

SELECTED REFERENCES

INDUSTRIAL RELATIONS SECTION

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KEY ASPECTS OF DOWNSIZING**

1. GENERAL

Feldman, Daniel C. and Carrie R. Leana. "Better practices in managing layoffs." *Human Resource Management* (John Wiley & Sons, 605 Third Ave., New York, NY 10158), Summer, 1994. pp. 239-260. \$49.50.

The authors analyze the layoff practices of eight organizations: General Electric, UAW/General Motors, Institute for Survey Research (University of Michigan), Stroh's Brewery/Janotta, Bray Group Services, Duracell Inc., IBM, United Steel Workers of America, and Steel Valley Authority. They then derive a list of fourteen governing principles for better layoff management that demonstrate commitment to: maintaining the dignity of individual employees; minimizing disruptions to their communities; providing laid-off employees with the resources to rebuild their lives.

"The downsizing of America." *New York Times* (229 West 43d St., New York, NY 10036-3959)

A seven-part series published in 1996 examines many facets of the current corporate downsizing trend: "The price of jobs lost," March 3, pp.1, 26-28; "The company," March 4, pp. A1, A12-A14; "The family," March 5, pp. A1, A16-A18; "The community," March 6, pp. A1, A16-A18; "The college class," March 7, pp. A1, A20-A22; "Politics," March 8, pp. A1, A22-A23; "The future," March 9, pp. A1, A12-A13.

"Living with layoffs." *Fortune* (Time Customer Service, Single Copy Desk, P.O. Box 60001, Tampa, FL 33660-0001), April 1, 1996. pp. 69-108. \$8.00.

The articles in this series focusing on the laid-off employee are: "How safe is your job;" "The warning signs;" "The job security quiz;" "Where layoffs will hit next;" "Strategies for survival;" "Career makeover;" "Ma Bell's orphans;" "Where are they now?"

Sugalski, Thomas D., Louis S. Manzo and Jim L. Meadows. "Resource Link: re-establishing the employment relationship in an era of downsizing." *Human Resource Management* (John Wiley & Sons, 605 Third Ave., New York, NY 10157), Fall, 1995. pp. 389-403. \$49.50.

The authors argue that the current downsizing trend has a great impact on employment practices and the basic relationship between employees and their employers. Implicit or explicit contracts which define the employee/employer relationship in terms of an exchange of effort and loyalty by the employee for money, benefits, and employment continuity from the employer are being threatened by the current downsizing mentality. The consequences of these broken contracts include a decrease in employee loyalty, an increase in individual

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** Items on this list should be ordered directly from the publisher. Addresses are given in connection with each reference.

and family stress, and an unwillingness on the part of the employee to go beyond “playing it safe.” The authors conclude that new psychological and social contracts need to be established for a return to a greater level of loyalty and commitment from workers. AT&T is attempting to re-establish the contract with a program called Resource Link. In this program management and professional employees are contracted, through Resource Link, back and forth across the firm, thus redeploying employees from units that are downsizing to those that are growing. While their assignments are temporary, these employees are considered regular AT&T employees with the same salary and benefits as comparable employees. Besides re-establishing the psychological contract between employees and employers, the benefits of Resource Link include increased employment stability, improved learning and better governance. The applicability of programs like Resource Link to other firms is discussed by the authors. They believe further research needs to be completed in the following four areas: skills development, teamwork, reward systems, and career management.

U.S. Department of Labor. Office of the American Workplace. *Guide to responsible restructuring*. Washington, DC 20402. Superintendent of Documents, U.S. Government Printing Office. 1995. 35 pp. (Stock no. 029-000-00454-4) \$3.25, paper.

The authors cite mounting evidence that suggests the results of downsizing are not what many companies anticipate. They contend that although layoffs are intended to reduce costs, some costs, both direct (e.g., severance pay, outplacement services, pension and benefits payoffs, administrative processing costs) and indirect (e.g., training and retraining, low morale, recruiting, reduced productivity), may in fact increase. There seems to be little or no correlation between the magnitude of employment cuts and the subsequent earnings of the companies. After discussing the negatives associated with the practice of downsizing, the authors proceed to make a case for restructuring. To illustrate the competitive advantage of restructuring versus downsizing, the authors examine restructuring success stories from various companies. These companies have successfully dealt with increasing competitive pressures through creative alternatives to downsizing, including a flattened organizational structure, increased employee involvement in the design and implementation of work processes, employee buyouts and stock ownership plans, and in-house redeployment policies. The authors conclude with a list of guidelines for responsible restructuring.

2. OUTPLACEMENT PROGRAMS

Meyer, John L. and Carolyn C. Shadle. *The changing outplacement process: new methods and opportunities for transition*. Westport, CT 06881. Quorum Books (88 Post Road West). 1994. 290 pp. \$59.95.

The authors assert that outplacement has made its mark on the employment landscape and must be understood and appreciated as a civilized way to help employers and employed workers through turbulent work world transitions. To help the reader understand outplacement and its role in today's world, they examine changes taking place in the world of work and the resulting career turmoil that the outplacement, training, relocation (OTR) process has been developed to address. Next, they discuss in detail specific services for terminated employees and the steps a terminated employee in OTR goes through. Finally, they consider the OTR industry as a whole and how the process and the industry itself are changing.

Miller, Michael V. and Cherylon Robinson. “Managing the disappointment of job termination: outplacement as a cooling-out device.” *Journal of Applied Behavioral Science* (Sage Publications, 2455 Teller Rd., Thousand

Oaks, CA 91320), March, 1994. pp. 5-21. \$18.00.

