienced have been discussed. The section has also highlighted examples of the way in which managers experience role stress, and has presented an analysis of the psychological dynamics associated with the different dimensions of role stress. These are seen as essential in understanding the impact of retrenchment on managers and how they respond in fulfilling their role.

### **Influence of Moderating Variables in Dynamic Retrenchment Process Model**

The investigation of intervening variables that influence the relationships between stress and symptoms or outcomes has featured strongly in stress research (Edwards et al., 1990; Fisher & Gitelson, 1983; Johnson & Stinson, 1975; Kahn et al., 1964; Schuler, 1982; Sullivan & Bhagat, 1992). Various terms have been used to describe such intervening variables, including buffering, conditioning, moderator, and mediator effects (Edwards et al., 1990; Strümpfer, 1986; Wells, 1982; Wheeler & Frank, 1988). Kahn et al. (1964) and Kahn and Quinn (1970), for example, have used the term mediator to describe intervening variables in early role research, although later authors applied the term moderator in the same context (e.g., Jackson & Schuler, 1985; Van Sell et al., 1981). More recently, some authors have highlighted distinctions in the way in which these concepts apply to stress models,

particularly those of moderators and mediators (Baron & Kenny, 1986; James & Brett, 1984; Lepore, Evans & Schneider, 1991). Intervening variables covered in the present study are described as buffers or moderators. These terms have been used interchangeably (Lepore et al., 1991; Wheeler & Frank, 1988), although the term of moderator appears particularly characteristic of quantitative based studies. The use of the moderator term in the present study is consistent with the way in which Van Sell et al. (1981) have described the positioning of personal and interpersonal variables within the role episode model. Within this context, moderating effects are viewed as intervening variables that influence the way in which two or more variables will relate to one another in a predictive context (Zedeck, 1971). Similarly, Ivancevich and Matteson (1980) describe moderators as conditions, behaviours or characteristics that qualify a relationship by intensifying or weakening the relationship between the two variables.

Qualitative analysis in the present study suggested three moderating effects which appear to impact on the nature of relationships and outcomes within the retrenchment process. These are the personal characteristics of the manager (including personality and values), coping responses adopted, and the existence of social support. These variables have all featured strongly in some form as moderators of stress and outcomes in previous research dealing with role concepts (Erera, 1992; Jackson & Schuler, 1985; Kahn et al., 1964; Parasuraman & Cleek, 1984; Sullivan & Bhagat, 1992; Van Sell et al., 1981; Wells, 1982). The position of the moderators in the dynamic retrenchment process model is highlighted in Figure 11.

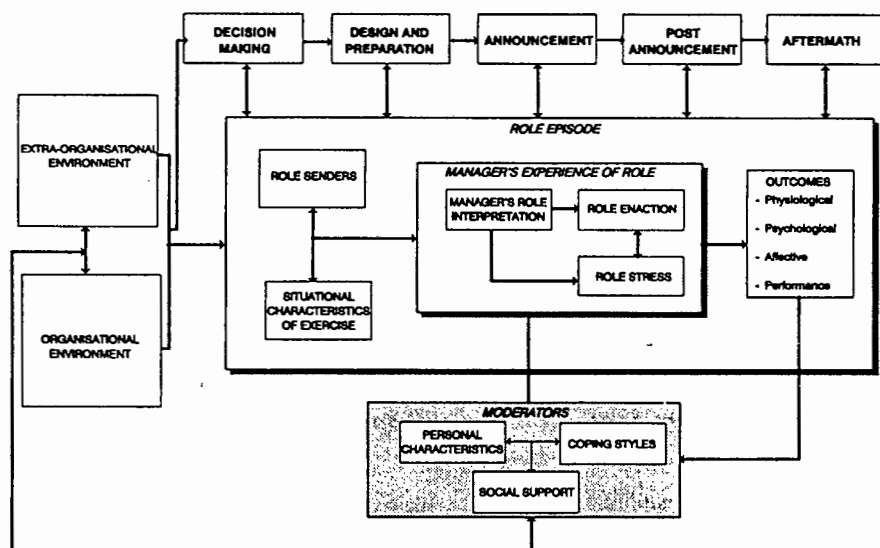


**Figure 11.** The Position of Moderators within the Dynamic Retrenchment Process Model.

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Despite widespread interest in how moderators actually affect symptoms or outcomes, there is still debate on where in the stress process they influence stress symptom relationships (Fisher & Gitelson, 1983; Wells, 1982). The present research, similarly to Kahn et al. (1964), indicates that these variables can impact on the process in a number of ways. For purposes of the dynamic retrenchment process model the moderators included have been viewed as influencing managers' responses in three ways during the retrenchment process. First, the perception of the stress situation will be moderated by the nature of the manager's perceptions, given his or her needs, values and personality. Social support and coping responses may also act at this point to influence the perceived threat or challenge of the situation. The moderator variables may reduce or exaggerate the perceived person-environment mismatch and hence the occurrence of stress. Second, the level of stress experienced is moderated by personality, coping, and social support. Felt stress will vary due to the nature of the manager's personal approach to the situation, coping methods which influence the way in which the situation is being experienced, or by support which assists the manager to modify his perceptions of the stress. Third, the moderators may influence the level of resulting symptoms. Thus, even when managers experience the same levels of stress, the moderating variables will change the way in which outcomes are manifested in the manager. In this respect, particular personality characteristics may make the manager less prone to physical or mental symptoms, or support and coping methods may facilitate alternative ways in which to release tension or frustration which otherwise would have affected health or affective responses. The way in which the moderating variables of personality, coping responses, and social support affect the managers' responses will vary within the retrenchment process and across individuals. In addition, the moderators can interact with each other, for example, particular personality types may influence coping methods (Edwards et al., 1990). In the dynamic retrenchment model, therefore, the moderating variables are seen to influence various aspects of the role episode process. The moderators of personal characteristics, coping responses, and social support identified in the present study are discussed independently in more depth below.

### Personal Characteristics

Kahn et al. (1964) note that there are likely to be important relationships between attributes of personality on one hand, and the experience of, and reaction to, role conflict and role ambiguity on the other. For instance, they comment that the dynamics of conflict and ambiguity must be considered within the framework of the focal person's contributions towards creating environmental conditions. In the present study, it appears that the manager's personality has an early influence on how she or he views and reacts to the retrenchment process. As a number of the managers pointed out, their personality defined the way in which



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they perceived their role within the exercise and also guided them in their actions. Similarly, their value systems also contributed to the nature of their involvement and how they positioned themselves within the process. For instance, in the words of two managers:

"You have to adopt an approach, and that approach often has something to do with your personality disposition and how professionally you handle yourself."

"You have the retrenchment procedure which is laid down: these are the conditions you review and these are the steps you follow. The interpretation of those conditions become a matter of personal values. Yes, I was standing on personal values, and those personal values helped me."

As indicated by the above comments of managers, it could be expected that during retrenchment, the manager's capacity to implement action congruent with his or her personality and values would reduce the level of role conflict more generally, and person-role conflict in particular. Further, to the extent that the manager's own personality directs some of the action which is taken, it allows him or her to exert more control over the situation and is likely to reduce the level of role ambiguity characteristic of many retrenchment exercises. Conversely, when the approach adopted by the organisation did not fit the manager's personal style, adverse emotional responses were recorded, for instance:

"I'm angry with them because I think that things could have been done differently.... In the way of handling people, in the way of telling people."

"I feel the way my HOD handled it was bad ... cold and impersonal."

Personality differences which appeared relevant among managers in the present study corresponded to one of the personality factors described by Cattell et al. (1980) as varying from detached, aloof and critical characteristics to warmhearted, participating types. For the purposes of the present study, the terms of detached and warmhearted are used to describe the differing inclinations. The degree to which managers are detached or warmhearted appears to have a strong influence on how they react to being involved in the retrenchment process. More warmhearted managers perceive themselves as empathetic, caring, and working actively through people. Such involvement increases emotional demands. These emotional demands can lead to the retrenchment being perceived as more stressful when compared to more detached managers. This is illustrated by the comments of managers in the present study which are shown below:

"I think it's easier for someone who exudes a culture like ... 'This is business, and this is paperwork, and this is numbers'. It's easier for him. But for somebody who's a motivator, who's a delegator and a participator, I think it's more difficult."

"The kind of person I am, I got involved a lot more than I should have."

"I'm more a people-orientated person, and I find it very, very difficult to do

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something like that."

In contrast, a manager who appeared to have a more detached nature felt that emotional issues were not important for him:

"I'm not an emotional person by nature and I tend to be very analytical and very objective. So at no stage did I feel pulled apart."

The extent to which managers were warmhearted versus detached in nature impacted both on the manager and other organisational members. Employee ratings of effective managers during terminations have been related to activities such as acting as a buffer between the organisation and employees, taking the initiative in providing counselling, and taking time with employees to facilitate coping with termination (Schweiger et al., 1987). Managers adopting this kind of approach demonstrated a different approach in comparison to those who were more detached. Warmhearted managers often reaffirm their interpersonal orientation with employees rather than suppressing it and build such commitment into the formal procedures. For example:

"The general care for the people. And the sincerity.... I found that even when I spoke to them that day, I got a lot of positive feedback ... because I was very open and empathetic towards them."

The more personal involvement of warmhearted managers in the retrenchment process can generate higher levels of tension due to their closeness to the situation and the person suffering from the trauma of being retrenched. The stress induced by this involvement, however, is also influenced by other personality characteristics and coping strategies.

Kahn et al. (1964), in reviewing the role of personality in the role pressure-stress outcome relationship, indicate that some persons are better equipped to tolerate stress than others. Similarly, Keenan and McBain (1979) note that role stress does not exert uniformly adverse effects on all individuals and that aspects of personality may be responsible for this. The capacity of some people to maintain a state of wellness in response to stressors has been explored by a number of researchers. These researchers have developed definitions of personality characteristics or types associated with effective coping. Strümpfer (1990) has considered these under Antonovsky's (1987) term of "salutogenic constructs" and included the constructs of "sense of coherence" (Antonovsky, 1987, 1991), "potency" (Ben-Sira, 1985), the "hardy personality" (Kobasa, 1979), "stamina" (Colerick, 1985; Thomas, 1981) and "learned resourcefulness" (Rosenbaum, 1988). Antonovsky (1991) reviewed, in addition, Bandura's (1989) "self-efficacy" and Rotter's (1966) "locus of control" under the same rubric. Strümpfer (1992) subsequently introduced the construct of "fortigenesis", to describe the origins of strength. Although some of these concepts have been subject to criticism (see Antonovsky, 1987, 1991; Strümpfer, 1990), the ability to deal with a stressor and conditions of tension

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more effectively than people lower in such qualities is consistent among these constructs. Thus, for instance, a person high in these "fortigenic" qualities may remain neutral or even improve in health when facing a stressful situation which may create substantial stress and even ill-health for others. This tolerance for stress may impact on the way in which managers perceive both the expectations of role senders and managers' handling of the stress and tension inherent in the retrenchment situation.

The existence and effect of such "fortigenesis" constructs were not directly tested in the present study, but the comments of some managers reflected the existence of such characteristics, for example:

"Where managers couldn't handle the situation.... To put it crudely, they weren't sure of themselves. They didn't have a strong sort of core they could rally in times of adversity for themselves. Where that belief in oneself is missing, you react emotionally, traumatically."

The potential impact of the qualities covered by fortigenesis constructs in moderating the effects of the retrenchment condition therefore appears to warrant their consideration in a dynamic model of assessment.

The combination of a warmhearted personality and a strong sense of coherence may have a number of implications for managers involved in the retrenchment process. Given a more caring orientation, it is possible that warmhearted managers may generate a more positive self-image and a sense of purpose, compared to those with a more detached orientation. Although a detached and more bureaucratic person can distance herself or himself from the experience, this may also contribute to a subsequent inability to face any emotional state that may arise during the course of the retrenchment of personnel. The warmhearted person, on the other hand, keeps such issues in the open and such a manager is more prepared to acknowledge and deal with emotional conflicts and trauma. The typical reaction of a person with a strong sense of coherence when confronted with a stressor is likely to be one of a sense of engagement, or commitment, of willingness to cope with the stressor (Antonovsky, 1987, 1991). Underlying this approach is an assumption that dealing with the stressor is worthwhile and is a challenge rather than something to be escaped. The following comment of one of the participating managers in the present study appears to reflect a combination of the warmhearted and fortigenic constructs:

"My concept was that I could do it better than anybody else, I could do it more caring, and more efficiently. So it's better that I do it rather than anyone else."

Antonovsky (1987) notes that if a person has a strong sense of coherence, it does not necessarily mean that she or he will not experience strong feelings of emotional distress. Instead, these emotions will be allowed to come to the surface and would be expressed in

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overt behaviour, rather than repressed. In this way it is easier to deal with the instrumental problem and manage the problem of emotion regulation (Antonovsky, 1987). The combination of warmhearted and fortigenic qualities in a person may mean that such personnel, although experiencing greater stress during the retrenchment situation, find it easier to adjust and have less adverse physical, psychological, and affective responses on completion of the exercise.

### Coping Responses

A number of authors have noted that coping is central to any understanding of the stress process (Dewe, 1992). Conceptual definitions for "coping" generally demonstrate some convergence around the notion that coping is part of a person-environmental transaction that occurs when an individual appraises a situation typically characterised by a form of harm, threat or challenge as stressful (Latack & Havlovic, 1992). This definition is consistent with the widely-used definition of Lazarus and Folkman (1984), who view coping as comprising the thoughts and acts used for the management of taxing demands which result from a stressful person-environment transaction. These authors note that research shows a growing conviction that coping is a major factor in the relationship between stressful events and adaptational outcomes such as depression, psychological symptoms, and somatic illness. Indeed, the buffering or moderating role of coping has been demonstrated in a number of studies (e.g., Edwards, 1990; Lepore et al., 1991; Parasuraman & Cleek, 1984; Werner et al., 1992).

In their pioneering research on role stress, Kahn et al. (1964) identified a two-category typology of coping, labelled Class I (task situation, problem-solving) and Class II (dealing with emotional or anxiety reactions). Lazarus and Folkman (1984) also recognised two major functions of coping similar to this typology which they described as problem-focused and emotion-focused coping. These terms have received widespread support in the coping literature, with the distinction being viewed as "perhaps the most widely-accepted conceptual dimensions in the coping literature" (Latack & Havlovic, 1992, p. 491). Problem-focused coping is aimed at problem solving or doing something to change the problem causing the distress. Emotion-focused coping is aimed at reducing or managing the emotional distress that is associated with the situation. Although the distinction between problem-focused and emotion-focused coping provides a useful conceptual basis with which to analyse coping responses, such a broad distinction does not allow one to consider more specific aspects of coping responses (Carver, Scheier & Weintraub, 1989; Folkman & Lazarus, 1985; Latack & Havlovic, 1992). Carver et al. (1989) noted that coping responses can be very different from one another, even within the two main categories, and they may have very different

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implications for a person's success in coping. The present study therefore required a taxonomy which would allow a review of the different coping methods adopted by managers.

Researchers have demonstrated the existence of a number of sub-dimensions of problem-focused and emotion-focused coping (Aldwin & Revenson, 1987; Carver et al., 1989; Folkman and Lazarus, 1985, 1986; Vitaliano, 1990). Folkman and Lazarus (1985) factor analysed their Ways of Coping Checklist and identified one problem-focused dimension, six emotion-focused dimensions, and two which appear to reflect both the broad categories. A study by Folkman, Lazarus, Dunkel-Schetter, DeLongis and Gruen (1986) replicated five of these dimensions and found additional unique factors. Although it has been widely adopted, Carver et al. (1989) have noted a number of concerns with the use of the checklist of Folkman and Lazarus (1985) on which these dimensions were based. They state that not all domains of theoretical interest were sampled, ambiguity existed among some of the items used in the factor analysis, and that because its dimensions have been derived empirically from the data, they are linked to theoretical principles somewhat loosely. Stanton, Danoff-Burg, Cameron, and Ellis (1994) have noted additional concerns, in particular that there is a conspicuous shortage of items or scales that represent efforts to identify, understand, and express emotions surrounding the stressful event. They note that the lack of attention to items reflecting coping through an emotional approach is striking, given that processes involving understanding and expressing emotions often are granted central attention in the clinical literature on coping. Stanton et al. (1994, p. 351) argue that "resolution of loss and other feelings surrounding negative events requires identification and working through emotions and that maladjustment results when emotional processing does not occur."

Although the scale developed by Carver et al. (1989) suffers from some of the same problems characterising other instruments, the taxonomy provided by these authors appears to address the present study's need for a framework which can assist in a more detailed analysis of coping methods. It incorporates components of the Lazarus and Folkman (1984) model, and includes some of the emotional processes covered by Stanton et al. (1994). As the initial qualitative analysis reflected a high level of emotion-based coping methods among managers in the present study, this was viewed as an important criterion. Further, Carver et al. (1989) note that the theoretical viewpoint underlying the instrument they developed has been proven in the past to be useful in analysing coping behaviour in a variety of domains. The instrument was developed around 13 conceptually distinct dimensions, several of which were based on specific theoretical arguments about functional and potentially less functional properties of coping strategies. Other dimensions were included because previous research indicated that the coping tendencies they reflected either may be of value, or may impede adaptive coping. Factor analysis generally provided support for the conceptually different areas, although in

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two instances factor loadings showed commonality between two dimensions, and a separate dimension of alcohol-drug disengagement was evident in the analysis. The authors noted that they felt there was merit in continuing with separate dimensions as there could be populations or circumstances for which the dimensions are empirically distinct. Their final 14 dimensions were therefore used to categorise coping responses of managers in the present study. The five problem-focused dimensions included active coping, planning, suppression of competing activities, restraint coping and seeking social support for instrumental reasons. The nine emotion-focused coping dimensions included acceptance, positive reinterpretation and growth, denial, focus on and venting of emotion, mental disengagement, behavioural disengagement, seeking social support for emotional reasons, turning to religion, and alcohol-drug disengagement.

It must, however, be noted that the stressful encounter to which coping is a response is a dynamic unfolding process within which changes in emotions and coping responses will occur (Folkman, 1982; Folkman & Lazarus, 1985; Lazarus & Folkman, 1984). Coping actions and responses can be expected to influence each other within this process, to change the way in which a stressful encounter may be experienced during different times of the event (Folkman & Lazarus, 1984; Sullivan and Bhagat, 1992). This approach to coping is particularly relevant to the process of retrenchment where each role episode leads to particular role demands and pressures on the managers. One would therefore expect the coping mechanisms to vary across the retrenchment process as different coping responses are brought to bear on particular issues and concerns relating to the role episode. The present study, however, is limited to a review of coping responses shown by managers during the retrenchment process. The study does not attempt to provide an analysis of coping responses within the context of different phases of the dynamic retrenchment model. It could be expected that different responses may be particularly relevant to the different phases, but this is seen as an area of future research.

In the present study, coping responses used by managers were identified through qualitative analysis and they are detailed and discussed in the context of the dimensions identified by Carver et al. (1989). These coping dimensions are grouped by problem-focused and emotion-focused coping categories as these underlie the nature of the dimensions. The problem-focused dimensions of active coping, planning and suppression of competing activities, and seeking social support for instrumental reasons are discussed first. Dimensions of emotion-focused coping involving acceptance, positive reinterpretation and growth, focus on and venting of emotions, denial, behavioural disengagement, seeking social support for emotional reasons, mental disengagement, turning to religion, and alcohol-drug disengagement are then discussed. No incidents of restraint coping were observed and this dimension of

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problem-focused coping is not included in the discussion.

Problem-focused coping.

Active coping. Carver et al. (1989) define active coping as the process of taking active steps to try and remove or circumvent the stressor or to ameliorate its effects. They note that it includes activities such as initiating direct action, increasing one's efforts, and trying to execute a coping attempt in a stepwise fashion. Unlike some other stressors, it is not possible to change the fact that retrenchment is occurring. Managers do, however, attempt to influence the way in which retrenchment is implemented so that it will generate less distress for themselves, for instance:

"You had to decide which person would be the affected person. And in the process, while you do that, you realise that certain people just won't get a good job outside. And then the effort which goes into trying to manoeuvre. Into trying to work something out. To restructure the whole thing. To see if you can't just somewhere fit this bloke in."

In addition, managers attempted to exercise more control over the retrenchment process in order to allow them to deal with it more effectively. Much of this type of coping behaviour attempted to address retrenchment issues that generated potential complications. Some of these responses which were described by managers in the present study included:

"The people were coming in and I was listening to them. I just used to get a piece of paper and jot down who it was, the points."

"There was one guy, and I went down to have a chat with him and said, 'Listen, I hear through the grapevine that you have a major bug and you have taken legal advice. What is the problem? Why aren't you talking to me? I was your manager, I always was and we used to resolve those problems.'"

Within the present study, active coping appeared to be limited as a coping strategy. This appeared to be so because the main stressor, that of the retrenchment, becomes a given once the retrenchment process has become initiated. Consequently, managers focus on lesser stressors that arise out of the process itself, rather than the direct cause of their distress.

Planning. "Planning is thinking about how to cope with a stressor" (Carver et al., 1989, p.268). The planning dimension of coping involves coming up with action strategies, thinking about what steps to take and how best to handle the problem. Examples of management coping in the present study that fell within this dimension included:

"I put in my own plan, because no one was giving direction of what was happening."

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"I rehearsed it in the car on the way home."

"I will say, 'But why am I now trying to be emotional about it?' So I go back time and time again and I analyze whether what I'm doing is still the right thing and whether the approach is still the right thing."

