

**ORGANIZATIONAL SURVIVORS:  
PERCEPTIONS OF CONFLICT AND JUSTICE DURING DOWNSIZING**

A Thesis

by

BETHANY LYNN WINKLER

Submitted to the Office of Graduate Studies of  
Texas A&M University  
in partial fulfillment of the requirements for the degree of

MASTER OF ARTS

December 2003

Major Subject: Speech Communication

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## ABSTRACT

Organizational Survivors: Perceptions of Conflict and Justice during Downsizing.

(December 2003)

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Downsizing has had a significant influence on organizational life over the past 20 years. When organizations downsize, two groups of people emerge, those who are laid off and those who remain in the organization. The experiences of those remaining in the organization, or the organizational survivors, have been neglected.

This study presents an interpretivistic examination of the experiences of survivors with regard to their perceptions of conflict and procedural justice during and after downsizing. The data gathered for the study is based on thirty-one interviews with employees in TeleCo, a downsizing organization.

TeleCo is a diversified organization with facilities and subsidiaries worldwide. In 2001, changes began taking place within the organization, one being the implementation of company-wide layoffs. Telecomm, the division highlighted in this study, has laid off 200 of the 350 workers in one facility.

This study revealed three overarching categories of conflict frames employees use to make sense out of their experience as survivors. Procedural justice components of choice, voice, and feedback were also determined to influence the perceptions of survivors and their overall opinions of downsizing

To

Jason, Dad, and Mom,

Whose love and support have helped me overcome  
obstacles and accomplish my goals.

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## INTRODUCTION

Downsizing has had a significant influence on organizational life over the past 20 years. The current economic trends are now more than ever relying on downsizing to increase productivity, decision-making capabilities, entrepreneurship, and communication, while decreasing overhead and bureaucracy, (Cascio, 1993). When organizations downsize, two groups of people emerge, those who are laid off and those who remain in the organization. Much has been done in the way of research to understand the experience of those laid off, or victims, when transitioning between jobs. Unfortunately, the experiences of those remaining in the organization, or the organizational survivors, have been neglected. Little has been done to understand the experiences of the survivors in relation to perceptions of justice and experiences of conflict during and after the downsizing process. There is also not enough research regarding how survivors use voice to make sense and communicate about their perceptions of downsizing within their organization.

As downsizing trends continue to produce more people who can define themselves as organizational survivors, the need to better understand their experiences increases. If organizations want to continue to remain vital, the understanding of the effects of downsizing on survivors is warranted. Two issues that must be related to organizational survivors that have yet to be thoroughly explored are perceptions of justice and experiences of conflict within the organization. There also is a need to focus the research away from a managerial perspective and toward a better understanding from the

perspective of the organizational survivor. Thus far the research has discussed ways managers can act in order to have the employees respond in a certain way. Although warranted, research also needs to focus on the experience of the survivor and how they understand the procedures, interactions, and conflicts surrounding downsizing.

There are numerous benefits that can be gained from this study. First, learning more about the situations that cause conflict for survivors will aid in a better understanding of how to prevent future conflict during and after layoffs. Secondly, learning more about justice issues for survivors can improve the understanding of employee voice during downsizing and can bring to light ways it can be improved. Thirdly, the elements of justice that have been applied to numerous other situations will also be applied to aid in understanding justice perceptions for survivors. Overall, this study seeks to better understand the experience of the employee by bringing out the voice of the survivors to gain insight and understanding of how they experience conflict and justice during and after layoffs.

To gain this insight, this paper presents an interpretivist study of TeleCo, a currently downsizing organization. First, I look at previous research concerning downsizing, conflict, procedural justice, and organizational survivors. Next, I discuss the organizational case along with a detailed account of my methodologies and data analysis. Finally, I will present the findings of this study along with my conclusion and suggestions for further research.



## LITERATURE REVIEW

This study focuses on conflict and justice implications for survivors during an organizational downsizing. To begin this effort, this chapter presents a review of the literature in this area, including the concept of downsizing as a business strategy, the literature on conflict and procedural justice, and the current work on organizational survivors. Each of these areas provides a foundation for the theoretical basis for this research.

### Downsizing

Downsizing has become a pervasive organizational strategy during the last two decades in the United States (Morris, Cascio, & Young, 1999). Once thought the bigger the better, companies are now seeing advantages to the leaner and meaner organizational structure, thus cutting back their major expenditure, the people. “Downsizing has become pervasive enough that it has moved from being considered a last ditch effort to save a failing company, to being an accepted, almost routine way of managing” (Freeman & Cameron, 1993, pg. 10). Organizational downsizing can be defined as “a set of activities, undertaken on the part of the management of an organization, designed to improve organizational efficiency, productivity, and/or competitiveness” (Freeman & Cameron, 1993, pg. 10).

Four key attributes of downsizing distinguish it from other organizational happenings (Freeman & Cameron, 1993). First, downsizing is an intentional endeavor, meaning that organizations engage in it purposively. This distinguishes downsizing from other events such as decline because managers deliberately use downsizing to elicit specific results. Second, downsizing usually involves a reduction in personnel (Cameron,

1994). Other strategies can also be used to downsize the expenses of the organization, but often employees are the targets of the largest cutbacks. The third characteristic of downsizing focuses on the organization's effectiveness (Cameron, 1994). Downsizing is primarily used to enhance a company's ability to compete with other organizations by lowering operating costs while maintaining productivity. Finally, downsizing affects the work processes of an organization. A reduction in work force leaves fewer employees to do the same amount of work. Both negative and positive outcomes derive from these layoffs. Conflicts and burnout can result from overworked employees, but changes in processes may also improve productivity and speed (Freeman & Cameron, 1993).

Three main types of implementation strategies are used for downsizing. The first and most common strategy is workforce reduction, which is implemented in a variety of ways, including early retirement, transfers, buy-out packages, and layoffs. This strategy is advantageous because the cost-cutting results emerge very quickly, but they can also harm the organization because downsizing risks the loss of highly experienced individuals with valuable knowledge (Cameron, 1994). The second downsizing strategy is work redesign, which consists of eliminating functions, hierarchical levels, divisions, or products (Cameron, 1994). This strategy seeks to avoid laying off employees and increasing workload. The disadvantage to this type of downsizing strategy is the time it takes to research, implement, and produce results.

The third type of downsizing is called systematic strategies, and unlike the other two strategies, this third strategy focuses on changing the employee as well as the organization. By changing the culture, attitudes, and values of the workers, the systematic strategy strives to get the employees involved in improving the organization.

“Examples of downsizing targets include reducing wait time, response time, rework, paper, incompatibilities, number of supplies, and rules and regulations” (Cameron, 1994, p.199). Organizations that choose to implement this strategy implement “employee ownership” to reduce expenses. Again, this strategy does not show immediate results, but also allows most employees to continue to work in the organization.

Both benefits and consequences accompany downsizing in organizations. According to Burke and Cooper (2000), benefits of downsizing include increased value to shareholders, lower overhead, less bureaucracy, faster decision making, smoother communication, greater entrepreneurship, and an increase in productivity. Although these characteristics may benefit the organization, they may also result in negative effects of downsizing. According to Morris, Cascio, and Young (1999), the financial reasons for implementing downsizing are not always realized as an outcome of the reduction. Downsizing might also lead to a loss of reputation, making it difficult to retain the star performers and attract the best in the business (Ket de Vries & Balazs, 1997). Other consequences of downsizing consist of changes in power distribution, innovation, trust levels, communication patterns, teamwork, and leadership (Cameron, 1994). The first negative attribute of downsizing is the centralization of power to upper management. This factor leads to decision-making leaves out the ideas and input of lower level employees. The second effect is a loss of innovativeness due to fear of taking risks and failing. This consequence leaves employees relying on others’ decisions instead of creating and testing their own ideas. Another consequence is a loss of trust among members of the organization. Managers and employees become distrustful of decisions made by other groups. Fourthly, an increase in conflict arises from the downsizing

because employees are fighting about fewer resources. Next, is the restriction of communication because people are not willing to share information due to fear and distrust that results from downsizing. A lack of teamwork is the next consequence of downsizing and results from the individualism that comes with uncertainty and job insecurity from the organizational change. Another effect is a lack of leadership stemming from fear of being blamed if a decision does not prove effective. The final characteristics of the “dirty dozen” include a short-term mentality crisis, resistance to change, a decrease in morale, politicized special interest groups, and nonprioritized cutbacks (Cameron, 1994).

Consequences of downsizing reach far beyond the functions of the organization to the emotions of the individuals impacted by the changes. “Those who are made unemployed and re-enter the workforce elsewhere, do so with a legacy of wounds and wisdom from their downsizing experiences” (Fineman, in press, pg. 338). For the survivors, the impacts of downsizing are also difficult. “Yet still being in work after a downsizing, a survivor, can be emotionally conflicting and complex, and some say that it is even more difficult to cope with than being one of the ‘economic’ casualties – the unemployed. Adjustment is difficult because downsizing breaks up established social networks at work and leaves the survivor unsure about ‘what will come next’ (Fineman, in press, pg. 335). In addition, individuals experience emotions that accompany downsizing as described by Fineman (in press): “The twisted irony of downsizing is that it is often executed by manager who have spent years cultivating trust with the very people they are to lay off, having persuaded them to buy into the corporate culture of care and collaboration” (pg. 340).

According to Cameron, Freeman & Mishra (1991), very few organizations implement downsizing in a way that improves effectiveness. Although success is difficult, some organizations achieve it by adhering to a few common principles. First, downsizing should be initiated from the bottom, but implemented from the top (Cameron, Freeman & Mishra, 1991; Cascio, 1993). Many lower level employees know more about the everyday functioning in organizations, so they would know which functions and resources to cut. Secondly, downsizing strategies need to be both short-term and long-term (Cameron, Freeman & Mishra, 1991; Cascio, 1993). A reduction in workforce needs to be done in a short-term, timely manner as to not prolong insecurities among workers. Long-term changes also need to be implemented, including changes in culture, attitudes, values, and business strategies. Thirdly both victims and survivors need to be recognized (Cameron, Freeman & Mishra, 1991; Cascio, 1993; Feldman & Leana, 1994). This recognition comes in many forms, such as severance packages, job search resources, financial planning for the victims, communication of information, and voice opportunities for survivors (Cameron, Freeman & Mishra, 1991). Lastly, to successfully implement downsizing, organizations need goals and a clear ending to the process (Cameron, Freeman & Mishra, 1991; Cascio, 1993). Employees need to know the purpose for the downsizing as well as the period when the organization will complete this change.

### Conflict

The overarching framework for this study is the way survivors frame conflict to make sense of the downsizing. This paper defines conflict as interdependent people who perceive incompatible goals and interference from each other in achieving those goals (Whiteman & Mamen, 2002). According to Gray (2003), “framing refers to the process

of constructing and representing our interpretations of the world around us” (p.12). Through the use of framing, people make sense of issues and events and socially construct their reality. In relation to conflict, “we develop interpretations about what the conflict is about, why it is occurring, the motivations of the parties involved, and how the conflict should be settled” (pg. 12).

Different types of frames aid the sense making process. The most relevant frames for this study center on issues, identity, and naming, blaming, and claiming. Individuals use issue frames to define what a conflict is about; this type of frame varies between individual perspectives. Identity frames become salient when people’s identities are threatened by role, value, location, or interests challenges (Gray, 2003). Naming, blaming, claiming, and explaining the conflict typify the framing and will be used to study how employees attribute causality during conflicts associated with downsizing (Putnam & Holmer, 1992).

#### Procedural Justice

Along with conflict, this study will also examine survivors’ perceptions of justice during downsizing. Justice can be examined as a virtue, as a right, as retribution, and as fairness (Webb, 1997). For organizational survivors, justice at work revolves around fairness of outcomes, procedures, and interactions. According to Sheppard, Lewicki and Minton (1992), what is actually just matters less than what is perceived to be just. So, in the case of organizational survivors, what appears to be happening with the rules and procedures in the downsizing process may be more influential than what is actually taking place.

In 1975, Thibaut and Walker introduced a type of justice concerned with processes (Colquitt, et al., 2000). Procedural justice is defined as perceived fairness of the means or procedures used to determine an outcome (Viswesvaran and Ones, 2002). With the introduction of procedural justice, researchers began to realize that the process of decision-making influences perceptions of fairness far greater than just outcomes (Colquitt, et al., 2000).

Fairness procedures follows Leventhal's six rules, including consistency, bias, accuracy, reversibility, representativeness, and compatibility (Viswesvaran & Ones, 2002). "Leventhal's rules imply that procedures are applied consistently across people, are free of vested interests, accurate information is collected and used in the decisions, mechanisms to correct flawed decisions are available, opinions of those affected are considered, and the prevailing moral standards are satisfied" (Viswesvaran & Ones, 2002, p. 194).

Procedural justice is clearly linked to organizational outcomes such as job performance, job satisfaction, organizational citizenship behaviors, and organizational commitment (Viswesvaran & Ones, 2002). Employees feel in control over organizational outcomes when they are directly involved in the procedures for decision making. Procedural justice also affects workgroups or teams. "Procedural justice judgments should have strong effects on group cohesiveness and loyalty, because fair procedures will reassure members that their interests will be protected and advanced through group membership" (Colquitt, Noe & Jackson, 2002, p. 83). Findings also indicate that procedural justice influences team member's commitment to the group and overall job performance (Colquitt, Noe & Jackson, 2002, p. 83).

Whiteman and Mamen (2002) break down the concept of procedural justice into three major areas: choice, voice, and feedback. First, choice is defined by whether or not a person can choose to participate in the decision-making procedures (Whiteman & Mamen, 2002). Choice also means whether or not decision makers allow employees to choose which decisions to make, both individually and collectively (Greenberg & Folger, 1983). If employees have the opportunity to participate in decision-making and to choose among options when making decisions, they feel a stronger sense of control over the situation and also greater satisfaction about the final outcomes (Greenberg & Folger, 1983).

Secondly, voice focuses on having the ability to influence decision-making. Formally defined, voice is “a shorthand for the variety of ways that subordinates in an organization communicate their interests to their superiors in an attempt to exert influence over their decisions” (Greenberg & Folger, 1983, pg. 242). For researchers in the procedural justice field, voice is extremely important. “For most organizations, the most important thing they can do to assure procedural fairness is to provide individuals and groups the capacity to be heard in the organization” (Sheppard, Lewicki & Minton, 1992, p. 139). Voice is a way for subordinates to communicate their interests and concerns to management. According to Bruce and Shapiro (2000), “voice enhances procedural justice because of the grievant’s assumptions about how expressing one’s views will increase the chances for a favorable outcome” (pg. 107). Voice serves two major roles within organizations. First, preventative voice “solicits opinions and suggestions about an organization’s policies and practices before injustice occurs” (Sheppard, Lewicki & Minton, 1992, p. 139). Preventative voice mechanisms “enable



individuals to feel and believe that they have a key role in influencing and affecting organization decisions of all types” (Sheppard, Lewicki & Minton, 1992, p. 140). This type of voice, also called first-order voice, allows employees to participate in decision-making processes, and thus feel included and current on information about their jobs (Bies & Tripp). Preventative voice also involves employees in issues that may become conflictual. If an employee notices a potential problem with an issue being discussed, preventative voice allows that employee to vocalize his or her concern before a conflict ignites. Preventative voice aids in reducing feelings of injustice in instances of conflict because employees feel their input is heard and valued. This feeling, in turn, influences how employees perceive the entire organization (Bies & Tripp; Sheppard, Lewicki & Minton, 1992).

The second type of voice, remedial voice, is also known as second-order voice, and is defined as “appeals to organizational policies and practices after an injustice has occurred” (Sheppard, Lewicki & Minton, 1992, p. 139). Employees who engage in this type of voice respond to decisions that have already been made. Employees may question, challenge, or attempt to change decisions using remedial voice (Sheppard, Lewicki & Minton, 1992). When managers correctly manage remedial voice, it reduces employees’ levels of discontent, distress, and dissatisfaction experienced when an injustice occurs. Remedial voice allows employees to vent their concerns or objections to a policy or procedure, while it also informs management about what is and is not working within the organization; thus giving managers a chance to change the situation, and provides new insights about areas that might cause problems in the future (Sheppard, Lewicki & Minton, 1992). Second order voice also focuses on the vocalization of

opposition due to a decision. It reveals problems early and gives employees the freedom to share their concerns before a disagreement turns into an irresolvable conflict.

Voice can be elicited in a variety of ways in an organizational setting. Polling employees, use of programs that offer anonymous input, open-door policies with management, formal grievance procedures, grievance procedures, ombudsmen, questions and answer newsletter, and visits from senior management provide an opportunity to speak with management (Sheppard, Lewicki & Minton, 1992). Voice systems assure employees fair treatment by the organization. They also allow employees to take action if a conflict or injustice persists. According to Sheppard, Lewicki & Minton (1992), the more voice an employee experiences, the more likely she or he is to perceive the organization to be just, a situation that increases loyalty and commitment, reduces conflict, and minimizes the severity of conflict.

Finally, procedural justice is characterized by feedback. Feedback is defined as “explanations given by decision makers to justify their decision” (Whiteman & Mamen, 2002). Feedback is evaluated in terms of ethicality, quality, and justification of the decision-making processes (Tyler, 2001). Standards that determine ethicality include free choice, rather than intimidation, in accepting decisions and motivating the decision makers (Tyler, 2001). To determine ethicality and procedural justice, employees question whether managers are motivated by personal gain or by concern for all employees. Usually evaluated through the use of concrete details, feedback also focuses on the quality of the information presented to the employees by the management, as well as the justification or explanation for the decisions. According to Bies and Shapiro

(1988), “causal information as a justification for a decision influences fairness judgments” (pg. 683).