The authors contend that current outplacement services are little more than a way to protect employers from the anger of terminated employees, which employers fear will manifest itself in the form of theft, sabotage, violence, and litigation. They believe outplacement is designed as a cooling out device, much like the tactics taken by operators of confidence games to protect themselves. The authors argue that practitioners of outplacement services exist more for the benefit of the terminator than for the benefit of the terminated, and they specifically advertise themselves in this way to the employer. Therefore, though their presence may, on the surface, appear to be an indication of a socially responsible employer, their presence may in fact be making it easier for an employer to consider less fully the alternatives to termination. The authors present no findings from empirical investigations; instead they focus on how the service has been marketed to corporate America and the possible consequences of this marketing. They discuss the background of the outplacement consulting industry and the cooling out metaphor as it applies, in detail, to outplacement services. They conclude that the human resources professional community needs to seriously contemplate outplacement concepts that would respect terminated workers. One such concept would involve letting the terminated employees choose their own consultants or draw additional severance pay in lieu of outplacement services.

3. SURVIVORS

Brockner, Joel. "Scope of justice in the workplace: how survivors react to co-workers layoffs." *Journal of Social Issues* (J.S. Canner and Company, 10 Charles St., Needham Heights, MA 02194), Spring, 1990. pp. 95-106. \$15.00, reprint.

Brockner hypothesizes that there exists a positive correlation between negative behaviors and attitudes in surviving employees and the degree of perceived unfairness involved in a layoff. This correlation is modified when the layoff victims are included in "survivors' scope of justice," which incorporates the belief that considerations of fairness apply to the other. Empirical studies involve both field research and a laboratory experiment in which unfairness is operationalized using two methods: 1) a clear explanation for layoffs was not given, and 2) the organization failed to take care of layoff victims. The field research examines the influence of a close personal and/or professional relationship between survivor and victim, and the laboratory experiment examines the influence of attitudinal similarities between survivor and victim. The author finds strong support for his hypothesis and discusses implications for theory, practice, and further research. In another of his numerous articles about this subject ("Survivor's reactions to layoffs: we get by with a little help for our friends," *Administrative Science Quarterly*, Cornell University Johnson Graduate School of Management, 20 Thornwood Dr., Suite 100, Ithaca, NY 14850-1265, December 1987. pp. 526-541. \$5.00.), Brockner et al discuss the implications of layoff victim caretaking activities on survivors.

Gottlieb, Marvin R. and Lori Conkling. *Managing the workplace survivors : organizational downsizing and the commitment gap*. Westport, CT 06881. Quorum Books (88 Post Road West). 1995. 232 pp. \$59.95.

The authors have written this book in an attempt to help and encourage managers of layoff survivors and the survivors themselves to move beyond the initial, often paralyzing, phases of a layoff into a plan of action which will lead to recovery. Part One of the book provides a historical, theoretical, and conceptual background about the creation of the survivor population. The authors focus on the survivors—who they are, where they came from, and what

is happening to them. Part Two focuses on developing a survivor strategy which will aid in healing and rejuvenating survivors and the organization. The authors include in their appendices instruments and exercises that have proved effective in implementing their Survivor Management Model.

4. MINORITIES AND WOMEN

Butterfield, Barbara S. and Susan Wolfe. "Downsizing without discriminating against minorities and women." *CUPA Journal* (College and University Personnel Association, 1233 20th St. N.W., Washington, DC 20036), Summer, 1993. pp. 23-27. \$3.00.

Colleges and universities are being hit hard by decreases in funding at the federal, state, and local level and are seriously considering layoffs. The authors argue that downsizing threatens both the advancements made in recruiting women and people of color and in insuring a multicultural environment. They suggest steps organizations may take to insure that discrimination does not occur during a downsizing, and that a multicultural balance can be maintained in spite of the need to downsize. The authors also examine how Stanford University successfully retained its ethnic diversity throughout two downsizing periods.

Larkey, Linda Kathryn. "Perceptions of discrimination during downsizing." *Management Communication Quarterly* (Sage Publications, 2455 Teller Rd., Thousand Oaks, CA 91320), November, 1993. pp. 158-180. \$15.00.

This study examines perceptions of discrimination during layoffs and the effects of layoffs on ethnically diverse employee populations. The author argues that little research has been done in these areas, and she believes that information gleaned from studying these areas will not only help employers deal more effectively with the results of layoffs but will also help them better understand perceptions of discrimination during a layoff. She conducts voluntary interviews with employees of an organization in the midst of downsizing and determines three recurrent "themes" involving discrimination: selection fairness, information access, and ethnic discrimination. A survey is then designed and distributed to employees to measure and test the relationships among these themes. Larkey uses the determined correlates of ethnic discrimination to suggest managers should be concerned with methods of planning, communicating, and executing layoffs. Lastly, she discusses the limitations of the study conducted and possible directions for future study in this area.

Phelps, Stanlee and Marguerite Mason. "When women lose their jobs." *Personnel Journal* (ACC Communications, Box 2440, Costa Mesa, CA 92628), August, 1991. pp. 64-69. \$6.95.

The authors argue that the effects of the outplacement process on men and women vary greatly. A study of 64 executives in a national outplacement firm, 18 of whom were women, shows how differently men and women approach the outplacement process. Some results of the study include the following: 1) Women spend more time in the outplacement process than their male counterparts do; 2) The gender bias that still exists in the workplace also appears in the outplacement process; 3) It is often difficult for the men in these women's lives (colleagues, counselors, friends, boyfriends, husbands) to understand the approach women take to the outplacement process; and 4) Older women are often interested in the prospects of self-employment—becoming entrepreneurs or consultants. The authors suggest a woman-friendly outplacement environment, including female counselors who work to empower women and who understand entrepreneurial issues. Discussion groups, which provide support and feedback to the group members, would also help women successfully move through the outplacement process.