It appears that planning can provide purpose and direction, it can provide the opportunity to develop an acceptable approach which can be implemented to address a specific issue, and it allows the manager to confirm in a logical thought out manner that the action adopted is most appropriate. These activities are all attempts to control or manage the conditions generating role stress. Rehearsal also enables the development of behaviour based on a cognitive review of the demands of the situation.

Suppression of competing activities. This dimension includes activities such as putting other projects aside, trying to avoid becoming distracted by other events, even letting other things slide, if necessary, in order to deal with the stressor (Carver et al., 1989). During the retrenchment period, many of the managers were involved in dealing with issues or problems related to the retrenchment, such as poor morale, low productivity, and changing organisational structure. These had to be addressed in addition to their conventional duties and specific responsibilities for retrenchment. Suppression of competing activities in the work environment was therefore relatively low. However, suppression of activities took on a different form for the participants in the present study.

A number of participants saw their time outside of work as an essential part of restoring their mental and physical resources. In this sense, they compartmentalised the work and home areas into distinct areas. When at work, the manager's primary focus was on work-related issues. When at home, however, many of them suppressed demands from work so as to allow them to benefit from the home environment, for instance:

"I almost refused to take work home. It was life after (*company name*). And I'd literally switch off from work."

Further, even in the home situation, some managers attempted to suppress demands which may have caused additional stress, particularly when demands from attempting to fulfill multiple roles could lead to inter-role conflict. By suppressing other demands in the home environment, the manager could attempt to re-establish or revitalise himself or herself in a relatively non-threatening environment. This is illustrated in the comment of the following participant:

"I've consciously switched off, but I didn't think I would switch off outside this building. If I get home at 8.00 at night, I'm not prepared to listen to all tragic stories and so on. In the last two or so months when I get home, I just want food and to sit in front of the television."



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The success of coping through the suppression of competing activities assumes that the manager can both physically and cognitively block out the alternative demands. This strategy does not always meet with success, however, as cognitive demands cannot easily be modified, for instance:

"You can't turn yourself off when you drive out the gate. You can say it, but it doesn't work. You go home and you still think about the people you have retrenched who are going to be out of a job."

Seeking social support (instrumental). Seeking social support for instrumental reasons is seen to include such activities as seeking advice, assistance, or information. Although seen as separate from emotional support, Carver et al. (1989) note that both types can co-occur in situations. In the present study, the primary reason for seeking instrumental social support was to obtain information. Participant comments which reflected this included:

"We got together with our manager who was a Senior General Manager, and asked some very, very serious questions, like how, what, who?"

"I network automatically. I trade information. I used that. I strained my credit on that to try and get things absolutely clear."

Many of the actions of seeking instrumental social support appeared aimed at resolving role ambiguity and addressing the uncertainties of the manager.

### Emotion-focused coping.

Acceptance. Carver et al. (1989) argue that acceptance is a functional coping response, in that a person who accepts the reality of a stressful situation is engaging in an attempt to deal with the situation. They note that acceptance occurs both in primary appraisal where the stressor is accepted as real, and in the secondary appraisal process where there is an acceptance of a current absence of active coping strategies. Further, these authors state that one may expect acceptance to be particularly important in circumstances in which the stressor is something that must be accommodated, as opposed to circumstances in which the stressor can easily be changed. The present study, in which retrenchment was a given condition, supports this expectation since a substantial number of managers demonstrated acceptance as a coping response.

The dual aspects of acceptance of the reality of the situation and recognition that there was an absence of active coping strategies which would address the problem was central to the thoughts of many managers. Part of this involved accepting retrenchment as a legitimate strategy despite its adverse impact on people and the organisation. The comments of two of the participants reflect the move to this acceptance:

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"I think there are two morals, the one is consequentialism and the other is a rule-based morality. With consequentialism, from that viewpoint, it was a very bad thing to do. The consequences for these guys being retrenched are so severe, and the consequences for the other guys are minimal. But from a rule-based viewpoint, it's a case of looking at figures and deciding what is right. That is the rule and you should be doing it."

"The justification for me is the fact of having done the retrenchment was the fact that I know it had to be done. So, does that make it moral? The answer is it has to. No-one can carry on making losses without doing something about it."

Acceptance of the retrenchment was primarily based on business necessity and the need for organisational survival. Approximately half of the 40 managers in the sample stated that they accepted the need for retrenchment for these reasons. This approach incorporated the view that the success and generation of profits of the organisation was the primary goal of business and that retrenchment was functional because it contributed to achieving this goal. In extreme situations, it was noted that if retrenchment had not been implemented, the positions of all employees, and indeed the organisation as a whole, could have been in danger; retrenchment was therefore viewed as a way of ensuring that most employees could have continued employment. The justification of action due a business decision appeared to show a "higher calling" for managers and to provide them with the argument that their behaviour was ethically and morally defensible. Implicit in this is a sentiment that not doing anything in this regard would be irresponsible. These themes are reflected in the comments of managers below:

"I must take a business decision, because at the end of the day I'm responsible for the profitability of the unit. And obviously people are part of it, a very big part of it. But ... ultimately we are there to operate and to be profitable rather than to just provide employment."

"I think the important thing to think of is that if you don't get rid of those people, then the whole business could go under. So you have to take a practical look at it and say, 'A few people have got to suffer. But maybe it is for the benefit of the others we have to go through the pain.'"

"I knew that the organisation had to do it to survive, the price of the company survival was a number of individuals."

"We are not here to care for our people. We are here to make a profit and there is no shame in saying that. So, on the basis that we have to make a viable profit, then the decision to retrench is totally moral."

"I have accepted that things happened for business reasons. And sometimes

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people are not as important as one thinks. Business is there for making money and profits. I have come to accept that, which I didn't before."

Managers who displayed an acceptance of the need for retrenchment nevertheless still employed additional emotion-focused coping responses to deal with the stress of retrenchment. Thus, whether or not managers felt they were engaging in the correct course of action and were justified in doing so, the nature of the role conflict generated by retrenchment is such that it may continue to generate emotional distress. Acceptance of retrenchment as a legitimate or unavoidable strategy, therefore, may only provide a limited coping benefit for managers.

Positive reinterpretation and growth. This dimension of coping is similar to that of Lazarus and Folkman's (1984) term of positive reappraisal. By initiating coping responses which focus on personal growth, the person attempts to create positive meaning (Lazarus & Folkman, 1984). The dimension reflects coping aimed at managing distress emotions rather than at dealing with the stressor per se. However, Carver et al. (1989) note that by construing the stressful transaction in positive terms, the person is likely to engage in further active problem-focused coping and has functional coping benefits. Managers using this coping included the following:

"I thought let's give it a go anyway. In time if I give it my best shot, if I do retain my job or not, I'll be able to say I went through one successfully."

"I am sure it would have been a lot more difficult if we had no light at the end of the tunnel. You have to be ... at the end of the day, after the pain and the suffering have gone, there is going to be the light."

Nearly all managers commented at the end of the exercise that they had learned something during the process. However, this was a result of reflection after the event rather than reinterpretation of conditions during the retrenchment and therefore is not seen as an immediate coping response. It may, however, reflect a reappraisal that is a form of coping where the experience is absorbed into the person's view of the world and provides the basis for long term coping.

Denial. Carver et al. (1989) define this coping dimension as involving a refusal to believe that the stressor exists or of trying to act as though the stressor is not real. They provide this definition while noting that the term "denial" does have several possible referents. The role of denial is viewed as somewhat controversial. Some authors see denial as minimizing distress and thereby facilitating coping. Others argue that denying the stressor creates additional problems, unless it can in fact be ignored, and that this could have more adverse implications later on in the stress event. In the present study, denial was reflected in the

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responses of managers who were attempting to avoid recognition of the emotion generating issues of the exercise, like the breaking of the psychological contract and moral concerns. This denial leads to a strong focus on action and procedure-related issues, at the expense of personal and interpersonal considerations. The types of responses which managers gave reflecting denial included the following:

"Be a little bit cold and a little bit cynical. I've learnt, and I'm able to divorce the emotive issues and leave them to one side.... Sounds mercenary, but you've got to have an attitude of it being a fairly clinical type of exercise."

"It is a role--it's acting a part, things like that. You put on your execution mask, and you carry out that role."

"Divorce yourself ... it is self-protection."

"The biggest thing you must get out of your mind is the psychology, your feelings behind it. You must keep your feelings away from it, otherwise you will not be able to do it correctly. I think that is the most difficult part in a sense, in that your feelings automatically want to overtake your reasoning."

Kahn et al. (1964) indicate that denial is a classic ego-defensive mechanism which serves to alleviate emotional stress. To prevent being overwhelmed by the intensity of an event, an individual may consciously or unconsciously avoid certain aspects with numbing defences, for instance, a loss of normal emotional responsiveness or decreased interest in work or interpersonal relationships. Defensive processes of denial or suppression may therefore operate to control feelings (Werner et al., 1992). The comments of managers in the present study indicate that this was indeed the function of the denial coping responses. Although the immediate emotional responses may be avoided, denial may result in longer term symptoms of stress (Werner et al., 1992).

Focus on and venting of emotions. This dimension of coping is defined by Carver et al. (1989) as the tendency to focus on whatever distress or upset one is experiencing and to ventilate those feelings. They note that although such responses may be functional, there is reason to believe that focusing on emotions can impede adjustment and it may be a reflection of maladaptive coping. Much of the venting of emotions was aggressive in nature and the extent to which this resolved tension in the managers was not clear. For instance:

"So, how was I handling it, I was going home and most probably kicking the front door in."

"You call a person, become an animal. You close the door and you really lay down the laws. But you know ... how long can you continue with it?"

Sport and exercise were also used by a few managers as a way in which emotions could be displaced. This type of restrained venting of tension may be seen as more functional in that it

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not only allows displacement of emotions, but also has beneficial physical effects. In the words of one of the managers:

"A lot of the pressures I could have expected, the stress, I released in the form of exercise and just making sure that I kept myself in shape."

Focusing on and venting emotions also occurred in the context of social support. This is discussed separately in that section.

Mental disengagement. According to Carver et al. (1989), mental disengagement occurs through a wide variety of activities that serve to distract the person from thinking about aspects with which the stressor is interfering. They state that the number of tactics that can be employed by the person is more diverse than that of other coping categories or dimensions. Two main types of mental disengagement were reflected in managers' responses in the present study. One theme involved an emotional distancing from the issues and the other appeared to reflect an abdication of responsibility. Emotional distancing was reflected in coping responses such as:

"I just switched off emotionally. So much so that my mom said, 'Why are you so distant?' And my wife said, 'You are with me but you are not with me'. Then I realised that I had switched off and not switched on again. So that was the only way to survive under the circumstances."

The second theme, abdication of any emotional ownership, was reflected in comments that placed responsibility for the retrenchment on others rather than the manager himself or herself. These comments included:

"I was announcing the decision which had been made. I did not retrench anybody. That was done by (name). It was signed by (name). So, you know, I'm out of it."

"To go and stand up in front of a lot of guys and say to them, 'Sorry, the bosses have decided to shut the place down'. That's easy. It's easy. If they want to bang me on that, so what can I do? I can't do anything."

Although disengaging can be an adaptive response, it also often impedes adaptive coping. This appears reflected in the comments of managers where distancing and abdication led to lower emotional distress, but also reflected a lack of functional efforts to influence or deal with the stressors. Nevertheless, Collins, Baum, and Singer (1983) point out that distancing responses such as those described above may be adaptive responses to an outcome that is seen as negative and unalterable.

Behavioural disengagement. Carver et al. (1989) define behavioural disengagement as reducing one's effort to deal with the stressor, even giving up the attempt to attain goals with

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which the stressor is interfering. They equate behavioural disengagement with phenomena which are also identified with terms such as helplessness, and note that it is typically likely to occur when people expect poor coping outcomes. Managers in the present study demonstrated activities which involved reducing effort and even avoidance, for instance:

"Some managers were just too afraid. Shutting the door, not going to the canteen, coming in early and leaving late. I saw a lot of that happening. No eye contact."

"There were some long-term problems which I just essentially delayed....

Ultimately it's far easier to say, 'Put it to one side. Let's not worry.'"

Some managers also demonstrated strong evidence of helplessness regarding their involvement in the retrenchment:

"Although it was difficult and in certain cases heartbreaking, by that time I knew I did my best and I knew I had no control over this thing. I had to do it. It was bad but I can't help it."

"If it's going to happen, it's going to happen. It doesn't matter what I say, what I do."

"Basically I don't have any choice in the matter. it. Unless you resign. I don't think anybody is going to go to that."

Carver et al. (1989) point out that behavioural disengagement may well be a dysfunctional coping response. The responses in the present study show that this is only partly the case. Activities which reflect avoidance may well delay rather than solve the problem. However, acknowledgement of helplessness reduces the role demands on the manager and leads to a reduction of effort in a situation where her or his power of influence is low. Behavioural disengagement of this kind relieves managers of perceived responsibility and consequently may lead to a reduction of distress.

Seeking social support (emotional). Seeking social support for emotional reasons is seen to include getting moral support, sympathy, or understanding (Carver et al., 1989). In some cases such support can be functional, in that a person made insecure by a stressful transaction can be reassured by obtaining this kind of support. This could lead to a return to problem-focused coping. However, Carver et al. (1989) argue that sources of sympathy are sometimes used more as outlets for the ventilation of one's feelings and that using social support in this way may not always be very adaptive. Stanton et al. (1994, p.351) disagree with this view, noting that, "research has shown that the disclosure of traumatic experiences and the expression of the concomitant emotions can yield health and other benefits". These authors state that much of the research which has associated efforts to acknowledge, understand, and express emotions with greater distress has been based on scales with items that are contaminated with negative symptomatology. They conclude that their findings support a

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growing body of theory regarding the benefits of emotional expression in managing traumatic experiences.

Seeking emotional support to facilitate the expression of emotions appeared to be functional rather than dysfunctional in the present study. Managers who used this coping response reported emotional benefits and the reduction of pressure, for instance:

"It's really something you just want to get off your chest. And to be able to sit and talk to somebody and say, 'Hell it has been a terrible experience'. And normally after I have done that, and spoken to a few people, I can then forget about it, the personal aspect. I think as long as you can talk to people about it, it does release a bit of tension."

The role of social support in buffering stress is explored in more depth in a separate section below which addresses social support in more depth as a moderator. However, it is clear from the comments of managers that the seeking of social support for expressive purposes occurred frequently.

Seeking support for reasons of insecurity occurred less frequently. This may be a result of the manager wanting to portray an image of being competent, confident, and able to handle demands. In the case of one manager, where the seeking of such support occurred, it was from the employee who was informed that she was retrenched. This appeared to stem from a need by the manager to resolve guilt and to generate recognition for his efforts, so his self-esteem could be enhanced. This manager commented:

"I wanted to ensure that she at least would be happy because that would release me from that lot. I couldn't leave it alone, asking her had she thought about this and about that, trying to explore things from the inside. I needed to feel I am a good oke as well. It helped restore my feelings that I am not entirely just a tyrannical son of a bitch."

Turning to religion. Carver et al. (1989) note that turning to religion is a relatively complex dimension of coping because it may occur under stress for a number of different reasons. For instance, it may serve as a source of emotional support, as a vehicle for positive reinterpretation and growth, or as a tactic of active coping with a stressor. There were only a few instances of relying on religion in the present study, but as indicated by McCrae and Costa (1986), such a coping response appears important to some personnel. In the present study this was reflected in comments such as the following:

"I tend to find peace of mind within myself, because I'm a religious person. I believe in things. And you know you find a bit of--not a bit--a hell of a lot of help from that side."

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"I'm a Christian and that helped me a lot. I certainly would have suffered a lot more if it had not being for that type of belief that I had."

Alcohol-drug disengagement. Carver et al. (1989) did not initially specify a definition of alcohol-drug disengagement and this dimension was derived from their factor analysis rather than being a theoretical dimension. However, they retained the dimension for research purposes and it appears to have strong relevance for the present study. In the present study it appears to justify their later inclusion of it as an independent dimension but the use of alcohol in particular seems to have strong links to social support. The following quotation from a manager indicates the use of drug-related disengagement:

"You go to the doctor and say, 'Listen, give me the tranquillises and just take me away!' ... And I think a lot of South African managers are doing that. They cannot actually cope with it. They cannot cope with the emotion and therefore they say rather go to the medical practitioner, or someone who's even ducking into an illegal way of doing things. It's a hell of a responsibility."

No managers admitted directly to any kind of drug taking to deal with the stress resulting from their involvement in the retrenchment exercise. However, the above comment of a manager appears to indicate that the practice may be relatively widespread.

The acknowledgement of alcohol use was expressed more readily by managers, possibly because of its social context. For instance:

"When I get home I'm smelling of beer because I've cracked a few with the guys."

"You have the temptation to stay and have a drink at work, and everybody did."

However, one manager noted the potential dysfunctional effects of alcohol usage and the danger that this may occur:

"I purposely stopped drinking, because I realised the potential pressure that was coming down the track and the risk of releasing this through saying, 'Well, I'll have a beer' was great. Plus the fact that if you went out anywhere, and bear in mind that everyone wanted to speak to you and I would listen to all their problems and hassles. And if I got drunk with them, I wouldn't remember what I said. And I wouldn't be so sharp the next day."

### Implications of managers' coping strategies.

In the present study, emotion-focused coping responses were far more dominant than problem-focused strategies. This is likely to reflect the fact that once the retrenchment process has commenced, the situation becomes a given that managers need to deal with.



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Although some of the secondary effects of retrenchment can be addressed through functional coping responses, the underlying role-based stressors associated with the retrenchment cannot be altered. Various research has demonstrated that emotion-focused coping becomes the primary form of coping under such conditions (Carver et al., 1989; Dewe, 1992; Folkman & Lazarus, 1985; Folkman et al., 1986; Stanton et al., 1994).

Dewe (1992) points out that in the case of chronic work stressors functional solutions may not be available and, consequently, emotion-focused strategies are all that are available. In the present study, managers did indeed use problem-focused coping but it tended to be restricted to formulating approaches to handling the retrenchment, dealing with specific side issues that arose during the retrenchment process, and attempting to obtain information so as to reduce uncertainty. The high emphasis on emotion-focused responses by managers in the present study was consistent with those found by Folkman et al. (1986, p.1000) when examining situations that could not be controlled:

The pattern of coping in encounters that subjects appraised as having to be accepted was strikingly different from the pattern in encounters that they appraised as changeable. In changeable encounters, subjects used coping strategies that kept them focused on the situation: they confronted, did planful problem-solving, accepted responsibility, and selectively attended to the positive aspects of the encounter. In contrast, when subjects appraised encounters as having to be accepted, they turned to distancing and escape-avoidance, which are forms of coping that allow the person not to focus on the troubling situation.

Parasuraman and Cleek (1984) conceptualise emotional or defense/self protective approaches to dealing with stressful work experiences as maladaptive coping. They point out that as maladaptive behaviour does not deal directly with the problem, it is not likely to dissipate the individual's anxiety. However, Carver et al. (1989) note that any given coping strategy may not be intrinsically maladaptive, but may become dysfunctional if it is relied on for long periods when other strategies are more useful. Further, a number of authors have demonstrated that emotional coping can be adaptive, depending on the demands and constraints of the situation (Carver et al., 1989; Folkman et al., 1986; Stanton et al., 1994). Werner et al. (1992) noted that under severe critical incident stress, subjects were able to ignore or suppress their stress responses and this enabled them to function in such situations. Research has also shown that disclosure of traumatic experiences and expression of the concomitant emotions can yield health and other benefits (Stanton et al., 1994). The use of emotional coping responses may therefore assist what Folkman (1982) refers to as short term outcomes which involve helping the person manage, minimize or master the demands of the

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situation and regulate his or her emotion. However, long term outcomes including health, morale, and social and psychological functioning, may not be as well handled with these strategies. The ability to release the tension through disclosure appears to be an important part of long term emotional coping. Werner et al. (1992) have indicated that suppression, although possibly functional for the short term, resulted in symptoms appearing afterwards when some assimilation of the event into the individual's cognitive representation of their situation was required. Similarly, avoidant coping has been associated with increased symptomatology (Amirkan, 1990).

*Patterns of coping--bureaucratic and person-orientated approaches.*

People cope in complex ways through combining problem-focused coping with multiple forms of emotion-focused coping (Folkman & Lazarus, 1985). Similarly, Kühlmann (1990) notes that coping is not a single action or thought but a constellation of various coping activities. In the present study it was unclear how modes of coping interacted with one another. However, two distinct patterns of coping seemed to be reflected in the form of an impersonal approach to retrenchment versus a more accepting coping style. Chell (1985) describes two approaches encountered in retrenchment situations which parallel these concepts, the "hard-nosed" pragmatist approach and the "softer approach". These approaches not only seem to reflect a pattern of coping responses, they also seem to involve aspects of personality and personal styles. Peace (1991), for example, has commented on hard versus soft managerial styles and the previous discussion on personality in the present study notes differences between detached and warmhearted types of people. Donald (1986) has described the differences in approach generated by the interaction of coping and personality as a bureaucratic versus person-orientated approach. These latter definitions will be used in the present study to illustrate the effect of multiple coping responses in combination with personal attributes.

The bureaucratic approach in retrenchment is characterised by an organisational focus and is orientated around formal procedures and practices. The manager adheres to laid down guidelines outlined at the formal level, adopts a literal interpretation of policy, and remains factual at all times. The interview itself tends to be brief and impersonal, with the message to be conveyed the primary task for the manager. Managers adopting this approach stay distanced, often as a deliberate strategy on their part. Guinn (1988, p.48) has illustrated how this bureaucratic approach was perceived by an employee who was retrenched in a banking institution: "I sat down and it took two, three minutes for my manager to read me my rights, so to speak", a former teller reports. 'Everything was handled precisely. He read me a script.'" Similar responses were reflected in comments of managers in the present study, for instance:

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"Those interviews were, 'Come in, sit down, here is your letter, have you got any objections, good, cheers'. That is what happened. There was no preparation necessary for managers."

