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THE EMOTIONAL TOLL OF ORGANIZATIONAL DOWNSIZING

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ABSTRACT

In spite of the frequent need for downsizing organisations, managers are in general badly prepared to meet such contingencies when they arise. There is thus a real need for educating managers to handle layoffs. This paper analyses the emotional dynamics at work in cases of downsizing organisations, the types of impact on layoff 'survivors' and the coping strategies that management may promote and deploy in order to minimise organisational trauma.

Emotions are key factors in social life upon which a coherent sense of community ultimately depends. The idea advanced here is that understanding and managing emotions may enhance survivor coping capacities and thus prevent the major negative effects of downsizing for both the organisation and the individual. The paper concludes with practical recommendations to ensure that emotional well-being is prioritised as central to the process of downsizing in order to maximize cooperation and sustain collective endeavour.

Keywords:

Downsizing; layoffs; emotional management; coping strategies; stress

INTRODUCTION

Hardly a day passes without press reports on job cuttings and layoffs. Redundancy is a part and parcel of economic life. A job for life is now regarded as an idea past its prime. Today's intensely competitive world demands improved performance levels and cost-cutting measures. In order to adapt to global markets, corporate mergers and the like, organisations subject to such economic vicissitudes may be forced to close, relocate or consolidate facilities.

Organisations have become geographically mobile and, as a result, *'Jobs* come, but they soon go again' (*The Economist,* 2008, p.5). The migration of plants or factories from high cost to low cost economies is nowadays commonplace. To this we may add the increasing tendency towards outsourcing. As this trend continues, the number of trans-global layoffs may be expected to multiply.

Adverse publicity notwithstanding, an organisation that does not compete successfully may put at risk its own survival. The question typically centres therefore on how to reconcile individual employee needs with leaner organisational imperatives. To complicate matters further, personnel reductions must be implemented whilst maintaining optimal organisational performance and a viable work environment. Results, not surprisingly, often fall short of expectations. Indeed, much research shows that, in contrast to managerial expectations, downsizing often has a negative effect on organizational performance, and instances of deteriorating levels of quality, productivity and effectiveness have been reported (e.g., Cascio,1993, 2002).

Even where the legal provisions for redundancy compensation are clear, the human problems involved in job-shedding can be anything but clear and are often difficult to handle. Dismissal is a self-evidently unpleasant and stressful ordeal with huge implications for all concerned (Grunberg *et al*, 2006). If the process is badly handled, obtuse to the emotional sensitivities likely to be at stake, the effects on the individual employee and the organisation may be devastating.

The decision to downsize may not be fully rational and even where it is may be used to further private agendas or to settle old scores. In any case, it sets in train an emotional process that those involved must learn to cope with, in terms of both causes and consequences. Downsizing is by definition an emotionally charged experience, falling equally upon all the actors involved.

Organizations have been typically theorized as purpose-driven entities, governed by the rational ordering of means to ends. However, the last two decades have seen a growing awareness amongst researchers and managers of the role that emotions play in organizational life (e.g., Ashforth and Humphrey, 1995, Bolton, 2005; Fineman, 2003). Within this paradigm, emotions are key factors in social life upon which a coherent sense of community is built. The emotional impact of downsizing has thus become an aspect of organizational life that requires more research attention. Admittedly, there exist various studies on downsizing and its 'survivors', but research in general has attended more to objective factors than to an inside view of the emotional impact on the individuals concerned. Studies have thus focused on topics such as the effects on employees (Bennett et al, 1995; Leana and Feldman, 1995); reemployment of downsized workers (Vinokur et al., 1995; Leana and Feldman, 1995); organisational and procedural justice (Brockener et al., 1993), and to ethical issues (Settles, 1988; Van Buren, 2000). The bulk of the literature to date has by and large not engaged with the emotional side of downsizing as experienced by those who went through it. This is a significant *lacuna,* since only the study of felt emotions on the part of the individual can provide insights and clues to the more adequate management of downsizing. This study attempts to address this gap.

