

Downsizing in Christian Organizations: Maintaining Employee Commitment

By Kevin Scheid



This is the fourth part in our series on how to leverage a downsizing for optimum benefit. One of the keys to making a downsizing a positive move for your organization is maintaining the commitment of the employees who remain and this is the topic of this paper.



a Christian organization can improve with downsizing and avoid a potential downward spiral.

Research has identified several reasons downsizing improves some organizations while other organizations become worse:

When one thinks of who is hurt by a downsizing, the employees who lose their jobs are usually the ones who come to mind and those who remain are thought to be blessed. The truth is that even those employees who keep their jobs face new hardships. The challenges these “survivors” face can translate to lower productivity and possibly a continued downward spiral for the organization. According to Applebaum, Close and Klasa (1999) “...the surviving employees of layoffs are often insecure, angry, and confused. These workers are worried that they will not possess the skills necessary to meet the job requirements of their new job descriptions. Also, they are insecure as to what influence they will have over their careers (p. 424).”

The negative experience of surviving employees translates to decreases in productivity, commitment, trust, morale and perception of customer satisfaction

(Clawson, 2001, Tichy and Devanna, 1990, Ugboro, (2006), Yukl, 2006). However, all organizations are not affected in the same way. In fact, according to Applebaum, Close and Klasa (1999) nearly half of all downsizing attempts lead to improved organizational performance. This raises the question of what distinguishes between those organizations that experience successful downsizing compared to

In a layoff an organization breaks an implicit contract with employees and thus decreases commitment and trust.

organizations with unsuccessful downsizing. We will examine this question through comparing the BCWI survey results with current research on the topic to identify how

1) Strategic Move.

The first reason identified is that successful organizations consider downsizing a strategy to gain competitive advantage. Thus, organizations have an overarching strategic plan and the downsizing actions have a logical fit with the plan. Communicating downsizing activities to employees in the context of a strategic plan is much easier to understand. For instance, downsizing is an integral part of the strategy for corporations to become more efficient and thus more globally competitive (Clawson, 2001, Tichy and Devanna, 1990 and Yukl, 2006). This integrated strategy can be seen in the downsizing of General Electric (GE) under Jack Welch. Over 20% of GE’s workforce was laid off in a period of business expansion. These downsizing actions made GE a vital and competitive organization which continued to grow more rapidly than competitors (Tichy and Devanna).

2) Coordinated Change Process.

A second common factor in

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successful organizational downsizing is integrating downsizing with a coordinated change process. The openness of an organization to accept change and execute change is critical to a successful downsizing. Whether downsizing is part of the change integral to an overall strategy or if it is forced on the organization by external factors, the process needs to follow the change process. As discussed in previous articles on change, the nature of Christian organizations may create more

resistance to change. Anyone who has attempted to make a staffing change at a small to medium sized church would likely experience this difficulty first hand. If an organization is resistant to change or does not go through the necessary steps for change, they will likely be less successful. By understanding downsizing in the context of a change process, leadership will more likely address all the steps necessary for a successful change. Leaders following the change process in downsizing will create a

compelling reason, assemble a committed team, create a vision for the future, communicate the plan and empower employees. When downsizing is viewed in the context of organizational change or an overarching strategy as opposed to a misfortune, it is more understandable and less destructive to employees.

3) Healthy Culture.

A third factor determining success in downsizing is the organizational culture. According to Applebaum,

BCW Survey Question	Trend from 2009 to 2010
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16. There is a high level of trust at my organization between senior leadership and employees.	-0.18
6. My organization provides good job security to employees who perform well.	-0.15
23. There is clear consensus on my organization's goals.	-0.14
37. My organization conducts its activities openly and honestly.	-0.14
33. My organization is well managed.	-0.13
40. My organization has a winning strategy for meeting the needs of those we serve.	-0.13
28. My organization effectively rewards top performers.	-0.13
8. I would recommend my organization to others as a good place to work.	-0.12
1. I would rate my organization as an exceptional place to work.	-0.11
15. At my organization leaders are humble.	-0.11
32. My organization promotes the most qualified employees.	-0.11
48. At my organization, there is generally good teamwork across departments.	-0.11
20. My organization's leaders demonstrate compassion for people at all levels.	-0.10
38. At my organization, people are responsible and held accountable for doing what they say they will do.	-0.10
50. My organization's leaders explain the reasons behind major decisions.	-0.10
5. My organization retains highly qualified employees.	-0.10
19. My organization's leaders behave with fairness and integrity.	-0.09
58. I am satisfied with my retirement plans (pension, 403(b), 401(k), RRSP etc.).	-0.09
13. My organization's leaders keep a focus on putting Christ first in daily decision-making.	-0.09
55. In comparison with people in similar jobs in other Christian organizations, I feel I am paid fairly.	-0.09

Table 1. Decrease in scores from 2009 to 2010.