"We called the individuals in with the line manager, sat them down, and told them the rationale for the whole process, the downsizing. We told them why we are doing it, and how it involved them. We then arrived at a situation saying at the end of the day there was no place for them."

"We went in, had a chat with one of the managers at the office, and then they said, 'Here are the letters'. A bunch of letters was then given to me to dish out to my team."

"I treated everyone in a very similar way and I tried to do that intentionally because I had a lot to do. And because I didn't want to be seen to be treating people differently in that situation, for the very reason it was a tricky situation to go into. So, if you like, I tried not to be different in the way I handled different people."

In contrast, the person-orientated approach places a strong emphasis on the person rather than on organisational functions. Personal issues are examined and the individual characteristics of the person are considered (Rothman, 1989). Emotional aspects of the interaction are recognised and seen as legitimate responses of the retrenched person. The approach recognises the need for sympathy and empathy, and the manager attempts to alleviate or at least recognise the impact of retrenchment. Counselling and the future welfare of the affected employee are seen as important and are emphasised, rather than the legalistic act of conveying the retrenchment message (Guinn, 1988). The manager attempts to build up the retrenched employee's self-esteem before terminating the interview and engages in problem solving strategies.

Managers taking the person-orientated approach are sensitive to their employees' situations, needs and demands, and see involvement as a part of that relationship. As Peace (1991) points out, such managers display candour, sensitivity and a certain willingness to suffer the painful consequences of unpopular decisions. Being vulnerable to the give-and-take of ordinary emotional crossfire and intellectual disagreement makes managers appear more human and more credible (Peace, 1991). Managerial stances consistent with this approach are reflected in the comments below:

"They are leaving a work environment and a secure environment and you have to tie up with that and understand what that individual is going through. Whether that individual is a manager or a sweeper, I think we all show and have emotion."

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"I don't see how else you can do it besides putting it into a personal context. I think there are probably two extremes. You get involved and do your best, or you keep hands off and let other people do it and hope that it goes OK."

"We had long interviews with some of the guys.... There was a lot of counselling. Also the guys saw me about things outside, they asked me about what I thought about packages and conditions in other companies. So, I really was advising them. But it is important for them to know they can always refer back to someone who can give them advice."

"Well, to call people in and tell them they'd lost their job is not something I enjoy doing. I tried to put myself in their shoes and say, 'Well, what would concern me?' Like what about transport, the house, etc? The main thing is to try and show that despite the bad news, there's still some goodwill and that they can come to us for assistance."

Typically, retrenchment interviews vary on a continuum between the bureaucratic and the person-orientated approaches, with managers favouring some characteristics of one over the other. The nature of emotional involvement in the interview appears to be a key factor in the type of approach managers adopt. The bureaucratic approach appears to be a coping approach adopted to reduce exposure to a highly emotional retrenchment situation. Dimensions of coping which contribute to the adoption of a more bureaucratic approach appear to include denial and mental disengagement. Managers reported using a coping strategy of emotional distancing more than any other in their answering of an incomplete sentence exercise on coping, which supports the qualitative analysis findings of the interviews.

This bureaucratization of the retrenchment interview is apparently a reaction by managers to both the need for emotional control in an insecure situation and a distancing from the obligations inherent in more informal interpersonal relations. Thompson (1961) sees such action as using the organisation for personal needs rather than functional goals, a concept linked to what he calls "bureaupathology". Use of a cold aloofness protects an insecure superior from commitments to his subordinates which he fears will be inconsistent with demands upon him from above (Staw et al., 1988; Thompson, 1961). This directly addresses the dilemma of managers in a situation characterised by role conflict. The move into a deterministic mode of functioning may be perceived as accepting what Milgram (1974) describes as a state of agency. In this situation, the individual no longer views himself as responsible for his own actions but instead defines himself as an instrument for carrying out the actions of a superordinate authority. The detached nature of the retrenchment interview allows the suppression of any personal factors which may run contrary to the task of

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terminating the employee. It also allows the manager to shift responsibility for breaking the psychological contract to the superordinate authority. By assuming a bureaucratic orientation, the manager generates the conditions which appear to legitimate the retrenchment action and allows the removal of personal identity and emotions from the interview situation. However, having avoided the threat of having to deal with personal trauma through a bureaucratic approach, managers may need to continue to deny emotions which reflect emotional distress for some time in an ongoing attempt at coping.

Contrary to the bureaucratic approach, care and compassion can go a long way toward mitigating the negative consequences of retrenchment (Guinn, 1988; Rothman, 1989). This approach appears to be more demanding on the managers, in that the distancing coping mechanisms utilised in the bureaucratic approach are not used as much, resulting in more emotional involvement in the retrenchment process. Active coping, positive reinterpretation and growth, focus on and venting of emotions, and turning to religion appear to be favoured coping dimensions in this respect. Although more intense emotions are generated during the retrenchment encounters, the person-orientated manager's action appears to remain consistent with her or his value system and important aspects of the manager's self-image are maintained and even enhanced.

*Effect of previous involvement with retrenchment on coping.*

Involvement in previous retrenchment experience appears to provide managers with a greater understanding of the process and methodology of retrenchment. Involvement allows managers to become familiar with the procedures they must implement, the reactions of people, and the use of an approach which causes the least distress. This generally provides the managers with a better sense of confidence in their ability. The benefits of involvement are illustrated in the comments of participants in the present study given below:

"Having done it now the third time--it's that much easier. Because the process of what you pick up, the reactions and things like that, you take into account the next time and the next time. Although it's slightly different. And maybe you make it a little bit easier in some ways, for yourself."

"During the first one you do make mistakes, there is no doubt about it. You put your foot in it. You start talking to the guy and start making excuses for what you are doing. Then you realise that you can't make excuses. It is something that you have got to do. You actually learn by experience, it's not something that you can teach. I can't say that I can take you or someone else and say, 'This is how you do it'. It is something that you learn by experience and you actually go through. Until you have actually done it, there is no one

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who can tell you how difficult it is. It's really an experience that one grows from. No one can tell you how to do it."

Brockner et al. (1988) note that people who have been exposed to stressors previously and who have coped with them successfully may have learned better coping skills in dealing with the exercise. However, this assumes that the individual's previous experience in the stress situation must have been successful. If unsuccessful, the experience can become a failure which contains the potential to be a stressor in its own right (Kahn & Quinn, 1970). Thus, experience may lead to an enhancement of functional coping skills through familiarisation, or in cases where managers have not previously been effective, increased pressure to conduct retrenchment appropriately.

Despite apparent benefits of experience, most managers who had conducted retrenchment previously continued to use emotion-focused coping responses. This, together with some of the comments from managers, indicates that previous experience does not take away the emotional context of the retrenchment. One manager, for instance, stated that there was a cumulative effect and each time was more painful for him. The quotation from another manager below describes a similar reaction:

"You know what you're letting yourself in for. It is not an easy exercise. I really do not enjoy it. I find it very unpleasant, and I find it very difficult."

Smith (1994), although noting that some managers cope with successive retrenchment, gives a number of examples of managers who experienced cumulative stress due to conducting repeated retrenchment. In such cases, managers often suffered from deteriorating mental health and in other cases left the organisation. In the words of one of the managers who had been involved in ongoing retrenchment for five years, "When I quit, I felt the biggest load in the world had been lifted from my shoulders" (p. 103).

### Influence of Social Support on Managers During Retrenchment

According to Cobb (1974), social support is the process whereby a person is led to believe that he or she is cared for, esteemed and valued, and that she or he belongs to a network of communication and mutual obligation. Stress and threat heighten dependency needs and the presence of others who can provide social support serves to meet these needs (Janis, 1963). The person's basic social needs, including affection, recognition, belonging, identification, and security are gratified through interaction with others through this supportive process (Erera, 1992; Kirmeyer & Lin, 1987). Such supportive relationships are viewed as being important to the maintenance of psychological well-being and physical health. As part of this process, social support moderates the detrimental effects of organisational stress on personal functioning (House, 1981). Four types of support have been distinguished in the

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literature, emotional, tangible or instrumental, appraisal or approval, and informational support (House, 1981; Kirmeyer & Lin, 1987). Further, although the supervisor or superior has been seen as the most common source of social support in the workplace, support has been demonstrated by co-workers, subordinates, friends and family (Fenlason & Beehr, 1994).

Social support has been studied in some depth as a moderator of stress-strain relationships, with the most common hypothesis being that it acts as a buffer, reducing the effects of stress (Fenlason & Beehr, 1994; Ganster, Fusilier, & Mayes, 1986; Newton & Keenan, 1987; Schuler, 1982). The buffer hypothesis has come under criticism by some authors who feel that social support acts as an antecedent to role stress, determining the extent to which the stress is perceived in the first place (Cohen & Wills, 1985). Newton and Keenan (1987), in exploring this situation, postulate that either of these explanations may have been responsible for their research results. However, Fenlason and Beehr (1994) have confirmed that social support does have a buffering effect. Social support activities mentioned by managers in the present study were consistent with the buffering effect and were typically aimed at providing support to alleviate the effects of perceived role stress.

Because the nature of social support can vary between several different sources, Fenlason and Beehr (1994) note that classifying the specific contents of communication between supportive sources and the stressed individual can be useful in explaining the effects of support. They note that the contents of communication can be considered a description of how social support is delivered to the individual. The nature of support is therefore discussed in the context of the major parties who are providing it to the manager, including managers, human resource managers, co-workers, family and friends.

Managers. Immediate superiors were most often mentioned as sources of support by managers in the present study with 12 of the 40 participants noting supervisors' involvement. Behaviours seen as important in such support included showing an understanding of what was involved, joint problem solving, being able to talk to one's immediate manager, motivation, bringing one out of depressive or negative thinking, and the provision of information and resources. Particularly important was being able to relate to the manager and the provision of empathy. This probably reduced feelings of isolation and allowed managers to be more forthcoming in the expression and relief of their feelings and concerns. Erera (1992) found that withdrawal behaviours due to role ambiguity can result in deepening detachment and alienation. In turn, this leads to attitudes such as blame, anger suspicion, and mistrust, all of which are counterproductive to the provision of social support by senior managers. This can become exaggerated by the withdrawal of support by employees for their manager which, in

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turn, results in a lack of concern for them by managers.

The nature of support provided by superiors included both informational and emotional support. Both these types of support appear to reduce the type of behaviour Erera (1992) has found detrimental. Examples of what were seen as good support by superiors mentioned by managers in the present study included:

"My MD. In my eyes, he's a wonderful person. Not at any stage did he try to tell you that this is not a big thing. You never got an idea that he did not think that this was a problem. He was with us, he suffered in a sense with us. You could see that. He sympathised with you and came two or three times a day in this office to sit here. He would struggle with you and confirm that for him as well it is a terrible thing, and he understands it, that he feels just the same. He would ask, 'What are you going to do with that problem?' and he would sit with you trying to get an answer. When you query some of the decisions, he wouldn't try and motivate it or put it right. He would say, 'I have the same problem as you and I don't understand it, I don't believe in it, but remember we are now part of this whole group. Try to live with it and remember I will try my best.' He gave support that was, I would say, all you need. When he was needed, he was there. Even when he wasn't needed, he was there. The role which he played and the way he handled it, he was the comforter to a great extent. And then there was ample time and examples when you could see his commitment to the people."

"There is nothing worse than having a boss sitting above you who has never been though the exercise and you start talking to him and he looks at you with a blank face. When you go to him and say, 'Hell, I've had a shit day, I've had to make these guys redundant', and he says, 'I have been through it and it probably was the worst time of my life', then at least you think this guy knows what its like. I just sit and talk to him. It's really something you just want to get off your chest."

Supervisory support has been shown to relate to levels of both role conflict and role ambiguity (Randolph & Posner, 1981). In retrenchment situations, however, the immediate supervisors of managers are often not in a position to provide clarity or guidance on resolving role conflict and role ambiguity. Managers' perceptions of support from their supervisors thus included a strong component of listening. Such listening behaviour appears to be an important element in the support process (Harris & Sutton, 1986; Fenlason & Beehr, 1994).



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Human resource managers. Managers belonging to the human resources field who worked in the organisation were seen as a source of instrumental and informational support. Specific comments on support provided by personnel managers, human resource managers, and industrial relations managers were mentioned in the case of eight of the respondents in the sample. This mainly involved assistance in organising or arranging aspects of the retrenchment which would facilitate the retrenchment process and how to conduct the announcement interviews, for instance:

"They helped with good quality stuff and rules. And they helped with the consultations with the people as well, and the feedback to the people."

The involvement of human resource managers in emotional coping for other managers at work appears relatively rare. The emphasis on instrumental and informational social support may reflect the need for managers to adhere to personnel and legal policies and procedures which are more emphasised by the organisation than emotional issues.

Co-workers. Competitive settings in the retrenchment situation may impede the development and maintenance of supportive relations (Erera, 1992). In this type of situation, co-workers who are concerned about their own job loss may compete with the manager for positions in the new structure and this could adversely affect social support. However, such competitive situations appeared to exist in only a few of the organisations in the present study. Typically, managers saw themselves as having to face common problems. Where more of a team-orientated climate does exist, the work or peer group can serve a variety of functions to support the individual, including being a source of emotional support, a source of possible solutions for work problems, and as a normative referent for appropriate types of behaviour (Feldman, 1981).

Eight respondents in the present study mentioned obtaining co-worker support. This support was primarily of an emotional nature, and included generating a sense of belonging and identifying with the manager's problems. Co-workers spent time listening, discussing issues, providing advice, and relating to the manager's concerns. This type of support was reflected in the comments of managers below:

"The chaps who I am working with here have all been through it before. I think around here everybody is going through the same thing, and you have a lot of soul-mates here."

"My colleagues were very supportive in the way they went about it. They would talk about things and sit and listen to you. And it is a small group who knows the managers. They are able to talk about it. How the chap reacted or didn't react. I used them very much as a sounding board to let things go."

"You start talking and suddenly you realise that you all feel the same way."

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Staff remaining with the organisation also provided a relatively high level of support, despite expectations that they may have reacted with bitterness or anger at what was happening to colleagues who were put out of a job. In the present study, eight managers commented on staff support as assisting them in handling the retrenchment. Support generally seemed to be provided by a few individuals rather than being a collective sentiment, however. Support was primarily of an emotional nature, for instance:

"The one said every night he was saying a prayer for me because he knew what sort of agony we are going through. But those guys who felt sympathy for myself or the other guys who had to make the decision, they were few."

Three of the respondents in the sample mentioned that retrenched employees provided some kind of support for them. This may be a sign of more personal manager-employee relationships where managers were open and obviously upset at the retrenchment. In such cases, retrenched employees may see that the manager is part of a group suffering from the retrenchment rather than imposing it. In this context, they would see having to do the retrenchment as additional, unfair pressure on the manager. Examples of support by retrenched employees included the following:

"Some people have said, 'We are very, very sympathetic'. All in all, not aggressive to me as a person."

"We also had the support of the people who said, 'It must be bad for you to do it, and you must come in for a cup of tea sometime in the future'. The guys told me they haven't got problems, they have got a job and so on. And that gave me support."

**Family.** Outside the organisation, social support emanated primarily from the home situation. Support from the respondents' spouses appeared to be a major factor in alleviating built-up stress during the exercise. Nine of the respondents stated directly that their spouses provided social support during the exercise. Action by spouses was overwhelmingly positive with few negative reactions during the exercise being reported. This may reflect a strong empathy by spouses for the types of issues that managers were faced with during the retrenchment exercise. It is likely that more conventional cases of work overload may not have been received with as much support. Support by spouses was typically of an emotional nature. Much of it took the form of listening and providing a base for the manager to express emotions and relieve frustration and tension. Typical responses included:

"Thank goodness for the support and understanding at home, because I had talked about the problem. They understood. To have something to go home to, a good family life, certainly helps. My wife generally doesn't talk about this thing, but she listens and it helps tremendously. And I can get rid of my inner

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frustration, or my bottled up emotions. It helps tremendously."

"I talked it through with my wife. And she listened, but it's more a sounding board. I think it's really just taking away certain tensions and certain pressures. But supportive, all you're doing is just sounding off. There's nothing they can do, there's nothing they can say really, but it's just a supportive role."

Friends. Only two respondents mentioned that they had obtained social support from friends. This may reflect the general unease felt in society about discussing retrenchment, although in both cases, the respondents were single and did not have family to provide such support. Support from friends was emotional in nature, and took the form of listening to the shock and concern of managers, for instance:

"It affected me in that I actually had to talk about it to close friends and say, 'This is the turmoil'."

Such contact with friends may reflect a need by managers to deal with the tension generated by retrenchment through any available channel. Where more immediate support from family cannot be gained, managers may pursue other avenues to obtain release from tension.

Nature of social support during retrenchment. The nature of social support for the manager will thus depend on the sources from which she or he obtains such support. The primary type of social support reflected in the present study is emotional and this was given by all parties, although it was limited from human resource managers. Conversely, instrumental support was almost exclusively given by human resource managers who were perceived to have the expertise necessary to conduct the retrenchment according to procedural and legal demands. Informational support was provided largely by superiors and human resource personnel. Further, it is clear that social support from parties outside of work, particularly the family, can have beneficial effects for managers in the work context.

Effects of lack of social support Lack of support has a number of consequences. It increases the managers' feelings of isolation from the organisation and from employees. A few of the managers commented that retrenchment could be a very lonely experience. Failure of management to provide social support also appears to increase the role ambiguity of managers, as less information and instrumental assistance is provided. Further, under severe strain the lack of social support, particularly of an emotional nature, can have adverse mental health consequences.

At the same time, one of the managers noted that isolation can be useful in a sense: "It's an isolated job, but it does make it easier." The lack of social contact means that no reciprocal social obligations are owed, no implicit psychological contracts are established, and the

responsible manager does not feel the personal involvement in what he or she has to carry out. Whether the absence of these factors results in reduced levels of stress or whether the isolation in itself is an additional source of stress is unknown at this stage. The same manager who acknowledged the benefits of isolation, experienced a strong sense of loneliness during the exercise, which may have detrimentally affected his mental and physical health.

**Outcomes of Managers' Involvement in Retrenchment**

The retrenchment process leads to a number of outcomes for managers which are generated at the end of each phase of the process. These outcomes then become part of the characteristics of the next role episode for managers as they work through the various retrenchment phases. Many of these outcomes were described in Chapters 4 to 8 earlier in this study which explored the way in which the retrenchment unfolded across the phases. The present discussion of outcomes, however, focuses on the consequences of the managers involvement in the exercise as a whole. This discussion is primarily orientated towards exploring the diverse impacts of different types of role conflict and of role ambiguity. The positioning of outcomes in the dynamic retrenchment model is illustrated in Figure 12.

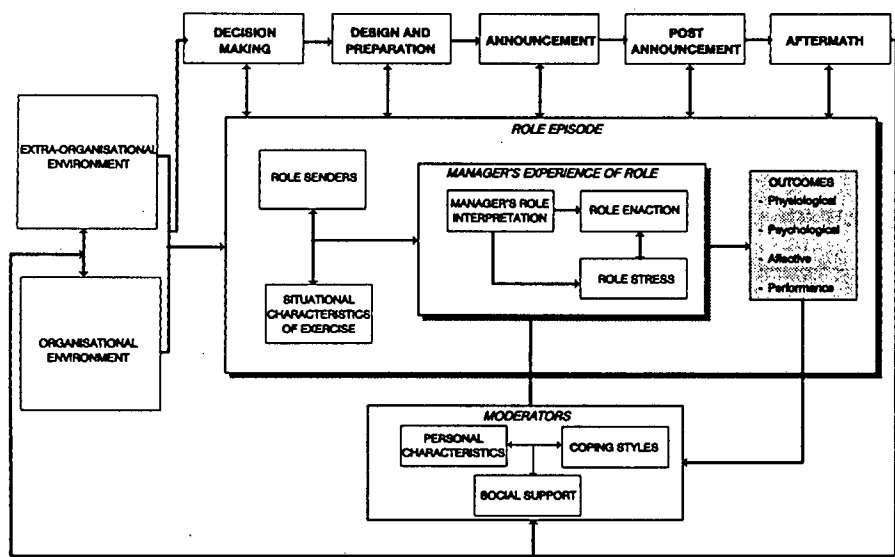


**Figure 12.** The Position of Outcomes within the Dynamic Retrenchment Process Model.

The use of physiological, psychological, affective, and performance categories to describe outcomes is consistent with much of stress research (Edwards, 1992; Edwards et al., 1990; Jamal, 1990; Kahn & Quinn, 1970; Schuler, 1982; Sullivan & Bhagat, 1992; Van Sell et al., 1981). In the present study, both the qualitative and quantitative data were consistent with

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these categories and they therefore form the basis for the discussions below.

### Physiological Outcomes

Retrenchment involves a strong responsibility for the lives and welfare of people. Responsibility for roles which involve people has been significantly related to a number of somatic symptoms for various occupations. These include incidents of hypertension, diabetes, and peptic ulcers (Cobb, 1974; Sapolosky, 1994). The diagnosis of such severe symptoms was not possible in the present study and no detailed medical examination was made of subjects. Incidents of physiological symptoms of stress were not remarked upon extensively in the interviews. However, the theme of responsibility for people in the retrenchment context and its impact on physical health was reflected in the responses of some managers. For instance, as noted earlier in the study, one of the participants in the present study stated:

"Towards the end of the exercise, I started having physical symptoms that ended up with me ... having a whole series of sessions with an industrial psychologist to deal with the stress of affecting the lives and futures of other people, with the concept of playing God with other peoples lives."