In spite of the frequent need for personnel reduction and the fact that it is one of the major challenges that managers may face today, they are in general badly prepared to deal with it (e.g., Price, 1990). Lack of experience, training or knowledge are factors that account for many errors in the process of downsizing an organisation that may be eminently preventable. There is a real need therefore for educating managers to deal with layoffs.

The purpose here is to analyse the range of emotional dynamics typically at work during cases of downsizing in order to reach some practical recommendations on how best to

manage and cope with the process in order to help those involved to adapt and adjust to the new reality. The focus is on the 'survivors' and the emotional coping strategies they develop when faced a downsizing process. We start with a definition of terms and then go on to an overview of research on downsizing. This is followed by some practical recommendations and the conclusion.

IMPACT OF DOWNSIZING

Various terms have been used to refer to job cutting. 'Redundancy', 'layoffs', 'involuntary turnover', 'downsizing' or 'rightsizing' are those in most frequent use, though each term has its separate connotations. The term 'downsizing' has become standard over the last decade in the context of company restructuring, and the one adopted throughout this paper. It can be defined as an intentional reduction in personnel motivated by a perceived need to to improve the efficiency and effectiveness of organisations (Freeman and Cameron, 1993). Clearly, this term cannot be applied in the case of individuals who leave the organisation of their own volition (e.g., early retirement, resignation, etc.).

Organizations that downsize are often struggling *inter alia* with huge debts, loss of market share or bad management, and are likely to see the solution to their problems in a strategy of reducing personnel. This is the kind of advice all too frequently propounded in popular business books and journals (Cascio, 1993). However, the 'fashion' for downsizing as a re-organisational strategy may often play down its negative effects. Clearly, downsizing may be traumatic for staff members, their families and communities and, by contrast (as we shall see later) the intended organisational pay-offs are frequently below par.

European countries normally have in place codes and legal structures that inform redundancy procedures and protect employee rights. The EU has set up a special fund to help 'victims of globalization' and this pays for programs to help retrain laid-off workers (*The Wall Street Journal*, 24/06/2008) Employees have statutory rights to due process, and these in turn require the application of rules and procedures in a consistent, equitable and non-discriminatory way (Crane and Matten, 2004:242). These include the right to

transparency in the taking and implementation of decisions, as a safeguard against abuse of power. Individuals are also entitled to be kept informed in advance of such procedural outcomes. Nonetheless, such provisions are all too often ignored in practice (see e.g., Cascio, 1993).

Although it is increasingly recognised that the need to re-structure and cut costs will often imply layoffs, the fact remains that the impact of job losses on individuals, their families and local communities typically has huge social costs (e.g., Feather, 1990; Kessler *et al*, 1988; Price *et al.,* 1995). This impact is aggravated if the process of downsizing is badly conducted and research has found that the way organisations deal with the human factor is important for the success of the operation (e.g., Cascio *et al*, 1997; Chadwick *et al*, 2004).

Impact of downsizing on the organisation

To speak of downsizing as a 'fashion' may be to notice that it is often more closely associated with management practices than with economic conditions (Chadwick *et al*, 2004). Whatever the reason, it takes place when there is a perceived need to cut personnel. Organisations may opt for this solution under pressure to produce short-term results, ignoring or underestimating the consequences. Through 'cutting costs by cutting people', downsizing is expected to optimize economic and organisational benefits. In fact, such benefits may all too often not accrue, and instances of deteriorating levels of quality, productivity and effectiveness have been reported (Brockner *et al*., 1993; Cascio, 1993; Chappelli, 2000).

According to *The Wall Street Journal* (2008) 'Insensitive firing hurts more than just employee': the entire organisation may be affected. Personnel reduction may negatively affect work processes and structure. The goal of higher productivity often implies that similar outputs will be expected of fewer personnel, who may thus feel a sense of overload. Encroachments on time and energies may mean a reduced preparedness to cooperate as a result. Rumour-mongering and a loss of trust in management can impact on the overall performance of employees. Trust and morale often erode as workloads and job insecurity increase, which may result in the deterioration of work quality and job

performance (see e.g. Luthans & Sommer, 1999: Mishra and Mishra, 1994; Mishra and Spreitzer, 1998; Mone, 1997). The quality of staff may well decline: the most valuable employees tend to resign due to doubts about their future under the new dispensation, and those who remain tend to perform at lower levels than before downsizing.