### Survivors

Although the current work on downsizing points out conflict and justice issues present during the transition, the current work omits consideration of those most greatly influenced by the change. Research needs to incorporate the issues of conflict and justice when considering survivors for a greater understanding of their experiences during downsizing. Currently, the work on survivors falls into three basic categories: emotional reactions of employees, uncertainty and ambiguity of the situation, and working environment. Each of these categories encounters issues of conflict and justice that needs further examination by researchers. The following section overviews the present literature on organizational survivors and suggests areas for research on conflict and justice issues for survivors.

#### *Emotional Responses to Downsizing*

Survivors’ most common emotional responses to downsizing include guilt, anger, and hatred (Guiniven, 2001). Guilt arises when survivors feel remorse for still having their jobs when coworkers are no longer employed. Anger and hatred are most often directed toward management since they decide on the type of downsizing, and ultimately, on who will stay and who will go. Sometimes this anger and hatred leads employees to seek revenge in the forms of lowered productivity, lowered quality, and sabotage (Guiniven, 2001; Ambrose, Seabright & Schminke, 2002). All these emotional experiences can hinder the ability of survivors to function successfully in the new environment and to return to business as usual (Guiniven, 2001).

Anger, hatred, and guilt are three very strong emotions that are not incorporated into conflict and justice frames. Discussion concerning the sources of these emotions and how survivors frame these experiences is not properly addressed in current literature. According to Jones (2001), conflicts are emotional and emotions are symptoms and manifestations of conflict. These conflicts are usually hidden in the sense that they are private, informal, and nonrational (emotional) (Kolb & Putnam, 1992). Downsizing is labeled as the cause of the reactions, but the procedures that lead to feelings of injustice, and in turn, negative emotional reactions are not discussed.

Trust and empowerment are two additional emotional experiences of survivors. According to Mishra, Spreitzer, and Mishra (1998), maintaining trust and empowerment of survivors minimizes the costs of downsizing. High levels of trust and empowerment create feelings of attachment for survivors (Spreitzer & Mishra, 2002). Employee trust and empowerment decline greatly after layoffs (Mishra, Spreitzer & Mishra, 1998; Spreitzer & Mishra, 2002). Survivors may not feel they can trust management or believe that management is considering employee needs. Empowerment also declines because survivors become suspicious of management's decision-making intentions or abilities (Mishra, Spreitzer & Mishra, 1998).

The loss of trust and empowerment may bring about feelings of conflict within organizations that are not mentioned in research. The loss of trust and empowerment can also decrease productivity, causing another rift and potential conflict between management and survivors. The survivor literature needs to consider these conflicts and how downsizing is named, blamed, claimed, and explained. The absence of procedural

justice, including employee ability and willingness to engage in choice and voice, is also vital to this discussion and needs to be addressed in the literature.

### *Uncertainty and Ambiguity during Downsizing*

Along with guilt and anger, survivors also experience uncertainty and ambiguity. According to Spreitzer and Mishra (2002), downsizing greatly influences feelings of job security, job involvement, and citizenship behavior. The more insecure survivors are about their job positions, the more they think about leaving the organization (Johnson, Bernhagen, Miller & Allen, 1996). According to Greenhalgh and Jick (1989), feelings of job insecurity often lead to putting forth less effort in the job, then withdrawing from the organization, and finally to voluntary turnover.

The uncertainty and ambiguity that survivors experience may induce feelings of resentment toward the organization that leads to conflict. Procedures used to implement downsizing and opportunities for voice offered during downsizing are not catalysts for perceptions of uncertainty, ambiguity, and procedural justice.

Since downsizing creates ambiguity and uncertainty, employees must learn to cope. Survivors cope using three main strategies (Armstrong-Stassen, 1994). The first is control-oriented coping, which is a proactive strategy to restore a sense of control to the situation. This involves the use of voice to solicit feedback concerning the situation. The second type of coping strategy is called escape coping, which is demonstrated through avoidance strategies and trying to escape the situation (Armstrong-Stassen, 1994). This strategy ignores procedural justice areas, such as choice, voice, and feedback, which severely limits the amount of information that survivors can gather. When survivors are not afraid of repercussions, they actively seek information from bosses and coworkers

through voice and feedback activities (Casey, Miller & Johnson, 1997; Greenhalgh & Jick, 1989).

The third way survivors cope is through deciding who is responsible for the layoffs. According to Brockner and Greenburg (1990), employees chose between two stances: unsympathetic and sympathetic. An unsympathetic stance denies any wrongdoing on the part of management and blames the person laid off because she/he did not work hard enough or produce enough. The sympathetic stance, which sides with the victims, aims to take action and restore justice on behalf of those laid off (Brockner & Greenburg, 1990). When survivors decide whether to be unsympathetic or sympathetic, they use the naming, blaming and claiming conflict frame to evaluate the behavior of others (Putnam & Holmer, 1992). By deciding who is responsible and placing blame on either the victims or on management, survivors try to cope with the downsizing and to protect themselves from the belief that they will be the next person laid off (Brockner & Greenburg, 1990).

Research needs to examine how conflict arises as survivors learn how to cope with the uncertainty and ambiguity of downsizing. Differences in the framing process can bring about conflict between survivors who blame management versus those who blame the victims. Further exploration is also needed on the link between procedural justice and the ambiguity and uncertainty of downsizing. While some survivors actively cope with ambiguity through gathering information and deciding who to blame, others shrink away from the entire situation. Discussions also need to include survivors' abilities to cope if voice is denied in the organization. The opportunity to use voice has direct effects on procedural justice perceptions because control-oriented copers would

respond differently in an organization that denies voice. The connection between coping strategies, voice opportunities, and justice perceptions needs further refinement and understanding in the survivor literature.

### *Environment*

The third area emphasized in survivor literature involves the working environment of survivors. Downsizing often changes the workplace environment in a dramatic way. Survivors' collective reactions to downsizing influence the overall productivity of the organization after the layoffs are complete (Brockner, Grover, O'Malley, Reed & Glynn, 1993). According to Brockner and Greenburg (1990), survivors' experience three types of reactions to downsizing -- their productivity increases, decreases, or stays the same. The productivity of the individual can be strongly influenced by his or her perceptions of procedural justice within the organization. Work in the area of survivor' productivity needs to add justice into the characteristics of downsizing.

According to Brockner (1992), workload volume and the nature of work also change during downsizing. To continue levels of productivity prior to the layoffs, survivors have to add more work to their plates. Survivors must learn the procedures, contacts, and skills of the victim's job while still continuing in their own full time jobs. This practice increases the volume and nature of work, adding stress and responsibility to the survivor's day.

The additional work and expectations for productivity leads to greater levels of conflict. Research needs to consider conflict frames in relation to work and productivity. Survivor literature focuses on the types of productivity after a downsizing, but it does not

relate productivity to justice, including the choice to add responsibility, the ability to voice concerns about it, and the interpersonal interactions between management and employees stemming from additional work.

The literature also needs to examine conflict framing that stems from pressuring employees to work harder after layoffs. Some organizational members may understand and acknowledge their new role in the workplace, while others may resist their added workload and responsibility. These reactions contribute to organizational conflicts, ones not adequately addressed in the extant literature. The literature also fails to explain how employees respond to added responsibilities without extra pay, or picking up the slack for those that have been laid off. The literature overlooks the procedural justice implications of choice, voice, and feedback as well as the interaction between employees and management about the new tasks of being organizational survivors.

#### Relational Models

Within the current literature, models can be devised to explain the relationship between procedural justice and downsizing as well as conflict and downsizing.

Downsizing followed by justifications for the layoffs leads to the use of choice in addressing layoff procedures, increases voice, as well as increases feedback. The use of choice, voice, and feedback promotes feelings of justice and fairness, leading to a decrease in destructive conflict. See Appendix A for the drawn out model.

Downsizing followed by poor justification leads to the absence of choice, absence of voice, and a lack of feedback or poorly timed feedback. The decrease in choice, voice, and feedback increases workload, increases feeling of inequity as well as decreases



perceptions of justice, leading to an increase in destructive conflict. See Appendix B for the drawn out model.

While current literature explains the relationship between downsizing and procedural justice and downsizing and conflict, the relationship between all three is yet to be established. This study combines all three variables into one model for a greater understanding of their interrelationship.

### Research Questions

In summary, greater consideration of conflict frames and justice perceptions is necessary for further understanding of survivors' downsizing experience. To promote this endeavor, I entered a downsizing organization to gather more information about survivors' perceptions of conflict and justice during downsizing. This project focused on the following research questions:

**RQ 1:** How do survivors frame the conflicts that surround downsizing? What are the different ways in which they name, blame, claim, and explain these events?

**RQ 2:** How do opportunities for choice influence survivor's views of past and future downsizing? How does these opportunities (or lack of them) influence survivors experiences and their way of framing the conflict?

**RQ 3:** What opportunities for voice arose during the downsizing? How do survivors' perceptions of these opportunities influence their notions of justice and how does their framing of the conflict relate to perceptions of voice?

**RQ 4:** What type of managerial feedback was provided during the downsizing? How doe survivor's perceptions of this feedback influence their perceptions of justice and relate to framing of the conflict?

**RQ 5:** How do survivors see the interpersonal treatment of victims and survivors during the downsizing? How do these perceptions relate to justice and framing of the conflict?

**RQ 6:** What were survivor's perceptions of the type and manner of communication during the downsizing and how does this relate to perceptions of justice and conflict framing?

## DESIGN OF STUDY

### Organizational Case

TeleCo is a 101 year old, diversified technology-based company with interests in developing equipment and technology for fields such as health care, electronics, and telecommunications (TeleCo website). TeleCo products including sponges, tapes, and filters are in retail stores across the country, while other products such as prescriptions, medical equipment, and copper and electrical cables are distributed by TeleCo to specialized fields. Originating in the northern United States, TeleCo is now a global company with branches in more than 60 countries (TeleCo Facts).

Although the company is now prosperous, it began with only a handful of people and idea about how to produce sandpaper. The idea turned out to be a failure, but as a result, the concept of innovation became one of the cornerstones of the company. Employees were encouraged to spend 15 percent of their time at work on new projects and ideas. According to one TeleCo inventor, “The beauty of TeleCo’s 15 percent rule is that it’s not a rule at all: it’s permission. Most big businesses are run like grade schools. TeleCo is college” (TeleCo history). Along with the spirit of innovation came the freedom to fail; employees could move from one project to another if results were not realized. One of TeleCo’s vice presidents stated, “TeleCo has a tolerance for tinkerers and a pattern of experimentation that led to our broadly based, diversified company today” (TeleCo history).

As the company continued to grow, the idea of lifetime employment became ingrained in the culture. For many people, getting a job at TeleCo ensured they had a job for life. TeleCo’s interest in the employees extended to their families with activities such

as softball leagues and company picnics. This commitment also fostered a strong employee loyalty to the company. When approximately 1,000 workers were asked to relocate in the mid 1980s, many chose to stay with the company and took their families across the United States. Company loyalty was also displayed through promotions from the inside. Management positions were given to employees at TeleCo instead of looking outside of the company. All CEOs of TeleCo were once lower ranking employees within the organization.

In January of 2001, TeleCo began changing with the hiring of their first outsider as CEO, brought in to reverse decreasing revenues and stock prices (Fiedler, 2002). The hiring of the CEO resulted in numerous changes in management, including the employment of numerous outside managers. The new managers, many accountants, were hired to enhance awareness within the divisions concerning profits and expenditures. Three months following the new CEO's hiring, TeleCo began a series of company-wide layoffs to boost faltering profits, eliminating an estimated 2,500 employees worldwide (Fiedler, 2002).

This study will focus on the TeleCo center relocated to the south in the 1980s. The southern center houses several technology-based divisions for TeleCo including Telecommunications, Electrical, Electronics, Visual Products, Fiber Group, and Engineering. The division focused on in this study, Telecommunications (Telecomm), has been one of the largest grossing divisions in TeleCo for many years, taking advantage of the telephone industry's need for copper and fiber cables, splicing connectors, products that protect cables, and cabinets for cable storage. The Telecomm division is organized with an emphasis on teamwork, with employee involved in every aspect of the production

process including conception of the idea, design, production, testing, marketing, sales, training, and customer service. The teams consist of Level 1 technician, engineers, and designers responsible for product innovation and development. Each team also has a Level 2 manager, usually a promoted Level 1 employee, who oversees multiple projects within the division. Level 2 managers also report to the technical director, or division manager. The technical director is above all the groups and is responsible for managing the teams and their products. The tech director is the link between the engineers and top management. The current technical director is fairly new to position although he has worked for TeleCo for a number of years. His main focus is to push the Level 1 and Level 2 employees to develop new products, patent ideas, and release new products, although he is not directly involved with the development of those products.

In 2000, the telecommunications industry began to decline as numerous internet-based companies closed, drastically diminishing Telecomm's earnings. The decline in profits for technology-based divisions and the hiring of the new CEO made both the southern TeleCo center as well as the Telecomm division prime candidates for downsizing. Since the downsizing began, the Telecomm division has lost 200 of its 350 employees, greatly reducing the functioning of the teams. For example, one team with 30 employees is now functioning with only four. Since the layoffs at TeleCo target divisions not turning large profits, the southern center, focused largely around technology, has seen the largest layoffs in the company. Although layoffs have occurred worldwide, the technology-based divisions have been reduced the most.

This study focuses on the third round of layoffs at the southern TeleCo facility, occurring in December of 2002. The first round of layoffs occurred in April of 2001 and

the second round occurred in December of 2001. Although there have been three large layoffs, single employees have also been laid off at random times throughout the division. Similar to the previous layoffs, employees were caught off guard with the timing of the December layoffs, falling only a few weeks before the Christmas holiday. Management's explanation of the layoff as a response to low quarterly earnings was also congruent with earlier layoffs. During my time in the organization, rumors of layoffs were great but layoffs were never announced.

Since the research for this study, a fourth round of layoffs has taken place at TeleCo. On September 22, 2003, an additional 150 employees were laid off from the southern facility. Unlike the previous layoffs, this layoff combined Telecomm, Electrical, and the Fiber Group into one division. Congruent with previous layoffs, there was no forewarning about the layoffs. In fact, just two weeks prior to the layoffs, the Vice President at the southern center told employees to disregard rumors about additional layoffs. On the same day as the layoffs, there was a meeting to communicate business reasons for the layoffs as well as encourage employees to work harder to prevent future layoffs.

### General Approach

This project is an instrumental, qualitative case study of TeleCo as a downsizing organization, with a focus on survivors' experiences of justice and conflict (Stake, 2000). Using an interpretivistic approach, I examine survivors' perceptions of TeleCo before and after the downsizing, as well as their feelings about the experience of working in a downsizing organization. Research for this study was conducted in an organization still

in the middle of a downsizing strategy, thus encountering emotions and experiences still actively appearing in the organization.

The goal of this study is to gain a greater understanding of survivors' experiences in a downsizing organization, and in doing so, rethink existing generalizations about downsizing, conflict, justice, and survivors (Stake, 2000). This study is particular to the TeleCo organization, thus the goal of this research is two-fold. First, this project seeks to further understand how survivors frame conflicts while working in a downsizing climate. Along with conflict framing, this study seeks to understand how perceptions of justice and injustice color the experiences of survivors. Secondly, this project seeks to spur on further research from an employee perspective concerning downsizing and survivors. Literature employing a managerial perspective is dominant among downsizing research, thus more research needs to be conducted examining issues from the view point of the employees. This study seeks to encourage employee-based research while contributing to the research on survivors and downsizing.

The Institutional Review Board of Texas A&M University approved the conduct of this study. Written permission was also obtained by the Human Resource Department at TeleCo. Each interviewee agreed to participate in the study with the understanding that their name along with the name of the organization would remain confidential. To ensure confidentiality, each potential interview participant was approached in private. The interviews were held one-on-one in an empty conference room. Although unnecessary, I also offered to meet participants off company property if they felt uncomfortable talking during business hours. Furthermore, signed consent forms

agreeing to participate and audiotapes of the interviews are locked away and will eventually be destroyed.

To aid in my research at TeleCo, a Level 1 engineer was designated by the Human Resource Department as a sponsor to sign me in and out of the building, escort me through the halls, and answer questions. He also aided in contacting participants before and during my time spent in the company. Employees agreeing to participate in the study knew his involvement in the project and agreement to keep participant's names confidential.

### Interviews

This study used interviews as the primary method of data collection. The interviews were unstructured, open-ended, and in-depth, to “provide a greater breadth of data” (Fontana & Frey, 2000, p. 652). Since the interviews are unstructured, the relationship between the participants, the material, and myself is more personal than other data gathering techniques. “Interviewers are increasingly seen as active participants in interactions with respondents, and interviews are seen as negotiated accomplishments of both interviewers and respondents that are shaped by the contexts and situations in which they take place” (Fontana & Frey, 2000, p. 663). While striving to remain as neutral as possible, I also realize that my perceptions of the material and events do impact the results of the study on TeleCo employees.

To gather the necessary data, I interviewed thirty-one (31) employees at TeleCo. Participants were solicited through direct contact with the help of my sponsor. During the interview, I also asked for names of other people the interviewee thought would be a



good interview candidate. Along with solicitation, participants also volunteered to submit to an interview.

Of the thirty-one (31) interviewees, twenty-two (22) were male and nine (9) were female. The representativeness of the male/female distribution is coherent with the gender of individuals working in the organization. Fifteen (15) of the participants are Level 1 employees consisting of technicians, engineers, designers, and customer service representatives. These employees are responsible for developing, designing, and testing products, as well as interacting with customers to teach them how to use the products. For example, an engineer may think of a new way to connect two separate cables. The engineer would work with the designer to produce a prototype of the connector that is cost effective and functional. The technician would test the connector for reliability in heat, cold, water depth, and other harsh climates. With these stages accomplished, the engineer and technician would write information for the product to give to customers. The engineers may also travel to customers to teach them how to install and use the connectors. If customers have questions or want to order the connector, they can call customer service representatives who can answer questions and take ordering information.