Both role conflict and role ambiguity have correlated significantly with reported physical stress symptoms in different groups (Ivancevich & Donnelly, 1974; Jamal, 1990). In studies where physiological data such as heart rate and blood pressure have been collected, there are indications that role conflict and ambiguity may have physiological consequences (Jackson & Schuler, 1985). Similarly, Kemery, Mossholder and Bedeian (1987) have found support for a model where role conflict and role ambiguity influenced physical symptomatology directly. Morris and Koch (1979) have found that the combined influence of role conflict and ambiguity was able to explain 12% of the variance in psychosomatic complaints. The self-report measure which formed part of the questionnaire administered to participants included an inventory of physical symptoms commonly regarded as being possible indicators of stress. The results from this questionnaire are given in Table 15.

Only six of the 40 managers in the sample reported experiencing none of the physiological symptoms listed in Table 15. Twelve managers reported one symptom, six had felt two symptoms during the last month, and 16 experienced three or more of the symptoms. The majority thus experienced physiological symptoms of some kind during the course of the retrenchment and nearly half experienced three or more. Although it cannot be assumed that these were directly related to their involvement in retrenchment and there is no comparison against a control group, there is a strong likelihood that a significant proportion

Table 15.

Incidences of Psychosomatic Symptoms Among Managers

| Symptom             | Not experienced<br>in last month | Experienced in<br>last month | Often experienced<br>in last month |
|---------------------|----------------------------------|------------------------------|------------------------------------|
| Acid indigestion    | 28                               | 9                            | 3                                  |
| Sleeplessness       | 27                               | 12                           | 1                                  |
| Loss of weight      | 35                               | 5                            |                                    |
| Upset stomach       | 32                               | 7                            | 1                                  |
| Headaches           | 28                               | 11                           | 1                                  |
| Shortness of breath | 34                               | 6                            |                                    |
| Backache            | 29                               | 7                            | 4                                  |
| Exhaustion          | 27                               | 11                           | 2                                  |

Note:  $\underline{n} = 40$ .

of these symptoms were a reaction to the stress of managers' involvement in retrenchment, particularly where people were experiencing multiple symptoms. In addition, it is likely that there are other psychosomatic based symptoms that may have been experienced that were not covered in the present list.

Remarks by some managers in the present study linked role stress to physiological symptoms more generally, rather than referring to specific symptoms, for instance:

"Physically I think I suffered, mentally I think I suffered."

"It's very difficult to get a lot of medical evidence but when we were going through those changes, the hospital staff remarked on how many people were coming in with what they believed were stress-related problems."

"I was very, very tired after having three weeks of actually quite a bad time."

The remarks of managers, taken in combination with the reported incidence of symptoms on the physiological health inventory, appear to provide support for the model indicating that role stress in retrenchment leads to adverse physiological symptoms. Given this, consideration should be given to the investigation of the long term impact of retrenchment on physiological health. If trends in this regard follow previous research, health costs of retrenchment would have to be considered as part of the cost-benefit equation to the organisation.

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## Psychological Outcomes

Mental health is defined by Kornhauser (1965), in his pioneering research on the area in industry, as the behaviours, perceptions, and feelings that determine a person's overall level of personal effectiveness, success, happiness, and excellence of functioning as a person. Employees perceiving high role stress in their work context have been found to exhibit patterns of comparatively high mental ill-health. An example is a study by Srivastava (1983), who found role stress (composed of a role conflict, role ambiguity, and role overload composite measure) to correlate significantly with self-reported symptoms of free-floating anxiety, phobic anxiety, somatic concomitant anxiety, neurotic depression, and hysterical traits and symptoms. Many studies in this area have, however, used self-report measures and in such cases the role of negative affectivity, as a possible confounding third variable, should be considered (e.g., Brief, Burke, George, Robinson & Webster, 1988; Burke, Brief & George, 1993; however, see Chen & Spector, 1991, for a contrary view). Nevertheless, in the present study, with the exceptions of role overload and intersender conflict, there were consistent correlations between the role conflict dimensions and indications of psychiatric disturbance as measured by the GHQ-12 (see Table 14). Of these, the correlations of .33 between person-role conflict and the GHQ-12, and that of .36 between role ambiguity and the GHQ-12 are particularly meaningful.

In the qualitative investigation in the present study, various signs of detrimental mental health were reported as outcomes of the retrenchment process. A major area reflected symptoms of burnout, in particular emotional exhaustion. Emotional exhaustion is related to excessive psychological and emotional demands and is empirically correlated with role conflict and role ambiguity (Kelloway & Barling, 1991). Comments on burnout were mentioned by a few of the managers, and the following examples from the present study reflect a general mental state indicative of stress:

"The problem is that I've sat in the executive suite with a senior general manager who was crying like a baby. Now, I can't walk out and tell everybody about that. All these people suffer from burnout, so I get all the burnout cases, and eventually one must burnout oneself."

"I feel very stretched, very strained at the moment. As I said, I've done this before, and I'm getting sick and tired of it now."

A review of burnout among retrenching managers by Smith (1994) noted similar signs of psychological distress, including a manager who described his condition as , "Waking up at 2 A.M., crying at times, feeling out of control of things" (p.105).

The effects of adverse person-organisation interaction relate to the way individuals feel about

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themselves, their capabilities to perform, and particularly to their self-esteem (Levinson & Weinbaum, 1970). Reduced self-confidence, feelings of credibility, and self-esteem were reported as problems by some of the managers in the aftermath of retrenchment, for instance:

"It has to do with my self-confidence and everything. And that is a big problem to me at the moment, and I'm fighting it."

Further, the mental health of the manager is seen to be important not only in itself, but for its effects on other workers within the organisation and even for the client interface. McLean (1970) points out that a mildly depressed manager cannot generate enthusiasm among staff. Managers with low confidence and self-esteem are likely to find it difficult to motivate, counsel, and encourage employees for whom they are responsible, and this in turn may contribute to an ongoing problem with the manager's mental health.

In addition to adverse mental health, managers appeared to experience strong guilt feelings. Such feelings appear to be common on retrenchment and have been found in other incidents of organisational closure (Harris & Sutton, 1986). Some responses are given below indicating this in the present research:

"I had known people personally.... And I have that guilt inside of me and I feel that I am responsible."

"You tend to take part of the blame yourself, and it is very easy to do that, and you tend to feel very sorry."

These feelings of guilt may lead to ongoing anxiety and a failure to re-integrate the event into the cognitive representation of the manager's environment. The feelings of guilt can also extend to the social environment beyond the work context. In one instance, a manager remarked how simple life events could lead to flashbacks to the retrenchment situation and its implications for the retrenched employees:

"You think about it once or twice. When you are having a nice meal, or you spend sixty Rands on supper for two. And you think that other people, families, could have lived on this for two weeks."

Psychological effects are likely to extend across both mental health at work and more general context-free mental health (Kelloway & Barling, 1991).

### Affective Outcomes

Research into role conflict and ambiguity has demonstrated significant relationships between these variables and the affective responses of managers in the form of organisational commitment and job involvement. Psychological variables such as identification, and role-related variables, including role conflict and ambiguity, have been found to be antecedents of commitment (Reichers, 1985). Jackson and Schuler (1985) note that there is good evidence



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that organisational commitment is correlated with role conflict and role ambiguity. They point out that role relationships are noted by Mowday, Porter and Steers (1982) as one of the four major determinants of organisational commitment. In a study by Morris and Koch (1979), the combination of role conflict and ambiguity accounted for 14% of the variance in organisational commitment. The correlations in the present study (see Table 14) show strong support for these relationships and for the dynamic retrenchment model. The relationship of person-role conflict to organisational commitment is particularly noticeable ( $r = .54$ ) and represents a substantial influence on how the manager relates to the organisation. This is reflected in comments of managers:

"It's stressful in that ... so I just said, 'I'm not staying any more'."

"We just didn't feel good about the company. We felt pretty poor. "

"I was there to provide a service to the customer. I was not there to be loyal to the company.... To motivate the staff, to provide the service, and to hell with the company."

Intrasender conflict and role ambiguity also correlate with organisational commitment (.26 and .29, respectively) in the present study. These two relationships appear to reflect conditions involving a lack of support, poor management, strained supervisory relationships, and a restriction on the ability of the manager to control his or her own area of work.

The lack of organisational commitment has been significantly related to turnover (Steers, 1977). Indeed, Reichers (1985) notes that part of the Porter and Smith (1970) scale of organisational commitment includes items which address the individual's desire to maintain organisational membership and can be closely linked to intention to quit scales, which are highly predictive of turnover. Steers (1977) notes that when an organisation is not dependable, commitment levels tend to diminish. At least three managers in the present study elected to leave the organisation within a month of the retrenchment exercise being completed. In subsequent follow-ups to the organisations it became apparent that three other managers had left too. No empirical measures of turnover were made but the information available indicates an extremely adverse impact on the intention to remain with the organisation over time.

Turnover potential also occurs in a more subtle way. The manager's long-term allegiance to the organisation is shaken by the retrenchment when she or he sees how the organisation has treated other people. For example, participants in the present study noted:

"Before I saw that the company and I would never part. But now I realise that I have to look after myself, and the company will not necessarily look after me. I think that is the reality. It can happen to me."

"And you also learn, from a personal point of view, that you could also be on

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the list some day. And if that's going to be the case, make sure you've got the backing if that happens to you."

The psychological contract that the manager has with the organisation is thus altered by the way in which the organisation has treated the manager's subordinates. Managers become aware that long-term security with the organisation is not guaranteed and along with that comes a preparedness to look elsewhere for their future. The manager no longer has the same vision of a long-term future in the organisation that he or she would have had prior to retrenchment.

Surprisingly, in the quantitative component of this study, the role conflict dimensions showed no relationship with job involvement as measured by the Job Involvement Scale. Role ambiguity, however, was strongly related to decreased job involvement ( $r = .45$ ). Morris and Koch (1979) found job involvement to be negatively correlated with both role conflict and role ambiguity. The variation in the relationships of role conflict and role ambiguity to job involvement in the present study could possibly be explained by managers viewing role conflict during retrenchment being a consequence of organisational issues rather than being in the nature of their work. Role ambiguity, however, reflects confusion over what is to be done in the job itself. Where no clear objectives exist, job involvement could be reduced as the manager has nothing with which to clearly identify. Therefore, the manager cannot generate a sense of professional identity, and psychological rewards from work are not produced. Few examples of adverse impact on job involvement were recorded in the present study besides those previously covered in the discussions on the design and planning, and the announcement phases of retrenchment. However, the reaction of the manager below shows evidence of a lowering of job involvement in response to having to handle the retrenchment, a response also based on involvement in a number of retrenchment exercises over the past 18 months:

"I think I must get out of production because you get so tired of these things, really."

Secondary effects on job involvement are, however, obvious as a consequence of the restructuring that goes with retrenchment. These effects impact directly on how the manager can relate to the context of the new job, for instance:

"Now the company's got smaller, so my actual portfolio's smaller. That's a negative. And that made me consider what I should be doing with my career. You know, should I stay in a smaller company, or not? That's a negative."  
"I think in all of us there was some disillusionment. When you joined the company you had some career progression in mind. Not a job, you had a career because we were very into manpower planning, career planning."

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Suddenly that was all cut, none of it left."

These comments reflect the way in which the manager can identify psychologically with his or her work, and the way in which the position impacts on the manager's self-esteem. Such criteria are central to the job involvement concept (Lodahl & Kejner, 1965).

Retrenchment therefore causes a reappraisal by the manager of new job responsibilities. Managers see their jobs as fulfilling certain needs or having a particular level of status that was important for involvement. Restructuring that accompanies retrenchment changes the nature of the job, and hence the potential job involvement that the manager can have. Combined with a reduced organisational commitment, this may prompt turnover of relatively high calibre personnel who feel constrained by the new job parameters. However, there are also instances where managers are placed in positions which they see as challenging and potentially rewarding. In such cases, restructuring may have a beneficial effect on job involvement.

### Performance Outcomes

When role conflict or role ambiguity are present, the individual faces either a lack of knowledge about the most effective behaviours to engage in, or an almost impossible situation in meeting all expectations. Behaviours may, therefore, be inefficient, misdirected, or insufficient (Jackson & Schuler, 1985). Kahn et al. (1964) found that role conflict is accompanied by feelings of futility. Role conflict has also been negatively correlated with perception of one's own work quality (Brief & Aldag, 1976). Kahn et al. (1964) found that participants reporting role conflict stated that their trust in the persons who imposed the pressure was reduced, they liked them less personally, they held them in lower esteem, they communicated less with them, and their own effectiveness was decreased. Further, managers become cautious following retrenchment, as the insecurity makes people more political and more afraid to take chances (Kessler, 1985).

Performance of managers during the retrenchment process was discussed earlier in this study during the examination of each of the retrenchment phases (see Chapters 4 - 8). Performance outcomes of retrenchment, however, have also been demonstrated on completion of the exercise. Participants in the present study noted deteriorations in performance on decision making, operational effectiveness, and management of people. For instance:

"I guess it was a delayed feeling. You start making poor decisions. Things are getting later and later, you are stalling and procrastinating. That was when I realised, 'Hang on, you obviously have been affected'."

"My major problem is that at times with everybody retrenched, the workload is

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high and I get into a state of paralysis. I just sit there for an hour, then afterwards I think to myself, 'What are you doing?' I'm throwing away all the principles of planning and organising and all that."

"I think I would be wrong if I said it didn't play on your subconscious to a certain extent. Because of the retrenchments and because you are working with less people, you are under more pressure. I think subconsciously I am probably a lot more intolerant now, and I lose my temper a lot quicker than normally."

It could also be expected that such deterioration in the performance of managers would have further implications for work groups in which they operate and for subordinates.

Miles (1975) has found that both role conflict and role ambiguity are correlated with unfavourable attitudes towards role senders. Interestingly, in retrenchment it appears that the opposite can also be true, when employees as role senders resent the way in which management has handled the exercise. This has implications for management-employee relationships, but also for managers' working conditions. For example, in referring to employee feelings, one manager stated the following:

"They hate my guts. I'll tell you now. If they could get rid of me tomorrow, they would have me out. Now that is part and parcel of my job."

Beehr and Gupta (1978) note that the focal person may withdraw from interaction and communication with the role senders when subjected to role conflict and role ambiguity. Evasive tactics may be at least temporarily functional for an individual who withdraws from the stress inflicted by others. However, in the long run this benefits neither the individual nor the organisation (Kahn et al., 1964). The withdrawal of managers from their employees during the retrenchment must have a lasting effect on trust and confidence in managers. The ability of managers to lead and motivate would therefore be detrimentally affected. Further, the credibility of managers can suffer as a consequence of the retrenchment decision and the way it was handled. Perceptions of their abilities or power are thus negatively affected. For example:

"So I came out of this thing with egg all over my face because these guys are saying, 'But you said this could never happen, and it's happened'."

"And from a credibility side, I did feel a little bit sort of tarnished by it, in that my credibility must have taken a bit of a knock."

People may experience a reality shock or surprise when their assumptions about the organisation are not fulfilled. As part of this, managers may re-evaluate their assumptions about the organisation which have been built up through past organisational socialisation.

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The retrenchment situation shows that some managers reject the organisation, based on this new perception gained during retrenchment, and they express this by leaving. Other managers continue with the organisation, but show high levels of stress and demonstrate continued psychological strain. A third group alters their perceived role orientation within the organisation, and are further assimilated into the organisation through changes in their value system which are congruent with organisational objectives, for instance:

"I think I am now more ruthless--I have accepted that things happened for business reasons. And sometimes people are not as important as one thinks. Business is there for making money and profits. I have come to accept that, which I didn't before."

This type of integration is by no means a universal process for managers involved in the retrenchment process and it is not clear what proportion of managers assimilate new values consistent with those of the organisation. However, the quotation above is notable in that it represents a fundamental shift in the stance of the manager from the beginning to the end of the retrenchment process. It is more notable in that the manager's first reaction to hearing of the retrenchment exercise was to distance himself from the process because of its adverse impact on employees. The impact of organisational socialisation on the individual and his or her value systems, therefore, has the potential to provide a greater understanding of how managers in organisations behave and change over time in conditions which generate role stress.

### **Implications of Examination of Relationships Within Dynamic Assessment Model**

The examination of the relationships within the present model appears to provide support for the hypothesis that retrenchment will generate role conflict and role ambiguity. Role conflict and role ambiguity arising out of involvement in retrenchment have also been shown to impact adversely on levels of physiological and mental health, affective responses in the organisation, and performance. Conditions which determine the characteristics of the exercise, as well as variables which moderate stress outcome relationships within the process have also been demonstrated. Further, the contentions of researchers such as Jackson and Schuler (1985), Newton and Keenan (1987), Sullivan and Bhagat (1992), and Van Sell et al. (1981), that differential aspects of role conflict will assist in a greater understanding of role conflict and its relationships with organisational, interpersonal, and personal factors are evident in this research. The implications of the present study are discussed in the following chapter.

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## **CHAPTER ELEVEN**

### **CONCLUSION**

This chapter reviews the implications of the present study for the use of retrenchment as a management intervention, the social dynamics within the organisation, the ongoing involvement of managers and the use of role based concepts to examine the phenomenon. Practical suggestions are also made for the future implementation of retrenchment. Limitations of the study are indicated and discussed, and implications of the study for future research are examined. Comment is then given on the ethical and strategic issues which management should address as part of any retrenchment intervention.

#### **IMPLICATIONS OF PRESENT STUDY**

##### **Utility of Retrenchment as a Strategic Management Intervention**

Modern organisations are operating in a rapidly changing environment and have to develop strategies to enable them to be flexible, to compete and survive. Retrenchment has been a questionable but popular strategic option through which organisations are modifying themselves to deal with demands and conditions which affect them and the environment in which they operate. Anticipated benefits have included lower overheads, less bureaucracy, faster decision making, smoother communications, greater entrepreneurship and increases in productivity (Cascio, 1993). However, the strategic utility of retrenchment interventions has been extensively questioned. Henkoff (1994, p.30) notes, for instance:

Every year since 1988, at least one-third (and sometimes more than one-half) of large and midsize U.S. companies have pared their workforces, according to the American Management Association (AMA). Once content to trim mostly hourly workers, employers are now targeting managers and professionals in unprecedented numbers. But just where is all this cutting leading? Only 34% of constricting companies reported any increases in productivity to the AMA, and just 45% have seen their operating profits improve.

The frequent failure of retrenchment is also reflected in statistics reported by Fisher (1991). In a sample of 1 005 organisations, fewer than half the managers of companies had achieved their cost reduction targets and only 21% improved return on investment to any appreciable degree. Overman (1991) has noted that in 24 of 30 companies related to the auto-industry, productivity decreased following retrenchment. Cascio (1993) has reported on an analysis of stock prices of 16 organisations which had retrenched two years previously, in which 10 of these were trading below the market by 17 to 48%, and 12 were substantially below

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comparable firms. Retrenchment is clearly not the simple answer that so many organisations have seen to their strategic problems.

Part of this explanation of the failure of retrenchment as an organisational response lies in management's neglect of the impact of retrenchment on the social functioning and human resources of the organisation (Cascio, 1993; Harrison, 1986; Fisher, 1991; Henkoff, 1994). Further, too great a reliance has been placed on poorly conceived strategies, policies and procedures, and an adherence to views that have not demonstrated success, yet are widely held in industry. Often the strategic objective is to reduce the headcount rather than to establish broad systematic changes designed to root out redundancies, waste, and inefficiency (Cascio, 1993). Far from leading to organisational renewal, retrenchment has often had a destructive effect on the ability of organisations to perform and has hampered attempts at organisational recovery and development (Cascio, 1993; Henkoff, 1994; Tomasko, 1990). The experiences of managers in the present study reflect many of these adverse effects.

Previously little has been known about the context within which managers must think and act and the conditions that influence their capacity to do so effectively during retrenchment (Cameron et al., 1988). Executives and consultants have shown insight in putting together the legal and financial aspects dealing with restructuring but have not exhibited a corresponding creativity and expertise in understanding and dealing with the psychological trauma that is created by retrenchment (Schweiger et al., 1987). Organisational reductions have thus confronted management with a leadership directive for which they have no established bases of responses (Curtis, 1989). The shortage of expertise has been combined with a low availability of academic or management literature on the theme of handling decline or retrenchments. This has resulted in managers lacking an awareness of whether retrenchment should be considered as a strategy, what should be addressed, and how it should be carried out. However, managers as individual decision makers define the reality for the organisation and guide the organisation on a course of action which has profound implications for its members (Billings et al., 1980). Responses to the events leading to retrenchments have typically been reactive and last-resort activities, which have led to centralisation, formalisation, and increased downward directives (Curtis, 1989). These in turn have tended to exacerbate problems of employee morale, trust, depression, and productivity (Cascio, 1993).

The development of a dynamic model of retrenchment in this thesis has demonstrated that there are critical social, personal, and organisational factors that need to be taken into account in proceeding with any retrenchment exercise. The combined effect of the uncertainties involved in retrenchment situations, the sense of loss and failure, and the impact of massive

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change tends to evoke very primitive states and corresponding regression in organisational performance. Leaders have the difficult task of helping to moderate those affective states that are detrimental to the organisation and its members and channelling the potentially constructive ones (Cameron et al., 1988). Although their knowledge has increased over the past few years, managers are often finding out about the phenomenon through intense experience, much of which appears to have been traumatic. Given the negative reactions often associated with public knowledge of the retrenchment, organisations seldom share or publish their experiences in this regard. This hinders the development of a broader conceptualisation of the issues and more in-depth awareness of what is involved in the process itself. Often knowledge is restricted to legal definitions and procedures, as managers struggle to avoid the adverse impact of legislation, rather than focusing on organisational renewal (Tomasko, 1990).