Staff may well feel lower commitment (Davy *et al*, 1991; Grunberg *et al*., 2000), though continuing to attend work. In fact, it is noticeable that absenteeism has been found to have an inverse relationship with job insecurity. The motivation to attend work could be due, paradoxically, to an increased fear of losing the job (Iverson and Pullman, 2000). Under stress, moreover, individuals tend to become risk-averse, becoming less prepared to explore a range of possible initiatives/responses and to rely more on familiar behaviours (Straw *et al* in Price, 1990). In short, the organisation tends to be less creative, and its informal structure may be adversely affected (e.g., Fisher and White, 2000; Freeman and Cameron, 1993). Efficiency and quality require motivation and the maintenance of a bond of trust between management and personnel. Both of these are amongst the first casualties of any decision to reduce the workforce. As Frost (2007: 211) remarks, 'When the organisation's practices and policies create pain, the afflicted employees will lose their confidence that the organisation is safe and supportive, and they will withdraw their commitment to it'.

There is real evidence that intended productivity improvements may not in fact be realised as a result of downsizing. In many firms, the anticipated economic benefits - lower expense ratios, higher profits, increased return-on-investment, and boosted stock prices – actually fail to materialise (Cascio, 1993; Chappelli, 2000). Moreover, a number of studies found that downsizing announcements produce negative effects on subsequent stock price (Iqbal and Shetty, 1995).

Impact on the Survivors

To understand the impact of layoffs on the individual we now turn to the available research. Much of this shows that involuntary unemployment has a strong negative impact on the lives of those subjected to it, upon their families and their local

communities (e.g., Feather, 1990; Kessler *et al*., 1988; Leana and Feldman, 1995; Vinokur and Schul, 2002)

However, termination can be a traumatic experience not only for those who go but also for those who stay. Survivors and victims share a common sense of insecurity and a sense also of the violation of an assumed psychological contract with the organisation (Noer, 1993). When the whole process is carried through without transparency, without apparent rational and objective criteria, the negative impact can be devastating.

For those who remain in the organization, the sense of insecurity may be widely prevalent and long lasting. As witnesses, survivors respond to the treatment received by those already laid off. In this they may suffer from so-called 'survivor guilt', experiencing the same symptoms as prisoners in concentration camps and victims of natural catastrophes. Following this line, Noer (1993) showed that lay-off survivors experience 'survivor sickness', a syndrome in which feelings of fatigue, anxiety and paranoia, psychic numbing, and lack of empathy are common..

According to Cascio (1993), more than one-half of survivors report increased job stress and symptoms of burnout. By the end of the downsizing operation, the entire staff of an organization may be demoralised, resentful, and display neurotic behaviours (Noer, 1993). Studies indicate that downsizing leads also to an increased incidence of depressive symptoms, anxiety, propensity for illness, and such like (Noer, 1993; Vinokur e Schul, 2002). Survivors in general display all the symptoms of stress. These are due primarily to increased levels of strain associated with the downsizing and its attendant uncertainties, but also to an increase in the workload displaced onto them in consequence. Coping strategies may take different forms such as active coping, restraint, use of social support, use of humour, positive reframing, acceptance, denial, and self-distraction (Davison and Neale, 2001), 'hunker[ing] down in the trenches', thirsting for information, blaming the management and the like (e.g., Noer, 1993).

Survivors often become narrow minded, self-absorbed and risk adverse (Cascio, 1993) and their workplace attitudes tend towards reduced commitment, lower performance and lower morale (e.g., Mishra and Mishra, 1994; Paulsen *et al*, 2005). However, not every

employee experiences emotional distress. According to coping theory (Bandura, 1989; Lazarus & Folkman, 1984), stress is a process in which environmental stressors are mediated by cognitive appraisals that can lead to individual coping. This suggests that cognitive appraisal and personality dispositions will be salient factors in shaping individual responses to the experience.