Along with the Level 1 employees, seven (7) participants in the study are Level 2 managers. These managers, usually having the title of Specialist, work with the Level 1 employees during development of products. Most Level 2 managers were once Level 1 engineers and designers, so they know the product lines and jobs of Level 1 employees. The added responsibilities of Level 2 managers include money management for old and

new products, along with cost cutting endeavors. Level 2 managers may work with many teams in the division to incorporate product innovation with cost reduction strategies.

The last group of interviewees is Level 3 managers. Nine (9) Level 3 managers participated in the interviews. Half of these managers have international responsibilities such as division heads for Telecomm in areas such as Korea, China, Taiwan, Indonesia, Singapore, and Europe. Other managers are in charge of large areas within the company such as Test and Measurements, Product Demand, Six Sigma, Marketing, and Technology. While these managers have contact with Level 1 and Level 2 employees, their focus is not specific to any one group or project.

To collect data, each interview was conducted in a private, face-to-face setting at TeleCo. The thirty-one (31) interviews for this study took place in April and May of 2003. The interviews ranged from 30 minutes to an hour and fifteen minutes. All interviews were audio taped and transcribed by an outside source. Signed consent forms were obtained from all participants.

Interview questions focused on five areas: choice opportunities during downsizing, voice opportunities during downsizing, feedback from managers, conflicts as a result of downsizing, and future expectations for the division. In choice opportunities during downsizing, I wanted to determine if choice was used during downsizing procedures. In voice opportunities, I wanted to determine if employees had a change to voice their opinions to managers, as well as their evaluation of the outcomes of using voice. The third area I addressed in the interview was feedback from managers. I addressed the issues of quality and justification of the feedback in forming opinions of the organization. Next, I elicited feelings about struggles, tensions, or conflicts

employees had experienced since the beginning of the layoffs. I closed the interview by asking participants to compare the past and present TeleCo for similarities, differences, and their opinion of where the company is headed. A complete list of interview questions is in Appendix C.

### Pilot Study

To determine if my interview questions solicited responses about conflict and procedural justice, I ran a pilot study of my questions. I followed the same procedure to be used for the full study interviews, including an explanation of the consent form and the interview process. The pilot interview was with a Level 1 employee. It was 45 minutes in length and covered all of the intended interview questions. While most of the questions seemed understandable to the participant, I revised some of the questions to sharply focus on choice, voice, feedback, and conflict. I also added further questions about the individual's employment history at TeleCo and job description. Along with the interview, I spent a day with four additional Level 1 employees, asking them about their working environment, job changes, organizational structure, and opinions about the organization.

In the pilot study I found the downsizing process was implemented very quickly without any notice and justified by saying that economic purposes drove the downsizing. Opportunity for voice for those interviewed seemed also very limited. According to the pilot study participant, those employees who choose to voice assenting opinions to management were very likely to be laid off in the next downsizing. The only time employees had the opportunity to voice any dissent was during their final interview following their termination. Feedback from management concerning the downsizing or

the chance for another round of layoffs is also absent. Rumors seemed to be the only source of information concerning the layoffs, and they seemed skewed.

Through this examination of conflict and procedural justice in the pilot study, instances of conflict between the survivors and management were apparent. An example of the conflict between employees and management was the addition of another level of management. Although employees were laid off to cut costs, management added another layer to their group. It was obvious that all members of the organization did not perceive the downsizing in the same ways. Hence, comparing perceptions among Level 1, Level 2, and Level 3 employees became an important focus for the study.

#### Data Analysis

To glean understanding of survivors' experiences at TeleCo, my qualitative data analysis focused on framing and conflict/justice themes. Framing was used to examine how survivors view conflict resulting from the downsizing, while the theme analysis was applied to procedural justice perceptions in relation to downsizing.

#### *Conflict Framing*

“Framing refers to the process of constructing and representing our interpretations of the world around us. Framing also involves a representational process in which we present or express how we make sense of things” (Gray, 2003, p.12). To understand how survivors make sense of the TeleCo downsizing, especially in relation to conflict, this study employed the concepts of naming, blaming, and claiming to examine the survivors' experiences (Putnam & Holmer, 1992). Comparison and contrast were also used to examine how the three levels in the organization changed downsizing perceptions among the survivors.

According to Ryan and Bernard (2000), data analysis reduces text to functional levels while identifying patterns and making comparisons across texts. Although I did not adhering completely to the grounded theory perspective, I adopted their first step to find themes among the text by “a careful line-by-line reading of the text while looking for processes, actions, assumptions, and consequences” (Ryan & Bernard, 2000, p.780). So, the first step in my process of analyzing the interviews for conflict was to read the transcripts. Secondly, I identified interview questions that may have elicited conflict comments. From the interview protocol, the questions that would probably reveal conflict issues included: How would you have done things differently? Can you tell me about any struggles or disagreements that have followed the layoffs?

Along with these interview questions, I developed a list of word and phrases to help me narrow in on conflict during the interviews. This list includes words such as degrading, uncertain, struggles, fear, trust, morale, loyalty, treatment, and frustration. Statements referring to incompatibilities among employees and management were also targeted for analysis. A list of the conflictual comments along with the employee level of the individual was compiled to narrow down the text. Each framing statement was recorded on a Post-It note and color-coded by employee level for a thematic analysis.

Next, the statements were labeled as to whether they named a conflict, blamed someone for the conflict, claimed or confronted the conflict, or explained the conflict. A statement was identified as naming the conflict if it voiced a disagreement of incompatibility experienced as a result of downsizing. An example of naming the conflict would be a statement such as “There are not enough people to sustain and grow the business.” This statement identified the loss of manpower as a conflict stemming

from the downsizing. For blame accounts, I identified statements that pointed to a certain individual or group as the cause for problems during the downsizing. For example, “Managers are self-preserving themselves and adding more layers” is a statement blaming management for the unequal distribution of layoffs among employee level. Claim accounts, statements that confront the conflict, are not prevalent in this study since voice is drastically diminished. Instead of finding claim statements, many employees explained why they did not confront the conflict like they would have prior to the downsizing. Lastly, explaining the conflict aids in interpreting these new experiences by rationalizing the causes of downsizing. “More management is from outside the industry” is used to explain why leadership in the organization is decreasing with the layoffs.

This distinction between naming, blaming, claiming, and explaining allowed for a greater understanding of the main issues of conflicts while also highlighting differing viewpoints between employee levels. To begin revealing frames in greater detail, I started by finding themes, or a grouping of similar issues, among the conflict statements. Ryan and Bernard (2000) suggest that a researcher “start with some general themes derived from reading the literature and add more themes and subthemes as [you] go” (p. 781). From reading the literature on organizational survivors, I began with themes of fear and uncertainty (Greenhalgh & Jick, 1989; Johnson, Bergnhagen, Miller, & Allen, 1996; Spreitzer & Mishra, 1998) as well as changes in workload (Brockner, 1992) and feelings of loss (Guiniven, 2001). By separating the Post-It notes into the established themes as well as emerging themes, I recognized five overarching frameworks, or groupings of similar themes, that survivors used to talk about the conflict in their organization. These five frames are interests, downsizing repercussions of employees, helplessness, mistrust,

and capitalism. Each frame was divided into subthemes and color-coded on the computer to highlight bifurcations among employee level. In the end, with further refinement and specification of labels, the five conflict overarching categories for survivors discussed in this manuscript emerged as perceptions of causes of the downsizing, the consequences and effects of downsizing on the organization, and the climate, culture, and workplace environment after the downsizing.

### *Procedural Justice*

Along with conflict frames, I used a thematic analysis of procedural justice perceptions to focus on how the downsizing was handled at TeleCo. Following the definition of Whiteman and Mamen (2002), procedural justice is divided into three categories: choice, voice, and feedback.

To analyze the data for my inquiries about justice, I started by reading through the interview transcripts (Ryan & Bernard, 2000). After reading the responses, I began identifying the interview questions that most likely elicited justice responses. Choice and voice were elicited through interview questions asking: How were the employees given the opportunity to respond to the prospect of layoffs before and after there were implemented? How would you have done things differently? What suggestions would you have for improvement? How would you evaluate the treatment the remaining employees have received during and after the layoffs? Phrases were also used to pinpoint choice and voice remarks. For choice, words and phrases such as out of the loop, no communication, no options, input, and opportunity to respond as well as corrective statements such as “what should have been done”, “if they would have asked me”, and “I would have” indicated responses concerning choice within the organization. Phrases and

words that designated voice comments included talk, voice, questions, communication meetings, fear to talk, cannot talk, as well as comments on the relationship between individuals and their willingness to talk.

Interview questions that most likely elicited responses about feedback include: How do you evaluate the information given to you? How do you evaluate the timeliness of the information? How was it decided who was going to be laid off and who was going to stay? After asking these questions, phrases and words that triggered feedback responses included explanation, justification, information, business results, communication, responses from management, and questions, as well as no rhyme or reason, open and honest communication, and hidden agenda.

Responses from participants on choice, voice, and feedback were recorded on separate lists along with their employment level in the organization. The responses from each list were color-coded according to level on Post-It notes and laid out on poster board. Similar statements were grouped together and labeled as subthemes describing the overarching themes of choice, voice, and feedback. This served as a flow chart to organize responses into smaller, similar categories (Ryan & Bernard, 2000). This organization was transferred from the flow charts to the computer and organized and color-coded by subtheme and organizational level to draw out bifurcations among employee's responses. With this complete, I went back to the literature for further information about the findings to help finalize labels for the themes and subthemes. Finally, the information was written in the results chapter of this manuscript.

This qualitative case study at TeleCo seeks to promote further understanding of experiences of survivors during downsizing. Through unstructured interviews with



thirty-one (31) employees across three organizational levels, this project unpacks perceptions of survivors through the use of framing and conflict and justice themes. By focusing on survivors, this project aspires to promote further employee-based research while also contributing to the research on survivors and downsizing.

## ANALYSIS AND DISCUSSION

The experiences of survivors can be examined in numerous ways as demonstrated through current research. This study seeks to add further understanding through the introduction of conflict framing and the expansion of procedural justice in relation to downsizing survivors. Employee level classification will also bring insight concerning conflict and justice perceptions among employees. Survivors at TeleCo use three frames to aid in their sense making process; these areas of framing are reasons for downsizing, the consequences and effects on the organization, and the climate, culture, and workplace environment. These employees also use procedural justice to enact fairness perceptions in relation to choice, voice, and feedback.

For a greater understanding of employee perceptions, an overview of employee levels is needed. In this study, interviewees were chosen among three different levels of the company. Level 1 employees are technicians, customer service representatives, designers, and engineers who work with products from conception to sales, as well as aid in customer service and product ordering. Level 1 employees work in teams on multiple projects while also having individual responsibilities.

Level 2 employees are considered managers. These managers often work with the Level 1 employees on their team projects, providing leadership and direction. These employees interface with upper managers, but a majority of their time is spent working with Level 1 employees. During the downsizing, Level 2 managers have been responsible for informing employees chosen to be laid off. These managers do not have input concerning who is chosen, but they must inform the victims of the decision.

Lastly, Level 3 employees are managers with responsibilities over large groups within the division, both locally, nationally, and internationally. Most of these managers have input concerning the downsizing and participate in the selection of employees to layoff. Some of these managers have been with the company for many years, while other as short as four months. Level 3 managers report directly to the Vice President of this particular TeleCo center, providing them with information unknown to Level 1 and Level 2 employees.

Employee level has a great influence on perceptions of downsizing at TeleCo. This study uses conflict framing and procedural justice for a clear understanding of survivors' perceptions and their experiences in a downsizing organization.

### Framing

Framing can be used in a multitude of situations to help those involved understand their experiences. According to Gray (1997), framing is used to “guide interpretations of new experiences” (pg.171). People use frames to make sense of situations and form opinion positions about those situations. “Through framing, we place ourselves in relation to the issue or event – that is, we take a stance” (Gray, 2003, pg.12). The process of framing usually occurs in groups or collectives. “Frames or the conceptualization of issues are co-constructed or determined collectively through the way individuals make sense of their situation” (Putnam & Holmer, 1992, pg.138). This sense making process usually involves steps including naming, blaming, claiming, and explaining (Putnam & Holmer, 1992). These steps help individuals and groups identify a problem, locate the causes of it, address or confront it, and request that the person or group that caused the problem address it (Putnam & Holmer, 1992).

For the employees at TeleCo, blame was used throughout the framing of their downsizing experience. Through the use of blame, employees framed the downsizing experience differently, following into three major arenas of framing. These frames include reasons for downsizing, the consequences and effects on the organization, and the climate, culture, and workplace environment.

#### Framing why and how the downsizing occurs

##### *Capitalism*

As stated by Gray (2003), framing is based on an individual's perception of events occurring in an organization. TeleCo employees' perceptions are strongly influenced by their position within the organization. The most dominant frame for Level 3 managers at TeleCo is capitalism. These managers characterize their experiences of downsizing through capitalism, using it to explain the reasons for the downsizing and to attribute blame for the continued hardships of the employees.

Many managers view downsizing as necessary to increase profits. They attribute the causes for the layoffs to the economy, the industry, the market, business results, and the stockholders. Due to the sluggish economy over the past few years, profits in the telecommunications industry have steadily declined. This downturn forced many companies within the industry to reduce their expenses, which means reducing people. As a Level 2 manager remarked:

*If your operating income goes down then what you need to do is you need to cut your cost. You've got all kinds of ways to cut costs like pencils, paper, blah, blah, blah. The easiest one to do is people.*

With the market in a decline, business results dropped off, thus the reduction of employees continues. Stock prices have become more important to the company than in previous years. A Level 2 Senior Engineering Specialist added:

*We're in a situation like other companies with the economic downturn that management, the top, particularly the CEO of the company, is paid bonuses to make sure we meet the targets from the stockholders. We've got to make a profit.*

Company performance on the public level now drives many of the decisions formerly controlled by product innovation or sales.

For Level 3 managers, the reasons for the layoffs are obvious, but for the lower level employees, the loss is greater than the projected gain. As a Level 1 employee of 21 years remarked:

*I think the consequences [of the downsizing] are that when the telephone industry's economy turns around and they start wanting to buy product again and look for new product, we're gonna be behind the eight ball because we don't have [the employees]; we'll have to work double time to catch up.*

Many employees in all organizational levels agree that understanding the industry is key to understanding the layoffs. A Key Account Sales Manager stated:

*[In order to stop the downsizing] the industry's going to have to change, because when the industry changes and sales picks up again, everybody will. We will not run the way we're being run today. We will be able to re-staff where we need to, and everybody will be doing their job like they should be doing.*

Another Level 1 employee comments on the downsizing by saying:

*I've heard people say this company owes me this, this company owes me that, dadadadadada. My response has always been, this is a business. They have to make business decisions. If the business rubs you the wrong way, well you know, you have the right to be upset. But if the business doesn't make money, you don't have a job.*

Others from the lower levels do not believe that the industry itself has created the need for such drastic cuts. A Level 1 employee observed:

*In the 10 years I've been here, [Telecom has] never laid off anybody. We [the division] had hit a run in the early 90s, not quite as big as this one but still a pretty good downturn, and we had no one get laid off. Then, all of a sudden, people started getting cut left and right.*

Bifurcations among employees in framing the causes of the downsizing stem from differences between employee levels. Level 1 and Level 2 employees work intimately with products and customers. These employees feel strongly about the products and the customers while Level 3 managers focus more on the internal company and the profitability of the products. This rift causes employees to focus on different aspects of the business and favor either the work of the employees or the company's profit.

Level 3 managers frame the downsizing as a business strategy for the sake of capitalism. While capitalism explains the frame of Level 3 managers, lower level employees frame the downsizing experience in terms of politics.

#### *Politics*

While managers feel the downsizing is necessary due to economic factors, lower level employees believe the causes of the downsizing are politically driven. Some employees feel that the layoffs are due to reasons other than cost reductions. To explain the layoffs, employees conclude that personality conflicts, grudges, and greed play a factor into manager's decisions. A Level 2 group leader remarked:

*I guess I thought they [the layoffs] were somewhat more political than justifiable. It's almost like there's an underlying plan that people aren't aware of where they're trying to go with the reduction of people in certain areas. I think there's definitely some personal conflicts that enter into it, more so than is good for business.*

For those employees, the motivation behind the layoffs is not strictly cost reductions, but also personal and political in nature. Many employees believe that managers care only about their personal advancement within the company and the industry. An employee of 14 years added:

*And then you have the fast trackers. These are the golden boys and girls who, you know...they're just here doing time until they make it to the rank that they're being groomed for. And that is what I think we are suffering from now, the fast track people. They come in and they gut a division or a group and they don't think twice about what they're doing. There's a joke going around...well, I wish this person would hurry up and fast track out of here so we can get somebody in here to do something.*

According to Tyler (2001), motivation is determined by whether or not managers are concerned for the welfare of others instead of their own personal gain. For these employees, the motivations of managers are not driven by concern for the good of the business, but by personal aspirations for career advancement. Thus, employees view the causes of the layoffs as politically driven rather than economically necessary.

Employee level contributes to perceptions of the causes of downsizing at TeleCo. While Level 3 employees view the downsizing as response to an economic slowdown, lower level employees suspect political motivations influence the layoffs. Along with causes for the downsizing, employees and managers also disagree about the consequences and effects of the layoffs on the organization.

#### Framing the consequences and effects on the organization

Level 1 and Level 2 employees have a separate perception of the downsizing, framing their experiences in terms of the consequences and effects of downsizing on the organization. For employees at TeleCo, four frames characterize these effects: management's lack of industry knowledge, lack of innovation, loss of talent and

experience, and an increase in survivor workload. For these employees, conflict arises because their perceptions of the organization and their identities in the organization have permanently changed.