The identification of the societal and human costs of retrenchment, as indicated in this study, provide a basis for management to critically appraise the strategic and cost implication of proceeding with a retrenchment exercise. Further, the dynamic retrenchment model that was developed and the illustration of the process inherent in retrenchment has provided structure and context to the phenomenon which allows management to develop a frame of reference, understanding, and appropriate behaviours with which to approach such an exercise. The dynamic process model enables organisations to consider the implications of their actions beyond the limited strategic, procedural and legal models which have dominated management thinking in the past. Such insight may reduce the expediency with which retrenchment has been used as a reaction to organisational difficulties (Harrison, 1986; Overman, 1991; Worrell et al., 1991).

### **Nature of Manager's Role in Retrenchment**

The social-psychological base of the social system of organisations comprises role behaviour of members, norms prescribing and sanctioning these, and values in which norms are embedded (Katz & Kahn, 1978). Managers will use varying degrees of themselves, physically, cognitively, and emotionally in the performance of their roles in an organisation. According to Kahn, this conscious effort by individuals maintains the integrity of the boundaries between who they are and the roles they occupy; the more people draw on their selves to perform their roles within those boundaries, the more "stirring their performances and the more content they are with the fit of the costumes they don" (1990, p. 692). The nature of the manager's role in conventional organisational activities is based on the set of expectations of role senders both within and outside the organisation. However, more specifically, it appears that it is through psychological contracts that managers define their



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roles and the nature of their formal and informal interaction with the organisation and its members. These psychological contracts give managers a sense of mastery that they can reasonably control, or at least predict, events in their personal worlds (Ashford et al., 1989).

The concept of psychological contracts has been integral to the present research. People agree to psychological contracts which involve role fulfilment. The contracts are based on clear and desired benefits and protective guarantees where people believe they possess the resources necessary to fulfill the obligations generated (Kahn, 1990). Reciprocation of the expectations of both parties of the psychological contract leads to mutual productivity and to the resolution of certain personal and organisational psychological conflicts. It diminishes conflicts about identity and dependency, the expression of negative feelings and the threat of change (Levinson & Weinbaum, 1970). In their initial psychological contracting with the organisation, however, it appears that few managers recognise that carrying out retrenchment may be a part of the responsibility of their position and organisational role. During organisational entry, the growth and productive nature of the job are emphasised and the person is selected on how well her or his task and personal qualities fit the requirements necessary to accomplish job objectives. The requirement that managers have to carry out retrenchment generally appears to be an implicit part of the contract which is only realised when the retrenchment situation itself occurs (with the exception of some managers who are brought into an organisation where the action of eliminating staff and overheads is an integral part of the role). With the onset of retrenchment, managers are confronted with a role shift that few have considered. The psychological contract changes in emphasis and managers are compelled to carry out the retrenchment in terms of their responsibility towards the organisation.

Organisations demand the compliance of managers in carrying out responsibilities of retrenchment. As a number of the managers in the present study noted, one either fulfils those formal responsibilities or one is forced to leave the organisation. What is noticeable is that almost all managers carried out the retrenchment action, even when their personal views and sense of morality were inconsistent with organisational expectations. The influence of the formal organisation in shaping the behaviour of its members, therefore, appears extremely strong. Kanter (1968) suggests that there are three ways in which the organisation can ensure adherence of members to its function. The first is through cognitive commitment, based on costs associated with leaving the system. The second, cohesion commitment, is where a strong sense of solidarity and affective ties bind members. Thirdly, control commitment is where demands made by the system are evaluated as what is right, as moral, as just, where obedience to these demands is a normative necessity, and sanctioning by the system is seen as appropriate. For managers involved in retrenchment, it appears that either the method of

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cognitive commitment or that of control commitment is relevant to their actions. Cohesion commitment seems to have little effect and this is perhaps understandable, given that personnel are being forced to leave the organisation.

In situations characterised by cognitive commitment, managers fulfill and comply with social roles or positions due to rewards and punishments, profits or costs (Kanter, 1968). The threats of dismissal or of limited career paths, for instance, compel managers to fulfill organisational requirements to retrench. The issue of control commitment is more complex. Managers confront two different value systems, one person- and community-orientated, the other business-orientated. Both claim morality and justness, but the manager tends to follow the organisation's directive. Managers who justify the retrenchment by saying that it was a business decision reflect this value system. However, it is clear that managers have also internalised another set of values, which relate more to the community's good and the welfare of individuals for whom they are responsible. In many cases, forced compliance to carry out retrenchment goes against internalised values of managers which have reference to a broader community. This conflict in allegiances is fundamental to the manager's membership and role in the organisation and community. Retrenchment, therefore, poses some critical challenges to the way in which managers position themselves in society. The struggle of value systems becomes internalised within managers involved in retrenchment exercises, yet the critical nature of this struggle seems not to have been recognised by academics or management. At issue is how the manager aligns himself or herself relative to value systems that drive expectations of behaviour and affect the sense of self. How these issues are resolved is important to all parties interested in a healthy society. This research attempts to provide a contribution to an initial understanding of the nature and importance of the issues which need to be addressed.

### **Implications of Involvement for Managers**

In the case of retrenchment, the threat of sanction by organisations to create compliance appears to lead to significant levels of role stress and emotional trauma, as the manager struggles to reconcile the organisational role and the role generated by his or her own self-concept. One of the central issues of occupational mental health is whether it is possible to have both an authentic existence and a membership in a norm-demanding occupational organisation (McLean, 1970). Much of this becomes evident in the distancing of the manager's personal capacity and feelings from the organisational role--the assumption of a state of "agency" (Milgram, 1974). Where such personal disengagement exists, people withdraw to defend themselves physically, cognitively, or emotionally during role performances (Kahn, 1990). The present study shows signs of this in managers' actions to

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cope with the retrenchment role. The assumption of roles outside the self (in extremes reflected in terms such as "hangman" or "executioner"), or alternatively coping strategies of withdrawal, depersonalisation or bureaucratization, reflect the disengagement that Kahn (1990) describes. This distancing from self has important mental health and organisational performance considerations. Kahn (1990, p.701) describes the outcomes of disengagement as follows:

Personally disengaging means uncoupling self from role; people's behaviors display an evacuation or suppression of their expressive and energetic selves in discharging role obligations. Role demands guide task behaviors without the interplay between internal thoughts and feelings and external requirements that characterize moments of personal engagement. People perform tasks at some distance from their preferred selves, which remain split off and hidden. They perform roles as external scripts indicate they should rather than internally interpret those roles; they act as custodians rather than innovators (Van Maanen & Schein, 1979). They become physically uninvolved in tasks, cognitively unvigilant, and emotionally disconnected from others in ways that hide what they think and feel, their creativity, their beliefs and values, and their personal connections to others.

McLean (1970) notes that the question is not whether the organisation should intrude on an individual's personal life. Rather, it is how clearly an organisation can recognise its impact and what responsibility it has for making that impact non-destructive. Organisations have a responsibility for the welfare of their own managers, but the impact of retrenchment on managers responsible for carrying out such an exercise has largely been ignored. This has almost certainly resulted in adverse impacts on the managers involved. However, such outcomes are not only detrimental to the managers of the organisation. The mental health of an executive is important not only for himself or herself, but for its effects on other workers (McLean, 1970). Behaviours often manifested by managers during retrenchment are directly contradictory to the type of leadership and supportive actions required to handle the internal organisational crises generated by retrenchment. They are likely to exaggerate rather than reduce the potential adverse impact on all participants. It appears that a loss of accountability for action and a reduced sense of responsibility towards others go with such role disengagement. Added to this is the effect that if the members of an organisation and its external constituencies do not perceive top management as credible, their faith in the organisation is eroded. Such perceptions can cause those who constitute the "organisational audience" to withdraw their support for the organisation (Sutton & Callahan, 1988). Consequently, organisations which do not address managers' issues and fail to provide them with effective information, skills, support and assistance in working through required

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behaviour, can expect adverse reactions not only from managers, but from other organisational members, retrenched persons, and the community more generally.

### **Use of Role Based Analysis**

The present study has demonstrated that the role dynamics generated during retrenchment do indeed create conditions of role conflict and role ambiguity for managers. Two departures from conventional reviews of role conflict have accompanied this demonstration. First, the existence of various forms of role conflict has been explored. The role stress literature has identified several components of role conflict but has seldom reported results based on more specific conflict measures within such a taxonomy. It is likely that two people may encounter the same degree of general role conflict but the specific sources and the types of conflict they experience are different. It therefore becomes necessary to move beyond the general construct of role conflict if one is to comprehend the multivariate nature of conflict and the appropriateness of various strategies for successfully engaging role conflict and its consequences (Miles & Perreault, 1976). This research has confirmed that the role conflict dimensions of person-role conflict, intersender conflict, intrasender conflict, interrole conflict and role overload, as well as role ambiguity, exist in the retrenchment situation. More importantly, the way in which these variables occur will depend on different situations and will be experienced differently by individual managers. The various dimensions of role conflict, along with role ambiguity, also appear to produce differential impacts on physiological symptoms and mental health, and the affective responses of organisational commitment and job involvement. A generalised role conflict variable may, therefore, have the effect of obscuring the real nature of the conflict in retrenchment (Miles & Perreault; 1976). This research appears to provide support for the use of specific types of role conflict in examining situations of role stress.

The second departure from conventional role-based research is that the concept of process has been introduced to the role dynamics, so that a series of role episodes can be identified within retrenchment. The variation of the role set, the required tasks, situational variables, and the manager's own state have been shown to influence the way in which role conflict and role ambiguity are manifested during the different role episodes. Within the retrenchment process, therefore, there is a variation of how these variables are reflected at any one time. Taking a "snap shot", or cross-section, at any one point in the retrenchment process would generate a misleading picture of the way in which role stress has occurred during the exercise as a whole. Similarly, the measurement of role stress subsequent to the experience fails to identify important elements of role stress which occurred during the exercise. The situation of intersender conflict, in particular, represents issues which are fundamental to the way

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retrenchment is perceived by managers at the start of the exercise; however, it declines substantially towards the end of the exercise. The consideration of process highlights a need for a greater research emphasis on the conditions and the nature of the dynamics within situations being studied, rather than *post hoc* assessments of role stress.

### **Future Retrenchment Interventions**

Despite the potential detrimental effects that retrenchment can have on all parties involved, it represents a legitimate and effective management strategy in many situations. Substantial cost savings have been generated from retrenchment exercises, and in some cases organisations have had no option but to retrench because of environmental forces or because of legacies of poor or inappropriate management styles. Organisations can take steps to facilitate greater acceptance of the retrenchment decision among managers and can provide direction, support and guidance for managers to help them through the retrenchment process. Cascio (1993, p.100) has commented on six characteristics that appear to be common to organisations that have downsized effectively. They include:

- Downsizing is implemented by command from the top, with recommendations from lower level employees, based on job and task analyses of how work is currently organized.
- Both short-term (workforce reduction) and long term (organization redesign and systemic change in the organization's culture) strategies are used, together with across-the-board and targeted downsizing.
- Special attention is paid to both those employees who lost their jobs (e.g., through outplacement, generous severance pay, retraining, family counselling), and to those who did not (by increasing information exchange among top managers and employees).
- Through internal data gathering and data monitoring, firms identify precisely where redundancy, excess cost, and inefficiency exist. They then attack those areas specifically. They treat outside agents (suppliers, distributors) as involved partners, as well as potential targets of their downsizing efforts.
- Reorganizations often produce small, semi-autonomous organizations within large integrated ones. However, geographic or product reorganizations often produced larger, more centralised units (e.g., information processing) within decentralized parent companies.
- Downsizing is viewed as a means to an end (that is, as an aggressive strategy designed to enhance competitiveness), as well as the targeted end.

These points reflect a clear, planned, goal-orientated approach to retrenchment which provides a framework for managers, employees, and business partners to view their

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involvement and subsequent outcomes. In this sense, such an approach will deal with a number of the social and personal issues which are generated by retrenchment. The present study, however, has further emphasised the social and psychological processes which need to be addressed during the process of retrenchment.

Studies of social justice have indicated that even people who are unhappy about the outcome of a process will have less dissatisfaction and fewer dysfunctions than they might have otherwise if they understand the process through open communications and see that it was fair (Schweiger & Denisi, 1991). Characteristics of the retrenchment exercise that have been illustrated in the present study as reducing role conflict, such as greater control and participation in the process, providing a better understanding and knowledge of why it has occurred, and minimising the impact of retrenchment on affected personnel, will all address the concerns of managers. The lack of communication has also been shown to be a strong factor in reactions to retrenchment and the effectiveness of communication processes have been shown to correlate with both role conflict and role ambiguity (Schuler, 1979).

Organisations should take steps to ensure that communication channels are set up and used, and that managers play a key part in such dissemination of information. It is important to reduce role ambiguity and intrasender conflict through effective communication of what behaviour is required of managers. However, it is not just the procedural elements of communication that are important. Organisations that communicate caring and concern to employees, whatever the communication's informational content, may be able to maintain management commitment during the exercise and in the future (Schweiger & Denisi, 1991).

Further, organisations should facilitate the development of means and modes of intervention to prevent, ameliorate, and alleviate emotional distress among managers (Levinson & Weinbaum, 1970). The continued use of ineffective social defence systems will appear as patterns of interactions, beliefs and norms that help people avoid confronting the anxieties involved in retrenchment. This avoidance leads to a heightened enactment of these anxieties in other forms of functioning. More sophisticated social defense systems, however, will provide the time, space, encouragement, and authority for members to talk about anxieties and openly address difficult emotional situations (Krantz, 1988). Training programmes should help managers to reduce the incidence of dysfunctional emotional coping behaviours and avoid emotional and self-protective behaviours used to cope with stressors (Parasuraman & Cleek, 1984). It is particularly noticeable that virtually all coping in the present sample involved individual-initiated rather than organisation-initiated coping methods. This lack of organisational support to reduce the experienced stress of managers involved in retrenchment, needs to be addressed urgently if psychological and physical costs to managers are to be avoided in future retrenchment exercises.

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The patterns of work relationships are changing in organisations and creating new demands on managers and employees. Managers, organisations, and employees need to recognise the need for continuous renegotiation of psychological contracts which take into account the changing dynamics in the environment and the organisation. The psychological contracts which bind managers to organisations, managers to employees, and employees to managers provide some of the basic elements which hold the social fabric of the organisation together. Yet, they appear to have been largely neglected in most research and in day-to-day organisational interactions. Managers and employees need to be aware of the changing dynamics of the external and organisational environments and their psychological contracts need to reflect new realities and conditions that form the basis for their relationship. Constant renewal and renegotiation of psychological contracts will reduce the development of unrealistic expectations and inappropriate understanding of the responsibilities of the various parties. In a world of changing norms, morality, and different forms of organisation, psychological contracts are likely to become even more important as they shape the relations of people at work. They thus need to be integrated effectively and consistently in the frame of reference of managers to assist in an understanding of how they may be called upon to fulfill the roles required of them.

## **LIMITATIONS OF PRESENT STUDY**

The present study adopted a research methodology that appeared suited for the purposes of an exploratory analysis. The methods that were employed in sampling, processing of data and analysis were consistent with the research needs. There were, however, a number of limitations in the research strategy and approach which have implications for the interpretation and applicability of findings.

Although the study examined a longitudinal process, the methods of analysis were still cross-sectional. Ideally, managers should be involved in participatory research as the retrenchment process unfolds through the different phases. This would facilitate a longitudinal assessment of managerial experiences in empirically testing the dynamic retrenchment model. However, setting up such conditions appears to be extremely difficult in the research area. Obtaining prior knowledge of organisations in which retrenchment is likely to take place is difficult because of the deliberate policy of confidentiality by the management of such organisations (Worrell et al., 1991). Added to this are the requirements of contacting and arranging the research sample in the organisations before the retrenchment phases are initiated. The advantages of such a longitudinal study may, nevertheless, justify efforts to obtain prior warning in industries which appear to be more susceptible to retrenchment, or in

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organisations which are proceeding through enormous change, where restructuring or mergers may be a likely result.

The organisations from which respondents were drawn in the study represent a broad cross-section of industry. There were, however, a large number of organisations who were approached to allow their managers to participate in the study who refused such access. This appears typical of research associated with conditions of decline or retrenchment (Cameron et al., 1988; Harris & Sutton, 1986; Kiechel, 1985). It is possible that organisations who refused access could have experienced conditions which would have provided added insight into the retrenchment process and dynamics, or alternatively could have demonstrated differing levels of role conflict and ambiguity. Many of these organisations appeared to decline the invitation to participate on account of a concern that contact with managers could adversely affect the organisational image. These concerns possibly indicate that strong levels of conflict existed within the organisation over the retrenchment approach utilised and that management did not wish to make such views public, regardless of assurances of confidentiality. Such concerns were implied in some discussions with contacts in some of these organisations. Consequently, levels of role conflict, role ambiguity, and even outcomes experienced may be greater in practice than those reflected in the present study.

The present study relied heavily on data from managers themselves, rather than a broad range of parties involved in the retrenchment process. Within this limitation, the representativeness of data was enhanced by use of multi-method self-report data gathering techniques, including interviews, a questionnaire, and an incomplete sentences exercise. However, an examination of views of the manager's role set, including senior management or executive members of the organisation, peers, subordinates, retrenched employees, and family could provide additional perspectives from which to view managers' actions in retrenchment. More objective measures, for instance for physiological health, would also have proved useful to confirm the findings of the self-report measures.

The use of qualitative analysis in the present study has addressed a number of shortfalls characteristic of role theory research in which quantitative data have typically been used (Newton & Keenan, 1987). However, qualitative analysis also imposes a substantial workload for the researcher in the handling of data. For example, the transcribing and coding of 50 interviews of approximately one hour each required substantial effort in itself. This resulted in limiting the sample size in the present study due to logistical reasons. In ensuring that the amount of qualitative data was manageable, however, the sample size which was used for the purposes of quantitative analysis was also restricted. This effectively limited the inclusion of quantitative variables and the use of statistical techniques to fully explore the



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dynamic retrenchment process model using quantitative data. In particular, limited examination of biographical details of managers occurred in the present study. More extensive quantitative analysis could have been useful in providing further information to assess the nature of relationships within the dynamic retrenchment process model.

Personal threat may have caused managers to downplay adverse responses to the retrenchment. Derogatis (1982), for example, notes that response biases and defensive tactics can be used by respondents in stress research. These include portraying one self in ways consistent with social desirability, as well as defensive tactics which serve to safeguard the self-image of the respondent, including denial and rationalisation. As these characteristics were identified as coping strategies during the retrenchment, it may be that they continue during and beyond the final stages of retrenchment, in an ongoing strategy to preserve the individual's self-concept. These coping mechanisms could have been employed by respondents during interviews with the researcher and during the completion of the questionnaire. Managers may have portrayed themselves unrealistically positively, or alternatively may have denied or downplayed problems experienced during the retrenchment process. However, given that the data reflect some highly personal observations and accounts of emotional reactions, it appears that a relatively high degree of openness was obtained in the present study. The use of a coping scale such as that of Carver et al. (1989), Folkman and Lazarus (1985), or Stanton et al. (1994) may also have provided useful insight to assess the impact of coping reactions.

Because of the limitations involving appropriate role measures, a questionnaire (RCQ) was used which had been validated in only one previous study. No other established validity criteria are available for the instrument and its utility may, in fact, be limited. However, given the absence of alternative instruments and the apparent qualities of the instrument, the use of the RCQ appears warranted. It is strongly suggested that further research into the psychometric properties of the instrument be performed. This will not only provide support for the results in the present study, but would provide a useful basis for the use of the role conflict dimension survey in subsequent research. The establishment of a broad range of research studies with appropriate descriptive statistics which can be used for comparative purposes can only be provided through replication (Clegg & Wall, 1981).

The present study found that frequent incidents of role stress were reported by managers involved in the retrenchment process. However, the study still falls short in assessing the level of stress during retrenchment, relative to a sample in a normal population. There is a need to evaluate the level of role stress against those experienced by managers in other stressful and even normal situations. The use of a control group would have provided a

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clearer idea of the extent of role stress for managers responsible for retrenchment relative to managers in other situations. The identification of such a control group is extremely difficult, however. The present study has demonstrated that role stress is influenced by extra-organisational and organisational variables. Factors such as the type of industry, market situation, client base, types of employees, and economic situation may all influence the expectations of role senders. Further, it seems inappropriate to draw managers from organisations which are undergoing retrenchment but where the control group respondents are not involved in retrenching. Retrenchment has an impact throughout the organisation, and possible restructuring is likely to generate levels of role stress for most participants.

## **IMPLICATIONS FOR FUTURE RESEARCH**

The dynamic retrenchment process model developed in this study represents a step in the creation of an integrated framework for understanding the retrenchment phenomenon. Given that the present study was exploratory in nature, it lays the foundation for further research in a number of areas which could contribute to a greater understanding of the model. Using this model as the basis, future research should further investigate the retrenchment process and the role of managers in its operationalisation.

A greater understanding of the elements that make up the process model still needs to be obtained. Various influences have been demonstrated or suggested as being important in the components making up the model. However, it is likely that this study has provided only an initial indication of influences on process. More in-depth examination of the areas covered by the model would produce a greater understanding of the retrenchment phenomenon, including how it comes to be initiated, what shapes the nature of the exercise, and what its impact is on all participants. Aspects of organisational culture or climate may influence the extent to which retrenchment is used, the levels of role stress experienced, and moderating effects such as social support. Similarly, the broad range of environmental factors that impact on the organisation and also on the manager at a personal level must play a substantial part in shaping the dynamics during the exercise. Researchers need to determine which environmental influences are critical for managers' perceptions, feelings and action regarding retrenchment. The role of business perceptions in generating a climate in which retrenchment is encouraged, and how this affects the manager, appear to be particularly relevant in this regard.