The emotional impact of downsizing depends on the personal and also the social resources available to the individual and how they are mobilised to cope with it (Price et al, 1995). Trust and perceived justice in the process are key variables in attempting to explain how survivors respond to downsizing (Mishra and Spreitzer, 1998). If trust is absent or forfeited, the emotional reactions are likely to turn destructive. Moreover, if survivors are excluded and disempowered, they will come to believe they are less able to cope with downsizing and will thus be less likely to respond positively.

Wiesenfeld *et al.* (2001) found that employees react negatively to the stressful concomitants of layoffs to the extent that the stressor threatened their self-integrity, that is, their self-esteem, sense of identity, or personal control. In the same line, Brockner *et al*. (1993) identified several factors that affected the motivation of layoff survivors. Those with low self-esteem were more likely to experience anxiety and to translate this into enhanced work motivation. However, there may be hidden costs attached to threat-produced motivation of this kind. Workers low in self-esteem may become narrowly task-focused, that is, work harder out of a wish to protect themselves rather than out of commitment to the organisation.

The relationship among co-workers may be seriously affected. Some may cope by displacing responsibility onto co-workers (Iverson and Pullman, 2000) or may compete with instead of supporting them (Cameron, 1994). Research has also analysed the likelihood of litigation and the effects of unfair treatment of laid-off colleagues, although it should be noted that results differ with age, race and gender (Kelly and Gray, 2001).

One coping mechanism takes the form of attempting to add value to the organisation as a way of reducing perceived insecurity, on the grounds that the harder worker is less likely to be sacked. (Iverson and Pullman, 2000). However, mechanisms such as these should

not be misinterpreted as genuine commitment to the organisation. Indeed, managers who attempt to worry survivors into working harder may in the end reduce their commitment to the organization (Brockner *et al*, 1993).

Research provides ample evidence of the correlation between organisational job stressors and employee ill-health, and between work-place stress and emotional exhaustion (Zapf *et al*, 2001; Wright & Cropanzano, 1998). The effects of potential stressors depend on how those stressors are perceived and their subjective relevance (e.g., Bennett and Lowe, 2003). Moreover, perceived self-efficacy operates as a cognitive regulator of anxiety arousal, while subjective feelings of disempowerment are pernicious because demoralizing (Bandura, 1997). The extent to which subjects believe in their own efficacy factors into their general orientation. In addition to self-appraisal, causal attribution may also play a role in emotional reactions. Hareli and Tzafir (2006), for example, call attention to the fact that emotional responses during downsizing are often a function of what survivors perceive to be the cause of their survival. If survivors believe they were retained because of their skills they are likely to feel positive emotions and become more engaged with their work. Where they attribute their retention to luck, the obverse is true, since luck tends to be associated with a sense of arbitrariness having negative implications for the survival of the organisation. According to these researchers, this is the most risky attribution. Internally-attributed causes of personal survival (merit) are thus expected to lead to positive emotions.

For all the above reasons, responses tend to vary according to the individual. Most work on coping in general has not found significant gender based differences (Bennett *et al.*, 1995). Other individual factors (such as personality dispositions, age, tenure and employment status, job involvement and commitment to and identification with the organisation, financial situation, work-family relations, possibilities of finding another job), and interpersonal factors (social ties with the victims, social support at the workplace) necessarily play important roles in the way staff experience the downsizing process.

In spite of the complexity of responses, the typology developed by Mishra and Spreitzer (1998) drawing on the Lazarus Theory of stress provides some insights into survivor

attitudes towards the organisation. The authors divide responses according to two dimensions: constructive survivors and destructive survivors. Responses are classified as binaries: thus, obliging/fearful, hopeful/cynical, depending on the individual's emotions, cognitions and behaviours. The authors argue that trust and perceived justice tend to influence primary appraisal and that empowerment and work redesign influence the second appraisal.

