

# Downsizing in Christian Organizations: Mitigating the Adverse Impact on Survivors

By Kevin Scheid



This fifth and final installment of our series on leveraging a downsizing addresses the adverse impact that a downsizing has on your remaining staff since the adversity created by downsizing not only creates hardships for the people laid off, but it can cause significant problems for the remaining workers. The challenges these “survivors” face can translate to decreases in productivity, commitment, trust, morale, perception of customer satisfaction and possibly a continued downward spiral for the organization (Clawson, 2001, Tichy and Devanna, 1990, Ugboro, (2006), Yukl, 2006). 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 recent findings of Watson Wyatt Worldwide (2009/2010) are consistent with this characterization of the negative effects experienced by employees who remain after downsizing. The recession has far reaching impact on employees the world over. According to Watson Wyatt Worldwide (2009/2010), 72% of all firms have downsized and laid off people in response to the most recent recession. On average, 7% of the workforce in high performing organizations was laid off while 9%

of the workforce was laid off in all others. According to Watson Wyatt Worldwide this downsizing has a more significant impact on the highest performing employees, decreasing their commitment to the organization. Further, results indicate permanent negative effects on employee morale and productivity while 72% of



employees believe the quality of their product and customer service has suffered.

The Best Christian Workplaces Institute (BCWI) surveyed over 16,000 employees in Christian organizations before and after the recent recession and the trend uncovered is very similar to that discovered by research in the corporate world. Survey data comparing employees working in Christian organizations before and during the most recent recession

shows increased fear, a decrease in trust in management and a decreased commitment to the organization.

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. What makes some organizations thrive while others flounder? To find the answer, we will examine this question through comparing the BCWI survey results with current research on the topic to identify how a Christian organization can leverage downsizing and avoid a potential downward spiral.

## **Mitigating the Adverse Impact of Downsizing on Survivors**

Just as a healthy body fares better with an ailment than an unhealthy body, a healthy organization heading into an externally imposed downsizing will fare better than an unhealthy organization. Although there are actions which can mitigate adverse effects during downsizing, the health of the organization before the imposition of downsizing is the prime determinate of whether the downsizing is destructive or a positive experience for your organization. Four areas of organizational health are of prime concern including:

1. Having a culture of discipline, support and trust (Applebaum,

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- Close and Klasa, 1999).
2. Having a strategic plan to attain the vision which is integrated into the operations of the organization and is clearly communicated and understood by all employees (Clawson, 2001, Tichy and Devanna, 1990 and Yukl, 2006).
  3. Having mentoring relationships for employees (Applebaum, Close and Klasa, 1999).

4. Having a Christian culture where people rely on God as opposed to their talents, money or the organization.

With the proper culture and functional strategic plan, leadership can approach downsizing as a part of a change process integrated with the strategic plan and follow the steps necessary for a successful change (Bridges, 2003). These steps to a healthy organization are simply good management principles

to ensure effective use of resources while caring for people and living the stated values.

Once it becomes apparent that an organization must downsize, there are a few steps to prepare the organization for the trauma whether or not the organization has followed any of the four steps above to become a healthy organization. These include:

1. Ensure leadership is tuned in to

BCW Survey Question	Trend from 2009 to 2010
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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the needs and desires of all the stakeholders and that the effect of downsizing is understood for each of them.

2. Ensure the process for selecting people to layoff is just and well communicated.
3. Empower employees through good communication and a plan that is understood by all with roles and responsibilities.
4. If job redesign is needed, involve employees in the process.
5. Recognize and reward top performers.
6. Emphasize Christian core values.

Downsizings are inevitable for organizations just as is change. It is leadership's responsibility to ensure downsizing results in a net improvement to the organization instead of a harmful wound. Leadership must understand that change is necessary and sometimes that change includes downsizing. Integrating downsizing as a part of the overall strategy is the best preparation leaders can take, but having a healthy culture is important also. During downsizing clear and confident communication along with empowerment of employees are the most important steps a leader can take.

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