Initial indications in the present study are that particular people may be more susceptible to role stress during retrenchment than others. An examination of different cultural groups would be useful to evaluate the extent to which social culture influences responses to

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retrenchment. Further, the influence of moderating variables at a personal level, including personality, coping and social support which were explored in the present study, appear to have strong implications for management reactions to and behaviours during retrenchment. Coping strategies, in particular, appear to have a profound impact on the type of management response that is adopted. It may be that there are particular role stress-prone personnel, for whom a profile could be determined in research. Specific strategies could then be adopted to reduce adverse effects of retrenchment on such personnel.

A process model implies causal relationships between the variables involved in the process. Although relationships within the dynamic retrenchment model were explored using qualitative analysis in the present study, no conclusions regarding causality can be made due to the methodology used. However, use of quantitative research, combined with appropriate research design, may allow one to test and provide support for the structure and process proposed by the model. Few studies have examined role stress and job-related outcomes within a multivariate causal framework, despite the importance of causal modelling to the evaluation of theoretical models (Kemery, Bedeian, Mossholder & Touliatos, 1985). Morris, Steers and Koch (1979) note that the attendant statistical difficulties have probably tended to inhibit empirical work in this regard. However, path analysis is increasingly acknowledged as an appropriate and useful technique for testing the consequences of proposed causal relationships among a set of variables (Bedeian & Armenakis, 1981; Kelloway & Barling, 1991). The provision of the retrenchment process model provides an hypothesised and partly-tested model of reality, based on the state of current theory in the area. It thus provides the framework within which multivariate causal relationships during retrenchment could be investigated.

Given that retrenchment is a strategy which is supposed to position the organisation more effectively in the future, little attention has been paid to the organisational renewal process (Donald, 1992; Tomasko, 1990). Downsizing is so taxing, so all-consuming, so emotionally draining, that managers often see it not as a means to an end but as an end in itself (Henkoff, 1994). Henkoff (1994) notes that more often than not, one round of downsizing merely leads to another, and these organisations who repeat restructuring exercises often end up lean and lame rather than lean and mean. Repositioning organisations for the future often means managing the organisation differently from what happened in the past (Tomasko, 1990). Greater research on what should be done to prepare the organisation for renewal in the post-retrenchment environment needs to be addressed. There are companies which have emerged from downsizing and retrenchment as more vigorous competitors and who have treated the exercise as a part of a long term programme to renew corporate prosperity (Henkoff, 1994). Characteristics and actions of organisations which display such

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characteristics need to be studied and incorporated into retrenchment and organisational development strategies to enable organisations to cope better with the future.

In addition to the development and exploration of the dynamic retrenchment model, the present research has focused on psycho-sociological phenomena. The retrenchment process is similar to others described by Cameron et al. (1988), who note that declining organisations or organisations in crises are excellent natural laboratories for studying other organisational phenomena. The emergence of the psychological contract as a major element in the role orientation of managers and the generation of role stress has been highlighted. It appears that use of the psychological contract has strong potential as an element of psychological analysis in organisations and perhaps in other situations. Similarly, the behaviour of managers in conforming with organisational requirements, even where these are contrary to their own self-image and values, needs to be explored further. The suppression of the individual manager's views and feelings in favour of a prescribed organisational role has implications, not only for the mental health of individuals, but also relations involving social control more generally. Organisations appear to exert substantial control over the action of managers through socialisation, authority relations, or bureaucratic process, even when managers disagree with what they are doing. The explanation of the process by which organisations can exert such control is relevant to a broad range of social phenomena and appears to justify further research.

Nearly all of the studies of role stress have been essentially of a quantitative nature, a notable exception to this being one of the primary studies in role stress, that of Kahn et al. (1964). Newton and Keenan (1987) point out that this has meant the provision of qualitative information related to the understanding of role stress is very limited. They note the need for a more open-ended exploratory approach which could yield benefits, particularly with regard to the conceptual clarification of different forms of role stress. The present study has partly addressed such clarification and has introduced some of the psychological dynamics inherent in the different forms of role stress. Further clarification of the specific types of role conflict, the situations in which they occur, and strategies to alleviate them would prove useful.

## COMMENT

This study represents an attempt to combine the descriptive experiences of managers with relevant elements of theory and research to develop a framework and model to describe, explore, and provide a basis for explaining the retrenchment process. In doing this, it provides the context to view retrenchment as a strategy, allows an understanding of the operational dynamics which need to be addressed, and highlights the costs of retrenchment as a social process which has a fundamental impact on organisational systems and the managers

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who guide those systems.

Retrenchment is used to varying degrees to resolve problems of past ineffective management, deal with emergencies of the present, and equip organisations to deal with the future. However, used either directly as a way of reducing manpower, or indirectly as a consequence of restructuring or reengineering, retrenchment has the potential to inflict damage out of all proportion to the apparent financial benefits that are shown on balance sheets. As a tool, it has been compared to the chainsaw: capable of high functionality when used properly but of massive damage in the wrong hands. Although organisations typically state that retrenchment is used only as a last resort, Cascio (1993) notes that statistics showing the use of alternate strategies indicate a philosophy of downsize first, ask questions later. Ironically, in an era when terms such as participation, empowerment, and value sharing are increasingly used in organisations, many managers show a startling preference for following their own assumptions and inclinations in embarking on retrenchment exercises without adequate testing of the alternatives and without adequate knowledge of the consequences.

Retrenchment is a change process and the incorporation of psychological and social levels within the proposed dynamic retrenchment process model indicates a need to move beyond the traditional procedural and legal approaches to retrenchment. Organisations need to recognise that managers who are called on to handle retrenchment experience their own thoughts, emotions, and behaviour which will have a critical influence on how they will react to and become involved in the retrenchment exercise. Senior management and human resource managers should be aware that there is not only a need to address the nature of the organisational structure and systems, or the most effective way of outplacing the personnel to be retrenched. There are ethical and professional obligations on organisations to consult with managers, incorporate them in retrenchment planning, assure them of the need for retrenchment and enable them to communicate the legitimacy of the retrenchment decision to employees. Further, managers need to be provided with a vision of where the retrenchment is taking the organisations which can motivate them and offer positive scenarios. Organisations need to ensure that managers are in a position where they can meet criteria relevant to preserving their own self-image, maintain credibility and the faith of their subordinates, and continue to identify with important social values. Stress and mental health issues are real consequences which arise during retrenchment and they need to be recognised and addressed. Organisations which expect managers to operate in a formal context as though personal and social issues are not important are creating potential problems which stretch beyond the manager's personal context. As Smith (1994, p.105) points out, organisations which do not "support those who are in danger of burning out may find that their glistening reengineered enterprises end up being run by charred wrecks."

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Managers need to consider how their organisations can be equipped to avoid or minimise the possibility of retrenchment in future. Central to this concept is the need to become more strategic in nature and to ensure that strategy is translated into belief systems and operational practices. Underlying restructuring and reengineering interventions should be an acknowledgement that structures and staffing need to be flexible in nature and able to accommodate changing demands that the organisation will be faced with. The development of human resources is critical to the organisation's ability to utilise and move personnel to meet changing demands, client expectations, and technology requirements. Without such development, organisations are increasing the potential for redundancy of personnel at the same time that they will be faced with shortages in new skills and abilities. Concepts such as multi-skilling, which allow the creation of a versatile and rapidly responding workforce, will go some way to ensure both optimal utilisation of people and flexible production routines for the future. Empowering personnel to make decisions where it most matters, ensuring accountability, and opening up channels of communication and participation can ensure that the workforce is committed, informed, and capable of taking action when necessary. Finally, leaders need to increase the organisation's belief that it can manage the future. This will enable them to build a positive organisational image, inspire pride and confidence among its members, and create faith in the organisation's long term strategic direction and ability to deal with change.

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## QUESTIONS USED IN SEMI-STRUCTURED INTERVIEW

Questions detailed below represent areas that the researcher wanted to cover during the interviews with participants. Although the two initial questions were generally asked to generate a broad-based participant perception of the retrenchment in the organisation, remaining questions were not often asked as detailed. Interviews tended to move naturally across relevant issues with some prompting by the researcher, rather than having to directly address issues with the questions below. The interview emphasised what was seen as important to the participants and areas which gave insights into the retrenchment process. Much of the researcher's involvement was reflecting issues to get managers to speak more about them, or clarifying managers' comments to get a better understanding of what they were saying. The questions below did, however, provide some structure to the researcher's framework in the interview and at times were useful in providing a focus for the participants. Questions did not always take the same wording as those below but may have been altered to fit the context or follow up on what the participant had said previously.

Can you describe why the retrenchment was implemented and how it was done?

Could you give me a broad outline of how you experienced the retrenchment and what your involvement was?

What were your reactions to being involved in the whole exercise?

What expectations and pressures were generated by the exercise? Who did these come from?

Were there difficulties that you had to work through personally?

What made the exercise easier to do?

What made the exercise more difficult?

Do you think that the organisation's culture or values had any impact on the way the exercise was done?

What helped you cope with the exercise?

What sort of support did you get during the exercise?

Did the retrenchment have any effect on your life outside of work?

What were the consequences for the company and for yourself?

MANAGERS AND RETRENCHMENT SURVEY QUESTIONNAIRE

This questionnaire forms part of a research programme which aims to review the effects of retrenchment on managers responsible for carrying out retrenchment interviews. The research is for PhD purposes at the University of Cape Town. Results of the research will be used to assist other managers, organisations, and concerned persons to ensure that retrenchment exercises are conducted as constructively as possible for all concerned.

Your personal views and feelings are an essential part of the research if an accurate picture of what managers experience is to be obtained. I appreciate that this area is often a sensitive and difficult one and your personal responses will be kept highly confidential. Should you want to receive feedback on your questionnaire, however, please indicate this below and provide a telephone number so I can contact you in this regard.

A wide range of factors are being looked at in this questionnaire to provide an indication of retrenchment circumstances, consequences of involvement, and personal characteristics. All of these are equally important in getting to appreciate the dynamics of the situation, so please answer thoroughly and openly. Your answers will be appreciated and useful. Although the questionnaire appears fairly long, you should be able to work through it quite quickly (20-30 minutes).

Please provide the following biographical details by placing a tick in the appropriate space:

Sex: Male ☐ Female ☐

Age:

Marital Status: Single ☐ Married ☐ Other ☐

Home Language:

Department: Production ☐

Engineering ☐

Finance/Adm ☐

Personnel ☐

Other ☐ Please specify:

Level of Management: Junior ☐ Middle ☐ Senior ☐

Number of people in Department for whom you are responsible:

If you were not responsible for making the initial decision to retrench, please indicate how many formal hierarchial levels above you that person was. Number of formal levels .

Would you like feedback on this questionnaire? ☐ If so, please provide your name and telephone number

## Work Factors

To what extent are the items below true of your work situation? Please choose the extent to which you agree with each statement and indicate your answer by placing a cross (X) over the appropriate answer for each question.

|                                                                                          | Strongly Agree | Agree | Not sure | Disagree | Strongly Disagree |
|------------------------------------------------------------------------------------------|----------------|-------|----------|----------|-------------------|
| 1. I am given enough time to do what is expected of me in my job.                        | 1              | 2     | 3        | 4        | 5                 |
| 2. I do things that are apt to be accepted by one person but not by others.              | 1              | 2     | 3        | 4        | 5                 |
| 3. I don't get provided with the authority to fulfill my work responsibilities.          | 1              | 2     | 3        | 4        | 5                 |
| 4. I work with two or more groups of people who have quite different expectations of me. | 1              | 2     | 3        | 4        | 5                 |
| 5. I have to do things that should be done differently.                                  | 1              | 2     | 3        | 4        | 5                 |
| 7. The amount of work I do interferes with how well it gets done.                        | 1              | 2     | 3        | 4        | 5                 |
| 8. I have to buck rules or policies in order to carry out an assignment.                 | 1              | 2     | 3        | 4        | 5                 |
| 9. I have to put some things off longer than I should.                                   | 1              | 2     | 3        | 4        | 5                 |
| 10. I am subjected to conflicting demands from people with whom I deal at work.          | 1              | 2     | 3        | 4        | 5                 |
| 11. I receive an assignment without adequate resources and materials to execute it.      | 1              | 2     | 3        | 4        | 5                 |
| 12. I find myself in situations where different groups claim my allegiance.              | 1              | 2     | 3        | 4        | 5                 |
| 13. I have to do things at work which are against my better judgement.                   | 1              | 2     | 3        | 4        | 5                 |
| 14. I have to compromise my own views in doing this job.                                 | 1              | 2     | 3        | 4        | 5                 |
| 15. I often feel that I've caught up with my work and have everything under control.     | 1              | 2     | 3        | 4        | 5                 |

|     |                                                                                                         | Strongly Agree | Agree | Not sure | Disagree | Strongly Disagree |
|-----|---------------------------------------------------------------------------------------------------------|----------------|-------|----------|----------|-------------------|
| 16. | I have difficulty in satisfying work demands of all the people I deal with because of time limitations. | 1              | 2     | 3        | 4        | 5                 |
| 17. | I have divided loyalties to different parties at work.                                                  | 1              | 2     | 3        | 4        | 5                 |
| 18. | I have to implement formal policies and guidelines I disagree with in my job.                           | 1              | 2     | 3        | 4        | 5                 |
| 19. | I frequently have more work to do than I can handle during the time available at work.                  | 1              | 2     | 3        | 4        | 5                 |
| 20. | I receive incompatible requests from two or more people.                                                | 1              | 2     | 3        | 4        | 5                 |
| 21. | The expectations and behaviour of individual people with whom I have dealings are consistent.           | 1              | 2     | 3        | 4        | 5                 |
| 22. | I have no difficulties in reconciling my interests in the different areas of work and home life.        | 1              | 2     | 3        | 4        | 5                 |
| 23. | I am confronted with work demands I find difficult to accept.                                           | 1              | 2     | 3        | 4        | 5                 |
| 24. | I get caught between pressures of work and those coming from other areas of my life.                    | 1              | 2     | 3        | 4        | 5                 |
| 25. | I feel certain about how much authority I have.                                                         | 1              | 2     | 3        | 4        | 5                 |
| 26. | Clear, planned goals and objectives exist for my job.                                                   | 1              | 2     | 3        | 4        | 5                 |
| 27. | I know that I have divided my time properly.                                                            | 1              | 2     | 3        | 4        | 5                 |
| 28. | I know what my responsibilities are.                                                                    | 1              | 2     | 3        | 4        | 5                 |
| 29. | I know exactly what is expected of me.                                                                  | 1              | 2     | 3        | 4        | 5                 |
| 30. | Explanation is clear of what has to be done.                                                            | 1              | 2     | 3        | 4        | 5                 |



## Personal Factors

The following items reflect how you feel about your job.  
Please indicate which answer is relevant to you by placing a cross (X) over the appropriate number.

|                                                                 | Strongly Agree | Agree | Not sure | Disagree | Strongly Disagree |
|-----------------------------------------------------------------|----------------|-------|----------|----------|-------------------|
|                                                                 | 1              | 2     | 3        | 4        | 5                 |
| 1. The major satisfaction in my life comes from my job.         |                |       |          |          |                   |
| 2. The most important things that happen to me involve my work. | 1              | 2     | 3        | 4        | 5                 |
| 3. I'm really a perfectionist about my work.                    | 1              | 2     | 3        | 4        | 5                 |
| 4. I live, eat, and breathe my job.                             | 1              | 2     | 3        | 4        | 5                 |
| 5. I am very much involved personally in my work.               | 1              | 2     | 3        | 4        | 5                 |
| 6. Most things in life are more important than work.            | 1              | 2     | 3        | 4        | 5                 |

Listed below are a series of statements that represent possible feelings that you might have about the company in which you work. With respect to your own feelings about the particular organisation for which you are working please indicate the degree of agreement or disagreement with each statement by rating the scale next to each question with a cross (X).

|                                                                                                                                  | Strongly Agree | Agree | Not sure | Disagree | Strongly Disagree |
|----------------------------------------------------------------------------------------------------------------------------------|----------------|-------|----------|----------|-------------------|
|                                                                                                                                  | 1              | 2     | 3        | 4        | 5                 |
| 1. I am willing to put in a great deal of effort beyond that normally expected in order to help this organisation be successful. |                |       |          |          |                   |
| 2. I promote this organisation to my friends as a great organisation to work for.                                                | 1              | 2     | 3        | 4        | 5                 |
| 3. I feel very little loyalty to this organisation..                                                                             | 1              | 2     | 3        | 4        | 5                 |
| 4. I would accept almost any type of job assignment in order to keep working for this organisation.                              | 1              | 2     | 3        | 4        | 5                 |
| 5. I find that my values and the organisations values are very similar.                                                          | 1              | 2     | 3        | 4        | 5                 |
| 6. I am proud to tell others that I am part of this organisation.                                                                | 1              | 2     | 3        | 4        | 5                 |

|                                                                                                                          | Strongly Agree | Agree | Not sure | Disagree | Strongly Disagree |
|--------------------------------------------------------------------------------------------------------------------------|----------------|-------|----------|----------|-------------------|
| 7. I could just as well be working for a different organisation as long as the type of work was similar.                 | 1              | 2     | 3        | 4        | 5                 |
| 8. This organisation really inspires the very best in me in the way of job performance.                                  | 1              | 2     | 3        | 4        | 5                 |
| 9. It would take very little change in my present circumstances to cause me to leave this organisation.                  | 1              | 2     | 3        | 4        | 5                 |
| 10. I am extremely glad that I chose this organisation to work for over others I was considering at the time I joined.   | 1              | 2     | 3        | 4        | 5                 |
| 11. There's not too much to be gained by sticking with this organisation indefinitely.                                   | 1              | 2     | 3        | 4        | 5                 |
| 12. Often, I find it difficult to agree with this organisations policies on important matters relating to its employees. | 1              | 2     | 3        | 4        | 5                 |
| 13. I really care about the fate of this organisation.                                                                   | 1              | 2     | 3        | 4        | 5                 |
| 14. For me this is the best of all possible organisations for which to work.                                             | 1              | 2     | 3        | 4        | 5                 |
| 15. Deciding to work for this organisation was a definite mistake on my part.                                            | 1              | 2     | 3        | 4        | 5                 |

### Personal Condition

1. How many times have you visited your doctor in the last month? \_\_\_\_\_

2. A list of physiological complaints is given below. Please indicate with a tick any complaints that you have experienced in the last month.

- |                                              |                                        |                                     |
|----------------------------------------------|----------------------------------------|-------------------------------------|
| <input type="checkbox"/> Acid indigestion    | <input type="checkbox"/> Sleeplessness | <input type="checkbox"/> Headaches  |
| <input type="checkbox"/> Loss of weight      | <input type="checkbox"/> Upset stomach | <input type="checkbox"/> Bad dreams |
| <input type="checkbox"/> Shortness of breath | <input type="checkbox"/> Backache      | <input type="checkbox"/> Exhaustion |

The questions below represent a self report aimed at providing an indication of your general health. Please answer them by placing a cross over the statement that represents your answer.

**Have you during the last month:**

1. Been able to concentrate on whatever you're doing?

better than usual                      same as usual                      worse than usual                      much worse than usual

2. Lost much sleep over worry?

not at all                      no more than usual                      rather more than usual                      much worse than usual

3. Felt that you are playing a useful part in things?

more so than usual                      same as usual                      less useful than usual                      much less useful

4. Felt capable about making decisions about things?

more so than usual                      same as usual                      less so than usual                      much less capable

5. Felt constantly under strain?

not at all                      no more than usual                      rather more than usual                      much more than usual

6. Felt that you couldn't overcome your difficulties?

not at all                      no more than usual                      less able than usual                      much less able

7. Been able to enjoy your normal day to day activities?

more so than usual                      same as usual                      less so than usual                      much less than usual

8. Been able to face up to your problems?

more so than usual                      same as usual                      less able than usual                      much less able

9. Been feeling unhappy and depressed?

not at all                      no more than usual                      rather more than usual                      much worse than normal

10. Been losing confidence in yourself?

not at all                      no more than usual                      rather more than usual                      much worse than normal

11. Been thinking of yourself as a worthless person?

not at all                      no more than usual                      rather more than usual                      much worse than usual

12. Been feeling reasonably happy, all things considered?

more so than usual                      about the same as usual                      less so than usual                      much less than usual

### Retrenchment Experiences

I would appreciate it if you could complete the following sentences. They provide information which is different from both interviews and questionnaires and can prove extremely useful. Use your own words and thoughts in completing them.

1. The first thing that came to mind when I realised I would be retrenching someone was \_\_\_\_\_

\_\_\_\_\_ .

2. In retrenching someone, the organisation saw my responsibilities as \_\_\_\_\_

\_\_\_\_\_ .

3. The person I retrenched expected me as their manager to \_\_\_\_\_

\_\_\_\_\_ .

4. Thinking through how I would have to retrench someone made me feel \_\_\_\_\_

\_\_\_\_\_ .

5. What I found most troubling about retrenching someone was \_\_\_\_\_

\_\_\_\_\_ .

6. As a manager, my own feelings and values would still be relevant because \_\_\_\_\_

\_\_\_\_\_ .

7. Something that made the retrenchment easier to do was \_\_\_\_\_

\_\_\_\_\_ .

8. My feelings towards the person being retrenched \_\_\_\_\_

\_\_\_\_\_ .

9. I coped with my own feelings about the retrenchment by \_\_\_\_\_

\_\_\_\_\_ .

10. The people remaining in my department \_\_\_\_\_

\_\_\_\_\_ .