It should be noticed that time may not heal all wounds (Noer, 1993); the level of moral and organizational trust may continue to be low (Armstrong-Stassen, 2002), and symptoms of stress and fatigue may persist over the years, as is usually the case when job-related insecurity prevails (e.g., Gillespie *et al*, 2001; Pollard, 2001). The down-sized organisation will suffer changes in its culture, the experience indelibly inscribed within its collective memory

PRACTICAL RECOMMENDATIONS

Avoiding downsizing

Although the most common response to organizational decline is workforce reduction, there are problems such as bad management that must be addressed and are unlikely to be resolved merely by workforce reduction. As should be obvious, a full financial audit is an absolute precondition of more radical surgery.

It is first of all important to consider the available alternatives to downsizing. It is worth mentioning the study conducted by Gittel *et al.* (2005) on the American airline industry after 9/11. According to this study, airlines that avoided layoffs and invested in preserving relationships with employees showed more resiliency than those that conducted layoffs.

A sound human resources plan can often avoid redundancies. If changes are foreseen in advance and hiring policy conducted accordingly, there will be less need to dismiss later. An organisation may try to avoid redundancy by encouraging early retirements, and/or freezing recruitment. Job analysis may also identify problems and lead to redefining the way work is organised and executed. Although this takes time, it is clearly far less

disruptive. Pay cuts may help, as in the case of Autoeuropa in Palmela (Portugal), which was saved from bankruptcy some years ago, when all the employees, including management, accepted a voluntary pay cut. Recently, this company ran into further problems and, once again, after long negotiations, the employees reached an agreement with management on limiting pay rises.

Greenhalgh, Lawrence & Sutton (in Price, 1990:136) point out that there is, ideally, a hierarchy of redeployment to be followed, which provides a range of options to managers faced with the need of personnel reduction. This *schema* would involve implementation in the following (descending) order: natural attrition, leading to a gradual decline in workforce numbers; internal worker redeployment, involving re-training or financial incentives to transfer from overstaffed to understaffed jobs within the organization; and, only then, where lay-offs are unavoidable, induced redeployment, involving incentives to exit the organization altogether, by way of financial packages, and/or retirement schemes etc.). There are costs and benefits in all of the above strategies that must be taken into account in the process of making the decision. Clearly, there are differences to be considered between white-collar and blue-collar workers and the type of organization is also a significant determinant. (e.g, Price, 1990).

Implementing downsizing

Where downsizing is unavoidable, it is necessary to handle not only the financial but also the emotional costs involved in redundancies in order to minimize the total negative impact. Although it would be difficult to argue that there is a single best way to conduct the process, there is nonetheless some consensus about methods more likely to minimize the psychological and economic impacts (see, in particular Feldman and Leana, 1994 and Noer, 1993). The British government advisory booklet on handling redundancy provides useful guidelines. Advice on what to do and not to do is easily available, not excluding film-maker Michael Moore's (2003) satirical list of termination guidelines. Nonetheless, a review of the main research findings is essential.

There is ample evidence that downsizing is positively correlated with a felt consideration for employee morale and welfare, extensive communication throughout the process,

respect in the treatment of laid-off employees, and attention to survivor anxieties (Chadwick *et al*., 2004). Furthermore, levels of trust in the organisation during the early stage of downsizing are associated with higher perceived organisational morale in later phases (Armstrong-Stassen, 2002). Given the above, the assumption that should always underlie any downsizing operation is that employees are assets to be developed and not just costs to be cut. Admittedly, some must go; but this is for the greater good of the organisation as a whole. No personal feelings are, or ought to be, involved.

Cameron *et al.* (1991) found widespread implementation errors in downsizing. It is therefore crucial to be aware of the importance of planning and preparing such an intervention, and to take into account all possible factors that might contribute to increased cooperation on the part of survivors. Far too often, downsizing is conducted indiscriminately, which results in an erosion of trust, as we saw earlier. Terminations must be seen to be rational and fair. Lack of transparency in selecting out, and cronyism, have a negative impact on the survivors. Cuts are more readily accepted if they are seen to affect all members fairly since employees cannot be asked to accept pay cuts whilst executive pay remains intact. Research suggests that when organizations are forced to undergo workforce reduction, not all segments of the organisational hierarchy receive the same treatment (Price, 1990).