*Management's lack of knowledge*

Level 1 and Level 2 employees at TeleCo frame one consequence of the downsizing as the way management shapes reorganization through a lack of knowledge about the products, division, and industry. Many employees feel that managers do not know the products or the functioning of the division. An employee of 24 years observed:

*We've had in years past in our division, personnel who had 20 years plus experience in telecommunications that are at our higher levels, [including] the vice president on down. We now have people that have zero background in telecommunications. They're having to learn from day one. They have no industry contacts like VPs and presidents of companies that you would want. We don't have that anymore.*

Many of the new managers do not have a telecommunications background, but instead are hired because of their accounting background. This practice worries the employees because the managers do not know how to do the job of the technician, engineer, or salesperson. A Level 2 Marketing Manager remarked:

*I think one of the biggest changes is, as my boss, you should go out and do the same thing I do. I mean I believe that. I don't expect you to know what I know because you're supposed to motivate people. That's why you're my boss. But you should at least know how to talk to a customer. And he admitted to me that day that's not what he does. He expected me to do it.*

Without industry knowledge and managerial leadership, many employees feel they will lose the market in which they compete because there will be no leadership in the areas that need to be pursued. As one Senior Design Engineer pointed out:

*The one thing that I do see as a hindrance is that we do see usually a revolving door with upper management every two to three years, or three*



*to four years. They'll leave and someone else comes in. They're coming from a different division and have very limited to zero knowledge of, like, telecommunications. They don't know the business, and if they don't know the business, how can they drive it? You know, so that's been a concern for quite some time.*

One way Level 1 and Level 2 employees characterize their downsizing experience is to highlight management's lack of knowledge of the telecommunications industry. For many, this lack of knowledge also affects the leadership in the division and the ability to develop industry-leading products. Although stronger sentiments come from Levels 1 and 2, some managers in Level 3 also notice leadership within the division has decreased. As a Level 3 Product Manager remarked:

*I think that we have been a little bit void in leadership because our leadership is not very knowledgeable. Now, that being stated, it's also fair to say that our leadership is outside the industry, which I don't hold against them. But the reality is that they don't know the industry. How much confidence is there in the people that are, you know, employees?*

This lack of leadership consequentially effects Level 1 and Level 2 employees' second downsizing concern, innovation.

#### *Lack of innovation*

Innovation is defined as "the development of something new from its earliest beginning to its ultimate completion" (Oden, 1997, pg.1). Employees at TeleCo believe that the layoffs have curtailed innovation in their division. One major reason for this decline is loss in the number of workers. A four-year employee of TeleCo stated:

*[In] the most recent [layoffs] we went from 14 to three employees. Yeah, the hallway you walked down was full at one time.*

For employees still in the company, the majority of their time is spent on products currently on the market. As these products begin to phase out or become obsolete, or

when the industry starts to pick up, employees fear there will be no new products or manpower to follow them. A Level 1 employee pointed out:

*We have no new projects. Obviously, you know, keeping up with old stuff when everyone else is scrambling to try and get anything out, it's hard. [When the industry turns around] we're going to fall flat on our faces because we won't be able to keep up with demand. We won't have the manpower to do it.*

The lack of innovation can lead to the end of the division because without revenue coming in, there is no money to spend on developing new products. These circumstances are in direct conflict with the company identity prior to the layoffs and before infusion of new management. In the past, TeleCo has made an image for itself as an innovative company (TeleCo history). Now, employees must reevaluate their identities in the company because of this culture change. This process creates conflict for employees who do not want to see the organization move away from its innovation roots. They express statements such as, "This isn't the same TeleCo I came to work for."

Although some Level 3 managers notice changes in leadership, only Level 1 and Level 2 employees seem concerned with the loss of innovation. The connection between knowledge, leadership, and innovation is important to recognize. Levels 1 and 2 are responsible for the innovative product development that occurs at TeleCo. For this reason, lower level employees are concerned about the lack of innovation to a greater extent than Level 3 managers. A few managers from Level 3 acknowledge that innovation has become more difficult during the downsizing, but they do not adopt the frame of low innovation as an effect of downsizing. Since many managers are new to the industry, the innovation side of the business is not in the forefront of their thinking or

concerns. The lack of leadership and disinterest in innovation by these managers may occur because the lack of knowledge related to the telecommunications field.

One reason downsizing has slowed the innovative process is due to the loss of workers. This loss is another way survivors in Levels 1 and 2 frame their downsizing experience.

### *Loss of talent and experience*

According to Reina and Reina (1999), employees can see loss in a variety of ways. “People may experience any change as a loss – the loss of fellow workers being laid off, the guilt of good performers losing their jobs, or the dissolution of the ‘family’ company environment that once existed” (Reina & Reina, 1999, pg.137). Employees at TeleCo are experiencing this same type of loss in two significant ways. First, the decrease in employee numbers causes customer service to slow down. With limited resources, the amount of time it takes to respond to customer questions or concerns is extended. A Level 1 employee of 22 years observed:

*[When] a customer comes back and says, hey, I need this changed a little bit, someone’s gotta do it, otherwise the customer is gonna go somewhere else.*

Slower customer service causes some employees to fear that buyers will look elsewhere when buying telecommunication products. The second type of loss deemed important to TeleCo employees is the loss of knowledge and experience. A Level 2 International Manager stated:

*The only thing I couldn’t understand is that they let go [of] some of the experienced people and that experience you are not going to be able to get back once things start picking up, because they are applying for another job. So, how do you fill that experience gap? That is really a big thing.*

Employees in Level 1 and 2 are concerned with the long-term effects of the loss of talent and experience on the organization. Although money may be saved in the short term by reducing costs of experienced workers, in the long run employees think that the lack of experience and knowledge will hurt the progress of the company.

Loss as a consequence of downsizing is definitely linked to organizational level. Lower level employees work as teams on many projects. They know the skill sets and talents of each individual. When an employee is laid off, these workers experience the loss in terms of talent and experience that are vital to the success of the teams. Lower level employees also lose relationships with coworkers, causing a loss both personally and professionally. Level 3 managers do not work with these employees, so they view the layoffs as reducing expensive employees. According to one Level 3 manager, “The cuts should have been deeper.” This view contradicts the feelings of the lower level employees and their view of the downsizing.

The loss of talent and experience also influences the survivors’ workload within the organization.

#### *Increase in survivor workload*

Another consequence of downsizing is an increase in workload for the survivors (Brockner, 1992). TeleCo employees have experienced an increase in workload and a decrease in the quality of their work. Obviously, decreasing workers adds more responsibility to those still doing the work. A Level 2 Product Manager of 31 years remarked:

*The problem is, is that we’ve gone through so many of them [downsizings] that the people that are going to work become fewer and fewer and what happens is the work doesn’t go away, so somebody else picks up the work*

*that's left behind. It doesn't go away so it just adds to work you're doing, and you wind up only touching the high points.*

According to Brockner (1992), to continue productivity levels, survivors add more work to their plates than they had prior to the layoffs.

While the number of lower level employees has decreased, the number of managers has increased during the layoffs. TeleCo has announced four new positions in upper management since the layoffs began. The managers hired to fill those positions are both managers within the Telecomm division as well as TeleCo employees brought in from Europe, Hong Kong, and other divisions within the company. A Level 1 Product Development Engineer stated:

*I think the thing that struck me the most through the whole series of all the layoffs is that we have added more layers of management and not reduced enough and we have hardly any people actually doing the work anymore.*

Managers are not going to lay themselves off, so the number of managers has increased during this period. The increase of managers has led some employees to feel micromanaged. As one Level 1 employee pointed out:

*And then you have the overbearing management that's micro-managing people. If it's come down to a point where they are micro-managing the worker bee, it's just not conducive to people doing a good job because they don't love their job anymore. The old CEO had a saying that was, do not herd people like sheep, because if you herd people like sheep, sheep is what you're gonna get. And right now, we are being herded.*

Another Level 1 employee commented on a cartoon hanging in the hallway that represented the workload at TeleCo:

*There's a cartoon that hangs down one of the halls and it's a stagecoach with a horse, and the stagecoach is stuck, okay and there's one horse. The next cartoon is [the] appropriate response and they add four horses that pulled the stagecoach out. And then on the bottom it says "The TeleCo Way" and they still have one horse but they have fifteen people on the stagecoach beating the horse. Now, I think that's probably the most*

*appropriate analogy. I have more managers now than I've ever had working at TeleCo. The management levels have increased, and my coworkers have depleted, so I kind of feel like the single horse getting beat a little bit harder.*

Another consequence to downsizing along with workload is the working environment. Victims of the layoffs have 30 to 45 days to find another job. Survivors find it hard to work in an already strained environment with embittered employees who have been laid off. A Tech Service Representative of 15 years added:

*Oh it's terrible, it's terrible because nobody has anything good to say, but you want to say only good things. Every day is the same thing, no I still haven't found a job, you know, and gosh I don't know if we're gonna make the house next month. So you try not to distance yourself from them but at the same time, it's really hard to keep the same relationships going.*

While the workload and environment have changed for every level of employee, those most affected are Level 1 and Level 2 employees. A greater number of lower level employees have been laid off, so the jobs of the lower level employees have seen the greatest increase and change. The increase in management also adds to work for the lower level employees by creating more rules and micromanaging the staff. Lower level employees place more emphasis on not letting work fall because they are interested in the quality of their work as well as the quantity. Level 3 managers have noticed that work is falling through the cracks, but it is not viewed as being as important to them as it is to the lower level employees. Changes in the working environment are also more pronounced for Level 1 and Level 2 employees. Layoffs are affecting the lower level employees more than managers because they work with the employees who are laid off while managers do not have as many layoffs at their level and do not work in the same area as the Level 1 and Level 2 employees.

Employees frame the consequences and effects of the layoffs as management's lack of knowledge, lack of innovation, loss of talent and experience, and increase in workload. These changes have a drastic impact on the functioning of the employees in their positions. Along with consequences and effects of downsizing, Level 1 and Level 2 employees also frame the downsizing in terms of the climate, culture, and workplace environment. Four experiences highlight the survivors' framing of the climate, culture, and workplace environment: fear, uncertainty, mistrust, and fairness.

#### Framing the climate, culture, and workplace environment

##### *Fear*

Many survivors at TeleCo frame their experience during the downsizing as fearful. Fear is defined by the Webster's dictionary as "a distressing emotion aroused by impending danger, evil, pain, etc., whether the threat is real or imagined." According to Ciancutti and Steding (2001), there are many conditions that can cause fear, both real and imagined, for employees of an organization. First, fear can be caused by feelings of retribution associated with risk. Some may feel that taking a risk and failing may cause the organization to retaliate with consequences including punishment or layoffs. A second factor that causes fear among employees is the organization's stance regarding voice. "We need to be able to disagree without being 'called on the carpet' simply for voicing an opposing opinion" (Ciancutti & Steding, 2001, pg.144). Fear can arise when employees feel that expressing an opposing opinion may lead to harsh treatment or layoffs. A third type of fear among employees is scapegoating, or having blame placed on an individual or group for a failed task. Employees may be afraid to lead or to participate in decisions or plans because failure may result in being blamed for

downsizing problems. Similarly, fear among employees also arises from management neglect of their employees. When upper management makes all the decisions regarding the functioning of the company, employees feel that their work life is out of control. Outcomes of fear from lack of control include reduction in productivity, shifts in performance, fragmented leadership abilities, and self-focused employees (Ciancutti and Steding, 2001). The last organizational factor that causes fear among employees is leadership change. Employees may feel a shift in priorities, values, and interests with a change in the company leadership. These shifts may also cause employees to feel unsure or fearful concerning their position in the organization.

The level of the employee in the organization influences the framing process. Level 1 and Level 2 employees employ the fear frame to a greater extent than Level 3 managers because they are not involved in process of making decisions. Level 3 managers may agree the experience is unpleasant, but do not react to the downsizing with fear.

Level 1 and Level 2 employees at TeleCo frame their experience in the company with a fear frame. Those who characterize the experience with fear have three main causes of their fears. The first cause, mentioned by Ciancutti and Steding (2001), is the fear of voicing an opposing opinion. Employees feel that voicing contrary opinions or questioning the actions of the managers can lead to the elimination of their job. As one Level 1 Product Development Specialist observed:

*Most recently I saw one of the most intelligent and experienced men in the product line, probably in the United States, be cut. This guy...knew more about what he was talking about than the corporate scientists and he had the nerve to stand up to the corporate scientists, and say, well you know, get off your ass for once, correct this problem. And lo and behold, when the layoffs came, he left. And the corporate scientists brown-noses with*



*the upper executives. Suddenly he came on the line because of that. It's a terrifying thing to realize that regardless of your job performance, if you're not too pretty with the right people, I may not have a way to pay for my house next week.*

This fear is perpetuated by the actions of management and the lower level employees' interpretations of those actions. During an interview, one Level 2 employee expressed concern over his job security because he spoke up against his supervisor's decision saying:

*I fought for two people (not to lose their jobs)...but it does no good to suggest that you shouldn't let that person go. I found that out very fast. I shouldn't have spoke up at all.*

Two weeks after he was interviewed for this study, he was fired. For employees, this confirms and perpetuates their fear of retribution for voicing opinions that question management's views.

The fear of voicing opposing opinions and getting fired has led employees to use other means to communicate their dissatisfaction with management. Many employees have reduced their workweek to the standard 40 hours per week because that is what they feel the organization deserves. A Level 1 employee of 14 years stated:

*[I've] cut myself back to 40 yours a week instead of 60...and I took Wednesday off. I took a vacation day this week. You're only as important as 40 hours a week, well then, that's what I should probably work.*

So instead of voicing opinions to management, survivors are withholding work hours as a protest to management.

The second main cause for fear is being judged as a less productive employee. Although the organization has traditionally thrived on innovation and invention, the amount of time taken before the product can be introduced to the market was not heavily emphasized. In the current company climate, employees believe that taking too long to

develop a good idea or product could cause them to be fired or not involved in project implementation. A Level 1 Laboratory Technologist added:

*What I see is fear throughout the division...to not be in a position where you're not working on something, don't have something high profile that you're attached to. And what that has led to...what you see is a lot of bogus, worthless...projects that are being implemented because if you're not working on something, you're not going to be here.*

The philosophy espoused by the new CEO perpetuates this perception. He believes that the fear of being laid off motivates people to perform. One Level 3 manager pointed out:

*What happens under that type of philosophy...is that the bottom 10% you continually flush out independent of any up turn or down turn in that area, you continually wash out that 10%. And so...there's always the fear, you know, that you're gonna be whacked, that you're gonna fall under that bottom 10%.*

For employees who take this philosophy seriously, it causes fear about job performance, product development, and employment.

The last main cause of fear is what Ciancutti and Steding (2001) call scapegoating. Employees are afraid to make decisions or be placed in leadership positions because they may be blamed and ultimately fired if something goes wrong. Employees exhibit this fear by their reluctance to make decisions without getting the approval of someone higher up in command. A Level 2 Marketing Manager remarked:

*[Employees] are coming to me because they don't want to be responsible for the decision, and they'll say, you know, cover my ass. They don't have the balls to make a mistake. That's all it is. They didn't want to be responsible.*

Having the approval of another person takes the responsibility off the employee's shoulders and places it on a manager or someone else. This fear also arises from lack of information about management's criteria to make decisions about layoffs. If performance affects layoff decisions, employees need a clean record. Those employees who take the

blame for mistakes may be viewed more negatively and are at greater risk of being eliminated. As a Level 2 manager of 31 years pointed out:

*You want to keep a low profile. The consequences of being negative now are greater than what it ever was. You just want to avoid that.*

Survivors in TeleCo frame their experience during the downsizing as fearful. The level of the employee in the organization plays an important role in their framing process. Only employees in Levels 1 and 2 exhibit the fear frame. These employees are not involved in the decisions making processes of the organization's downsizing; therefore, do not have the quantity and quality of information or the feeling of control given to those in the third level. This lack of information and control plays an important role in producing the fear experienced by Level 1 and Level 2. Although Level 3 may share in the experience of unpleasantness due to the downsizing, only the first two levels exhibit fear as a reaction to the layoffs.

Along with fear, employees experience uncertainty due to downsizing in the organization.

#### *Uncertainty*

Brunsson (2000) defines uncertainty as "a lack of information. Uncertainty exists when an individual defines himself as engaged in behavior based on less than complete knowledge of existing and future relations between the individual and his environment and how these are casually related to each other" (pg. 38). Uncertainty plagues the employees in a variety of different way. First, employees feel uncertain about when and if layoffs will occur. The company has not given advanced noticed to let employees know if and when layoffs will occur, so employees are in a constant state of questioning the probability of an impending layoff. A Level 2 manager added:

*You have no control over your life and whoever it [they] have chosen to become redundant in the next layoffs, you have no choice whether you're chosen or not. So, you're not in control of your situation, so it puts you into a situation where, do I buy a car, do I refinance my house?*

Along with the uncertainty about if and when layoffs are going to occur, the question of whether or not the individual will become a victim of the layoffs or remain within the organization looms in the minds of employees (Brockner, DeWitt, Grover & Reed, 1990).

Another Level 3 manager stated:

*So it's kind of waiting for the hangman to show up, not knowing whether you're going to be employed the next day or not. The saying around is, hey, it's a good day because my pass worked this morning.*

This type of uncertainty pervades an individual's professional life and personal life.

Many employees consider uncertainty the most difficult downsizing experience, one that causes both physical and emotional distress.

The prevalence of uncertainty among the employees also influences the functioning of the organization. "Uncertainty affects motivation. Diminished motivation reduces the propensity to act. Substantial uncertainty can effectively hinder action, at least so long as the non-action alternative is perceived as possible" (Brunsson, 2000, pg.42). As mentioned earlier, some employees manage work time in a way to combat the uncertainty they are experiencing. According to Greenhalgh and Jick (1989), feelings of job insecurity brought on by uncertainty can lead survivors to put less effort in their jobs. By only working the traditional 40 hours per week, employees can feel some control over their time; thus reducing some uncertainty. This practice, in turn, lowers the productivity of the organization because employees have reduced the amount of time they spent at work.