### Comments

If you would like to make any comments on aspects you think are not covered by the questionnaire, please feel free to write these below.

**Thank you for completing this questionnaire.** I appreciate you giving your time and consideration to this project. The information should prove extremely useful for other managers and personnel involved in similar exercises.

## Background to the Retrenchment

Please answer the following questions by rating your situation in accordance with the definitions provided.

1. How involved were you in the decision to retrench?

| 1                                                      | 2                                                                           | 3                                                                                                                         | 4                                                       | 5                                            |
|--------------------------------------------------------|-----------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|----------------------------------------------|
| Personally identified the need and people to retrench. | Part of a group that identified need to retrench and who would be affected. | Involved in identification of need to retrench but did not make the decision. Identified who would have to be retrenched. | Directed to retrench. Selected personnel who had to go. | Directed to retrench and told who had to go. |

2. How necessary do you think it was for the company to retrench your employees?

| 1                                                                     | 2                                               | 3                                           | 4                                                        | 5                                                               |
|-----------------------------------------------------------------------|-------------------------------------------------|---------------------------------------------|----------------------------------------------------------|-----------------------------------------------------------------|
| Absolutely necessary for long term economic viability of the company. | Necessary to retain short term competitive-ness | Convenient action to reduce existing costs. | Unnecessary action with little cost saving implications. | Completely unjustified and does not consider actual work needs. |

3. How much preparation/training did you receive before implementing the actual retrenchment.

| 1                                                                                                                                                                                 | 2                                                                                                                            | 3                                                                                               | 4                                                                                              | 5                                                                                                 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| Received pre-retrenchment briefing on full particulars of the retrenchment well before it occurred. Provided with comprehensive training and guidance on conducting retrenchment. | Obtained advance warning on retrenchment. Briefed and provided with written guidelines to assist in conducting the exercise. | Obtained advance warning on retrenchment and given basic package but had to do own preparation. | Obtained little warning on retrenchment and given basic package but had to do own preparation. | Informed shortly before the retrenchment was to be carried out. Virtually no preparation allowed. |

4. How did you view the retrenchment package your employees received?

| 1                  | 2        | 3        | 4    | 5         |
|--------------------|----------|----------|------|-----------|
| Extremely generous | Generous | Adequate | Poor | Very poor |

5. What was your relationship with the person you retrenched?

| 1                                                      | 2                                                           | 3                                                 | 4                             | 5                                                      |
|--------------------------------------------------------|-------------------------------------------------------------|---------------------------------------------------|-------------------------------|--------------------------------------------------------|
| Good working relationship and socializing out of work. | Good working relationship with intermittent social contact. | Good working relationship with no social contact. | Neutral working relationship. | Poor working relationship with frequent disagreements. |

6. Which of the following would you rate as appropriate for your retrenched employee's chances of getting a job?

| 1                                                                               | 2                                                                 | 3                                                                                  | 4                                                                    | 5                                  |
|---------------------------------------------------------------------------------|-------------------------------------------------------------------|------------------------------------------------------------------------------------|----------------------------------------------------------------------|------------------------------------|
| Excellent choice of employment. Has essential skills and very good work record. | Good chance of employment. Good work record and demand in market. | Fair chance of employment. Good record but would need to compete for any position. | Poor chance of employment. Relatively poor market demand for skills. | Virtually no chance of employment. |

7. Which of the following characterises the nature of support provided to you by your supervisor?

| 1                                                                                  | 2                                                                                                    | 3                                                                                               | 4                                                        | 5                                                            |
|------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|----------------------------------------------------------|--------------------------------------------------------------|
| Volunteers advice, guidance, and emotional support. Always available if necessary. | Intermittently provides advice, guidance, and emotional support. Generally available when necessary. | Provides advice, guidance, and support only when requested. Generally available when necessary. | Responds occasionally to requests for advice/assistance. | Provides no support of any kind. Abdicates responsibilities. |

8. Which of the following characterises the nature of support provided to you by your peers?

| 1                                                                                             | 2                                                                                                  | 3                                                                                              | 4                                                                         | 5                               |
|-----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|---------------------------------|
| Volunteer advice and guidance. Provide emotional support and always available for discussion. | Intermittently provide advice, guidance and emotional support. Generally available for discussion. | Provide advice, guidance and support only when requested. Generally available for discussions. | Occasionally provide support on request. Seldom available for discussion. | Provide no support of any kind. |

9 Which of the following best describes your experience in retrenchment previous to the most recent incident?

| 1                       | 2                                                                                          | 3                                                                                                               | 4                                                                                                                   | 5                                                                                                        |
|-------------------------|--------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| No previous experience. | Exposure to retrenchment exercises but did not personally conduct retrenchment interviews. | Experience in a single retrenchment exercise with personal responsibility for retrenching up to five employees. | Experience in a single retrenchment exercise with personal responsibility for retrenching more than five employees. | Experience with two or more retrenchment exercises with personal involvement in retrenchment interviews. |



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## APPENDIX C

### DEVELOPMENT AND VALIDATION OF THE ROLE CONFLICT QUESTIONNAIRE

The research addressed in the main body of this thesis included an examination of specific types of role dynamics within the retrenchment situation. Although extensive use was made of qualitative analysis in the main study to identify specific role dynamics, a quantitative role conflict measure that could address this need was seen as necessary for the triangulation research strategy that was proposed. Although role conflict has typically been treated as a unitary construct when measured (Schuler et al., 1977; Van Sell et al., 1981), Newton and Keenan (1987, p.364) have pointed out that: "A research strategy which deliberately sets out to differentiate between varying forms of role stress may be of particular benefit to our understanding of the relationship between organizational, interpersonal and personal factors, and stress and strain". This appendix addresses the development and validation of a suitable questionnaire to supplement the qualitative analysis component of the main study.

As noted in the main body of the thesis, Miles and Perreault (1976) argue that although two persons may experience the same degree of general role conflict, the specific sources and the types or components of the general conflict they experience may be quite different. Consequently, they point out that the choice of coping strategies to effectively manage the level of role conflict should vary with its source and components. Similarly, Van Sell et al. (1981) note that research on coping with or reducing the adverse effects of role conflict would be facilitated by examining separate dimensions. "It is reasonable to assume that each dimension, since it describes a rather different situation associated with the conflict or ambiguity, will have or require a rather different strategy for coping with or reducing it" (Van Sell et al., 1981, p.64). Consequently, a number of authors have indicated the need to address specific dimensions of role conflict (Jackson & Schuler, 1985; McGee et al., 1989; Miles, 1976; Miles & Perreault, 1976; Newton & Keenan, 1987; Tracy and Johnson, 1983; Van Sell et al., 1981). The views expressed by these authors is reflected by Miles and Perreault (1976, p.20) when they stated: "It becomes necessary to move beyond the general role conflict construct if we are to comprehend the multivariate nature of conflict and the appropriateness of various strategies for successfully engaging role conflict and its consequences". Miles and Perreault (1976) note that a generalised role conflict variable may serve to obscure the real nature of conflict an individual experiences. The specific types of role conflict identified by Kahn et al. (1964) of person-role conflict, intersender conflict, intrasender conflict, interrole

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conflict, and role overload have been suggested by most authors as suitable for a multivariate examination of role conflict.

The vast majority of research studies on role conflict and role ambiguity have used the scales developed by Rizzo et al. (1970) (Harris, 1991; Jackson & Schuler, 1985; Netemeyer et al., 1990; Van Sell et al., 1981). Definitions of components of role conflict identified by Kahn et al. (1964) during their work on the general role conflict variable research were incorporated into the Rizzo et al. (1970) scale. In the present study's review of available measures, the Rizzo et al. (1970) scale appeared to be the most appropriate that was available. However, two major issues emerged from the use of the Rizzo et al. scale that had implications for this study. First, the extensive use of the instrument has promoted researchers to examine the properties of the scale as well as the characteristics of each item (Netemeyer et al., 1990). Although generally supportive, the research has identified some major concerns that do not appear to have been satisfactorily resolved. As a result, Harris (1991) has indicated that researchers should be cautious in their selection of a role conflict scale. Second, although the Rizzo et al. (1970) scale incorporates aspects of the different dimensions of role conflict, results have not been reported on the basis of these more specific measures. Indeed, the tendency during measurement has been to treat role conflict as a unitary construct.

#### Psychometric Qualities of the Rizzo et al. (1970) Role Conflict Scale

One of the most critical questions underlying the debate on Rizzo et al.'s (1970) role conflict scale has been whether this measure, and that for role ambiguity, distinguish adequately between the concepts (McGee et al., 1989). Schuler et al. (1977) found support for the factor structure, internal reliability, and test-retest reliability of the role conflict scale. Similarly, Bedeian and Armenakis (1981) have found factor support for the unidimensionality of the role conflict and role ambiguity scales. However, Tracy and Johnson (1981) found a situation in which respondents react to the stress/comfort wording component of the Rizzo et al.'s (1970) role conflict and role ambiguity scales. The eight items in the conflict scale all express negative aspects of the respondent's role, whereas the ambiguity items all express role clarity, a positive aspect. These results were consistent with findings in a later study by the same authors (Tracy & Johnson, 1983). Similarly, McGee et al. (1989) have found support for the argument that the factors are an artifact of wording differences rather than a function of true construct differences. Conversely, House, Schuler and Levanoni (1983) found, in a parallel study of role conflict and ambiguity that included an approximately equal number of both "stress" and "comfort", that wording of items was not a consideration in the measurement of role conflict and role ambiguity. Their parallel role conflict scale containing a mix of items showed a high correlation of .94 with the Rizzo et al. (1970) scale. Further,

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Netemeyer et al. (1990), in an examination of the role conflict and role ambiguity scales through structural equations analysis, concluded that the role conflict scale exceeded some established thresholds of discriminant and convergent validity. However, they found that the variance extracted estimate, which measures the amount of variance captured by a construct in relation to the variance due to random measurement error, was below suggested levels. Although the scale has been characterised by extensive usage and has psychometric support, the debate on the role conflict scale of Rizzo et al. (1970) has generated some concerns over the psychometric properties of the scale.

### Need for Multi-dimensional Role Conflict Instrument

The lack of consideration of the different role conflict dimensions is evident in the way in which the Rizzo et al. (1970) scale has been applied. It appears to have been emphasised in the examination of psychometric properties of the scale discussed above. Miles (1976) and Miles and Perreault (1976) have been among the few researchers who have utilised the definitions of the types of role conflict within the Rizzo et al. (1970) scale. However, the use by these authors of the different items in separate scales was not supported by any statistical confirmation that they were in fact measuring different constructs. Indeed, the weight of evidence from factor analysis that has been conducted in the other research indicates that the Rizzo et al. (1970) scale is measuring a unitary concept.

McGee et al. (1989) note that although Rizzo et al. (1970) identified conceptually distinct facets of role conflict, they did not include a substantial number of items for each facet. These authors argue that if this had been done, they might have been able to establish the theoretically defined facets as empirically distinct factors. This argument is supported by Tracy and Johnson (1983) in their factor analysis of role conflict items from the Rizzo et al. (1970) scale. They note that since some of the sub-scales were represented by only one or two items in a subset, it was unlikely that factors would emerge for all of them. They further comment that the source or cause of conflict may be more important than its existence. "For instance, receiving orders without adequate resources is a vastly different practical problem from receiving orders that violate one's values" (Tracy & Johnson, 1983, p.6). Consequently, they note that sub-scales or even individual items may be more useful than general role conflict scores.

The combination of concerns over the psychometric and dimensionality of the Rizzo et al. (1970) scale has led Harris (1991) to conclude that research shows only limited construct validity for the role conflict measure and that researchers should be encouraged to develop and use more specific sub-scales in future. Similarly McGee et al. (1989) comment that the

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development of new role measures is much needed to assist in clarifying work on role theory. The present study therefore represents an attempt to address these comments on the need to develop a new multidimensional measure of role conflict. The intention was to develop a multi-dimensional instrument based on the five role conflict dimensions of person-role conflict, intersender conflict, intrasender conflict, interrole conflict and role overload, which would be reliable and demonstrate satisfactory construct validity.

## **Methodology**

### Participants

The sample of managers for the validation of the instrument was drawn from seven divisions and a head office function of a South African based organisation ( $n = 252$ ). The sample was composed mainly of management level personnel, although some supervisory staff were included in the survey. The distribution of the sample according to Paterson (1972) grading was represented by E-band (15%), D-upper (23%), D-lower (41%), and C-band (17%). The relatively low count of C-band personnel was because they were only drawn from one division within the organisation. The sample represented a broad cross-section of departments including general management (23%), engineering (12%), production and operations (25%), finance (19%), human resources (11%), and minor service departments (10%). Although the subjects' home language was typically English (63%), a broad range of other languages including Afrikaans (26%) and vernacular African languages (8%) were represented. Given that the language medium in the organisation is English and all candidates were drawn from management/supervisory level positions, the use of a questionnaire in English was seen as justified. The distribution according to gender showed a strong bias towards males (93%) versus females (6%) with 1% of the sample not indicating their gender. Age also showed a strong trend towards older people ( $M$  41,  $SD$  9.6), which is understandable given the high management levels covered in the sample.

Questionnaires were distributed to all managers (complement of 510) within the organisation by human resource managers at the different sites. The sample was therefore not random but a full sampling of the available population. Participation was voluntary and there was no way of checking on who had completed the questionnaire. Questionnaires were distributed with a covering page (see Attachment 1) and managers were requested to complete the questionnaire, enclose it in an envelope marked "Confidential", and return it to the human resource manager. To ensure that managers felt their answers were confidential, they were requested not to place their names on the questionnaire. It was also noted that if they did not want their results included in any feedback to the organisation, they could request this on the

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questionnaire (only one manager indicated this). Further, provision was made for managers to make specific comments on the organisation which could be brought to senior management's attention if they wished. The nature of administration was therefore seen to address concerns regarding confidentiality and to encourage participation. The response rate in the study was calculated at 49% but this is an approximate figure, as use was made of the complement figures to define the sample and not the actual number of personnel to whom questionnaires were issued.

### Instruments

The Role Conflict Questionnaire (RCQ) instrument was generated by drawing, and at times adapting items from existing measures, and developing items on the basis of available literature and the researcher's experience to the area (Amirkhan, 1990; Johnson & Stinson, 1975; Newton & Keenan, 1987). Role conflict measures from which items were drawn included those by Beehr, Walsh and Taber (1976), House et al. (1983), Kahn et al. (1964), Newton & Keenan (1987), and Rizzo et al. (1970). Items were drawn up specifically to measure the role conflict dimensions of person-role conflict, intersender conflict, intrasender conflict, interrole conflict, and role overload identified by Kahn et al. (1964). These dimensions are discussed in depth in Chapter 9 of this thesis and are not detailed in this Appendix. Scoring was on a one to five point scale, using the responses "strongly agree", "agree", "not sure", "disagree", and "strongly disagree", respectively. Higher scores reflect higher levels of conflict. Measures of organisational commitment and job involvement were included in the study. Scoring for these scales used the same response format but they were scored in the opposite direction. Details of these two variables and the measurement instruments used were identical to those in the main study of this thesis and are discussed in Chapter 9.

Given findings that the design of items can lead to respondents reacting to the stress/comfort wording in the scale (Tracy & Johnson, 1981), both positively and negatively scored items were included in the questionnaire. McGee et al. (1989) have noted that unfortunately, alternative measures to role conflict have often used only negatively worded items for conflict. Tracy and Johnson (1981) state that it is certain that role conflict scales would be improved by the removal of the confounding effects of stress/comfort wording differences and self/other attribution differences. Items were also randomised within the questionnaire to avoid any response set according to the dimensions involved (Rahim, 1983).

A number of established methods of establishing construct validity of a scale were used in the validation of the RCQ. These included item analysis, establishing internal consistency

(coefficient alpha), factor analysis, and comparative correlational analysis. Further details on these procedures and the results for the validation study are detailed in the discussion of results.

## Results

### Item and Reliability Analysis

Items were reviewed on an item by item basis and those viewed as ambiguous or repetitive were dropped (Bluen & Donald, 1991; Rahim, 1983). In addition, items were eliminated if more than 75% of the respondents responded identically to the item, as it was seen to fail to discriminate adequately. Items comprising the sub-scales of the instrument measuring specific role-conflict dimensions were assessed for internal consistency using Cronbach's alpha. Items that compromised the homogeneity of each sub-scale were eliminated (Bluen & Donald, 1991; White, 1982). Details of the characteristics of each scale, internal consistency coefficients, and descriptive statistics are given in Table 16.

Table 16  
Descriptive Statistics and Cronbach's Alpha for Specific RCQ Scales

| Scale                | N of items | Alpha | Mean | SD  | Minimum | Maximum |
|----------------------|------------|-------|------|-----|---------|---------|
| Person-role conflict | 5          | .77   | 2.66 | .75 | 1.0     | 4.4     |
| Intersender conflict | 6          | .78   | 2.93 | .74 | 1.0     | 4.67    |
| Intrasender conflict | 4          | .55   | 2.57 | .71 | 1.0     | 4.75    |
| Interrole conflict   | 3          | .50   | 2.42 | .72 | 1.0     | 4.67    |
| Role overload        | 6          | .80   | 2.98 | .78 | 1.0     | 4.8     |

The alpha coefficients for three of the dimensions are satisfactory, but those of the intrasender and interrole scales are low. However, interpretation of these coefficients should be considered in the context of a number of points. Nunnally (1967) has commented that a suitable criterion for instruments in early stages of development appears to be 0.5 to 0.6, although for established scales it would typically be about 0.7. Further, Cortina (1993, p. 102) notes that the "number of items has a profound effect on alpha, especially at low levels of average item intercorrelation ... it must be interpreted with the number of items in mind". He points out, for example, that for a 10-item scale with  $\alpha = .80$  the average inter-item

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correlation is only 0.28 (similar to those in the present study), in contrast to that of a 3-item scale with the same alpha, in which the inter-item correlation would have to be 0.57. In the present study, assuming a scale length of six items for the intrasender and interrole dimensions and using the Spearman-Brown prophecy formula (Anastasi, 1982), coefficients of 0.64 for intrasender conflict and 0.66 for interrole conflict would be obtained. Finally, although low reliability is seldom reported in the literature, coefficients of as low as 0.43 and 0.62 have been noted for instruments such as Rizzo et al.'s role conflict scale (e.g., Rosenkrantz, Luthans & Hennessey, 1983), despite the general support for the reliability of the instrument. Therefore, although the internal consistency for these two scales may be somewhat problematical, their continued inclusion in the RCQ could be justified pending further research. Cortina (1993, p. 103) further notes that use of alpha in situations where the number of items is an issue should occur in conjunction with some form of construct validation to establish the meaning of the measure. He comments that the use of a factor analytic technique such as principal components analysis on a set of items can be performed to establish unidimensionality. This procedure was included as part of establishing the construct validity of the RCQ and is reported on below.

### Factor Analysis

In the organisational literature, including that addressing role based research, factor analysis is frequently used to assess whether instruments measure substantive constructs (Cortina, 1993; Drasgow & Miller, 1982). The present study used a principal components factor analysis with varimax rotation to establish support for the proposed dimensions of person-role conflict, intersender conflict, intrasender conflict, interrole conflict and role overload. This approach is consistent with the approaches in studies which have addressed the similar development of a scale (Amirkhan, 1990; Bluen & Donald, 1993; Newton & Keenan, 1987; Rizzo et al., 1970; Rosenkrantz et al., 1983; Schuler et al., 1977; Tracy & Johnson, 1983; Koch, Tung, Gmelch & Swent, 1982).

The number of factors was identified using both a scree test (Cattell, 1966) and the criterion that the factor should account for a variance greater than one (Norusis, 1988). Experimental evidence shows that the scree begins at the  $k$ th factor, where  $k$  is the true number of factors, while factors with a variance of less than 1 are seen to be no better than a single variable since each variable has a variance of 1 (Norusis, 1988). The scree test shown in Figure 13 was found to level after five factors and shows a distinct break between the large factors and the trailing off of the rest. The existence of the five factors demonstrated by this method was supported by all these factors possessing an eigenvalue of over 1. The five factors derived from the factor analysis provided support for the existence of the separate sub-scales of the

RCQ and accounted for 53% of the variance. The factor loadings of the items within each sub-scale are given in Table 17. Items with a factor loading of .3 on any factor are reported and are sorted by dimension and strength of factor loading within dimension.