Selecting out is often driven more by legal considerations (such as the avoidance of liability) than any other. Clarity in the formulation of such criteria is clearly extremely important, since the selecting out of those who leave amounts to the selecting in of those who will remain in the organisation. Thus, in selecting employees for redundancy, managers should take into account factors such as age, length and quality of service in the organization, past conduct, qualifications, skills, experience, potential for re-training, flexibility and suitability for alternative jobs in the organisation. Furthermore, downsizing may break friendship ties, personal and social networks and destroy the informal organisation with negative effects on motivation and performance levels (Shah, 2000). It is therefore, advisable to track networks and connections to study the potential for damage before downsizing the organisation (Fisher and White, 2000).

Once decisions have been made as to who stays and who goes, managers should inform the staff at the earliest opportunity. Employees have a right to know well in advance when their jobs are on the line and are entitled to receive explanations. Cases are known where employees have been informed by email or letter, in the worst cases finding out from press reports. Managers should be aware that the way layoffs are conducted has a huge impact on the reactions of survivors. All too often employees have to cope, not only with the fact of dismissal, but with the humiliation that goes with it (such as not being permitted to remove their belongings except under the scrutiny of security guards, etc.). This damages the organization because of the impact it has on the survivors and increases the tendency, by those so dismissed, to resort to legal claims against ex-employers.

There is substantial evidence that where employees believe that management is reliable and competent and the implementation of downsizing to be just and equitable, they tend to cooperate more in measures affecting their own futures (Mishra and Spreitzer, 1998).Layoff survivors are significantly influenced by their co-worker's reactions to perceived procedural fairness (Brockner *et al.*, 1994) and, where procedural fairness is at its lowest, litigation, sabotage and decreased productivity are at their highest (Bies *et al.*, 1993 and Bies and Tyler, 1993). Furthermore, commitment to the post-downsized organisation by the survivors is related to the levels of distributive and procedural fairness, and assistance seen to be provided by the organization to the layoff victims.

Given the impact that treatment of laid-off co-workers has on survivors, it is important to keep the latter informed as to the assistance provided by the organization to laid-off colleagues. After layoffs have been announced, social support programmes should be developed to decrease the psychological distress. The more vulnerable individuals are, the greater will be the need for social support, individual attention and psychological counselling. As noted above, it is important to keep in mind that friendship networks will be broken and will need to be repaired (see Brockner, 1987).

Another important aspect is the relationship between perceived control and the negative effects of layoffs on the level of survivors' commitment and job performance. High perceived control has been found to reduce adverse influence on survivor reactions

(Brockner *et al,* 2004). Perceived justice in downsizing operations should therefore be complemented by empowerment of the survivors, so as to enable them to take an active role in their work and cope with the process in which they are involved. In addition, work functions may be redesigned so as to enhance job variety and autonomy (Mishra and Spreitzer, 1994). In the drive to increase overall efficiency, of which downsizing is presumably a part, managers may feel tempted to push survivors into working harder. However, as noted earlier, this tactic may be in the end backfire, reducing commitment to the organization.

Last, but not least, the organization must act in a socially responsibly manner towards the community by providing assistance and maintaining contact with those who left the organisation. In addition to programmes such as outplacement and training, data bases should be instituted and up-dated with follow-up information. Socially responsible policies will be guided by the principle that all involved (included communities) are taken care of.

Emotional management

Even when it is well carried out, downsizing may be costly to both the individual and ultimately to the organisation, and the impact is aggravated where the process is badly conducted. Psychological distress affects both survivors and victims, and impacts epidemically on the organisation as a whole. Sustaining efficiency and quality outputs requires motivation and the maintenance of a bond of trust between management and staff. Both of these are amongst the first casualties of any decision to reduce the workforce.

Emotions are key factors in social life upon which a coherent sense of community ultimately depends. Organisations should therefore prioritize emotional well-being as central to the process of downsizing. An organisation having every incentive to maximise cooperation must at all costs maintain intact the bonds that nourish and sustain collective endeavour.