The multiple layoffs strongly influence feelings of uncertainty for employees. Lower level employees do not know if and when the layoffs will occur, which causes speculation and rumors. The surprise of each layoff adds to the anxiety of the next layoff and also perpetuates conflicts already present because of the downsizing.

Organizational level is also a strong determinant of uncertainty. Uncertainty stems mainly from the lack of information given to the lower level employees; thus managers in Level 3 do not suffer as much uncertainty because they have access to information about the layoffs. A Level 3 manager pointed out:

*I think the information was accurate and adequate, however, being on the operating committee, I got to see it coming before, during, and after. I get to see all the numbers and have a better view of the whole picture.*

The fear and uncertainty prevalent for lower level employees causes many to mistrust the managers in the company.

#### *Mistrust*

“Once an organization starts downsizing, the consequences are never-ending. It shuts down the whole system, removes trust, destroys relationships” (Reina & Reina, 1999, pg.38). Trust is defined as “a willingness to be vulnerable to others based on the prior belief that they are trustworthy” (Spreitzer & Mishra, 2000 pg.101). For employees in an organization, the level of mistrust depends on the level of commitment to the organization. “The more trust, the greater the sense of violation. The higher the sense of violation, the greater the probability of survivor syndrome symptoms [one being a loss of trust]” (Littler, 2000, pg.71). Many employees respond to the downsizing experience by mistrusting managers and their intentions. According to Littler (2000), “the role of middle managers during the downsizing process reinforces or erodes trust” (pg.71). One

of the primary repercussions of the downsizing at TeleCo is a decrease in trust among employees toward the managers.

Managerial bias and lack of concern for employees are the two areas in which a mistrust frame is the strongest. First, the perceived presence of managerial bias leads to a strong sense of mistrust among employees. Employees mistrust the decision-making abilities of managers as well as the motivations which drive those decisions. For employees at TeleCo, one way their sense of mistrust develops is through the unequal layoff distribution between managers and low level employees. A Level 1 engineer stated:

*A year ago when there were layoffs, one gentleman that we interacted with on a daily basis, his job was eliminated. But then they (management) turned around and less than a month later promoted someone else. It just leaves a bad taste in your mouth and you say, okay, if we're hurting so bad that we have to lay people off, then why are we promoting people to the next levels?...You kind of want to look at management and go, wait a minute.*

Many mistrust the management's decision to fire employees in lower positions while adding more levels of managers. The perception of management preserving itself while putting more work on the dwindling number of employees has created an environment of mistrust along with anger and frustration. A Product Development Engineer observed:

*It seems like our management has gotten to a point where they're coming up with all these great policies and how we should come up with all these great ideas and all this stuff, but then they're cutting the people that are supposed to come up with the ideas. They're self-preserving themselves and creating more layers of management.*

The lower level employees develop the perception of mistrust by examining their workload and staffing and comparing it to the number of managers and their job

responsibilities. They see an imbalance and mistrust the downsizing efforts of management. As a Level 1 employee pointed out:

*They brought in new directors in some of the organization. They brought three or four directors in spite of the fact that they were laying people off. That made everyone angry that we were losing so many employees and that they were getting top heavy by bringing in three more directors. We didn't feel they were needed.*

This imbalance also creates an environment of “us versus them” in which employees feel that management makes decisions that only benefit management, and the workers have to look out for themselves.

Trust develops if employees feel management is acting in consideration of their welfare. On the other hand, if employees do not think management is motivated by a concern for others, they are much less likely to accept the decision-making procedures used by management (Tyler, 2001). The multiple rounds of layoffs in the company exacerbate the perception of mistrust among employees because problems are ignored and compounded with each additional layoff, thus employees at TeleCo judge the managerial behaviors to be motivated by concern for themselves rather than for employees. A Level 1 employee working at TeleCo for almost three years commented:

*I would say that management has raised the bar on the people that work under them but they haven't raised it on themselves, and they're not, to me, treating people as humanly as they should be considering the circumstances.*

A Technical Service Representative added:

*TeleCo has never been an unfair company to work for, but they don't really care too much whether you're happy or not, and they claim they have eliminated positions but really all they did was take the position and give you the responsibilities for it and quit paying somebody else. But you don't get a raise for doing that or you know, just any real consideration.*

Many survivors believe that layoff choices stem from personal preference of individual managers. A Level 2 Group Leader commented:

*I guess I thought they [the layoffs] were somewhat more political than justifiable. It's almost like there's an underlying plan that people aren't aware of. I think there are definitely some personal conflicts that enter into it, more so than good business.*

Another reason employees believe managers are not concerned with employees is demonstrated through the lack of communication between the groups. Employees do not have advanced warning about the layoffs or sufficient explanation for them -- leaving many to feel neglected and unimportant. Since management is not showing any interest in the survivors in regard to layoffs, employees consider managers to be concerned only about themselves.

#### *Fairness*

Along with motivation, fairness is another characteristic that survivors examine. For survivors, equal treatment is a crucial area because it provides relational information about an employee's positions within a group, which in turn, helps shape their feelings of self (Smith, Tyler, Huo, Ortiz & Lind, 1998). Employees at TeleCo do not believe the layoffs are equally distributed throughout the levels. An Advanced Product Designer remarked:

*I don't think it's [the layoffs] equally distributed...Most of the people that have been gone from my hallway were all either engineers or designers or technicians; not a single person in management is gone.*

This inequity leads employees to feel singled out by the organization while the upper level managers are left untouched. This discrepancy among levels causes lower level employees to feel treated unfairly by the organization.

As another Level 1 employee pointed out:



*There definitely tends to be more [layoffs] at the lower levels. [The] management level is typically not hit. It's very rare that any managers were touched [by the layoffs].*

Survivors believe that the upper management is not being affected by the layoffs in the same way as workers at lower levels. Specifically, many employees feel that managers are getting promoted while the workers are doing more work and seeing no increase in pay. A Level 1 Senior Designer added:

*A year ago, one gentleman we interacted with, his job was eliminated. Then [management] turned around and less than a month later promoted someone else. It just leaves a bad taste in your mouth.*

These sentiments of unequal treatment lead many workers to feel devalued by the organization. According to Rosenblatt and Schaeffer (2000), “as a result of the fight over scarce resources [in this case employment], the more powerful interests, not necessarily the more just one, prevail, while others are belittled and crushed” (pg.132). Workers, being the less powerful in the organization, are feeling this imbalance.

Lower level employees are very skeptical concerning the motives of managers. Most employees feel management is acting unfairly by looking out for only themselves while neglecting the lower level workers. This view is often supported by the decisions of upper managers concerning promotions and terminations. Schminke, Cropanzano, and Rupp (2002) address differences in opinions between organizational levels by saying the effects of structure are stronger for those of lower rank and weaker for those in higher ranks. Higher-ranking officials will experience greater levels of distributive justice than lower level employees because the processes favor those in higher positions than those in lower positions. This inequity causes lower level employees to perceive the downsizing as unfair because the processes favor upper management rather than the workers.

Equality is not the only way that employees with a fairness frame characterize the organizational environment. Employees also believe that there is a lack of management concern for their needs. “A belief that management is concerned about the best interests of the survivors leads to less threatening appraisals because survivors believe that top management is acting in the interests of survivors as well as themselves” (Spreitzer & Mishra, 2000, pg.101). For those at TeleCo, there is an overwhelming sense that management is not considering the impact of the layoffs on the survivors or the victims.

A Level 1 Senior Analyst of stated:

*I feel they did not address the employee's fears, those that were left over, that were left here to deal...I don't think they carefully considered the impact on the families of those who did get laid off. I don't feel TeleCo prepared that employee who was let go on how to deal with the family issues and the personal issues that may go along with it.*

Besides informing the victims about severance packages, employees feel that management failed to consider the emotional, psychological, and physical stresses that affect both the victims and the survivors. An employee of 15 years added:

*TeleCo management was told, and this is verified, that the managers of those employees [who were laid off] were told that you are not supposed to deal with this anymore. All your job was to do was to tell them.*

Many employees also believe that the combination of current economic conditions with downsizing has contributed to managers treating employees without the respect and consideration normally afforded them. As one Level 1 employees said:

*It's almost like a whorehouse. You're only good as long as you're putting out. That's exactly what it is, we're whores.*

This sexual metaphor of being “used” resonates with many employees, stirring up feelings of bitterness and mistrust toward the organization. Another Level 1 employee commented:

*I think it's [the downsizing] just allowed management to treat their employees however they want. I had an instance right when the layoffs were starting to happen where a manager made some comments to me that I know for a fact, that nobody would have ever made to me prior to this because they would have lost their jobs. And now, it just doesn't seem to matter.*

Due to tight job market and shrinking organization, many employees feel expendable and devalued within the company.

A final way that employees with a fairness frame view the organization is from a loyalty standpoint. The action of a new CEO in implementing the downsizing has altered the loyalty of the company toward the employees and the employees toward the company. Because of the leadership shift, the psychological contract between the company and employees has also altered. "A psychological contract refers to an individual's beliefs regarding the terms and conditions of a reciprocal exchange agreement between that focal person and another party" (Rosenblatt & Schaeffer, 2000 pg. 136). The TeleCo organization espoused lifetime employment for many decades, so the change in leadership has also caused a change in the views of the organization concerning lifetime employment. For employees brought into the organization believing in lifetime employment, this new culture has shattered their feelings of fairness and faith in management because of the violation in the psychological contract. A manager working for TeleCo for 30 years stated:

*When I started with the company, it was referred to as mother of many. Why did we call it mother of many? Because mother is a very caring individual that takes care of her children. And one thing to be said about TeleCo is you may not get rich, but you'll never have to worry about employment, it's lifetime employment. That culture is gone.*

According to Rosenblatt and Schaeffer (2000), "fairness and good faith are implied in psychological contracts, and violations have strong implications on employees' trust in

the organization, performance, and behavior” (pg. 136). For many, this breach in the psychological employee contract has also altered their attitude toward staying within the organization. A Manufacturing Engineer of 27 years stated:

*Oh, right now, if I get half the pay and medical benefits, I'm gone.*

Since management has broken the psychological contract, employees feel they have not been treated fairly, causing many to look elsewhere for employment and security.

Difference across employee level contributes to the use and nature of this fairness frame. Employees in Level 1 and 2 are more apt to use the fairness frame than those in the third level. Employees view the changes in the company as breaches in established contracts, such as lifetime employment. Violations of these psychological contracts produce feelings of being treated unfairly.

Level 1 and Level 2 employees also establish a fairness frame when examining layoff distribution. Level 3 managers are those in charge of deciding whom to layoff; therefore, it would make sense that they would protect themselves and those surrounding them. This desire to protect leads to a greater number of workers than managers being laid off because, of course, managers are not going to lay themselves off. Lower level employees view this disparity between layoff levels as a lack of concern for the lower level employees; thus creating a sense of inequity and unfair treatment.

Some Level 3 managers acknowledge the impact of the layoffs on the lower level employees. A Level 3 manager stated:

*People have been told that it's recognized that they're under stress, being asked to do more. But I think the frequency in which that message is distributed is few and far between.*

While managers express empathy toward the lower levels, there is minimal effort on their part to reduce the managerial bias and improve the company's concern for the fair treatment of employees. A division representative from the Human Resource Department commented:

*I guess it's been minimal [consideration for the impact of the downsizing on the survivors] and that we could probably do more.*

This negligence, in part, may be caused by their own desire to protect themselves and look out for their own good versus the good of the whole company (Rosenblatt & Schaeffer, 2000).

Frames of fear, uncertainty, mistrust, and fairness capture the experiences of lower level employees at TeleCo during the layoffs. While downsizing is unpleasant for all the workers, Level 1 and Level 2 employees are most impacted by these affects because they have the least control over the organizational layoffs.

In summary of this section, framing is a new way to study the experiences of survivors in a downsizing organization. Employees at TeleCo frame their downsizing perceptions in three major categories: reasons for downsizing, consequences and effects on the organization, and the climate, culture, and workplace environment. Employment level plays a significant role in determining responses to the layoffs. While Level 3 managers frame downsizing as a way to increase capital, Level 1 and 2 employees see decisions as political. They also employ frames aimed at the consequences of the layoffs to be greater than did Level 3 managers the perceived benefits. Along with framing, applying concepts of procedural justice can also reveal new insight into the plight of downsizing survivors.

### Procedural Justice

The process of downsizing embodies numerous difficulties, many of which relate to conflict. Procedural justice is another area heavily emphasized during layoffs. People become unclear about how to judge the necessity of an outcomes, so they look to the decision making procedures to determine their overall feelings of fairness or justice (van den Bos, 2002). Employees involved in downsizing often assess choice and voice to frame the situation and to determine if they agree or disagree with the decision to downsize and its outcomes. This study uses the concepts of choice, voice, and feedback offered by Whiteman and Mamen (2002) to better understand the procedural justice assessment of TeleCo employees during the downsizing.

### Choice

Greenberg and Folger (1983) define choice as “an act of selecting among options, thereby rejecting others” (pg. 241). Choice can have a variety of meanings including participation in decision making, being able to exert influence when other individuals are making a decision, or having the ability to accept a decision without fear of coercion. Those given the opportunity to chose among options gain a greater sense of control over the decision making process and its outcomes. “People who get what they want are happier than people who do not, and it should likewise be clear that participatory procedures might tend to accomplish this goal more than nonparticipatory procedures” (Greenberg & Folger, 1983, pg.239). Employees at TeleCo identify participation as a main factor that influences their perceptions of justice.

Since the beginning of the layoffs, Level 1 and Level 2 employees at TeleCo have not had the opportunity to participate in any aspect of the decision-making processes.

These lower level employees are rarely consulted as to how they felt about the downsizing or what input they had for ways that the organization could save money. A

Product Development Engineer at TeleCo for 8 years commented:

*Maybe we could have done more cost reductions before the layoffs so we didn't have to layoff the numbers that we did. Maybe we could have been more aggressive in our marketing as well as going out and gather more customers. It's just hard to think of someone losing their job.*

Since employees were not given the opportunity to participate in the decision-making process, many of them find it hard to accept the outcomes of the decisions. According to Tyler (2001), employees are more likely to accept decision outcomes, even if they are negative, if they have the ability to participate in the procedures that led to the decisions.

Not only did the majority of employees not have the ability to participate in the decisions, but they also did not have any knowledge that layoffs decisions were being made since a family atmosphere had been promoted for so many decades. Many TeleCo employees were shocked to discover that the company was implementing layoffs. As one Level 1 employee pointed out:

*It puts you in a state of shock, first of all, and then the next thing you think is, am I next?*

For many, the lack of knowledge or forewarning about the layoffs was almost as serious as the lack of participation in the process because of the inability to prepare for the emotional stress of the layoffs. A Regional Account Representative at TeleCo for 25 years stated:

*Well, it just makes you very, not just frustrated, but very stressed. I mean, you're just always nervous because you know they start rumors and they get bigger and bigger and bigger so you never know what's the real story or when it's coming. So, you end up with a feeling of dread for weeks until it actually happens.*

Employees preferred that management pursue a number of alternative options during the layoff process, for example, voluntary separation packages to reduce employees without mandatory layoffs. Two Level 1 employees also commented:

*I think I would have first looked [to see] if there was anything else that could be done. Look at American Airlines and how much time they tried to take to see what else could be done to keep from filing bankruptcy. I would have liked to see that with TeleCo.*

*I would have voluntarily taken a package at any time and my management knew that. And instead, I had to watch people be laid off around me that just devastated people that lost their homes and things like that. It wouldn't have devastated me to get laid off. So, I think they should have taken more voluntary [separations].*

Other employees expressed ideas about cost reductions strategies which the company could have utilized. A Level 1 Senior Designer added:

*First of all, they should not worry quite so much about immediate stock price. They need to take a look at what is going to be best for the business, and do we have people performing. You need to take a look at how to care for yourself long term.*

As another Level 1 employee stated:

*I would have said the layoffs would have been my last option. You don't make more money by laying people off.*

Although the majority of employees were not consulted during the layoffs, one group had advanced knowledge and options. Level 3 managers knew that layoffs were coming since they were the individuals making some of the layoff decisions. As one Six Sigma Blackbelt manager stated:

*Yeah, I was asked. I was part of the division operating committee so I was in the discussions that talked about, in the beginning it was somewhat of a management consensus at that level and the end became more department by department. And in both cases I was in discussions as to who and why and in some cases defended people and other cases just was a participant in the consensus.*



Since senior management knew, they also had the opportunity to take voluntary separation packages if they were close to retirement. Thus, while Level 1 and Level 2 employees were left out of any decision-making procedures, Level 3 managers had both options and control. One senior level manager acknowledged the lack of information and choice given to Level 1 and Level 2 employees by stating:

*I don't think that it [opinions from employees] is generally surveyed and gathered information. I do think employees have the opportunity, as they do almost everyday, to say what are the things we can do to avoid having to do a layoff or to grow the business or to take out expenses and costs. People are encouraged and really pushed to develop ideas of how do we do that and how do we get these programs in place.*

For employees at TeleCo, management's failure to solicit input damages perception of the justice of the layoffs and its procedures. This in turn, adds to the damage caused by the conflicts already discussed, such as mistrust and uncertainty.

Choice is an important component for Level 1 and Level 2 employees when considering procedural justice perceptions. Employees in these levels desire to have the choice to participate in the decisions that drastically change their company. The lack of choice at TeleCo is just one area in which perceptions of procedural justice influence the opinions of the employees concerning the layoffs.

#### Voice

Voice is a second aspect regarded as highly important in the organizational setting. Greenberg and Folger (1983) define voice as "shorthand for the variety of ways that subordinates in an organization communicate their interests to their supervisors in an attempts to exert influence over the decisions their superiors will make" (pg. 242).