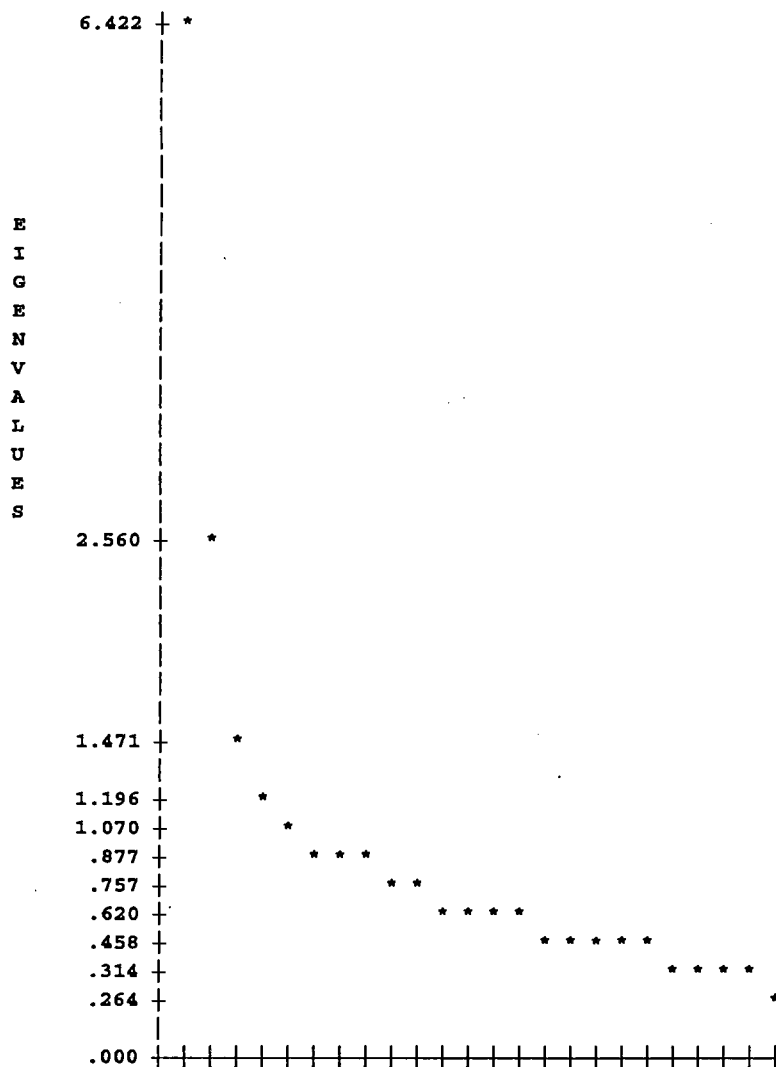


Figure 13. Scree Test for RCQ

Person-role conflict and role overload appear to be particularly robust factors with only one item from these scales loading on another factor. Interrole conflict has one of the three items loading on another factor with a factor loading greater than that on the expected dimension, but still meets the .3 criterion. Because of this and the theoretical rationale for the inclusion of the item in the scale, it is retained as part of the interrole scale. The intersender scale, while possessing four items which load highly on the factor, has an item which meets the .3 criterion but loads higher on an alternative factor, as well as an item which fails to load appreciably on the factor (.19). Despite the alternate loading of this latter item on person-role



Table 17. Varimax-rotated Factor Loadings on Five Factors of RCQ

| RCQ Questions within Dimensions                                                                         | Factor<br>1 | Factor<br>2 | Factor<br>3      | Factor<br>4      | Factor<br>5 |
|---------------------------------------------------------------------------------------------------------|-------------|-------------|------------------|------------------|-------------|
| <b>Person-role Conflict</b>                                                                             |             |             |                  |                  |             |
| I have to do things at work which are against my better judgement.                                      | .79         |             |                  |                  |             |
| I have to compromise my own views in doing this job.                                                    | .71         |             |                  |                  |             |
| I have to implement formal policies and guidelines I disagree with in my job.                           | .67         |             |                  |                  |             |
| I have to do things that should be done differently.                                                    | .61         |             |                  |                  |             |
| I am confronted with work demands I find difficult to accept.                                           | .53         |             |                  |                  |             |
| <b>Role Overload</b>                                                                                    |             |             |                  |                  |             |
| I frequently have more work to do than I can handle during the time available at work.                  |             | .79         |                  |                  |             |
| I have difficulty in satisfying work demands of all the people I deal with because of time limitations. |             | .76         |                  |                  |             |
| I have to put some things off longer than I should.                                                     |             | .69         |                  |                  |             |
| I am not given enough time to do what is expected of me in my job.                                      |             | .65         |                  |                  |             |
| The amount of work I do interferes with how well it gets done.                                          |             | .63         |                  |                  |             |
| I often feel that I have caught up with my work and have everything under control.                      |             | .53         |                  | .38              |             |
| <b>Intersender Conflict</b>                                                                             |             |             |                  |                  |             |
| I work with two or more groups of people who have quite different expectations of me.                   |             |             | .74              |                  |             |
| I am subjected to conflicting demands from people with whom I deal at work.                             |             |             | .71              |                  |             |
| I find myself in situations where different groups claim my allegiance.                                 |             |             | .65              |                  |             |
| I receive incompatible requests from two or more people.                                                | .45         |             | .54              |                  |             |
| The people with whom I deal at work have similar ideas on what I should be doing.                       |             |             | .30              | .62              |             |
| I do things that are apt to be accepted by one person but not by others.                                | .36         |             | .19 <sup>a</sup> | .43              |             |
| <b>Intrasender Conflict</b>                                                                             |             |             |                  |                  |             |
| The expectations and behaviour of individual people with whom I have dealings with are consistent.      |             |             |                  | .56              |             |
| I don't get the authority to fulfill my work responsibilities.                                          |             |             |                  | .47              |             |
| I receive an assignment without adequate resources and materials to execute it.                         |             | .31         |                  | .43              |             |
| I have to buck rules or policies in order to carry out an assignment.                                   | .44         |             |                  | .26 <sup>a</sup> |             |
| <b>Interrole Conflict</b>                                                                               |             |             |                  |                  |             |
| I have no difficulties in reconciling my interests in the different areas of work and home life.        |             |             |                  |                  | .78         |
| I get caught between pressures of my work and those coming from other areas of my life.                 |             |             |                  |                  | .66         |
| I have divided loyalties to different parties at work.                                                  |             |             | .48              |                  | .34         |

<sup>a</sup> Items with factor loadings below .3 included for theoretical reasons.

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and intrasender factors, the item is clearly intersender in nature and is one of those specified as such in the Rizzo et al. (1970) scale. It has therefore been retained as part of the scale for practical and theoretical reasons. The intrasender conflict factor displays the poorest factor support. Although three of its items have a factor loading greater than .4, one expected item (also described as an intrasender item on the Rizzo et al. scale) fails to load appreciably (.26). Further, an additional three items from other factors load appreciably on the intrasender factor. Support for this factor is limited, therefore, and although the intrasender conflict scale is retained for theoretical and practical reasons in the present study, it appears to need further development and refinement.

### Comparative Correlational Analysis

Assessment of construct validity can also be demonstrated through expected relationships to variables which previously have been associated with the construct being considered (Campbell & Fiske, 1959; Mowday et al., 1979). Given that the present study has addressed the development of measures for role conflict because of the lack of such an established measure, it is difficult to draw direct parallels between the specific role conflict dimensions and evidence found in the use of scales for previous studies. However, because these scales do form part of a broader role conflict construct (Kahn et al., 1964; Miles & Perreault, 1976, Van Sell et al, 1981), it could be expected that some similarity to the relationships established between role conflict measures and other variables could be found. Further, it could be expected that, although a general relationship would exist, sub-scales would also display differential relationships with the associated variables.

Role conflict has frequently been linked to organisational commitment and its relationship to job involvement has also been reviewed in previous research. Morris and Koch (1979) found correlations ranging from -0.27 to -0.41 between role conflict and organisational commitment in three samples, and only one correlation of -0.21 for job involvement in the three samples. In a meta-analysis of role conflict correlates, Fisher and Gitelson (1983) found six samples linking role conflict to organisational commitment ( $r = -0.12$  to  $-0.41$ ) and seven linking it to job involvement ( $r = 0.0$  to  $-0.21$ ). Further, Jackson and Schuler (1985), in a more extensive meta-analysis of correlates of role conflict found an average weighted correlation of -0.36 with organisational commitment (11 studies) and one of -0.26 with job involvement (10 studies). On the basis of these relationships, it was expected that the role conflict dimensions in the present study would show a moderate correlation with organisational commitment and a zero to limited correlation with job involvement. The correlations between the RCQ sub-scales and these correlates is shown in Table 18. The present study reversed item scoring of role conflict dimensions and the nature of correlations therefore represents the same type of

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relationships as the above studies

Table 18  
Correlations between Role Conflict Scales and Related Variables

| Scale                | Organisational<br>Commitment | Job<br>Involvement |
|----------------------|------------------------------|--------------------|
| Person-role conflict | .41***<br>(246) <sup>a</sup> | .01<br>(249)       |
| Intersender conflict | .20**<br>(242)               | -.09<br>(244)      |
| Interrole conflict   | .25**<br>(243)               | .01<br>(448)       |
| Intrasender conflict | .34***<br>(246)              | .01<br>(249)       |
| Role overload        | .07<br>(242)                 | .03<br>(245)       |

<sup>a</sup> Number of cases is in brackets. \*  $p < .05$  \*\*  $p < .01$  \*\*\*  $p < .001$

Table 18 indicates that the RCQ sub-scales demonstrate expected and consistent significant relationships with organisational commitment with the exception of the role overload dimension. Although role overload failed to correlated significantly with organisational commitment, it has previously been shown to have different relationships with affective measures when compared to other types of role conflict (Miles & Perreault, 1976; Newton & Keenan, 1987). Further, as noted earlier in the present study, it may be the fact that those individuals who are particularly committed to the organisation are the ones who take on additional work which causes such overload.

The ability of the role conflict dimensions to demonstrate a different relationship to organisational commitment and job involvement consistent with previous studies was also reflected in the results. In all cases but role overload, moderate relationships were recorded for organisational commitment but not for job involvement. However, perhaps surprising was the lack of any significant correlation with job involvement. While this has been demonstrated previously in the research, it could be expected that relationships would have occurred between at least some of the role conflict dimensions and job involvement. This may reflect a situation where as long as the person perceives and identifies with his or her job

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in a professional context they continue to be involved, but tension and adverse relationships which result from role conflict could lead to a negative affective response directed at the organisation. Where the job itself is not clear and role ambiguity exists, a more adverse impact on job involvement may result (Fisher & Gitelson, 1983).

## **Discussion**

The development of the RCQ addressed the need for a multi-dimensional role conflict instrument for the present study. The validation strategy adopted in this research provided support for the psychometric adequacy of the RCQ, although the intrasender dimension appeared problematical. With the exception of the intrasender scale, the internal consistency of the various scales appears acceptable. The factor analysis supported the proposed separate theoretical dimensions of role conflict measured by the RCQ. The specific scales also demonstrated expected correlational relationships with organisational commitment and job involvement, and appeared able to discriminate adequately in the way they measured such relationships. The procedures used suggest the RCQ is a valid and useful instrument for establishing a multi-dimensional measure of role conflict.

The development of the RCQ did suffer from a number of weaknesses. First, no test-retest reliability analysis was conducted for the instrument. This is generally seen as an important part of assessing the consistency of the instrument over time. The confidential nature of the administration of the questionnaire to the validation sample did not allow test-retest reliability to be established and an additional study was not implemented specifically for this. Second, this study used only a single sample to assess data and ideally validation data should be performed over multiple samples. The use of a management sample may also have had implications for the general applicability of the scale among other personnel. However, given that the main study addressed only managers responsible for retrenchment, this was not seen as an issue in the present context of the research. Third, the relatively short nature of the interrole and intrasender conflict dimensions provided a limited coverage of the constructs being measured. Use of more extensive scales would have given a better representation of the dimensions and could have addressed problems of internal consistency.

The basis for the use of the RCQ in the main study appeared satisfactory but limited. Although the scale would benefit from further development and refinement, its support for the theoretical propositions and its psychometric qualities seemed adequate in the context of this study. Given concerns about the intrasender scale, its scores were provided only for reference purposes. Further development of the RCQ could enhance its robustness and could enable the broader usage of the scale in role conflict research more generally.

MANAGEMENT ROLE SURVEY - (COMPANY NAME)

This questionnaire forms part of a survey which examines the roles of managers and their work experiences. The research forms part of a PhD project in Industrial and Organisational Psychology at the University of Cape Town. The project is aimed at obtaining a greater insight into the dynamics managers deal with at work. Some outcomes of these dynamics are also looked at in the questionnaire.

Responses to individual questionnaires are treated as strictly confidential. In line with this, names are not required on the questionnaires. Only summary results will be looked at, including averages for the different groups of people involved. Although details such as age and sex are asked for, these are only for research purposes. I can be contacted on (*telephone number*) if you are interested in the results of the research.

(*Company name*) is interested in the results of the research to assist in looking at organisational and management development. Your responses could make a useful contribution in this regard. However, should you not wish information on your questionnaire to be included in feedback to the company, please indicate this on the top of this page. The survey provides an opportunity for (*Company name*) to obtain additional information on issues that are of interest to them. An additional section of the questionnaire asks questions about the company and also provides an opportunity for you to make comments on issues you feel are relevant for management to consider. This information will be passed on to (*Company name*) unless you have indicated otherwise. The questionnaire should take you about ten to fifteen minutes to complete. Thank you for your involvement in the research.

BIOGRAPHICAL DETAILS

Please fill in the details requested below:

Division: \_\_\_\_\_ Area: \_\_\_\_\_

Department:    General Management    \_\_\_  
                       Production                \_\_\_  
                       Engineering                \_\_\_  
                       Finance                        \_\_\_  
                       Human Resources                \_\_\_  
                       Other                                \_\_\_\_\_

Sex:    Male    \_\_\_            Female    \_\_\_

Age:    \_\_\_\_\_

Home Language: \_\_\_\_\_

Job Level:   E Band   \_\_\_   D Upper   \_\_\_                    D Lower   \_\_\_                    C Band   \_\_\_

Note: Please enclose your questionnaire in an envelope and send it to (*Name*) (Human Resource Manager) marked "(*COMPANY NAME*) SURVEY - CONFIDENTIAL"

## CODES FOR INTERVIEWS GENERATED DURING QUALITATIVE ANALYSIS

Codes generated during the qualitative analysis of interviews are detailed below. They have been grouped into general categories to assist in coding procedures. The codes and descriptions to which they refer are given under the relevant category.

|                      |                              |
|----------------------|------------------------------|
| <u>Phase:</u> Predec | Decision making phase        |
| Decision             | Design and preparation phase |
| Announce             | Announcement phase           |
| Postannounce         | Post-announcement phase      |
| Aftermath            | Aftermath phase              |

### Company details:

|            |                                                    |
|------------|----------------------------------------------------|
| Alternate  | Looking for alternatives                           |
| Approach   | Company approaches                                 |
| Numbers    | Numbers of people affected                         |
| Selection  | Selection method of people to be retrenched        |
| Timedelay  | Drawn out retrenchment process                     |
| Lifo       | Use of "last in first out" approach                |
| Disclosure | Disclosure and confidentiality issues              |
| Business   | Statement that it was legitimate business decision |
| Task peop  | Planning vs people emphasis                        |
| Planning   | Planning of retrenchment                           |

### Decision Making

|            |                                            |
|------------|--------------------------------------------|
| Decinflu   | Influence on decision (to retrench or not) |
| Decinvolve | Involvement in decision                    |
| Decmaker   | Decision maker                             |
| Decjust    | Justification of decision                  |
| Decdisag   | Disagreement with decision                 |
| Decblame   | Blame on decision maker                    |
| Distance   | Distance from people affected              |

### Managers Profile

|             |                                  |
|-------------|----------------------------------|
| PreviousR   | Previous retrenchment experience |
| Jobsecure   | Feelings about security of job   |
| Jobmobile   | Increase in job mobility         |
| Manstyle    | Manager's style                  |
| Values      | Values                           |
| Concern     | Concern expressed for employees  |
| Personality | Managers personality factors     |

---

Jobinsec  
Peopleorien  
Bureaucratic

Insecurity of job  
People orientation  
Rules and procedures orientated

### Relationship

Bonding  
Breakcont  
Contract  
Comcon  
Close  
Relate

Bonding processes with employee  
Breaking of psychological contract  
Psychological contract (manager/employee)  
Psychological contract (manager/company)  
Closeness of manager/employee relationship  
Nature of management/employee relations

### Announcement

Briefing  
Anninvolve  
Annprep  
Annreacte  
Annreactm  
One on one  
Fearreact  
Postanncon  
Trainm  
Traine  
Lying

Briefing of employees (intention to retrench)  
Involvement in announcement  
Preparation for announcement  
Employee reaction to announcement  
Manager reaction to announcement  
One on one interview  
Fear of possible reactions  
Post-announcement contact  
Training of manager in announcement  
Training of employees (any)  
Manager lying about retrenchment

### Role forces

Roledef  
Manrole  
Expectm  
Expecte  
Expectr  
Expectw  
Expectf  
Expecto  
Model  
Idm  
Ide  
Morality  
Interpers  
Community  
Client  
Press

Defined role for manager (e.g., by management)  
Retrenchment seen as managers role  
Managers expectations of others  
Expectations: employees of manager  
Expectations: retrenchees of manager  
Expectations: wife of manager  
Expectations: friends of manager  
Expectations: organisation of manager  
Character model  
Manager's identification with senior management  
Manager's identification with employees  
Morality of decision  
Interpersonal issue  
Community influence  
Client influence  
Press influence

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### Key points for manager

|           |                                                     |
|-----------|-----------------------------------------------------|
| Resistpts | Points manager has difficulty with                  |
| Reliefpts | Points of relief from situations                    |
| Grim      | Use of violent terminology to describe retrenchment |
| Worst     | Worst experience in life                            |

### Effects

|            |                                      |
|------------|--------------------------------------|
| Effm       | Effect on manager                    |
| Effo       | Effect on organisation               |
| Effects    | Effects (general)                    |
| Effrecruit | Effect - recruitment of new staff    |
| Effjobmob  | Effects - impact on job mobility     |
| Effclient  | Effects on clients                   |
| EffIR      | Effects - IR                         |
| Effexes    | Effects - ex employees               |
| Aggression | Signs of aggression                  |
| Reacte     | Reaction of employees                |
| Reactm     | Reaction of manager                  |
| Reactr     | Reaction of retrenched employee      |
| Reactg     | Reactions in general                 |
| Emotions   | Emotional reactions                  |
| Learning   | Exercise seen as learning experience |
| Effresp    | Effects on job responsibilities      |

### Organisational Characteristics

|          |                         |
|----------|-------------------------|
| Culture  | Organisational culture  |
| Climate  | Organisational climate  |
| Morale   | Morale of employees     |
| Rumours  | Rumours/grapevine       |
| Politics | Organisational politics |

### Support

|             |                        |
|-------------|------------------------|
| Supporte    | Support from employees |
| Supports    | Support from superior  |
| Supportp    | Support from peers     |
| Supporth    | Support from home      |
| Supportf    | Support from friends   |
| Supportres  | Support resources      |
| Supportret  | Support for retrenched |
| SupportHR   | Support from HR        |
| NSupport... | No support             |



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## Stress

|            |                                     |
|------------|-------------------------------------|
| Stress     | Stress - general                    |
| Sleepless  | Sleeplessness                       |
| Mental     | Experience of mental strain/stress  |
| Isolated   | Experience of being isolated/lonely |
| Uncertain  | Uncertainty about situations        |
| Careerf    | Review of career focus              |
| Persattack | Personal attacks on managers        |
| Health     | Physical health symptoms            |
| Guilt      | Guilt over action                   |

## Union

|        |                      |
|--------|----------------------|
| Union  | Union dealings       |
| Strike | Strike situations    |
| IR     | Industrial relations |

## Outside

|         |              |
|---------|--------------|
| Home    | Home factors |
| Wife    | Wife         |
| Friends | Friends      |

## Moderators

|            |                                                     |
|------------|-----------------------------------------------------|
| Enablers   | Factors that make it easier                         |
| Disablers  | Factors that make it more difficult                 |
| Rel impact | Relative impact on employees                        |
| Easeimpact | Activities to ease retrenchment impact on employees |
| Package    | Size of package received                            |

## Aftermath

|            |                                |
|------------|--------------------------------|
| Motivation | Motivation of employees        |
| New action | New actions after retrenchment |
| Remaining  | People remaining               |
| No repeat  | Never want to repeat it        |

## Miscellaneous

|        |                                |
|--------|--------------------------------|
| OwnR   | Experiencing own retrenchment  |
| Change | Change in emphasis             |
| Crises | Personal crises                |
| Accuse | Accusations against management |

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### Learning points for managers

|           |                                       |
|-----------|---------------------------------------|
| Personal  | Increase in personal awareness        |
| Retrench  | Awareness of how to retrench          |
| Cost      | Appreciation of cost implications     |
| Practice  | Practice of business                  |
| Treatment | How employees should be treated       |
| Others    | Other learning points                 |
| Manprac   | Implications for management practices |
| None      | No learning occurred                  |

### Coping

|              |                                           |
|--------------|-------------------------------------------|
| Coping       | Coping techniques                         |
| Copestrike   | Coping through strike                     |
| Cope pers    | Coping - personality character            |
| Demotion     | Deemotionalisation of decisions           |
| Decdist      | Distancing from decision                  |
| Blame        | Allocation of blame                       |
| Rational     | Rationalisation of decision               |
| Religion     | Use of religion                           |
| Initiative   | Use of initiative to find solution        |
| Compart      | Compartmentalisation of life              |
| Rational     | Rationalisation of retrenchment           |
| Blame        | Blame on superior manager                 |
| Avoidance    | Avoidance of action                       |
| Blocking     | Blocking so no longer experience emotions |
| Sport        | Exercise/sport                            |
| Powerless    | Powerlessness                             |
| Structure    | Following structured behaviours           |
| Behcontrol   | E.g., drinking restrictions               |
| Alcohol      | Drinking and drugs                        |
| Projection   | Projecting emotions/blame onto others     |
| Informed     | Getting information                       |
| Common enemy | Identification of a common enemy          |
| Solving      | Problem solving approach                  |
| Acceptance   | Acceptance it is going to happen          |
| Ignoring     | Overlooking issues                        |
| Counsel      | Use of counselling                        |
| Redefrole    | Redefinition of role                      |
| Committed    | Feeling of being committed to action      |
| Persvalue    | Personal values                           |
| Noowner      | Not accepting ownership of retrenchment   |
| Suppress     | Suppression of feelings                   |
| Express      | Expression of feelings                    |
| Forward      | Forward looking                           |
| Abdicate     | Abdication of responsibilities            |
| None         | No coping methods adopted                 |