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Close and Klasa (1999) the foundational elements in a successful downsizing are the elements of organizational context including organizational culture, trust and leadership in the change process. An organizational culture which values discipline, support and trust will be in a position to successfully complete downsizing change. Applebaum, Close and Klasa believe this organizational culture is so important that they insist the culture should be changed to one of trust, discipline and support before engaging in downsizing if it is not already characterized by these qualities.

Downsizing's Impact on employees in Christian Organizations.

To understand the effect of downsizing on Christian organizations, we look to the largest decrease in scores on specific questions as measured from before the recession and compare those to the scores after the recession began. The decreases likely point to areas affected by the downsizing and appear to be consistent with research on secular organizations. Table one displays the Best Christian Workplaces survey questions with the greatest decreases from the 2009 to 2010 survey. (It might be important to note here that the survey for 2009 was actually completed from October to December of 2008, while the 2010 survey was exactly one year later). Under the "Trend" column, the decrease in the average score from

2009 to 2010 is listed. Scores from the survey are derived from a 5 point Likert scale and represent the average of 16,000 respondents.

The issues in the above table were

Although employees are less likely to leave when job opportunities are limited, such as during a recession, reduced commitment in survivors due to downsizing will generally translate into a less engaged workforce.

grouped by identifying the questions with the highest intra-correlations among the whole question set. The grouping was further verified through a qualitative assessment. This process yielded four significant factors which are labeled according to their shared salient features including: trust, fear, management and commitment.

Employee Commitment

A final area of decreasing scores related to downsizing observed from the employee survey is the commitment to the organization of employees who have survived the downsizing. This decrease in

commitment may be counterintuitive since one would expect employees who were not laid off during downsizing to be more committed since they were spared. However, as discussed in the section on trust, in a layoff the organization breaks an implicit contract with employees and thus decreases commitment and trust. Indeed, Ugboro (2006) documents past studies which indicate survivor commitment decreases after downsizing and increases the employee's desire to leave the organization. Although employees are less likely to leave when job opportunities are limited, such as during a recession, reduced commitment in survivors of downsizing will generally translate to a less engaged workforce. And in fact Watson Wyatt Worldwide's research (2009/2010) showed that the desire for surviving employees to leave after downsizing manifests itself more strongly in high performing employees.

Christian organizations experience the same propensity to lose their best employees after downsizing. A decrease in the response to question 5, "My organization retains highly qualified employees," indicates that employees believe their organization is less effective at keeping top performing employees after downsizing than before. Since survivors of downsizing are likely the better performers in an organization, then a decreasing trend in this score points to an employee attitude that best

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performers are less likely to remain with the organization. This assertion is also supported by the decrease in question 28, “My organization effectively rewards top performers,” referred to in the section on management.

Two questions representing independent variables which reflect the level of employee commitment also decreased substantially. These questions include:

- 1. I would rate my organization as an exceptional place to work.
- 8. I would recommend my organization to others as a good place to work.

Question 1 relates to how employees think the organization stacks up relative to other organizations while

question 8 indicates how well employees are emotionally connected to the organization. A decrease in these two questions is a strong indicator of a decrease in commitment.

With less commitment, employees naturally turn to other reasons for staying with an organization and become more critical in their judgment of how the organization is doing. These questions include:

- 32. My organization promotes the most qualified employees.
- 55. In comparison with people in similar jobs in other Christian organizations, I feel I am paid fairly.

Of course in addition to signifying a decreased commitment, lower

scores in both of these areas could be directly affected by downsizing as pay could be reduced and/or workload increased and fewer promotions granted.

The decreased employee commitment during downsizing revealed in the survey is consistent with the research by Clawson (2007) which showed that downsizing can break an implicit contract with employees that they would continue to be employed as long as they performed. Breaking of trust in breaking this contract will also lessen the commitment from the employees, both victims and survivors.