Although some voice is preventative in nature, meaning that opinions are voiced before

decisions are made and injustices incurred, remedial voice appeals decisions when injustices have already occurred (Sheppard, Lewicki & Minton, 1992). Since most employees did not have the ability to choose or lend input in the decision-making process, the remedial voice that should correct wrongs made in decisions is most relevant in the case. Voice in relation to control and outcomes are two main aspects of the TeleCo survivors' downsizing experience that heavily influence their justice perceptions. As discussed in the framing section on fear, employees are reluctant to voice opinions about layoffs because they fear that doing so will make them a downsizing victim.

According to Shapiro and Brett (1993), voice heightens feelings of indirect outcome control, even if it is not taken into consideration; thus voice is important to employees even if their suggestions are not incorporated into decisions. Employees want to voice their opinions and concerns because it helps to vent frustrations, express disagreements, and make employees feel more in control of their situations (Bruce & Shapiro, 2000). One of the most important things that employers can do to support feelings of justice and control within the work environment is to provide individuals with the capacity to be heard by the organization (Sheppard, Lewicki & Minton, 1992). Even though voice is important in relation to control in organizational settings, employees at TeleCo are not using their voice nor experiencing control. Most employees will not talk with management about their opinions concerning the layoffs. A TeleCo employee of 13 years state:

*I would have [talked with management] six or seven years ago, but now we just tend to get a little more frightened for your own job. We can go to employee assistance, but that is just voicing our opinion and that's as far as it goes. We cannot go to Human Resources because it's basically for the company. And we really aren't sure that our opinions and our feelings*

*are going to be heard by our managers or if it's going to hurt our performance.*

For others, the decision to talk with a manager depends on the personality of the individual manager. A Level 1 Senior Product Designer remarked:

*It depends on the manager. Some are real easy to talk to; others would use it against you. It depends on the style of the manager.*

The personal relationship between the employee and the manager or the employee and the employee constitutes the most important factor for decision about voice.

Employee level is a strong indication of the sense of control related to voice. An International and Domestic Technical Support Representative added:

*It's really funny because there's a level of people that are getting laid off. There's a midlevel and then there's a management level that they haven't touched.*

For Level 1 and Level 2 employees, voice is only utilized within personal relationships where trust is already established. Level 3 managers do not see the need for selectivity in voicing opinions. These managers feel that employee voice is alive, although diminished, within the company since there are communication meetings scheduled for employees to voice concerns. A Level 3 manager working at TeleCo for 31 years commented:

*If somebody working for me comes and asks me a question, I think all of the management around here tries to be as honest as we can. We're a fairly close team here. I think the difficult questions are not asked publicly [in communication meetings] anymore. Some people are keeping their heads down for fear if I stand out I might be targeted. I would hope but I don't think that is an influence if somebody asks a tough question of a senior person in the company.*

These Level 3 managers do not understand the relationship between voice and feelings of control that accompany action because the managers feel comfortable providing voice.

Along with control, perceived outcomes of voicing an opinion also indicate whether employees will choose to use voice. Sheppard, Lewicki, and Minton (1992) indicate that voice systems should be unbiased and non-punitive; if used correctly, voice should bring about fairness and not punishment. For the employees at TeleCo, many individuals feel that the opposite is true and that punishment will follow any attempts to voice contrary opinions. A Level 2 International Manager remarked:

*Struggles are there, but you couldn't do anything really, because you are at the edge. If you have said or done something that is disagreeable to the management then they ask you to go, which is not too difficult for them to do. Therefore, we are very much kept on line, we did what we could as much as we would.*

As one Manufacturing Engineer put it:

*Why would I say anything to a Nazi [management] if he's just gonna turn around and shoot me?*

Employees fear that saying the wrong thing to the wrong person or at the wrong time can set them up to be fired if the company institutes more layoffs. As a result of this uncertainty and fear, employees do not take the risks that they did in the past. Other outcomes of this uncertainty include reduction in productivity, innovation, leadership, and risks -- since employees would rather say nothing than lose their jobs.

The bifurcation between organizational levels is again very clear. Level 1 and Level 2 employees fear voicing opinions because they may get terminated. Level 3 employees do not see the outcomes of employee voice as being a negative thing. Although Level 3 managers have noticed a decline in voice among employees, action is not being taken to bridge the gap between employees and managers. Therefore, the lower level employees are not saying anything out of fear for their jobs while upper management isn't saying anything because the employees are not asking them. This

vicious circle is not allowing workers to communicate with managers, and instead feeds their fears about the outcomes of voice.

Along with choice and voice, managements' responsiveness in the form of feedback also plays an important role in procedural justice judgments for Level 1 and Level 2 employees.

### Feedback

Feedback can be both verbal and nonverbal, and foster patterns of perceived communication (Stohl & Redding, 1987). Whiteman and Mamen (2002) characterize feedback as "explanations given by decision-makers to justify their decision" (pg. 301). For employees at TeleCo, feedback is divided into two main categories -- quality and justification. The evaluation of the information as well as the explanatory nature of the information aid in determining whether feedback contributes to procedural justice.

### *Quality*

According to Tyler and Bies (1990), people react based on the quality of feedback and interpersonal treatment they receive during decision-making procedures. Feedback quality influences an employees' sense of procedural justice. For employees at TeleCo, quality feedback takes on two characteristics: being open and honest with information and being responsive to the needs and questions of the employees. Evaluation of these two factors aid in the development of employee beliefs concerning fairness during the company's downsizing.

TeleCo employees' assessment of quality feedback is directly connected to their evaluation of communication from managers. Workers want to see management being open and honest about the layoff process by answering questions about when the layoffs

are going to happen, why the layoffs are happening, and if there are going to be more layoffs. According to Cascio (2002), one of the most common and damaging mistakes a company can do during downsizing is to fail to communicate openly and honestly with employees. “Failure to provide regular, ongoing updates not only contributes to the atmosphere of uncertainty but also does nothing to dispel rumors. Open and honest communication is crucial if employees are to trust what management says” (Cascio, 2002, pg. 101).

In the view of the employees, TeleCo managers have failed to address these concerns adequately, leading many people to believe that management is hiding information or not being honest and straightforward about the layoffs. A Level 1 employee remarked:

*[I would like to see] more communication. I feel like things are being hidden. It feels like they beat around the bush if we ask the questions like; Are there going to be any [more] layoffs? Do you foresee any in the future? They just talk around the subject.*

Due to the lack of information, rumors continuously circulate among the employees forecasting the next layoffs, how many will be laid off, and the health and longevity of the division. An employee at TeleCo for 13 years added:

*I've heard that they're going to close it [the division] down, close [this TeleCo center] and move it [back to company headquarters]. I've heard we're gonna close down a [product] line. You know, rumors never stop.*

According to Stohl and Redding (1987), “rumors appear to emerge to explain situations that are perceived as both confusing and important” (pg. 480). These rumors create a stressful working environment that some believe can be reduced if managers would be

forthcoming with specific information about the layoffs (Stohl & Redding, 1987). As a Level 2 International Manager commented:

*There was a time where there were a lot of rumors, you go down the corridor and you get different rumors.*

As with feelings of trust in management, open and honest communication creates a sense of concern from management that helps survivors through the downsizing experience (Spreitzer & Mishra, 2000). This sense of openness and honesty is not being demonstrated within the TeleCo organization, leaving many employees confused, anxious, and distrusting management's motives and decisions.

Even though the feelings of openness and honesty are important to survivors when dealing with layoffs, responsiveness from management is lacking at TeleCo. Stohl and Redding (1987) label this deficiency the mum effect, which states that people avoid communicating information seen as negative. "The greater reluctance to communicate bad news is restricted to those situations in which the recipient is the person whose fate is altered by circumstances described in the message" (Stohl & Redding, 1987, pg. 482). In TeleCo, both victims and survivors are heavily influenced by the layoffs, victims lose their jobs and survivors must pick up the extra work, thus both groups are considered the recipients of bad news. Since most employees are being negatively influenced by the layoffs, managers reduce their responsiveness to both groups. A Level 1 employee at TeleCo for 21 years stated:

*For the [survivors] it [the communication] was somewhat lacking. I don't think they explained. I don't think the company explained their position and decisions as well as they could have. They left a lot of unanswered questions...I'm not sure that's a good thing because it tends to cause a lot of rumors to float around.*

One repercussion of the lack of responsiveness is the passing of communication from managers to employees. Many workers get their information from other employees rather than managers. As one Manufacturing Engineer observed:

*Formally, no, you don't hear that [layoff justification]. The people that are laid off are told, so we heard from them how they pick them [victims].*

A Technical Manager also stated:

*There wasn't a lot of advanced notice or anything in terms of, okay, we're gonna be doing this unfortunately and the names will be named. No meetings like that. People just found out ad hoc I would say.*

To many employees, the absence in responsiveness indicates that managers are not concerned about the workers, but are only interested in their own needs. A TeleCo employee of 22 years remarked:

*I think everybody is under a lot of pressure, and that goes for the upper management all the way down. I think that upper management likes to be perceived as having a lot of empathy for the underling, but I don't really believe that's the case. I think somebody has a number to meet, and if they can't get that number one way, they'll get it by cutting heads.*

Employees also evaluate responsiveness by the timeliness of communication.

According to Rosenblatt and Schaeffer (2000), during times of downsizing, executives act less consistently and systematically than during routine times. Some TeleCo workers have noticed this inconsistency. A Level 2 Senior Engineering Specialist added:

*The rumors were already out before they met with us as a large group. The meeting, I thought, took place a little slow. It would have been better a little bit more upfront. What I'm seeing today because the numbers [of employees] are smaller [is that] they're not having general meeting to talk about it [the layoffs].*

A Level 3 manager also commented on the information timeliness by saying:

*In the beginning, it [timeliness] was handled really well. Like the first time we did a large one [layoff], there was a division meeting right after.*



*Since then, and there's been a couple more waves of layoffs, it hasn't been handled quite as in depth.*

For all employees, the quality of the information and the timeliness of the information go hand in hand. Managers can be very timely with the information they are revealing, but if the information isn't quality, meaning honest and in depth, it doesn't satisfy the needs of the employees. Thus, responsiveness is not only determined by the timing of the information, but also the quality of the information being presented.

Opinions concerning feedback quality relates to job level within the organization. Employees in Level 1 and Level 2 commonly feel that honesty and responsiveness have been unsatisfactory. As one TeleCo employee of 25 years stated:

*I really feel that if upper management would be more open to everybody, more open to the employees, I think that it would help a lot. I don't think the stress would be so high because nobody knows what's going to happen.*

Numerous issues are not addressed, leaving the lower level employees to feel out of the loop and uninformed. While Level 1 and Level 2 employees believe the feedback lacks both quality and quantity, Level 3 employees respond in a different manner. Level 3 employees feel that information and feedback given to the lower levels is sufficient to meet employee needs. An International Business Manager remarked:

*If somebody comes and asks me a question, I think all management...tries to be as honest as we can. If somebody comes in and asks me a question I don't have the answer to, we always get the answer one way or another.*

One Level 3 manager explained the reasons behind the decreased feedback by saying:

*Years ago we used to go out and put big announcements to the press every time there was a handful of people [laid off]. When you look at the disruption that caused, it tended to cause more disruption than what the belief it was a benefit. So, I think the detailed communications is probably less today than it was before.*

These upper managers also feel that the feedback is given in a timely manner because they work to keep rumors at a minimum. A Level 3 manager of 31 years added:

*I think it's [the timeliness] been pretty good because we do these [communication meetings] on a regular basis. What we're trying to do is avoid the rumor mill.*

While the Level 3 employees believe the feedback is responsive to the needs of the workers, the lower level employees do not agree. This separation between managers and workers may stem from the quality of information the groups receive, their uncertainty about their job security, and their trust in management to make the correct decisions for the organization as a whole.

Quality feedback includes open and honest communication as well as timely information. Survivors also evaluate feedback by examining the justification and reasons given by management to explain the layoffs.

#### *Justification*

The final way employees evaluate procedural justice through feedback is through justifications for the organization's actions. According to Bies and Shapiro (1988), employees are happier when a justification of circumstances is provided, even when the situation is unfavorable. People voluntarily cooperate with groups when they believe the group decision is made fairly, thus a justification of actions is one way to communicate fairness to employees (Tyler, 2000). For TeleCo employees, feedback concerning the layoffs should incorporate two main areas: causes of and criteria for the layoff decisions. These two areas aid in the survivor's evaluation of whether or not the layoffs are justified and fair.

Causes of layoffs are certainly one of the first questions employees ask when faced with downsizing. “Evidence indicates that layoff survivors who were provided explanations for the layoffs, or who received advanced notice of them, had more positive reactions to layoffs and higher commitment to the organization” (Cascio, 2002, pg.94). Employees search for information that will help them make sense of the uncertain work environment. Pinpointing a cause for the layoffs provides a tangential element to blame. Employees look to the managers to provide this evidence for the TeleCo organization. The justification from Level 3 managers can be divided into two responses. First, many blame capitalism for the layoffs. Business decisions that are related to operating income and stock prices are often given as explanations for the layoffs. A Level 2 Product Development Specialist observed:

*The TeleCo of now is looking more at the stock and at the investors. [They're] paying a little bit less attention to employees, not doing as much as they used to for the employees as they were 10 years ago.*

The other main cause of the layoffs is the new CEO and his leadership philosophy. As discussed earlier, the CEO's business philosophy states that the bottom 10% of workers should be continually flushed out of the organization. So, as the new CEO refines the company, employees can see how the CEO could use layoffs to restructure the organization.

The second and most important areas employees examine in relation to justification are the criteria for layoff decisions. After management establishes that layoffs are needed, employees also want to know how management is choosing which employees should stay and which should leave (Brockner & Greenburg, 1990). The criteria for layoff decisions are very ambiguous within the TeleCo organization. Many

employees understand the need for the layoffs, but not how managers arrive at the individual decisions concerning employees. A Level 1 Senior Product Designer stated:

*Well, you understood the business reasons, but down to the personal level, why certain people were chosen, why certain ones were still here, those questions aren't answered.*

Level 1 and Level 2 employees question managers about the criteria, but none have been satisfied with the answer. A Level 1 employee commented:

*They [managers] give you a run around a little bit I thought. You never could get a straight answer out of most of management. The first answer that we were given was that they were taking all, in the first layoffs, low performers. But then after that it was simply eliminating positions. The problem with that answer is that the first people that go laid off for poor performance got bigger packages than the ones that later had good performance but they were eliminating these positions. So, it makes it hard to believe the reasoning for the layoffs.*

A Senior Designer at TeleCo for 13 years commented:

*There really was not much information given [about the layoffs] other than the fact we were told this was strictly job function related, not performance related, which I guess didn't set well with anyone. I mean, either way it probably would not have sat well with anyone because those are your coworkers, you hate to see them get laid off. At the same time, the way it was done, when it's said your performance has nothing to do with it, it is strictly a job function, that makes you sit there at go, okay, well then, am I next? And that's when you sit there and kind of worry about the job you spent tons of hour of overtime in, which salary doesn't compensate for. Is it worth it? Am I spinning my wheels just to get axed later?*

The number of rounds of layoffs in the division also influences the speculation of layoff criteria. At the beginning of the layoffs, it was stated that layoff decisions were made based on job positions rather than performance, while other people heard performance was an influencing factor. This inconsistency could be a consequence of the multiple rounds of layoffs within the organization. Level 3 managers may be purposely being ambiguous concerning the layoff criteria. According to Stohl and Redding (1987),

calculated ambiguity is a conscious intent by the sender to leave room to maneuver, or in the case of TeleCo, to amend the layoff criteria over multiple rounds of layoffs. This speculation also may stem from differences among the Level 3 managers about the layoff criteria. A Level 3 manager commented:

*We do communicate [about the layoffs] but we don't get into an individual basis of why [an individual got] laid off. We show the bigger picture of why we had to do what we did and that it's through job elimination and consolidation.*

Another manager commented on the criteria for the layoffs by saying:

*We've had a series of these [layoffs] and ... I think we lost 20 some odd people in our division. What you hear goes on is that they go through a process of the performers that are marginal performers. So, we've gone through all of that, now we're [looking] at everybody that's left is probably pretty good performers, so now they're looking at business needs by business units.*

The problem the lower level employees have determining the criteria for the layoffs may be the result of inconsistencies among Level 3 managers about the criteria used for the layoffs. So, in one aspect, the lower and upper level employees are similar in that they both are confused about the criteria or standards used to determine layoff candidates. The difference between the levels comes from the amount of control the individual employee has over his or her job security and over the layoff process as a whole. The criteria is confusing for the third level employees, but they do not have as great a chance of becoming a victim as do the lower level employees. For the lower level, it is important to know the layoff criteria so they know if they fit into the criteria or how they can change their behavior to avoid being targeted as a future layoff candidate.

Choice, voice, and feedback combine to influence survivors' perceptions of procedural justice during downsizing. For employees at TeleCo, experiencing procedural

injustice stems from their lack of influence over the downsizing as well as the deficient information presented to them to justify managements' actions. The voice of justice leads many to feel out of control of their working lives as well as uncertainty about their future.

### Relational Model

The literature review developed two separate models for procedural justice, conflict, and downsizing. Through the results of this study, a model can be inferred that explains the relationship between all three variables.

Downsizing followed by procedures that stifle choice, voice, and feedback leads to a loss of talented and experienced workers. The loss of talent and experience increases the workload while decreases voice. The absence of voice leads to conflicts being ignored and not addressed by employees. Employees' behavior is influenced by the conflicts present within the organization, leading to changes in productivity, sabotage, and absenteeism. Decreases in productivity, sabotage, and absenteeism also lead to a decrease in innovation. Fewer product innovations lead to a decrease in profits and increases downsizing.