As noticed by Ashforth and Humphrey (1995), 'emotional contagion' may be a strongly constructive or destructive force in organisations and the way group members share

emotional experience is an important factor in their adaptive capabilities. If emotions are taken into consideration in the process of managing downsizing and are managed in a constructive way, they can be mobilised for the common good. It is therefore essential to handle the emotional costs involved in redundancies in order to minimize potentially negative impact. As mentioned earlier, where staff do not feel they have been respected and empowered to take an active role, they will feel less able to cope with downsizing, and tend to respond in ways that damage themselves and their organisations.

Given the importance of trust for the success of the operation of downsizing, and its reciprocal nature, action must be taken to restore or build trust. These actions will have a positive effect on survivors. To build and develop trust in a downsizing context is difficult and requires empathy. The idea advanced here is that emotional management enhances survivor coping capacities and mobilises efforts for the restructuring of the organisation and consequently improving performance. The term 'emotional management' is used here to signify emotional self-regulation and also the management of other people's emotions.

Managers need training in order to manage their own emotions and those of others. They must know what they are going to do and understand the harm they may occasion and likely reactions to it. Downsizing may be a necessary evil, but it impinges upon the 'emotional zone' and as such entails emotional reactions which must be properly understood. There are rules more easily applied such as announcing the news individually, explaining the need for downsizing and methods of implementation, providing a timeframe, and allowing the employees to express anger and other emotions. Communication must at all times be honest and open. However, dealing both with layoffs and survivors requires the use of soft skills, which may need practice. Role-play rehearsals may help managers to cope with the difficulty of breaking the news and with reactions on the part of employees.

Furthermore, managers should learn interpersonal threat-reducing behaviours, i.e. actions that minimise or eliminate perceptions that may have a negative effect on survivors' well-being and prevent their cooperation. (see Williams, 2007). Specifically, these are strategic interpersonal actions that signal trustworthiness. Emotion work is a key skill for

managers, that is, to express positive emotions in a context where they may feel the opposite. To reduce defensive and negative emotional responses they may use several strategies including cognitively reframing the situation to reduce perceptions of threat, such as reframing organisational downsizing as the only way to save the organization (Williams, 2007). There is evidence also that sharing emotions reduces stress, which helps to cope with organisational transition (Ashford, 1988). Thus, group sessions may be a way to discuss feelings and emotions concerning the layoffs, the changes that will ensue, and the future of the organization. According to Feldman and Leana (1994), such measures have been tried with some success.

To conclude, social and psychological support, stress management, and effective communication are all essential before, during and in the post-downsizing period. All 'organisational actors' must be involved in this process in order to overcome what is a traumatic event and mobilise positive emotions for the collective good.

FURTHER RESEARCH

Although downsizing has received much attention in the last years, there are still areas to be explored. In particular, the subjective emotional impact requires further attention. Previous studies on downsizing and its 'survivors' have in the main attended to other, more objective aspects of the process than to an insider view of the emotional effects on the individuals themselves. More attention needs also to be paid to comparing organisations that have undergone downsizing in different countries to assess the impact of culture on the process. Another area in need of particular attention would include the decision-making criteria and processes for optimally selecting employees.

CONCLUSION

The inevitability of periodic personnel reduction and the financial and emotional costs involved have highlighted the need to prepare managers for the task of conducting downsizing. The bulk of previous research has tended to overlook the emotional side of downsizing as experienced by those who went through it. However, a better knowledge of the emotional dynamics at stake would be a major component in such preparation. Even when well implemented, downsizing may be costly to both the individual and

ultimately to the organization. Downsizing is by definition an emotionally charged experience, with potentially contagious effects throughout the organisation. Organizations should therefore prioritize emotional well-being as central to the whole process. An organization having every incentive to maximize cooperation must at all costs maintain intact the bonds that nourish and sustain collective endeavor. It is therefore essential to handle the emotional costs involved in redundancies in order to minimize potentially negative impact. Ultimately, these are human resource issues, and how they are approached is crucially important to the success of the undertaking. In sum, given that how managers conduct the downsizing process impacts strongly on how affected employees experience and cope with downsizing, managers should attempt to ensure scrupulously fair treatment, maintain open lines of communication, rehabilitate trust, and adopt humanly supportive measures.

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