Chart 7 shows the magnitude of the downtrend in results of commitment

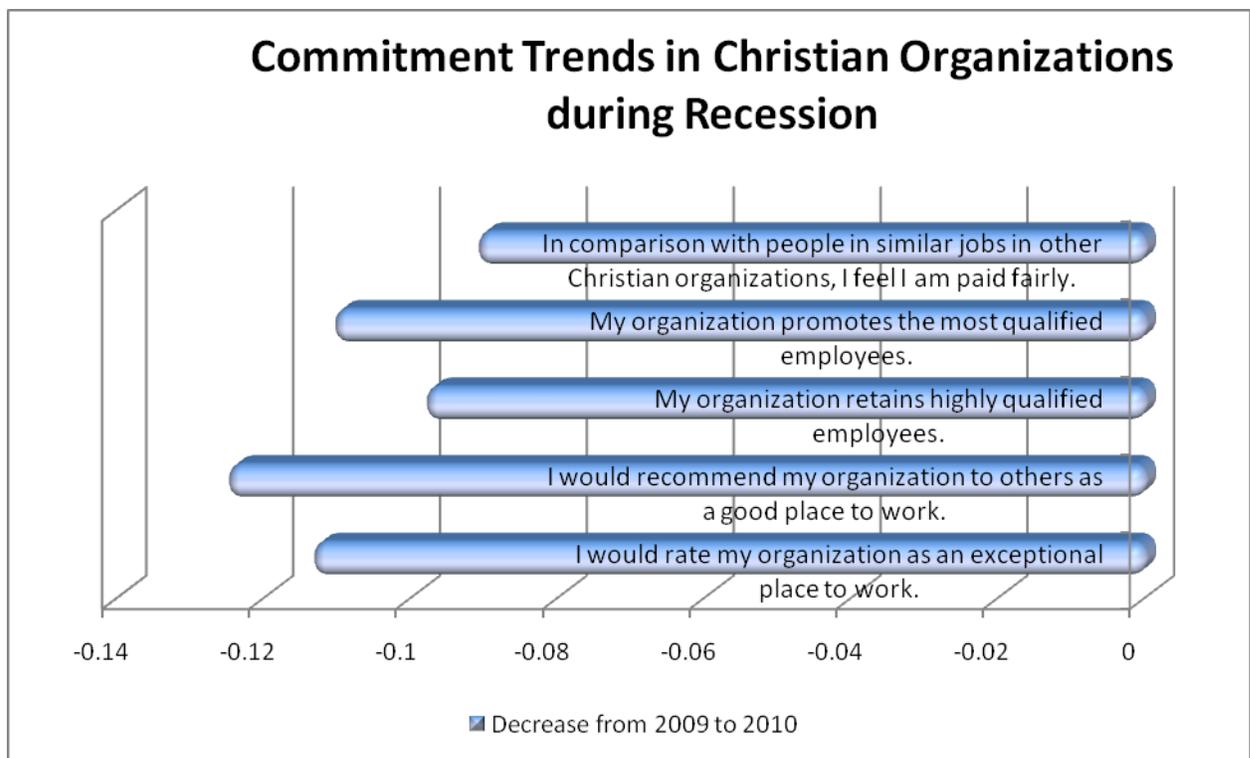


Chart 7. Commitment Trends in Christian Organizations during a Recession.



Chart 8. Comparison of Senior Management Commitment Trends in Christian Organizations during a Recession.

related issues during the recession. It may be significant that the two largest decreases on this chart deal directly with employee commitment and the biggest decrease relates to the emotional component.

Examining the difference in attitudes on these five questions between senior leadership and everyone else may be of value in illustrating typical differences in perceptions (Chart 8). During downsizing, senior management's attitude towards the quality of the workplace actually improves, however they are less likely to recommend their organization as a good place to work to family and friends. Understandably, senior management's response decreased less than employees in their attitude towards the fairness of pay and promotions, however, senior

managers do seem to be fully aware that commitment may be less in high performing employees. Senior managers may think more highly about their workplace being an exceptional place because they know something that the rest of the organization does not know. Better communication could help close this difference, although loss of trust, commitment and the perception of good management must still be overcome.

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