This interaction between downsizing, procedural justice, and conflict creates a vicious cycle that has trapped employees and managers at TeleCo, allowing the spiral of destruction to continue. See Appendix D for a drawn out model.

In summary of this chapter, survivors' experiences can be examined in many ways although research on the plight of survivors is limited. This study expands on the literature to add great depth of understanding to this area. Conflict framing and procedural justice perceptions are two ways to shed light on survivors' downsizing

experiences. These methods of analysis highlight both existing knowledge and new insight into downsizing and survivors. A model of downsizing, procedural justice, and conflict can be inferred through the data to explain their relationship and causes of problems at TeleCo. The concluding chapter will discuss these findings further and draw this manuscript to a close.

## CONCLUSIONS AND IMPLICATIONS

### FOR FURTHER RESEARCH

#### Summary of Findings

*RQ1: How do survivors frame the conflicts that surround downsizing? What are the different ways in which they name, blame, claim, and explain these events?*

Survivors at TeleCo use the blame frame to characterize their downsizing experience. Employee level influences the way survivors use the blame frame because the levels have different focuses and information concerning the downsizing.

Management uses capitalism as their primary frame of downsizing. Using this frame allows blame to be placed on outside influences such as the industry, the economy, and the stockholders. While some lower level employees agree that downsizing is needed, others believe political reasons also shape the decisions to downsize.

The primary way that Level 1 and Level 2 employees frame the downsizing is through the consequences and effects on the organization. These employees view the shortcomings of downsizing to include potential reduced productivity due to management's lack of knowledge, loss of innovation, the company's loss of talent and experience, and an increase in workload. Conflict arises because managers do not have knowledge about the industry. This lack of knowledge causes a decline in leadership and innovation within the division while also increasing the workload for employees. The decrease in innovation leads to fewer products and a decrease in profits, leading to downsizing in the organization. As demonstrated by the model I introduced, this brings rise to new conflict and the vicious cycle continues.

Lastly, Level 1 and Level 2 employees frame the downsizing through the climate, culture, and workplace environment. Fear, uncertainty, mistrust, and fairness



characterize the climate of TeleCo for lower level employees because information from management is inadequate. Conflict arises when lower level employees blame management for changes in the climate and culture, but reaction to the blame is silenced through employees' fear of retribution from the organization for voicing opposition.

*RQ2: How do opportunities for choice influence survivor's views of past and future downsizing? How do these opportunities (or lack of them) influence survivors' experiences and their framing of the conflict?*

TeleCo employees experience choice in different ways depending on their level within the organization. Level 3 managers experience choice during the downsizing episodes because they make the layoff decisions. Their decision-making opportunities allow them to frame their downsizing experiences as less conflictual than the lower level employees.

Level 1 and Level 2 employees are not given the option of choice during decisions about downsizing, so their view of past and future downsizing is not as positive. The lack of choice or forewarning about the layoffs has caused the lower level employees to question managements' motives and abilities to lead the company. These conflicts have lead the employees to mistrust management and to feel devalued by the organization.

*RQ3: What opportunities for voice arose during the downsizing? How do survivors' perceptions of these opportunities influence their notions of justice and how does their framing of the conflict relate to perceptions of voice?*

While managers feel voice has been encouraged throughout the downsizing, lower level employees feel threatened if they voice an opinion opposing management. This discrepancy exists because managers believe the downsizing procedures encourage voice while lower level employees view the procedures as limiting voice. Level 1 and

Level 2 employees feel expressing an opinion to managers is risking their jobs. While voice usually diminishes during downsizing, employees at TeleCo have seen coworkers lose their jobs after voicing an opinion. These instances reify the employees' belief that voice is dangerous. Some Level 1 employees feel they could talk to Level 2 employees, but only if the two have a trusting relationship.

These perceptions of voice greatly influence the lower level employees' view of justice. Many feel silenced and devalued within their jobs, reducing them to mindless followers of management. Employees do not feel treated fairly by managers, thus creating low evaluations of justice and high levels of conflict. Level 1 and Level 2 employees frame the working environment as fearful and mistrusting due to the perceived consequences of voicing opinions in the workplace.

*RQ4: What type of managerial feedback was provided during the downsizing? How do survivors' perceptions of this feedback influence their feelings of justice and relate to framing of the conflict?*

Managerial feedback is often hindered due to downsizing (Stohl & Redding, 1987). As the number of large layoffs increase, the amount and quality of feedback decreases. At TeleCo, perceptions about feedback depend on the level of the employee. Level 3 managers feel the feedback, consisting of business results, P&L numbers, and industry forecasts, is adequate to answer the questions of employees. Managers feel this information is what the employees need to justify the layoffs and answer their questions. Lower level employees feel this economic feedback inadequately explains the layoff decisions. These employees desire information concerning how people were chosen to stay or go, not only business rationale. As the layoffs continued, justification from management about the layoff criteria became increasingly confusing since management

could not come to a consensus on the layoff criteria. Along with poor justification, the quality of the feedback has become so low that Level 1 and Level 2 employees have stopped asking questions because they know management's response would be inadequate. The poor timeliness, inadequate justification, and low quality of feedback greatly influenced the lower level employees' perceptions of justice. They feel management is not being open and honest, causing conflict frames of mistrust and uncertainty to pervade the lower levels.

*RQ5: How do survivors see the interpersonal treatment of victims and survivors during the downsizing? How do these perceptions relate to justice and framing of the conflict?*

Employees at TeleCo have mixed feelings about treatment of the victims and survivors during the downsizing. Level 3 managers believe the victims have been treated generously with the severance package and employee assistance. Managers also believe the survivors have been treated with respect because they have been informed and included in discussions about the downsizing. Although mostly positive, a few Level 3 managers believe that the lower level employees have not been treated well because they have not been appreciated for the extra workload.

While managers have mixed opinions about the treatment of the lower level survivors, Level 1 and Level 2 employees agree that they have been overlooked during the downsizing. Rumors and mistrust pervade the lower levels because information is not available. Conflict frames of fear, uncertainty, mistrust, and unfairness demonstrate the lack of proper treatment for this group of employees. These conflicts often lead survivors to feel used for their capabilities and discarded when the organization does not need them any longer.

Level 1 and Level 2 employees also have mixed feelings about the treatment of the victims. Some employees believe the victims are treated fairly by TeleCo because of the severance packages and employee assistance programs. Other lower level employees feel the victims may have been taken care of financially, but not physically or emotionally.

Employees who view the victims as being treated fairly during the layoffs perceive less injustice than those who believe both the victims and survivors are being regarded poorly. For all employees, the overall treatment of people during the downsizing has led to a decrease in perceived justice because of the drastic change in the organizational philosophy toward the employees.

*RQ6: What were survivors' perceptions of the type and manner of communication during the downsizing and how does this relate to perceptions of justice and conflict framing?*

Survivors' perceptions of communication from management have changed with each round of layoffs occurring in the organization. When the layoffs began, management spent more time with the employees explaining the business reasons for the layoffs. For employees, the business reasons for the layoffs were not adequate to explain the need for such drastic measures. As the layoffs progressed, management did not continue to address the layoffs because their reasoning for the layoffs was the same as the previous layoffs, leaving employees to feel frustrated and confused.

The communication pattern between employees and management contributes to the vicious cycle present in TeleCo. When management implements a layoff, the procedures used to communicate the event prohibits choice and voice for employees. Employees are fearful to ask for information, so management does not respond to

employees with feedback about the downsizing. The workload increases while innovation decreases, leading to frustration and conflict between managers and employees. This conflict influences levels of productivity, leading many to decrease their work efforts and increase absenteeism. The decline in productivity decreases product introduction and sales, leading to another round of layoffs.

The type and pattern of communication from management influences perceptions of injustice while contributing to the vicious cycle of downsizing. While communication from management was more plentiful in the beginning, the quality of the communication has never satisfied the employees desire for proper justification of the layoffs.

#### Implications of Findings

The purpose of this study was to create a greater understanding about the plight of survivors while also spurring on new areas of research on the topic. This section will reiterate current work while providing new insight in the areas of organizational survivors, procedural justice, and organizational downsizing by providing implications of this research, implications for TeleCo, and new findings that challenge assumptive ground.

#### *Organizational Survivors*

This study, while confirming current research, also adds understanding about survivors through the application of procedural justice and conflict frames. Current literature on organizational survivors can be divided into three main categories: emotional responses to downsizing, uncertainty and ambiguity during downsizing, and environmental changes due to downsizing. These categories will be used to reiterate work consistent with the literature while adding to the literature with new findings.

Emotional responses to downsizing include guilt, anger, hatred, and mistrust, which can result in actions such as sabotage (Ambrose et. al, 2002; Guiniven, 2001; Mishra, 1998; Spreitzer & Mishra, 2002). Consistent with these findings, employees at TeleCo experience anger and mistrust as outcomes of the downsizing, causing some to respond by decreasing their work hours and questioning managements' decisions (Guiniven, 2001). This study expands on these responses to explain how survivors frame their emotional responses in relation to conflict. Anger and mistrust result from perceptions of procedural justice during the downsizing. Survivors examine their opportunities for choice and voice along with management's concern for employees and justification of the downsizing in order to decide their reactions to the downsizing. For employees at TeleCo, the absence of choice, fear of voice, and poor explanations from management result in feelings of anger and mistrust toward management. Fear and mistrust are the two overarching frames that characterize lower level employees' emotional responses to downsizing.

Uncertainty and ambiguity is the second category encompassed in current survivor literature. Survivors often respond to feelings of uncertainty and ambiguity by altering their participation in the organization, in terms of both productivity and commitment (Greenhalgh and Jick, 1989; Johnson, Bernhagen, Miller & Allen, 1996; Spreitzer & Mishra, 2002). While literature has focused on results of uncertainty and ambiguity, this study examined the causes of these reactions and conflicts that may arise in response. Downsizing procedures have a major influence on levels of uncertainty and ambiguity (Cameron, Freeman & Mishra, 1991; Tyler, 2001). The opportunity for survivors to participate in decision making procedures allows for control that reduces

uncertainty. Voice procedures also allow survivors to rectify questions and disagreements through communication with managers (Greenburg & Folger, 1983). Feedback from management, including justification of the layoffs and criteria for the layoff decisions, also reduces uncertainty and ambiguity (Tyler, 2001). So, procedures implemented during downsizing influences levels of uncertainty and ambiguity, and in turn, perceptions of procedural justice.

TeleCo employees experienced high levels of uncertainty and ambiguity as a result of poor downsizing procedures; consequentially, these employees frame their involvement in the downsizing as conflictual. Conflicts frames that arise from high levels of uncertainty and ambiguity include fear and mistrust. Fear of voicing an opinion, taking risks, being a scapegoat, and getting laid off can all be attributed to high uncertainty concerning decision criteria (Ciancutti & Steding, 2001). Managerial bias and lack of concern for employees characterize the mistrust frame, leaving employees to feel skeptical of management's decision-making abilities as well as the fairness of layoff outcomes.

To cope with uncertainty and ambiguity brought about by downsizing, employees decide who is responsible for the layoffs by taking either a sympathetic or unsympathetic stance with the victims (Brockner & Greenburg, 1990). Those applying a sympathetic stance blame managers for layoffs, while those using an unsympathetic stance blame those laid off. For employees at TeleCo, the sympathetic stance dominates the reactions to downsizing. Lower level employees blame management for the downsizing because many disagree with the drastic cuts in response to the industry decline. They are also

skeptical about the criteria used to make the layoff decisions, so they blame managers making the decisions instead of the individual victims.

The third area emphasized in survivor literature is the working environment of survivors. Changes in productivity and workload effect survivors' responses to downsizing (Brockner & Greenburg, 1990; Brockner, 1992). Productivity increases, decreases, or stays the same during downsizing (Brockner & Greenburg, 1990). The findings of this study support a bipolar response to productivity. Employees at TeleCo fear the layoffs, so they work overtime to innovate products that lead to status within the company. Other employees feel used by TeleCo, causing them to reduce their week to exactly 40 hours. The way each employee reacts to the downsizing will determine whether he or she will increase or decrease productivity. Those who fear losing their job and desire to stay in the organization will increase productivity to gain positive recognition. Employees who respond to the layoffs with helplessness or anger decrease productivity because they feel the layoffs are inevitable or want to sabotage the organization for implementing the layoffs. As the number of large layoffs increases, the number of employees whose productivity is declining also increases because all the employees are emotionally and physically drained from the prolonged stress. The decrease in productivity, again, adds to the vicious circle of layoffs.

While the present literature addresses the way productivity changes, it does not address why productivity is altered. Employees at TeleCo responded through changes in productivity because of fear of layoffs and resentment for poor treatment; their actions in response to low levels of procedural justice. Although high levels of productivity may be beneficial in the short-term, these employees will eventually have to choose another way



to cope with their fear. Choice, voice, and feedback opportunities would have allowed the employees to express their fears and frustrations without as much influence on productivity.

Workload is another aspect of the working environment that changes because of downsizing (Brockner, 1992). TeleCo employees notice the increase in responsibilities and the decrease in resources. The paradox creates many types of conflicts illustrated in this study. Some Level 1 employees feel used by TeleCo because they have not control over their work (Tyler & Bladder, 2000). These employees must do the work of many employees while maintaining high levels of output, or risk being fired for not being useful. Employees are not compensated for the additional work, causing additional feeling of being “used.” Other employees feel devalued, easily replaceable, and fearful in response to the increase in workload.

While emotional responses to downsizing, uncertainty and ambiguity as a result of downsizing, and changes in the working environment apply to all organizational survivors, there are aspects of this study that are particular to the TeleCo organization. Feelings of fear and mistrust among lower level employees are perpetuated at TeleCo through the actions of management. Employees fear voicing opinions because coworkers have been laid off after opposing management. This creates another vicious circle of conflict among employees and managers. Uncertainty creates fear that causes less communication. The lack of communication results in feelings of injustice and more layoffs, which causes more uncertainty for employees. The philosophy of the new CEO states that fear motivates people to perform. The new culture of TeleCo encourages action in response to fear, causing all employees to fear.

Employees at TeleCo also mistrust management because lower level employees are being fired while management positions are being added. Although the Level 1 employees are being reduced, the amount of work expected of them is increasing due to the larger number of managers overseeing their work. The increase in managers and workload leads to an increase in conflict and in behaviors that effect productivity of the Level 1 and Level 2 employees. Behaviors such as sabotage and absenteeism reduce profits, leading to more downsizing which leads to mistrust between employees and managers. This is another destructive cycle that damages efforts to positively change the organization.

This study enlists a new way to look at organizational survivors. Many previous studies view survivors in a lump sum, but findings in this study indicate that job level can greatly influence how each survivor perceives downsizing, justice, and conflict. While lower level employees perceive they have no control or information concerning the downsizing, managers are perceived to always know what is happening to some extent. The disparity between organizational levels can bring about levels of conflict, both overt and covert, never examined in relation to survivors. In order to understand the experience of survivors, research in the area needs to include employee level as an influencing factor.

#### *Procedural Justice*

This study employed the concepts of procedural justice for a greater understanding of organizational survivors. Many of the findings in this study are consistent with current literature. The basis of survivors' judgments of fairness during downsizing center on issues of consistency, accuracy, correctability, fairness,

representativeness, and compatibility of decisions (Colquitt et al., 2000; Viswesvaran & Ones, 2002). Employees at TeleCo emphasize the importance of implementation procedures during downsizing by looking at the layoff criteria, those being laid off, motivations of management, ability to participate in company decisions, and the freedom to express their opinions (Tyler, 2001). These characteristics can be summed up into three main categories proposed by Whiteman and Mamen (2002) as choice, voice, and feedback.

Although this study does not add any new information to the work on procedural justice, it is a good example of the difficulties a downsizing organization may experience by disregarding its importance. Lower level employees at TeleCo do not have the opportunity for choice within the organization. They feel out of control in their job as well as in other areas of their life such as their finances and family. Along with the lack of choice, TeleCo's lower level employees do not feel comfortable using preventative or remedial voice. Fear of retaliation of the form of layoffs causes employees to remain silent about concerns and questions brought on by the downsizing. The inability to voice comments produces frustration and hostility for employees who once felt comfortable in the family-like organizational environment. This inability also hinders innovation and productivity because employees feel uncomfortable talking to their managers because trust is replaced by fear.

TeleCo employees are also experiencing deficient feedback from management (Stohl & Redding, 1987). The quality of information given to employees is their main objection. While management focuses on explaining the economic side of the downsizing, employees are more interested in hearing management's rationale and goal

for the cutbacks. Level 1 and Level 2 employees are also displeased with manager's explanation of the criteria for choosing victims. Lower level employees receive mixed messages regarding how individuals are chosen, whether it is performance based or position elimination, causing many to mistrust the intentions and abilities of management.

The lack of procedural justice during the downsizing at TeleCo has triggered a division between managers and employees not present in the organization before the layoffs. The long-term consequences of this oversight are still yet to be determined, but the short-term effects such as fear, mistrust, and uncertainty have damaged the employees of the company. While research has reported how to maintain procedural justice and negative effects of injustice, the long-term consequences of neglecting procedural justice are important. As TeleCo continues to disregard procedural justice, the long-term consequences of the deficiency may create company survival issues.

This study also contributes to research in procedural justice by examining how ignoring justice becomes established in an organization as well as how these patterns evolve and perpetuate a vicious cycle of conflict. At TeleCo, the pattern of ignoring procedures began with the implementation of downsizing without informing the employees or allowing them opportunities for choice, such as early retirement or voluntary separation packages. Negative consequences for voice were established through instances of layoffs occurring when individuals questioned management's downsizing procedures. Untimely and unhelpful feedback also perpetuated injustice by creating uncertainty and confusion among employees through ambiguous and sporadic messages. The absence of choice, voice, or feedback began to build, causing conflict

between employees and managers but not allowing the conflict to be resolved. This is yet another example of the inevitable vicious cycle that results from the absence of procedural justice.

### *Downsizing*

The findings from this study also concur and add to the current literature on organizational downsizing. Consequences mentioned in the downsizing literature were also apparent in TeleCo: lack of innovation, increase in workload, loss of experience and talent, mistrust, poor communication, and poor leadership (Cameron, 1994; Fineman, in press; Freeman & Cameron, 1993). Level 1 and Level 2 employees found that the loss of coworkers not only increased their job responsibilities, but also made it more difficult to develop innovative ideas. The poor communication from managers also instigated feelings of mistrust and doubts about management's ability to lead the organization.

Emotional ramifications of downsizing also appear in TeleCo through lower level employees' feelings of anger and actions of rebellion against management. Employees, not knowing how to cope with the downsizing environment, often act out against management to help deal with their emotions (Ambrose, Seabright, & Schminke, 2002; Fineman, in press). These actions, in turn, cause greater strife between management and employees.

A unique aspect of the downsizing at TeleCo centers on the lower level employees' concern about management's lack of industry knowledge. TeleCo is currently promoting managers from outside the telecommunications industry. Lower level employees are concerned because the company is laying off many workers with the talent and experience needed to drive innovation since managers no longer possess the

knowledge to provide that leadership. The downsizing is reducing employee knowledge vital to the division while adding managers unable to fill the gap. Thus, lower level employees are skeptical of management's decision-making abilities and leadership direction.

While many of the consequences and emotional responses to downsizing are present in the current literature, this study examines an underdeveloped aspect of downsizing. This study uses an employee-based perspective to investigate downsizing. To accomplish this, I examined the effects of downsizing based on job positions in the organization. Ironically, managers view the consequences of downsizing to be less severe than lower level employees. While managers expected upheaval from laying off workers, they do not fully consider the extent to which the downsizing impacts the employees. Lower level employees were concerned about their coworkers, but also about the long-term consequences of downsizing on the company as a whole, such as the lack of innovation, poor leadership, and lack of industry knowledge (Cameron, 1994). This irony represents another division between lower level and upper level employees' perspective of the downsizing and its consequences.

#### Implications for Practice

Past literature as well as this study demonstrates that downsizing is a difficult change for employees in any organization. Realistically, downsizing will create problems and conflict because employees do not want to lose their jobs or their coworkers. However, procedures can be implemented that allow for conflicts to be dealt with in a way that constructively initiates change. This study highlights procedural justice and conflict as areas that need consideration when implementing downsizing.

The procedural justice characteristics of choice, voice, and feedback play a vital role in survivors' experiences during downsizing. All three of these qualities can be implemented in a downsizing strategy to enhance perceptions of justice. First, the freedom to choose between options allows employees to feel in control of their job situation during the downsizing. Although employees may not be able to participate in the decision to downsize, options such as voluntary separation packages and forewarning about the layoffs can allow employees to participate in the organization and experience control at work. Secondly, voicing of opinions, concerns, and questions is essential for survivors during downsizing. After layoffs, employees should be able to vent frustrations and ask questions about the causes of the layoffs, as well as the future of the organization without retaliatory measure from managers. In addition, employees need to feel comfortable using remedial voice to correct problems in procedures or job roles while adjusting to work after the layoffs. Lastly, feedback from management justifying the layoffs and providing quality information to employees is crucial for survivors.

Explaining the layoffs to employees as well as providing information about the future of the organization increases trust in management and decreases uncertainty produced by the layoffs. Honest feedback about the downsizing, even saying that information cannot be divulged, increases trust in management.

Along with procedural justice, managers need to be aware of the frames survivors use to make sense of downsizing. First, survivors often react the downsizing with fear, mistrust, and uncertainty because their work environment has unexpectedly changed. Those implementing the downsizing need to be aware and take active measures, such as promoting choice and voice as well as offering feedback, to support surviving employees

and reduce their fears. Secondly, survivors may also look for causes to blame for the downsizing. Those implementing the downsizing need to be specific and straightforward about the cause of the layoffs. If employees do not believe managers are being honest about layoff causes, they will begin to mistrust management while looking for other answers to explain the layoffs. Lastly, survivors will also be very aware of negative consequences surrounding the layoffs. Managers should also be aware of the consequences, such as loss of talent and experience or increase in workload, so concerns can be addressed. Overall, open lines of communication need to be maintained between employees and managers while these significant changes are implemented so both groups can quickly respond to difficulties and decrease overt and covert forms of conflict.

Many of the difficulties TeleCo's southern facility is experiencing stems from ignoring the suggestions previously mentioned. TeleCo is now in a downward spiral, bringing harm to both the employees and the company. The frequency as well as the number of past layoffs contributes to the conflict and injustice perceived by the employees. Although managers did not respond to the first round of layoffs in April of 2001 with a concern for procedural justice, the overall effects of the layoffs would not have been as damaging if it had been an isolated occurrence. Each additional round of layoffs added to the fire of conflict and injustice burning from the previous layoff.

The pattern of injustice probably began because managers did not know how to implement downsizing correctly, ignoring the survivors and the relationship between managers and employees. As the layoffs progressed and difficulties became apparent, managers could have taken the opportunity to respond to the employees. Instead, managers began pushing productivity and hard work, leading to more conflicts and



harming productivity. As this vicious cycle became reified in the division, managers shifted their focus to become self-preserving, denying the need for attention to downsizing procedures. This self-preservation, apparent from the beginning of the downsizing, now completely dominates the managers and leaves no room for focusing on procedural justice or conflicts.

At this point in the downsizing process, many consequences cannot be reversed, such as the loss of talent and experience and the current decrease in product innovation. Other outcomes, such as mistrust, fear, and uncertainty, may be worked through with immediate change in procedures. To salvage what remains, the lines of communication need to reopen, starting with those implementing the downsizing. While severe damage has already taken place because good downsizing procedures have been absent for over two and a half years, instating new procedures may reduce further harm to employees and the company. Employees need to be allowed the opportunity to influence decisions by implementing choice and voice procedures. This could entail suggestions for future cost-cutting strategies, ideas for current work procedures, or voluntary separation packages if downsizing is necessary. Each of these options allows employee involvement while increasing justice perceptions. Allowing choice and voice may also reduce conflicts since employees could address questions and concerns. Reducing conflict may boost productivity, which may also decrease the need for additional layoffs. Consistent justifications from management concerning reasons for the layoffs and layoff criteria will also further perceptions of justice for survivors. The vicious cycle at TeleCo needs to be broken somewhere, and the place to begin is with those implementing the downsizing.

Only through attention to how the procedures affect the survivors is the vicious cycle going to change.

### Limitations of the Study

A few limitations of this study need to be mentioned. First, this study was done in one organization; therefore, the results of the study cannot necessarily be generalized to other organizations. This study is intended to expand the understanding of the downsizing at TeleCo and spur on research relating to survivors, conflicts, and procedural justice. Secondly, the group from which this study is based is only a sample in one unit of the survivors at TeleCo. The division I conducted the study in has experienced the most drastic layoffs in TeleCo, which may cause their experiences to be more exaggerated than others in the organization. Multiple rounds of layoffs in the division may have compounded the consequences of injustice and conflict to cause heightened responses from the interview participants. Thirdly, the interviews I conducted for this study came four months after the last round of layoffs at TeleCo. A chance exists that time has influenced the initial perceptions of the survivors, thus altering their original impression of the experience. The multiple rounds of layoffs could also have influenced the perceptions of interview participants. Impressions of downsizing may differ depending on how many layoffs employees have survived. Next, the method for data collection in this study was interviews. Although useful for revealing stories and individual perceptions of the downsizing, interviews as the only source for information gathering is limiting because of the biases of the individuals interviewed. The sample size also limits this study since thirty-one (31) participants is not representative of the whole division. Finally, there needs to be more global information across the company,

from Vice Presidents and CEO's who are making many of the strategic decisions for the company as a whole. The technical director and vice president for the southern facility, as well as top management and the CEO of TeleCo could not be interviewed to get their perspectives on the downsizing. Consequentially, this study focuses to a large degree on the lower levels of the organization in this division of TeleCo.

#### Suggestions for Future Research

This study has sought to increase awareness on the plight of survivors during organizational downsizing. Through this research, issues have been introduced that need further consideration. First, the conflict frames used in this study can be expanded to future survivor research. How do survivors in other downsizing companies frame the conflict in their organization? How does downsizing implementation influence conflict framing? It would be beneficial to distinguish how styles of downsizing influence survivors' perceptions of conflict and how they frame those conflicts. Prospective research in the area should also examine the long-term effects of these conflict frames on the survivors and organization.

Secondly, the importance of employee level in determining reactions to downsizing is a large part of this study. Future work on survivors and downsizing needs to take into account the influence of job level on employees' perceptions of the organization. The bifurcations in perceptions and experiences are clear within this study, and should be extended into future research designs.

Third, future research in the area of downsizing and justice should compare organizations with a strong justice component to those with a weak justice component.

The comparison between the two types of organizations could reveal valuable information about the influence of justice on downsizing.

Lastly, the literature on downsizing has a strong managerial bias. As a researcher, I tried to incorporate an employee-based perspective for new insight into the area of downsizing. Although it is a start, additional research needs to focus on the experiences all employees in the organization: low-level employees, middle-level supervisors, as well as CEO level management. As demonstrated through this study, information is plentiful and should be highly considered when furthering research on downsizing.

In conclusion, downsizing has a strong impact on survivors and the functioning of the organization. Procedures used during the implementation of the downsizing, including choice, voice, and feedback, can create or resolve conflicts brought about by the organizational changes. Poor procedures can lead to a vicious cycle of destruction that harms both the survivors and the company. It is vital for organizations to recognize the importance of correct downsizing procedures so layoffs do not permanently harm the employees and company. With a strong focus of the surviving employees, organizations implementing downsizing have an opportunity to move past the downsizing to future success.

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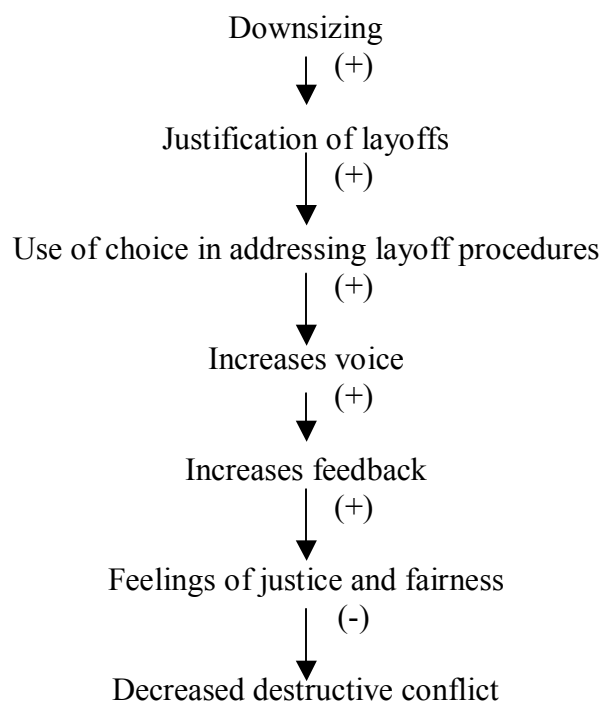
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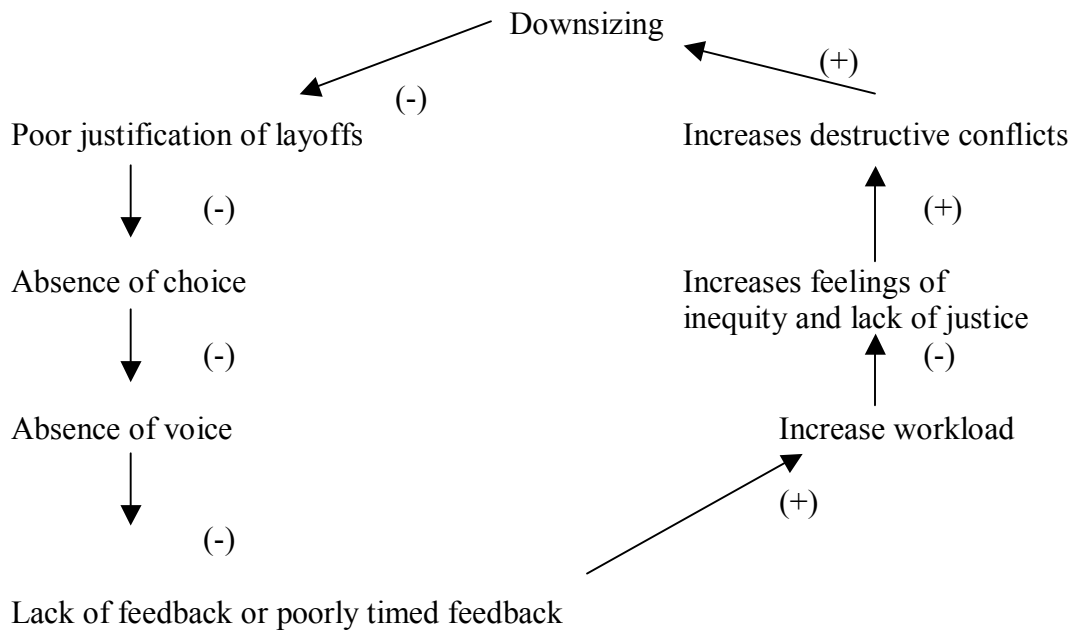
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**APPENDIX A****PROCEDURALLY JUST DOWNSIZING MODEL**

**APPENDIX B****PROCEDURALLY UNJUST DOWNSIZING MODEL**

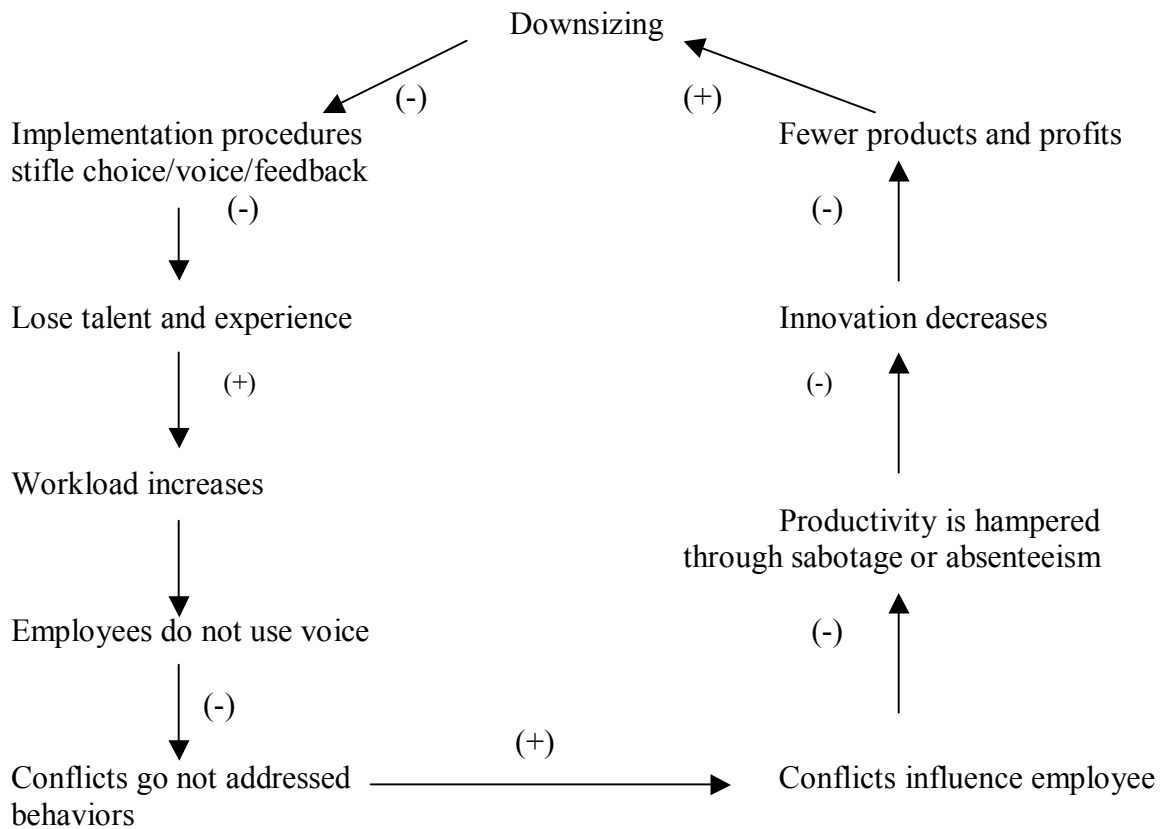
## APPENDIX C

### INTERVIEW PROTOCOL

1. What is your job title and role? How long have you worked at 3M?
2. Can you tell me about the most recent layoffs at 3M? What occurred?
3. How was this layoff similar and different to those that happened previously?
4. Can you tell me of any options concerning employment that were given to the employees before the layoff process began? What about during and after the layoffs?
5. Is there a story that you recall of how people have had the opportunity to be involved in the downsizing process?
6. How were the employees given the opportunity to respond to the prospect of layoffs before and after they were implemented?
7. Tell me more about how you see management's handling of the layoffs.
  - A. How do you evaluate the information given to you?
  - B. How do you evaluate the justification of the layoffs?
  - C. How do you evaluate the timeliness of the information presented to you about the layoffs?
8. How would you have done things differently? What suggestions would you have for improvement?
9. How would you evaluate the treatment the remaining employees have received during and after the layoffs?
10. How would you evaluate the treatment of those that were laid off by management?
11. Can you tell me about any struggles or disagreements that have followed the layoffs?
12. In your opinion, how has the organization changed since the layoffs began?

## APPENDIX D

## TELECO'S DOWNSIZING MODEL



**VITA**

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